



Annual Report 2022

 SPAREKASSEN
SJÆLLAND-FYN

Highlights from 2022

PROFIT BEFORE TAX

Is DKK 482.0m

Pre-tax profit provides a return on the opening equity at a rate equivalent to 12.7% a year. Net profit stands at DKK 371.8m, equivalent to an annual return on opening equity of 9.8%.

NET INTEREST AND FEE INCOME

Up 10%

Net interest and fee income is up by DKK 117.6m to stand at DKK 1,335.1m. Specifically, net interest income is up 13% and fee and commission income 5%.

LEVEL OF COSTS

Up 6%

Staff costs and administrative expenses and amortisation, depreciation and impairment losses on assets stand at DKK 804.2m. Adjusted for non-recurring matters related to the strategy launch etc, they have increased by 3%.

CORE EARNINGS

Up 16%

Recent years' highly satisfactory developments continued in 2022. In Q4, core earnings have gone up by 37% on Q4 2021.

RATE OF COST

Down to 60.9%

In 2022, the rate of cost is 60.9% compared to 63.1% in 2021. According to the "Towards New Goals" strategy, the rate of cost is to be reduced continuously to below 50% no later than from the financial year 2026.

NEGATIVE MARKET VALUE ADJUSTMENTS

DKK 73.5m

Soaring interest rates on mortgage credit bonds are the primary cause of developments.

IMPAIRMENT LOSSES ON LOANS AND ADVANCES ETC

Reversal of DKK 16.0m

The stable development in the credit quality of Sparekassen's customers continues. Total management add-ons have been increased by DKK 1.6m since 31 December 2021 to stand at DKK 220.9m at 31 December 2022.

CAPITAL RATIO

25.1%

Sparekassen's capital position continues to develop satisfactorily.

DEPOSITS

Up 5%

Deposits have increased by DKK 907m and total DKK 20.7bn.

LAUNCHING OF THE "TOWARDS NEW GOALS" STRATEGY

In April 2022

As stated in company announcement no 8/2022 of 27 April 2022, Sparekassen has presented its new strategy and financial targets for the next strategy period.

DISTRIBUTION

DKK 6 per share

Distribution of DKK 6.00 in dividend per share recommended to the Annual General Meeting. The plan is also to supplement dividend with a share buy-back programme in 2023.

EARNINGS EXPECTATIONS FOR 2023 RANGING FROM

DKK 500-600m before tax

Sparekassen expects the development in core earnings to continue to be strong but the level of activity and impairment losses to be uncertain.

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

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

In 2022, Sparekassen Sjælland-Fyn delivered a pre-tax profit of DKK 482.0m, providing a 12.7% return on opening equity. The year was characterised, for example, by increasing core earnings, a declining rate of cost, and the launching of the "Towards New Goals" strategy that is to strengthen Sparekassen's future competitive power and earnings capacity.

Continued improvement of core earnings

Sparekassen is continuing recent years' positive trends and improves core earnings in 2022 too as they have gone up by 16% on 2021 and 37% in Q4 2022 on Q4 2021.

While the housing market saw a harsh slowdown particularly in the second half of 2022, many customers have used the massive interest rate movements in the mortgage credit area to refinance their loans and so reduce their outstanding debt etc. Along with increasing income from Sparekassen's services because of new customers and more business with existing customers, this has had a positive effect on Sparekassen's earnings. As a result, Sparekassen's fee and commission income has increased by DKK 30.1m, or 5%, on 2021.

With a small increase of close on 1% in 2022, total credits arranged by Sparekassen remain at largely the same level as in 2021. The increase represents a positive development particularly in the corporate customer area where lending has gone up by close on 3% despite a reduction in total funding to large building projects as some of these projects were completed in

2022. Similarly, Sparekassen has increased mortgage loans arranged to DLR Kredit to buy commercial properties by 4% in 2022. Sparekassen has also gained market shares in the private customer area, although lending is marked by generally lower activity in the housing area, and the many loan conversions where customers have refinanced their loans and thus reduced their outstanding debt have naturally affected the volume of loans and advances. Core business, however, is developing positively.

As for costs, staff costs and administrative expenses and amortisation, depreciation and impairment losses on assets have gone up by 6% to total DKK 804.2m at year-end 2022. This increase is partly a result of rising heating, electricity and IT security costs and partly some non-recurring expenses to launch Sparekassen's new strategy "Towards New Goals". Related to this, some strategic investments were also made that are intended to strengthen Sparekassen's earnings capacity in the long term. Adjusted for non-recurring matters, the level of costs has increased by 3% in 2022.

Finally, financial performance for the year should be viewed in the light of total market value adjustments of a negative DKK 73.5m having been realised that have primarily been caused by the surging interest rates on mortgage credit bonds.

Customer robustness

Generally, Sparekassen's customers and thus also the entire loan book - across private, corporate and agricultural customers - have demonstrated their robustness in 2022. Despite rocketing energy prices and record-high inflation, deposits with Sparekassen have increased in 2022 by 5% to stand at DKK 20.7bn. This increase is a reflection of private households, where possible, having adjusted their consumption and of Danes' savings remaining at a record high across the board, as we have seen it in recent years. Businesses too demonstrate great readiness to adjust their operations, where possible. Also, sector diversification in Sparekassen's corporate customer portfolio is substantial, for which reason the effects of generally high price levels etc have so far been limited.

The sustainably satisfactory credit quality of Sparekassen's customers is reflected in the impairment losses for loans and advances which overall for the year represent a reversal of DKK 16.0m. However, Sparekassen's total management add-ons will be maintained at a high level because the economic forecasts remain uncertain due to the war in Ukraine, the continuously high level of inflation, etc. Management add-ons at 31 December 2022 total DKK 220.9m.

Danmarks Nationalbank has raised interest rates several times in 2022 to curb inflation. Sparekassen therefore decided in 2022 to discontinue negative deposit rates and to introduce a positive interest rate for a series of deposit accounts, among them, Sparekassen's shareholder savings account. Moreover, Sparekassen has increased its lending rates. As a result, net interest income has gone up by DKK 78.0m, or 13%, in 2022 and totals DKK 659.5m. The increase in interest rate levels is expected to support a sustainably positive development in both interest income and net interest income in 2023.

Towards New Goals

Sparekassen launched a new four-year strategy, "Towards New Goals", in Q2 2022. So now the strategic benchmarks have been set towards 2025 when Sparekassen will be celebrating its 200th anniversary.

As a result of the strategic focus areas, a string of internal initiatives and projects have been launched in the first year of the strategy that are intended, for example, to support Sparekassen's commercial processes, product and service offerings, which will include focus on supporting customers' transition over to a more

sustainable consumer behaviour and more sustainable operations. This is intended to strengthen Sparekassen's competitive power and earnings capacity in the short term as well as the long term.

In parallel, efforts are being made to ensure greater internal efficiency and to free time for more dialogue with customers, for example, by streamlining and automating internal processes and procedures, moving away tasks and having more operational governance. The ambitious target set by Sparekassen is to unlock 90,000 hours for customer service. 45,000 hours' worth of optimisation opportunities were identified in 2022.

Sparekassen has therefore lowered the total rate of cost from 63.1% in 2021 to 60.9% in 2022. So, the realisation of Sparekassen's objective of lowering the rate of cost to below 50% no later than from the financial year 2026 is well underway.

Sparekassen's "Towards New Goals" strategy has generally been met by great support and interest by customers, staff and shareholders. We appreciate that!

In light of this year's satisfactory financial performance, it is recommended to the Annual General Meeting to decide to distribute a dividend of DKK 6.00 per share to Sparekassen's shareholders. The plan is also to supplement dividend with a share buy-back programme in 2023.

Outlook for 2023

Sparekassen expects the strong development in core earnings to continue in 2023 because

of the generally high interest rate environment, among other factors. However, it is still uncertain how the general level of activity and impairment losses will develop due to, for example, inflation which remains high.

Pre-tax earnings expectations for 2023 then range from DKK 500-600m.

Lars Petersson
Chief Executive Officer

Lars Bolding
Savings Bank Director

Bruno Riis-Nielsen
Savings Bank Director

Jan Kolbye Jensen
Savings Bank Director



JAN KOLBYE JENSEN
Savings Bank Director

BRUNO RIIS-NIELSEN
Savings Bank Director

LARS PETERSSON
Chief Executive Officer

LARS BOLDING
Savings Bank Director

Financial highlights

Sparekassen Sjælland-Fyn A/S (Group)

Amounts in DKK'm	2022	2021	Index ¹	2020	2019	2018
Income statement items						
Interest income calculated under the effective interest method	531	509	104	509	540	569
Other interest income	133	58	229	60	74	37
Negative interest income	15	26	58	24	18	12
Interest expenses	64	50	128	46	43	54
Positive interest expenses	75	91	82	58	12	-
Net interest income	660	582	113	557	565	541
Dividends on shares	26	18	144	29	25	24
Fees and commission income	665	635	105	579	541	459
Fees and commission expenses paid	16	17	94	16	18	19
Net interest and fee income	1.335	1.218	110	1.149	1.113	1.005
Translation and market value adjustments	-73	30	-	16	-44	21
Other operating income	16	16	100	21	27	16
Staff costs and administrative expenses	771	723	107	729	726	746
Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	33	36	92	66	85	49
Other operating expenses	19	20	95	23	19	20
Impairment losses on loans and advances etc	-16	-25	64	161	17	4
Investments in associates and group enterprises	11	22	50	35	2	8
Profit for the year before tax	482	531	91	242	251	230
Income tax	110	87	126	13	25	22
Profit for the year after tax	372	444	84	229	227	208
Profit allocated to shareholders	346	419	83	204	202	148

Sparekassen Sjælland-Fyn A/S (Group)

Amounts in DKK'm	2022	2021	Index ¹	2020	2019	2018
Balance sheet items						
Loans and advances etc	11,690	12,067	97	11,951	12,217	12,174
Deposits	20,673	19,766	105	20,001	18,700	18,223
Deposits in pooled plans	1,976	2,405	82	2,082	1,771	1,313
Total deposits	22,649	22,171	102	22,083	20,470	19,536
Subordinated loan capital	571	670	85	570	673	454
Equity	4,129	3,796	109	3,382	3,237	3,083
Balance sheet total	29,631	28,001	106	27,266	25,359	23,857
Capital resources	4,133	3,973	104	3,655	3,480	3,125
Guarantees	5,613	7,240	78	7,126	6,738	5,357
Total credits arranged	59,946	59,686	100	56,076	52,278	48,404
Custody accounts	13,771	15,077	91	11,800	10,555	9,558
Developments in Sparekassen's business areas						
Loans and advances etc	11,690	12,067	97	11,951	12,217	12,174
Totalkredit	35,080	34,980	100	32,331	29,811	27,229
DLR	13,176	12,639	104	11,794	10,250	9,001
Guarantees (exclusive of loss guarantees for mortgage loans)	3,213	4,319	74	4,276	4,173	2,955
Deposits	20,673	19,766	105	20,001	18,700	18,223
Deposits in pooled plans	1,976	2,405	82	2,082	1,771	1,313
Custody accounts	13,771	15,077	91	11,800	10,555	9,558
Total	99,579	101,253	98	94,235	87,477	80,453
Average headcount (full-time employees on average)	546	548	100	555	587	616
Per employee	182	185	99	170	149	131

¹ Index: 31.12.2022 relative to 31.12.2021.

Financial ratios

Sparekassen Sjælland-Fyn A/S Group

	2022	2021	Index ¹	2020	2019	2018
Financial ratios						
Capital ratio	25.1	23.3	108	21.8	20.1	17.7
Core capital ratio	21.9	19.7	111	18.4	16.2	15.1
Common equity Tier 1 capital	18.9	17.5	108	16.1	14.0	13.0
Excess capital adequacy in percentage points	14.2	13.5	105	11.7	10.6	8.2
Return on equity before tax ²	12.2	14.8	82	7.3	8.0	8.0
Return on equity after tax ²	9.4	12.4	76	6.9	7.2	7.2
Income/cost ratio DKK	1.60	1.70	94	1.25	1.30	1.28
Rate of cost	60.9	63.1	97	69.9	72.8	79.8
Interest rate risk relative to core capital net of deductions	5.2	0.2	-	0.1	0.2	-1.0
Currency position relative to core capital net of deductions	1.5	0.7	214	1.3	0.6	0.7
Currency risk relative to core capital net of deductions	0.0	0.0	100	0.0	0.0	0.0
Loans and advances relative to equity	2.8	3.2	88	3.5	3.8	3.9
Loans and advances plus loan impairment losses relative to deposits	54.0	56.9	95	57.0	62.9	67.5
Growth in loans and advances for the year ²	-3.1	1.0	-	-2.2	0.4	5.5
Impairment ratio for the year	-0.1	-0.1	100	0.7	0.1	0.0
Accumulated impairment ratio ³	3.5	3.1	113	3.6	3.7	5.8
Zero interest loans and advances relative to total loans and advances	0.2	0.2	100	0.6	0.6	0.9
Liquidity benchmark	481	523	92	456	383	318
Liquidity LOR	372	501	74	416	335	278
Total large exposures	62.9	68.6	92	67.7	76.5	96.1
Return on invested capital ²	1.3	1.6	81	0.9	0.9	0.9
Earnings per share (DKK) ⁴	20.0	24.3	82	11.8	11.7	9.3
Dividend per share (DKK)	6.0	6.0	100	0.0	3.0	2.5
Book value per share (DKK)	209.3	198.1	106	173.8	164.7	155.3
Price/earnings per share ⁴	9.7	6.8	143	7.6	7.7	8.7
Price/equity per share ⁵	0.9	0.8	113	0.5	0.5	0.5
Price at year-end (DKK)	193.5	165.0	117	90.0	89.6	80.4
Average headcount (full-time employees on average) ⁶	546	548	100	555	587	616
Average headcount (converted into full-time employees at year-end) ⁶	555	545	102	556	561	622

¹ Index – 31 December 2022 relative to 31 December 2021

² In 2018, the ratio was calculated based on the opening balance sheet following the implementation of IFRS 9.

³ The ratio does not include discount. Refer to note 11 for a specification of total impairment losses and provisions.

⁴ Calculated based on the average number of shares during the year.

⁵ Calculated based on the number of outstanding shares at the end of the year.

⁶ Engaged in financial business

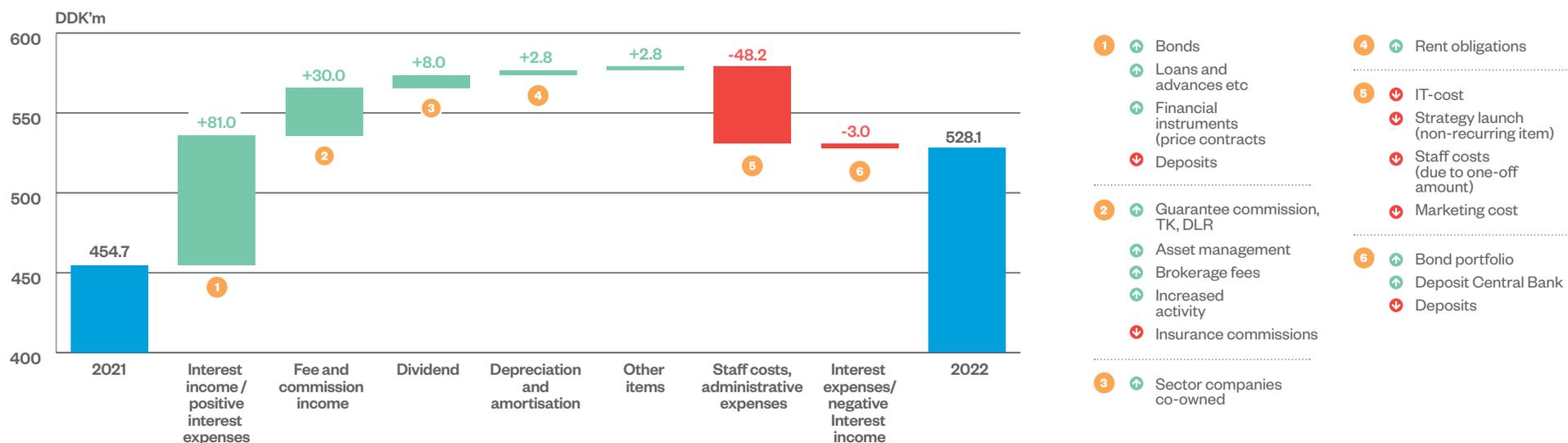


Core earnings

Sparekassen Sjælland-Fyn A/S (Group)

Amounts in DKK'm	YTD 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022	YTD 2021	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Core earnings										
Net interest income	659.5	174.1	170.7	168.7	146.1	581.6	142.6	143.4	149.6	146.0
Dividends on shares	26.5	0	0	21.4	5.1	18.5	0.3	0	15.8	2.4
Fees and commission income	664.6	162.1	166.9	158.4	177.2	634.6	156.2	156.2	155.9	166.3
Fees and commission income paid	15.5	4.0	3.8	3.8	3.9	17.2	4.3	4.3	4.0	4.5
Other operating income	16.0	4.2	4.2	4.7	2.9	15.6	4.1	4.2	3.9	3.5
Other operating expenses	18.9	6.2	4.3	3.9	4.4	19.7	6.2	4.3	6.5	2.7
Core income	1,332.2	330.2	333.7	345.5	323.0	1,213.4	292.7	295.2	314.8	311.0
Staff costs and administrative expenses	771.2	192.1	188.1	204.1	186.9	723.1	188.8	176.3	184.9	173.1
Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	32.9	5.1	12.9	7.7	7.3	35.8	7.0	11.4	8.2	9.2
Core earnings	528.1	133.0	132.7	133.7	128.8	454.7	96.9	107.5	121.7	128.7

Development in core earnings



The Supervisory Diamond

Sparekassen observes 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 four specific areas that sparekassen must comply with.

The four benchmarks and the current calculations are:

Benchmark	Threshold	Group 31.12.2022	Group 31.12.2021
The total of large exposures as a percentage of common equity tier 1 capital	<175 %	62.9	68.6
Loan growth per annum	<20 %	-3.1	1.0
Property exposure of loans advances and guarantees	<25 %	10.3	11.0
Liquidity benchmark	>100 %	480.7	522.8

For all four benchmarks, Sparekassen has internal targets that are duly below the Supervisory Diamond thresholds.

The internal targets and the controlled management of developments in the four 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

Financial year 2022

Profit before tax amounts to DKK 482.0m against DKK 531.0m last year. The profit is marked by improved core earnings which are up 16% on 2021 and total DKK 528.1m. This very positive development in core earnings is very much a result of the 13% increase in net interest income, although fee and commission income too contributes to this development by a 5% increase. With respect to costs, staff costs and administrative expenses and amortisation, depreciation and impairment losses on assets have gone up by 6%. This line item is affected by some non-recurring costs primarily resulting from Sparekassen's launch of its new strategy "Towards New Goals". Adjusted for non-recurring matters, the increase in the level of costs is 3%.

Overall, market value adjustments have in 2022 developed adversely by DKK 73.5m, which is attributable to heavy declines in the prices of Danish mortgage credit bonds. In 2021, they were positive by DKK 29.6m. The development in market value adjustments is the primary reason why pre-tax profit is down 9% on 2021.

Sparekassen's loan book remains robust, and impairment losses represent a reversal totalling DKK 16.0m.

Net profit stands at DKK 371.8m, equivalent to an annual return on opening equity of 9.8%.

In view of the continued positive development in core earnings and of the extraordinary cir-

cumstances related to the movements in prices of Danish mortgage credit bonds, the profit is considered satisfactory.

Income statement Net interest income

Net interest income has increased by DKK 78.0m, or 13%, and amounts to DKK 659.5m against DKK 581.6m in 2021.

Total interest income has seen an increase of DKK 97.2m and amounts to DKK 663.8m. For the first time in years, the rising interest rate level has made it possible to generate a reasonable return on Sparekassen's liquidity holdings. Interest from credit institutions, which is primarily composed of the current account with Danmarks Nationalbank, is thus up by just over DKK 10.0m, and interest income from Sparekassen's bond portfolio has increased by DKK 50.5m, or 177%, on 2021. Interest income from loans and advances is up DKK 12.3m. Overall, this line item is affected positively by non-recurring items of DKK 15.9m, a slight decline in average lending, and a roughly unchanged average lending rate. Interest income from loans and advances stands at DKK 519.3m at 31 December 2022 compared to DKK 507.1m at the same time last year. Because of Danmarks Nationalbank's continuous increases in the interest rate levels, Sparekassen too is adjusting its interest rates on loans and advances. This has had little impact on the interest income from loans and advances in 2022 but it will have a successive positive effect on this interest income in the quarters ahead. As has been the case with

the last several quarters, the development in the balance of loans and advances should be compared with Sparekassen's arrangement of mortgage loans for both private customers and corporate customers. With an increase of close on 1% in 2022, total credits arranged remain at largely the same level as at the end of 2021. The development in Sparekassen's own loan book in the corporate customer segment is attributable to a general increase in lending and a reduction in total funding to large building projects as some of these projects were completed in 2022. Developments in the private customer segment have been caused by generally lower activity in the housing market - including in relation to funding to buy land and build and convert dwellings. Overall, lending arranged through Totalkredit continues to develop soundly; however, as an underlying element, its volume is affected by many of Sparekassen's customers having used the massive interest rate movements in the mortgage credit area to reduce their outstanding debt by means of refinancing. Sparekassen is generally experiencing fine activity in the corporate customer area, and, even though this area too has seen massive loan conversion activity, mortgage loans arranged through DLR Kredit have gone up by 4% since year-end 2021.

Interest income from derivatives has increased by DKK 24.8m to stand at DKK 54.1m, and other interest income amounts to around DKK 0.5m.

Negative interest income totals DKK 15.0m against DKK 25.9m last year. The negative

interest income is primarily attributable to Sparekassen's placement of surplus liquidity on the current account with Danmarks Nationalbank. 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 and government bonds or as a current account deposit, resulting in negative interest income. From 9 September 2022, interest on the current account has been positive, for which reason Sparekassen currently expects in future to be able to generate positive interest income from surplus liquidity.

Total interest expenses have gone up by DKK 14.0m to DKK 63.9m. This development is primarily attributable to interest expenses on deposits. Because Danmarks Nationalbank has increased its interest rates, Sparekassen has discontinued its negative deposit rates and re-introduced positive deposit rates on a wide range of products. That is why interest expenses for deposits are expected to rise in the quarters ahead.

Positive interest expenses have decreased by DKK 16.2m compared to last year and total DKK 74.7m. Concurrently with recent years' continuously low and negative interest rate levels, Sparekassen adjusted its interest rate level for deposit products, which is the primary reason for the income item. As mentioned earlier, Sparekassen discontinued negative deposit rates in the autumn of 2022, for which reason

no positive interest expenses are currently expected for 2023.

Developments in net interest income has, as stated above, been heavily affected by the continuing and rapid shift from a negative interest rate level to - in a historical perspective - a more normal interest rate environment. Overall, the increase in interest rate levels is expected to support a positive development in both interest income and net interest income in 2023.

Dividend

Sparekassen has received DKK 26.5m in dividends in 2022 against DKK 18.5m in 2021. Generally, the vast majority of dividends received come from the sector companies co-owned by Sparekassen, for which reason the development is related to these companies.

Fee and commission income

Fee and commission income is up DKK 30.1m, or 5%, totalling DKK 664.7m against DKK 634.6m in 2021. Throughout 2022, Sparekassen has experienced fine business activity from both new and existing customers in the corporate customer segment and the private customer segment. This is reflected in generally increasing income from the wide range of services offered by Sparekassen to corporate and private customers, which include payment services etc, other fees, and management of custody account funds. Moreover, the increase is attributable to guarantee commissions which have gone up by DKK 9.7m on 2021. New customers and recent years' massive trading activity in the real estate market and the consequent increase in prices have been contributing factors in the continuous increase in mortgage loans arranged by Sparekassen through DLR Kredit and

Totalkredit. However, in 2022, trading activity and price rises in the real estate market have slowed down, which is basically considered a natural development in view of the soaring interest rates on mortgage loans. Sparekassen's funding of house transactions is therefore not on a par with last year, which is reflected in the declining level of loan application fees. On the other hand, many existing loans have been refinanced because of the considerable interest rate movements on mortgage credit bonds. Recent years' development in mortgage loans arranged is most positive because it does not just strengthen the income base in the short term but also in the long term in the form of an increase in commission income. However, the rate of growth in the total volume of mortgage loans arranged has been on the decline in 2022, which is attributable to mortgage loan conversion activities, resulting in massive reductions in outstanding debt and a more subdued pace in the real estate market.

Translation and market value adjustments

Translation and market value adjustments amount to a negative DKK 73.5m against a positive DKK 29.6m in 2021. The financial markets have been marked by heavily increasing interest rates on Danish mortgage credit bonds. Although Sparekassen has generally adopted a relatively conservative approach to our placement of surplus liquidity, the extraordinary developments in the Danish bond market have resulted in a negative market value adjustment of bonds of DKK 97.1m against one of DKK 34.0m in 2021. Effective from the beginning of Q2 2022, Sparekassen has adopted a different approach to the administration of some portions of the bond portfolio; refer to the



“Bonds” section on page 12 for more details. Market value adjustments of shares stand at DKK 22.0m against DKK 56.0m at 31 December 2021. Market value adjustments of shares primarily arise from Sparekassen's portfolio of sector shares, and in 2022 they are affected by major payments of dividend. Also, in early 2021, Sparekassen disposed of a block of listed shares and realised a capital gain.

Value adjustments of investment property, foreign currencies and other financial instruments total DKK 1.6m against DKK 7.5m in 2021. The development therein is primarily attributable to negative value adjustments of properties of the subsidiary Ejendomsselskabet Sjælland-Fyn A/S.

Other operating income

Other operating income roughly stands at an unchanged DKK 16.0m against DKK 15.6m in 2021. This line item is primarily composed of rent from the property portfolio of the subsidiary Ejendomsselskabet Sjælland-Fyn A/S.

Staff costs and administrative expenses

Staff costs and administrative expenses have gone up by DKK 48.2m and amount to DKK 771.2m. Overall, staff costs inclusive of remuneration for the Executive Board and the Board of Directors have gone up by a total of DKK 27.7m. Quite extraordinarily, Sparekassen decided to give thanks in Q2 to its employees for their great contribution in the continued consolidation of Sparekassen by paying them a one-off amount (with the exception of the Executive Board). Adjusted for this one-off amount, the increase in total staff costs inclusive of remuneration for the Executive Board and the Board of Directors comes to DKK 13.8m, or 3%, that is mainly relat-

ed to pay and pension adjustments arising from collective agreements.

Other administrative expenses have gone up by DKK 20.5m to DKK 287.5m. This line item is affected by multiple non-recurring matters and investments primarily resulting from Sparekassen's new strategy "Towards New Goals". Adjusted for non-recurring matters, the increase in other administrative expenses amounts to approximately DKK 11.7m, or 4%. The increase primarily relates to higher IT costs, including IT security costs, higher heating and electricity costs and increased marketing costs.

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 32.9m, which is a decrease of DKK 2.8m compared to last year.

In aggregate, staff costs and administrative expenses and amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment have gone up by 6% to stand at DKK 804.2m. Adjusted for the non-recurring items mentioned above, they have increased by 3%.

Impairment losses on loans and advances etc

Overall, these impairment losses represent an income of DKK 16.0m compared to DKK 24.8m in 2021. Mainly, credit quality of Sparekassen's customers is still considered satisfactory, and the losses recorded are still relatively small in scale. It is Sparekassen's opinion that, overall, the finances of businesses and private house-

holds are strong. Despite high inflation, private households benefit from high employment rates and recent years' positive business climate in the real estate market, which does, however, currently seem to have reached a turning point. The strong finances of Danish businesses and private households are reflected, for example, in the sustainably low level of individual impairment losses.

However, the war in Ukraine, high energy prices, high inflation, increasing interest rate levels, falling consumer confidence, and the slowdown in the housing market are factors and uncertainties that Sparekassen estimates may have an impact on certain customers' future ability to pay. In Sparekassen's view, we have yet to see the full effect of the above factors combined, which is why the level of individual impairment losses must be expected to increase in the years ahead. Therefore, management add-ons remain at a relatively high level at 31 December 2022 when they stand at DKK 220.9m against DKK 219.3m at 31 December 2021. Management add-ons related to the COVID-19 pandemic have been reduced on an ongoing basis in 2022, and at 31 December 2022 there are no management add-ons. Also, management add-ons for pig producers have been lowered. Instead, management add-ons have been increased for SME corporate customers who are exposed to rising energy and raw material prices and for poor-quality private customers hit by rising energy prices and high inflation. Moreover, add-ons related to the real estate market have been made.

In Sparekassen's view, the level of management add-ons reflects a conservative approach to the considerable uncertainty of economic

developments caused by the war in Ukraine and high inflation that the quarters ahead are subject to, and that the increased credit risk is hedged based on the best estimate possible.

The line item of impairment losses also includes income of DKK 31.0m arising from amounts recovered on claims previously written off, which is lower than last year, yet still high.

Profit from investments in associates and group enterprises

Profit from investments in associates and group enterprises stands at DKK 11.5m compared to DKK 22.0m at the same date last year. This line item relates to, for example, Sparekassen's stake in Lollands Bank and the continuous value adjustment thereof to equity value.

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

Profit for the year

Profit before tax at 31 December 2022 amounts to DKK 482.0m against DKK 531.0m in 2021. Net profit stands at DKK 371.8m compared to DKK 443.5m last year. DKK 26.1m of the profit for the period is allocated to interest on hybrid core capital. Like for the financial year 2021, distribution of DKK 104.3m in dividend is proposed. So,

the shareholders' share of profit for the period inclusive of proposed dividend amounts to DKK 345.7m.

In view of the continued positive development in core earnings and of the extraordinary circumstances related to the movements in prices of Danish mortgage credit bonds, the profit is considered satisfactory.

Subsequent events

No events have occurred subsequent to the balance sheet date to the date of publication of the Annual Report that are expected to have a material influence on the Group's or the Parent's financial position.

Danish Financial Supervisory Authority - ordinary inspection

Sparekassen has been subjected to ordinary inspection in Q4 2022. The inspection is still ongoing, for which reason its outcome is not yet known; however, no significant adjustments are expected that have not already been incorporated in the Annual Report.

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

Sparekassen has for some years held a massive deposit surplus, amounting to DKK 9.0bn, exclusive of deposits in pooled plans, at 31 December 2022. The primary placement channels for this type of liquidity are mortgage credit bonds and the current account. The line item of cash and

demand deposits with central banks, standing at DKK 2.2bn at 31 December 2022 against DKK 4.0bn at 31 December 2021, is primarily composed of Sparekassen's current account deposit. The reason for the reduction in the current account deposit is that a large portion of Sparekassen's cash resources is placed in bonds.

Bonds

The total bond portfolio stands at DKK 10.5bn compared to DKK 7.3bn at 31 December 2021. As a consequence of Sparekassen having had considerable surplus liquidity for many years and general uncertainty in the financial markets because of, for example, the situation in Ukraine etc, Sparekassen's Management has decided to change its approach to the administration of some of the surplus liquidity. Effective from the beginning of Q2 2022, Sparekassen is administering most of the bond portfolio in such manner that focus is on collecting contractual cash flows from bonds at amortised cost/held to maturity and collecting contractual cash flows from and sales of bonds at fair value through other comprehensive income. As a rule, these positions are not held for trading but held to support core operations of Sparekassen in a more long-term perspective.

At 31 December 2022, bonds at fair value total DKK 1.7bn, of which bonds at fair value through profit or loss account for DKK 1.2bn and bonds at fair value through other comprehensive income for close on DKK 0.5bn. Please also refer to note 41 on page 110.

Since the beginning of April 2022, Sparekassen has acquired a number of bonds where the primary focus is on collecting contractual cash

Total credits arranged

	2022	2021	2020	2019	2018
	DKK'm	DKK'm	DKK'm	DKK'm	DKK'm
Loans and advances etc, Sparekassen	11,690	12,067	11,951	12,217	12,174
Totalkredit	35,080	34,980	32,331	29,811	27,229
DLR	13,176	12,639	11,794	10,250	9,001
Total	59,946	59,686	56,076	52,278	48,404

flows (held to maturity). The bonds in question will mature successively within a relatively short period of one to four years. These bonds are recognised in the line item "Bonds at amortised cost", which is DKK 8.8bn at 31 December 2022. Please refer to note 16 on page 87 for supplementary information. At 31 December 2022, the difference between carrying amount and fair value was DKK 250.4m. Since Sparekassen's intention is to hold the relevant portfolio of bonds with a high credit rating to maturity at par (100), this is a snapshot of a capital loss that will not be realised.

The changes in the line items "Bonds at fair value" and "Bonds at amortised cost" are therefore primarily attributable to Sparekassen's revised approach to the administration of the bond portfolio and to a larger portion of Sparekassen's liquidity being invested rather than being placed on the current account.

Loans and advances

The balance of loans and advances stands at DKK 11.7bn compared to DKK 12.1bn at year-end 2021. Sparekassen is experiencing fine activity in the corporate customer segment where lending has gone up by around 3%, despite a reduction in funding of some large building projects that have been completed according

to plan. Lending to private households on the other hand has declined. The primary reason for this is declining activity in the housing market, in terms of, for example, credit facilities to purchase land, construction financing and bridging loans to buy a new home. As described above in the financial review, the development in on-balance sheet loans and advances should be compared with developments in mortgage loans arranged by Sparekassen. Total mortgage loans arranged over the last 12 months have increased by close on 1%.

