



H1 2021 Interim Report

H1 2021 highlights

PROFIT BEFORE TAX

Up 226%

Profit before tax amounts to DKK 301.6m, providing a 17.8% return on opening equity.

NET PROFIT

Provides a 15% return on opening equity

Net profit stands at DKK 253.1m.

NET INTEREST INCOME

Up 9%

Net interest income is up by DKK 25.0m and totals DKK 295.6m.

FEE AND COMMISSION INCOME

Up 7%

Fee and commission income is up by DKK 21.9m to stand at DKK 322.2m.

LEVEL OF COSTS

Down 1%

Staff costs and administrative expenses and amortisation, depreciation and impairment losses on assets have gone down by a total of DKK 5.6m to DKK 375.3m.

IMPAIRMENT LOSSES ON LOANS AND ADVANCES ETC

Reversed by DKK 33.8m

The stable development in the credit quality of sparekassen's customers continues. Management additions total DKK 197.3m.

CORE EARNINGS

Up 19%

Recent years' satisfactory developments continued in H1 2021.

TOTAL CREDITS ARRANGED

Up 8%

Total credits arranged in the form of loans and advances and mortgage loans arranged for private and corporate customers have increased to DKK 58.6bn.

UPWARD ADJUSTMENT OF EARNINGS EXPECTATIONS

DKK 450-525m before tax

Because of strong developments in H1 earnings, expectations have been adjusted upwardly, see company announcement no 16/2021 of 14 July 2021.

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Cover photo: The Sparekassen Sjælland-Fyn Group’s head office in Holbæk.

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This Interim Report has been prepared in Danish and English, with the Danish version being valid in the event of any inconsistencies.

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Management commentary

Sparekassen continues its execution of the four-year strategic plan “New Ways” and recent years’ positive development in core earnings. And this has resulted in H1 2021 realising a most satisfactory pre-tax profit of DKK 301.6m. Net of tax, profit stands at DKK 253.1m, providing a 15% return on opening equity.

Continued improvement of core earnings

Recent years’ positive developments in Sparekassen’s core earnings continue based on still favourable positive housing market conditions and the continuous execution of efficiency improvement and optimisation initiatives as defined in the strategic plan, “New Ways”, causing core earnings to increase by 19% in H1 2021 compared to H1 2020.

The interest in purchasing and selling real estate remains high, and the level of loans granted for home purchases is record-breaking. This, along with Sparekassen gaining market shares in both the corporate customer and private customer segment, means that the amount of mortgage loans arranged by Sparekassen to DLR Kredit and Totalkredit over the past 12 months has gone up by 10% to stand at DKK 46.4bn. This development is not just strengthening the income base in the short term but also in the long term because of increased commission income.

Customers in the corporate segment in particular appreciate Sparekassen’s short chain of command, which is one of the reasons for its success in attracting new corporate custo-

mers and in expanding business with existing customers.

In addition, Sparekassen’s asset management activities continue to increase, including those related to managing customers’ custody account funds. Focus is on creating value for customers by making their investments grow.

As for deposits, the negative deposit rates have still not curbed peoples’ desire to save up money, which, combined with a moderate and controlled increase in the balance of loans and advances, has supported the positive development in net interest income. Net interest and fee income for H1 2021 totals DKK 627.5m, which is DKK 35.2m up on H1 2020.

Sparekassen’s total staff costs and administrative expenses and amortisation, depreciation and impairment losses on assets have gone down by DKK 5.6m, or 1%, which is a result of the continuously efficient management of costs, among other measures.

Over the past year, the volume of Sparekassen’s business areas has increased by 15% per employee. This development is expected to continue in H2 2021, reflecting an increase in

business with existing customers, an inflow of new customers, and efforts to use all of Sparekassen’s resources in the best manner possible. The objective is still to ensure that Sparekassen is operated cost effectively and cost competitively for the benefit of customers, shareholders and staff.

Sparekassen’s image and reputation are developing positively in line with this, and satisfaction among its customers, including its corporate customers, has improved. So, focus remains on ensuring a good customer experience, which is the underlying basis for both retaining current customers and attracting new ones.

Impairments

In H1 2021, impairment charges represent a reversal of DKK 33.8m. The primary reason for the positive development is that the finances of businesses – and of private households – are strong. The latter benefits particularly from the continuously strong development in prices in the housing market and high employment rates.

However, despite the in-progress vaccination programme and the continuous phase-out of the remaining COVID-19 restrictions, the assessment is that the ultimate economic

implications of COVID-19 are still connected with some uncertainty, which includes the impact on Sparekassen’s customer base. There are still unknown factors that may affect the current situation. Yet it should be pointed out in that connection that actual losses sustained by Sparekassen as a result of COVID-19 remain quite small.

Management add-ons at 30 June 2021 total DKK 197.3m. This level is almost the same as at the end of Q1 2021. Management add-ons correspond to approximately 1.6% of the balance of loans and advances. Sparekassen believes that this level reflects a continuously conservative approach to financial developments in the quarters ahead.

Unchanged focus on the New Ways strategy

The work on meeting – and not least now maintaining – the financial objectives and results under Sparekassen’s New Ways strategy also remains a focal point, for example, by further streamlining its internal processes and by continuing to manage costs efficiently. Moreover, the process of developing Sparekassen’s strategy for the new strategy has started.

Outlook for 2021

When the Annual Report for 2020 was published, the pre-tax earnings expectations for 2021 ranged between DKK 300m and DKK 340m. Since net interest and fee income, total costs, translation and market value adjustments and impairment losses in the first three months of the year developed better than forecasted, pre-tax earnings expectations were adjusted upwardly in company announcement no 11/2021 of 15 April 2021 to range between DKK 350m and DKK 425m.

Because of the continuously strong and increasing net interest and fee income that is above budget, and because of developments in impairment charges, pre-tax earnings expectations were adjusted upwardly in company announcement no 16/2021 of 14 July 2021.

Pre-tax earnings expectations for 2021 now therefore range between DKK 450m and DKK 525m.

Lars Petersson
Chief Executive Officer

Bruno Riis-Nielsen
Executive Officer
of the Savings Bank

Lars Bolding
Executive Officer
of the Savings Bank



BRUNO RIIS-NIELSEN
Executive Officer
of the Savings Bank

LARS PETERSSON
Chief Executive Officer

LARS BOLDING
Executive Officer
of the Savings Bank

Financial highlights

Sparekassen Sjælland-Fyn A/S (Group)

Amounts in DKK'm	30.06 2021	30.06 2020	Index ¹	Year-end 2020
Income statement items				
Interest income calculated under the effective interest method	256	253	101	509
Other interest income	31	29	106	60
Negative interest income	12	9	129	24
Interest expenses	23	25	94	46
Positive interest expenses	44	23	194	58
Net interest income	296	271	109	557
Dividends on shares	18	29	63	29
Fees and commission income	322	300	107	579
Fees and commission expenses paid	9	8	112	16
Net interest and fee income	628	592	106	1.149
Translation and market value adjustments	8	-30	-	16
Other operating income	7	9	80	21
Staff costs and administrative expenses	358	356	100	729
Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	17	25	71	66
Other operating expenses	9	11	87	23
Impairment losses on loans and advances etc	-34	113	-	161
Investments in associates and group enterprises	9	26	35	35
Profit for the year before tax	302	93	326	242
Income tax	49	8	615	13
Profit for the year after tax	253	85	299	229
Profit allocated to shareholders	241	73	332	204

Sparekassen Sjælland-Fyn A/S (Group)

Amounts in DKK'm	30.06 2021	30.06 2020	Index ¹	Year-end 2020
Balance sheet items				
Loans and advances etc	12,194	11,807	103	11,951
Deposits	20,296	19,423	104	20,001
Deposits in pooled plans	2,248	1,853	121	2,082
Total deposits	22,544	21,276	106	22,083
Subordinated loan capital	570	674	85	570
Equity	3,616	3,250	111	3,382
Balance sheet total	28,427	26,337	108	27,266
Capital resources	3,578	3,316	108	3,655
Total business volume (deposits, loans, advances and guarantees)	42,879	39,473	109	41,160
Total credits arranged	58,575	54,013	108	56,076
Custody accounts	13,710	10,372	132	11,800
Developments in Sparekassen's business areas				
Loans and advances etc	12,194	11,807	103	11,951
Totalkredit	34,001	31,128	109	32,331
DLR	12,380	11,078	112	11,794
Guarantees (exclusive of loss guarantees for mortgage loans)	5,241	3,671	143	4,276
Deposits	20,296	19,423	104	20,001
Deposits in pooled plans	2,248	1,853	121	2,082
Custody accounts	13,710	10,372	132	11,800
Total	100,070	89,332	112	94,235
Average headcount (full-time employees on average)	545	561	97	555
Per employee	184	159	115	170

¹ Index: 30.06.2021 relative to 30.06.2020.

Financial ratios

Sparekassen Sjælland-Fyn A/S (Group)

	30.06 2021	30.06 2020	Index ¹	Year-end 2020
Financial ratios				
Capital ratio ²	20.1	20.4	99	21.8
Core capital ratio ²	16.9	16.9	100	18.4
Common equity Tier 1 capital ²	14.8	14.6	101	16.1
Excess capital adequacy in percentage points ²	10.4	10.5	99	11.7
Return on equity before tax (for the period)	8.6	2.9	297	7.3
Return on equity after tax (for the period)	7.2	2.6	277	6.9
Income/cost ratio DKK	1.86	1.18	158	1.25
I/O jf. Nye veje	1.65	1.54	107	1.43
Rate of cost	60.6	65.1	93	69.9
Interest rate risk relative to core capital net of deductions	0.3	0.2	150	0.1
Currency position relative to core capital net of deductions	1.7	1.2	142	1.3
Currency risk relative to core capital net of deductions	0.0	0.0	-	0.0
Loans and advances relative to equity	3.4	3.6	94	3.5
Loans and advances plus loan impairment losses relative to deposits	56.4	58.4	97	57.0
Growth in loans and advances for the for the period ²	2.0	-3.4	-	-2.2
Impairment ratio for the for the period	-0.1	0.5	-	0.7
Accumulated impairment ratio ³	2.9	3.7	78	3.6
Zero interest loans and advances relative to total loans and advances	0.2	0.7	23	0.6
Liquidity benchmark	503	454	111	456
Liquidity LOR	462	411	112	416
Total large exposures	83.5	82.1	102	67.7
Return on invested capital	0.9	0.3	300	0.9
Earnings per share (DKK) ³	14.0	4.2	333	11.8
Dividend per share (DKK)	0.0	0.0	-	0.0
Book value per share (DKK)	187.7	165.8	113	173.8
Price/earnings per share ³	10.8	20.0	54	7.6
Price/equity per share ⁴	0.8	0.5	160	0.5
Price at year-end (DKK)	151.0	83.6	181	90.0
Average headcount (full-time employees on average) ⁵	545	561	97	555
Average headcount (converted into full-time employees at year-end) ⁶	545	559	97	556

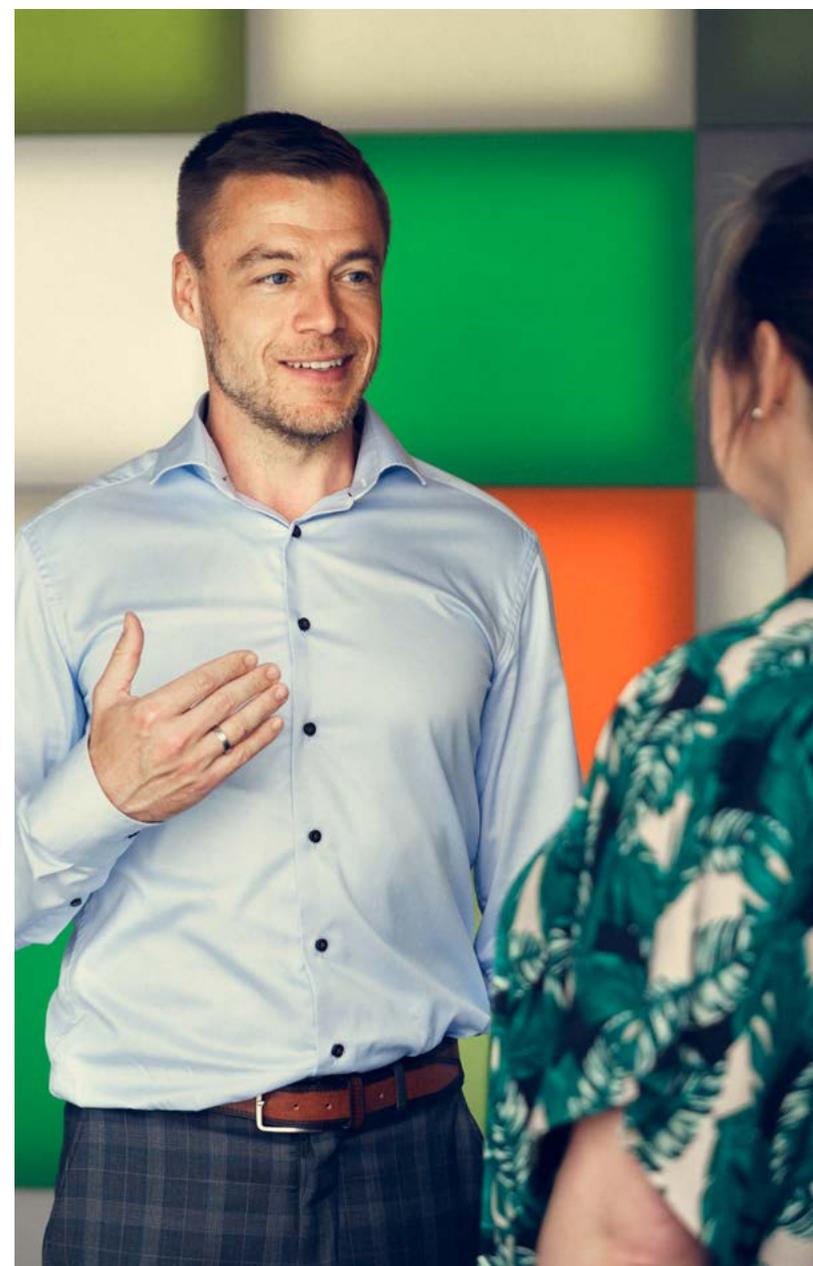
¹ Index: 30.06.2021 relative to 30.06.2020.

² 30 June 2021 and 30 June 2020 have been calculated exclusive of profit for the period. If the profit for the period after tax is reduced with the dividend policy's target was included in the capital base, the capital ratio, core capital ratio, actual core capital ratio, and capital transfer would be 1.1 pct. points higher. (30 June 2020: capital ratio, core capital ratio, actual core capital ratio, and capital transfer 1.0 pct. points higher).

³ Calculated based on the average number of shares during the year.

⁴ Calculated based on the number of outstanding shares at the end of the year.