Shares

The total portfolio of shares amounts to DKK 812.0m against DKK 723.1m at 31 December 2021. A large portion of this portfolio is 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 investment unit certificates and holds a major stake in Nordfyns Bank and Møns Bank. The increase in the total portfolio of shares is primarily related to current value adjustments and reallocation of shares in sector companies and to the acquisition of shares in Møns Bank.

Investments in associates

Investments in associates amount to DKK 257.0m and primarily relate to the block of shares of over 20% of the share capital in Lollands Bank.

Land and buildings

Land and buildings total DKK 561.9m against DKK 491.1m at 31 December 2021. The development is primarily attributable to owner-occupied property and to a minor degree to investment property having been acquired or sold.

Equity and liabilities

Deposits

The deposits balance exclusive of deposits in pooled plans has gone up by DKK 0.9bn to DKK 20.7bn. The development is generally broadly based and with increases in deposits by both corporate customers and in deposits by private customers. One of the implications of the rising interest rate levels is larger savings account and shareholder account deposits that are now yielding positive interest again for the customers.

Deposits in pooled plans

Deposits in pooled plans have decreased by DKK 0.4bn on the 31 December 2021 balance and amount to DKK 2.0bn. This line item is heavily affected by market value adjustments

of assets in the underlying pools. In 2021, these adjustments were positive whereas 2022 has seen major negative adjustments.

Bonds issued

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

Subordinated loan capital

Subordinated loan capital amounts to DKK 571.2m against DKK 670.1m at 31 December 2021. The reduction reflects Sparekassen's February 2022 and December 2022 settlement of DKK 50.0m in subordinated capital in a first call. Generally, Sparekassen regularly endeavours to optimise its capital structure, for example, by managing risk-weighted assets and holdings of participations eligible for capital deduction and issuing subordinated loan capital, hybrid core capital and SNP bonds.

Equity

Equity at 31 December 2022 amounts to DKK 4,128.6m against DKK 3,795.5m at 31 December 2021. The increase in equity is broadly attributable to the profit for the period, reduced by other comprehensive income, dividend paid and interest paid on hybrid core capital.

Financial review for Q4 2022

Net interest income has gone up by DKK 31.5m to DKK 174.1m compared to the same period in 2021. This development has primarily been caused by an increase in interest income from bonds of DKK 27.9m. Also, interest income from loans and advances and from the current



account with Danmarks Nationalbank has risen by DKK 10.6m and DKK 9.1m, respectively. Positive interest expenses for deposits, however, are down by DKK 22.1m and interest expenses for deposits are up by DKK 9.0m. This development is primarily a consequence of interest rates having increased in 2022.

Fee and commission income is up 4% and comes to DKK 162.1m against DKK 156.2m in Q4 2021. This increase is primarily driven by increased activity in the securities area - including brokerage fees.

With an increase of less than 1%, staff costs and administrative expenses and amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment remain almost unchanged and stand at DKK 197.3m.

Core earnings in Q4 2022 then amount to DKK 133.0m, constituting an increase of 37% on the same period last year.

Market value adjustments remain almost unchanged at DKK 9.8m, and they are primarily attributable to positive market value adjustments of shares of DKK 10.5m and negative value adjustments of investment property. Price adjustments of bonds total DKK 0.9m.

Impairment losses on loans and advances stand at DKK 15.0m in Q4 2022 compared to a negative DKK 0.7m in Q4 2021. Compared to the same quarter last year, individual impairment losses and impairment loss related to IFRS 9 (previously collective impairment losses) have gone up.

Pre-tax profit for Q4 2022 then amounts to DKK 131.1m against DKK 110.1m for the same quarter last year. Net profit stands at DKK 95.4m against DKK 91.9m for Q4 2021. As is evident above, the improved profit for Q4 is primarily attributable to the positive development in core earnings. Both financial performance and developments in core earnings are considered very satisfactory.

Sparekassen's 2025 strategy

Towards New Goals

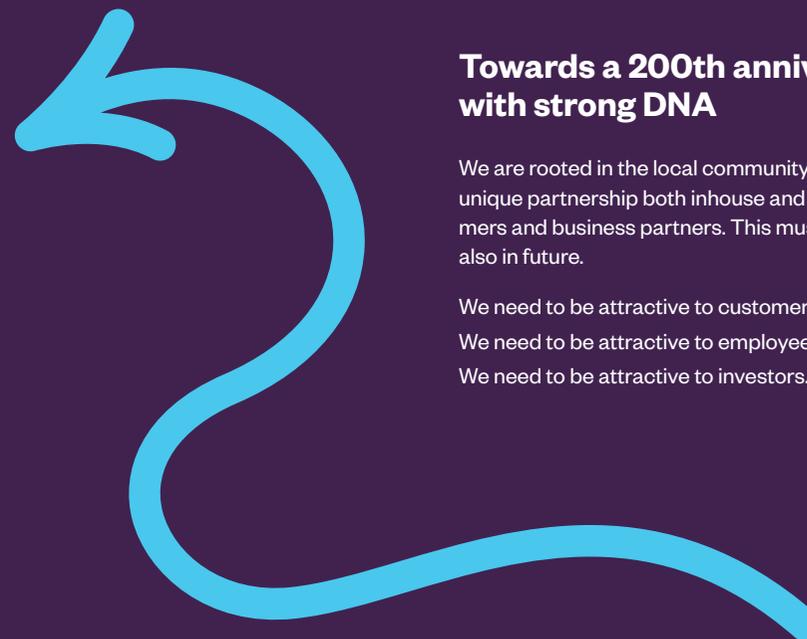


The purpose of Sparekassen is to help make Zealand and Funen a better place to live, work and operate.

Our vision is to be the market-leading regional and local alternative to the national banks on Zealand and Funen and the digital nationwide alternative to the large banks.

If we are to act out our purpose and vision, we need to be good at innovating and embracing the new conditions and opportunities of today also in future.

That is why we have in H1 2022 started the execution of our ambitious four-year strategy – Towards New Goals – that is intended to ensure the continued development and consolidation of Sparekassen up to the end of 2025 when we will be celebrating our 200th anniversary.



Towards a 200th anniversary with strong DNA

We are rooted in the local community and share a unique partnership both inhouse and with customers and business partners. This must remain so also in future.

We need to be attractive to customers.

We need to be attractive to employees.

We need to be attractive to investors.

How to achieve our goals

"Towards New Goals" builds on eight paths which embrace the conditions of the external environment that we need to deal with and navigate if we want to strengthen Sparekassen.

Three paths are about internal processes like quality, efficiency and compliance. Four paths are about commercial initiatives like branding, products and services across the fields of private

customers, corporate customers and asset management. One path is about people and culture, straddling the other seven paths



Our purpose must be known and recognised

Our purpose is to help make Zealand and Funen a better place to live, work and operate. The corporate social responsibility we accept must be sustainable, and we must make visible our purpose through a strong branding strategy.



We must be the preferred bank for small and medium-sized enterprises

We must improve our position as a savings bank for corporate customers by having close customer relationships and the right service offerings so that we become the preferred bank for small and medium-sized enterprises and attract more corporate customers.



We must strengthen the internal and external digital dialogue

We need to expand our digital toolbox to support our digital customer dialogue, create even better customer experiences, and attract customers from all over the country. At the same time, we need to improve our internal digital opportunities.



We must develop and train to attract and retain more customers

We must strengthen our sales organisation, develop new value propositions for our customers, expand our service offerings through our digital savings bank, and improve our qualifications to match our customers' needs.



We must optimise our systems and processes

We need to make it easier to service our customers while maintaining high quality. We will do this by means of new technology, insights, changes in interfaces, and by optimising procedures to make sure that we spend our time in the best way possible.



We must use data to improve our business

We have access to huge amounts of data. We must bring these data more into play to better understand our customers and processes, follow up and make the right decisions so that we improve our business.



We must support our customer-facing staff by making things more simple

Our back-office staff must develop effective and efficient methods and processes to support our customer-facing staff. For example, by improving the implementation and follow-up on laws and regulations so that our customer advisors can concentrate as much as possible on advising customers and generating more growth.



We must be an attractive business to be an employee and a customer with

Our employees are our biggest asset. That is why we must strengthen and develop our corporate culture, improve professional and personal development, and safeguard the important balance between work life and personal life so that we can attract and retain talented employees.

Initiatives executed and launched in 2022



We have, for example:

- Invested over DKK 25m through the investment company Impagt Invest Sjælland, which we have established together with Danish energy and fibre-optic group Anel, in a number of growth companies in our market area that all work with the green transition and sustainable perspectives.
- Invested in sustainable solutions that can help reduce Sparekassen's footprint on the environment, and this included installing solar cell panels at Sparekassen's headquarters.



We have, for example:

- Launched a new corporate segment tool that we have named "Spotlight". With Spotlight, we have standardised the process for opening corporate customer accounts, while ensuring that the advisers have the information they need about both new and existing corporate customers.
- Launched a digital "customer room" for corporate customers.
- Optimised our renegotiation processes.



We have, for example:

- Powered up further elements of Sparekassen's marketing activities, which include adding direct emailing and webinars.
- Started the transformation of Sparekassen's website into a more sales-oriented channel.



We have, for example:

- Launched a home energy optimisation loan.
- Enabled our customers to make a sustainable choice when investing as all five funds of Værdipapirfonden Sjælland-Fyn have qualified as Article 8 investment funds.
- Rolled out a new Private Banking concept.
- Started developing other customer concepts and products, including a new young people concept for Sparekassen's young customers.



We have, for example:

- Initiated a major internal project intended to further improve quality of Sparekassen's solution of tasks, reduce double work, time wasted and any additional costs as much as possible, and free more time for our customers.
- Optimised our processes for home purchases and for e-signing documents.



We have, for example:

- Improved the overall data capabilities pool.
- Strengthened our data platform.
- Started using AI tools for decision support purposes.



We have, for example:

- Reorganised some functions to enhance internal coordination and efficiency.
- Optimised our anti-money laundering processes.
- Initiated activities to simplify our business processes and management tools.



We have, for example:

- Introduced our new strategy – Towards New Goals – to all of Sparekassen's employees at an all-day event with focus on the shared goals up to 2025.
- Started the development of a multi-annual inhouse savings bank education programme that is to ensure a strong and uniform savings bank culture which is characterised by, for example, healthy shared values, high standards, a joint code for managers, and focus on the wellbeing of the individual employees.

Financial targets

Together, the eight paths are intended to strengthen Sparekassen's competitive power and ensure higher efficiency to boost our earnings capacity and lower the total rate of cost, among other elements.

We have set five ambitious financial targets up to the end of 2025 that we must meet:

Increased efficiency

Our rate of cost must be reduced and be less than 50% no later than from the financial year 2026. In 2021, the rate of cost was 63.1%. We need to eliminate 90,000 hours worked by means of optimisation exercises and similar measures.



Solid foundation

Our capital ratio must be no less than 20%.



Solid profitability

On average, our return on equity must exceed 10% a year net of tax up to the end of the financial year 2025.



Solid and controlled growth

We must increase our total business volume by 4-8% a year.



Attractive dividend

Our shareholders' cash dividend must be at least 25% of Sparekassen's profit. Another objective is to increase total distribution by means of share buy-backs.

Capital structure and liquidity of the Group

Capital structure

At 31 December 2022 capital resources are DKK 160m larger than at 31 December 2021 and amount to DKK 4,133m. The increase is primarily attributable to retained earnings and to the issuance of hybrid core capital.

Capital (DKK'm)

	2022	2021
Common equity tier 1 capital	3,109	2,977
Core capital (including hybrid core capital)	3,605	3,353
Capital resources	4,133	3,973

Sparekassen's risk exposures total DKK 16,443m at 31 December 2022 against DKK 17,017m at 31 December 2021, which is a decrease of DKK 574m. Credit risk has gone down by DKK 303m, resulting primarily from a decrease in exposures to retail customers and the weighting thereof of DKK 1,325m. This is counterbalanced by an increase related to bonds at amortised cost of DKK 851m and by small increases in the other exposures and the weighting thereof.

Market risk has gone down by DKK 442m as a result of the new approach adopted for the administration of the bond portfolio, some of which is placed outside the trading portfolio at amortised cost.

Operational risk has increased by DKK 171m.

Risk exposures (DKK'm)

	2022	2021
Credit risk	13,845	14,148
Market risk	387	829
Operational risk	2,211	2,040
Total	16,443	17,017

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

Sparekassen's capital ratio is then 25.1% against 23.3% at 31 December 2021. The core capital ratio has gone up by 2.2 percentage points on 31 December 2021 and stands at 21.9% whereas the common equity tier 1 capital ratio is up 1.4 percentage points to 18.9%.

Capital ratios (%)

	2022	2021
Capital ratio	25.1	23.3
Core capital ratio (Including hybrid core capital)	21.9	19.7
Common equity tier 1 capital ratio	18.9	17.5

The capital requirement has been calculated at 11.0%, leading to an excess capital adequacy ratio of 14.2 percentage points. In Danish kroner, this excess is equivalent to DKK 2,329m.

The combined buffer requirement has been calculated at 4.5 percentage points after the countercyclical capital buffer has been reintroduced at 1 percentage point from 30 September 2022 and subsequently raised to 2 percentage points at 31 December 2022. This results in Sparekassen's excess capital adequacy ratio net of capital requirement and combined buffer requirement standing at 9.7 percentage points. This is equal to an excess cover of DKK 1,589m.

The increase in capital requirement is related to market risks. Interest risks on non-trading bonds are not included in total risk exposures (Pillar 1), for which reason capital has been allocated for this in the capital requirement (Pillar II).

Eligible liabilities

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

It is the Danish Financial Supervisory Authority (Danish FSA) that calculates and lays down the MREL requirement for each credit institution. The MREL requirement will be recalculated once a year and be determined relative to the credit institution's risk-weighted exposures. The

MREL requirement is gradually phased in and will take full effect from 1 January 2024.

The total MREL requirement is calculated as the total amount of the capital requirement, the combined buffer requirement (the countercyclical buffer and the capital conservation buffer) and an MREL add-on. The MREL add-on 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 MREL capital.

In December 2022, Sparekassen received the MREL requirement based on the 2021 accounting figures, which are therefore currently applicable from 1 January 2024. At group level, the MREL requirement has been calculated at 15.9% (phased-in 14.6% at 1 January 2023). The requirement for the Parent is largely the same.

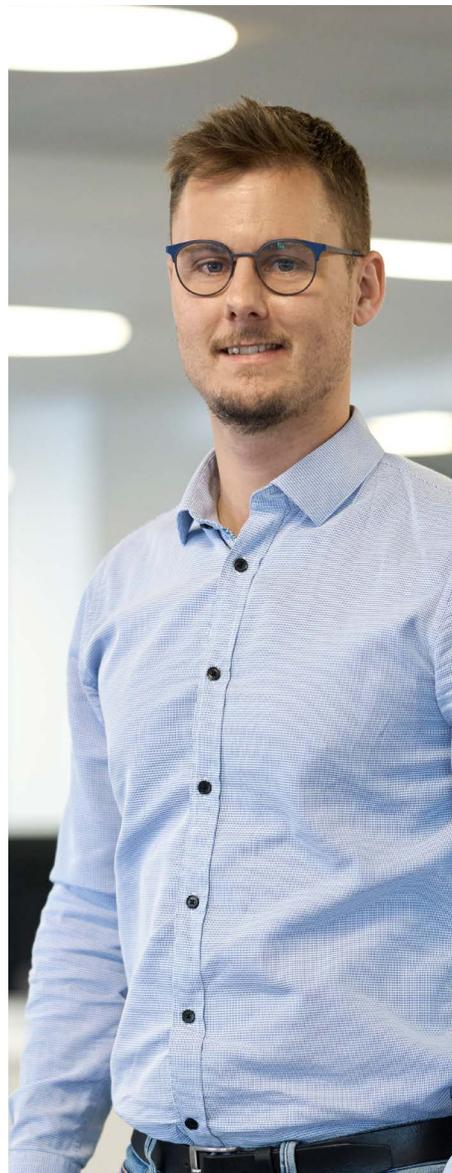
Eligible liabilities (adjusted)

	Requirement (%)	DKK'm
Risk exposures		16,443
Total requirement (adjusted)	15.73	2,587
Capital resources	25.14	4,133
SNP loans	2.30	378
	27.44	4,511
Capital conservation buffer	-4.50	-740
Total eligible liabilities	22.94	3,771
MREL excess cover	7.21	1,185

Net of adjustment of the phased-in requirement using the latest figures, Sparekassen is at 31 December 2022 meeting the MREL requirement with a margin of 7.2 percentage points based on current capital resources and the MREL capital issued (senior non-preferred bonds). With the current capital resources and MREL capital, the fully phased-in MREL requirement is met with a margin of 5.9 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 MREL requirement in future either. Sparekassen intends to regularly evaluate the opportunities for optimising the composition of the capital and liability instruments that meet the MREL requirement.

Capital measure

Sparekassen's objective is to have a capital ratio surplus of at least 2.5 percentage points. This surplus should be viewed in relation to the total amount of (i) Pillar I requirements, (ii) Pillar II add-ons (8+ add-on) and (iii) expected combined buffer requirement for each year (4.5% at 31 December 2022 as a result of the countercyclical capital buffer having been increased to 2 percentage points, and with a total maximum of 5.0%). Another objective of Sparekassen is to have a common equity tier 1 capital ratio surplus of at least 2.5 percentage points. This surplus should be viewed in relation to the total amount of common equity tier 1 capital to meet (i) Pillar I requirements (at least 4.5%) and (ii) expected combined buffer requirements for each year (4.5% at 31 December 2022, and with a maximum of 5.0%), and Pillar II requirements that are not covered by supplementary capital or hybrid core capital.



Sparekassen's capital measure, excess capital adequacy and capital plans in the short and long term are discussed and approved by the Board of Directors on a regular basis and at least once a year. According to Sparekassen's new strategy plan, "Towards New Goals", the long-term objective is to have a minimum capital ratio of 20.0%.

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 market funding and potentially transient deposits.

At 31 December 2022, Sparekassen has a deposit surplus of DKK 9.0bn 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 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)

The LCR is calculated as the eligible liquid assets net of a deduction (haircut) depending on the asset type relative to the estimated net outflow which is calculated as the net amount of cash inflow and outflow over a 30-day period.

At 31 December 2022, Sparekassen's LCR is 372% against the applicable statutory requirement of a minimum LCR of 100%. So, the excess liquidity coverage ratio relative to the statutory requirement is 272 percentage points.

LCR (DKK'm)

	2022	2021
Total liquidity buffer	7,993	10,299
Net outflow	2,148	2,057
LCR %	372	501

Given 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

three-month stress test. The benchmark is different from the LCR calculation in that liquidity is viewed over three time horizons – after 30 days, two months and three months. The result will be the lowest value calculated for the three time horizons. To calculate the LCR, a more lenient way to calculate the numerator is used and a partial projection of both cash inflow and cash outflow in the denominator. The liquidity benchmark therefore covers a period following the LCR calculation date.

Sparekassen has a liquidity surplus that has been calculated at 481% 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 benchmark (%)

	2022	2021
Liquidity benchmark	11,683	10,755
Net outflow	2,431	2,057
LCR %	481	523

Liquidity target

Sparekassen’s liquidity target in the short and long term is to constantly have sufficient liquidity with a 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 net cash outflow covering a period of 30 days. The 25-percentage 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 credit institutions became effective regarding a stable funding structure. The requirement aims to ensure that credit institutions maintain

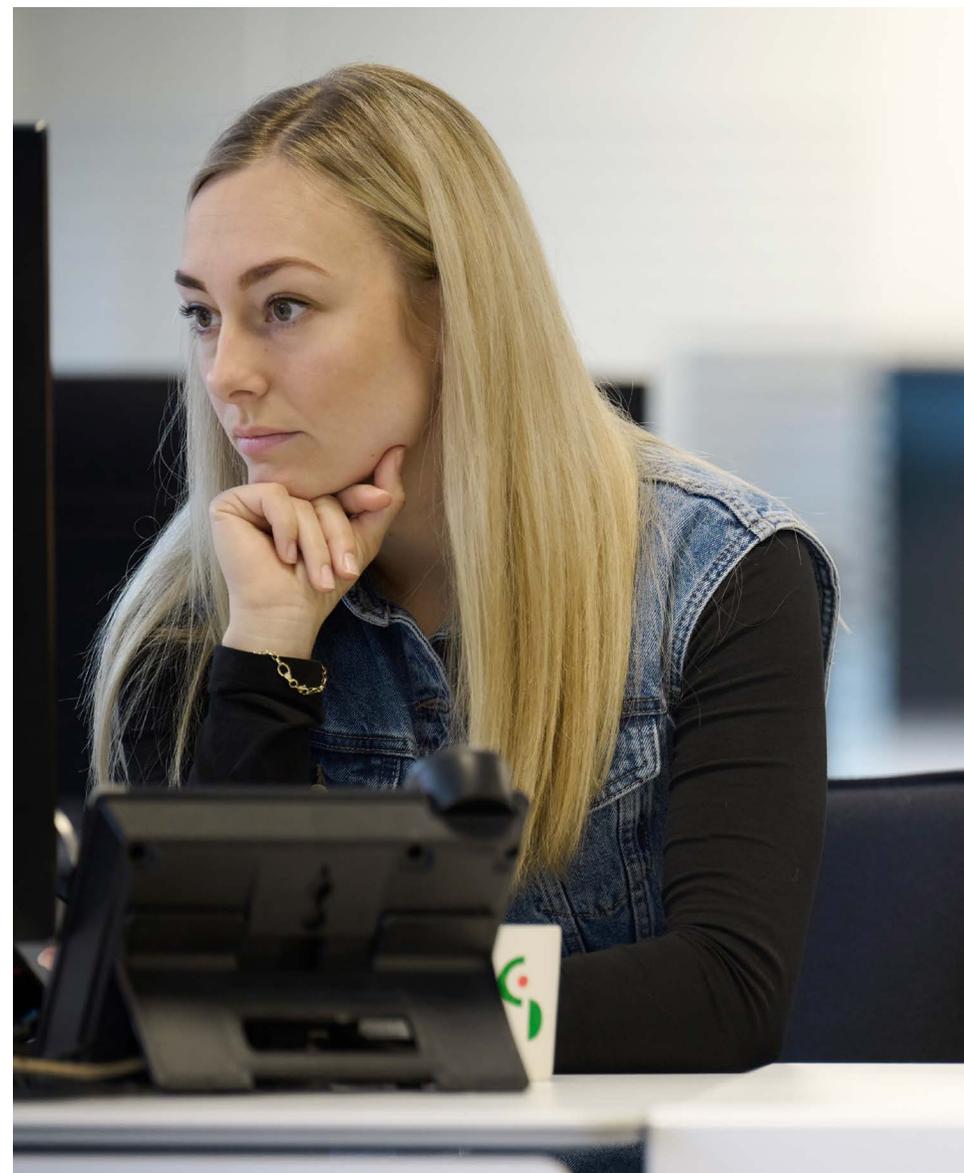
a stable funding structure over a one-year time horizon. The NSFR is defined as the ratio of Sparekassen’s available amount of stable funding to Sparekassen’s required amount of stable funding over a one-year time horizon. The requirement is calculated as a percentage and set at at least 100.

With a calculated NSFR of 210% at 31 December 2022, Sparekassen is in compliance with the new requirement with a healthy margin.

NSFR (DKK’m)

	2022	2021
Required stable funding	12,005	11,696
Available stable funding	25,260	23,899
NSFR %	210	204

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 – Sparekassen Sjælland-Fyn A/S (Group)

	2022		2021		2020		2019		2018	
	DKK'm	%								
3 / 2a – Loans, advances and guarantees with normal credit quality	10,591	61.2	11,480	59.5	10,677	56.0	10,768	56.8	10,249	58.5
2b – Loans, advances and guarantees with certain indications of weakness	5,576	32.2	6,681	34.6	6,911	36.2	6,424	33.9	4,942	28.2
2c – Loans, advances and guarantees with substantial weaknesses	702	4.1	715	3.7	911	4.8	1,058	5.6	1,143	6.5
1 – Loans, advances and guarantees with objective evidence of impairment	434	2.5	431	2.2	578	3.0	704	3.7	1,197	6.8
Total	17,303	100.0	19,307	100.0	19,077	100.0	18,954	100.0	17,531	100.0

Loans, advances, and guarantee debtors by sector

	2022	2021	2020	2019	2018
	%	%	%	%	%
Loans, advances, and guarantee debtors by sector	0.1	0.1	0.1	0.4	0.8
Business					
Agriculture, hunting, forestry and fisheries	9.7	9.1	8.5	8.2	8.3
Industry and extraction of raw materials	3.2	2.4	2.3	2.1	2.0
Energy supply	0.3	0.2	0.2	0.1	0.0
Building and construction	5.7	5.9	6.0	5.3	5.0
Trade	7.0	5.3	4.8	5.8	5.8
Transport, hotels and restaurants	2.3	1.9	1.8	1.9	2.0
Information and communication	0.9	0.7	0.9	0.8	0.7
Financing and insurance	5.1	5.0	4.7	5.3	4.1
Real property	9.0	9.4	9.3	9.9	11.0
Other business	7.5	6.1	6.3	7.0	7.3
Total business	50.6	46.0	44.8	46.3	46.3
Private	49.3	53.9	55.1	53.3	52.9
Total	100.0	100.0	100.0	100.0	100.0

Group

Sparekassen Sjælland-Fyn A/S, Group

The Sparekassen Sjælland-Fyn A/S Group is composed of the Parent, Sparekassen Sjælland-Fyn A/S, and related subsidiaries. The group structure is evaluated on a regular basis by Management to ensure that it is optimal.

Group enterprises and their business activities:

Sparekassen Sjælland-Fyn A/S, Parent

The Parent of the Group has as its primary activity to carry on banking activities.

The Parent accounts for the largest part of the consolidated balance sheet. The Parent is a listed company and operates under licence from and supervision by the Danish FSA. As part of its business activities, the Parent owns subsidiaries whose primary business activities are related to investment business, including investment in and lease of properties as well as leasing.

Ejendomsselskabet Sjælland-Fyn A/S, subsidiary

Effective from 1 January 2017, Ejendomsselskabet Sjælland-Fyn A/S was established through a merger of the group property companies Ejendomsselskabet af 15. december 2008 A/S, Udviklingselskabet Blindestræde ApS, Ejendomsselskabet Faaborg A/S and Spar Fyns Ejendomsselskab A/S. In 2018, the subsidiary

Investeringsselskabet af 10. marts 2015 was merged into Ejendomsselskabet Sjælland-Fyn A/S.

The property portfolio of Ejendomsselskabet Sjælland-Fyn A/S is composed of owner-occupied properties leased out to the Parent and of investment properties leased out to individuals and business operators.

Investeringsselskabet Sjælland-Fyn A/S, subsidiary

Under its former name, Sparekassen Fyn A/S, the company carried on the Group's banking activities on Funen. When the business activities of Sparekassen Sjælland A/S and Sparekassen Fyn A/S were combined in mid-October 2016, the company changed its name to Investeringsselskabet Sjælland-Fyn A/S. The company is engaged in investing activities, including the Group's portfolio of mortgages.

Leasing Fyn Faaborg A/S, subsidiary

The company holds 33.33% of the shares in Leasing Fyn Bank A/S and, through this structure, it engages in finance leases for small and medium-sized enterprises.

Please refer to note 18 for a specification of group enterprises and associates.





Foundation of Sparekassen's business

Sparekassen Sjælland-Fyn is a value-based credit institution with a desire to be known and recognised as a purpose-driven business. We want to be an engine in the local communities we are part of. This means that we want to be known as a credit institution that drives local communities, puts local development on the agenda, links businesses with each other, and backs local projects and initiatives that create value for the local communities as well as for our private and corporate customers. Basically, our value base is formulated by six core values: Community, closeness, competence, inclusiveness, honesty, and social responsibility.

Our market focus

Sparekassen is Denmark's 12th largest credit institution by working capital. As a rule, we want to offer products and services to private and corporate customers who live or operate in our primary market area, which is Zealand and Funen. We also welcome customers from outside this area – either through affiliation with one of our branches or our digital savings bank – but at least 90% of our loans, advances and guarantees must be related to our primary market area. At the same time, we focus on creating the right solutions for our customers, and it is important to us that they are equipped in the best way possible to make the best choices for their finances. This is why we attach importance to providing qualified and personal advice. In line with this, our products and services are simple and plain, and we have actively declined

a number of products and services of a more complex nature.

Our customers and shareholders

Sparekassen has around 160,000 customers, and about 20,000 of them are also shareholders. We aim to have long-term full-service customer relationships and would like all our customers to become shareholders in Sparekassen. The customers must experience security and proper conduct when they meet Sparekassen and that we are there for them in good times and bad times. Therefore, we regularly perform customer satisfaction and loyalty surveys and prepare action plans afterwards to make sure that we actually fulfil our objectives when meeting our customers.

Our strategy – private customers

Everybody is welcome at Sparekassen to have a talk about their finances. Prices for private customers are set in different ways depending on business volume and risk.

Our strategy – corporate customers and unit trusts

Businesses and unit trusts are welcome at Sparekassen, taking into consideration their risk profile, business model and requirements. We want to have in-depth knowledge of a customer's identity and purpose – and the lack thereof may cause us in some cases to reject a customer relationship.



Our distribution network

At Sparekassen, we want to create the optimum distribution network so that we are able to offer customers close local service and advice. Our distribution network consists of 35 branches in eight geographical areas, two corporate customer centres, two corporate customer divisions and an agricultural centre, which are backed up by a number of experts. Considering customer behaviour and profitability, we regularly evaluate whether our distribution network could be optimised. To increase our market share of small and medium-sized enterprises on Zealand, we have pooled our corporate capabilities in two corporate customer divisions in our market area. In addition, we have set up two large corporate customer centres – one in Holbæk and one in Odense - and an agricultural centre. Corporate customers are serviced by the corporate customer divisions, taking into consideration risk and complexity, whereas corporate customers with large exposures are handled by our corporate customer centres. Local corporate customers with small exposures and a business volume of low complexity can be handled by our branches. Besides our physical locations, we service our customers via digital platforms such as home banking and mobile banking and other digital solutions. To ensure high availability, we have also defined the digital agenda as a particular strategic focus area, and, for example, Sparekassen's meetings are increasingly held digitally. Furthermore, we have established a digital savings bank. The purpose

of Digital Sparekasse (Digital Savings Bank) is to service customers looking for a digital alternative or a supplement to our physical branches. This is why Digital Sparekasse has extended its opening hours, among other steps, so that our customers will be able to get help from an adviser or to ask questions etc when they need it, and it fits in with their daily lives. Another goal is to develop a platform that can provide service and advice digitally to customers all over Denmark who do not need a physical branch.

Our business areas, products and services

Sparekassen's three business areas are defined as Private Customers, Corporate Customers and Asset Management. The value propositions in these three areas are based on a principle of simplicity and opt-out. Simplicity because it provides transparency and hence security for customers and investors. Opt-out because Sparekassen does not want to offer overly complex products or advice that does not match the customer's risk profile. Sparekassen is working closely with a number of partners to be able to provide the best products and the best advisory services. We have partners in the areas of mortgage credit, leasing, insurance, pension, and investment products. As part of this, Sparekassen receives a brokerage and guarantee commission for certain products. Information about our business partners is available on Sparekassen's website, www.spks.dk/samarbejdspartnere

Our infrastructure and organisation

A well-functioning infrastructure is a precondition for our ability to deliver value to our customers. The key components of this infrastructure are our staff and the use of

IT, which we constantly seek to optimise. As regards our staff, we make a point of attracting and retaining talented people who can match our aim and objective of providing high-quality advice and consistently with Sparekassen's values and corporate culture. We also want to ensure flexibility in the way both employees and Sparekassen solve their tasks – and to adapt to developments in the labour market. For that same reason, we offer our employees the opportunity to work from home. A large portion of Sparekassen's IT operations and development have been outsourced to Bankdata – supplemented with strong in-house IT skills for proprietary development where this is required and creates value for the rest of the organisation. At organisation level, the basis of Sparekassen is customer focus, adaptability and simplicity using our values and a healthy corporate culture. With 35 branches in eight areas, two corporate customer centres, two corporate customer divisions and an agricultural centre, we have provided the framework for a high level of local decision-making powers to make sure we make our decisions close to our customers and based on local conditions – this supports good and attentive customer advice.



Corporate governance and statutory report on corporate governance

This statutory report on corporate governance covers the financial period 1 January to 31 December 2022.

The Board of Directors and the Executive Board continuously seek to ensure that the management structure and control systems remain appropriate and function satisfactorily. Management continuously assesses – and at least once a year – whether this is the case.

The planning of management tasks is based on the Danish Financial Business Act, the Danish Executive Order on Management and Control of Credit institutions, etc., the Capital Markets Act, the Market Manipulation Directive, Nasdaq Copenhagen's Rules for Issuers of shares, recommendations for corporate governance, the Articles of Association, and good practice for financial undertakings. On this basis, a number of internal procedures are continuously being developed and maintained to ensure active, reliable and cost effective management of Sparekassen.