⁵ Engaged in financial business

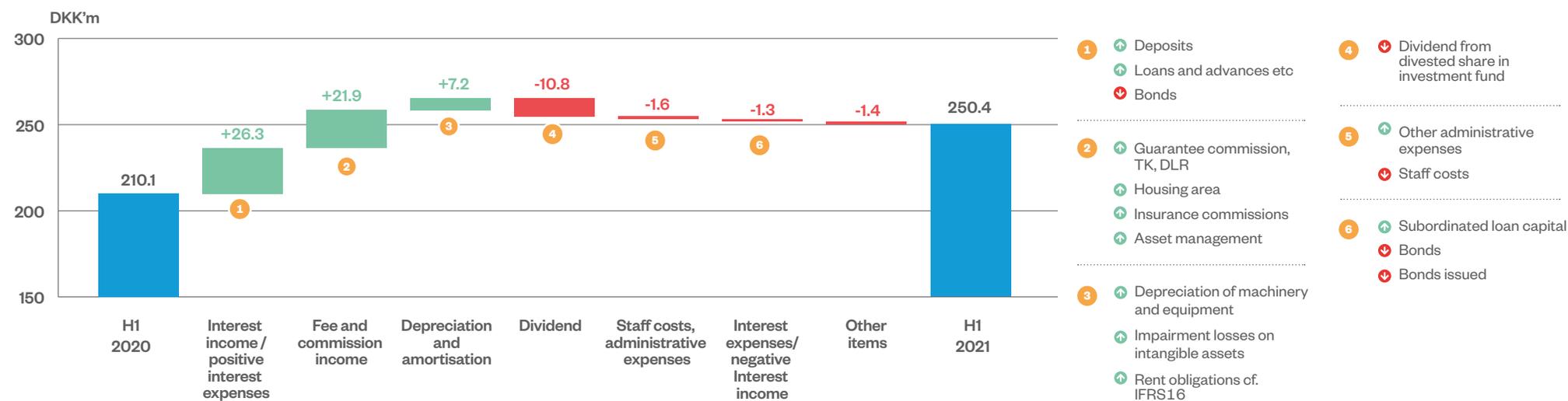


Core earnings

Sparekassen Sjælland-Fyn A/S (Group)

Beløb i mio. kr.	Q2 2021	Q1 2021	YTD 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020	YTD 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Core earnings												
Net interest income	149.6	146.0	556.9	145.1	141.1	132.4	138.2	564.7	140.2	146.1	141.3	137.2
Dividends on shares	15.8	2.4	29.0	0	0	17.0	12.0	24.9	-	1.0	20.6	3.3
Fees and commission income	155.9	166.3	579.5	142.4	136.8	134.9	165.4	541.4	147.4	129.8	126.5	137.6
Fees and commission income paid	4.0	4.5	16.1	4.6	3.9	3.6	4.0	17.7	4.8	3.8	4.2	4.9
Other operating income	3.9	3.5	20.7	7.3	4.2	4.1	5.2	27.4	4.6	5.3	8.7	8.8
Other operating expenses	6.5	2.7	23.3	9.0	3.8	5.0	5.6	19.3	8.7	4.0	3.1	3.4
Core income	314.8	311.0	1,146.7	281.2	274.4	279.8	311.2	1,121.4	278.7	274.4	289.7	278.6
Staff costs and administrative expenses	184.9	173.1	729.1	195.9	176.9	178.0	178.3	725.7	194.2	177.3	179.6	174.5
Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	8.2	9.2	66.0	25.6	15.8	12.9	11.7	85.5	28.2	24.4	16.5	16.3
Core earnings	121.7	128.7	351.6	59.7	81.7	88.9	121.2	310.2	56.3	72.7	93.6	87.8

Development in core earnings



The Supervisory Diamond

Sparekassen respects all thresholds for the benchmarks of the Danish FSA's risk management tool, "the Supervisory Diamond"; the Supervisory Diamond lays down risk-based benchmarks for five specific areas that credit institutions must comply with.

The five benchmarks and the current calculations are:

Benchmark	Threshold	Group at 30.06.2021	Group at 30.06.2020
The total of large exposures as a percentage of common equity tier 1 capital	<175 %	83.5 %	82.1 %
Loan growth per annum	<20 %	3.3 %	-4.5 %
Property exposure of loans advances and guarantees	<25 %	10.9 %	10.8 %
Liquidity benchmark	>100 %	503.3 %	454.2 %
Funding ratio loans and advances/working capital less bonds with a term to maturity of less than one year	<1.00	0.45 %	0,47 %

For all five benchmarks, Sparekassen has an internal target that is below the Supervisory Diamond thresholds. The threshold, the total of large exposures, represents the amount of the 20 largest exposures as a percentage of common equity tier 1 capital. For this benchmark, Sparekassen has set an internal threshold of 125% which is much lower than the Supervisory Diamond threshold of 175%.

The internal targets and the controlled management of developments in the five Supervisory Diamond benchmarks entail that Sparekassen does not expect to have any difficulties in respecting the thresholds of the Supervisory Diamond in future either.

Financial review of the Group

H1 2021

Pre-tax profit stands at DKK 301.6m, which is influenced by a continuously positive development in core earnings that is driven by increasing net interest income, increasing fee and commission income, roughly unchanged staff costs and administrative expenses, and declining amortisation, depreciation and impairment losses on assets. Moreover, translation and market value adjustments are positive, and impairment charges represent a reversal totalling DKK 33.8m. The positive development in earnings is better than expected, for which reason Sparekassen adjusted pre-tax earnings expectations upwardly in company announcement no 16/2021 of 14 July 2021 and for the second time this financial year. This time, pre-tax earnings expectations for the year were increased from ranging between DKK 350m and DKK 425m to ranging between DKK 450m and DKK 525m.

Net profit stands at DKK 253.1m, equivalent to an annual return on opening equity of 15%.

The profit generated is considered most satisfactory.

Income statement

Income

Net interest income

Net interest income has increased by 9% and amounts to DKK 295.6m against DKK 270.6m in H1 2020.

Total interest income has seen an increase of DKK 5.1m and amounts to DKK 287.2m. Contrary to the tendency in many previous quarters, interest income from loans and advances has increased. The increase is DKK 3.0m, and it is a result of, for example, a controlled and moderate rise in loans and advances. However, the development in the balance of loans and advances should still be seen in conjunction with the favourable economic climate in the real estate market, entailing that a large portion of both corporate customers' and private customers' debts may be financed by means of mortgage loans. Mortgage loans arranged by Sparekassen have therefore risen by DKK 4.2bn, or 10%, over the past 12 months. However, the continuously high level of activity of arranging mortgage loans has had the positive effect on interest income that arbitrage premiums from interest rate contracts have gone up by DKK 4.2m. Interest income from the portfolio of bonds, on the other hand, has declined by DKK 2.4m, which has primarily been caused by a lower average flat yield on the portfolio of bonds. Other interest income is up DKK 0.4m.

Negative interest income amounts to DKK 12.2m against DKK 9.5m in H1 2020. The increase in negative interest income is attributable to the portfolio of bonds, of which Sparekassen placed a fairly large portion in treasury bills in H1 2021.

Generally, the negative interest income is related to Sparekassen's placement of excess

liquidity on the current account, in certificates of deposit (only until mid-March 2021 when the rules governing certificates of deposit and the current account were amended), treasury bills and short-term floating-rate mortgage credit bonds. Under the requirements to have an appropriate liquidity buffer (LCR ratio), Sparekassen must have a certain amount of liquidity placed in financial assets issued by governments in the form of, for example, treasury bills, government bonds or on the current account, resulting in negative interest income.

Total interest expenses have gone down by DKK 1.4m to DKK 23.2m. This development is attributable to interest expenses for subordinated capital that have gone down by DKK 4.2m. An increase in interest expenses for bonds issued (senior non-preferred bonds) of DKK 2.4m contributes in the opposite direction. These new bond issues are a result of the tightened capital adequacy requirements on eligible liabilities (the requirement for eligible liabilities). Interest expenses for deposits have increased marginally by DKK 0.7m.

Because of the continuously low interest rate levels, Sparekassen has in 2020 and 2021 regularly adjusted the interest rate level for deposit products for both private customers and corporate customers. These steps support the development in positive interest expenses which have gone up by DKK 21.2m on the same

period last year. At 30 June 2021, positive interest income stands at DKK 43.8m.

Dividends on shares

Sparekassen has received DKK 18.2m in dividends against DKK 29.0m in H1 2020. The vast majority of dividends received in H1 2021 come from the sector companies co-owned by Sparekassen. The decrease in dividends received is related to Q1 2020 when Sparekassen received dividend from a now disposed-of holding of shares in an investment fund which invests in corporate bonds.

Fee and commission income

Sparekassen's fee and commission income is up DKK 21.9m, or 7%, and totals DKK 322.3m against DKK 300.3m by the end of H1 2020.

Generally heavy business activities are seen, and Sparekassen is gaining market shares in the corporate customer segment as well as the private customer segment. Customers in the corporate segment in particular appreciate the short chain of command that is a characteristic of Sparekassen, which is one of the reasons for its success in attracting new corporate customers and in expanding business with existing customers. The high level of business activity is reflected in, for example, generally increasing fee income from the services offered to corporate and private customers, increasing insurance commissions, and increasing income

from managing customers' custody account funds.

In the real estate area, fee income has also been positively affected by the continuously high level of activity in funding different types of properties. Furthermore, the amount of mortgage loans arranged by Sparekassen to DLR Kredit and Totalkredit is once again recording-breaking in that this amount has gone up by 10% over the past 12 months to stand at DKK 46.4bn at 30 June 2021. Developments are the primary reason for guarantee commissions having increased by DKK 8.0m compared to H1 2020. The rise in mortgage loans arranged is not just strengthening the income base in the short term but also in the long term in the form of a continuous increase in commission income.

Translation and market value adjustments

Total translation and market value adjustments have developed positively and are up DKK 38.8m to stand at DKK 8.4m. Market value adjustments of bonds stand at a negative DKK 24.5m compared to a negative DKK 27.6m at the same time last year. In the first half of 2020, the bond market was affected by the macroeconomic uncertainty arising from the outbreak of COVID-19, resulting in declining prices and a widening of the credit spread for mortgage credit bonds. In H1 2021, slightly increasing interest rates and drawings of mortgage credit bonds that were acquired at a premium, have caused negative price adjustments. Market value adjustments of shares stand at DKK 30.9m compared to DKK 1.8m at 30 June 2020. Market value adjustments in H1 2021 are a combination of increased prices in Sparekassen's portfolio of sector shares and a generally

favourable share market where Sparekassen has realised a capital gain.

Translation and market value adjustments of investment property, foreign currencies and other financial instruments total DKK 2.0m against a negative DKK 4.7m last year. One of the reasons for this positive development is fewer market value adjustments of investment property of the subsidiary Ejendomsselskabet Sjælland-Fyn A/S.

Other operating income

Other operating income is primarily composed of rent from the property portfolio of the subsidiary Ejendomsselskabet Sjælland-Fyn A/S. The line item stands at DKK 7.4m against DKK 9.3m for the same period last year. The primary reason for this development is declining rental income as a result of a smaller property portfolio on average with extra-group lessees.

Staff costs and administrative expenses

Having increased by less than 0.5%, the amount of staff costs and administrative expenses is roughly the same and totals DKK 357.9m. Total staff costs are up DKK 8.1m. This development reflects a general decline in headcount, hiring of people for specialist functions, pay adjustments arising from collective agreements, and a continued increase in payroll tax.

Other administrative expenses have gone down by DKK 6.5m to DKK 125.6m. The decline in other administrative expenses is a result of recent years' major efficiency improvement and optimisation initiatives, see the strategic plan "New Ways". Also, recent years' major increases in IT costs for Sparekassen's IT centre Bankdata seem to be over for now.

Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment

Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment total DKK 17.4m, which is a decrease of DKK 7.2m compared to the same period last year. The reason for the decrease is the depreciation of most types of assets, with assets acquired in connection with branches established in prior years now being almost fully depreciated. Also, rental commitments have declined, refer to IFRS 16.

In aggregate, staff costs and administrative expenses and amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment have gone down by 1% to stand at DKK 375.3m.

Impairment losses on loans and advances etc

These impairment losses represent a reversal of DKK 33.8m, which is a DKK 146.6m improvement on H1 2020 when they totalled DKK 112.8m. H1 2020 was affected particularly by the outbreak of COVID-19 and the subsequent uncertainty about its economic implications. Consequently, Sparekassen made substantial provisions in the form of management add-ons that were increased by DKK 116.1m in H1 2020 alone to total DKK 161.4m at 30 June 2020. In H2 2020, this amount was increased to a total of DKK 211.8m at 31 December 2020. In view of the quite small losses realised because of COVID-19 and following a review of the largest corporate customer exposures, Sparekassen adjusted its management add-ons in Q1 2021 by DKK 14.5m to stand at DKK 197.4m.

At the time of writing, most of the Danish population has either completed or started the COVID-19 vaccination programme, and the remaining restrictions are expected to be lifted in H2 2021. Also, actual losses sustained by Sparekassen because of COVID-19 remain quite small. Currently, it is Sparekassen's opinion that the finances of businesses – and of private households – are strong. The latter benefits particularly from the continuously positive business climate in the housing market and high employment rates. The strong finances of Danish businesses and private households are reflected, for example, in the very low level of individual impairment losses in H1 2021. However, despite the in-progress vaccination programme and the continuous phase-out of the remaining COVID-19 restrictions, the assessment is that the ultimate economic implications of COVID-19 are still connected with uncertainty, including those for Sparekassen's customers. Following a review of significant exposures, among other factors, the level of total management add-ons at 30 June 2021 remains almost unchanged. So at 30 June 2021, management add-ons total DKK 197.3m, which corresponds to approximately 1.6% of the balance of loans and advances. Sparekassen believes that this level still reflects a conservative approach to financial developments in the quarters ahead and that the continuously increased credit risk arising from the COVID-19 situation is hedged based on best estimates.

The main reason for the positive development in impairment charges is that, unlike H1 2020, H1 2021 was not impacted to the same degree by considerable increases in management add-ons.

Another point is that impairment charges include a rise in income from amounts recovered on claims previously written off. This is an increase by 48% to DKK 20.0m in H1 2021 against DKK 13.5m in H1 2020.

Profit from investments in associates and group enterprises

Profit/loss from investments in associates and group enterprises has decreased by DKK 16.6m to DKK 9.0m. This line item primarily relates to Sparekassen's stake in Lollands Bank and the continuous value adjustment to equity value. H1 2020 was extraordinarily affected by the acquisition of a stake of over 20% in Lollands Bank and the subsequent initial revaluation of the acquired stake to equity value.

In addition, Sparekassen obtained a stake of over 20% in Nordfyns Bank in April 2021. Because of Nordfyn Bank's restrictions on voting rights, Sparekassen has not gained significant influence – unlike in Lollands Bank. Consequently, the shareholding in Nordfyns Bank will not be adjusted for accounting purposes to equity value in profit/loss from investments in associates and group enterprises. Instead, the shareholding will be stated at and regularly adjusted to fair value through equity as other comprehensive income.

Profit for the period

Net profit for the period is up 199% and amounts to DKK 253.1m against DKK 84.7m in H1 2020. An almost unchanged DKK 12.2m of the profit for the period is allocated to interest on hybrid core capital. So the shareholders' share of profit for the period amounts to DKK 240.9m against DKK 72.6m last year.

The profit for the period is considered most satisfactory.

Subsequent events

Below, key balance sheet items along with balance sheet items subject to considerable development are described.

Balance sheet

Below, key balance sheet items along with balance sheet items subject to considerable development are described.

Assets

Cash and demand deposits with central banks
This line item is primarily composed of Sparekassen's deposits on the current account with Danmarks Nationalbank. Until mid-March 2021, Sparekassen had been granted a deposit limit of DKK 340m at a deposit rate of 0%. Placement of other liquidity with Danmarks Nationalbank had been done by means of certificates of deposit carrying an annual negative interest rate of 0.60%. In mid-March 2021, the upper deposit limit on the current account was abolished along with the opportunity to make short-term placements of liquidity in certificates of deposit. The interest rate on the current account was then fixed at a negative deposit rate of 0.50%. So the increase in cash and demand deposits with central banks by just over DKK 2.0bn is a result of Danmarks Nationalbank's change in its business terms.

Amounts owed by credit institutions and central banks/bonds

Sparekassen has for some years held a massive deposit surplus amounting to DKK 8.1bn, ex-

clusive of deposits in pooled plans, at 30 June 2021. The primary placement channels for this type of liquidity are mortgage credit bonds, treasury bills, the current account and, until mid-March 2021, also certificates of deposit. The primary reason for the huge decline in amounts owed by credit institutions and central banks is the change in Danmarks Nationalbank's business terms, as described above, which has resulted in a major transaction of funds away from certificates of deposits over to the current account.