Recommendations for corporate governance

At the end of 2020, the Committee on Corporate Governance issued revised recommendations for corporate governance applicable from the financial year 2021. These revised recommendations have focus on long-term

value creation and introduce new terms such as sustainability and purpose. The recommendations are available at the Committee's website <https://corporategovernance.dk>

The recommendations include Sparekassen's communication and interaction with our investors and other stakeholders, the tasks and responsibilities of the Board of Directors, the composition and organisation of the Board of Directors, management remuneration, financial reporting, risk management and internal control, and audit.

With four exceptions, Sparekassen has complied with the principles of "Recommendations for Corporate Governance" in the financial year 2022.

In 2022, Sparekassen did not comply with the recommendation to enable shareholders to observe the general meeting via webcast or other digital transmission. Shareholders who were not able to attend the general meeting were instead offered the opportunity to give proxy.

Sparekassen does not follow the recommendation that board members elected by the annual general meeting be up for election at the annual general meeting every year. According to Sparekassen's Articles of Association, the Committee of Representatives elects the Board

of Directors. The Articles of Association set the electoral term for members of the Board of Directors elected by the Committee of Representatives at two years with the possibility of re-election. The Board of Directors finds that the electoral system ensures continuity and stability in the board work.

As the Board of Directors is not elected by the General Meeting, Sparekassen cannot follow the recommendation that the notice convening a general meeting where the agenda includes the election of members to the board of directors, include (in addition to the statutory requirements) a description of the qualifications, other executive functions etc of the nominated candidates.

The Board of Directors has established a whistleblower scheme that is available to all employees of Sparekassen. For other stakeholders, we have decided to refer, via our website, to the schemes of the Danish FSA and the Danish Data Protection Agency, for which reason Sparekassen does not fully meet the recommendation of making available a whistleblower scheme for other stakeholders.

Sparekassen's form of reporting on the recommendations on corporate governance and any elaborating comments have been combined in

a report that has been published on Sparekassen's website: www.spks.dk/politikker

Finance Denmark's code of conduct

Finance Denmark has prepared a management code of conduct with recommendations to its members.

Sparekassen observes these recommendations which go beyond legislation. The disclosures and additional information on Sparekassen's observance of the recommendations in Finance Denmark's management code of conduct are published in a report on Sparekassen's website: www.spks.dk/politikker

No policy on shareholder engagement

Sparekassen is subject to section 101a of the Danish Financial Business Act. This section provides that Sparekassen must either draw up a policy on shareholder engagement or alternatively explain why such policy has not been drawn up.

It is the assessment of Sparekassen's Board of Directors and Executive Board that it is not relevant to draw up a policy on shareholder engagement as Sparekassen only has a small stock of listed shares, and as Sparekassen, in its role as asset manager, has not entered into any explicit agreement with customers that Sparekassen should exercise shareholder engagement, for

example, by exercising the right to vote in relation to investments in listed shares.

Policy on IT security

Sparekassen is aware that the world is changing and that the risk picture changes regularly, including IT security. Sparekassen in 2022 continued its efforts to strengthen IT security, which included complying with current and future regulations, and these efforts are based on recognised IT security standards for this area.

Related to this, Sparekassen has in 2022 implemented various measures to strengthen IT security and risk management further. Sparekassen has, for example:

- Invested in reinforcing the IT security organisation
- Run training sessions for the Executive Board, the Board of Directors and others in IT security management to ensure sufficient knowledge and insight at all management levels
- Run internal awareness campaigns and training sessions to up focus on this area among Sparekassen's staff
- Invested in new tools that, for example, assist Sparekassen in strengthening its IT emergency plans further and in following up correctly on IT security controls.

So, both in the short term and in the long term, Sparekassen has massive focus on IT security and makes dedicated efforts - also in collaboration with Sparekassen's data centre, Bankdata - to intensify this focus as the outside threat landscape evolves.

Data ethics policy

Sparekassen falls within section 135d of the Danish Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc. Companies having a data ethics policy must supplement their management commentary with a report on their data ethics policy.

Sparekassen has adopted a data ethics policy. The report on the data ethics policy can be found on Sparekassen's website: www.spks.dk/politikker

Composition of the Committee of Representatives

Sparekassen's Committee of Representatives consists of up to 51 members, of whom 26 are elected by the Annual General Meeting and 25 at shareholder's meetings in its four geography-based districts. Partial election of the Committee of Representatives at shareholders' meetings takes place in order to ensure, as far as possible, equal representation from Sparekassen's field of operation, reflecting the composition of shareholders and the business structure.

The members of the Committee of Representatives at 31 December 2022 are listed in the Annual Report under "Committee of Representatives, Board of Directors and Board of Directors Committees" and on Sparekassen's website: www.spks.dk/repraesentantskab

Composition of the Board of Directors

Sparekassen's Board of Directors consists of 4-9 members who are elected by and among the members of the Committee of Representatives. In addition, the Board of Directors consists of a number of members elected by the employees under existing laws. According



to the Articles of Association, the Committee of Representatives may also elect board members that are not members of the Committee of Representatives to ensure that Sparekassen always meets the current requirements for relevant knowledge and experience of board members in a credit institution. The members of the Board of Directors are elected for two years at a time, and they may be re-elected.

The Board of Directors continuously evaluates the work of the Board in accordance with legislation and the Danish FSA's guidelines and has reviewed the applicable requirements for the Board's competencies as part of this. On these grounds, the Board has drawn up a competence profile and adopted a policy for diversity in the Board. The Board of Directors' nomination of candidates for election to the Board of Directors at the Committee of Representatives meeting has been prepared in order to ensure that the Board of Directors meets the competence profile and policy for diversity in the Board of Directors to the greatest possible extent.

In addition to the continuous evaluation of the board work, an annual regular evaluation procedure is performed where both the entire Board of Directors' and each board member's competences are evaluated. External consultancy assistance was used in 2021 for the evaluation process. The 2021 evaluation found that adequate collective knowledge, professional competence and experience exist among the board members to understand Sparekassen's activities and thus their related risks. No external assistance was used for the evaluation in 2022. Findings and conclusions from the 2022 evaluation will be reviewed by the

Nomination Committee and the entire Board of Directors, respectively, in February and March 2023. Referring to the recommendations for corporate governance, external assistance will be engaged in the evaluation at least every three years.

The Board of Directors' competence profile

Sparekassen's Board of Directors must have a composition ensuring that Sparekassen has a stable and satisfactory development for the shareholders, customers, employees and other stakeholders. It must also be ensured that some of the board members have competences within the sectors where Sparekassen has significant exposures.

The total competences of the Board of Directors are assessed as the sum of all board members' competences as the Board of Directors functions as a collegial body. Thus, each member is not supposed to meet all criteria. Assessment takes place on an ongoing basis. The composition of the Board of Directors is assessed with a specific eye on the availability of the following competences:

- Management competence - management experience, strategy, risk management, execution and control
- Board of Directors competence - experience in board work, understanding and knowledge
- Business competence - ability to turn ideas into business
- Finance competence - ability to understand and respect financial circumstances, including accounting insight

- Professional competence - knowledge of the financial sector and its competitive situation
- General competence - insight into social conditions, including corporate and private sector conditions
- Other competences - personality, empathy, analytical, wide contact network, organisational, commitment and time
- In particular about the Chairman's competences: This person should, in addition to the other competences, have management experience, experience in board work, business competence and financial insight.
- In particular about the Audit Committee: At least one member of the Audit Committee must have qualifications in accounting or auditing. Moreover, the Audit Committee's members, as a whole, are required to have competences that are relevant for the financial sector, see the requirements of the Executive Order on audit committees in financial businesses.

Moreover, the composition of the Board of Directors is determined in accordance with general and specific legal requirements, including the Fit & Proper requirements, and in consideration of the recommendations for corporate governance. Pursuant to the Executive Order on basic course for members of boards of directors in credit institutions (*Bekendtgørelse om grundkursus for medlemmer af bestyrelsen i pengeinstitutter*), members joining boards of directors after 1 January 2017 must, no later than 12 months after joining the board of directors, complete a basic course for members of boards of directors in credit institutions.

The Board of Directors generally makes an effort to ensure diversity in the Board's composition, also in relation to experience, gender and age.

The nomination of candidates for election at Sparekassen's meeting of the Committee of Representatives is made on the basis of these principles.

Pages 33-38 show the managerial posts held by the members of the Board of Directors and the Executive Board, other disclosures, including the members' age and the period for which they are elected to the Board of Directors, etc.

Board work

The Board of Directors is in charge of the overall and strategic management of Sparekassen. In this context, the Board of Directors must decide what primary types of business Sparekassen is to engage in and identify and quantify Sparekassen's key risks and define its risk profile, which includes defining the type and volume of risks Sparekassen is to take on, and lay down policies as to how Sparekassen is to manage each of its primary activities and the related risks. The Board of Directors ensures that the Executive Board observes the objectives and strategies laid down by the Board of Directors. Reporting from the Executive Board takes place systematically by means of meetings as well as current reporting, oral and written. This reporting includes Sparekassen's development, profitability and financial position.

The Board of Directors makes decisions on, for example, authorisation of large commitments, business acquisitions, major investments and divestments, the size and composition of capital

resources, non-current liabilities, budgets, control and audit matters, and material operational matters.

The Board of Directors' rules of procedure lay down procedures for its tasks and responsibilities, procedures for holding board meetings etc. These rules of procedure are reviewed and evaluated at least once a year by the Board of Directors and are regularly adjusted to the situation of Sparekassen.

The Board of Directors convenes according to a pre-determined meeting schedule, and when deemed necessary. Normally, Sparekassen holds a yearly strategy seminar where its vision, objectives and strategy are determined. Moreover, the Board of Directors normally every year attends a seminar along with other credit institutions.

The Board of Directors has held 26 board meetings in 2022, and one of them was a board seminar.

Nomination Committee

The Board of Directors has appointed a nomination committee, which is to assist the Board of Directors in continuously assessing the required and existing qualifications of the members of Sparekassen's Board of Directors and Executive Board. The Committee is also to undertake the preparatory work in the process of nominating members for Sparekassen's Board of Directors and Executive Board and to prepare nominations for the Board of Directors in this respect. The written terms of reference of the Nomination Committee are available on Sparekassen's website:

www.spks.dk/nomineringsudvalg

The Nomination Committee held five meetings in 2022.

Remuneration Committee

The Board of Directors has appointed a remuneration committee. This Committee is to undertake the preparatory work, which will subsequently serve as a basis for the Board's decisions on remuneration, including remuneration policy and identification of significant risk-takers. The written terms of reference of the Remuneration Committee are available on Sparekassen's website: www.spks.dk/afloenningsudvalg

The Remuneration Committee has held three meetings in 2022.

Remuneration policy

Sparekassen's remuneration policy comprises all employees in Sparekassen, including the Executive Board, the Board of Directors and employees who have significant influence on the Group's risk profile, and employees in Sparekassen's control functions.

The remuneration policy is approved annually at the Annual General Meeting of Sparekassen and was last approved on 10 March 2022.

Salaries and remuneration to the Board of Directors and the Executive Board are specified in Sparekassen's remuneration report for 2022, which is available on the website: www.spks.dk/politikker

The total amount of salaries to key risk-takers is disclosed in note 8.

The remuneration policy is published on Sparekassen's website: www.spks.dk/politikker

Audit Committee

The Board of Directors of Sparekassen has appointed a separate audit committee. The tasks of the Audit Committee include:

- To inform those charged with governance about the outcome of the statutory audit, including the financial reporting process.
- To monitor the financial reporting process and make recommendations or proposals to ensure integrity.
- To monitor whether Sparekassen's internal control system, internal audit and risk management systems operate properly and efficiently.
- To monitor the statutory audit of the financial statements etc.
- To monitor and control the external auditor's independence and approve the auditor's non-audit services.
- To be responsible for the procedure for the selection and recommendation of the auditor for appointment.

The written terms of reference of the Audit Committee are available on Sparekassen's website: www.spks.dk/revisionsudvalg.

The Committee meets according to a fixed schedule at least four times a year, to a great extent based on the monitoring of the financial reporting processes. The Audit Committee held six meetings in 2022.

Risk Committee

Moreover, in accordance with financial legislation, Sparekassen's Board of Directors has set

up a risk committee that prepares the Board's work and advises the Board on Sparekassen's risk profile and risk strategy and ensures implementation of the Board's risk strategy etc so that the Board is aware of current and relevant risks when making business decisions. The Risk Committee's work is specified in written terms of reference that are available on Sparekassen's website: www.spks.dk/risikoudvalg

The Risk Committee held five meetings in 2022.

Managerial posts

Please refer to pages 33-38 of this Annual Report.

Executive Board

The Board of Directors appoints the Executive Board, which is responsible for the planning and implementation of day-to-day operations and strategic plans. The Executive Board is not a member of the Board of Directors but participates in the Board of Directors meetings.

The Board of Directors' instructions to the Executive Board lay down the Executive Board's powers, procedures for the Executive Board's reporting to the Board of Directors and for these parties' communication. The instructions to the Executive Board are reviewed and evaluated at least once a year by the Board of Directors and are regularly adjusted to the situation of Sparekassen.

Shareholders

Sparekassen continuously seeks to inform shareholders about relevant matters and to enable a dialogue with the shareholders. This is done, for example, by publishing news, quarterly reports and annual reports and at general

meetings. Sparekassen's website, www.spks.dk, is continuously updated with published information. Sparekassen holds information meetings with investors as required.

The Board of Directors regularly assesses whether the capital structure is consistent with the interests of Sparekassen and its shareholders. The general objective is to ensure a capital structure that supports long-term profitable growth.

The shareholders' voting rights are exercised as follows:

Each nominal share denomination of DKK 10 carries one vote. However, for shares held by the same shareholder, the maximum vote cast cannot exceed a number equivalent to 7.5% of Sparekassen's total share capital.

If an offer is submitted to acquire shares in Sparekassen, the Board of Directors will consider the offer pursuant to regulations. Sparekassen's share capital is not divided into classes.

Sparekassen's largest shareholders are Sydbank A/S, AP Pension Livsforsikringsaktieselskab, Jyske Bank A/S, Købstædernes Forsikring Gensidig, and Nykredit Realkredit A/S, which all hold an ownership interest between 5% and 9.99% of the shares in Sparekassen.

Annual General Meeting

The Annual General Meeting has the supreme authority in all matters relating to Sparekassen. Accordingly, the Annual General Meeting can make decisions on amendments to the Articles of Association, distribution of dividends on recommendation by the Board of Directors, etc.

According to the Articles of Association, the Annual General Meeting of Sparekassen is held every year before the end of April.

General meetings – both ordinary and extraordinary – are convened by the Board of Directors not earlier than five weeks and not later than three weeks before the general meeting through announcement at Nasdaq Copenhagen and through announcement on Sparekassen's website, and in writing to all the shareholders listed in the register of shareholders who have made a request in this respect.

Extraordinary general meetings are convened at the request of (a) the Board of Directors, (b) the Committee of Representatives, (c) shareholders in Sparekassen Sjælland-Fyn A/S who hold at least 1/20 of the share capital and who state in writing to the Board of Directors what they want to be submitted to the general meeting, or (d) Sparekassen's auditor appointed by the general meeting. Extraordinary general meetings are convened in accordance with the above rules not later than two weeks after receiving the request.

The general meeting forms a quorum regardless of the size of the share capital represented at such meeting. Decisions are made by a simple majority among the votes cast if nothing else is explicitly prescribed.

Proposals for amendments to the Articles of Association or for the voluntary dissolution of Sparekassen can be adopted only by at least 2/3 of the votes cast as well as the voting share capital represented at the general meeting.

No shares in Sparekassen Sjælland-Fyn A/S carry special rights.

Risk management

Sparekassen assumes different risks as part of carrying on financial business and other related activities. The most significant types of risk are credit risk, market risk, liquidity risk and operational risk, including IT risk. The Board of Directors defines the Group's risk policies and the framework for the risk areas that Sparekassen is exposed towards. The Executive Board provides, within the policies, the framework for each division's and employee's powers in carrying on risky operations.

To provide an overview of the individual and collective risks, Sparekassen has established a CRO function and appointed a Chief Risk Officer who is also head of the CRO function. The Chief Risk Officer is responsible to the Executive Board.

The overall goals of risk management are that Sparekassen, with early and precise identification of risks, learning of events and focused management of assumed risks, achieves satisfactory earnings on a known risk basis. For further specifications of Sparekassen's risk management and current risks, see note 42 to the financial statements.

Compliance

Sparekassen's Compliance function, which is part of the CRO function, assesses and checks the observance of the legislation, industrial standards and internal rules applicable to Sparekassen. Moreover, the Compliance function assesses whether the business processes and controls that are implemented as part of



Sparekassen's control environment are designed so as to detect whether the sets of rules are complied with.

The Compliance function is headed by a Compliance Officer who is responsible to the head of the CRO function but reports directly to the Executive Board.

Anti-money laundering

An independent Head of the Anti-Money Laundering function has been appointed, who is responsible for Sparekassen's anti-money laundering setup, which is to implement measures to prevent Sparekassen from being used for money laundering or financing of terrorism.

The Head of the Anti-Money Laundering function is responsible to the Executive Board.

Capital management

Sparekassen's capital management is based on the Capital Requirements Regulation and relating executive orders etc. Sparekassen actively seeks to optimise capital management, including the capital structure, so that it is continuously able to cover the existing and planned risk exposures and also ensures that it is as cheap and stable as possible.

The Board of Directors discusses continuously and at least once every quarter the overall composition and development of the risk on the balance sheet, assesses existing and expected future risk effects and uncertainties, and assesses on this background the capital requirement and target excess cover. This monitoring enables Sparekassen to plan its activities, which can thus be optimised in relation to the capital resources.

It is Sparekassen's strategy to continuously ensure an adequate excess cover to ensure the freedom of action to implement the planned business activities and thus to maintain continuity in the operation and development of Sparekassen. Also, through risk management, Sparekassen makes a current effort to reduce risk as well as capital charges on non-core activities as much as possible.

A further description of Sparekassen's risks, the efforts to reduce and optimise on the risks, and the calculation of the capital requirement is available in the notes to this Annual Report and in the related reports on risk data and capital requirement.

The reports on risk data and capital requirement are available on Sparekassen's website: www.spks.dk/regnskab

Financial reporting process

The Board of Directors and the Executive Board have the overall responsibility for the Group's control and risk management in connection with the financial reporting process, including compliance with relevant legislation and other financial reporting regulations.

It is the Finance Department that books, reconciles, analyses and handles general quality assurance in Sparekassen's financial reporting processes. The financial reporting processes are described in detail in a number of business processes to ensure that items are handled in compliance with current legislation and internal instructions. As part of the process, time schedules are prepared defining the delivery time and the person responsible, which ensures that financial statements are prepared and submit-

ted for the Audit Committee and the Board of Directors to discuss and approve the financial statements within the set deadlines.

Sparekassen's control and risk management systems can create reasonable but not absolute assurance that inappropriate use of assets, loss and/or material misstatements and omissions in connection with the financial reporting are avoided.

Upon presentation of the financial statements, Sparekassen's internal audit and the independent auditors appointed by the Annual General Meeting will issue a report on their audit of the financial statements etc.

Control environment

At least once a year, the Board of Directors assesses the organisational structure, the risk of fraud and the extent and relevance of internal rules and guidelines.

The Board of Directors establishes and approves overall policies and risk limits, whereas the Executive Board is responsible for these being observed when business activities are carried out. The Executive Board is also responsible for the preparation of business processes and relating controls in all significant risk areas, including for the financial reporting process. Compliance with policies and business processes is strongly emphasised on a regular basis, and monitoring and control of compliance are tested on a sample basis.

Sparekassen wants a strong control environment which can help reduce its risks. Therefore, the Executive Board monitors compliance with relevant laws and other regulations and provi-

sions and reports to the Board of Directors on an ongoing basis.

Risk assessment

At least once a year, the Board of Directors makes an overall assessment of risks relating to the financial reporting process. As part of risk management, the Board of Directors considers the risk of fraud and the measures to be taken in order to reduce and/or eliminate such risks. Moreover, the Board of Directors assesses whether day-to-day management may be able to override controls and exert inappropriate influence on the financial reporting process.

Auditors

To safeguard shareholders' interests and public interests, at least one firm of state-authorised public accountants is appointed at the Annual General Meeting upon recommendation of the Board of Directors. The audit firm appointed becomes Sparekassen's independent auditors.

In addition to the independent auditors appointed by the Annual General Meeting, Sparekassen has set up an internal audit function. Internal Audit is working independently of daily operations and reports directly to the Board of Directors.

The auditors report to the entire Board of Directors at least twice a year and also immediately after having identified any affairs or conditions that the Board of Directors should address. The auditors participate in Board of Directors meetings and Audit Committee meetings in connection with the presentation of reports to the Board of Directors and as required.

Disclosure requirements

Sparekassen is required to publish a number of disclosures on capital resources, solvency needs, credit risks, etc. Sparekassen has chosen to publish the disclosures in the "Risk information" report.

The report is available on Sparekassen's website: www.spks.dk/regnskab

Chairman of the Board of Directors
Thomas Kullegaard

Board of Directors



2012 - Chairman of the Board of Directors of Sparekassen Sjælland-Fyn A/S

2011 - Member of the Board of Directors of Sparekassen Sjælland-Fyn A/S

1953 - Year of birth

Residing in Holbæk

Member of the Remuneration Committee, the Nomination Committee, the Risk Committee, and the Audit Committee

Executive Officer
Tokasi Holding ApS • Kasito ApS
Tokasi Thomas ApS

Education
Architect M.A.A.

Board member
Ejendomsselskabet Sjælland-Fyn A/S
Investeringselskabet Sjælland-Fyn A/S
Fonden for Sparekassen Sjælland
Holbæk Erhvervsforum
Tokasi Holding ApS
Borgring Fonden

Special competences

- Experience in board work
- Management experience, strateg and execution
- Broad business insight and financial literacy

Shareholding
27,865 shares

Independent

Term of office expires in 2024

Vice-Chairman of the Board of Directors
Jakob Nørrekjær Andersson



2013 - Vice-Chairman of the Board of Directors of Sparekassen Sjælland-Fyn A/S

2011 - Member of the Board of Directors of Sparekassen Sjælland-Fyn A/S

1967 - Year of birth

Residing in Holbæk

Chairman of the Remuneration Committee, the Nomination Committee, the Audit Committee and the Risk Committee

Executive Officer
HM Gruppen A/S • HM Gruppen Holding ApS • Mana Invest af 2004 ApS
Sofievej 4 ApS • Safire Holding ApS

Education
Banking school

Diploma in financing and credit (HD) specialised in credit scoring models

Board member
Ejendomsselskabet Sjælland-Fyn A/S
Investeringselskabet Sjælland-Fyn A/S
HM Gruppen A/S

Special competences

- Broad business insight in particular within finance, accounting, control and the credit area
- Meets the requirement of qualifications as a member of the audit committee in financial services companies
- Broad knowledge of the corporate area and particularly the building industry

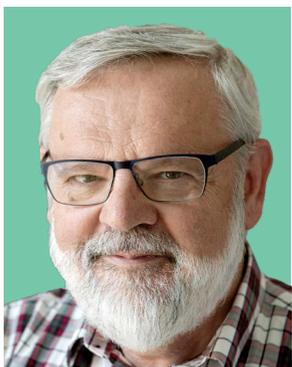
Shareholding
18,835 shares

Independent

Term of office expires in 2023

Board member

Torben Dalby Larsen



2021 - Member of the Board of Directors of Sparekassen Sjælland-Fyn A/S

1949 - Year of birth

Residing in Ringsted

Member of the Audit Committee and the Risk Committee

Chief Editor

Education

Journalist

CBS Board Leadership Education

Board member

PFA Brug Livet Fonden

Special competences

- Board work in the financial sector
- Management and business experience
- Business conditions and development strategies in Eastern Denmark
- Competences within finance and business development

Shareholding

1,554 shares

Independent

Term of office expires in 2023

Board member

Erik Larsen



2013 - Member of the Board of Directors of Sparekassen Sjælland-Fyn A/S

1958 - Year of birth

Residing in Dalmose

Member of the Audit Committee and the Risk Committee

Farmer with five properties, pig production and agricultural contractor work

Education

Green certificate, Høng Landbrugsskole, Danish Agriculture & Food Council, Board education

Board member

Ejendomsselskabet Sjælland-Fyn A/S
 Investeringselskabet Sjælland-Fyn A/S
 Landbrug & Fødevarer • OK a.m.b.a., næstformand • Danoil Exploration A/S
 Danoil II ApS • Energidata A/S • Kamstrup A/S • OK Energiteknik A/S
 • OK Plus A/S • OK Plus Butiks-

drift A/S • Samfinans A/S • Dansk Varme Service A/S

Special competences

- Board work, especially within the agricultural sector
- Broad insight into agriculture and agricultural policy
- Competences within finance and business development
- Insight in social conditions and the corporate and private sectors

Shareholding

6,192 shares

Independent

Term of office expires in 2023

Board member
Otto Spliid



2013 - Member of the Board of Directors of Sparekassen Sjælland-Fyn A/S

1961 - Year of birth

Residing in Odense

Member of the Audit Committee, Remuneration Committee and the Nomination Committee

Executive Officer

SLK Advokatanpartsselskab

Attorney-at-law/Partner

Focus Advokater Komplementar ApS
Focus-Advokater P/S

Education

Master of Law

Chairman of the Board of Directors

Chr. P. Holding ApS • Gardingruppen Gardinmontøren ApS • Natex of Scandinavia A/S • Henning Ibsen A/S
Wilson Offshore A/S • Ejendoms-selskabet Sjælland-Fyn A/S • Investeringselskabet Sjælland-Fyn A/S

Board member

Am Værktøj Odense A/S • Autohuset Vestergaard A/S Personvogne •

Autohuset Vestergaard Personvogne Holding A/S • AV Biludlejning A/S
El-Team Fyn A/S • Gartneriet Thorup-lund A/S, Fraugde • Maskinfabrikken H.M.A. Odense A/S • Rehabiliter & Busser A/S • Schiang Living A/S • Hauge Ejendomme A/S • Hauge Stål A/S • Hauge Gruppen A/S • Hauge Installation A/S • Siolit A/S

Special competences

- Experience in board work
- Legal competences within company law, acquisitions and reconstructions

- Broad insight in the Funen business sector and general market conditions

Shareholding

5,405 shares

Independent

Term of office expires in 2024

Board member
Helle Lindhof Bjørnø



2015 - Member of the Board of Directors of Sparekassen Sjælland-Fyn A/S, employee representative

1963 - Year of birth

Residing in Holbæk

Member of the Remuneration Committee and the Nomination Committee

Customer Advisor Private Banking, Sparekassen Sjælland-Fyn A/S

Education

Banking school

Certified wealth adviser

Shareholding

3,456 shares

Term of office expires in 2024

Board member
Per Olsen



1994 - Member of the Board of Directors of Sparekassen Sjælland-Fyn A/S, employee representative

1963 - Year of birth

Residing in Copenhagen

Member of the Risk Committee

Development Manager, Sparekassen Sjælland-Fyn A/S

Education

Banking school

Diploma in organisation (HD), specialised in information management and strategy

Shareholding

5,999 shares

Term of office expires in 2024

Board member
Mads Wallin



2016 - Member of the Board of Directors of Sparekassen Sjælland-Fyn A/S, employee representative

1980 - Year of birth

Residing in Holmegaard

Member of the Remuneration Committee and the Nomination Committee

Area Manager, Sparekassen Sjælland-Fyn A/S

Education

Savings bank school

Diploma in business administration (financial planning) (HD), specialised in management and project management

Master's degree in management

Shareholding

1,151 shares

Term of office expires in 2024

Chief Executive Officer
Lars Petersson

Executive Board



2015 - Chief Executive Officer
 2010 - Managing Director
 2009 - Joined the Executive Board
 1986 - Year of employment
 1967 - Year of birth
 Residing in Arnakke

Education

Banking school
 Master's degree in management

Chairman of the Board of Directors

Holbæk Kommunes Talentråd
 Museum Vestsjælland
 Impagt Invest Sjælland A/S
 Holbæk Alliancen

Shareholding

35,344 shares

Board member

Ejendomsselskabet Sjælland-Fyn A/S
 Investeringselskabet Sjælland-Fyn A/S
 BI Holding A/S
 DLR Kredit A/S

Savings Bank Director
Bruno Riis-Nielsen



2016 - Executive Officer of the Savings Bank
 2014 - Year of employment
 1953 - Year of birth
 Residing in Holbæk

Education

Banking school

Board member

Finance Zealand
 Leasing Fyn Bank A/S

Shareholding

10,024 shares

Chairman of the Board of Directors

Leasing Fyn Faaborg A/S

Savings Bank Director
Lars Bolding



2019 – Executive Officer of the Savings Bank

2019 – Year of employment

1964 – Year of birth

Residing in Holbæk

Education

Banking school

SMB INSEAD

Board member

Nærpension Forsikringsformidling A/S

Shareholding

17,000 shares

Savings Bank Director
Jan Kolbye Jensen



2022 - Executive Officer of the Savings Bank

2016 - Year of employment

1964 - Year of birth

Residing in Arnakke

Education

A.P. Møller Maersk - Officer education programme

MBA - Henley Business School

Shareholding

10,646 shares

Statutory report on the underrepresented gender in Sparekassen's supreme governing body and at other management levels

In pursuance of section 79a of the Danish Financial Business Act and section 139a of the Danish Companies Act, the Board of Directors has set target figures for the share of the underrepresented gender in the Board of Directors and prepared the following policy to increase the share of the underrepresented gender at the Group's other management levels.

Target figures for the representation of the underrepresented gender on the Board of Directors

In 2022, the gender composition of board members elected by the Committee of Representatives and by the employees is seven men (87%) and one woman (13%). It is Sparekassen's aim to have an equal distribution of men and women at board level within the next one to three years. An equal distribution is defined as a balance between men and women of 40% to 60% among the members elected by the Committee of Representatives.

Policy to increase the representation of the underrepresented gender at the Group's other management levels

Sparekassen wants to establish an appropriate balanced representation of men and women in other managerial posts that are not related to the Board of Directors, that is, the Executive Board and managers responsible to the

Executive Board. We want to be able to follow up on the development of the gender composition in management and to be able to adjust the efforts on the way in relation to the objectives that are set. Sparekassen considers objectives and target figures an efficient tool to ensure progress and achieve results.

Sparekassen has set the following concrete objectives:

- Employees must experience that they have the same opportunities for career and management positions regardless of gender.
- Before 2028, the percentage of the underrepresented gender on the Executive Board must be 40/60%; although with a subtarget of 20/80% in 2025.
- Before 2025, the percentage of the underrepresented gender at management levels responsible to the Executive Board must be 50/50%.

Implementation of the policy and targets achieved in 2022

Sparekassen's targets and policy for increasing the percentage of the underrepresented gender have been followed throughout 2022. The results are presented in this report and in the overview of the Board of Directors and other



management levels at the end of the Annual Report.

Board of Directors

In 2022, the election period of three incumbent male members of the Board of Directors expired. Two of the board members were renominated and elected, whereas the third member did not offer himself for re-election.

The Board of Directors is now composed of seven male members and one female member. There are five men (100%) and no women (0%) among the board members elected by the Committee of Representatives.

Other management levels

The gender composition of other management levels is based on the policy prepared for this area. According to this policy, leaders are employed or appointed based on the premise that the best suited candidate is picked, regardless of gender.

Status at 31 December 2022:

Executive Board: 0/100%

Management levels responsible to the Executive Board: 36/64%.

Shareholder information

2021 was a particularly good year for Sparekassen's shareholders with a positive price development of 83% as, for example, the "New Ways" strategy was executed and finalised. At the end of 2021, Sparekassen's share was quoted at DKK 165.0. This growth continued in early 2022, and in mid-February the share closed at a price of 220, the highest price ever.

Concurrently with Russia's invasion of Ukraine etc and the unstable financial markets caused by this, the share price took a generally negative turn in the many months after. During 2022, Sparekassen presented our new strategy "Towards New Goals", experienced fine business activity, benefited from rising interest rates, and adjusted the lower range of the pre-tax earnings

expectations for the year upwardly several times. The last part of 2022 once again saw a rise in the share price, and at year-end 2022 the price of a Sparekassen share was DKK 193.5. The increase in the share price in 2022 can thus be calculated at DKK 28.5, or a little over 17%. Moreover, dividend payments amounted to DKK 6 per share. The return for the year inclusive of

dividend then totals DKK 34.5, or 21%. In view of share market prices generally having been on the decline in 2022, including the leading Danish C25 index, the return for Sparekassen's shareholders is considered very satisfactory.

During 2022, Sparekassen's market value has gone from around DKK 2.9bn to around DKK

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 2022 index

30.12.2021 = Index 100



3.4bn. The graph shows the index-linked price development in 2022 for Sparekassen Sjælland-Fyn A/S against the Nasdaq Copenhagen C25 index.

Investor Relations

Sparekassen constantly strives to develop and maintain favourable relations with its stakeholders as such relations are considered to have a significant and positive impact on its development. On this basis, Sparekassen has drawn up an Investor Relations policy.

The Investor Relations policy and related procedures are to ensure that investors, analysts, authorities and other stakeholders are provided with the information that is of importance to them, and that such information is published in accordance with current rules and disclosure requirements.

Communication with investors and share analysts is handled by Sparekassen's Executive Board.

The dialogue comprises a wide range of activities and takes place having regard to Nasdaq Copenhagen A/S' rules and applicable law. Immediately after its publication, all investor information is distributed to shareholders who have requested such information. The investor information is also available at www.spks.dk/ir

Efforts are constantly made to communicate extensive information to the share market on Sparekassen's financial and operating conditions and strategies. This is done, for example, by publishing news, quarterly reports and annual reports and at general meetings. As stated before,

Sparekassen's website www.spks.dk/ir is continuously updated with published information. Furthermore, Sparekassen holds regular meetings with investors and analysts as required.

Shareholder structure at 31 December 2022

At 31 December 2022, Sparekassen had approx 23,500 shareholders.

About 92% of the share capital is held by Danish investors whereas about 8% are foreign investors.

Five shareholders have an ownership interest between 5% and 9.99%:

- Sydbank A/S
- AP Pension Livforsikringsaktieselskab
- Jyske Bank A/S
- Købstædernes Forsikring, Gensidig
- Nykredit Realkredit A/S.

Treasury shares

At 31 December 2022, Sparekassen's portfolio of treasury shares amounted to 71,559 shares of a nominal value of DKK 10 each, equal to 0.41% of the share capital.

Attractive dividend

Having regard to the interests of the shareholders and to ensure capital to maintain the desired excess capital adequacy and capital ratio, Sparekassen has adopted the following objective for paying dividend to its shareholders, refer to the financial objectives in the "Towards New Goals" strategy:

Sparekassen's objective is a minimum cash dividend distribution of 25% of net profit for the year and payment of interest on hybrid core capital. Another objective is to increase total distribution by means of share buy-backs.

Financial ratios of shares and dividends are shown in the statement of financial highlights in note 1.

Financial calendar 2023

Friday, 10 February	Publication of Annual Report 2022
Thursday, 9 March	Annual General Meeting.
Thursday, 4 May	Interim Report Q1-2023
Thursday, 10 August	Publication of Interim Report H1-2023
Thursday, 2 November	Interim Report Q3-2023

Statutory report on corporate social responsibility and sustainability- CSR and ESG

At Sparekassen, corporate social responsibility and sustainability go hand in hand. This means, for example, that we want to act out a healthy corporate culture, contribute to the UN Sustainable Development Goals, and to comply with the legal requirements imposed on us as a credit institution, including those in the areas of CSR and ESG.

Sparekassen is subject to some rules on the preparation of a report on corporate social responsibility, among others. The specific rules are laid down in sections 135a and 135b of the Danish FSA's Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc.

As part of these rules, Sparekassen is required, for example, to prepare policies for the following areas:

- Environmental and climatic impacts
- Social conditions and labour aspects
- Human rights
- Anti-corruption and bribery.

The policies define how we at Sparekassen integrate and act out social responsibility in each of these four areas. We are therefore very aware of both our direct and indirect impact on the society we are part of.

We generally seek to demonstrate social responsibility throughout the savings bank. For example, we have focus on four overall priority areas: Society and local commitment, customers and products, employees, and the environment. Additionally, social responsibility, honesty and competence are also parameters in Sparekassen's internal ethical compass that is to ensure a healthy corporate culture in which we demonstrate responsibility in all aspects - also in sustainability.

Social responsibility as a strategic focus

We have incorporated our aim to demonstrate responsibility further in 2022 in our new four-year strategy "Towards New Goals", which will be our strategic guideline until 2025 when Sparekassen will be celebrating its 200th anniversary. Through this, we have committed ourselves in both word and action to take social responsibility also in future across environmental, social and governance aspects.

We have therefore in 2022, for example, drawn up a strategy for sustainability, social responsibility and responsible management and a policy for sustainability and corporate social responsibility. In this context, we have, for example, determined that:

- We will adjust Sparekassen's operations so that we - both directly (own assets) and



indirectly (customers and business partners) - reduce our environmental impact. We have done so in 2022, for example, by installing solar cell panels at Sparekassen's headquarters to reduce our own CO₂ emission (scope 1 and scope 2 emissions under the GHG Protocol).

- We will support our customers' transition to more sustainable operations (corporate customers) and consumer behaviour (private customers) through our own products and services and through our business partners.

We have done so in 2022, for example, by launching an energy optimisation loan, and we have made it possible for our customers to make a sustainable choice when making investments as all five funds of Værdipapirfonden Sjælland-Fyn have qualified as Article 8 investment funds. Previously, these funds were Article 6 funds. From August 2022, we have also added questions about sustainability to our investment profiling form for customers so that we can now map the customer's risk appetite, investment horizon and sustainability preferences when we provide investment advice.

- We will support the transition to more sustainable solutions in our market areas. We have done so in 2022, for example, by investing in some growth companies in our market area that are all engaged in the green transition and sustainable perspectives.

Furthermore, in 2022 we have continued our work to protect and respect the rights and freedoms outlined in the UN Human Rights Declaration, ensure good social and labour conditions, and prevent corruption and bribery. For example, we have worked on promoting diversity further at Sparekassen and on protecting our employees further from, for instance, discrimination and harassment, including cyber harassment, and on securing their opportunity to safely report any violations or behaviour that

is in conflict with our own internal ethical compass or the regulations that we must observe.

Related to this, we will annually run some training sessions that are mandatory for all employees and that are intended to ensure that we meet the regulatory requirements imposed on us as a credit institution. All employees completed the following courses in 2022:

- Training in a healthy corporate culture and Sparekassen's ethical compass
- Training in combatting money laundering and financing of terrorism, including the importance of Know Your Customer and data discipline
- Training in IT security, including dealing with a phishing email and combatting cyber crime.

In addition, all advisers have received training in having a dialogue about sustainable investment and how Sparekassen's range of investment products best match the customer's sustainability preferences.

Generally, we are aware that our activities – and particularly those in the investment area – can have an impact on conditions that concern human rights, for which reason we have continued to consider this, and will also do so in 2023, in our policy on the integration of sustainability risks.

We will in 2023 continue our work to protect and respect the rights and freedoms outlined in the UN Human Rights Declaration, ensure good social and labour conditions, and prevent corruption and bribery.

Making social responsibility measurable

Each year, we define a number of targets to ensure progress in and focus on environmental, social and governance aspects that contribute to increasing corporate social responsibility and sustainability.

Furthermore, we are making a targeted effort to make our contribution to sustainable development more measurable. For example, in line with the recommendations of the Danish Sustainable Finance Forum (Forum for Bæredygtig Finans) we have drawn up an action plan for reducing the CO₂ footprint of our investment activities. Based on the 2022 recommendations, we have also prepared an action plan to reduce the CO₂ footprint on our lending, which includes quantifying that footprint on our loans and advances by dwelling, motor vehicle and business. Also, we have had energy accounts prepared in 2022 for our properties. Combined, this will provide us with a basis for tracking and reducing our CO₂ footprint in future.

We will in 2023 continue our efforts to meet the disclosure requirements for sustainable financial products and not least our efforts to improve the quality of the data serving as a basis for our actions plans to reduce CO₂ emissions from our investment activities, loans and advances, properties, etc.

Our full CSR report for the Sparekassen Sjælland-Fyn Group can be found on our website, www.spks.dk/csr. Here you can also see, for example, our policy for sustainable investments (integration of sustainability risks), our action plans to reduce the CO₂ footprint of our investment activities and, as a new element, our

action plan to reduce the CO₂ footprint on our loans and advances.

Taxonomy Regulation

Like in 2021, Sparekassen is required to provide some additional disclosures for 2022 under the Taxonomy Regulation. This Regulation defines which economic activities may be classified as environmentally sustainable. The Regulation defines six sustainable climatic and environmental objectives, which are:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems.

Currently, technical screening criteria have been developed for the first two climatic objectives which took effect from 1 January 2022 (the delegated act for the two first climatic and environmental objectives). The technical screening criteria for the four remaining climatic and environmental objectives have not yet been

drawn up, but they are expected to come into force in 2023.

It is evident from Article 8 of the Delegated Regulation that the financial undertakings covered, including large credit institutions, must report on specific sustainability-related key performance indicators (KPIs) that have been adapted to the business models of the different types of undertakings. The annual report for 2022 must state how large a portion of their aggregate activities is subject to and not subject to the delegated act for the two first climatic and environmental objectives.

The table below discloses the KPIs for the Group:

Qualitative disclosures

Under the Taxonomy Regulation, Sparekassen provides disclosures on car loans to private customers and loans to private customers that are secured on property. We do not consider the Group's loans to corporate customers to fall within the Taxonomy Regulation since Sparekassen does not provide lending to large, listed enterprises in the industries subject to the Taxonomy Regulation.

DKK'm	Proportion in DKK'm		Proportion as a percentage of total assets	
	Eligible	Non-eligible	Eligible	Non-eligible
Total assets	4,925	23,076	18%	82%
Central governments etc and derivatives		4,025		14%
Non-NFRD entities		6,217		22%
Trading book and on-demand inter-bank loans		7,628		27%

Financial review of the Parent

Financial year 2022

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 of the Group for supplementary information. Most of the Group's property portfolio is held by the subsidiary Ejendomsselskabet Sjælland-Fyn A/S.

Profit before tax amounts to DKK 478.7m against DKK 528.8m last year. The profit is marked by improved core earnings which are up 15% on 2021 and total DKK 500.3m. This very positive development in core earnings is very much a result of the 13% increase in net interest income, although fee and commission income too contributes to this development by a 5% increase. With respect to costs, staff costs and administrative expenses and amortisation, depreciation and impairment losses on assets have gone up by 7%. This line item is affected by some non-recurring costs primarily resulting from Sparekassen's launch of its new strategy "Towards New Goals". Adjusted for non-recurring matters, the increase in the level of costs is close on 3%.

Overall, market value adjustments have in 2022 developed adversely by DKK 51.5m, which is attributable to heavy declines in the

prices of Danish mortgage credit bonds. In 2021, they were positive by DKK 35.5m. The development in market value adjustments is the primary reason why pre-tax profit is down 9% on 2021.

The line item of impairment losses represents a reversal of DKK 16.0m in total.

Net profit stands at DKK 371.8m, equivalent to an annual return on opening equity of 9.8%.

In view of the continued positive development in core earnings and of the extraordinary circumstances related to the movements in prices of Danish mortgage credit bonds, the profit is considered satisfactory.

Income statement

Net interest income

Net interest income has increased by DKK 72.2m, or 13%, and amounts to DKK 626.8m against DKK 554.6m in 2021.

Total interest income has seen an increase of DKK 92.4m and amounts to DKK 632.6m. For the first time in years, the rising interest rate level has made it possible to generate a reasonable return on Sparekassen's liquidity holdings. Interest from credit institutions, which is primarily composed of the current account with Danmarks Nationalbank, is thus up by DKK 10.0m, and interest income from Sparekassen's

bond portfolio has increased by DKK 50.5m. Interest income from loans and advances is up DKK 7.5m. Overall, this line item is affected positively by non-recurring items of DKK 15.9m, a slight decline in average lending, and a roughly unchanged average lending rate. Interest income from loans and advances stands at DKK 488.7m at 31 December 2022 compared to DKK 481.1m at the same time last year. Because of Danmarks Nationalbank's continuous increases in the interest rate levels, Sparekassen too is adjusting its interest rates on loans and advances. This has had little impact on the interest income from loans and advances in 2022 but it will have a successive positive effect on interest income in the quarters ahead. Interest income from derivatives has increased by DKK 24.8m to stand at DKK 54.1m, and other interest income remains an almost unchanged DKK 0.3m.

Negative interest income totals DKK 15.0m against DKK 25.9m last year. The negative interest income is primarily attributable to Sparekassen's placement of surplus liquidity on the current account with Danmarks Nationalbank. From 9 September 2022, interest on the current account has been positive, for which reason Sparekassen currently expects in future to be able to generate positive interest income from surplus liquidity.

Total interest expenses have gone up by DKK 14.3m to DKK 65.8m, which is attributable

primarily to interest expenses on deposits. Because Danmarks Nationalbank has increased its interest rates, Sparekassen has discontinued its negative deposit rates and re-introduced positive deposit rates on a wide range of products. That is why interest expenses for deposits are expected to rise in the quarters ahead.

Positive interest expenses have decreased by DKK 16.9m compared to last year and total DKK 75.0m. Concurrently with recent years' continuously low and negative interest rate levels, Sparekassen has regularly adjusted its interest rate level for deposit products, which is the primary reason for the income item. As mentioned earlier, Sparekassen discontinued negative deposit rates altogether in the autumn of 2022, for which reason no positive interest expenses are currently expected for 2023. Developments in net interest income has, as stated above, been heavily affected by the continuing and rapid shift from a negative interest rate level to - in a historical perspective - a more normal interest rate environment. Overall, the increase in interest rate levels is expected to support a positive development in both interest income and net interest income in 2023.

Dividend

Sparekassen has received DKK 26.4m in dividends at 31 December 2022 against DKK 18.5m last year. Generally, the vast majority of dividends received come from the sector companies

co-owned by Sparekassen, for which reason the development is related to these companies.

Fee and commission income

Fee and commission income is up DKK 30.1m, or 5%, totalling DKK 666.7m against DKK 636.5m in 2021. Throughout 2022, Sparekassen has experienced fine business activity from both new and existing customers in the corporate customer segment and the private customer segment. This is reflected in generally increasing income from the wide range of services offered by Sparekassen to corporate and private customers, which include payment services etc, other fees, and management of custody account funds. Moreover, the increase is attributable to guarantee commissions which have gone up by DKK 9.7m on 2021. New customers and recent years' massive trading activity in the real estate market and the consequent increase in prices have been contributing factors in the continuous increase in mortgage loans arranged by Sparekassen through DLR Kredit and Totalkredit. However, in 2022, trading activity and price rises in the real estate market have slowed down, which is basically considered a natural development in view of the soaring interest rates on mortgage loans. Sparekassen's funding of house transactions is therefore not on a par with last year, which is reflected in the declining level of loan application fees. Conversely, refinancing of existing loans has seen heavy activity because of the considerable interest rate movements on mortgage credit bonds. Recent years' development in mortgage loans arranged is most positive because it does not just strengthen the income base in the short term but also in the long term in the form of an increase in commission income. The rate of growth in the total volume of mortgage

loans arranged has been on the decline in 2022, which is attributable to mortgage loan conversion activities, resulting in massive reductions in outstanding debt and a more subdued pace in the real estate market.

Translation and market value adjustments

Translation and market value adjustments amount to a negative DKK 51.5m against a positive DKK 35.5m in 2021. The financial markets have been marked by heavily increasing interest rates on Danish mortgage credit bonds. This extraordinary development in the Danish bond market has resulted in a negative market value adjustment of bonds of DKK 96.9m compared to one of DKK 34.2m last year. Market value adjustments of shares stand at DKK 22.0m against DKK 56.0m in 2021. Market value adjustments of shares primarily arise from Sparekassen's portfolio of sector shares, and in 2022 they are affected by major payments of dividend. Also, in early 2021, Sparekassen disposed of a block of listed shares and realised a capital gain.

Value adjustments of investment property, foreign currencies and other financial instruments total DKK 23.4m against DKK 13.6m at year-end 2021.

Staff costs and administrative expenses

Staff costs and administrative expenses have gone up by DKK 48.9m and amount to DKK 753.9m. Overall, staff costs inclusive of remuneration for the Executive Board and the Board of Directors have gone up by a total of DKK 27.7m. Quite extraordinarily, Sparekassen decided to give thanks in Q2 to its employees for their great contribution in the continued consolidation of Sparekassen by paying them a



one-off amount (with the exception of the Executive Board). Adjusted for this one-off amount, the increase in total staff costs inclusive of remuneration for the Executive Board and the Board of Directors comes to DKK 13.8m, or 3%, that is mainly related to pay and pension adjustments arising from collective agreements.

Other administrative expenses have gone up by DKK 21.2m to DKK 270.4m. This line item is affected by multiple non-recurring matters and investments primarily resulting from Sparekassen's new strategy "Towards New Goals". Adjusted for non-recurring matters, the increase in other administrative expenses amounts to approximately DKK 12.4m, or 5%. The increase primarily relates to higher IT costs, including IT security costs, higher heating and electricity costs and increased marketing costs, among others.

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 45.6m, which is the same as last year.

Impairment losses on loans and advances etc

Overall, these impairment losses represent an income of DKK 16.0m, unchanged from 2021. Mainly, credit quality of Sparekassen's customers is still considered satisfactory. However, management add-ons remain at a relatively high level at 31 December 2022 when they stand at DKK 220.9m against DKK 219.3m at 31 December 2021.

Profit from investments in associates and group enterprises

Profit from investments in associates and group enterprises primarily arises from Sparekassen's stake in Lollands Bank and the continuous value adjustment thereof to equity value, and profits or losses of the subsidiaries Ejendomsselskabet Sjælland-Fyn and Investeringselskabet Sjælland-Fyn. The line item stands at DKK 14.0m against DKK 40.9m at year-end 2021. This development primarily relates to Ejendomsselskabet Sjælland-Fyn, which has made negative value adjustments of properties, and to Lollands Bank.

Profit for the year

Profit before tax amounts to DKK 478.7m against DKK 528.8m for 2021. Net profit stands at DKK 371.8m compared to DKK 443.5m last year.



Annual Report

Group and Parent

Statement by Management on the Annual Report

We have today considered and approved the Annual Report of Sparekassen Sjælland-Fyn A/S for the financial year 1 January to 31 December 2022.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the parent financial statements have been prepared in accordance with the Danish Financial Business Act. The management commentary has been prepared in accordance with the Danish Financial Business Act.

Furthermore, the Annual Report has been prepared in accordance with additional Danish disclosure requirements for listed financial companies.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and Sparekassen's financial position at 31 December 2022 as well as of their financial performance and the consolidated cash flows for the financial year 1 January to 31 December 2022.

In our opinion, the management commentary contains a fair review of the development in the Group's and Sparekassen's activities and finances, performance for the year and the Group's and Sparekassen's financial position as a whole as well as a description of the principal risks and uncertainties that they face.

In our opinion, the consolidated financial statements and the parent financial statements for the financial year 1 January to 31 December 2022 have been

prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Holbæk, 10. February 2023

Executive Board

Lars Petersson
Chief Executive Officer

Bruno Riis-Nielsen
Savings Bank Director

Lars Bolding
Savings Bank Director

Jan Mark Kolbye Jensen
Savings Bank Director

Board of Directors

Thomas Kullegaard
Chairman

Jakob Nørrejær Andersen
Vice-Chairman

Otto Frederik Spliid

Torben Dalby Larsen

Bent Andersen

Erik Larsen

Per Olsen

Helle Lindhof Bjørnøe

Mads Wallin

Internal auditor's report

To the shareholders of Sparekassen Sjælland-Fyn A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Sparekassen Sjælland-Fyn A/S for the financial year 1 January to 31 December 2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as Sparekassen and the consolidated statement of comprehensive income and the consolidated cash flow statement. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed financial companies, and the parent financial statements are prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2022, and of its financial performance and cash flow for the financial year 1 January to 31 December 2022 in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed financial companies. Also, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31 December 2022 and of its financial performance for the financial year 1 January to 31 December 2022 in accordance with the Danish Financial Business Act.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with the Danish Financial Supervisory Authority's Executive Order on Auditing Financial Undertakings, etc. as well as Financial Groups and International Standards on Auditing (ISAs) regarding the planning and performance of the audit.

We planned and performed the audit to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements are free from material misstatement. We participated in the audit of all significant and risky areas.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements under the Danish Financial Statements Act, and for the preparation of parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent financial statements.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the

management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements or the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Business Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Business Act. We did not identify any material misstatement of the management commentary.

Holbæk, 10 February 2023

Thomas Sandal
Chief Internal Auditor

Independent auditor's report

To the shareholders of Sparekassen Sjælland-Fyn A/S

Report on the consolidated financial statements and the parent financial statements

Opinion

We have audited the consolidated financial statements and the parent financial statements of Sparekassen Sjælland-Fyn A/S for the financial year 1 January to 31 December 2022, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as Sparekassen and the consolidated cash flow statement. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed financial companies, and the parent financial statements are prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2022, and of its financial performance and cash flow for the financial year 1 January to 31 December 2022 in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed financial companies.

Also, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31 December 2022 and of its financial performance for the financial year 1 January to 31 December 2022 in accordance with the Danish Financial Business Act.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. To the best of our knowledge and belief, we have not provided any prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014.

We were appointed auditors of Sparekassen Sjælland-Fyn A/S for the first time on 13 March 2014 for the financial year 2014. We have been reappointed annually by decision of the general meeting for a total contiguous engagement period of 9 years up to and including the financial year 2022.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 1 January to 31 December 2022. These matters were addressed in the context of our audit of the consolidated financial statements and the parent financial statements as a whole, and in forming

Impairment losses on loans and advances and provisions for losses on guarantees etc

Loans and advances of the Group and Sparekassen amount to DKK 11,690m and DKK 11,638m, respectively, and impairment losses on loans and advances amount to DKK 547m for the Group and DKK 531m for Sparekassen at 31 December 2022. Determining impairment losses on loans and advances is subject to estimation and judgement. Due to the significance of such estimation and judgement, the audit of impairment losses on loans and advances is a key audit matter. The principles for determining the impairment losses are described in the "Summary of significant accounting policies" section, and Management has further described the management of credit risks and the review for impairment in note 42 to the consolidated financial statements. The areas involving the highest level of management judgement, thus requiring greater audit attention, are:

- Assessing whether loans and advances are credit-impaired
- Determining the most probable development of future payments on loans and advances, including valuation of collateral and parameter estimates in the model-based impairment calculation, and adjustment for future economic events and conditions
- Assessing management judgements of losses on customers, which includes assessing the effects of the macroeconomic uncertainty and other events that were not already considered by the impairment models in terms of management judgements incorporated in the models and management add-ons in the impairment models.

How the matter was addressed in our audit

We have audited the measurement of loans and advances, including the write-down for impairment of loans and advances. Our audit comprised a review of relevant business procedures and test of controls over matters requiring significant management judgement, thus requiring greater audit attention, and an analysis of the amount of impairment losses.

Our audit procedures also comprised:

- Performing a risk-based test of loans and advances to ensure timely identification of credit-impaired loans and advances, including correct write-down for impairment thereof.
- Determining the most probable development of future payments on loans and advances, including valuation of collateral and determining the parameter estimates used in the model-based impairment calculation, including adjustment for future economic events and conditions
- Assessing the management judgements of losses on customers and challenging management judgements incorporated in the impairment models and management add-ons in the impairment models in relation to the effects of the macroeconomic uncertainty and other events that had not already been considered by the impairment models.

our opinion thereon, and we do not provide a separate opinion on these matters.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements or the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Business Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Business Act. We did not identify any material misstatement of the management commentary.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and addi-

onal Danish disclosure requirements for listed financial companies, and for the preparation of parent financial statements that give a true and fair view in accordance with the Danish Financial Business Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent financial statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Sparekassen's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Sparekassen's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Sparekassen to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on compliance with the ESEF Regulation

As part of our audit of the consolidated financial statements and the parent financial statements of Sparekassen Sjælland-Fyn A/S, we have performed procedures to express an opinion on whether the annual report for the financial year 1 January to 31 December 2022, with the file name 5493008A5K8YDQX-MOM79-2022-12-31-da.zip, has been prepared, in all material respects, in compliance with Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation), which includes requirements related to the preparation of an annual report in XHTML format and iXBRL tagging of the consolidated financial statements inclusive of notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for financial information required to be tagged using judgement where necessary;

- Ensuring consistency between iXBRL-tagged data and the consolidated financial statements presented in human readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained and to issue a report that includes our opinion.

The nature, extent and timing of procedures selected depend on the auditor's professional judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the Company's iXBRL tagging process and of internal control over the tagging process;

- Evaluating the completeness of the iXBRL tagging of the consolidated financial statements inclusive of notes;
- Evaluating the appropriateness of the Company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements to the taxonomy where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the anchoring of extensions to elements in the ESEF taxonomy; and
- Reconciling the iXBRL-tagged data with the audited consolidated financial statements.

In our opinion, the annual report of Sparekassen Sjælland-Fyn A/S for the financial year 1 January to 31 December 2022, with the file name 5493008A5K8YDQXMOM79-2022-12-31-da.zip, is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen 10 February 2023

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No: 33 96 35 56

Henrik Jacob Vilmann Wellejus
State-Authorised Public Accountant
MNE-nr. 24807

Jens Ringbæk
State-Authorised Public Accountant
MNE-nr. 27735

Income statement

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021
4	Interest income calculated using the effective interest method	530,620	508,675	499,484	482,388
4	Other interest income	133,131	57,834	133,131	57,834
4a	Negative interest income	14,963	25,918	14,963	25,918
5	Interest expenses	63,917	49,908	65,827	51,517
5a	Positive interest expenses	74,671	90,902	74,963	91,841
	Net interest income	659,542	581,585	626,788	554,628
	Dividends on shares etc	26,451	18,493	26,357	18,493
6	Fees and commission income	664,661	634,605	666,678	636,546
	Fees and commission expenses	15,547	17,155	15,380	16,919
	Net interest and fee income	1,335,107	1,217,528	1,304,443	1,192,748
7	Market value adjustments	-73,492	29,578	-51,505	35,498
	Other operating income	16,030	15,640	4,229	4,988
8	Staff costs and administrative expenses	771,235	723,059	753,890	705,020
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	32,930	35,758	45,582	45,591
10	Other operating expenses	18,867	19,686	8,943	10,764
	Impairment losses on loans and advances etc	-15,952	-24,770	-15,957	-16,035
18	"Profit/loss on investments in associates and group enterprises"	11,481	22,008	13,979	40,904
	Profit before tax	482,046	531,021	478,688	528,798
12	Income tax	110,281	87,492	106,923	85,269
	Profit for the year	371,765	443,529	371,765	443,529
	Proposal for distribution of profit				
	Interest on hybrid core capital			26,114	24,502
	Dividend for the financial year			104,250	104,250
	Retained earnings			241,401	314,777
	Total amount distributed			371,765	443,529
	Earnings per share				
32	Earnings per share (DKK)	20.0	24.3	20.0	24.3
32	Diluted earnings per share (DKK)	20.0	24.3	20.0	24.3

Statement of comprehensive income

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021
	Profit for the year	371,765	443,529	371,765	443,529
	Other comprehensive income that may not be reclassified to profit or loss				
	Fair value adjustment of properties	0	0	0	0
	Tax related to fair value adjustment of properties	4	4	4	4
	Other comprehensive income that may be reclassified to profit or loss				
	Value adjustment of certain strategic shares	-12,529	-1,262	-12,529	-1,262
	Value adjustment of bonds at fair value through other comprehensive income	-50,220	0	-50,220	0
	Recirculation at the end of recognition	-793	0	-793	0
	Fair value adjustment of financial instruments entered into to hedge future cash flows ¹				
	- Value adjustment for the year	2,740	400	2,740	400
	- Tax on other comprehensive income	10,620	190	10,620	190
	Total other comprehensive income	-50,178	-668	-50,178	-668
	Total comprehensive income	321,587	442,861	321,587	442,861

¹ The fair value adjustment concerns a jointly controlled enterprise.w

Balance sheet at 31 December

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021
Assets					
	Cash and balances on demand at central banks	2,156,355	4,014,591	2,156,355	4,014,591
13	Amounts owed by credit institutions and central banks	1,155,847	186,272	1,144,538	178,888
14	Loans and other amounts owed at amortised cost	11,690,084	12,067,386	11,637,530	11,957,157
15	Bonds at fair value	1,686,068	7,316,343	1,686,068	7,316,343
16	Bonds at amortised cost	8,785,452	0	8,785,452	0
17	Shares etc	811,926	723,125	808,720	720,095
18	Investments in associates	257,043	223,679	211,886	180,367
18	Investments in group enterprises	0	0	582,468	584,092
19	Assets in pooled plans	1,976,120	2,405,310	1,976,120	2,405,310
20	Intangible assets	91,154	91,178	91,154	91,178
21	Total land and buildings	561,943	491,067	172,918	186,085
	Investment property	135,902	121,503	0	1,820
	Owner-occupied property	426,041	369,564	172,918	184,265
22	Other property, plant and equipment	22,637	24,691	22,637	24,691
	Current tax assets	24,281	15,069	72,012	18,252
24	Deferred tax assets	55,272	116,198	2,045	106,232
25	Other assets	315,869	278,439	264,509	243,700
	Prepayments	41,145	47,405	43,569	49,177
	Total assets	29,631,196	28,000,753	29,657,981	28,076,158

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021
Equity and liabilities					
Liabilities other than provisions					
26	Amounts owed to credit institutions and central banks	1,384,156	577,773	1,383,426	576,884
27	Deposits and other debt	20,672,709	19,765,959	20,650,272	19,790,329
19	Deposits in pooled plans	1,976,120	2,405,310	1,976,120	2,405,310
28	Bonds issued at amortised cost	378,484	377,810	378,484	377,810
29	Other liabilities	389,364	269,660	468,705	348,744
	Deferred income	38,747	40,109	9,358	12,949
	Total liabilities other than provisions	24,839,580	23,436,621	24,866,365	23,512,026
Provisions					
	Provisions for losses on guarantees etc	73,609	77,290	73,609	77,290
	Other provisions	18,153	21,254	18,153	21,254
30	Total provisions	91,762	98,544	91,762	98,544
31	Subordinated loan capital	571,247	670,072	571,247	670,072
Equity					
32	Share capital	173,750	173,750	173,750	173,750
	Revaluation reserves	1,419	1,415	1,419	1,415
	Undistributable savings bank reserve, other reserves	561,378	561,378	561,378	561,378
	Retained earnings	2,884,532	2,673,085	2,884,532	2,673,085
	Total equity exclusive of hybrid core capital	3,621,079	3,409,628	3,621,079	3,409,628
	Hybrid core capital	507,528	385,888	507,528	385,888
	Total equity	4,128,607	3,795,516	4,128,607	3,795,516
	Total equity and liabilities	29,631,196	28,000,753	29,657,981	28,076,158

34 Contingent liabilities

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	Proposed dividend	Retained earnings	Total equity exclusive of hybrid core capital	Hybrid core capital	Total equity
Equity at 1.1.2022		173,750	1,415	561,378	65	104,250	2,568,770	3,409,628	385,888	3,795,516
Profit for the year		0	0	0	0	104,250	241,401	345,651	26,114	371,765
Other comprehensive income that may not be reclassified to profit or loss										
Tax related to fair value adjustment of properties		0	4	0	0	0	0	4	0	4
Other comprehensive income that may be reclassified to profit or loss										
Value adjustments of certain strategic shares		0	0	0	0	0	-12,529	-12,529	0	-12,529
Value adjustment of bonds at fair value through other comprehensive income		0	0	0	0	0	-50,220	-50,220	0	-50,220
Recirculation at the end of recognition		0	0	0	0	0	-793	-793	0	-793
Fair value adjustment of financial instruments entered into to hedge future cash flows, Value adjustment for the period		0	0	0	2,740	0	0	2,740	0	2,740
Tax on other comprehensive income		0	0	0	-603	0	11,223	10,620	0	10,620
Total other comprehensive income		0	4	0	2,137	0	-52,319	-50,178	0	-50,178
Comprehensive income for the financial year		0	4	0	2,137	104,250	189,082	295,473	26,114	321,587
Purchase of treasury shares		0	0	0	0	0	-28,699	-28,699	0	-28,699
Sale of treasury shares		0	0	0	0	0	49,640	49,640	0	49,640
Additions, hybrid core capital		0	0	0	0	0	-875	-875	175,000	174,125
Disposals, hybrid core capital		0	0	0	0	0	0	0	-55,000	-55,000
Dividends paid		0	0	0	0	-104,250	162	-104,088	0	-104,088
Interest paid on hybrid core capital		0	0	0	0	0	0	0	-24,474	-24,474
Equity at 31.12.2022		173,750	1,419	561,378	2,202	104,250	2,778,081	3,621,079	507,528	4,128,607

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	Proposed 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 year		0	0	0	0	104,250	314,777	419,027	24,502	443,529
Other comprehensive income that may not be reclassified to profit or loss										
Tax related to fair value adjustment of properties		0	4	0	0	0	0	4	0	4
Other comprehensive income that may be reclassified to profit or loss										
Value adjustments of certain strategic shares		0	0	0	0	0	-1,262	-1,262	0	-1,262
Fair value adjustment of financial instruments entered into to hedge future cash flows, Value adjustment for the period		0	0	0	400	0	0	400	0	400
Tax on other comprehensive income		0	0	0	-88	0	278	190	0	190
Total other comprehensive income		0	4	0	312	0	-984	-668	0	-668
Comprehensive income for the financial year		0	4	0	312	104,250	313,793	418,359	24,502	442,861
Purchase of treasury shares		0	0	0	0	0	-10,937	-10,937	0	-10,937
Sale of treasury shares		0	0	0	0	0	5,997	5,997	0	5,997
Interest paid on hybrid core capital		0	0	0	0	0	0	0	-24,476	-24,476
Equity at 31.12.2021		173,750	1,415	561,378	65	104,250	2,568,770	3,409,628	385,888	3,795,516