Bonds

Sparekassen pays interest of 0.50% per annum when the liquidity is placed on the current account whereas when it is placed in mortgage credit bonds this typically yields a positive albeit small interest. But, conversely, the latter also involves an interest rate or price risk. In H1 2021, the average portfolio of bonds at fair value was around DKK 0.6bn higher than in H1 2020, whereas the average portfolio of treasury bills (bonds at amortised cost) was around DKK 0.8bn higher than in H1 2020. At 30 June 2021, the portfolio of bonds inclusive of treasury bills amounts to DKK 9.5bn compared to DKK 8.1bn at 30 June 2020. The primary reasons for the DKK 1.4bn increase in the portfolio of bonds are

increased liquidity from a higher deposit surplus and Sparekassen's issuance of bonds (senior non-preferred bonds).

Loans and advances

The balance of loans and advances at 30 June 2021 has gone up by DKK 0.4bn on the balance at 30 June 2020 and totals DKK 12.2bn. Sparekassen's inflow of new corporate customers benefitting from its advisory competencies and a gradual phase-out of various government aid packages for the corporate sector are some of the forces driving the development, with the largest increase occurring in corporate loan products. A reasonable demand is seen from private households for loans for housing-related purposes, whereas the volume of other, more consumption-related funding is lower than at 30 June 2020.

The development in on-balance sheet loans and advances should continue to be viewed against recent years' favourable business climate in the real estate market. As described in the financial review, mortgage loans arranged by Sparekassen have risen by DKK 4.2bn over the past 12 months, and total credits arranged in the form of loans and mortgage loans amount to DKK 58.6bn at 30 June 2021.

Total credits arranged

	30.06.2021	30.06.2020	2020	2019	2018	2017
	DKK'm	DKK'm	DKK'm	DKK'm	DKK'm	DKK'm
Loans and advances etc, Sparekassen	12,194	11,807	11,951	12,217	12,174	11,681
Totalkredit	34,001	31,128	32,331	29,811	27,229	25,336
DLR	12,380	11,078	11,794	10,250	9,001	7,857
Total	58,575	54,013	56,076	52,278	48,404	44,874

Shares

The total portfolio of shares stands at DKK 667.1m compared to DKK 532.3m at the same time last year. This portfolio is to a large extent made up of shares in sector companies such as DLR Kredit, BI Holding and PRAS, which help support Sparekassen's business activities and earnings. Sparekassen also has a small portfolio of Danish listed shares and holds a major stake in Nordfyns Bank. The portfolio of shares has primarily increased because of the shares acquired in Nordfyns Bank and the continuous value adjustment of sector companies.

Sparekassen's is keeping its overall market risk at a moderate level, and the policy is to continue to do so.

By combining historical figures on the correlation between asset classes in the financial markets with Sparekassen's current positions in its securities portfolio, the Value-at-Risk model can – with a 99% probability – estimate the statistical maximum risk of losses over the next 10-day period, assuming that all positions remain unchanged over that period. The highest VaR calculated in the first six months showed a total VaR figure of approximately DKK 34m, equivalent to a risk of less than 1% of equity.

Investments in associates

Investments in associates total DKK 206.2m and primarily arise from the acquisition of the block of shares accounting for over 20% of the share capital in Lollands Bank.

Land and buildings

Land and buildings total DKK 439.5m against DKK 445.3m at 30 June 2021. The development is attributable to investment property having

been sold and owner-occupied property having been acquired.

Equity and liabilities**Deposits**

The deposits balance exclusive of deposits in pooled plans stands at DKK 20.3bn at the balance sheet date compared to DKK 19.4bn at the same date last year, equal to an increase of close on 4%. The increase in the deposits balance is mainly attributable to deposits by corporate customers, and the primary reason for this is presumably the Danish Parliament's adoption of various aid packages due to the COVID-19 pandemic. These aid packages are gradually being phased out. Deposits by private customers have seen a slight increase.

Deposits in pooled plans

Deposits in pooled plans have increased by 21% on 30 June 2020 and amount to over DKK 2.2bn. Aside from the inflow of new customers, the increase may to some degree probably be explained by the continuously low interest rate levels, which means that customers are turning their eye to alternatives other than cash placement of pension funds.

Bonds issued

This line item of around DKK 0.4bn is composed of the bonds (senior non-preferred bonds) which Sparekassen issued to cover some of the tightened capital adequacy requirements for eligible liabilities (the requirement for eligible liabilities) that Sparekassen is subject to.

Subordinated loan capital

Subordinated loan capital amounts to DKK 570.2m compared to DKK 674.1m at the same date in 2020.

Capital transactions are made on a regular basis in Sparekassen's process of optimising its capital structure. Since 30 June 2020, Sparekassen has settled DKK 105m worth of subordinated loan capital, carrying an interest rate of 7.66% per annum, which is considerably higher than the interest rate level for Sparekassen's current subordinated loan capital issued.

Equity

Equity amounts to DKK 3,616.4m at the balance sheet date against DKK 3,250.4m at 30 June 2020. The increase in equity is broadly attributable to the profit for the period, reduced by interest paid on hybrid capital.

Financial review for Q2 2021

Net interest income has gone up by DKK 17.2m to DKK 149.6m compared to the same period in 2020. This development has been caused primarily by an increase in positive interest expenses on deposits etc of DKK 11.1m and by DKK 4.9m in higher interest income from loans and advances.

Fee and commission income is up 16% and can be calculated at DKK 155.9m against DKK 134.9m in Q2 2020. Q2 2021 has generally been marked by high business activity in the corporate customer segment as well as the private customer segment, resulting in a general increase in fee income from the services offered to customers by Sparekassen, in income related to property and housing finance, in insurance commissions, and in income from managing customers' custody account funds.

Translation and market value adjustments are negative by DKK 4.4m, and in Q2 2020 they were negative by DKK 5.8m. Overall, there has

not been any major changes in market value adjustments of the various asset classes. Market value adjustments of bonds stand at a negative DKK 6.5m compared to a negative DKK 4.0m for the same period last year. Market value adjustments of shares total DKK 2.1m, representing an increase of DKK 1.9m. Translation and market value adjustments of investment property, foreign currencies and derivatives total a negative DKK 0.1m and have increased by DKK 2.0m compared to the same period in 2020.

Staff costs and administrative expenses and amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment have gone up by a total of 1% to DKK 193.1m. Overall, staff costs have gone up whereas other administrative expenses and amortisation and depreciation of assets have gone down.

In Q2 2021, impairment losses on loans etc. represent a reversal of DKK 18.6m, which is an improvement of DKK 57.5m compared to the same period in 2020 when they stood at DKK 38.9m. The reason for this development is that Q2 2020 was impacted by a DKK 38.2m increase in management add-ons due to the COVID-19 situation.

Pre-tax profit for Q2 2021 then stands at DKK 139.7m against DKK 45.8m for Q2 2020. Net profit for the period amounts to DKK 109.5m against DKK 41.0m for the same period in 2020. So this is a DKK 68.5m pick-up on net profit, equivalent to 167%. The profit generated is considered most satisfactory.

“New Ways” – Sparekassen’s 2021 strategic plan

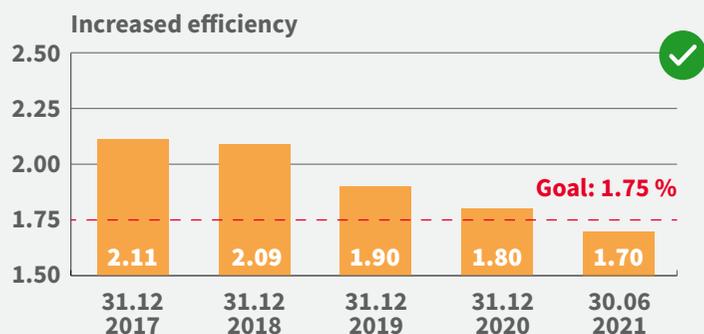
In company announcement no 18 of 6 November 2017, Sparekassen introduced its strategic plan "New Ways". The plan contains seven strategic paths and four financial targets to be executed by the end of 2021.



1 Increased efficiency

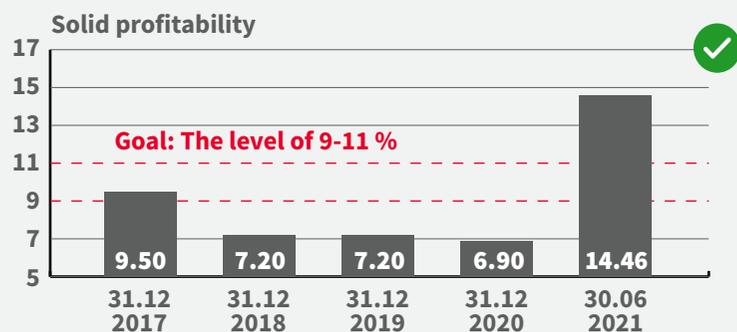
Staff costs and administrative expenses and business volume (deposits, loans and advances and guarantees), with business volume being calculated as a simple average of opening and closing amounts for the financial period. In interim statements, the ratio is annualised. The ratio is calculated in per cent.

It is Sparekassen's objective to have the development in efficiency reduce the ratio to 1.75% by the end of 2021 at the latest. This is equivalent to an efficiency improvement of 15%, which in an arithmetical example is equal to DKK 100m using 30 September 2017 figures. To make sure that this target for the ratio is met by the end of 2021, Sparekassen has set up an internal dedicated unit with relevant competencies to focus on efficiency improvements, not least by using new and improved IT solutions.



2 Solid profitability

This financial ratio reflects the net profit amount relative to equity. Equity is calculated as a simple average of opening and closing amounts for the financial period. In interim statements, the ratio is annualised. The ratio is calculated in percent.



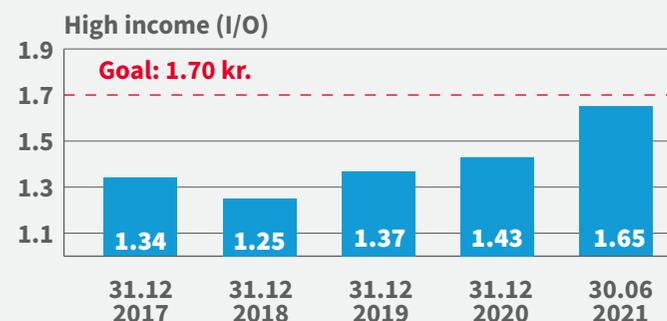
3 High income/cost ratio

This financial ratio reflects the income/cost ratio DKK but exclusive of the effect of impairment losses and translation and market value adjustments. The financial ratio reflects how much income in DKK can be calculated per DKK unit of cost. It is Sparekassen's objective to optimise the income/cost ratio DKK in the strategy period.

Realising the objective will lead to a substantial improvement of ordinary profit before impairment losses and translation and market value adjustments.

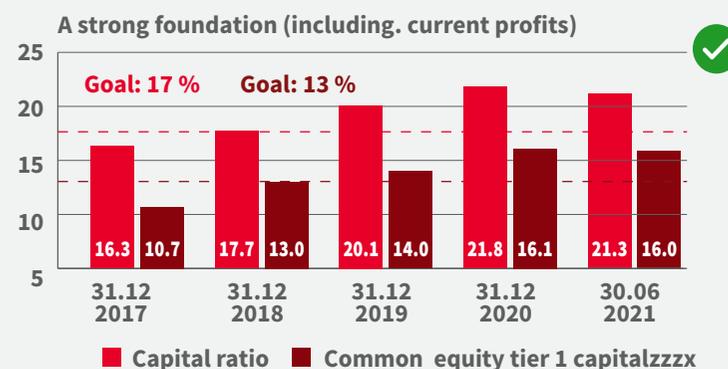
The ambitious objective will be attempted to be realised through a combination of the following elements:

- 1) Strong focus on efficiency measures so as to be able to handle more business with the same amount or a reduced amount of resources.
- 2) Tight cost control to utilise the savings potential, including savings through branch network optimisations and administrative efficiency improvements.
- 3) Optimisation of the earnings potential of business activities. Some initiatives have already been identified and are being implemented.
- 4) Increase in income arising from expected growth in total business volume as a result of a much stronger distribution power.



4 A strong foundation

This financial ratio reflects the amount of common equity tier 1 capital and capital resources, respectively, relative to risk-weighted items.



The calculations are evident from the financial statements and are stated in percent.

The seven paths

The strategic plan, "New Ways", has seven strategic focus areas



Path 4 We need to train to create more business

Sparekassen must be best at driving a large network of branches, and a precondition for this is that we become better at developing sales through natural upselling of services and products. Sparekassen's three business divisions – private customers, corporate customers and asset management – must be better at working together on the individual customers. Focus on asset management must be intensified. Sparekassen intends to invest massively in sales training and management training so as to develop skills in both advisers and managers.



Path 1 Our object must be the driving force for our growth

Sparekassen must be known and recognised for its object. We must be recognised as an engine in our local communities. This means that we must be known as the financial institution that drives local communities, links businesses with each other and backs both private customers and corporate customers. At the same time, we must be known as the financial sector's local and digital alternative to the large national banks.



Path 5 We need to optimise our systems and processes

Sparekassen's internal processes and procedures need to be optimised. In the years ahead, Sparekassen must grow without costs growing equally. By 2021, we must be able to run a large business with relatively lower costs than today. This means that Sparekassen must be able to use its systems better and reduce time consumption on administrative tasks. The purpose of all optimising efforts must be that each adviser will have more time for dialogue with customers. The optimising efforts will lead to changes in both branches and staff functions. This will entail the introduction of new ways of doing tasks and that some employees will see a change in their job description.



Path 2 We must increase the inflow of small and medium-sized corporate customers

Sparekassen must be strengthened as a savings bank for corporate customers. Based on the network of branches, the nine district centres and the two corporate customer centres, corporate business must contribute to joint developments towards 2021. The synergies between corporate customer, private customer and asset management areas must be strengthened. Sparekassen's trademark in the corporate customer and asset management areas must be improved further, and the corporate customer centres must also be enabled to better attract small and medium-sized enterprises, and the branches must have the conditions in place for entering into dialogue with crafts firms, retailers and other businesses.



Path 6 Our data must be used to improve business

Sparekassen must be better at harnessing digital opportunities and the vast quantities of data we have. This must put Sparekassen in a better position to support business and work life of managers and staff. New technological solutions must be implemented, and internal digital skills must be improved.



Path 3 We must realise the digital potential

Sparekassen's digital marketing and its digital path must be developed further. The digital savings bank must ensure that digital prospective customers and inquiries are guided all the way through to an adviser so as to reach more customers. Digital marketing is to be used to profile Sparekassen's values and efforts locally, including the efforts of the foundation, Sparekassen Sjælland Fonden. Customer dialogue through social media must be developed and optimised by building a customer-oriented model for profiling Sparekassen. Also, digital campaigns must be launched on social media such as Facebook, Twitter, LinkedIn, etc.



Path 7 Our organisation must be structured to strengthen growth of the branches

Sparekassen's staff functions must be structured to support the branch network as well as business in the private customer, corporate customer and asset management areas. Concurrently, the staff functions must ensure continued development of business and improvement of the head office throughout the strategy period.

Capital structure and liquidity of the Group

Capital structure

Sparekassen's risk exposures total DKK 17,763m against DKK 16,248m at 30 June 2020, which is an increase of DKK 1,515m. Credit risk has gone up by DKK 1,281m on 30 June 2020, primarily caused by an increase in loans and advances and guarantee commitments. Market risk is up DKK 107m, which is attributable to a major portfolio of bonds and its composition. Operational risk has increased by DKK 127m.

Credit risk and market risk have been determined using the standard method. Operational risk has been determined based on the basic indicator method.

At 30 June 2021, capital resources are DKK 263m larger than at 30 June 2020 and amount to DKK 3,578m. This increase is attributable to retained earnings and the utilisation of the reintroduction of the transitional scheme in connection with the implementation of IFRS 9 that was enabled in 2020 in response to the COVID-19 pandemic. Working in the opposite direction are larger deductions caused primarily by Sparekassen's holdings of capital instruments in the financial sector, with the largest block being shares in DLR Kredit.

Sparekassen's capital ratio is then 20.1% against 20.4% at 30 June 2020. The core capital ratio remains unchanged at 16.9% whereas the common equity tier 1 capital ratio has gone up

by 0.2 percentage points to stand at 14.8%. It should be pointed out in this context that capital resources and capital ratios have been determined exclusive of profit for the period. Had net profit for this period been included in capital resources, the capital ratio, core capital ratio and common equity tier 1 capital ratio at 30 June 2021 would have been 1.1 percentage point higher.

The capital requirement has been calculated at 9.7%, leading to an excess capital adequacy ratio of 10.4 percentage points. In Danish kroner, this excess is equivalent to DKK 1,849m.

The combined buffer requirement has been calculated at 2.5 percentage points after the countercyclical capital buffer has been reset. This results in Sparekassen's excess capital adequacy ratio net of capital requirement and combined buffer requirement standing at 7.9 percentage points. In Danish kroner, this excess is equivalent to DKK 1,405m. The countercyclical capital buffer will be reactivated from 30 September 2022 to the effect that, all things being equal, the combined buffer requirement will be 3.5 percentage points.

In the Q2 2021 statement of Sparekassen's capital requirement, a provision of DKK 44m has been made, corresponding to 0.25 percentage points, under credit risks to match the uncertainty related to COVID-19. Sparekassen

believes that the next one or two quarters will still be subject to some uncertainty because of the COVID-19 situation.

Eligible liabilities

Financial sector regulation has implemented a requirement for financial institutions regarding the amount of on-balance sheet eligible liabilities. The requirement for eligible liabilities aims to ensure that financial institutions have sufficient eligible liabilities to enable the execution of an appropriate restructuring or resolution of a financial institution should it be failing or likely to fail.

The requirement for eligible liabilities can be met by capital instruments and debts that, in the event of resolution or bankruptcy, may be written down or converted before unsecured claims and that also comply with the requirements for eligible liabilities. The total requirement for eligible liabilities is calculated as the sum of the solvency need and an eligible liabilities add-on. The eligible liabilities add-on is composed of a loss absorption add-on and a recapitalisation amount.

The requirement for eligible liabilities is gradually phased in and will take full effect from 1 July 2023.

It is the Danish Financial Supervisory Authority (Danish FSA) that calculates and lays the

requirement for eligible liabilities for each credit institution. The requirement will be recalculated once a year and be determined relative to the credit institution's risk-weighted exposures.

In December 2020, Sparekassen received the requirement for eligible liabilities based on the 2019 accounting figures, which are therefore currently applicable from 1 July 2023. At group level, the requirement for eligible liabilities has been calculated at 15.5% (equivalent to 10.8% of total liabilities and capital resources). The requirement for the Parent is largely the same. With the current capital resources including the eligible liabilities issued (senior non-preferred bonds), Sparekassen complies with the phased-in element of the calculated requirement for eligible liabilities with a margin of 7.8 percentage points at 30 June 2021. With the current capital resources and eligible liabilities, the fully phased-in requirement for eligible liabilities is met as well with a margin of 3.5 percentage points.

With Sparekassen's current and expected development in its capital resources, the phase-in established and the development in risk-weighted exposures, we do not expect to face any challenges in meeting the requirement for eligible liabilities in future either. Sparekassen intends to regularly evaluate the opportunities for optimising the composition of the capital and liability instruments that meet the requirements for eligible liabilities.

Capital measure

Sparekassen's capital measure, excess capital adequacy and capital plans in the short and longer term are discussed and approved by the Board of Directors on a regular basis and at least once a year. According to Sparekassen's strategic plan, "New Ways", the long-term objective is for the common equity tier 1 capital ratio and the capital ratio to be at least 13.0% and 17.0%, respectively, by the end of 2021.

Sparekassen meets the set objectives in 2018, 2019, 2020 as well as in H1 2021. Before the end of the strategy period, the Board of Directors intends to reassess Sparekassen's objectives upwardly, having regard to new capital adequacy requirements etc implemented that were not known at the beginning of the strategy period.

Liquidity

Overall, Sparekassen's business model dictates that deposits must fund loans and advances and that Sparekassen must not be dependent on external funding by way of money market funding, issuance of corporate bonds and potentially transient and major fixed-term deposits.

At the end of H1 2021, Sparekassen has a deposit surplus of DKK 8.1bn exclusive of deposits in pooled plans. Its deposits are primarily made by private customers and small business operators. There are no large single deposits of major significance or no deposits of significance from other financial services companies.

Deposits are also characterised by a large portion of them being covered by the Danish



Deposit Guarantee Fund and therefore secured for the customer.

Based on the above and the continued stress testing of liquidity that is carried out, the current funding profile is regarded as being relatively stable and subject to low risk.

Liquidity Coverage Ratio (LCR)

At 30 June 2021, Sparekassen's LCR is 462% against the applicable statutory requirement of a minimum LCR of 100%. So the excess liquidity coverage ratio relative to the statutory requirement is 362 percentage points. With the current excess liquidity coverage, and even without regularly optimising the composition of liquid assets to improve the LCR, Sparekassen expects to have a solid excess cover for this liquidity requirement also in future.

Liquidity surplus according to the Supervisory Diamond benchmark

Sparekassen has a liquidity surplus that has been calculated at 503% under the Supervisory Diamond rules for the benchmark relative to a minimum surplus threshold of 100%. Consequently, Sparekassen continues to have a solid surplus.

Liquidity target

Sparekassen's liquidity target in the short and long term is to constantly have sufficient liquidity with comfortable excess cover relative to current liquidity requirements. A comfortable excess cover means a level in the range of 25 percentage points relative to the LCR requirement, which prescribes a liquidity coverage of 100% of a slightly stressed net cash outflow covering a period of 30 days. The 25 percent-

age point excess cover is also the target for the liquidity benchmark of the Danish FSA Supervisory Diamond. Here the requirement is 100% as well. The internal liquidity management uses higher requirements for excess covers, which gives a longer response time to handle liquidity transactions before there is a risk of exceeding the high excess cover requirements.

The level of excess liquidity coverage, the ratio of deposits to loans and advances (liquidity funding), and the composition and quality of placements of liquidity are monitored on an ongoing basis. Sparekassen's liquidity plans are updated and approved by the Board of Directors at least once a year.

Net Stable Funding Ratio (NSFR)

On 28 June 2021, a new statutory requirement for financial institutions became effective regarding a stable funding structure. The requirement aims to ensure that financial institutions maintain a stable funding structure over a one-year time horizon. NSFR is defined as the ratio of Sparekassen's available amount of stable funding to Sparekassen's required amount of stable funding over the time horizon of one year. The requirement is calculated as a percentage and set at at least 100.

Sparekassen is in compliance with the new requirement with a healthy margin at 30 June 2021.

With the current and the expected future composition of its balance sheet in mind, Sparekassen expects to have an appropriate excess cover also in future.

Credit quality categories

Loans, advances, and guarantees net of impairment losses by credit quality category of the Danish FSA – the Sparekassen Sjælland-Fyn A/S (Group)

	30.06.2021		2020		2019		2018		2017	
	DKK'm	%								
3 / 2a – Loans, advances and guarantees with normal credit quality	11,494	56.5	10,677	56.0	10,768	56.8	10,249	58.5	9,965	59.0
2b – Loans, advances and guarantees with certain indications of weakness	7,632	37.5	6,911	36.2	6,424	33.9	4,942	28.2	4,174	24.7
2c – Loans, advances and guarantees with substantial weaknesses	769	3.8	911	4.8	1,058	5.6	1,143	6.5	1,389	8.2
1 – Loans, advances and guarantees with objective evidence of impairment	440	2.2	578	3.0	704	3.7	1,197	6.8	1,366	8.1
Total	20,335	100.0	19,077	100.0	18,954	100.0	17,531	100.0	16,894	100.0

Loans, advances, and guarantee debtors by sector

	30.06.2021	2020	2019	2018
	%	%	%	%
Loans, advances, and guarantee debtors by sector	0.1	0.1	0.4	0.8
Business				
Agriculture, hunting, forestry and fisheries	8.3	8.5	8.2	8.3
Industry and extraction of raw materials	2.2	2.3	2.1	2.0
Energy supply	0.2	0.2	0.1	0.0
Building and construction	5.9	6.0	5.3	5.0
Trade	4.7	4.8	5.8	5.8
Transport, hotels and restaurants	1.7	1.8	1.9	2.0
Information and communication	0.9	0.9	0.8	0.7
Financing and insurance	4.7	4.7	5.3	4.1
Real property	9.1	9.3	9.9	11.0
Other business	6.2	6.3	7.0	7.3
Total business	43.9	44.8	46.3	46.3
Private	56.0	55.1	53.3	52.9
Total	100.0	100.0	100.0	100.0

Shareholder information

Sparekassen's shares were listed at Nasdaq Copenhagen on 3 December 2015.

At the end of 2020, Sparekassen's share was quoted at DKK 90.0. As Sparekassen's execution of its New Ways strategy is progressing as planned, and results are really materialising in the bottom line in 2021 – a fact that has led to

two upward adjustments – the share price has developed most positively for Sparekassen's around 25,000 shareholders.

The share price has generally been increasing steadily towards 30 June 2021, when the price of a share was DKK 151.0, thus yielding 68% since financial year-end 2020.

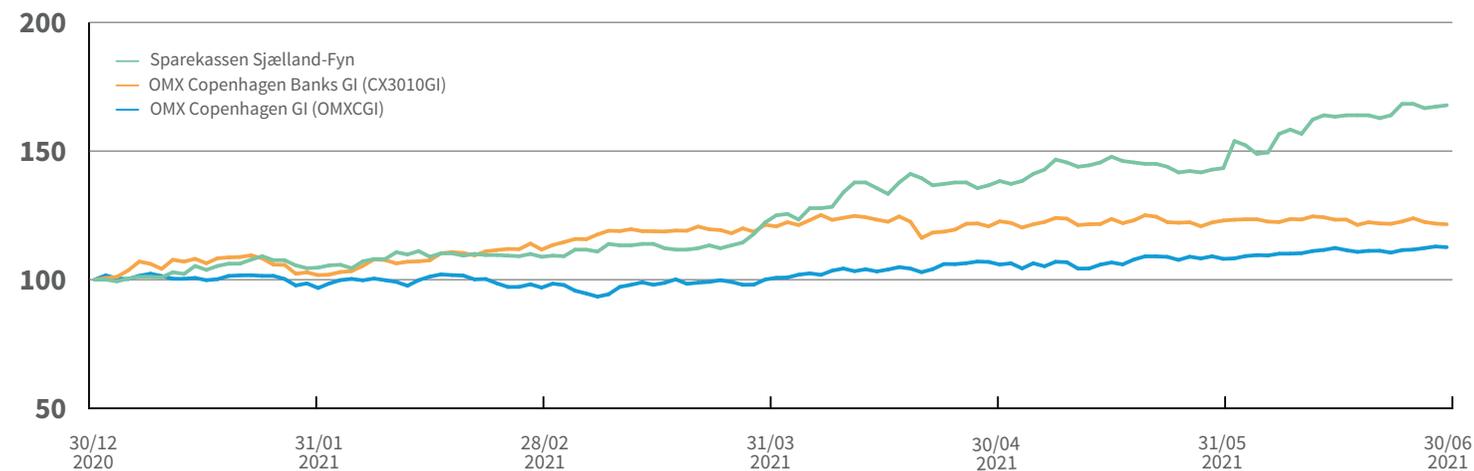
During this period, Sparekassen's market value has gone from around DKK 1.6bn to over DKK 2.6bn. In the graph below, a comparison is made with the total value added for Danish shares quoted on Nasdaq Copenhagen and with the total value added for financial institutions quoted on Nasdaq Copenhagen.

Share information

Stock exchange	Nasdaq Copenhagen A/S
Share capital	173,749,730 DKK
Nominal denomination	10 DKK
Number of shares	17,374,973
Share classes	One
Number of votes per share	One
Bearer security	No
Voting right restrictions	Yes
Restrictions on negotiability	No
ISIN code	DK0060670776

Share price development 2021 index

30.12.2020 = Index 100



Financial review of the Parent

H1 2021

The profit or loss and the balance sheet of the Parent are to a great extent reflected in the consolidated financial statements as only a small portion of the Group's total business activities are carried on in the subsidiaries, for which reason reference is made to the financial review for the Group for supplementary information. Most of the Group's property portfolio is held by the subsidiary, Ejendomsselskabet Sjælland-Fyn A/S.

Pre-tax profit of the Parent stands at DKK 299.6m, which is influenced by a continuously positive development in core earnings that is driven by increasing net interest income, increasing fee and commission income, declining staff costs and administrative expenses, and declining amortisation, depreciation and impairment losses on assets. Moreover, translation and market value adjustments are positive, and impairment charges represent a reversal totalling DKK 31.7m.

Net profit stands at DKK 253.1m.

The profit generated is considered most satisfactory.

Income statement

Net interest income

Net interest income has increased by DKK 24.0m and amounts to DKK 281.9m against DKK 258.0m in H1 2020.

Total interest income has seen an increase of DKK 4.0m and amounts to DKK 273.8m. Contrary to the tendency in many previous quarters, interest income from loans and advances has increased. The increase is DKK 1.8m, and it is a result of, for example, a controlled and moderate rise in loans and advances. Arbitrage premiums from interest rate contracts have gone up by DKK 4.2m. Interest income from the portfolio of bonds, on the other hand, has declined by DKK 2.4m, which has primarily been caused by a lower average flat yield on the portfolio of bonds. Other interest income is up DKK 0.5m.

Negative interest income amounts to DKK 12.2m against DKK 9.5m in H1 2020. The increase in negative interest income is attributable to the portfolio of bonds, of which Sparekassen placed a fairly large portion in treasury bills in H1 2021.

Total interest expenses have gone down by DKK 1.0m to DKK 23.9m. This development is attributable to interest expenses for subordinated capital that have gone down by DKK 4.2m. An increase in interest expenses for bonds issued (senior non-preferred bonds) of DKK 2.4m contributes in the opposite direction.

Because of the continuously low interest rate levels, Sparekassen has in 2020 and 2021 regularly adjusted the interest rate level for deposit products for both private customers and corporate customers. These steps support

the development in positive interest expenses which have gone up by DKK 21.7m on the same period last year. At 30 June 2021, positive interest income stands at DKK 44.2m.

Dividends on shares

Sparekassen has received DKK 18.2m in dividends against DKK 29.0m in H1 2020. The vast majority of dividends received in H1 2021 come from the sector companies co-owned by Sparekassen. The decrease in dividends received is related to Q1 2020 when Sparekassen received dividend from a now disposed-of holding of shares in an investment fund which invests in corporate bonds.

Fee and commission income

Sparekassen's fee and commission income is up DKK 22.5m, or 7%, and totals DKK 323.2m against DKK 300.8m by the end of H1 2020.

Generally heavy business activities are seen, and Sparekassen is gaining market shares in the corporate customer segment as well as the private customer segment. The high level of business activity is reflected in, for example, generally increasing fee income from the services offered to customers by Sparekassen, increasing insurance commissions, and increasing income from managing customers' custody account funds.

In the real estate area, fee income has also been affected by the continuously high level of activity in funding different types of properties.

Costs inclusive of amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment

In aggregate, staff costs and administrative expenses and amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment have gone down by 1% to stand at DKK 371.7m.

Staff costs and administrative expenses have gone up by just under 1% and amount to DKK 348.4m. Total staff costs have increased by DKK 8.0m to stand at DKK 232.2m. This development reflects a decline in headcount, hiring of people for specialist functions, pay increases arising from collective agreements, and a continued increase in payroll tax.

Other administrative expenses have gone down by DKK 4.8m to DKK 116.2m. The decline in other administrative expenses is a result of recent years' major efficiency improvement and optimisation initiatives, see the strategic plan "New Ways". Also, recent years' increases in IT costs for Sparekassen's IT centre Bankdata seem to be over for now.

Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment total DKK 23.3m, which is a decrease of DKK 6.3m compared to the same period last year. The decrease generally relates to almost all asset types and a decline in rental commitments, see IFRS 16.