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

Statement of changes in equity

Note	Amounts in DKK'000	Sparekassen (Parent)								Total equity
		Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument ¹	Proposed dividend	Retained earnings	Total equity exclusive of hybrid core capital	Hybrid core capital	
Equity at 1.1.2022		173,750	1,415	561,378	65	104,250	2,568,770	3,409,628	385,888	3,795,516
Profit for the year		0	0	0	0	104,250	240,401	345,651	26,114	371,765
Other comprehensive income that may not be reclassified to profit or loss										
Tax related to fair value adjustment of properties		0	4	0	0	0	0	4	0	4
Other comprehensive income that may be reclassified to profit or loss										
Value adjustments of certain strategic shares		0	0	0	0	0	-12,529	-12,529	0	-12,529
Value adjustment of bonds at fair value through other comprehensive income		0	0	0	0	0	-50,220	-50,220	0	-50,220
Recirculation at the end of recognition		0	0	0	0	0	-793	-793	0	-793
Fair value adjustment of financial instruments entered into to hedge future cash flows, Value adjustment for the period		0	0	0	2,740	0	0	2,740	0	2,740
Tax on other comprehensive income		0	0	0	-603	0	11,223	10,620	0	10,620
Total other comprehensive income		0	4	0	2,137	0	-52,319	-50,178	0	-50,178
Comprehensive income for the financial year		0	4	0	2,137	104,250	189,082	295,473	26,114	321,587
Purchase of treasury shares		0	0	0	0	0	-28,699	-28,699	0	-28,699
Sale of treasury shares		0	0	0	0	0	49,640	49,640	0	49,640
Additions, hybrid core capital		0	0	0	0	0	-875	-875	175,000	174,125
Disposals, hybrid core capital		0	0	0	0	0	0	0	-55,000	-55,000
Dividends paid		0	0	0	0	-104,250	162	-104,088	0	-104,088
Interest paid on hybrid core capital		0	0	0	0	0	0	0	-24,474	-24,474
Equity at 31.12.2022		173,750	1,419	561,378	2,202	104,250	2,778,081	3,621,079	507,528	4,128,607

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

Statement of changes in equity

Note	Amounts in DKK'000	Sparekassen (Parent)								Total equity
		Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument ¹	Proposed dividend	Retained earnings	Total equity exclusive of hybrid core capital	Hybrid core capital	
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 year		0	0	0	0	104,250	314,777	419,027	24,502	443,529
Other comprehensive income that may not be reclassified to profit or loss										
Tax related to fair value adjustment of properties		0	4	0	0	0	0	4	0	4
Other comprehensive income that may be reclassified to profit or loss										
Value adjustments of certain strategic shares		0	0	0	0	0	-1,262	-1,262	0	-1,262
Fair value adjustment of financial instruments entered into to hedge future cash flows, Value adjustment for the period		0	0	0	400	0	0	400	0	400
Tax on other comprehensive income		0	0	0	-88	0	278	190	0	190
Total other comprehensive income		0	4	0	312	0	-984	-668	0	-668
Comprehensive income for the financial year		0	4	0	312	104,250	313,793	418,359	24,502	442,861
Purchase of treasury shares		0	0	0	0	0	-10,937	-10,937	0	-10,937
Sale of treasury shares		0	0	0	0	0	5,997	5,997	0	5,997
Interest paid on hybrid core capital		0	0	0	0	0	0	0	-24,476	-24,476
Equity at 31.12.2021		173,750	1,415	561,378	65	104,250	2,568,770	3,409,628	385,888	3,795,516

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

Cash flow statement

Note	Amounts in DKK'000	Group	
		2022	2021
		371,765	443,529
Comprehensive income for the year			
Adjustment for amounts without cash flow effect			
Market value adjustment, shares	-22,012	-56,042	
Market value adjustment, bonds	97,142	33,965	
Impairment losses on loans and advances etc	-15,952	-24,770	
Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	32,930	31,552	
Prepayments (net)	-3,496	-456	
Provisions	-6,782	-18,890	
Value adjustment of property	18,567	5,978	
Deferred income tax	110,281	87,492	
Adjustment for amounts with cash flow effect			
Income tax paid	-62,668	-41,694	
Cash flows from ordinary operating activities	519,775	460,664	
Working capital changes			
Credit institutions	806,383	19,390	
Loans and advances adjusted for impairment losses etc for the year	396,750	-90,714	
Other assets and liabilities (net)	99,046	-94,235	
Shares etc	-79,318	-101,399	
Bonds at fair value	5,482,120	-1,500,928	
Bonds at amortised cost	-8,785,452	300,270	
Deposits and other debt	906,750	-234,983	
Total working capital changes	-1,173,721	-1,702,599	
Cash flows from operating activities	-653,946	-1,241,935	

Note	Amounts in DKK'000	Group	
		2022	2021
Investing activities			
Additions, investments in associate	-25,924	-27,978	
Disposals, investments in associate	0	15,000	
Purchase of intangible assets	-4,816	-5,259	
Purchase of property, plant and equipment	-147,276	-145,878	
Sale of property, plant and equipment	31,797	62,341	
Cash flows from investing activities	-146,219	-101,774	
Financing activities			
Bonds issued	0	180,000	
Additions, subordinated loan capital	0	100,000	
Disposals, subordinated loan capital	-100,000	0	
Additions, hybrid core capital	175,000	0	
Disposals, hybrid core capital	-55,000	0	
Purchase of treasury shares	-28,699	-10,937	
Sale of treasury shares	49,640	5,997	
Interest and expenses paid on hybrid core capital	-25,349	-24,476	
Dividends paid	-104,088	0	
Cash flows from financing activities	-88,496	250,584	
Increase/decrease in cash	-888,661	-1,093,125	
Cash and cash equivalents at beginning of year	4,200,863	5,293,988	
Cash and cash equivalents at end of year	3,312,202	4,200,863	
Cash and cash equivalents			
Cash and balances on demand at central banks	2,156,355	4,014,591	
Amounts owed by credit institutions and central banks	1,155,847	186,272	
Cash and cash equivalents at end of year	3,312,202	4,200,863	

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Note	Amounts in DKK'm	Group				
		2022	2021	2020	2019	2018
1	Five-year financial highlights					
	Principal items of income statement					
	Net interest income	660	582	557	565	541
	Net interest and fee income	1,335	1,218	1,149	1,113	1,005
	Market value adjustments	-73	30	16	-44	21
	Staff costs and administrative expenses	771	723	729	726	746
	Amortisation, depreciation and impairment losses on assets	33	36	66	85	49
	Impairment losses on loans and advances etc	-16	-25	161	17	4
	Profit/loss on investments in associates and group enterprises	11	22	35	2	8
	Income tax	110	87	13	25	22
	Profit for the year	372	444	229	227	208
	Principal items of balance sheet					
	Loans and advances	11,690	12,067	11,951	12,217	12,174
	Securities portfolio	11,283	8,039	6,717	7,285	7,422
	Deposits including pooled deposits	22,649	22,171	22,083	20,470	19,536
	Equity	4,129	3,796	3,382	3,237	3,083
	Total assets	29,631	28,001	27,266	25,359	23,857
	Subordinated loan capital	571	670	570	673	454

Note		Group				
		2022	2021	2020	2019	2018
1	Financial ratios					
	Capital ratio	25.1	23.3	21.8	20.1	17.7
	Core capital ratio	21.9	19.7	18.4	16.2	15.1
	Return on equity before tax ³	12.2	14.8	7.3	8.0	8.0
	Return on equity after tax ³	9.4	12.4	6.9	7.2	7.2
	Income/cost ratio DKK	1.60	1.70	1.25	1.30	1.28
	Interest rate risk relative to core capital net of deductions	5.2	0.2	0.1	0.2	-1.0
	Currency position relative to core capital net of deductions	1.5	0.7	1.3	0.6	0.7
	Currency risk relative to core capital net of deductions	0.0	0.0	0.0	0.0	0.0
	Loans and advances plus loan impairment losses relative to deposits	54.0	56.9	57.0	62.9	67.5
	Loans and advances relative to equity	2.8	3.2	3.5	3.8	3.9
	Growth in loans and advances for the year ³	-3.1	1.0	-2.2	0.4	5.5
	Excess cover relative to statutory liquidity requirements	372	501	416	335	278
	Total large exposures relative to capital resources ³	62.9	68.6	67.7	76.5	96.1
	Impairment ratio for the year	-0.1	-0.1	0.7	0.1	0.0
	Accumulated impairment ratio	3.5	3.1	3.6	3.7	5.8
	Return on invested capital ³	1.3	1.6	0.9	0.9	0.9
	Earnings per share (DKK) ²	20.0	24.3	11.8	11.7	9.3
	Book value per share (DKK) ¹	209.3	198.1	173.8	164.7	155.3
	Dividend per share (DKK)	6.0	6.0	0.0	3.0	2.5
	Price/earnings per share ²	9.7	6.8	7.6	7.7	8.7
	Price/equity per share ¹	0.9	0.8	0.5	0.5	0.5

Financial and operating data and key ratios have been prepared in accordance with the requirements of the Executive Order on Financial Reports. Financial ratios for 2022 and comparative figures for 2021-2018 are presented in accordance with international Financial Reporting Standards (IFRS).

1. Calculated based on the number of shares outstanding at the end of the year.
2. Calculated based on the average number of shares during the year.
3. In 2018, the ratio has been calculated based on the opening balance sheet following the implementation of IFRS 9.
4. New benchmark in affect from 2018.

Notes

Sparekassen (Parent)

Note	Amounts in DKK'm	2022	2021	2020	2019	2018
1	Five-year financial highlights					
	Principal items of income statement					
	Net interest income	627	555	532	540	517
	Net interest and fee income	1,304	1,193	1,125	1,089	981
	Market value adjustments	-52	35	25	-28	27
	Staff costs and administrative expenses	754	705	708	708	745
	Amortisation, depreciation and impairment losses on assets	46	46	68	98	43
	Impairment losses on loans and advances etc	-16	-16	163	28	5
	Profit/loss on investments in associates and group enterprises	14	41	34	20	18
	Income tax	107	85	10	18	18
	Profit for the year	372	444	229	227	208
	Principal items of balance sheet					
	Loans and advances	11,638	11,957	12,070	12,305	12,240
	Securities portfolio	11,280	8,036	6,717	7,285	7,422
	Deposits including pooled deposits	22,626	22,196	22,161	20,533	19,549
	Equity	4,129	3,796	3,382	3,237	3,083
	Total assets	29,658	28,076	27,370	25,435	23,818
	Subordinated loan capital	571	670	570	673	454

Sparekassen (Parent)

Note	2022	2021	2020	2019	2018	
1	Financial ratios					
	Capital ratio	25.2	23.3	21.7	19.9	17.7
	Core capital ratio	21.9	19.7	18.4	16.1	15.2
	Return on equity before tax ³	12.1	14.7	7.2	7.7	7.8
	Return on equity after tax ³	9.4	12.4	6.9	7.2	7.2
	Income/cost ratio DKK	1.60	1.71	1.25	1.29	1.28
	Interest rate risk relative to core capital net of deductions	5.1	0.0	-0.1	0.0	-1.2
	Currency position relative to core capital net of deductions	1.5	0.7	1.3	0.6	0.7
	Currency risk relative to core capital net of deductions	0.0	0.0	0.0	0.0	0.0
	Loans and advances plus loan impairment losses relative to deposits	53.8	56.3	57.2	63.0	67.6
	Loans and advances relative to equity	2.8	3.2	3.6	3.8	4.0
	Growth in loans and advances for the year ³	-2.7	-0.9	-1.9	0.5	6.1
	Excess cover relative to statutory liquidity requirements	372	501	416	335	278
	Total large exposures relative to capital resources ³	62.9	68.3	67.4	76.2	95.5
	Impairment ratio for the year	-0.1	-0.1	0.7	0.1	0.0
	Accumulated impairment ratio	3.4	3.1	3.5	3.5	5.6
	Return on invested capital ³	1.3	1.6	0.9	0.9	0.9
	Earnings per share (DKK) ²	20.0	24.3	11.8	11.7	9.3
	Book value per share (DKK) ¹	209.3	198.1	173.8	164.7	155.3
	Dividend per share (DKK)	6.0	6.0	0.0	3.0	2.5
	Price/earnings per share ²	9.7	6.8	7.6	7.7	8.7
	Price/equity per share ¹	0.9	0.8	0.5	0.5	0.5

Financial and operating data and key ratios have been prepared in accordance with the requirements of the Executive Order on Financial Reports.

1. Calculated based on the number of shares outstanding at the end of the year.
2. Calculated based on the average number of shares during the year.
3. In 2018, the ratio has been calculated based on the opening balance sheet following the implementation of IFRS 9.
4. New benchmark in affect from 2018.

Notes

2 Summary of significant accounting policies

The consolidated financial statements of Sparekassen Sjælland-Fyn A/S have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The parent financial statements have been prepared in accordance with the Danish Financial Business Act, including the Executive Order on Financial Reports for Credit Institutions and Investment Firms etc (the Executive Order on Financial Reports), and guidelines issued by the Danish FSA. Furthermore, the Annual Report has been prepared in accordance with Danish disclosure requirements for annual reports of listed financial companies.

The Annual Report is presented in Danish kroner (DKK), which is the presentation currency of the Group's activities and the functional currency of the Parent, and rounded to the nearest thousand.

Significant judgements, assumptions and key sources of estimation uncertainty related to the preparation of the financial statements are evident from note 3 to the consolidated financial statements. To enhance transparency and reduce the number of note disclosures where both amounts and qualitative information are considered insignificant to users, some information has been left out.

Accounting policy changes

Accounting policies applied to the consolidated financial statements and the parent financial statements are consistent with those applied in prior years.

Standards or Interpretations not yet in force

At financial year-end, a number of new or revised Standards or Interpretations exist that have yet to come into force or be adopted for use in the EU. Sparekassen does not expect to implement these new Standards or Interpretations until they become compulsory. None of

the new Standards or Interpretations are expected to have a major effect on the Group's financial reporting.

Reclassification of bonds portfolio

Sparekassen's financial assets are designated as follows:

- Amortised cost
- Fair value through profit or loss
- Fair value through other comprehensive income.

On 1 April 2022, Sparekassen redesignated DKK 292.4m worth of bonds from fair value through profit or loss to fair value through other comprehensive income. Refer to note 15 for more details. As a rule, this position is not held for trading but held to support core banking operations in a more long-term perspective.

Reporting under the ESEF Regulation

Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) requires the use of a particular electronic reporting format for annual reports of listed companies. More specifically, the ESEF Regulation requires the annual report to be prepared in XHTML format with iXBRL tagging of the statement of comprehensive income, balance sheet, cash flow statement and statement of changes in equity in the consolidated financial statements and the notes.

Sparekassen Sjælland-Fyn A/S' iXBRL tagging has been made using the ESEF taxonomy disclosed in the annexes to the ESEF Regulation and developed based on the IFRS taxonomy published by the IFRS Foundation. The 2021 version of the ESEF taxonomy has been used in the Annual Report for 2022.

The line items in the consolidated financial statements are XBRL-tagged to the elements of the ESEF taxonomy that are considered to match the content of those line items. For line items not considered to be covered by line items defined in the taxonomy, entity-specific extensions to the taxonomy have been incorporated. Except for subtotals, these extensions are anchored to elements of the ESEF taxonomy.

Consistently with the requirements of the ESEF Regulation, the Annual Report approved by Management is comprised of a ZIP file, 5493008A5K8YDQXMOM79-2022-12-31-da.zip, which includes an XHTML file that may be opened using standard web browsers, and a number technical XBRL files enabling mechanical retrieval of the XBRL data incorporated.

Consolidated financial statements

The consolidated financial statements comprise Sparekassen Sjælland-Fyn A/S and subsidiaries in which Sparekassen has control over financial and operating decisions. Sparekassen is deemed to have control when it has control over the relevant activities of the entity in question, has exposure, or rights, to variable returns from its involvement with the investee, and has the ability to use its control over the investee to affect the amount of variable returns.

Refer to note 18 to the consolidated financial statements for investments in group enterprises

The consolidated financial statements combine the financial statements of the Parent and the individual subsidiaries, which have all been prepared applying group accounting policies, and intra-group income and expenses, shareholdings, intra-group accounts and dividends, and realised and unrealised profits on

transactions between the consolidated enterprises have been eliminated.

Jointly controlled enterprises are recognised in the line item "Associates" applying the equity method.

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the date of acquisition or establishment of such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied in the acquisition of new enterprises, under which identifiable assets and liabilities of these newly acquired enterprises are measured at fair value at the acquisition date. Allowance is made for the tax effect of the restatements made.

Positive differences (goodwill) between cost of the investment acquired and the fair value of the assets and liabilities acquired are recognised in intangible assets and written down in case of impairment. Negative differences (negative goodwill) are recognised as income in the income statement.

Profits or losses from divestment or winding-up of subsidiaries and associates are calculated as the difference between, on one hand, the fair value of the sales proceeds or the settlement price and the fair value of any remaining investments and, on the other hand, the carrying amount of net assets at the time of divestment or winding-up, including goodwill. The calculated profit or loss is recognised in the income statement together with accumulated foreign currency translation adjustments, which were previously recognised in other comprehensive income.

Notes

2 Summary of significant accounting policies (continued)

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to Sparekassen, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when Sparekassen has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of Sparekassen, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at fair value. However, intangible assets and property, plant and equipment are measured at cost at the time of initial recognition. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Financial instruments which, subsequent to initial recognition, are measured at amortised cost, are on initial recognition measured at fair value plus any transaction costs directly related to the acquisition or issuance of the financial instrument and net of fees and commissions received that form an integral part of the effective interest rate.

Anticipated risks and losses that arise before the time of presentation of the financial statements and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to the financial year. However, increases in the value of owner-occupied property are recognised directly in other comprehensive income.

The purchase and sale of financial instruments are recognised on the settlement date, and such recognition ceases when the right to have cash inflow and outflow from the financial asset or liability has expired, or if such right has been transferred, and the institution has transferred substantially all risks and rewards of ownership.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the closing exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the balance sheet date, are recognised in the income statement as translation adjustments.

Interest, fees and commission

Interest income, interest expenses and current commissions are recognised in the income statement in the period to which they relate. Commissions and fees that are an integral part of the effective interest rate on a lending or borrowing arrangement are recognised as part of amortised cost and therefore as an integral part of the financial instrument in interest income or interest expenses.

Commissions and fees which are part of a current payment are accrued over the term of the loan or advance. Other fees (such as custody fees) are recognised in the income statement at the date of transaction.

Consideration for arranging mortgage loans to Totalkredit is recognised based on the set-off model. Under the set-off model, the consideration is recognised at

the time of establishing the loan, and the consideration for current servicing of the borrower is recognised when the institution performs the servicing, and accordingly obtains the right to the consideration.

Totalkredit may set off realised losses against the future current commission income in the first eight years of the mortgage loan only. Set-off is recognised at the time of the loss event.

Staff costs and administrative expenses

Staff costs comprise salaries and wages, social security costs, pension contributions, etc. Costs for payments and benefits for employees, including anniversary bonuses and severance payments, are recognised concurrently with the employees' performance of such work entitling them to receive the payments and benefits concerned.

Other operating income

Other operating income comprises income of a nature secondary to Sparekassen's activities.

Other operating expenses

Other operating expenses comprise expenses of a nature secondary to the institution's activities, including contributions to sector solutions.

Income tax

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in profit or loss by the portion attributable to the profit/loss for the year, and in other comprehensive income or directly in equity by the portion attributable to entries in other comprehensive income or directly in equity.

The current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

When computing the current tax for the year, the tax rates and tax rules in effect at the balance sheet date are used.

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities. Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets against future positive taxable income. At each balance sheet date, it is assessed whether sufficient taxable income is likely to arise in the future for the deferred tax asset to be used.

Sparekassen is jointly taxed with all Danish subsidiaries and serves as the administration company in the joint taxation arrangement. The current income tax is allocated among the jointly taxed Danish enterprises proportionally to their taxable income (full allocation with a refund concerning tax losses).

Cash and demand deposits with central banks

Cash and demand deposits with central banks are measured at fair value on initial recognition and subsequently measured at amortised cost.

Amounts owed by credit institutions and central banks

Amounts owed by credit institutions and central banks comprise amounts owed by other credit institutions and time deposits with central banks.

Notes

2 Summary of significant accounting policies (continued)

On initial recognition, such amounts are measured at fair value net of front-end fees etc. Subsequently, amounts owed that are not reverse transactions are measured at amortised cost less any write-down for incurred, but not yet realised losses.

Loans and other amounts owed at amortised cost

This line item consists of loans which have been paid directly to the borrower.

Classification and measurement

Financial assets are classified and measured using the business model for the financial assets and the contractual cash flows related to such financial assets. Consequently, financial assets must be divided into one of the following three categories:

- Financial assets held to collect contractual payments, and where such contractual payments are solely composed of interest and repayments on the amounts outstanding, are measured at amortised cost after the time of initial recognition.
- Financial assets held in a mixed business model, the purpose of which is to collect the contractual payments and to sell the financial assets, and in which the contractual payments related to the financial assets in the mixed business model are solely composed of interest and repayments on the amounts outstanding, are measured at fair value through other comprehensive income after the time of initial recognition.
- Financial assets that do not qualify as a business model or whose contractual payments are not solely composed of interest and repayments on the amounts outstanding, are measured at fair value through profit or loss after the time of initial recognition.
-

Impairment model for expected credit losses

All financial assets measured at amortised cost are written down for expected credit losses, and similarly provisions are made for expected credit losses on undrawn credit lines, committed facilities and guarantees.

For financial assets recognised at amortised cost, write-downs for expected credit losses are recognised in profit or loss and reduces the value of the asset in the balance sheet. Provisions for losses on undrawn credit lines, committed facilities and guarantees are recognised as a liability.

The impairment model is based on a calculation of expected losses, where loans and advances have been divided into three stages, depending on the credit impairment of each loan or advance relative to initial recognition:

1. Loans and advances without any significant increase in credit risk
2. Loans and advances with a significant increase in credit risk
3. Credit-impaired loans and advances.

For Stage 1 loans, a write-down for expected losses is made for the next 12 months, whereas for Stage 2 and Stage 3 loans the write-down for expected losses is made over the loans' expected time to maturity. Unlike in Stage 1 and Stage 2, Stage 3 interest income is based solely on the written-down value of the asset.

On initial recognition, each loan or advance is as a rule categorised as Stage 1, involving a write-down for expected losses over a 12-month period.

The expected loss is calculated as a function of the probability of objective evidence of impairment (OEI), exposure at default (EAD) and loss given default (LGD) in which forward-looking information has been incorporated that represents management's future development expectations.

Staging and calculation of expected losses are based on Sparekassen's rating models that are developed and updated by the data centre Bankdata, and on Sparekassen's internal credit management. In the assessment of credit risk development, a significant increase in credit risk will be assumed to have occurred since initial recognition if Sparekassen's internal rating of a debtor has been lowered equivalent to one rating class in the Danish FSA's guideline rating classification and if arrears exceed 30 days.

Definition of credit-impaired and default

An exposure will shift to Stage 3 when the asset is credit-impaired or in default.

- An exposure may be credit-impaired (Stage 3) if one or more of the following objective indications of credit impairment have occurred:
- Sparekassen estimates that the borrower will not be able to honour their obligations as agreed.
- The borrower is in serious financial difficulties, the borrower is in breach of contract, Sparekassen has eased the borrower's terms and conditions because of the borrower's financial difficulties, or it is probable that the borrower will go bankrupt or become subject to other financial reconstruction.
- The exposure has been in arrears/overdraft for more than 90 days by an amount not considered insignificant.

Default

Determining when a borrower has defaulted on their obligations is decisive in calculating the expected credit loss. Sparekassen considers a borrower to have defaulted on their obligations if:

- The borrower is in arrears with major parts of their obligations for more than 90 days; or
- Sparekassen considers it most likely that the exposure will result in a loss and/or forced realisation of collateral for Sparekassen or other creditors.

The definitions of default used by Sparekassen in measuring expected credit losses are consistent with those used for internal risk management purposes, and they have been adapted to the Capital Requirements Directive's definition of default. For instance, customers are considered to have defaulted on their obligations in the event of bankruptcy, suspension of payment, debt relief, indications of current or expected future challenges in balancing income and expenses, etc.

Impairment losses on Stage 1 and Stage 2 exposures, except for the largest exposures along with the weakest exposures in Stage 2, are calculated using a portfolio model calculation whereas the write-down of the rest of the exposures is made from a manual, individual assessment that is based on three scenarios (basic scenario, a more positive scenario, and a more negative scenario) with the underlying probability of the scenarios occurring.

Furthermore, a management add-on will be provided that reflect macroeconomic expectations and model-related uncertainty.

The portfolio model calculation determines the expected loss as a function of the probability of objective evidence of impairment (OEI), exposure at default (EAD)

Notes

2 Summary of significant accounting policies (continued)

and loss given default (LGD) based on a model that is developed and updated by Sparekassen's data centre, supplemented with a forward-looking macroeconomic module that is developed and updated by the industry association Lokale Pengeinstitutter (LOPI).

The macroeconomic module builds on a series of regression models that determine the historical link between impairment losses for the year in a number of sectors and industries and a number of explanatory macroeconomic variables. Then the regression models are provided with estimates of the macroeconomic variables based on prognoses from consistent sources such as the Danish Economic Councils, Danmarks Nationalbank, etc, where such prognoses generally span two years ahead and cover variables such as increase in public spending, increase in GDP, interest rates, etc. Thereby, expected impairment losses are calculated for up to two years ahead in time within each sector and industry whereas, for maturity periods of more than two years, a straight-line interpolation is made in normal circumstances between the impairment ratio for year 2 and that for year 10, when, in model terms, long-term equilibrium is assumed to occur in the form of a normal level. Maturity periods of more than 10 years are given the same impairment ratio as the long-term equilibrium in year 10. Finally, the calculated impairment ratios are transformed into adjustment factors that correct the data centre's estimates for each sector and industry.

Sparekassen uses the transitional scheme under the Capital Requirements Directive (CRD) to the effect that any negative impact on the allowance account upon transition to the IFRS 9 impairment provisions will not feed through in full on capital resources until after five years (after 2022) with respect to the static element. In response to the COVID-19 pandemic, the calculation

of the dynamic element of the transitional scheme was reintroduced in 2020 with a new five-year phase-in period. The calculation method has been altered as well so as to capture the effect of the COVID-19 pandemic on Stage 1 and Stage 2 impairment losses.

Practice for derecognising financial assets from the balance sheet

Financial assets measured at amortised cost will be derecognised in whole or in part from the balance sheet if Sparekassen no longer has any reasonable expectation of having the amount outstanding covered in whole or in part. At the same time, impairment losses are excluded from the calculation of accumulated impairment losses. Refer to note 11 for a more detailed description.

Leasing

Leased assets under finance leases under which the Group serves as the lessor, are recognised in loans and advances at the net amount invested in the lease net of amortisation (repayment), which is calculated applying the annuity principle over the lease term. Income from leased assets is recognised based on the effective interest rate arranged in the lease and in interest income in profit or loss. Gains or losses from the sale of leased assets are recognised in "Other operating income" or "Other operating expenses".

All leases (except for leases of short duration), under which the Group is a lessee, are recognised in the balance sheet as a right of use and a lease liability that is measured at present value of minimum lease payments over the lease term. Subsequently, the right of use is amortised consistently with other non-current assets, typically on a straight-line basis over the lease term, and interest is charged on the lease liability.

Moreover, Sparekassen has set up the following assumptions:

- Minor assets are recognised.
- The borrowing rate used for discounting is used at portfolio level.

Derivatives and unsettled spot transactions

Derivatives are measured at fair value which is normally based on listed market prices. If the instruments are unlisted, the fair value is calculated in accordance with generally accepted principles based on market-based parameters. Derivatives are recognised in "Other assets" and "Other liabilities", respectively.

Changes in the fair value of derivatives are recognised in the income statement.

Hedge accounting

Value adjustments of financial instruments effectively hedging fluctuations in payments of interest on Sparekassen's funding are accounted for as a cash flow hedge and recognised in other comprehensive income.

Changes in the fair value of derivatives classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability, are taken to profit or loss together with changes in the value of the hedged asset or the hedged liability.

Bonds

Sparekassen is administering part of the bond portfolio in such manner that focus is on collecting contractual cash flows from bonds at amortised cost and collecting contractual cash flows from and sales of bonds at fair value through other comprehensive income. As a rule, these positions are not held for trading but held to support core banking operations in a more long-term perspective.

Bonds at fair value

Bonds traded on active markets are measured at fair value. The fair value is calculated on the basis of the closing price on the market in question at the balance sheet date.

Bonds at amortised cost

Bonds at amortised cost comprise investments with a quoted price in an active market. Initially, they are measured at fair value equivalent to the consideration paid plus directly attributable transaction costs and subsequently at amortised cost.

Any write-down for impairment is made in the same manner as for loans and advances at amortised cost. If such write-down for impairment cannot be measured reliably, fair value is used in the form of an observable market price.

Shares etc

Shares are measured at fair value. The fair value of shares traded on active markets is calculated on the basis of the closing price at the balance sheet date. Market value adjustment of shares not held for trading can be recognised through other comprehensive income. The method of recognition is chosen at the point of initial recognition for each purchase and cannot subsequently be reversed.

The fair value of unlisted and illiquid shares is based on available information on trade etc or alternatively calculations of value in use.

Investments in group enterprises

Investments in group enterprises are recognised and measured at equity value in the parent financial statements in accordance with the Executive Order on Financial Reports. Shares of net profit or loss of group

Notes

2 Summary of significant accounting policies (continued)

enterprises are recognised in the income statement in "Profit/loss on investments in group enterprises".

Shares of changes in equity of group enterprises are recognised directly in equity.

Investments in associates and jointly controlled enterprises in the Group and the Parent

Investments in associates and jointly controlled enterprises are recognised and measured using the equity method, which entails that such investments are measured at the proportionate share of the equity value of the enterprises, calculated in accordance with group accounting policies.

The proportionate share of the enterprise's profit or loss after tax and elimination of a proportionate share of unrealised intra-group profits or losses and less any impairment losses on goodwill is recognised in profit or loss. The proportionate share of all transactions and events recognised in other comprehensive income in the associate is recognised in the Group's other comprehensive income.

Investments in associates and jointly controlled enterprises with a negative equity value are measured at zero value. Receivables and other non-current financial assets that are considered part of the overall investment in the associate are written down by any remaining negative equity value. Trade receivables and other receivables from associates are written down only if they are deemed irrecoverable.

Provisions for the remaining negative equity are only recognised if the Group has a legal or constructive obligation to cover the relevant enterprise's liabilities.

The purchase method is used in the acquisition of investments in associates and jointly controlled enterprises.

Assets in pooled plans

Assets earmarked for customer savings in pooled plans are measured at fair value and recognised in pooled plans. Customers' contributions to pooled plans are recognised in "Deposits in pooled plans". These deposits are measured at the value of the contributions, equivalent to fair value of the assets.

Returns (interest income and fair value adjustments) on assets in pooled plans and the crediting thereof to customer accounts are recognised in separate items in market value adjustments. Consequently, the Group's and Sparekassen's results are not affected by the returns in the pooled plans.

Intangible assets

Goodwill

Goodwill acquired is recognised at cost and subsequently measured at cost net of accumulated impairment losses, as described in "Impairment test".

Customer relationships

Customer relationships acquired in business combinations are recognised at cost and amortised on a straight-line basis over their expected useful economic life, which does not exceed ten years. The useful economic life relies on customer loyalty. Useful economic life is reassessed annually.

Prospectively, changes in amortisation due to changes in useful economic life are recognised as a change in accounting estimates.

Other intangible assets

Software acquired is recognised at cost and amortised on a straight-line basis over its expected useful economic life, which does not exceed five years.

Impairment test

The carrying amount of intangible assets is regularly reviewed and written down through profit or loss if the carrying amount exceeds the estimated future net income from the enterprise or the asset.

Acquisitions of short-lived intangible assets are recognised directly in profit or loss in the line item "Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment".

Investment property

Investment properties are properties which are owned to obtain rental income and/or capital gains.

After initial recognition, investment properties are measured at fair value. Changes in fair value of investment properties are recognised in the income statement.

Owner-occupied property

Owner-occupied properties are properties which the institution itself uses for administration, branches or other services. After initial recognition, owner-occupied properties are measured at revalued amount. Revaluation is made so often that no significant differences occur in relation to the fair value.

The fair value of the property is revalued annually based on value in use calculations for expected future cash flows.

Increases in the revalued amount of owner-occupied property are recognised in other comprehensive

income and allocated to revaluation reserves in equity. Any decrease in value is recognised in the income statement unless it is a case of reversal of revaluations previously performed. Depreciation is calculated based on the revalued amount.

Owner-occupied properties are depreciated on a straight-line basis over a period of 50 years. The expected scrap value of such properties is not depreciated.

Other property, plant and equipment

On initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Straight-line depreciation is made on the basis of the following estimated useful lives of the other assets:

IT equipment and machinery	3-5 years
Tools and equipment	3-5 years
Motor vehicles	3-5 years
Leasehold improvements	5-10 years

Temporarily held assets

Temporarily held assets comprise property, plant and equipment acquired in connection with non-performing loans or advances. The assets are measured at the lower of carrying amount and fair value net of selling costs. The assets are only held temporarily by Sparekassen, and sale is considered probable within the foreseeable future. Temporarily held assets are not depreciated. Assets and related liabilities are recognised in separate line items in the balance sheet.

Any value adjustment of temporarily held assets is recognised in the income statement in impairment losses on loans and advances and other amounts owed.

Notes

2 Summary of significant accounting policies (continued)

Other assets

Other assets include other assets not attributable to other asset items. The line item includes positive market values of derivatives and income not falling due for payment until after the end of the financial year, including interest and dividends receivable. Except for derivatives having a positive value at the balance sheet date and being measured at fair value, the line item is measured at cost on initial recognition and subsequently at amortised cost.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Amounts owed to credit institutions and central banks

On initial recognition, amounts owed to credit institutions and central banks are recognised at fair value net of transaction costs. Subsequently, amounts owed to credit institutions etc, that do not represent repo transactions, are measured at amortised cost.