Translation and market value adjustments

Total translation and market value adjustments have developed positively and are up DKK 35.2m to stand at DKK 13.4m. Market value adjustments of bonds stand at a negative DKK 24.5m compared to a negative DKK 27.7m at the same time last year. In the first half of 2020, the bond market was affected by the macroeconomic uncertainty arising from the outbreak of COVID-19, resulting in declining prices and a widening of the credit spread for mortgage credit bonds. In H1 2021, slightly increasing interest rates and drawings of mortgage credit bonds that were acquired at a premium, have caused negative price adjustments. Market value adjustments of shares stand at DKK 30.9m compared to DKK 1.8m at 30 June 2020. Market value adjustments in H1 2021 are a combination of increased prices in Sparekassen's portfolio of sector shares and a generally favourable share market where Sparekassen has realised a capital gain.

Translation and market value adjustments of investment property, foreign currencies and other financial instruments total DKK 7.0m against DKK 4.1m last year.

Impairments

Impairment losses on loans and advances etc represent an income of DKK 31.7m, which is an improvement of DKK 145.8m compared to 2020. The primary reasons for this positive development are that H1 2020 was affected by management add-ons for potential losses arising from the COVID-19 outbreak and that the finances of businesses and private households are generally considered strong.

Profit from investments in associates and group enterprises

Profit from investments in associates and group enterprises amounts to DKK 15.5m against DKK 26.5m at 30 June 2020. The primary reason for this development is that H1 2020 was extraordinarily affected by the acquisition of a stake of over 20% in Lollands Bank and the subsequent initial revaluation of the acquired stake to equity value.

Profit for the period

Pre-tax profit then amounts to DKK 299.6m against DKK 90.8m for the same period last year, and net profit is DKK 253.1m against DKK 84.7m for H1 2020.

Interim financial statements

H1 2021

Statement by Management on the Interim Report

The Board of Directors and the Executive Board have today considered and approved the Interim Report of Sparekassen Sjælland-Fyn A/S for the period 1 January to 30 June 2021.

The Interim Report of the Group has been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the EU and Danish disclosure requirements for interim reports

of listed financial companies. Sparekassen's Interim Report and management commentary have been prepared in accordance with the Danish Financial Business Act. Furthermore, the Interim Report is presented in accordance with Danish disclosure requirements for interim reports of listed financial companies.

In our opinion, the Interim Report gives a true and fair view of the Group's and Sparekassen's

financial position at 30 June 2021 and of their financial performance and the consolidated cash flows for the period 1 January to 30 June 2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein, as well as a description of the most material risks and elements

of uncertainty that may affect the Group and Sparekassen.

The Interim Report has not been audited or reviewed.

Holbæk 11. August 2021

Executive Board

Lars Petersson
Chief Executive Officer

Bruno Riis-Nielsen
Executive Officer of the Savings Bank

Lars Bolding
Executive Officer of the Savings Bank

Board of Directors

Thomas Kullegaard
Chairman

Jakob Nørreklær Andersson
Vice-Chairman

Bent Andersen

Erik Larsen

Otto Frederik Spliid

Torben Dalby Larsen

Per Olsen

Helle Lindhof Bjørnøe

Mads Wallin

Income statement

		Sparekassen Sjælland-Fyn A/S (Group)			
Note	Amounts in DKK'000	H1 2021	H1 2020	Q2 2021	Q2 2020
4	Interest income calculated using the effective interest method	256,222	252,894	129,503	124,653
4	Other interest income	31,018	29,285	12,691	13,126
4a	Negative interest income	12,215	9,473	3,367	4,490
5	Interest expenses	23,203	24,622	11,823	12,386
5a	Positive interest expenses	43,772	22,537	22,569	11,473
	Net interest income	295,594	270,621	149,573	132,376
	Dividends on shares etc	18,193	28,994	15,830	17,007
6	Fees and commission income	322,232	300,328	155,934	134,881
	Fees and commission expenses	8,519	7,621	4,026	3,597
	Net interest and fee income	627,500	592,322	317,311	280,667
7	Market value adjustments	8,378	-30,393	-4,444	-5,829
	Other operating income	7,429	9,281	3,936	4,077
8	Staff costs and administrative expenses	357,943	356,300	184,866	177,979
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	17,390	24,624	8,186	12,879
	Other operating expenses	9,160	10,527	6,491	4,953
9	Impairment losses on loans and advances etc	-33,822	112,760	-18,570	38,860
	Profit/loss on investments in associates and group enterprises	9,005	25,584	3,845	1,512
	Profit before tax	301,641	92,583	139,675	45,756
	Income tax	48,542	7,887	30,216	4,772
	Profit after tax	253,099	84,696	109,459	40,984
	Earnings per share				
	Earnings per share (DKK)	14.0	4.2	6.0	2.0
	Diluted earnings per share (DKK)	14.0	4.2	6.0	2.0
	Distributed as follows:				
	Retained earnings (profit allocated to shareholders)	240,936	72,553	103,331	34,926
	Interest, hybrid core capital	12,163	12,143	6,128	6,058
	Total	253,099	84,696	109,459	40,984

Statement of comprehensive income

		Sparekassen Sjælland-Fyn A/S (Group)			
Note	Amounts in DKK'000	H1 2021	H1 2020	Q2 2021	Q2 2020
	Profit for the period	253,099	84,696	109,459	40,984
	Other comprehensive income that may not be reclassified to profit or loss				
	Fair value adjustment of properties	0	-1,480	0	0
	Tax related to fair value adjustment of properties	2	1	1	0
	Other comprehensive income that may be reclassified to profit or loss				
	Value adjustment of certain strategic shares	-1,034	0	-3,478	0
	Fair value adjustment of financial instruments entered into to hedge future cash flows ¹				
	- Value adjustment for the year	241	22	77	-99
	- Tax on other comprehensive income	175	-5	749	22
	Total other comprehensive income	-616	-1,462	827	-77
	Total comprehensive income	252,483	83,235	110,286	40,907

¹ The fair value adjustment concerns a jointly controlled enterprise.

Balance sheet

Sparekassen Sjælland-Fyn A/S (Group)

Note	Amounts in DKK'000	30.06.2021	31.12.2020	30.06.2020
Assets				
	Cash and balances on demand at central banks	2,442,677	480,569	439,367
	Amounts owed by credit institutions and central banks	159,379	4,813,419	2,390,944
	Loans and other amounts owed at amortised cost	12,193,880	11,951,447	11,806,846
	Bonds at fair value	8,195,128	5,849,380	8,090,089
	Bonds at amortised cost	1,301,880	300,270	0
	Shares etc	667,083	566,946	532,273
	Investments in associates	206,173	191,193	184,053
	Assets related to pooled plans	2,247,589	2,081,881	1,852,522
	Intangible assets	91,215	91,251	91,287
10	Total land and buildings	439,499	437,976	445,313
	<i>Investment property</i>	107,266	122,048	153,383
	<i>Owner-occupied property</i>	332,233	315,928	291,930
	Other property, plant and equipment	24,406	26,444	34,568
	Current tax assets	23,517	13,850	12,144
	Deferred tax assets	139,465	162,982	161,024
	Other assets	239,453	243,193	228,681
	Prepayments	56,155	55,343	68,161
	Total assets	28,427,499	27,266,144	26,337,272

Sparekassen Sjælland-Fyn A/S (Group)

Note	Amounts in DKK'000	30.06.2021	31.12.2020	30.06.2020
Equity and liabilities				
Liabilities other than provisions				
	Amounts owed to credit institutions and central banks	850,462	558,383	693,555
	Deposits and other debt	20,296,173	20,000,941	19,423,403
	Deposits in pooled plans	2,247,589	2,081,881	1,852,522
	Bonds issued at amortised cost	377,474	198,656	0
	Other liabilities	317,509	321,028	306,439
	Deferred income	45,126	36,081	37,707
	Total liabilities other than provisions	24,134,333	23,196,970	22,313,626
Provisions				
	Provisions for losses on guarantees etc	85,290	88,769	77,830
	Other provisions	21,278	28,665	21,322
	Total provisions	106,568	117,434	99,152
11	Subordinated loan capital	570,245	569,669	674,092
Equity				
12	Share capital	173,750	173,750	173,750
	Revaluation reserves	1,413	1,411	1,407
	Undistributable savings bank reserve, other reserves	561,378	561,378	561,378
	Retained earnings	2,499,988	2,259,670	2,134,032
	Total equity exclusive of hybrid core capital	3,236,528	2,996,209	2,870,568
	Hybrid core capital	379,825	385,862	379,835
	Total equity	3,616,353	3,382,071	3,250,402
	Total equity and liabilities	28,427,499	27,266,144	26,337,272

15 Contingent liabilities and assets

Statement of changes in equity

Sparekassen Sjælland-Fyn A/S (Group)

Note	Amounts in DKK'000	Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument ¹	Dividend	Retained earnings	Total equity exclusive of hybrid core capital	Hybrid core capital	Total equity
	Equity at 1.1.2021	173,750	1,411	561,378	-247	0	2,259,917	2,996,209	385,862	3,382,071
	Profit for the period	0	0	0	0	0	240,936	240,936	12,163	253,099
	Other comprehensive income									
	Fair value adjustment of owner-occupied property	0	0	0	0	0	0	0	0	0
	Fair value adjustment of financial instruments entered into to hedge future cash flows:									
	Value adjustment for the period	0	0	0	241	0	-1,034	-793	0	-793
	Tax on other comprehensive income	0	2	0	-53	0	228	177	0	177
	Total other comprehensive income	0	2	0	188	0	-806	-616	0	-616
	Comprehensive income for the period	0	2	0	188	0	240,130	240,320	12,163	252,483
	Purchase of treasury shares	0	0	0	0	0	0	0	0	0
	Sale of treasury shares	0	0	0	0	0	0	0	0	0
	Dividends paid	0	0	0	0	0	0	0	0	0
	Interest paid on hybrid core capital	0	0	0	0	0	0	0	-18,200	-18,200
	Equity at 30.06.2021	173,750	1,413	561,378	-59	0	2,500,047	3,236,528	379,825	3,616,353

¹ Reserve for value adjustment of hedging instrument concerns a jointly controlled enterprise.

Statement of changes in equity

Sparekassen Sjælland-Fyn A/S (Group)										
Note	Amounts in DKK'000	Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument ¹	Dividend	Retained earnings	Total equity exclusive of hybrid core capital	Hybrid core capital	Total equity
	Equity at 1.1.2020	173,750	2,886	561,378	-240	52,125	2,061,564	2,851,461	385,892	3,237,353
	Profit for the period	0	0	0	0	0	72,553	72,553	12,143	84,696
	Other comprehensive income									
	Fair value adjustment of owner-occupied property	0	-1,480	0	0	0	0	-1,480	0	-1,480
	Fair value adjustment of financial instruments entered into to hedge future cash flows:									
	Value adjustment for the period	0	0	0	22	0	0	22	0	22
	Tax on other comprehensive income	0	1	0	-5	0	0	-4	0	-4
	Total other comprehensive income	0	-1,479	0	18	0	0	-1,462	0	-1,462
	Comprehensive income for the period	0	-1,479	0	18	0	72,553	71,092	12,143	83,235
	Purchase of treasury shares	0	0	0	0	0	0	0	0	0
	Sale of treasury shares	0	0	0	0	0	0	0	0	0
	Dividends paid	0	0	0	0	-52,125	138	-51,987	0	-51,987
	Interest paid on hybrid core capital	0	0	0	0	0	0	0	-18,200	-18,200
	Equity at 30.06.2020	173,750	1,407	561,378	-223	0	2,134,256	2,870,567	379,835	3,250,402

¹ Reserve for value adjustment of hedging instrument concerns a jointly controlled enterprise.

Cash flow statement

Sparekassen Sjælland-Fyn A/S (Group)

Note	Amounts in DKK'000	H1 2021	H1 2020
	Comprehensive income for the period	252,483	83,235
	Adjustment for amounts without cash flow effect		
	Market value adjustment, shares	-30,890	-1,845
	Market value adjustment, bonds	24,475	27,573
	Impairment losses on loans and advances etc	-33,822	112,760
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	17,390	24,624
	Prepayments (net)	397	2,237
	Provisions	-10,866	22,941
	Value adjustments of investment property	9,257	8,562
	Deferred income tax	48,542	7,887
	Adjustment for amounts with cash flow effect		
	Income tax paid	-31,451	-16,024
	Cash flows from ordinary operating activities	245,515	271,950
	Working capital changes		
	Credit institutions	292,079	168,119
	Loans and advances adjusted for impairment losses etc for the period	-209,008	296,347
	Other assets and liabilities (net)	-4,737	-62,040
	Shares etc	-69,247	163,291
	Bonds at fair value	-2,370,223	-1,526,182
	Bonds at amortised cost	-1,001,610	0
	Deposits and other debt	295,232	723,820
	Total working capital changes	-3,067,514	-236,645
	Cash flows from operating activities	-2,821,999	35,305

Sparekassen Sjælland-Fyn A/S (Group)

Note	Amounts in DKK'000	H1 2021	H1 2020
	Investing activities		
	Additions, investments in associate	-5,636	-111,760
	Purchase of intangible assets	-2,829	-5,566
	Purchase of property, plant and equipment	-50,823	-42,174
	Sale of property, plant and equipment	27,555	42,691
	Cash flows from investing activities	-31,733	-116,809
	Financing activities		
	Bonds issued	180,000	0
	Interest paid on hybrid core capital	-18,200	-18,200
	Dividend paid	0	-51,987
	Cash flows from financing activities	161,800	-70,187
	Increase/decrease in cash	-2,691,932	-151,691
	Cash and cash equivalents at beginning of period	5,293,988	2,982,002
	Cash and cash equivalents at end of period	2,602,056	2,830,311
	Cash and cash equivalents		
	Cash and balances on demand at central banks	2,442,677	439,367
	Amounts owed by credit institutions and central banks	159,379	2,390,944
	Cash and cash equivalents at end of period	2,602,056	2,830,311

Notes

2 Summary of significant accounting policies

The Interim Report for H1 2021 has been presented in accordance with IAS 34. The presentation of interim financial statements is consistent with EU provisions and additional Danish disclosure requirements for interim reports of listed financial companies. Applying ISA 34 entails that presentation is more limited than in a complete annual report and that the measurement principles of the International Financial Reporting Standards (IFRS) have been used.

The accounting policies remain unchanged with respect to those applied in the presentation of the consolidated financial statements for 2020.

Sparekassen's 2020 Annual Report and other reports on capital requirement, statutory report on corporate social responsibility etc can be found on this website: www.spks.dk/om_sparekassen/regnskab

3 Significant accounting judgements and estimates, assumptions and uncertainties

Measuring certain assets and liabilities is subject to management estimates of how future events affect the value of such assets and liabilities. Estimates, which are significant to the presentation of financial statements, are made, for example, when determining write-downs on impaired loans and advances, and provisions. The estimates used are based on assumptions which are considered reasonable by Management, but which are inherently uncertain.

The most significant estimates made by Management in using the Group's accounting policies and the related key sources of estimation uncertainty are the same used in the preparation of the interim financial statements for the year as those used to prepare the consolidated financial statements for 2020.