Deposits and other debt

Deposits and other debt comprise deposits with counterparties that are not credit institutions or central banks. On initial recognition, deposits and other debt are measured at fair value net of transaction costs and subsequently at amortised cost.

Bonds issued

Bonds issued are measured at amortised cost. Own portfolio of own issued bonds is set off.

Other liabilities

Other liabilities include other liabilities not attributable to other liability items. The line item includes negative market value of derivatives and expenses not falling due for payment until after the end of the financial year, including interest payable. Except for derivatives having a negative value at the balance sheet date and being measured at fair value, the line item is measured at cost on initial recognition and subsequently at amortised cost.

Deferred income

Deferred income comprises income received before the balance sheet date but which relates to a subsequent financial period, including interest and commission received in advance. Deferred income is measured at cost.

Subordinated loan capital

At the time of borrowing, subordinated loan capital is measured at the proceeds received net of front-end fees etc. After initial recognition, measurement takes place at amortised cost to the effect that the difference between net proceeds and nominal value is recognised in interest expenses over the expected term of the subordinated loan capital.

Other financial liabilities

Other financial liabilities are measured at amortised cost which usually corresponds to nominal value.

Provisions

Liabilities, guarantees and other liabilities, which are uncertain in terms of amount or time of settlement, are recognised as provisions when it is probable that the liability will lead to an outflow of Sparekassen's financial resources, and the liability can be measured reliably.

The liability is stated at present value of the costs that are necessary to meet the liability.

Equity

Dividend proposed

Dividend proposed by the Board of Directors for adoption by the general meeting is presented as a separate line item in equity. Dividend is recognised as a liability once the general meeting has adopted payment of dividend.

Treasury shares

Acquisition and selling prices and dividend on treasury shares are recognised directly in retained earnings in equity.

Hybrid core capital

Hybrid core capital with an indefinite term to maturity and for which Sparekassen has an unconditional right to omit payment of interest, is classified as equity, and payments of interest are recognised directly in equity at the time of payment as distribution.

Undistributable savings bank reserve

This reserve was established as part of Sparekassen's conversion into a public limited company. The undistributable savings bank reserve is equivalent to the guarantee savings bank's undistributable reserve net of contributions made in connection with the formation of the foundation, Fonden for Sparekassen Sjælland.

The undistributable savings bank reserve may be used to cover losses that are not covered by amounts eligible for distribution as dividend in the public limited company.

Pursuant to section 213 of the Danish Financial Business Act, a portion of profits of Sparekassen Sjæl-

land-Fyn A/S must annually be allocated to this savings bank reserve. However, such allocation may not exceed a reference rate set by the Danish FSA. For 2022, this rate was set at 0%.

Cash flow statement

The cash flow statement is presented using the indirect method and shows cash flows from operating, investing and financing activities, and Sparekassen's cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are calculated as the operating profit or loss adjusted for non-cash operating items, working capital changes and corporate income taxes paid. Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities, and acquisition, development, improvement and sale, etc of intangible assets and property, plant and equipment. Cash flows from financing activities comprise changes in Sparekassen's share capital, subordinated loan capital and related expenses, and dividend.

Cash and cash equivalents comprise cash and balances on demand at central banks, receivables from credit institutions with original maturity periods of up to three months, and securities with an original term to maturity of up to three months which may readily be converted into cash and which are only subject to insignificant risks of price changes.

Segment reporting

The Group and Sparekassen only have one operating segment, for which reason no segment information is provided.

Notes

2 Summary of significant accounting policies (continued)

Financial highlights

Financial and operating data and key ratios have been prepared in accordance with the requirements of the Executive Order on Financial Reports.

Financial ratios for the Group for 2022 and comparative figures for 2021-2018 are presented in accordance with International Financial Reporting Standards (IFRS).

When implementing IFRS 16 in 2019, the comparative figures were not restated.

3 Significant accounting judgements and estimates, assumptions and uncertainties

The financial statements are prepared based on specific assumptions which involve the use of judgements and estimates. These judgements and estimates are made by Management in accordance with the accounting policies and based on historical experience, and on assumptions which Management considers reasonable and realistic. The assumptions may be incomplete, and unexpected future events or circumstances may occur, and other parties may arrive at different estimates. The areas involving a higher level of judgement or complexity or areas in which assumptions and estimates are material to the financial statements, are disclosed below.

In preparing the financial statements, Management makes a number of accounting judgments which form the basis of presentation, recognition and measurement of the institution's assets and liabilities. The financial statements have been presented applying the principle of going concern based on current practice and interpretation of the rules governing Danish credit institutions. Key management judgements in recognising and measuring these assets and liabilities, and the key source of estimation uncertainty related to the preparation of the 2022 Annual Report, are:

- Impairment losses on financial assets carried at amortised cost
- Investment property and owner-occupied property
- Fair value of financial instruments
- Goodwill
- Deferred tax assets

Impairment losses on financial assets carried at amortised cost

Write-down for impairment of financial assets and provisions for undrawn credit lines, committed facilities and guarantees have been made in accordance with

the accounting policies and are based on a number of assumptions. If these assumptions are changed, this may affect the presentation of financial statements, and the effect may be material.

Key accounting judgements are made for impaired loans and advances, the valuation of which is based on the most likely outcome of cash flows, including realisable value of collateral. Any subsequent variation in realised cash flows or collateral will cause a change in the valuation of loans and advances etc. It may therefore be necessary to change previous estimates because of new information, additional experience or subsequent events.

For provisions for losses on guarantees, undrawn credit lines and committed facilities, uncertainty is also inherent in determining to what extent the guarantee will be effective and payment is to be made for the guarantee provided.

The value of mortgaged properties is determined based on a specific assessment of the required rate of return on each property less a prudence-based provision for costs and uncertainty. Considerable geographical differences exist with respect to the required rates of return, for which reason pricing is regularly aligned with the professional market.

However, this does not rule out that a need may arise in future for further write-down for impairment, for example, on Sparekassen's property exposures, including mortgages.

The portfolio model calculation is made in a set-up developed and updated by Sparekassen's data centre. The model is based on Sparekassen's rating of the

Notes

3 Significant accounting judgements and estimates, assumptions and uncertainties

customers and an assessment of the risk involved in each rating class.

Determining the probability of objective evidence of impairment (OEI) and loss given default (LGD), which are material parameters in the model calculation, is subject to some uncertainty.

The calculation is supplemented with a forward-looking macroeconomic module that is developed and updated by the industry association Lokale Pengeinstitutter (LOPI).

This calculation serves as a basis for the incorporation of Management's expectations for the future.

The factors particularly affecting management judgements in 2022 are reversal of provisions related to COVID-19, high energy prices and inflation, developments in the agricultural sector (settlement prices, ASF, export market), rates of return on properties, technical insolvent customers, and the economic situation of the housing market (increasing interest rate levels and longer selling periods). In recent years, Sparekassen has intensified its focus on green transition, dependence on fossil fuels and climate risks not only when establishing a customer relationship but also in day-to-day customer handling when collateral and industry-related risks are assessed. Factors that are also considered when determining management add-ons.

In determining management add-ons, Sparekassen will – depending on the focus area – use exposures to relevant industries, customers' rating, product types, housing form, geographical location, the amount of the exposure and other factors as a basis. The loss risk of the exposures selected is subjected to stress testing,

and the outcome thereof is provided for as a management add-on.

Note 11 discloses the allocation of management add-ons by industry and stage.

Investment property and owner-occupied property
Determining the fair value of investment property is subject to significant estimation. Estimation is primarily related to the determination of the required rate of return and future cash flows on the property.

Determining the revalued amount of owner-occupied property is subject to significant estimation. Estimation is primarily related to the determination of the required rate of return on the property. Owner-occupied properties are premises from which active savings bank activities are carried on as well as related premises in basements and attics for installations etc. In the valuation, different square metre prices have been used in relation to the alternative applications that the individual premises are considered to have.

Fair value of financial instruments
For financial instruments, the measurement of which is based on available data that is only to a limited extent observable market data, such measurement is subject to estimation. This is the case with unlisted shares.

For shares in sector-owned companies where such shares are reallocated, such reallocation is considered to be the primary market of the shares. For other unlisted shares in sector-owned companies for which observable input is not readily available, measurement includes information from the companies' financial statements, experience from trading in shares in the relevant companies, and input from a qualified third party.

Goodwill

Goodwill is tested at least twice a year (semi-annually and annually) for impairment and more frequently in the event of indications of impairment. Refer to note 20 for more details.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses insofar as it is deemed probable that taxable income will be generated in the foreseeable future (3 to 5 years) against which these losses may be offset. Determining the size of the amount recognisable as a deferred tax asset is based on estimation of the probable time and size of future taxable income.

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021
4 Interest income					
Credit institutions and central banks	10,726	695	10,554	560	
Loans and other amounts owed	519,348	507,089	488,672	481,125	
Bonds	79,024	28,498	79,024	28,498	
Total derivatives	54,107	29,336	54,107	29,336	
Thereof: - Interest rate contracts	54,473	30,280	54,473	30,280	
- Foreign exchange contracts	-367	-944	-367	-944	
Other interest income	546	891	258	703	
Total interest income	663,750	566,509	632,615	540,222	
4a Negative interest income					
Credit institutions and central banks	11,636	14,651	11,636	14,651	
Bonds	3,327	11,267	3,327	11,267	
Total negative interest income	14,963	25,918	14,963	25,918	
5 Interest expenses					
Credit institutions and central banks	2,541	616	2,526	616	
Deposits and other debt	23,441	12,960	23,441	12,960	
Bonds issued	8,566	6,742	8,566	6,742	
Subordinated loan capital	28,464	28,073	28,464	28,073	
Other interest expenses	905	1,517	2,831	3,126	
Total interest expenses	63,917	49,908	65,827	51,517	

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021
5a Positive interest expenses					
Deposits and other debt	74,671	90,902	74,963	91,841	
Total positive interest expenses	74,671	90,902	74,963	91,841	
6 Fees and commission income					
Securities trading and custody accounts	84,338	78,702	84,338	78,702	
Payment services	75,714	66,687	75,714	66,687	
Loan fees	57,535	60,634	57,535	60,634	
Guarantee commission	229,728	220,019	229,728	220,019	
Custody services	81,737	76,749	81,737	76,749	
Other fees and commissions	135,609	131,814	137,626	133,756	
Total fees and commission income	664,661	634,605	666,678	636,546	
7 Market value adjustments					
Bonds	-97,142	-33,965	-96,903	-34,191	
Shares	22,012	56,042	22,012	56,042	
Investment property	-18,567	-5,978	3,180	169	
Foreign exchange	13,953	13,626	13,953	13,626	
Currency, interest rate, share, commodity and other contracts and derivatives	6,252	-147	6,253	-147	
Assets in pooled plans	-301,914	295,515	-301,914	295,515	
Deposits in pooled plans	301,914	-295,515	301,914	-295,515	
Total market value adjustments	-73,492	29,578	-51,505	35,498	

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021
8	Staff costs and administrative expenses				
	Remuneration of the Board of Directors and Executive Board*				
	Board of Directors	3,783	3,589	3,467	3,281
	Executive Board	17,449	13,477	17,449	13,477
	Total	21,233	17,066	20,916	16,758
	Staff costs				
	Wages and salaries	362,803	342,589	362,803	342,589
	Pension contributions	41,292	39,803	41,292	39,803
	Social security costs	58,436	56,607	58,436	56,607
	Total staff costs	462,531	438,999	462,531	438,999
	Other administrative expenses	287,471	266,994	270,442	249,263
	Total staff costs and administrative expenses	771,235	723,059	753,890	705,020

* Board of Directors has been expanded from 3 to 4 persons in Q1 2022. Salaries and remuneration to the Board of Directors and the Executive Board are specified in Sparekassen's remuneration report for 2022: www.spks.dk/politikker

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021
8	Staff costs and administrative expenses (continued)				
	Other staff impacting on the risk profile				
	Set salary	11,659	29,993	11,659	29,993
	Variable salary	0	0	0	0
	Variable one-off remuneration	591	25	591	25
	Pension contribution	1,442	3,550	1,442	3,550
	Total	13,692	33,568	13,692	33,568
	Staff materially impacting on the risk profile	11	34	11	34
	Other staff impacting on the risk profile by business area				
	Business/credit				
	Set salary	3,653	14,084	3,653	14,084
	Variable salary	0	0	0	0
	Variable one-off remuneration	189	0	189	0
	Pension contribution	453	1,657	453	1,657
	Totalz	4,295	15,741	4,295	15,741
	Staff materially impacting on the risk profile	3	14	3	14
	Investment/asset management				
	Set salary	1,641	6,569	1,641	6,569
	Variable salary	0	0	0	0
	Variable one-off remuneration	72	0	72	0
	Pension contribution	191	776	191	776
	Total	1,904	7,345	1,904	7,345
	Staff materially impacting on the risk profile	2	11	2	11

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021

8 Staff costs and administrative expenses (continued)

Other business areas

Set salary	6,365	9,340	6,365	9,340
Variable salary	0	0	0	0
Variable one-off remuneration	330	25	330	25
Pension contribution	798	1,117	798	1,117
Total	7,493	10,482	7,493	10,482
Staff materially impacting on the risk profile	6	9	6	9

Sparekassen's Board of Directors has appointed a Remuneration Committee. Among its duties is to meet at least once a year to assess Sparekassen's remuneration policy and propose any amendments to the Board of Directors. The remuneration policy approved by the Board of Directors is submitted to the general meeting for adoption.

The Remuneration Committee is composed of Executive Officer Jakob N. Andersson (Chairman), Architect MMA Thomas Kullegaard, Attorney-at-Law Otto Spliid, Customer Advisor Helle Lindhof Bjørnøe and Branch Manager Mads Wallin.

The Board members are paid a fixed fee in accordance with the remuneration policy.

Salary agreements with members of the Executive Board are managed by the Chairman of Sparekassen's Board of Directors based on a prior recommendation by the Remuneration Committee. Salary agreements are submitted to the Board of Director for final approval. The Executive Board's retirement benefit plans do not deviate from industry standards. The Executive Board and the Board of Directors are not covered by any bonus schemes.

Remuneration of key risk takers is managed by the Executive Board.

Sparekassen does not use retirement benefit plans or pension plans that are not in compliance with Danish law or collective agreements.

Sparekassen has decided to remunerate using fixed pay elements. Consequently, Sparekassen does not have variable pay elements as an arranged element of remuneration of staff, the Executive Board or the Board of Directors. So no deferred variable pay has been provided for 2022. Variable pay means remuneration schemes under which the final remuneration is not known in advance and depends on the performance of the individual, the division or Sparekassen, for example, bonus schemes or similar arrangements.

If the Board of Directors or the Executive Board consider a person to have performed extraordinarily, a one-off remuneration may be granted exceptionally. If a Board member, an executive officer, a key risk taker or a staff member in a control function receives a one-off payment, such payment will be treated in accordance with Sections 77a and 77b of the Danish Financial Business Act.

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021

8 Staff costs and administrative expenses (continued)

An extraordinary remuneration may only be granted if the budget approved by the Board of Directors for the current year shows a profit. Then only one-off payments are made below the clearly trivial threshold laid down in the Danish FSA's Executive Order on Remuneration Policy. Per person, the one-off remuneration must not exceed 20% of fees and the fixed base pay, respectively, including pension contributions. No persons of the Group are paid EUR 1m or more per financial year.

The complete remuneration policy is available on www.spks.dk/om/regnskab

Appointed auditors' fees

Statutory audit services	1,041	997	912	867
Assurance engagements	137	142	137	142
Other services	89	418	89	411
Total	1,267	1,557	1,138	1,420

Fees for non-audit services provided by Deloitte Statsautoriseret Revisionspartnerselskab to the Group amount to DKK 131k (2021: DKK 418k) and cover advice on the merger of subsidiaries, International Financial Reporting Standards, risk management and increase of capital.

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021
9 Staff headcount					
Average headcount for the financial year converted into full-time employees		546	548	546	548
10 Other operating expenses					
Expenses for the resolution plan		2,113	2,102	2,113	2,102
Other operating expenses		16,754	17,584	6,830	8,662
Total other operating expenses		18,867	19,686	8,943	10,764

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021
11 Impairment losses and provisions for losses (impairment account)					
Net effect recognised in profit or loss					
Amounts owed by credit institutions and central banks		97	451	97	451
Loans and other amounts owed at amortised cost		26,117	34,313	24,304	40,957
Bonds at amortised cost		198	0	198	0
Guarantees		-231	-11,479	-231	-11,479
Committed facilities and undrawn credit lines		-3,101	-6,191	-3,101	-6,191
Total net changes in impairment/provisions accounts		23,080	17,093	21,267	23,737
Interest rate adjustment		-13,810	-16,000	-13,810	-16,000
Recorded as loss, not previously written down/provided for		5,733	11,349	3,613	9,652
Recovery of claims previously written off		-30,955	-37,212	-27,027	-33,424
Taken to profit or loss		-15,952	-24,770	-15,957	-16,035

Notes

Note	Amounts in DKK'000	Group				Sparekassen (Parent)			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
11	Impairment losses and provisions for losses (impairment account) (continued)								
	2022								
	Accumulated impairment losses and provisions by stage								
	Amounts owed by credit institutions and central banks	164	658	0	822	164	658	0	822
	Loans and other amounts owed at amortised cost	97,981	189,623	259,661	547,265	94,152	183,482	253,298	530,932
	Bonds at amortised cost	198	0	0	198	198	0	0	198
	Guarantees	15,711	22,612	35,285	73,608	15,711	22,612	35,286	73,609
	Committed facilities and undrawn credit lines	7,755	10,138	0	17,893	7,755	10,138	0	17,893
	Total impairment losses and provisions	121,810	223,031	294,946	639,786	117,980	216,890	288,584	623,454
	2021								
	Accumulated impairment losses and provisions by stage								
	Amounts owed by credit institutions and central banks	434	291	0	725	434	291	0	725
	Loans and other amounts owed at amortised cost	105,540	172,947	270,733	549,220	102,569	166,379	265,016	533,964
	Guarantees	18,212	16,447	42,631	77,290	18,212	16,447	42,631	77,290
	Committed facilities and undrawn credit lines	8,554	12,440	0	20,994	8,554	12,440	0	20,994
	Total impairment losses and provisions	132,740	202,125	313,364	648,229	129,769	195,557	307,647	632,973

Notes

Note	Amounts in DKK'000	Group				Sparekassen (Parent)			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
11	Impairment losses and provisions for losses (impairment account) (continued)								
	2022								
	Impairment account for amounts owed by credit institutions and central banks								
	Total impairment losses at beginning of year	434	291	0	725	434	291	0	725
	New impairment losses (net)	-270	367	0	97	-270	367	0	97
	Recorded as loss, covered by previous write-downs for impairment			0	0			0	0
	Total impairment losses at end of year	164	658	0	822	164	658	0	822
	2021								
	Impairment account for amounts owed by credit institutions and central banks								
	Total impairment losses at beginning of year	1	273	0	274	1	273	0	274
	New impairment losses (net)	433	18	0	451	433	18	0	451
	Recorded as loss, covered by previous write-downs for impairment			0	0			0	0
	Total impairment losses at end of year	434	291	0	725	434	291	0	725

Notes

Note	Amounts in DKK'000	Group				Sparekassen (Parent)			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
11	Impairment losses and provisions for losses (impairment account) (continued)								
	2022								
	Impairment account for loans and other amounts owed at amortised cost								
	Total impairment losses at beginning of year	105,540	172,947	270,733	549,220	102,569	166,379	265,016	533,963
	New impairment losses (net)	-7,559	16,676	16,997	26,114	-8,417	17,103	15,619	24,304
	Recorded as loss, covered by previous write-downs for impairment			-28,069	-28,069			-27,337	-27,337
	Total impairment losses at end of year	97,981	189,623	259,661	547,265	94,152	183,482	253,298	530,930
	2021								
	Impairment account for loans and other amounts owed at amortised cost								
	Total impairment losses at beginning of year	126,231	159,737	345,198	631,166	123,404	147,338	338,028	608,770
	New impairment losses (net)	-20,691	13,210	41,794	34,313	-20,835	19,041	42,752	40,957
	Recorded as loss, covered by previous write-downs for impairment			-116,259	-116,259			-115,764	-115,764
	Total impairment losses at end of year	105,540	172,947	270,733	549,220	102,569	166,379	265,016	533,963

Notes

Note	Amounts in DKK'000	Group				Sparekassen (Parent)			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
11	Impairment losses and provisions for losses (impairment account) (continued)								
	2022								
	Impairment account for bonds at amortised cost								
	Total provisions at beginning of year	0	0	0	0	0	0	0	0
	New provisions (net)	198	0	0	198	198	0	0	198
	Finally written off, previously provided for			0	0			0	0
	Total provisions at end of year	198	0	0	198	198	0	0	198

Notes

Note	Amounts in DKK'000	Group				Sparekassen (Parent)			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
11	Impairment losses and provisions for losses (impairment account) (continued)								
	2022								
	Provisions account for guarantees								
	Total provisions at beginning of year	18,212	16,447	42,631	77,290	18,212	16,447	42,631	77,290
	New provisions (net)	-2,501	6,165	-3,896	-232	-2,501	6,165	-3,896	-232
	Finally written off, previously provided for			-3,450	-3,450			-3,450	-3,450
	Total provisions at end of year	15,711	22,612	35,285	73,608	15,711	22,612	35,286	73,609
	2021								
	Provisions account for guarantees								
	Total provisions at beginning of year	28,822	20,591	39,356	88,769	28,822	20,591	39,356	88,769
	New provisions (net)	-10,610	-4,144	3,275	-11,479	-10,610	-4,144	3,275	-11,479
	Finally written off, previously provided for			0	0			0	0
	Total provisions at end of year	18,212	16,447	42,631	77,290	18,212	16,447	42,631	77,290

Notes

Note	Amounts in DKK'000	Group				Sparekassen (Parent)			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
11	Impairment losses and provisions for losses (impairment account) (continued)								
	2022								
	Provisions account for committed facilities and undrawn credit lines								
	Total provisions at beginning of year	8,554	12,440	0	20,994	8,554	12,440	0	20,994
	New provisions (net)	-799	-2,302	0	-3,101	-799	-2,302	0	-3,101
	Total provisions at end of year	7,755	10,138	0	17,893	7,755	10,138	0	17,893
	2021								
	Provisions account for committed facilities and undrawn credit lines								
	Total provisions at beginning of year	15,387	11,798	0	27,185	15,387	11,798	0	27,185
	New provisions (net)	-6,833	642	0	-6,191	-6,833	642	0	-6,191
	Total provisions at end of year	8,554	12,440	0	20,994	8,554	12,440	0	20,994

Notes

Note

11 Impairment losses and provisions for losses (impairment account) (continued)

Key factors in the development of the impairment account

The migration between stages is a significant reason for the level of the impairment account. At the time of recognition, the asset is written down by an amount equivalent to the expected credit loss over a 12-month period (Stage 1). If, subsequently, credit risk has increased significantly since initial recognition, the asset is written down by an amount equivalent to the expected credit loss over the remaining maturity period of the asset (Stage 2).

Loans, advances and guarantees as well as committed facilities and undrawn credit lines by exposure category/stage are evident from note 43.

As a rule, new facilities are placed in Stage 1 unless the customer is in credit quality class 1 (credit-impaired exposures), for which reason the facility is placed in Stage 3. In 2022, Sparekassen had DKK 6,281.5m (gross) (2021: DKK 8,519.8m) worth of new facilities, which affected the impairment account by a total of DKK 55.6m (2021: DKK 59.0m).

Stage 2 facilities in overdraft by more than 30 days amounted to DKK 2.7m at 31 December 2022 (2021: DKK 8.8m), which has affected the impairment account by DKK 0.3m (2021: DKK 0.8m).

Development in calculation factors

Loss Given Default (LGD) and Probability of Default (PD) are based on Sparekassen's own financial ratios.

LGD reflects the percentage loss of the customer's exposures if such customer is in default. The PD value reflects Sparekassen's percentage expectation of the probability of a customer defaulting.

Sparekassen regularly recalculates the PD values included in the calculation of the impairment account. The calculation is based on the track record of Sparekassen's customer portfolio over a five-year time frame. The calculated PD values have generally decreased during the year, which is estimated to have affected the impairment account downwards by approximately DKK 3.3m.

Macroeconomic variables

The industry association Lokale Pengeinstitutter (LOPI) has developed a tool that Sparekassen uses to estimate expectations for the future. The forward-looking macroeconomic module builds on a series of regression models that determine the historical link between impairment losses for the year in a number of sectors and industries and a number of explanatory macroeconomic variables.

Note

11 Impairment losses and provisions for losses (impairment account) (continued)

Then estimates of the macroeconomic variables are fed into the regression models based on prognoses from consistent sources such as the Danish Economic Councils, Danmarks Nationalbank etc, where such prognoses generally span two years ahead in time and cover variables such as increase in public spending, increase in GDP, interest rates, etc. Thereby, expected impairment losses are calculated for up to two years ahead in time within each sector and industry. For maturity periods of more than two years and up to year 10, the impairment ratio is projected so as to converge towards a normal level in year 10. Maturity periods of more than 10 years are given the same impairment ratio as in year 10.

Finally, the calculated impairment ratios are transformed into adjustment factors that correct the data centre's "rough" estimates for each sector and industry. Management of Sparekassen regularly assesses the adjustment factors and adjusts the factors to best reflect Sparekassen's actual affairs and conditions.

Changes in the macroeconomic variables have not had any significant effect on developments in the impairment account.

Stage 1 and Stage 2 exposures

Sparekassen believes that the model used to calculate Stage 1 and Stage 2 impairment losses/provisions may be used to calculate the expected credit losses on its financial assets recognised at amortised cost.

Stage 3 exposures

Stage 3 exposures are dealt with individually. The asset will continue to be written down by an amount equivalent to the expected credit loss over the remaining maturity period of the asset, and interest income is recognised in profit or loss applying the effective interest method to the amount written down.

In 2021, Sparekassen has experienced an addition of new impairment losses/provisions of DKK 103.6m (2021: DKK 126.0m) in Stage 3. In the same period, DKK 104.3m (2020: DKK 97.0m) in impairment losses/provisions was reversed.

Finally written off, previously written down/provided for stands at DKK 31.5m (2020: DKK 116.3m) in amount.

Refer also to Sparekassen's summary of significant accounting policies.

Notes

Group

Note	2022			2021		
Amounts in DKK'000						
11 Impairment losses and provisions for losses (impairment account) (continued)						
Sector breakdown, stage 1 and 2 depreciations as well as Management judgement of losses	Portfolio model calculation	Management judgement of losses	Total	Portfolio model calculation	Management judgement of losses	Total
Public authorities	1	362	363	1	0	1
Business						
Agriculture, hunting, forestry and fisheries	11,738	35,969	47,707	10,570	74,561	85,131
Industry and extraction of raw materials	11,058	16,577	27,635	4,367	122	4,488
Energy supply	298	1,958	2,256	150	3	153
Building and construction	10,329	35,068	45,397	7,093	5,699	12,791
Trade	13,660	42,425	56,085	10,224	78,789	89,014
Transport, hotels and restaurants	2,432	11,304	13,736	2,514	19,411	21,925
Information and communication	1,563	856	2,419	1,169	104	1,273
Financing and insurance	5,063	3,779	8,842	4,859	1,118	5,977
Real property	13,414	28,122	41,535	8,296	1,303	9,599
Other business	11,666	20,803	32,470	10,553	8,729	19,283
Total business	81,220	196,862	278,082	59,795	189,839	249,634
Private	42,709	23,684	66,394	55,763	29,466	85,229
Total	123,931	220,908	344,839	115,559	219,306	334,865

Notes

Sparekassen (Parent)

Note	2022			2021		
Amounts in DKK'000	Portfolio model calculation	Management judgement of losses	Total	Portfolio model calculation	Management judgement of losses	Total
11 Impairment losses and provisions for losses (impairment account) (continued)						
Sector breakdown, stage 1 and 2 depreciation as well as Management judgement of losses						
Public authorities	1	362	363	1	0	1
Business						
Agriculture, hunting, forestry and fisheries	10,595	35,969	46,564	9,701	74,561	84,262
Industry and extraction of raw materials	10,616	16,577	27,194	4,055	122	4,176
Energy supply	217	1,958	2,175	109	3	112
Building and construction	9,709	35,068	44,777	6,629	5,699	12,327
Trade	13,228	42,425	55,652	9,954	78,789	88,744
Transport, hotels and restaurants	2,004	11,304	13,309	2,214	19,411	21,625
Information and communication	1,436	856	2,292	1,076	104	1,180
Financing and insurance	5,021	3,779	8,801	4,837	1,118	5,955
Real property	13,300	28,122	41,422	8,206	1,303	9,509
Other business	10,701	20,803	31,504	9,881	8,729	18,611
Total business	76,827	196,862	273,689	56,662	189,839	246,501
Private	37,133	23,684	60,818	49,357	29,466	78,823
Total	113,962	220,908	334,870	106,020	219,306	325,326

At 31 December 2022, DKK 220,908k has been incorporated (2021: DKK 219,306k) in addition to the model-generated impairment charges.

Management add-ons are broken down by DKK 72,534k on Stage 1 and DKK 148,375k on Stage 2. In 2021, the amounts were DKK 82,428k on Stage 1 and DKK 136,878k on Stage 2.

The COVID-19 add-on (2021: DKK 156,788k) has been reversed in 2022 as it is no longer deemed relevant. In 2022, Sparekassen has made a management add-on of DKK 162,441k to cover risks related to high energy prices, increasing inflation etc as well as an industry-specific management add-on of DKK 31,917k (2021: DKK 38,402k) related to pig producers. Sparekassen also makes an add-on of DKK 18,478k (2021: DKK 10,012k) to cover housing market risks (customers with a high LTV) and declining collateral values as well as an add-on based on the assumption that a larger portion of loans and advances – than those dictated by the statistical models – will migrate from Stage 1 to Stage 2 and from Stage 2 to Stage 3. Sparekassen estimates that no further provisions are needed to cover green transition risks (increased environmental requirements), flooding risks and other environmentally related risks.

Notes

Note

11 Impairment losses and provisions for losses (impairment account) (continued)

Practice for derecognising financial assets from the balance sheet

Financial assets measured at amortised cost will be derecognised in whole or in part from the balance sheet if Sparekassen no longer has any reasonable expectation of having the amount outstanding covered in whole or in part. Recognition will cease based on a specific, individual assessment of each exposure. For corporate customers, Sparekassen will typically base the assessment of indicators such as the customer's liquidity, earnings and equity and the collateral provided as security for the exposure. For private customers, Sparekassen will typically base the assessment on the customer's liquidity, income and assets as well as the customer's collateral provided for the exposure. When a financial asset is derecognised in whole or in part from the balance sheet, the impairment loss on the financial asset will be excluded from the calculation of accumulated impairment losses as well, see the above line item "Finally written off, previously written down/provided for".

Sparekassen continues its collection efforts after derecognition of the assets from the balance sheet, with initiatives depending on the situation at hand. As a rule, Sparekassen will attempt to make voluntary arrangements with the customer, including renegotiation of terms or reconstruction of an enterprise so that debt collection or petition for bankruptcy will not be applied until other steps have been explored. Sparekassen has regularly derecognised DKK 31.5m worth of financial assets in 2022 for which attempts are still made to have them collected. The total worth of financial assets for which attempts are still made to have them collected, is DKK 2,010.2 m in 2022.

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021
12 Income tax					
Computed tax on income for the year	49,612	41,217	1,884	38,033	
Deferred tax	51,499	46,788	94,757	47,788	
Change in deferred tax rate	9,430	0	9,430	0	
Readjustment of tax computed for previous years	-260	-513	852	-552	
Total income tax	110,281	87,492	106,923	85,269	
Adjustments:					
Income tax rate in Denmark	22.00	22.00	22.00	22.00	
Reguleringer:					
Readjustment of tax computed for previous years	-0.57	0.05	0.37	0.10	
Non-taxable income and non-deductible expenses etc	-0.53	-0.69	-0.17	-0.19	
Profit/loss on investments in associates and group enterprises	0.01	-1.46	-1.84	-3.13	
Subsequent use of previously incurred loss	0.00	-3.42	0.00	-3.03	
Change in deferred tax rate	1.97	0.00	1.97	0.00	
Total	23.00	16.48	22.34	16.13	

The change in the deferred tax rate occurs because, from 2023, a higher income tax rate has been imposed on financial services companies.

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021
13	Amounts owed by credit institutions and central banks				
	By time to maturity				
	Demand deposits	244,043	186,272	232,734	178,888
	Up to 3 months	911,804	0	911,804	0
	From 3 months to 1 year	0	0	0	0
	From 1 year to 5 years	0	0	0	0
	More than 5 years	0	0	0	0
	Total	1,155,847	186,272	1,144,538	178,888
	Claims at notice on central banks	0	0	0	0
	Claims on credit institutions	1,155,847	186,272	1,144,538	178,888
	Total	1,155,847	186,272	1,144,538	178,888
	Reverse transactions thereof	911,804	0	911,804	0
14	Loans and other amounts owed at amortised cost				
	By time to maturity				
	At call	204,696	220,566	203,524	219,398
	Up to 3 months	1,007,522	1,145,770	746,476	907,766
	From 3 months to 1 year	4,979,781	4,998,899	4,224,374	4,304,383
	From 1 year to 5 years	2,019,445	2,505,751	2,017,334	2,503,296
	More than 5 years	3,478,641	3,196,402	4,445,823	4,022,316
	Total	11,690,084	12,067,386	11,637,530	11,957,157

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021
14	Loans, advances and guarantee debtors by sector				
	Loans, advances and guarantee debtors by sector				
	Public authorities	0.1	0.1	0.1	0.1
	Business				
	Agriculture, hunting, forestry and fisheries	9.7	9.1	8.2	8.0
	Industry and extraction of raw materials	3.2	2.4	2.6	1.9
	Energy supply	0.3	0.2	0.2	0.1
	Building and construction	5.7	5.9	4.8	5.2
	Trade	7.0	5.3	6.4	4.9
	Transport, hotels and restaurants	2.3	1.9	1.7	1.4
	Information and communication	0.9	0.7	0.7	0.6
	Financing and insurance	5.1	5.0	11.3	10.0
	Real property	9.0	9.4	8.9	9.1
	Other business	7.5	6.1	6.2	5.0
	Total business	50.6	46.0	51.0	46.2
	Private	49.3	53.9	48.9	53.7
	Total	100.0	100.0	100.0	100.0

The break-down by sector and industry has been made using the industry codes of Statistics Denmark.

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021
15	Bonds at fair value				
	Listed	1,686,068	7,316,343	1,686,068	7,316,343
	Unlisted	0	0	0	0
	Total	1,686,068	7,316,343	1,686,068	7,316,343
	Of which bonds at fair value through other comprehensive income account for	463,531	0	463,531	0

The Group has provided bonds at a total book value of DKK 250m (2021: DKK 1,731m) as security for the day-to-day performance of clearing operations and securities trading. Refer to note 35 - Assets provided as collateral.

Reclassification of bonds portfolio

On 1 April 2022, Sparekassen reclassified DKK 292.4m out of the bonds at fair value through profit or loss category into the bonds at fair value through other comprehensive income category. At the date of reclassification, the average effective interest rate of the portfolio was 2.18%. Interest income amounts to DKK 4,269k.

16 Bonds at amortised cost

Carrying amount of bonds at amortised cost	8,785,452	0	8,785,452	0
Fair value of bonds	8,535,034	0	8,535,034	0
Fair value of bonds compared to carrying amount	-250,418	0	-250,418	0

Fair value of the held-to-maturity portfolio is lower than the book value by DKK 250.4m.

The Group has provided bonds at a total book value of DKK 927m (2021: DKK 0m) as security for the day-to-day performance of clearing operations and securities trading. Refer to note 35 - Assets provided as collateral.

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021
17	Shares etc				
	Shares/unit trust certificates listed on Nasdaq Copenhagen A/S	125,848	120,092	125,848	120,092
	Shares/unit trust certificates listed on other stock exchanges	2,690	3,381	2,690	3,381
	Other shares	683,388	599,652	680,182	596,622
	Total	811,926	723,125	808,720	720,095

18 Investments in associates and group enterprises

Investments in group enterprises

Total cost at beginning of year	965,976	765,976
Additions for the year	0	200,000
Total cost at end of year	965,976	965,976
Revaluations and impairment losses at beginning of year	-381,884	-401,960
Profit/loss for the year	1,555	21,896
Other changes	2,138	312
Dividend	-5,317	-2,132
Revaluations and impairment losses at end of year	-383,508	-381,884
Holding recognised at end of year	582,468	584,092
Thereof, credit institutions	0	0

Notes

Note	Amounts in DKK'000	Capital	Ownership interest in %	Equity at end of year	Profit/loss
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18 Investments in associates and group enterprises (continued)

Group enterprises, 2022

Investeringsselskabet Sjælland-Fyn A/S	362,000	100	460,753	16,763
Leasing Fyn Faaborg A/S	5,000	100	22,252	4,793
Ejendomsselskabet Sjælland-Fyn A/S	20,000	100	99,462	-20,001

Investeringsselskabet Sjælland-Fyn A/S and Ejendomsselskabet Sjælland-Fyn A/S are registered in the Municipality of Faaborg-Midtfyn. Leasing Fyn Faaborg A/S is registered in the Municipality of Odense.

Group enterprises, 2021

Investeringsselskabet Sjælland-Fyn A/S	362,000	100	443,990	14,281
Leasing Fyn Faaborg A/S	5,000	100	20,638	8,952
Ejendomsselskabet Sjælland-Fyn A/S	20,000	100	119,464	-1,337

Investeringsselskabet Sjælland-Fyn A/S and Ejendomsselskabet Sjælland-Fyn A/S are registered in the Municipality of Faaborg-Midtfyn. Leasing Fyn Faaborg A/S is registered in the Municipality of Odense.

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021

18 Investments in associates and group enterprises (continued)

Investments in associates and jointly controlled enterprises

Total cost at beginning of year	172,856	160,190	137,283	124,617
Additions for the year	23,786	27,666	23,761	27,666
Additions for the year	0	-15,000	0	-15,000
Total cost at end of year	196,642	172,856	161,044	137,283
Revaluations and impairment losses at beginning of year	50,823	31,003	43,084	27,211
Profit/loss for the year/share of profit/loss for the year	11,479	22,008	11,797	18,373
Other changes	2,138	312	0	0
Dividend	4,039	2,500	4,039	2,500
Revaluations and impairment losses for the year	0	0	0	0
Revaluations and impairment losses at end of year	60,401	50,823	50,842	43,084
Holding recognised at end of year	257,043	223,679	211,886	180,367
Thereof, credit institutions	220,587	206,842	175,455	163,530

Notes

Note	Amounts in DKK'000	Capital	Ownership interest in %	Equity at end of year	Profit/loss
18	Investments in associates and group enterprises (continued)				
	Associates, 2022				
	FinanceZealand A/S	4,500	49.0	14,817	-303
	Sparekassen Sjælland-Fyn, group share			7,260	-148
	The above enterprise is registered in the Municipality of Aarhus Kommune				
	Lollands Bank A/S	21,600	24.9	687,111	73,615
	Sparekassen Sjælland-Fyn, group share			171,091	18,330
	The above enterprise is registered in the Municipality of Lolland Kommune				
	Impagt Invest Sjælland A/S	6,225	50.0	45,728	-2,583
	Sparekassen Sjælland-Fyn, group share			22,864	-1,292
	The above enterprise is registered in the Municipality of Roskilde Kommune				
	Nordic Firefly A/S	543	26.3	689	-327
	Sparekassen Sjælland-Fyn, group share			181	-86
	The above enterprise is registered in the Municipality of Roskilde Kommune				
	Erhvervshuset HSB ApS	50	50.0	50	0
	Sparekassen Sjælland-Fyn, group share			25	0
	The above enterprise is registered in the Municipality of Holbæk Kommune				

Note	Amounts in DKK'000	Capital	Ownership interest in %	Equity at end of year	Profit/loss
18	Investments in associates and group enterprises (continued)				
	Associerede virksomheder, 2021				
	FinanceZealand A/S	4,500	49.0	8,421	8,506
	Sparekassen Sjælland-Fyn, group share			4,126	4,168
	The above enterprise is registered in the Municipality of Vordingborg Kommune				
	Lollands Bank A/S	21,600	24.5	614,189	62,689
	Sparekassen Sjælland-Fyn, group share			150,636	13,031
	The above enterprise is registered in the Municipality of Lolland Kommune				
	Impagt Invest Sjælland A/S	2,000	50.0	48,311	-1,689
	Sparekassen Sjælland-Fyn, group share			24,156	-845
	The above enterprise is registered in the Municipality of Roskilde Kommune				
	Nordic Firefly A/S	543	26.3	1,015	46
	Sparekassen Sjælland-Fyn, group share			267	12
	The above enterprise is registered in the Municipality of Roskilde Kommune				

Notes

Note	Amounts in DKK'000	Capital	Ownership interest in %	Equity at end of year	Profit/loss
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18 Investments in associates and group enterprises (continued)

Jointly controlled enterprises, 2022

Leasing Fyn Bank A/S	58,500	33,3	135,397	-953
Sparekassen Sjælland-Fyn, group share			45,132	-318

The above enterprise is registered in the Municipality of Odense.

Fællesledede virksomheder, 2021

Leasing Fyn Bank A/S	58,500	33,3	129,937	10,907
Sparekassen Sjælland-Fyn, group share			43,312	3,636

The above enterprise is registered in the Municipality of Odense.

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021

19 Pooled plans

Assets in pooled plans

Cash balance	11,518	16,561	11,518	16,561
Shares/unit trust certificates	1,964,603	2,388,749	1,964,603	2,388,749
Total pooled assets	1,976,120	2,405,310	1,976,120	2,405,310

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021

20 Intangible assets

Goodwill

Cost at beginning of year	91,154	91,154	91,154	91,154
Cost at end of year	91,154	91,154	91,154	91,154
Total	91,154	91,154	91,154	91,154

Other intangible assets

Cost at beginning of year	25,128	23,424	25,128	23,424
Additions for the year	4,816	5,259	4,816	5,259
Disposals for the year	7,538	3,555	7,538	3,555
Cost at end of year	22,406	25,128	22,406	25,128

Amortisation and impairment losses at beginning of year	25,104	23,327	25,104	23,327
Disposals for the year	7,538	3,555	7,538	3,555
Amortisation for the year	4,840	5,332	4,840	5,332

Amortisation and impairment losses at end of year	22,406	25,104	22,406	25,104
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Total	0	24	0	24
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Total intangible assets	91,154	91,178	91,154	91,178
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Goodwill is tested at least twice a year for impairment and more frequently in the event of indications of impairment.

Management's expected development in core earnings over a five-year budget period is used as a basis. The calculation takes as its starting point historical growth adjusted by Management's expectations, see below. Management's required rate of return is 12.8% before tax (2021: 12.8%) and 10.0% after tax (2021: 10.0%). The annual terminal value growth rate is assumed to be 1.5% (2021: 1.5%). Sparekassen's budget serves as a basis for the calculation.

The key parameter for the projection of cash flows over the budget period is the development in balance sheet items and hence growth. In addition, future cash flows will be affected by the development in interest-rate differential, rate of cost and impairment losses on loans and advances etc. Management expects core earnings to increase over the budget period because of continued growth in loans, increasing interest-rate differentials and continuous fulfilment of Sparekassen's earnings expectations that were announced in Q1 2022 in connection with the publication of Sparekassen's new four-year strategy "Towards New Goals".

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021
21 Land and buildings					
Investment property					
Fair value at beginning of year	121,503	122,048	1,820	3,070	
Additions	64,747	53,292	0	0	
Disposals	31,781	46,787	5,000	1,250	
Fair value adjustments for the year	-18,567	-7,050	3,180	0	
Fair value at end of year	135,902	121,503	0	1,820	
Rental income	7,144	7,644	0	0	
Operating expenses	4,938	4,186	97	250	
Thereof, operating expenses for investment property not having generated rental income for the year	2,129	1,335	97	250	
	Quoted prices	Observable input	Non-observable input	Total	
Fair value hierarchy for investment property					
Group 2022	0	0	135,902	135,902	
Group 2021	0	0	121,503	121,503	

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021
21 Land and buildings (continued)					
Owner-occupied property					
Cost at beginning of year	379,701	318,342	62,149	62,149	
Additions	69,477	71,718	0	0	
Disposals	0	10,359	0	0	
Cost at end of year	449,178	379,701	62,149	62,149	
Accumulated depreciation and impairment losses at beginning of year	50,861	46,574	16,546	16,150	
Depreciation for the year	396	396	396	396	
Impairment losses for the year	3,900	5,850	0	0	
Disposals for the year	0	1,959	0	0	
Accumulated depreciation and impairment losses at end of year	55,157	50,861	16,942	16,546	
Accumulated revaluation at beginning of year	1,447	1,447	1,447	1,447	
Revaluation for the year	0	0	0	0	
Accumulated revaluation at end of year	1,447	1,447	1,447	1,447	
Revalued amount at end of year	395,468	330,287	46,654	47,050	
If no revaluation had been made, the carrying amount of owner-occupied property would be:	394,021	328,840	45,207	45,603	

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

Notes

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

Fair value hierarchy of owner-occupied property

Group 2022	0	0	395,468	395,468
Group 2021	0	0	330,287	330,287

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 5.04% and 15.0% has been used in measuring properties located on Zealand and Funen and in Jutland (2021: 3.0% and 14.2%). 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 fair value of the property.

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021

21 Land and buildings (continued)

Owner-occupied property, revalued amount at end of year	395,468	330,287	46,654	47,050
Owner-occupied property, leased assets	30,573	39,277	126,264	137,215
Owner-occupied property, according to balance sheet	426,041	369,564	172,918	184,265

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021

22 Other property, plant and equipment

Total cost at beginning of year	126,908	142,107	120,399	135,598
Additions	9,261	6,572	9,261	6,572
Disposals	20,615	21,771	20,615	21,771
Total cost at end of year	115,554	126,908	109,045	120,399

Depreciation and impairment loss at beginning of year	106,533	119,197	100,024	112,688
Depreciation and impairment losses for the year	10,708	8,875	10,708	8,875
Reversal of depreciation and impairment losses	20,615	21,539	20,615	21,539
Depreciation and impairment losses at end of year	96,626	106,533	90,117	100,024

Carrying amount	18,928	20,375	18,928	20,375
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Other property, plant and equipment, according to balance sheet	3,709	4,316	3,709	4,316
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Other property, plant and equipment, leased assets	22,637	24,691	22,637	24,691
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Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021
23 Lease assets and liabilities					
Group as lessee					
Lease assets					
Owner-occupied property	30,573	39,277	126,264	137,215	
Cars	1,885	2,016	1,885	2,016	
Other property, plant and equipment	1,824	2,301	1,824	2,301	
Total, at period-end	34,282	43,594	129,973	141,532	
Depreciation of lease assets					
Owner-occupied property	27,908	23,974	83,249	60,113	
Cars	3,026	2,335	3,026	2,335	
Other property, plant and equipment	1,141	976	1,141	976	
Total depreciation	32,075	27,285	87,416	63,424	
Additions for the period, lease assets					
Owner-occupied property	2,412	0	11,115	29,291	
Cars	1,015	1,140	1,015	1,140	
Other property, plant and equipment	664	1,853	664	1,853	
Total additions for the period	4,091	2,993	12,794	32,284	
Cash outflow on leases					
Less than 1 year	10,307	10,520	32,276	28,967	
From 1 and 2 years	9,183	9,663	31,152	28,110	
From 2 to 3 years	8,176	8,969	30,145	27,416	
From 3 to 4 years	7,960	8,271	29,929	26,718	
From 4 to 5 years	864	8,261	8,630	26,709	
More than 5 years	0	824	7,355	14,194	
Total cash outflow	36,489	46,507	139,486	152,114	

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021
23 Lease assets and liabilities (continued)					
Short-term lease liabilities					
Owner-occupied property	7,891	8,190	29,664	26,476	
Cars	1,262	1,217	1,262	1,217	
Other property, plant and equipment	1,076	1,032	1,076	1,032	
Total	10,229	10,439	32,002	28,725	
Long-term lease liabilities					
Owner-occupied property	23,575	31,971	100,093	113,597	
Cars	673	825	673	825	
Other property, plant and equipment	748	1,268	748	1,268	
Total	24,996	34,064	101,514	115,690	
Total lease liabilities, at period-end	35,225	44,503	133,516	144,415	
Total interest expenses regarding lease liabilities	720	813	2,647	2,421	
Total cash flow from leases	11,049	16,429	31,552	33,089	

There are no significant extensions or period of notices on leases cars, as well as other tangible assets. Leasing contracts on owner-occupied property is generally for a period of up to a year from the time of agreement. Typically after that, the can be terminated y Sparekassen with a warning of 3-6 month. Sparekassen then has an unconditional right to extend the lease, in principle indefinite. Leasing obligations for owner-occupied properties is based on management judgement within the leasing period. For evaluating reasonably secure leasing periods, sparekassen's 4-year strategy is taken into consideration. Leases on low-value assets are included in other property, plant and equipment. Sparekassen has no short-term leases.

Intra-group leases

As the recognised value of the lease asset and the lease liability is not reduced at the same pace in straight-line depreciation of the asset and non-straight-line reduction of the liability because of the amortisation, the profit or loss and equity of the Parent and the Group will differ. Over the lease term, the difference will be nil. Sparekassen will make eliminations for purposes of mitigating this difference. As these leases are eliminated in the consolidated financial statements, only the Parent will be affected.

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021

23 Lease assets and liabilities (continued)

Group as a lessor

The Group serves as lessor in the areas of commercial leasing and vendor leasing with particular emphasis on transport, agricultural, industrial and contracting businesses. Finance leases are provided.

Finance leases

Opening balance	932,586	805,039	0	0
Additions	247,584	215,931	0	0
Disposals	163,807	88,384	0	0
Ultimo	1,016,363	932,586	0	0

By term to maturity

Up to 1 year	261,069	238,122	0	0
More than 1 year and up to 5 years	672,499	621,719	0	0
More than 5 years	82,795	72,745	0	0
Total	1,016,363	932,586	0	0

Gross investments

Up to 1 year	302,044	264,329	0	0
From 1 to 2 years	269,316	236,166	0	0
From 2 to 3 years	216,927	198,748	0	0
From 3 to 4 years	156,164	144,107	0	0
From 4 to 5 years	100,899	91,385	0	0
More than 5 years	88,548	75,289	0	0
Total	1,133,898	1,010,024	0	0

Unearned finance income	117,535	77,438	0	0
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Interest on finance leases	41,160	35,709	0	0
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Profit from sale of lease assets	2,973	2,095	0	0
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Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021

24 Deferred tax assets/liabilities

Deferred tax at beginning of year	116,198	162,982	106,232	154,016
Change in deferred tax for the year	-63,461	-62,234	-104,187	-61,008
Adjustment of deferred tax asset, written down	2,535	15,450	0	13,224
Net deferred tax assets at end of year	55,272	116,198	2,045	106,232
Deferred tax assets	55,272	116,198	2,045	106,232
Deferred tax liabilities	0	0	0	0
Net deferred tax at end of year	55,272	116,198	2,045	106,232

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

Note	Amounts in DKK'000	Deferred tax at beginning of year	Recognised in profit/loss for the year	Recognised in other comprehensive income	Deferred tax at end of year
24	Deferred tax assets/liabilities (continued)				
	Change in deferred tax Group 2022				
	Intangible assets	-20,054	-2,426	0	-22,480
	Machinery and equipment	383	62,443	0	62,826
	Properties	-2,932	-145	4	-3,073
	Bonds at fair value	0	-64,107	0	-64,107
	Loans, leases	1,583	575	0	2,158
	Other	11,374	711	0	12,085
	Tax loss	169,749	-60,515	0	109,234
	Deferred tax asset, written down	-43,905	2,535	0	-41,370
	Total	116,198	-60,929	4	55,272
	Group 2021				
	Intangible assets	-20,054	0	0	-20,054
	Machinery and equipment	1,846	-1,463	0	383
	Properties	-2,661	-275	4	-2,932
	Loans, leases	1,590	-7	0	1,583
	Other	12,464	-1,090	0	11,374
	Tax loss	229,152	-59,403	0	169,749
	Deferred tax asset, written down	-59,355	15,450	0	-43,905
	Total	162,982	-46,788	4	116,198

Note	Amounts in DKK'000	Deferred tax at beginning of year	Recognised in profit/loss for the year	Recognised in other comprehensive income	Deferred tax at end of year
24	Deferred tax assets/liabilities (continued)				
	Change in deferred tax Sparekassen (Parent) 2022				
	Intangible assets	-20,054	-2,426	0	-22,480
	Machinery and equipment	1,172	3,192	0	4,364
	Properties	-32	-5	4	-33
	Bonds at fair value	0	-64,107	0	-64,107
	Other	15,429	1,008	0	16,437
	Tax loss	109,717	-41,853	0	67,864
	Deferred tax asset, written down	0	0	0	0
	Total	106,232	-104,191	4	2,045
	Sparekassen (Parent) 2021				
	Intangible assets	-20,054	0	0	-20,054
	Machinery and equipment	4,361	-3,189	0	1,172
	Properties	-36	0	4	-32
	Other	14,850	579	0	15,429
	Tax loss	168,119	-58,402	0	109,717
	Deferred tax asset, written down	-13,224	13,224	0	0
	Total	154,016	-47,788	4	106,232

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021
25 Other assets					
Positive market value of derivatives	20,025	23,091	20,025	23,091	
Various receivables	46,190	40,918	408	8,023	
Fees and commission receivable	96,349	94,736	96,349	94,736	
Interest and commission receivable	71,374	15,587	71,317	15,549	
Other assets	81,931	104,107	76,410	102,301	
Total	315,869	278,439	264,509	243,700	
Amounts expected to be recovered/ settled after 12 months	260,563	212,694	209,203	177,955	
Amounts expected to be recovered/ settled within 12 months	55,306	65,745	55,306	65,745	
26 Amounts owed to credit institutions and central banks					
Amounts owed to central banks	0	21	0	21	
Amounts owed to credit institutions	1,384,156	577,752	1,383,426	576,863	
Total	1,384,156	577,773	1,383,426	576,884	
By time to maturity:					
Debt payable on demand	471,356	576,884	471,356	576,884	
Up to 3 months	912,075	34	912,069	0	
From 3 months to 1 year	59	140	0	0	
From 1 year to 5 years	217	246	0	0	
More than 5 years	448	469	0	0	
Total	1,384,156	577,773	1,383,426	576,884	
Reverse transactions thereof	912,069	0	912,069	0	

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021
27 Deposits and other debt					
On demand	19,647,133	18,764,529	19,624,696	18,788,899	
At notice	0	8,114	0	8,114	
Time deposits	0	0	0	0	
Special deposits	1,025,575	993,317	1,025,575	993,317	
Total	20,672,709	19,765,959	20,650,272	19,790,329	
Debt payable on demand	19,665,845	18,790,514	19,643,408	18,814,884	
Deposits at notice:					
Up to 3 months	118,751	130,067	118,751	130,067	
From 3 months to 1 year	30,582	22,807	30,582	22,807	
From 1 year to 5 years	170,687	162,223	170,687	162,223	
More than 5 years	686,843	660,350	686,843	660,350	
Total	20,672,709	19,765,959	20,650,272	19,790,329	

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021
28 Issued bonds at amortised cost					
Non-preferred senior debt	0	0	0	0	
Preferred senior debt	378,484	377,810	378,484	377,810	
Total	378,484	377,810	378,484	377,810	
By time to maturity:					
Debt payable on demand	0	0	0	0	
Up to 3 months	0	0	0	0	
From 3 months to 1 year	0	0	0	0	
From 1 year to 5 years	378,484	377,810	378,484	377,810	
More than 5 years	0	0	0	0	
Total	378,484	377,810	378,484	377,810	
29 Other liabilities					
Various payables	212,215	69,091	197,024	48,302	
Negative market value of derivatives	18,559	22,518	18,559	22,518	
Lease commitments	35,225	44,503	133,516	144,416	
Interest and commission payable	13,455	16,319	13,430	16,276	
Other liabilities ¹	109,910	117,229	106,176	117,232	
Total	389,364	269,660	468,705	348,744	
Amounts expected to be settled within 12 months	367,316	210,326	348,366	207,781	
Amounts expected to be settled after 12 months	22,048	59,336	120,339	140,963	

¹ Including provisions for holiday pay, care days, etc.

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021
30 Provisions					
Provisions for losses on guarantees etc	73,609	77,290	73,609	77,290	
Other provisions	18,153	21,254	18,153	21,254	
Total	91,762	98,544	91,762	98,544	
Provisions for losses on guarantees					
Balance at beginning of year	77,290	88,769	77,290	88,769	
New provisions (net)	-231	-11,479	-231	-11,479	
Other changes	0	0	0	0	
Finally written off	3,450	0	3,450	0	
Provisions for losses on guarantees at end of year	73,609	77,290	73,609	77,290	
By time to maturity:					
Up to 1 year	7,270	12,668	7,270	12,668	
From 1 year to 5 years	25,774	20,451	25,774	20,451	
More than 5 years	40,565	44,171	40,565	44,171	
Total	73,609	77,290	73,609	77,290	

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021
30 Provisions (continued)					
Provisions for losses on committed facilities and undrawn credit lines					
Balance at beginning of year	20,994	27,185	20,994	27,185	
New provisions (net)	-3,101	-6,192	-3,101	-6,192	
Other changes	0	0	0	0	
Finally written off	0	0	0	0	
Provisions for losses on committed facilities and undrawn credit lines at end of year	17,893	20,994	17,893	20,994	
By time to maturity:					
Up to 1 year	17,893	20,994	17,893	20,994	
From 1 year to 5 years	0	0	0	0	
More than 5 years	0	0	0	0	
Total	17,893	20,994	17,893	20,994	
Other provisions					
Balance at beginning of year	260	1,480	260	1,480	
New provisions (net)	0	-1,220	0	-1,220	
Other changes	0	0	0	0	
Finally written off	0	0	0	0	
Other provisions at end of year	260	260	260	260	
By time to maturity:					
Up to 1 year	260	260	260	260	
From 1 year to 5 years	0	0	0	0	
More than 5 years	0	0	0	0	
Total	260	260	260	260	

The time of maturity for provisions for losses on guarantees is subject to considerable uncertainty.

Note	Amounts in DKK'000	Current rate of interest	Sparekassen (Group/Parent)	
			2022	2021
31 Subordinated loan capital				
Supplementary capital				
Floating interest rate, maturing in February 2027, may be repaid early in 2022.	5.94 % ¹⁾	0	50,000	
From 2022 to 2027, the interest rate will be six months' CIBOR + 5.5% with half-yearly adjustment.				
Floating interest rate, maturing in December 2027, may be repaid early in 2022.	4.75 % ¹⁾	0	50,000	
From 2022 to 2027, the interest rate will be six months' CIBOR + 4.39% with half-yearly adjustment.				
Floating interest rate, maturing in June 2028, may be repaid early in 2023.	4.50 % ¹⁾	130,000	130,000	
From 2023 to 2028, the interest rate will be six months' CIBOR + 4.11% with half-yearly adjustment.				
Floating interest rate, maturing in November 2028, may be repaid early in 2023.	4.75 % ¹⁾	41,000	41,000	
From 2023 to 2028, the interest rate will be six months' CIBOR + 4.24% with half-yearly adjustment.				
Floating interest rate, maturing in June 2029, may be repaid early in 2024.	4.50 % ¹⁾	150,000	150,000	
From 2024 to 2029, the interest rate will be six months' CIBOR + 4.64% with half-yearly adjustment.				
Floating interest rate, maturing in December 2029, may be repaid early in 2024.	4.45 % ¹⁾	152,000	152,000	
From 2024 to 2029, the interest rate will be six months' CIBOR + 4.51% with half-yearly adjustment.				
Floating interest rate, maturing in August 2032, may be repaid early in 2027.	6.06 %	100,000	100,000	
The interest rate will be six months' CIBOR + 3.10% with half-yearly adjustment.				
Total supplementary capital		573,000	673,000	
Total hybrid capital		0	0	
Total subordinated loan capital		573,000	673,000	
Costs of establishment are charged to profit or loss over the expected term to maturity		1,753	2,928	
Total subordinated loan capital according to the balance sheet		571,247	670,072	

1) Fixed interest rate for the first five years.

Notes

Note	Amounts in DKK'000	Current rate of interest	Sparekassen (Group/Parent)	
			2022	2021
31 Subordinated loan capital (continued)				
Hybrid capital reclassified to equity				
Floating interest rate, indefinite term to maturity, may be repaid early in 2022.	6.75 % ¹⁾	0	55,000	
From 2022, the interest rate will be six months' CIBOR + 6.39% with half-yearly adjustment.				
Floating interest rate, indefinite term to maturity, may be repaid early in 2023.	6.50 % ¹⁾	280,000	280,000	
From 2023, the interest rate will be six months' CIBOR + 6.11% with half-yearly adjustment.				
Floating interest rate, indefinite term to maturity, may be repaid early in 2023.	6.25 % ¹⁾	41,000	41,000	
From 2023, the interest rate will be six months' CIBOR + 5.74% with half-yearly adjustment.				
Floating interest rate, indefinite term to maturity, may be repaid early in 2028.	9.06 %	175,000	0	
The interest rate will be six months' CIBOR + 6.50 % with half-yearly adjustment.				
Total hybrid capital, reclassified to equity		496,000	376,000	
Subordinated loan capital included in the calculation of capital resources		1,067,247	996,072	

1) Fixed interest rate for the first five years.

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021
31 Subordinated loan capital (continued)					
Interest etc on subordinated loan capital					
Interest (excluding interest on reclassified hybrid core capital recognised in equity)	28,464	28,073	28,464	28,073	
Extraordinary instalments/repayments/conversions	100,000	0	100,000	0	
Expenses for raising subordinated loan capital	0	750	0	750	
Expenses for repaying subordinated loan capital	0	0	0	0	

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, for most of Sparekassen's issuances, be applied to fulfil the capital requirement addition under the 8+ approach.

At the time of borrowing, subordinated loan capital is measured at the proceeds received net of front-end fees etc. After initial recognition, measurement is effected at amortised cost to the effect that the difference between net proceeds and nominal value is recognised in interest expenses over the expected term of the subordinated loan capital.

In calculating capital resources, subordinated loan capital is included at DKK 1,067,247k compared to DKK 996,072k in 2021.

In 2022, Sparekassen repaid DKK 100,000k worth of supplementary capital (2021: DKK 0k) along with DKK 55,000k worth of hybrid capital (2021: DKK 0k).

Sparekassen has obtained DKK 175,000k in hybrid capital in 2022. Expenses for obtaining the hybrid capital amounted to DKK 875k. The amount has been recognised directly in equity, as has the hybrid capital.

Notes

Note

33 Shareholder information

At 31 December 2021, Sparekassen Sjælland-Fyn has registered the following shareholders to hold between 5% and 9.99% of the voting rights or nominal value of the share capital:

2022

Sydbank A/S, Aabenraa
 AP Pension Livsforsikringsaktieselskab, København
 Købstædernes Forsikring, Gensidig, København
 Jyske Bank A/S, Silkeborg
 Nykredit Realkredit A/S

2021

Sydbank A/S, Aabenraa
 AP Pension Livsforsikringsaktieselskab, København
 Købstædernes Forsikring, Gensidig, København
 Jyske Bank A/S, Silkeborg

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021
34	Contingent liabilities and assets				
	Contingent liabilities				
	Finance guarantees	265,209	359,772	310,409	391,172
	Loss guarantees for mortgage loans	2,399,544	2,921,169	2,399,544	2,921,169
	Property registration and conversion guarantees	15,177	3,439	15,177	3,439
	Other contingent liabilities	2,933,451	3,955,724	2,933,451	3,955,724
	Total	5,613,381	7,240,104	5,658,581	7,271,504

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

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 100,000 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 Investeringsselskabet 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 commission 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.

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021
35 Assets provided as collateral					
Bonds deposited with Danmarks Nationalbank, clearing centres etc	1,177,409	1,731,376	1,177,409	1,731,376	
Cash deposited with credit institutions, CSA agreements	3,806	22,544	3,806	22,544	
Loss limit towards the Danish Growth Fund	257	259	257	259	
Total assets provided as collateral	1,181,472	1,754,179	1,181,472	1,754,179	

Unencumbered deposited securities may be discharged on demand.

In reverse transactions, Sparekassen still holds the risk related to the securities. The securities remain on the balance sheet, and the consideration received is recognised as amounts owed to credit institutions. Securities in reverse transactions are accounted for as assets provided as collateral for liabilities. The counterparty is entitled to sell or re-borrow money on the securities received. The carrying amount of the reverse transactions is evident from note 26

Assets sold in reverse transactions

Bonds at fair value	905,728	0	905,728	0
Fair value, reverse transactions	912,069	0	912,069	0
Net position	6,341	0	6,341	0

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021
36 Capital resources					
Equity excluding hybrid core capital	3,621,079	3,409,628	3,621,079	3,409,628	
Intangible assets	-91,154	-91,178	-91,154	-91,178	
Deferred tax assets	-55,272	-116,197	-2,045	-106,232	
Proposed dividend	-104,250	-104,250	-104,250	-104,250	
Deduction, capital instruments exceeding 10%	-360,312	-290,162	-360,419	-287,751	
Other additions/deductions	99,192	169,307	45,431	171,398	
Common Equity Tier 1 capital	3,109,283	2,977,148	3,108,642	2,991,615	
Hybrid core capital	496,000	376,000	496,000	376,000	
Core capital (including hybrid core capital) net of primary deductions	3,605,283	3,353,148	3,604,642	3,367,615	
Supplementary capital	527,747	620,072	527,747	620,072	
Capital resources	4,133,030	3,973,219	4,132,389	3,987,687	
Risk exposures					
Credit risk	13,844,963	14,147,509	13,863,941	14,266,212	
Market risk	387,135	829,270	387,133	829,352	
Operational risk	2,211,099	2,039,764	2,181,118	2,005,246	
Total risk exposures	16,443,197	17,016,542	16,432,192	17,100,810	
Capital ratio	25.1	23.3	25.1	23.3	
Core capital ratio	21.9	19.7	21.9	19.7	
Common Equity Tier 1 capital ratio	18.9	17.5	18.9	17.5	
Capital resources, requirement under Section 124(2) of the Danish Financial Business Act	1,315,456	1,361,323	1,314,575	1,368,065	

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021

36 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

Common Equity Tier 1 capital

Core capital (including hybrid core capital) net of primary deductions	2,993,289	2,812,136	2,992,648	2,826,603
Capital resources	3,489,289	3,188,136	3,488,648	3,202,603
Capital resources	4,017,036	3,808,207	4,016,395	3,822,675
Total risk exposures	16,354,712	16,928,953	16,343,708	17,014,901
Capital ratio	24.6	22.5	24.6	22.5
Core capital ratio	21.3	18.8	21.3	18.8
Common Equity Tier 1 capital ratio	18.3	16.6	18.3	16.6

The capital ratio has been calculated in accordance with the Danish FSA's Executive Order on Capital Adequacy for Banks and Certain Credit Institutions. Sparekassen complies with the Danish rules for step phase-in of the requirements of the Capital Requirements Regulation and the Capital Requirements Directive (CRR/CRD IV).