Notes

Sparekassen Sjælland-Fyn A/S (Group)

Note	Amounts in DKK'000	H1 2021	H1 2020
4	Interest income		
	Credit institutions and central banks	315	348
	Loans and other amounts owed	255,259	252,292
	Bonds	14,876	17,306
	Total derivatives	16,142	11,979
	Thereof: - Interest rate contracts	16,659	12,478
	- Foreign exchange contracts	-517	-499
	Other interest income	648	254
	Total interest income	287,240	282,179
4a	Negative interest income		
	Credit institutions and central banks	5,980	6,642
	Bonds	6,235	2,831
	Total negative interest income	12,215	9,473
5	Interest expenses		
	Credit institutions and central banks	281	287
	Deposits and other debt	6,313	5,602
	Bonds issued	2,393	0
	Subordinated loan capital	13,811	18,021
	Other interest expenses	405	712
	Total interest expenses	23,203	24,622
5a	Positive interest expenses		
	Credit institutions and central banks	0	30
	Deposits and other debt	43,772	22,507
	Total positive interest expenses	43,772	22,537

Sparekassen Sjælland-Fyn A/S (Group)

Note	Amounts in DKK'000	H1 2021	H1 2020
6	Fees and commission income		
	Securities trading and custody accounts	38,077	43,778
	Payment services	28,431	27,809
	Loan fees	31,678	27,923
	Guarantee commission	105,932	97,909
	Custody services	36,883	28,485
	Other fees and commissions	81,231	74,424
	Total fees and commission income	322,232	300,328
7	Market value adjustments		
	Bonds	-24,475	-27,573
	Shares	30,890	1,845
	Investment property	-4,847	-9,352
	Foreign exchange	6,497	5,111
	Currency, interest rate, share, commodity and other contracts and derivatives	313	-424
	Assets related to pooled plans	174,272	-108,822
	Deposits in pooled plans	-174,272	108,822
	Total market value adjustments	8,378	-30,393
8	Staff costs and administrative expenses		
	Remuneration of the Board of Directors and Executive Board		
	Board of Directors and Executive Board	8,554	8,488
	Total	8,554	8,488
	Staff costs		
	Wages and salaries	175,329	169,270
	Pension contributions	19,102	18,609
	Social security expenses	29,323	27,800
	Total staff costs	223,754	215,679
	Other administrative expenses	125,635	132,133
	Total staff costs and administrative expenses	357,943	356,300

Notes

Note	Amounts in DKK'000	Sparekassen Sjælland-Fyn A/S (Group)	
		30.06.2021	30.06.2020
9	Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account)		
	Stage 1 impairment		
	Balance of stage 1 impairment losses at beginning of period	126,232	56,035
	New impairment losses (net)	-10,545	68,586
	Balance of stage 1 impairment losses at end of period	115,687	124,621
	- Of which amounts owed by credit institutions and central banks	1	1
	Stage 2 impairment		
	Balance of stage 2 impairment losses at beginning of period	160,010	109,573
	New impairment losses (net)	-4,850	14,852
	Balance of stage 2 impairment losses at end of period	155,160	124,425
	- Of which amounts owed by credit institutions and central banks	531	341
	Stage 3 impairment		
	Balance of stage 3 impairment losses at beginning of period	345,198	491,878
	New impairment losses (net)	8,154	8,743
	Other changes	9,200	12,200
	Previously written down, now finally written off	111,333	145,503
	Balance of stage 3 impairment losses at end of period	251,219	367,318
	- Of which amounts owed by credit institutions and central banks	0	0

Note	Amounts in DKK'000	Sparekassen Sjælland-Fyn A/S (Group)	
		30.06.2021	30.06.2020
9	Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account) (continued)		
	Provisions losses for guarantees and undrawn credit facilities		
	Balance of provisions at beginning of year	115,954	73,252
	New provisions (net)	-10,066	24,002
	Previously provided for, now finally written off	0	0
	Balance of provisions at end of period	105,888	97,254
	Total		
	Balance of impairment losses/provisions at beginning of period	747,394	730,738
	Impairment losses/provisions for the period (net)	-17,307	116,183
	Other changes	9,200	12,200
	Finally written off, previously written down/provided for	111,333	145,503
	Balance of impairment losses/provisions at end of period	627,954	713,618
	Impairment losses/provisions for the period (net)	-17,307	116,183
	Written off, not previously written down/provided for	3,494	10,123
	Recovery of claims previously written off	20,009	13,546
	Total recognised in the income statement	-33,822	112,760

Notes

Sparekassen Sjælland-Fyn A/S (Group)

Note	Amounts in DKK'000	30.06.2021	31.12.2020	30.06.2020
10 Land and buildings				
Investment property				
Fair value at beginning of period		122,048	157,465	157,465
Additions		17,503	35,746	31,392
Disposals		28,435	58,216	26,912
Fair value adjustments for the period		-3,850	-12,947	-8,562
Fair value at end of period		107,266	122,048	153,383
Rental income		3,822	10,563	6,036
Operating expenses		2,047	6,758	3,803
Thereof, operating expenses recognised for investment property not having generated rental income for the year		498	1,251	812

	Quoted prices	Observable input	Non-observable input	Total
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Fair value hierarchy for investment property

Group 30.06.2021	0	0	107,266	107,266
Group 31.12.2020	0	0	122,048	122,048
Group 30.06.2020	0	0	153,383	153,383

Sparekassen Sjælland-Fyn A/S (Group)

Note	Amounts in DKK'000	30.06.2021	31.12.2020	30.06.2020
10 Land and buildings (continued)				
Owner-occupied property				
Cost at beginning of period		318,342	293,735	293,735
Additions		30,170	43,774	2,714
Disposals		0	19,167	19,167
Cost at end of period		348,512	318,342	277,282
Accumulated depreciation/impairment losses at beginning of period		46,574	43,114	43,114
Depreciation for the period		1,078	411	205
Impairment losses for the period		750	7,916	1,308
Disposals for the period		880	4,867	4,867
Accumulated depreciation/impairment losses at end of period		47,522	46,574	39,760
Accumulated revaluation at beginning of period		1,447	2,926	2,926
Additions for the period		0	0	0
Disposals for the period		0	1,479	1,479
Accumulated revaluation at end of period		1,447	1,447	1,447
Revalued amount at end of period		302,437	273,215	238,969
If no revaluation had been made, the carrying amount of owner-occupied property would have been:		300,990	271,768	237,522

External experts have been involved in the valuation of owner-occupied property. Impairment losses for the year result from normal value adjustment arising from revaluation.

Notes

Sparekassen Sjælland-Fyn A/S (Group)

Note	Amounts in DKK'000	Quoted prices	Observable input	Non-observable input	Total
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10 Land and buildings (continued)

Fair value hierarchy for owner-occupied property

Group 30.06.2021	0	0	302,437	302,437
Group 31.12.2020	0	0	273,215	273,215
Group 30.06.2020	0	0	238,969	238,969

Investment properties and owner-occupied properties are measured at fair value/revalued amount calculated using a return-based model which is based on an estimate of prices per square metre and a required rate of return. A required rate of return ranging between 5.2 % and 13.8 % has been used in measuring properties located on Zealand and Funen and in Jutland (H1 2020: 5.5 % and 13.8 %). An increase in the required rate of return would result in a decline in the property's fair value, whereas an increase in rent per square metre relative to the assumptions applied would result in an increase in the value of the property.

	30.06.2021	31.12.2020	30.06.2020
Owner-occupied property, revalued amount at period-end, see above	302,437	273,215	238,969
Owner-occupied property, leased assets	29,796	42,713	52,961
Total owner-occupied property, see balance sheet	332,233	315,928	291,930

Notes

Sparekassen Sjælland-Fyn A/S (Group)

Note	Amounts in DKK'000	Current interest rate	30.06.2021	31.12.2020	30.06.2020
1.1 Subordinated loan capital					
Supplementary capital					
Floating interest rate, maturing July 2025, redeemable in 2020 ²⁾ , from 2020 to 2025, the interest rate will be 6 months CIBOR + 6,9% with half-yearly adjustment,	7.66 % ²⁾		0	0	105,000
Floating interest rate, maturing February 2027, redeemable in 2022, From 2022 to 2027, the interest rate will be 6 months CIBOR + 5,5% with half-yearly adjustment,	5.94 % ¹⁾		50,000	50,000	50,000
Floating interest rate, maturing in December 2027, redeemable in 2022, from 2022 to 2027, the interest rate will be six months' CIBOR + 4,39% with half-yearly adjustment,	4.75 % ¹⁾		50,000	50,000	50,000
Floating interest rate, maturing in June 2028, redeemable in 2023, from 2023 to 2028, the interest rate will be six months' CIBOR + 4,11% with half-yearly adjustment,	4.50 % ¹⁾		130,000	130,000	130,000
Floating interest rate, maturing in November 2028, redeemable in 2023, from 2023 to 2028, the interest rate will be six months' CIBOR + 4,24% with half-yearly adjustment,	4.75 % ¹⁾		41,000	41,000	41,000
Floating interest rate, maturing in June 2029, redeemable in 2024, from 2024 to 2029, the interest rate will be six months' CIBOR + 4,64% with half-yearly adjustment,	4.50 % ¹⁾		150,000	150,000	150,000
Floating interest rate, maturing in December 2029, redeemable in 2024, from 2024 to 2029, the interest rate will be six months' CIBOR + 4,51% with half-yearly adjustment,	4.45 % ¹⁾		152,000	152,000	152,000
Total supplementary capital			573,000	573,000	678,000
Total hybrid capital			0	0	0
Total subordinated loan capital			573,000	573,000	678,000
Costs of establishment are charged to profit or loss over the expected term to maturity			2,755	3,331	3,908
Total subordinated loan capital according to balance sheet			570,245	569,669	674,092

Sparekassen Sjælland-Fyn A/S (Group)

Note	Amounts in DKK'000	Current interest rate	30.06.2021	31.12.2020	30.06.2020
1.1 Subordinated loan capital (continued)					
Hybrid capital reclassified to equity					
Floating interest rate, perpetual, redeemable in 2022. From 2022, the interest rate will be six months' CIBOR + 6.39% with half-yearly adjustment.	6.75 % ¹⁾		55,000	55,000	55,000
Floating interest rate, perpetual, redeemable in 2023. From 2023, the interest rate will be six months' CIBOR + 6.11% with half-yearly adjustment.	6.50 % ¹⁾		280,000	280,000	280,000
Floating interest rate, perpetual, redeemable in 2023. From 2023, the interest rate will be six months' CIBOR + 5.74% with half-yearly adjustment.	6.25 % ¹⁾		41,000	41,000	41,000
Total hybrid capital, reclassified to equity			376,000	376,000	376,000
Subordinated loan capital included in the calculation of capital resources			946,245	945,669	945,092

1) Fixed interest rate for the first 5 years.

2) The issue has been terminated for redemption in July 2020 and is not part of the statement of capital base 30.06.2020

The Sparekassen Sjælland-Fyn A/S Group

All of the capital issuances mentioned for Sparekassen are included the capital resources of both the Parent Sparekassen Sjælland-Fyn A/S and the Group.

Notes

Sparekassen Sjælland-Fyn A/S (Group)				
Note	Amounts in DKK'000	30.06.2021	31.12.2020	30.06.2020

11 Subordinated loan capital (continued)

Interest etc on subordinated loan capital

	30.06.2021	31.12.2020	30.06.2020
Interest (excluding interest on reclassified hybrid core capital recognised as equity)	13,811	32,393	18,021
Extraordinary repayments/redemptions/remortgaging	0	105,000	0
Expenses for raising subordinated loan capital	0	0	0
Expenses for redeeming subordinated loan capital	0	0	0

All of Sparekassen's capital issuances may be used to cover the capital requirements under the CRR/CRD IV rules. All capital not applied to cover the capital requirements of the CRR/CRD IV rules may be applied to fulfil the capital requirement addition under the 8+ approach.

Sparekassen Sjælland-Fyn A/S (Group)					
		Number of shares		Nominal value (DKK'000)	
Note	Amounts in DKK'000	30.06.2021	30.06.2020	30.06.2021	30.06.2020

12 Share capital

Share capital, Sparekassen Sjælland-Fyn A/S	17,374,973	17,374,973	173,750	173,750
Total	17,374,973	17,374,973	173,750	173,750

	Number of shares	Nominal value (DKK'000)	Participation %
Treasury shares			
Treasury shares at 31.12.2019	58,989	590	0.3
Purchased	0	0	0.0
Sold	0	0	0.0
Treasury shares at 30.06.2020	58,989	590	0.3
Treasury shares at 30.06.2021			
Treasury shares at 31.12.2020	131,313	1,313	0.8
Purchased	0	0	0.0
Sold	0	0	0.0
Treasury shares at 30.06.2021	131,313	1,313	0.8

Total purchase price DKK 0 (H1 2020: 0 t.kr.)

Total selling price DKK 0 (H1 2020: 0 t.kr.)

The share capital consists of 17,374,973 shares of a nominal value of DKK 10. The shares have been fully paid up. The shares have not been divided into classes and carry no special rights. Sparekassen's treasury share portfolio consists of 131,313 shares, corresponding to 0.8 % of the share capital. The shares were acquired as part of ordinary trading.

Sparekassen has been authorised by the general meeting to acquire treasury shares for up to 2% of the share capital. Sparekassen has been permitted by the Danish FSA to acquire treasury shares in 2020 for DKK 6m in market value.

Notes

Note	Amounts in DKK'000	Sparekassen Sjælland-Fyn A/S (Group)	
		30.06.2021	30.06.2020
12 Share capital (continued)			
Earnings per share			
Earnings of shareholders of the Parent Sparekassen Sjælland-Fyn A/S		240,936	72,553
Average number of shares		17,374,973	17,374,973
Average number of treasury shares		131,313	58,989
Average number of shares outstanding		17,243,660	17,315,984
Average dilution effect of outstanding share options		0	0
Average number of outstanding shares (diluted)		17,243,660	17,315,984
Earnings per share (DKK)		14.0	4.2
Diluted earnings per shares (DKK)		14.0	4.2

Note	Amounts in DKK'000	Sparekassen Sjælland-Fyn A/S (Group)		
		30.06.2021	31.12.2020	30.06.2020
13 Assets provided as collateral				
Bonds deposited with Danmarks Nationalbank, clearing centres etc		1,646,780	1,133,703	1,168,416
Cash deposited with credit institutions, CSA agreements		19,169	22,695	22,696
Loss limit towards the Danish Growth Fund		260	260	261
Total		1,666,209	1,156,658	1,191,373

Unencumbered deposited securities may be released at call.

14 Related party transactions

Sparekassen serves as bank to the Group's group enterprises, and intra-group transactions primarily comprise interest payments, settlement of rent and administration fee. All transactions have been conducted at arm's length.

There have been no unusual related party transactions in H1 2021.

Notes

Sparekassen Sjælland-Fyn A/S (Group)

Note	Amounts in DKK'000	30.06.2021	31.12.2020	30.06.2020
15	Contingent liabilities and assets			
	Financial guarantees	323,152	267,342	201,804
	Mortgage finance guarantees	2,900,128	2,849,877	2,719,505
	Registration and remortgaging guarantees	7,305	33,403	15,508
	Other contingent liabilities	4,910,416	3,975,166	3,453,465
	Total	8,141,001	7,125,788	6,390,282

Other contingent liabilities include performance guarantees and other contingent liabilities, including commitments towards the Danish Deposit Guarantee Fund (guarantee capital).

Sparekassen's participation in the data centre Bankdata implies that, in the event of withdrawal, it is obliged to pay a withdrawal compensation. Like other Danish financial institutions, Sparekassen is subject to the Danish Deposit Guarantee Fund and is so obliged, together with other financial institutions, to cover depositors' balances etc of up to EUR 100k with financial institutions in the process of liquidation or bankruptcy.

The Parent participates in a Danish joint taxation arrangement with its subsidiaries. According to the joint taxation provisions of the Danish Corporation Tax Act, Sparekassen is therefore liable for income taxes etc for the jointly taxed companies, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies. Together with Investeringselskabet Sjælland-Fyn A/S and Leasing Fyn Faaborg A/S, Sparekassen Sjælland-Fyn A/S is jointly registered for VAT and payroll tax.

Totalkredit loans arranged by the Group from 2007 are subject to an agreed right of set-off against future current commissions which Totalkredit may enforce if any losses are recorded on the loans arranged. Sparekassen does not expect that this right of set-off will have a material effect on its financial position.

Except for ordinary contracts of employment with its staff, Sparekassen does not have any other significant obligating arrangements. Due to its business activities, Sparekassen is or may be party to different lawsuits or disputes. Sparekassen assesses the risk in each case, and any necessary provisions are recorded under provisions.

No other contingent liabilities are estimated to exist that have not been recognised as relevant in the balance sheet.

Sparekassen Sjælland-Fyn A/S (Group)

Note	Amounts in DKK'000	30.06.2021	31.12.2020	30.06.2020
15	Contingent liabilities and assets (continued)			
	Contingent assets, group			
	Deferred tax assets, written down	44,903	59,355	78,294

Deferred tax assets have been partially written down as it is difficult to document with sufficient certainty that they can be used in full within the foreseeable future. Subsequent use of the written-down asset is not subject to any time limits.

Notes

Sparekassen Sjælland-Fyn A/S (Group)

Note	Amounts in DKK'000	30.06.2021	31.12.2020	30.06.2020
16 Capital resources				
Equity excluding hybrid core capital		3,236,528	2,996,208	2,870,568
Intangible assets		-91,215	-91,251	-91,287
Tax assets		-139,465	-162,982	-161,024
Proposed dividend		0	0	0
Deduction, capital instruments		-305,702	-245,990	-242,055
Other additions/deductions		-67,967	213,429	-5,616
Common Equity Tier 1 capital		2,632,179	2,709,414	2,370,586
Hybrid core capital		376,000	376,000	376,000
Core capital (including hybrid core capital) net of primary deductions		3,008,179	3,085,414	2,746,586
Supplementary capital		570,245	569,669	569,092
Capital resources		3,578,424	3,655,082	3,315,678
Risk exposures				
Credit risk		14,599,589	13,986,690	13,318,231
Market risk		1,123,469	899,522	1,016,450
Operational risk		2,039,764	1,912,923	1,912,923
Total risk exposures		17,762,822	16,799,135	16,247,604
Capital ratio		20.1	21.8	20.4
Core capital ratio		16.9	18.4	16.9
Common Equity Tier 1 capital ratio		14.8	16.1	14.6
Capital resources, requirement under Section 124(2) of the Danish Financial Business Act		1,421,026	1,343,931	1,299,808

Sparekassen's capital resources and capital ratios calculated inclusive of transitional scheme and exclusive of net profit for the period at 30.06.2021 og 30.06.2020. Had net profit for the period, reduced by the target dividend payment stated in the dividend policy, been included in capital resources, the capital ratio, the core capital ratio and the common equity tier 1 capital ratio would have been 1.1 percentage points higher (31.06.2020: capital ratio, core capital ratio and common equity tier 1 capital ratio 1.0 percentage points higher).

Sparekassen Sjælland-Fyn A/S (Group)

Note	Amounts in DKK'000	30.06.2021	31.12.2020	30.06.2020
16 Capital resources (continued)				
Sparekassen applies the transitional scheme in the implementation of IFRS 9. Under the transitional scheme, Sparekassen may phase in the negative consequences of IFRS 9 into the capital resources over a five-year period. As a reaction to the Covid-19 pandemic, the settlement of the dynamic part of the transition period has been reset in 2020, with a new 5 year phasing-in period				
Solvency capital elements calculated exclusive of transitional scheme				
Common Equity Tier 1 capital		2,449,780	2,505,656	2,295,832
Core capital (including hybrid core capital) net of primary deductions		2,825,780	2,881,656	2,671,832
Capital resources		3,396,025	3,451,325	3,240,924
Total risk exposures		17,661,020	16,676,560	16,214,347
Capital ratio		19.2	20.7	20.0
Core capital ratio		16.0	17.3	16.5
Common Equity Tier 1 capital ratio		13.9	15.0	14.2

Sparekassen's capital resources and capital ratios calculated inclusive of transitional scheme and exclusive of net profit for the period at 30.06.2021 og 30.06.2020. Had net profit for the period, reduced by the target dividend payment stated in the dividend policy, been included in capital resources, the capital ratio, the core capital ratio and the common equity tier 1 capital ratio would have been 1.2 percentage points higher (30.06.2020: capital ratio, core capital ratio and common equity tier 1 capital ratio 0.6 percentage points higher).

Notes

Sparekassen Sjælland-Fyn A/S (Group)

Note	Amounts in DKK'000	30.06.2021		30.06.2020	
		Fair value	Amortised costs	Fair value	Amortised costs
17	Financial assets and liabilities, Sparekassen Sjælland-Fyn A/S Group				
	Financial assets and liabilities are recognised in the balance sheet either at fair value through profit or loss or at amortised cost.				
	Below, the valuation method is stated for each financial statement item.				
	Financial assets				
	Cash and balances on demand at central banks		2,442,677		439,367
	Amounts owed by credit institutions and central banks		159,379		2,390,944
	Loans and other amounts owed at amortised cost		12,193,880		11,806,846
	Bonds at fair value	8,195,128		8,090,089	
	Bonds at amortised cost		1,301,880		
	Shares etc	667,083		532,273	
	Assets in pooled plans	2,247,589		1,852,522	
	Positive market value, derivatives	29,866		32,914	
	Total financial assets	11,139,666	16,097,816	10,507,798	14,637,157
	Financial liabilities				
	Amounts owed to credit institutions and central banks		850,462		693,555
	Deposits and other debt		20,296,173		19,423,403
	Deposits in pooled plans	2,247,589		1,852,522	
	Bonds issued at amortised cost		377,474		
	Subordinated loan capital		570,245		674,092
	Negative market value of derivatives	28,729		33,413	
	Total financial liabilities	2,276,318	22,094,354	1,885,935	20,791,050

Sparekassen Sjælland-Fyn A/S (Group)

Note
17
Financial assets and liabilities, Sparekassen Sjælland-Fyn A/S Group (continued)
Financial instruments recognised at fair value
Financial instruments are measured based on quoted prices in active markets (Level 1), on generally accepted valuation models with observable market data (Level 2) or on available data that is observable only to a limited extent (Level 3).
Measurement of financial instruments for which prices are quoted in active markets or which is based on generally accepted valuation models with observable market data is not subject to significant estimates.
For financial instruments the measurement of which is based on available data that only to a limited extent is observable market data, such measurement is subject to estimates. Shares etc in Levels 2 and 3 primarily comprise unlisted shares in sector companies and unlisted investment fund certificates.
For unlisted shares in the form of shares in sector-owned companies where such shares are reallocated, such reallocation is considered to be the primary market of the shares. Fair value is determined as the reallocation price, and the shares are included as Level 2 input (observable prices).
For other unlisted shares in sector-owned companies for which observable input is not directly available, measurement is subject to estimates which include information from the companies' financial statements, experience from trading in shares in the relevant companies and input from a qualified external party. The industry association Lokale Pengeinstitutter (LOPI) recommends quarterly fair values of some of the so-called sector shares, meaning the shares held by the banks to participate actively in the infrastructure and the ranges of products supporting the business foundation of the sector. The prices recommended by LOPI are based on shareholders' agreements and transactions conducted in the sector.
Sparekassen makes an independent assessment of the prices recommended and verifies consistency with transactions conducted and financial statements published. Sparekassen estimates that alternative methods for measuring fair value of these shares will not led to much different fair values.

Notes

Sparekassen Sjælland-Fyn A/S (Group)

Note	Amounts in DKK'000	Quoted prices (Level 1)	Observable input (Level 2)	Non-observable input (Level 3)	Total
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17 Financial assets and liabilities, Sparekassen Sjælland-Fyn A/S Group (continued)

Fair value hierarchy of financial instruments
measured at fair value in balance sheet

	30.06.2021			
Financial assets				
Bonds at fair value	8,195,128	0	0	8,195,128
Shares etc	118,739	501,713	46,631	667,083
Assets related to pooled plans	2,236,702	10,887	0	2,247,589
Derivatives	0	29,866	0	29,866
Total financial assets	10,550,569	542,466	46,631	11,139,666
Financial liabilities				
Deposits in pooled plans	0	2,247,589	0	2,247,589
Derivative financial liabilities	0	28,729	0	28,729
Total financial liabilities	0	2,276,318	0	2,276,318
	30.06.2020			
Financial assets				
Bonds at fair value	8,090,089	0	0	8,090,089
Shares etc	29,802	456,145	46,326	532,273
Assets related to pooled plans	1,845,541	6,981	0	1,852,522
Derivatives	0	32,914	0	32,914
Total financial assets	9,965,432	496,040	46,326	10,507,798
Financial liabilities				
Deposits in pooled plans	0	1,852,522	0	1,852,522
Derivative financial liabilities	0	33,413	0	33,413
Total financial liabilities	0	1,885,935	0	1,885,935

Sparekassen Sjælland-Fyn A/S (Group)

Note	Amounts in DKK'000	30.06.2021	30.06.2020
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17 Financial assets and liabilities, Sparekassen Sjælland-Fyn A/S Group (continued)

Financial instruments measured at fair value in balance sheet
based on Level 3

Carrying amount at beginning of period	45,059	216,507
Market value adjustment in profit or loss, under market value adjustments	-403	-15,291
Purchased	1,975	11,539
Sold	0	166,429
Carrying amount at end of period	46,631	46,326

Sparekassen does not have data to make a sensitivity analysis of the investment fund certificates that are measured at fair value in the balance sheet based on Level 3. The investment fund certificates amount to DKK 2.6m (30.06.2020: DKK 4.2m).

No financial instruments were transferred among the different levels. There are no financial instruments for which it has not been possible to measure fair value reliably. If the classification of a financial instrument has changed compared to the beginning of the financial period, such change is deemed to have taken place at the end of the financial period.

Income statement

		Sparekassen Sjælland-Fyn A/S (Parent)			
Note	Amounts in DKK'000	H1 2021	H1 2020	Q2 2021	Q2 2020
4	Interest income calculated using the effective interest method	242,769	240,540	122,297	118,646
4	Other interest income	31,018	29,285	15,130	13,126
4a	Negative interest income	12,215	9,473	5,806	4,490
5	Interest expenses	23,859	24,907	12,151	12,527
5a	Positive interest expenses	44,229	22,537	22,805	11,473
	Net interest income	281,942	257,982	142,275	126,228
	Dividends on shares etc	18,193	28,994	15,830	17,007
6	Fees and commission income	323,203	300,751	156,479	135,120
	Fees and commission expenses	8,402	7,508	3,967	3,541
	Net interest and fee income	614,936	580,219	310,617	274,814
7	Market value adjustments	13,380	-21,821	-186	72
	Other operating income	2,004	1,981	1,067	851
8	Staff costs and administrative expenses	348,397	345,195	180,407	172,297
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	23,274	29,551	11,544	15,279
	Other operating expenses	6,222	7,236	4,172	3,353
9	Impairment losses on loans and advances etc	-31,661	114,117	-17,222	40,130
	Profit/loss on investments in associates and group enterprises	15,547	26,535	5,986	303
	Profit before tax	299,635	90,815	138,583	44,981
	Income tax	46,536	6,119	29,124	3,997
	Profit after tax	253,099	84,696	109,459	40,984
	Earnings per share				
	Earnings per share (DKK)	14.0	4.2	6.0	2.0
	Diluted earnings per share (DKK)	14.0	4.2	6.0	2.0
	Distributed as follows:				
	Retained earnings (profit allocated to shareholders)	240,936	72,553	103,331	34,926
	Interest, hybrid core capital	12,163	12,143	6,128	6,058
	Total	253,099	84,696	109,459	40,984

Statement of comprehensive income

		Sparekassen Sjælland-Fyn A/S (Parent)			
Note	Amounts in DKK'000	H1 2021	H1 2020	Q2 2021	Q2 2020
	Profit for the period	253,099	84,696	109,459	40,984
	Other comprehensive income that may not be reclassified to profit or loss				
	Fair value adjustment of properties	0	-1,480	0	0
	Tax related to fair value adjustment of properties	2	1	1	0
	Other comprehensive income that may be reclassified to profit or loss				
	Value adjustment of certain strategic shares	-1,034	0	-3,478	0
	Fair value adjustment of financial instruments entered into to hedge future cash flows ¹				
	- Value adjustment for the year	241	22	77	-99
	- Tax on other comprehensive income	175	-5	749	22
	Total other comprehensive income	-616	-1,462	827	-77
	Total comprehensive income	252,483	83,235	110,286	40,907

¹ The fair value adjustment concerns a jointly controlled enterprise.

Balance sheet

Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'000	30.06.2021	31.12.2020	30.06.2020
Assets				
	Cash and balances on demand at central banks	2,442,677	480,569	439,367
	Amounts owed by credit institutions and central banks	149,573	4,802,377	2,383,942
	Loans and other amounts owed at amortised cost	12,345,092	12,070,441	11,898,352
	Bonds at fair value	8,195,128	5,849,380	8,090,089
	Bonds at amortised cost	1,301,880	300,270	0
	Shares etc	667,083	566,946	532,273
	Investments in associates	164,735	151,828	146,738
	Investments in group enterprises	370,223	364,016	363,747
	Assets related to pooled plans	2,247,589	2,081,881	1,852,522
	Intangible assets	91,215	91,251	91,287
	Total land and buildings	144,423	153,649	168,403
	<i>Investment property</i>	1,820	3,070	3,198
	<i>Owner-occupied property</i>	142,603	150,579	165,205
	Other property, plant and equipment	24,406	26,444	34,569
	Current tax assets	28,007	15,913	19,218
	Deferred tax assets	130,202	154,016	152,341
	Other assets	186,802	204,150	185,262
	Prepayments	57,409	56,426	68,965
	Total assets	28,546,443	27,369,557	26,427,073

Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'000	30.06.2021	31.12.2020	30.06.2020
Equity and liabilities				
Liabilities other than provisions				
	Amounts owed to credit institutions and central banks	849,479	557,320	692,401
	Deposits and other debt	20,384,999	20,079,315	19,479,177
	Deposits in pooled plans	2,247,589	2,081,881	1,852,522
	Bonds issued at amortised cost	377,474	198,656	0
	Other liabilities	374,724	370,230	363,733
	Deferred income	19,012	12,981	15,594
	Total liabilities other than provisions	24,253,277	23,300,383	22,403,427
Provisions				
	Provisions for losses on guarantees etc	85,290	88,769	77,830
	Other provisions	21,278	28,665	21,322
	Total provisions	106,568	117,434	99,152
	Subordinated loan capital	570,245	569,669	674,092
Equity				
	Share capital	173,750	173,750	173,750
	Revaluation reserves	1,413	1,411	1,407
	Undistributable savings bank reserve, other reserves	561,378	561,378	561,378
	Retained earnings	2,499,988	2,259,670	2,134,033
	Total equity exclusive of hybrid core capital	3,236,528	2,996,209	2,870,568
	Hybrid core capital	379,825	385,862	379,835
	Total equity	3,616,353	3,382,071	3,250,402
	Total equity and liabilities	28,546,443	27,369,557	26,427,073

Statement of changes in equity

		Sparekassen Sjælland-Fyn A/S (Parent)								
Note	Amounts in DKK'000	Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument ¹	Dividend	Retained earnings	Total equity exclusive of hybrid core capital	Hybrid core capital	Total equity
	Equity at 1.1.2021	173,750	1,411	561,378	-247	0	2,259,917	2,996,209	385,862	3,382,071
	Profit for the period	0	0	0	0	0	240,936	240,936	12,163	253,099
	Other comprehensive income									
	Fair value adjustment of owner-occupied property	0	0	0	0	0	0	0	0	0
	Fair value adjustment of financial instruments entered into to hedge future cash flows:									
	Value adjustment for the period	0	0	0	241	0	-1,034	-793	0	-793
	Tax on other comprehensive income	0	2	0	-53	0	228	177	0	177
	Total other comprehensive income	0	2	0	188	0	-806	-616	0	-616
	Comprehensive income for the period	0	2	0	188	0	240,130	240,320	12,163	252,483
	Purchase of treasury shares	0	0	0	0	0	0	0	0	0
	Sale of treasury shares	0	0	0	0	0	0	0	0	0
	Dividends paid	0	0	0	0	0	0	0	0	0
	Interest paid on hybrid core capital	0	0	0	0	0	0	0	-18,200	-18,200
	Equity at 30.06.2021	173,750	1,413	561,378	-59	0	2,500,047	3,236,528	379,825	3,616,353

¹ Reserve for value adjustment of hedging instrument concerns a jointly controlled enterprise.

Statement of changes in equity

		Sparekassen Sjælland-Fyn A/S (Parent)								
Note	Amounts in DKK'000	Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument ¹	Dividend	Retained earnings	Total equity exclusive of hybrid core capital	Hybrid core capital	Total equity
	Equity at 1.1.2020	173,750	2,886	561,378	-240	52,125	2,061,564	2,851,461	385,892	3,237,353
	Profit for the period	0	0	0	0	0	72,553	72,553	12,143	84,696
	Other comprehensive income									
	Fair value adjustment of owner-occupied property	0	-1,480	0	0	0	0	-1,480	0	-1,480
	Fair value adjustment of financial instruments entered into to hedge future cash flows:									
	Value adjustment for the period	0	0	0	22	0	0	22	0	22
	Tax on other comprehensive income	0	1	0	-5	0	0	-4	0	-4
	Total other comprehensive income	0	-1,479	0	18	0	0	-1,462	0	-1,462
	Comprehensive income for the period	0	-1,479	0	18	0	72,553	71,092	12,143	83,235
	Purchase of treasury shares	0	0	0	0	0	0	0	0	0
	Sale of treasury shares	0	0	0	0	0	0	0	0	0
	Dividends paid	0	0	0	0	-52,125	138	-51,987	0	-51,987
	Interest paid on hybrid core capital	0	0	0	0	0	0	0	-18,200	-18,200
	Equity at 30.06.2020	173,750	1,407	561,378	-223	0	2,134,256	2,870,567	379,835	3,250,402

¹ Reserve for value adjustment of hedging instrument concerns a jointly controlled enterprise.

Notes

Sparekassen Sjælland-Fyn A/S (Parent)

Note	DKK'm	H1 2021	H1 2020	Financial year 2020
1	Financial highlights			
	Principal items of income statement			
	Net interest income	282	258	532
	Net interest and fee income	615	580	1,125
	Market value adjustments	13	-22	25
	Staff costs and administrative expenses	348	345	708
	Amortisation, depreciation and impairment losses on assets	23	30	68
	Impairment losses on loans and advances etc	-32	114	163
	Profit on investments in associates and group enterprises	16	27	34
	Income tax	47	5	10
	Profit for the period	253	85	229
	Principal items of balance sheet			
	Loans and advances	12,345	11,898	12,070
	Securities portfolio	10,164	8,622	6,717
	Deposits including pooled deposits	22,633	21,332	22,161
	Subordinated loan capital	570	674	570
	Equity	3,616	3,250	3,382
	Total assets	28,546	26,427	27,370

Sparekassen Sjælland-Fyn A/S (Parent)

	H1 2021	H1 2020	Financial year 2020
Financial ratios			
Capital ratio ⁵	20.1	20.4	21.7
Core capital ratio ⁵	16.9	16.9	18.4
Return on equity before tax	8.6	2.8	7.2
Return on equity after tax	7.2	2.6	6.9
Operating income over operating expenses	1.87	1.18	1.25
Interest rate risk relative to core capital net of deductions	0.1	0.0	-0.1
Currency position relative to core capital net of deductions	1.7	1.2	1.3
Currency risk relative to core capital net of deductions	0.0	0.0	0.0
Loans and advances plus loan impairment losses relative to deposits	56.8	58.6	57.2
Loans and advances relative to equity	3.4	3.7	3.6
Growth in loans and advances for the period	2.3	-3.3	-1.9
Liquidity, LCR	462	411	416
Total large exposures (<175 %)	83.1	81.7	67.4
Impairment ratio for the period	-0.1	0.5	0.7
Accumulated impairment ratio ¹	2.8	3.5	3.5
Return on capital employed	0.9	0.3	0.9
Earnings per share (DKK) ³	14.0	4.2	11.8
Dividend per share (DKK)	0.0	0.0	0.0
Book value per share (DKK) ²	187.7	165.8	173.8
Price/earnings per share ³	10.8	20.0	7.6
Price/equity per share ²	0.8	0.5	0.5
Share price at end of period	151.0	83.6	90.0
Staff			
Average number of employees for the period converted into full-time employees ⁴	545	561	555

1 Refer to note 9 for a specification of total impairment losses and provisions.

2 Calculated based on the number of outstanding shares at end of period.

3 Calculated based on the average number of shares during the period.

4 Engaged in financial business.

5 H1 2021 and H1 2020 have been calculated exclusive of the profit for the period.

Notes

2 Summary of significant accounting policies

The H1 2021 financial statements of Sparekassen (Parent) have been prepared in accordance with the Danish Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc, as well as additional Danish disclosure requirements for interim reports for listed financial companies.

The accounting policies remain unchanged with respect to those applied in the presentation of the consolidated financial statements for 2020.

Sparekassen's 2020 Annual Report and other reports on capital requirement, statutory report on corporate social responsibility etc can be found on this website: www.spks.dk/om/regnskab

3 Significant accounting judgements and estimates, assumptions and uncertainties

Measuring certain assets and liabilities is subject to management estimates of how future events affect the value of such assets and liabilities. Estimates, which are significant to the presentation of financial statements, are made, for example, when determining write-downs on impaired loans and advances, and provisions. The estimates used are based on assumptions which are considered reasonable by Management, but which are inherently uncertain.

The most significant estimates made by Management in using the Group's accounting policies and the related key sources of estimation uncertainty are the same used in the preparation of the interim financial statements for the year as those used to prepare the consolidated financial statements for 2020.

Notes

Note	Amounts in DKK'000	Sparekassen Sjælland-Fyn A/S (Parent)	
		H1 2021	H1 2020
4 Interest income			
Credit institutions and central banks		259	270
Loans and other amounts owed		241,964	240,192
Bonds		14,876	17,306
Total derivatives		16,142	11,979
Thereof: - Interest rate contracts		16,659	12,478
- Foreign exchange contracts		-517	-499
Other interest income		546	78
Total interest income		273,787	269,825
4a Negative interest income			
Credit institutions and central banks		5,980	6,642
Bonds		6,235	2,831
Total negative interest income		12,215	9,473
5 Interest expenses			
Credit institutions and central banks		280	283
Deposits and other debt		6,313	5,260
Bonds issued		2,393	0
Subordinated loan capital		13,811	18,021
Other interest expenses		1,062	1,343
Total interest expenses		23,859	24,907
5a Positive interest expenses			
Credit institutions and central banks		0	30
Deposits and other debt		44,229	22,507
Total positive interest expenses		44,229	22,537

Note	Amounts in DKK'000	Sparekassen Sjælland-Fyn A/S (Parent)	
		H1 2021	H1 2020
6 Fees and commission income			
Securities trading and custody accounts		38,077	43,778
Payment services		28,431	27,809
Loan fees		31,678	27,923
Guarantee commission		105,932	97,909
Custody services		36,883	28,485
Other fees and commissions		82,202	74,847
Total fees and commission income		323,203	300,751
7 Market value adjustments			
Bonds		-24,468	-27,727
Shares		30,890	1,845
Investment property		148	-626
Foreign exchange		6,497	5,111
Currency, interest rate, share, commodity and other contracts and derivatives		313	-424
Assets related to pooled plans		174,272	-108,822
Deposits in pooled plans		-174,272	108,822
Total market value adjustments		13,380	-21,821
8 Staff costs and administrative expenses			
Remuneration of the Board of Directors and Executive Board			
Board of Directors and Executive Board		8,424	8,488
Total		8,424	8,488
Staff costs			
Wages and salaries		175,329	169,270
Pension contributions		19,102	18,609
Social security expenses		29,323	27,800
Total staff costs		223,754	215,679
Other administrative expenses		116,219	121,028
Total staff costs and administrative expenses		348,397	345,195

Notes

Note	Amounts in DKK'000	Sparekassen Sjælland-Fyn A/S (Parent)	
		30.06.2021	30.06.2020
9	Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account)		
	Stage 1 impairment		
	Balance of stage 1 impairment losses at beginning of period	123,405	53,875
	New impairment losses (net)	-10,585	68,790
	Balance of stage 1 impairment losses at end of period	112,820	122,665
	- Of which amounts owed by credit institutions and central banks	1	1
	Stage 2 impairment		
	Balance of stage 2 impairment losses at beginning of period	147,611	98,318
	New impairment losses (net)	-3,898	14,895
	Balance of stage 2 impairment losses at end of period	143,713	113,213
	- Of which amounts owed by credit institutions and central banks	531	343
	Stage 3 impairment		
	Balance of stage 3 impairment losses at beginning of period	338,028	479,443
	New impairment losses (net)	7,963	9,630
	Other changes	9,200	12,200
	Previously written down, now finally written off	111,050	145,376
	Balance of stage 3 impairment losses at end of period	244,141	355,897
	- Of which amounts owed by credit institutions and central banks	0	0

Note	Amounts in DKK'000	Sparekassen Sjælland-Fyn A/S (Parent)	
		30.06.2021	30.06.2020
9	Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account) (continued)		
	Provisions losses for guarantees and undrawn credit facilities		
	Balance of provisions at beginning of year	115,954	73,252
	New provisions (net)	-10,066	24,002
	Previously provided for, now finally written off	0	0
	Balance of provisions at end of period	105,888	97,254
	Total		
	Balance of impairment losses/provisions at beginning of period	724,998	704,888
	Impairment losses/provisions for the period (net)	-16,586	117,315
	Other changes	9,200	12,200
	Finally written off, previously written down/provided for	111,050	145,376
	Balance of impairment losses/provisions at end of period	606,562	689,027
	Impairment losses/provisions for the period (net)	-16,586	117,315
	Written off, not previously written down/provided for	2,843	8,715
	Recovery of claims previously written off	17,917	11,914
	Total recognised in the income statement	-31,661	114,117

Notes

Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'000	30.06.2021	31.12.2020	30.06.2020
10 Assets provided as collateral				
Bonds deposited with Danmarks Nationalbank, clearing centres etc		1,646,780	1,133,703	1,168,416
Cash deposited with credit institutions, CSA agreements		19,169	22,695	22,696
Loss limit towards the Danish Growth Fund		260	260	261
Total		1,666,209	1,156,658	1,191,373

Unencumbered deposited securities may be released at call.

11 Capital resources

Equity excluding hybrid core capital	3,236,528	2,996,208	2,870,568
Intangible assets	-91,215	-91,251	-91,287
Tax assets	-130,202	-154,016	-152,341
Proposed dividend	0	0	0
Deduction, capital instruments exceeding 10%	-303,429	-244,883	-240,963
Other additions/deductions	-65,867	215,533	-3,378
Common Equity Tier 1 capital	2,645,815	2,721,591	2,382,599
Hybrid core capital	376,000	376,000	376,000
Core capital (including hybrid core capital) net of primary deductions	3,021,815	3,097,591	2,758,599
Supplementary capital	570,245	569,669	569,092
Capital resources	3,592,060	3,667,259	3,327,691

Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'000	30.06.2021	31.12.2020	30.06.2020
11 Capital resources (continued)				
Risk exposures				
Credit risk		14,711,083	14,090,641	13,417,402
Market risk		1,123,551	899,612	1,016,547
Operational risk		2,005,246	1,879,639	1,879,639
Total risk exposures		17,839,880	16,869,892	16,313,588
Capital ratio		20,1	21,7	20,4
Core capital ratio		16,9	18,4	16,9
Common Equity Tier 1 capital ratio		14,8	16,1	14,6
Capital resources, requirement under Section 124(2) of the Danish Financial Business Act		1,427,190	1,349,591	1,305,087

Sparekassen's capital resources and capital ratios calculated inclusive of transitional scheme and exclusive of net profit for the period at 30.06.2021 og 30.06.2020. Had net profit for the period, reduced by the target dividend payment stated in the dividend policy, been included in capital resources, the capital ratio, the core capital ratio and the common equity tier 1 capital ratio would have been 1.1 percentage points higher (30.06.2020: capital ratio, core capital ratio and common equity tier 1 capital ratio 1.0 percentage points higher).

Sparekassen applies the transitional scheme in the implementation of IFRS 9. Under the transitional scheme, Sparekassen may phase in the negative consequences of IFRS 9 into the capital resources over a five-year period. As a reaction to the Covid-19 pandemic, the settlement of the dynamic part of the transition period has been reset in 2020, with a new 5 year phasing-in period

Notes

Sparekassen Sjælland-Fyn A/S (Parent)				
Note	Amounts in DKK'000	30.06.2021	31.12.2020	30.06.2020
11	Capital resources (continued)			
	Solvency capital elements calculated exclusive of transitional scheme			
	Common Equity Tier 1 capital	2,463,415	2,517,833	2,307,845
	Core capital (including hybrid core capital) net of primary deductions	2,839,415	2,893,833	2,683,845
	Capital resources	3,409,660	3,463,502	3,252,937
	Total risk exposures	17,738,078	16,750,961	16,283,666
	Capital ratio	19.2	20.7	20.0
	Core capital ratio	16.0	17.3	16.5
	Common Equity Tier 1 capital ratio	13.9	15.0	14.2

Sparekassen's capital resources and capital ratios calculated inclusive of transitional scheme and exclusive of net profit for the period at 30.06.2021 og 30.06.2020. Had net profit for the period, reduced by the target dividend payment stated in the dividend policy, been included in capital resources, the capital ratio, the core capital ratio and the common equity tier 1 capital ratio would have been 1.2 percentage points higher (30.06.2020: capital ratio, core capital ratio and common equity tier 1 capital ratio 0.6 percentage points higher).

Definitions of official key ratios etc

Return on invested capital

Calculated profit for the year relative to total assets in %

Accumulated impairment ratio

Impairment losses on loans and advances and provisions for guarantees etc as a percentage of loans and advances plus impairment losses on loans and advances plus guarantees plus provisions for guarantees etc

Price/earnings per share

Price/earnings per share for the period

Price/equity per share

Price/equity value per share (DKK)

Return on equity before tax

Profit before tax as a percentage of average equity. Average equity is calculated as a simple average of opening and closing amounts.

Return on equity after tax

Profit after tax as a percentage of average equity. Average equity is calculated as a simple average of opening and closing amounts.

Common equity tier 1 capital ratio

Common equity tier 1 capital/Risk-weighted exposures

Income/cost ratio according to "New Ways "

Net interest and fee income plus other operating income/Staff costs and administrative expenses, amortisation, depreciation and impairment losses and other operating expenses

Book value per share (DKK)

Equity/Share capital exclusive of treasury shares

Income/cost ratio (DKK)

Income for the year divided by costs for the year inclusive of impairment losses on loans and advances and other receivables etc

Capital ratio

Capital resources as a percentage of total risk exposure

Core capital ratio

Core capital as a percentage of total risk exposure

Excess capital adequacy in percentage points

Capital resources – capital requirements/Risk-weighted exposures * 100

Liquidity coverage ratio (LCR)

Amount of liquid assets as a percentage of net outflow over a 30-day period

Liquidity benchmark

The liquidity benchmark reflects Sparekassen's ability to stand a three-month stress test

Eligible liabilities (%)

Eligible liabilities as a percentage of total risk exposure

Rate of cost

Staff costs and administrative expenses, amortisation, depreciation and impairment losses and other operating expenses/Net interest and fee income plus other operating income

Impairment ratio for the period

Impairment losses for the period as a percentage of loans and advances plus impairment losses on loans and advances plus guarantees plus provisions for guarantees etc

Earnings per share (DKK)

Profit for the period after tax/Average number of shares

Growth in loans and advances for the period

Growth in loans and advances from beginning of year to end of year in % (exclusive of reverse business)

Zero interest loans and advances relative to total loans and advances

Zero interest loans and advances/Total loans and advances

Interest rate risk relative to core capital net of deductions

Interest rate risk as a percentage of core capital

Total large exposures (<175%)

The total of the 20 largest exposures as a percentage of common equity tier 1 capital

Dividend per share (DKK)

Dividend proposed/Share capital

Loans and advances relative to equity

Loans and advances/Equity

Loans and advances and loan impairment losses relative to deposits

Loans and advances and loan impairment losses as a percentage of deposits

Currency position relative to core capital net of deductions

Currency indicator 1 as a percentage of core capital

Currency risk relative to core capital net of deductions

Currency indicator 2 as a percentage of core capital