The capital adequacy rules require a minimum capital of 8% of calculated risks plus an individual solvency requirement. The statement of individual solvency requirement is evident from Sparekassen's risk report which is published together with the Annual Report on Sparekassen's website, https://www.spks.dk/om_sparekassen/regnskab. The risk report and the statement of the individual solvency requirement have not been audited

Capital resources are composed of core capital (equity and hybrid capital) and supplementary capital. Under certain conditions, the subordinated loan capital may be included in capital resources. Subordinated loan capital is disclosed note 31.

It is Sparekassen's strategy to continuously have a comfortable excess capital adequacy to secure latitude for Sparekassen to pursue its business and strategic priorities and aims and to maintain continuity in what we do. Also, Sparekassen makes a current effort to reduce risk as well as charge on capital on non-core activities as much as possible. Sparekassen considers its excess capital adequacy to be satisfactory.

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021

37 Related parties

The amount of loans, mortgages, recourse and non-recourse guarantees as well as related collateral security established for the members of Management listed below:

Executive Board					
Loans and non-recourse guarantees	7,356	800	7,356	800	
Interest rate for loans	3.75 % - 9.75 %	5.15 % - 8.95 %	3.75 % - 9.75 %	5.15 % - 8.95 %	
Board of Directors					
Loans and non-recourse guarantees	30,070	29,698	30,070	29,698	
Interest rate for loans	2.55 % - 5.95 %	1.05 % - 4.1 %	2.55 % - 5.95 %	1.05 % - 4.1 %	

Loans to employee board members are granted on Sparekassen's general terms for employees. Loans to other board members are granted on an arm's length basis.

Der har i regnskabsåret været følgende transaktioner mellem sparekassen og nærtstående parter

Executive Board	0	0
Board of Directors	7,035	2,219

The transactions cover consultancy services from HM Gruppen A/S, in which Vice-Chairman Jakob N. Andersson serves as Board Member and Executive Officer. All related party transactions have been conducted on an arm's length basis.

Notes

Note	Amounts in DKK'000	Associates and jointly controlled enterprises		Group enterprises	
		2022	2021	2022	2021

37 Related parties (continued)

Balances and transactions with:

Loans and other amounts owed	92,817	33,383	1,064,946	943,887
Deposits and other debt	18,633	57,542	17,219	66,380
Net interest income	2,129	826	19,534	22,004
Commission and fee income	41	29	3,667	3,475
Rent	0	0	21,192	17,252
Management fee, income	0	0	2,200	981
Guarantees	6,045	6,122	45,200	31,400
Investments/dividend			5,317	2,132

Sparekassen serves as banker for group enterprises. The transactions primarily cover payment of interest and rent. All transactions with the companies mentioned have been conducted on an arm's length basis.

There are not credit-impaired related parties (Stage 3).

Note	2022	2021	Change in number
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38 Shares held by the Board of Directors and the Executive Board at end of year

Board of Directors

Thomas Kullegaard	27,865	26,182	1,683
Jakob Nørrekjær Andersson	18,835	17,600	1,235
Erik Larsen	6,192	6,192	0
Per Olsen	5,999	5,348	651
Otto Spliid	5,405	5,138	267
Helle Lindhof Bjørnøe	3,456	3,188	268
Torben Dalby Larsen (joined the Board of Directors in 2021)	1,554	1,554	0
Mads Wallin	1,151	768	383

Executive Board

Lars Petersson	35,344	34,344	1,000
Lars Bolding	17,000	17,000	0
Jan Kolbye Jensen	10,646	8,646	2,000
Bruno Riis-Nielsen	10,024	8,024	2,000

Calculated inclusive of related parties. Sparekassen has not issued share options, warrants or convertible bonds to either the Board of Directors or the Executive Board.

Notes

Group 2022

Note	Amounts in DKK'000	Nominal value	Net market value	Positive market value	Negative market value
39 Derivatives					
Currency contracts					
Forward contracts, purchases	1,359	41	41	0	
Forward contracts, sales	21,624	-33	284	317	
Currency swaps	1,664	0	59	59	
Unsettled spot transactions, purchases	460	2	2	0	
Unsettled spot transactions, sales	2,551	-1	10	11	
Interest rate contracts					
Forward contracts, purchases	340,586	100	2,259	2,159	
Forward contracts, sales	349,622	1,255	2,921	1,666	
Interest rate swaps	216,333	181	4,352	4,170	
Unsettled spot transactions, certificates, purchases	124,138	-2	388	390	
Unsettled spot transactions, certificates, sales	126,131	258	556	298	
Share contracts					
Forward contracts, purchases	3	6	6	0	
Forward contracts, sales	3	-5	0	5	
Unsettled spot transactions, purchases	241,791	200	8,088	7,888	
Unsettled spot transactions, sales	36,496	-538	1,061	1,598	
Other derivative contracts					
Options, acquired	0	0	0	0	
Options, issued	0	0	0	0	
Total derivatives	1,462,762	1,466	20,025	18,559	

Group 2021

Note	Amounts in DKK'000	Nominal value	Net market value	Positive market value	Negative market value
39 Derivatives (continued)					
Currency contracts					
Forward contracts, purchases	0	0	0	0	
Forward contracts, sales	870	4	4	0	
Currency swaps	92,497	23	179	156	
Unsettled spot transactions, purchases	416	1	1	0	
Unsettled spot transactions, sales	406	-1	1	2	
Interest rate contracts					
Forward contracts, purchases	433,298	2,508	2,983	475	
Forward contracts, sales	433,286	-591	1,120	1,711	
Interest rate swaps	587,596	-1,588	18,033	19,621	
Unsettled spot transactions, certificates, purchases	60,280	32	137	105	
Unsettled spot transactions, certificates, sales	63,350	171	249	78	
Share contracts					
Forward contracts, purchases	0	0	0	0	
Forward contracts, sales	0	0	0	0	
Unsettled spot transactions, purchases	978	-100	135	235	
Unsettled spot transactions, sales	1,004	115	249	135	
Other derivative contracts					
Options, acquired	0	0	0	0	
Options, issued	0	0	0	0	
Total derivatives	1,673,980	573	23,091	22,518	

2022

2021

The market value is recognised in the balance sheet at the following amounts for the Group

Other assets	20,025	23,091
Other liabilities	18,559	22,518

Notes

Sparekassen (Parent) 2022

Note	Amounts in DKK'000	Nominal value	Net market value	Positive market value	Negative market value
39 Derivatives (continued)					
Currency contracts					
	Forward contracts, purchases	1,359	41	41	0
	Forward contracts, sales	21,624	-33	284	317
	Currency swaps	1,664	0	59	59
	Unsettled spot transactions, purchases	460	2	2	0
	Unsettled spot transactions, sales	2,551	-1	10	11
Interest rate contracts					
	Forward contracts, purchases	340,586	100	2,259	2,159
	Forward contracts, sales	349,622	1,255	2,921	1,666
	Interest rate swaps	216,333	181	4,352	4,170
	Unsettled spot transactions, certificates, purchases	124,138	-2	388	390
	Unsettled spot transactions, certificates, sales	126,131	258	556	298
Share contracts					
	Forward contracts, purchases	3	6	6	0
	Forward contracts, sales	3	-5	0	5
	Unsettled spot transactions, purchases	241,791	200	8,088	7,888
	Unsettled spot transactions, sales	36,496	-538	1,061	1,598
Other derivative contracts					
	Options, acquired	0	0	0	0
	Options, issued	0	0	0	0
	Total derivatives	1,462,762	1,466	20,025	18,559

Sparekassen (Parent) 2021

Note	Amounts in DKK'000	Nominal value	Net market value	Positive market value	Negative market value
39 Derivatives (continued)					
Currency contracts					
	Forward contracts, purchases	0	0	0	0
	Forward contracts, sales	870	4	4	0
	Currency swaps	92,497	23	179	156
	Unsettled spot transactions, purchases	416	1	1	0
	Unsettled spot transactions, sales	406	-1	1	2
Interest rate contracts					
	Forward contracts, purchases	433,298	2,508	2,983	475
	Forward contracts, sales	433,286	-591	1,120	1,711
	Interest rate swaps	587,596	-1,588	18,033	19,621
	Unsettled spot transactions, certificates, purchases	60,280	32	137	105
	Unsettled spot transactions, certificates, sales	63,350	171	249	78
Share contracts					
	Forward contracts, purchases	0	0	0	0
	Forward contracts, sales	0	0	0	0
	Unsettled spot transactions, purchases	978	-100	135	235
	Unsettled spot transactions, sales	1,004	115	249	135
Other derivative contracts					
	Options, acquired	0	0	0	0
	Options, issued	0	0	0	0
	Total derivatives	1,673,980	573	23,091	22,518

2022

2021

The market value is recognised in the balance sheet at the following amounts for Sparekassen (Parent)

Other assets	20,025	23,091
Other liabilities	18,559	22,518

Notes

Group 2022, Net market value

Note	Amounts in DKK'000	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
39 Derivatives (continued)						
Currency contracts						
Forward contracts, purchases		19	22	0	0	41
Forward contracts, sales		-13	-20	0	0	-33
Currency swaps		0	0	0	0	0
Unsettled spot transactions, purchases		2	0	0	0	2
Unsettled spot transactions, sales		-1	0	0	0	-1
Interest rate contracts						
Forward contracts, purchases		-56	156	0	0	100
Forward contracts, sales		1,308	-53	0	0	1,255
Interest rate swaps		0	0	0	181	181
Unsettled spot transactions, certificates, purchases		-2	0	0	0	-2
Unsettled spot transactions, certificates, sales		258	0	0	0	258
Share contracts						
Forward contracts, purchases		6	0	0	0	6
Forward contracts, sales		-5	0	0	0	-5
Unsettled spot transactions, purchases		200	0	0	0	200
Unsettled spot transactions, sales		-538	0	0	0	-538
Other derivative contracts						
Options, acquired		0	0	0	0	0
Options, issued		0	0	0	0	0
Total derivatives		1,179	105	0	181	1,466

Group 2021, Net market value

Note	Amounts in DKK'000	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
39 Derivatives (continued)						
Forward contracts, purchases						
Forward contracts, sales		0	0	0	0	0
Currency swaps		0	4	0	0	4
Unsettled spot transactions, purchases		10	12	0	0	23
Unsettled spot transactions, sales		1	0	0	0	1
Uafviklede spotforretninger, salg		-1	0	0	0	-1
Interest rate contracts						
Forward contracts, purchases		2,100	407	0	0	2,508
Forward contracts, sales		-332	-259	0	0	-591
Interest rate swaps		0	-244	0	-1,344	-1,588
Unsettled spot transactions, certificates, purchases		32	0	0	0	32
Unsettled spot transactions, certificates, sales		171	0	0	0	171
Share contracts						
Forward contracts, purchases		0	0	0	0	0
Forward contracts, sales		0	0	0	0	0
Unsettled spot transactions, purchases		-100	0	0	0	-100
Unsettled spot transactions, sales		115	0	0	0	115
Other derivative contracts						
Options, acquired		0	0	0	0	0
Options, issued		0	0	0	0	0
Total derivatives		1,996	-80	0	-1,344	573

Notes

Sparekassen (Parent) 2022, Net market value

Note	Amounts in DKK'000	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
39 Derivatives (continued)						
Currency contracts						
Forward contracts, purchases		19	22	0	0	41
Forward contracts, sales		-13	-20	0	0	-33
Currency swaps		0	0	0	0	0
Unsettled spot transactions, purchases		2	0	0	0	2
Unsettled spot transactions, sales		-1	0	0	0	-1
Interest rate contracts						
Forward contracts, purchases		-56	156	0	0	100
Forward contracts, sales		1,308	-53	0	0	1,255
Interest rate swaps		0	0	0	181	181
Unsettled spot transactions, certificates, purchases		-2	0	0	0	-2
Unsettled spot transactions, certificates, sales		258	0	0	0	258
Share contracts						
Forward contracts, purchases		6	0	0	0	6
Forward contracts, sales		-5	0	0	0	-5
Unsettled spot transactions, purchases		200	0	0	0	200
Unsettled spot transactions, sales		-538	0	0	0	-538
Other derivative contracts						
Options, acquired		0	0	0	0	0
Options, issued		0	0	0	0	0
Total derivatives		1,179	105	0	181	1,466

Sparekassen (Parent) 2021, Net market value

Note	Amounts in DKK'000	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
39 Derivatives (continued)						
Currency contracts						
Forward contracts, purchases		0	0	0	0	0
Forward contracts, sales		0	4	0	0	4
Currency swaps		10	12	0	0	23
Unsettled spot transactions, purchases		1	0	0	0	1
Unsettled spot transactions, sales		-1	0	0	0	-1
Interest rate contracts						
Forward contracts, purchases		2,100	407	0	0	2,508
Forward contracts, sales		-332	-259	0	0	-591
Interest rate swaps		0	-244	0	-1,344	-1,588
Unsettled spot transactions, certificates, purchases		32	0	0	0	32
Unsettled spot transactions, certificates, sales		171	0	0	0	171
Share contracts						
Forward contracts, purchases		0	0	0	0	0
Forward contracts, sales		0	0	0	0	0
Unsettled spot transactions, purchases		-100	0	0	0	-100
Unsettled spot transactions, sales		115	0	0	0	115
Other derivative contracts						
Options, acquired		0	0	0	0	0
Options, issued		0	0	0	0	0
Total derivatives		1,996	-80	0	-1,344	573

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021
40	Cash and cash equivalents				
	Balance at beginning of year				
	Cash and balances on demand at central banks	4,014,591	480,569	4,014,591	480,568
	Amounts owed by credit institutions and central banks	186,272	4,813,420	178,888	4,802,377
	Total	4,200,863	5,293,989	4,193,479	5,282,945
	Balance at end of year				
	Cash and balances on demand at central banks	2,156,355	4,014,591	2,156,355	4,014,591
	Amounts owed by credit institutions and central banks	244,044	186,272	232,734	178,888
	Total	2,400,399	4,200,863	2,389,089	4,193,479

Cash and cash equivalents comprise cash etc and unencumbered amounts owed by credit institutions and central banks with an original term to maturity of up to three months.

Notes

Note	Amounts in DKK'000	2022			2021		
		Fair value	Fair value through other comprehensive income	Amortised cost	Fair value	Fair value through other comprehensive income	Amortised cost
41	Financial assets and liabilities, Group						
	Financial assets and liabilities are recognised in the balance sheet either at fair value or at amortised cost. Below, the valuation method is disclosed for each line item.						
	Financial assets						
	Cash and balances on demand at central banks			2,156,355			4,014,591
	Amounts owed by credit institutions and central banks			1,155,847			186,272
	Loans and other amounts owed at amortised cost			11,690,084			12,067,386
	Bonds at fair value	1,282,303	403,765		7,316,343	0	
	Bonds at amortised cost			8,785,452			0
	Shares etc	723,375	88,551		623,688	99,437	
	Assets in pooled plans	1,976,120			2,405,310		
	Positive market value, derivatives	20,025			23,091		
	Total financial assets	4,001,823	492,316	23,787,738	10,368,432	99,437	16,268,249
	Financial liabilities						
	Amounts owed to credit institutions and central banks			1,384,156			577,773
	Deposits and other debt			20,672,709			19,765,959
	Deposits in pooled plans	1,976,120			2,405,310		
	Bonds issued at amortised cost			378,484			377,810
	Subordinated loan capital			571,247			670,072
	Negative market value, derivatives	18,559			22,518		
	Total financial liabilities	1,994,679	0	23,006,596	2,427,828	0	21,391,614

Notes

Note

41 Financial assets and liabilities, 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 are 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 is only to a limited extent observable market data, such measurement is subject to estimation. Shares etc in Levels 2 and 3 primarily comprise unlisted shares in sector companies.

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 third party. The industry association Lokale Pengeinstitut (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 lead to much different fair values.

Note	Amounts in DKK'000	Quoted prices (Level 1)	Observable input (Level 2)	Non-observable input (Level 3)	Total
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41 Financial assets and liabilities, Group (continued)

Fair value hierarchy for financial instruments measured at fair value in the balance sheet

	31. december 2022			
Financial assets				
Bonds at fair value	1,686,068	0	0	1,686,068
Shares etc	128,315	604,543	79,068	811,926
Assets in pooled plans	1,958,523	17,597	0	1,976,120
Derivatives	0	20,025	0	20,025
Total financial assets	3,772,906	642,165	79,068	4,494,139
Financial liabilities				
Deposits in pooled plans	0	1,976,120	0	1,976,120
Derivative financial liabilities	0	18,559	0	18,559
Total financial liabilities	0	1,994,679	0	1,994,679
	31. december 2021			
Financial assets				
Bonds at fair value	7,316,343	0	0	7,316,343
Shares etc	124,303	530,825	67,997	723,125
Assets in pooled plans	2,386,355	18,955	0	2,405,310
Derivatives	0	23,091	0	23,091
Total financial assets	9,827,001	572,871	67,997	10,467,869
Financial liabilities				
Deposits in pooled plans	0	2,405,310	0	2,405,310
Derivative financial liabilities	0	22,518	0	22,518
Total financial liabilities	0	2,427,828	0	2,427,828

Notes

Note	Amounts in DKK'000	Group	
		2022	2021
41	Financial assets and liabilities, Group (continued)		
	Financial instruments measured at fair value in the balance sheet based on Level 3		
	Carrying amount at beginning of year	67,997	45,059
	Market value adjustments recognised in profit or loss in market value adjustments	1,081	-14
	Purchases	13,632	24,117
	Sales	3,641	1,165
	Carrying amount at end of year	79,068	67,997
	Unrealised market value adjustments	5,240	303
	Sensitivity information		
	If the actual market value varies by plus/minus 10% compared to fair value, this affects profit or loss by plus/minus	7,907	6,800

Sparekassen does not have data to perform a sensitivity analysis of the portfolio of investment unit certificates in Level 3. Investment unit certificates amount to DKK 0.0m (2021: DKK 2.9m) of the financial instruments measured at fair value in the balance sheet based on Level 3.

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.

Note	Amounts in DKK'000	Balance at beginning of year	Cash flows	Accrual of initial expenses	Balance at end of year
41	Financial assets and liabilities, Group (continued)				
	Funding activity				
	2022				
	Bonds issued at amortised cost	377,810	0	674	378,484
	Subordinated loan capital	670,072	-100,000	1,175	571,247
	Hybrid core capital	376,000	120,000	0	496,000
	Total liabilities related to funding activity	1,423,882	20,000	1,849	1,445,731
	2021				
	Bonds issued at amortised cost	198,656	180,000	-846	377,810
	Subordinated loan capital	569,669	100,000	403	670,072
	Hybrid core capital	376,000	0	0	376,000
	Total liabilities related to funding activity	1,144,325	280,000	-443	1,423,882

Sparekassen wants to be independent of external funding in the form of market financing, and, in its business model, it attaches importance to deposits funding loans and advances.

Notes

Note

41 Financial assets and liabilities, Group (continued)

Financial instruments recognised at amortised cost

The predominant portion of the Group's receivables, loans and advances and deposits cannot be transferred without the customers' prior consent, and no active market exists for trading in such financial instruments. Fair value estimates are based on factors where changes have occurred in market conditions subsequent to initial recognition of the instrument that are of relevance to the price which would have been agreed had the terms and conditions been agreed on the balance sheet date. Other parties might reach another amount for such estimates.

The data on fair value of financial instruments recognised at amortised cost is based on the following assessments:

- If a quoted market price exists for a financial instrument, such price is used. This is the case for bonds measured at amortised cost.
- For some of the Group's deposits and loans and advances etc, the interest rate relies on developments in interest rates. Therefore, the fair value is essentially deemed to be consistent with the carrying amount.
- The fair value of loans and advances has been determined based on an informed estimate that is built on the Group regularly changing its loan covenants to match current market conditions. For loans and advances, the impairment losses recognised are considered to correspond to fair value adjustments of the credit risk. The difference relative to fair values is composed entirely of fees and commission received but not recognised.
- Fair value of amounts owed by credit institutions and central banks is determined using the same method as for loans and advances.
- The fair value of deposits, bonds issued and subordinated loan capital is deemed to be equivalent, in all material respects, with the carrying amount.

Note	Amounts in DKK'000	2022		2021	
		Carrying amount	Fair value	Carrying amount	Fair value
41 Financial assets and liabilities, Group (continued)					
Financial instruments recognised at amortised cost, disclosure of fair values					
Financial assets					
	Cash and balances on demand at central banks	2,156,355	2,156,355	4,014,591	4,014,591
	Amounts owed by credit institutions and central banks	1,155,847	1,155,847	186,272	186,272
	Loans and other amounts owed at amortised cost	11,690,084	11,744,720	12,067,386	12,125,517
	Bonds at amortised cost	8,785,452	8,535,034	0	0
	Total financial assets	23,787,738	23,591,956	16,268,249	16,326,380
Financial liabilities					
	Amounts owed to credit institutions and central banks	1,384,156	1,384,156	577,773	577,773
	Deposits and other debt	20,672,709	20,672,709	19,765,959	19,765,959
	Bonds issued at amortised cost	378,484	378,484	377,810	377,810
	Subordinated loan capital	571,247	571,247	670,072	670,072
	Total financial liabilities	23,006,596	23,006,596	21,391,614	21,391,614

Notes

Note	Amounts in DKK'000	Fair value recognised in profit or loss		Fair value through other comprehensive income	Amortised cost		Total
		Trading portfolio	Fair value option		Assets	Liabilities	
41	Financial assets and liabilities, Group (continued)						
	Return on and classification of financial assets and liabilities - Group 2022						
	Return						
	Interest income	90,931	0	6,325	566,495	74,671	738,422
	Interest expenses	3,327	0	0	11,636	63,917	78,880
	Net interest income	87,604	0	6,325	554,859	10,754	659,542
	Dividend on shares etc	26,451	0	0	0	0	26,451
	Market value adjustments	-356,839	301,914	-63,542	0	0	-118,467
	Total return	-242,784	301,914	-57,217	554,859	10,754	567,526
	Financial assets						
	Cash and balances on demand at central banks	0	0	0	2,156,355	0	2,156,355
	Amounts owed by credit institutions and central banks	0	0	0	1,155,847	0	1,155,847
	Loans and advances at amortised cost	0	0	0	11,690,084	0	11,690,084
	Bonds at fair value	1,282,303	0	403,765	0	0	1,686,068
	Bonds at amortised cost	0	0	0	8,785,452	0	8,785,452
	Shares etc	723,375	0	88,551	0	0	811,926
	Derivatives	20,025	0	0	0	0	20,025
	Assets in pooled plans	1,976,120	0	0	0	0	1,976,120
	Total financial assets	4,001,823	0	492,316	23,787,738	0	28,281,877
	Financial liabilities						
	Amounts owed to credit institutions and central banks	0	0	0	0	1,384,156	1,384,156
	Deposits	0	0	0	0	20,672,709	20,672,709
	Bonds issued at amortised cost	0	0	0	0	378,484	378,484
	Subordinated loan capital	0	0	0	0	571,247	571,247
	Derivatives	18,559	0	0	0	0	18,559
	Deposits in pooled plans	0	1,976,120	0	0	0	1,976,120
	Total financial liabilities	18,559	1,976,120	0	0	23,006,596	25,001,275

Notes

Note	Amounts in DKK'000	Fair value recognised in profit or loss		Fair value through other comprehensive income	Amortised cost		Total
		Trading portfolio	Fair value option		Assets	Liabilities	
41	Financial assets and liabilities, Group (continued)						
	Return on and classification of financial assets and liabilities - Group 2021						
	Return						
	Interest income	57,834	0	0	508,675	90,902	657,411
	Interest expenses	11,267	0	0	14,651	49,908	75,826
	Net interest income	46,567	0	0	494,024	40,994	581,585
	Dividend on shares etc	18,493	0	0	0	0	18,493
	Market value adjustments	331,071	-295,515	-1,262	0	0	34,294
	Total return	396,131	-295,515	-1,262	494,024	40,994	634,372
	Financial assets						
	Cash and balances on demand at central banks	0	0	0	4,014,591	0	4,014,591
	Amounts owed by credit institutions and central banks	0	0	0	186,272	0	186,272
	Loans and advances at amortised cost	0	0	0	12,067,386	0	12,067,386
	Bonds at fair value	7,316,343	0	0	0	0	7,316,343
	Shares etc	623,688	0	99,437	0	0	723,125
	Derivatives	23,091	0	0	0	0	23,091
	Assets in pooled plans	2,405,310	0	0	0	0	2,405,310
	Total financial assets	10,368,432	0	99,437	16,268,249	0	26,736,118
	Financial liabilities						
	Amounts owed to credit institutions and central banks	0	0	0	0	577,773	577,773
	Deposits	0	0	0	0	19,765,959	19,765,959
	Bonds issued at amortised cost	0	0	0	0	377,810	377,810
	Subordinated loan capital	0	0	0	0	670,072	670,072
	Derivatives	22,518	0	0	0	0	22,518
	Deposits in pooled plans	0	2,405,310	0	0	0	2,405,310
	Total financial liabilities	22,518	2,405,310	0	0	21,391,614	23,819,442

Notes

Note

42 Financial risks and financial risk management policies and objectives

Risk management

Sparekassen assumes different risks as part of carrying on financial business and other related activities. The most significant types of risk are credit risk, market risk, liquidity risk and operational risk.

The Board of Directors defines Sparekassen's risk policy and the framework for the risk areas that Sparekassen is engaged in. The Executive Board provides the framework for each division's and employee's powers in carrying on the day-to-day operations. The objective of this overall policy is that, with strong control of risks assumed, Sparekassen will have earnings and hence equity to secure future operations.

Sparekassen only wants to participate in the funding of business that it understands and can comprehend from an advisory perspective. Generally, Sparekassen wants to have a risk profile at portfolio level that is at the lower range compared to its competitors.

Sparekassen does not want to help fund business with an excessive risk profile, speculative projects or leveraged investment activities. In credit granting, Sparekassen has adopted an ethical profile.

Sparekassen has appointed an independent risk manager who is responsible for risk management taking place in an appropriate manner, which includes providing an overview of Sparekassen's risk exposures and total risk profile. The Risk Manager's area of responsibility comprises Sparekassen's risky assets across risk areas and organisational units as well as risks arising from outsourced areas. The Risk Manager reports to the Executive Board.

The types of risk and management thereof are described below.

Credit risk

Credit risk is the risk of losses resulting from debtors' non-performance of payment obligations towards Sparekassen.

Credit policy and management as well as collateral

Sparekassen's credit risks are managed according to policies and frameworks laid down by Management. The credit policy stipulates, for example, that a sound spread must exist between lending to private customers and corporate customers and, within these groups, also a sound spread of exposure amounts and industries. The credit policy is regularly adjusted to current conditions. Sparekassen grants loans and advances to Danish private customers and small and medium-sized enterprises placed geographically in Zealand, Funen and the metropolitan area. Sparekassen's loans, advances and guarantee debtors by sector and industry are disclosed in note 14.

Note

42 Financial risks and financial risk management policies and objectives (continued)

Credit risks are managed at single customer level when loans or advances are authorised and on an ongoing basis with particular focus on exposures deemed risky. Various data which forms part of the overall basis for decision is obtained for each credit assessment. This data includes finance and accounting data, budgets, disposable income, collateral offered, supplementary comments by the customer advisor, previous credits authorised, etc.

When trading in securities, currencies and derivatives as well as in relation to payment services etc, exposures arise towards financial counterparties in the form of settlement risk or credit risk. Management authorises lines on settlement risk and credit risk towards financial counterparties, based on each counterparty's risk profile. Risks and lines on financial counterparties are monitored on an ongoing basis.

Sparekassen's primary objective of the individual assessment of the customer is to decide whether they have the necessary debt servicing capabilities and the will to repay their loans to the mortgage bank, Sparekassen and any other creditors. We use this assessment to decide whether collateral must be provided in part or in full or whether the loan may be granted without providing collateral. Provision of collateral is required to hedge the risk of the ability to pay failing for unforeseen reasons. Our experience with the customer, our knowledge of their finances and their sensitivity to external influences play a vital role in the assessment.

Sparekassen seeks to reduce exposure risk by obtaining collateral in the form of mortgages on debtors' assets.

Security is usually granted through mortgage on property, movables and/or claims. In addition, security may be provided by way of enterprises' shares, letter of subordination and recourse guarantee.

The value of the collateral provided is monitored on an ongoing basis. If risk increases, collateral is assessed even more critically. The value is assessed as realisable value net of any costs of realisation. The assessment of collateral on rental properties is based on publicly available information about returns on similar properties.

Corporate exposures are reassessed at least annually based on the customer's latest financial statements and outlook compared to economic trends and conditions in general in the customer's industry.

The individual solvency requirement per exposure is calculated on a quarterly basis for exposures exceeding 2% of capital resources.

If the customer's creditworthiness is impaired, it is important to identify this as quickly as possible in order to be able to take the necessary steps to provide for any losses. Therefore, Sparekassen's credit exposures for both corporate customers and private customers are monitored and followed up on a regular basis. Each exposure is segmented based on credit quality, and weak exposures are placed in special credit segments.

Notes

Note

42 Financial risks and financial risk management policies and objectives (continued)

Impairment charges

In reviewing for impairment, all exposures exceeding 2% of capital resources and all other exposures with objective evidence of impairment are reviewed.

Stage 1 and Stage 2 customers/facilities are written down for impairment using a portfolio model calculation.

The impairment model is based on the expected loss model and entails that, on initial recognition, a financial asset is written down by an amount equivalent to the expected credit loss over a 12-month period (Stage 1). If, subsequently, credit risk has increased significantly since initial recognition, the asset is written down by an amount equivalent to the expected credit loss over the remaining maturity period of the asset (Stage 2). If the value of the asset is credit-impaired (Stage 3), the asset will continue to be written down by an amount equivalent to the expected credit loss over the remaining maturity period of the asset, which amount will be exceeded that in Stage 2, and interest income is recognised in profit or loss applying the effective interest method to the amount written down.

Loans, advances and guarantees etc by exposure category/stage are evident from a table below in this note.

Non-performing loans

If the above ongoing monitoring identifies a credit exposure as weak, then that exposure will be placed in a special credit segment, as mentioned above. Then an individual action plan is designed to have the exposure back on track. Sparekassen makes a great effort to identify these exposures as early as possible in the process. On the one hand, it is easier to help the customer get on their feet again, and, on the other hand, it may reduce possible losses suffered by Sparekassen. The aim of the action plan is to re-transfer the customer to a higher-rated credit segment. If, for different reasons, it is not possible to keep to the action plan, and there is no appropriate and sustainable solution to the matter, the next step is debt collection. If it turns out that the claim is irrecoverable after having performed the debt collection procedure, the exposure is written off.

Exposures written off will be taken up again before any legal time limitation arises in order to determine whether the debtor has partially or fully regained their ability to pay.

Exposures placed for collection are managed by a separate entity at Sparekassen's head office.

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021

42 Financial risks and financial risk management policies and objectives (continued)

Maximum credit exposure

The Group's and Sparekassen's credit exposure is composed of selected on-balance sheet and off-balance sheet items.

Credit exposure on lending activities					
On-balance sheet items					
Amounts owed by credit institutions and central banks	1,155,847	186,272	1,144,538	178,888	
Loans and other amounts owed at amortised cost	11,690,084	12,067,386	11,637,530	11,957,157	
Off-balance sheet items					
Guarantees	5,613,381	7,240,104	5,658,581	7,271,504	
Undrawn credit lines	5,076,056	5,337,037	5,101,110	5,444,088	
Credit exposure on lending activities	23,535,368	24,830,799	23,541,759	24,851,637	
Credit exposure on trading and investment activities					
On-balance sheet items					
Bonds at fair value	1,686,068	7,316,343	1,686,068	7,316,343	
Bonds at amortised cost	8,785,452	0	8,785,452	0	
Shares etc	811,926	723,125	808,720	720,095	
Positive value of derivatives	20,025	23,091	20,025	23,091	
Credit exposure on trading and investment activities	11,303,471	8,062,559	11,300,265	8,059,529	
Total credit exposure	34,838,839	32,893,358	34,842,024	32,911,166	

The risk exposure on loans, advances and guarantees etc is reduced through the provision of collateral in the form of a mortgage on real property, movables, securities and guarantees etc.

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021

42 Financial risks and financial risk management policies and objectives (continued)

The table below shows nominal values of collateral. This means the value of the nominal mortgage without any reduction. It may be relevant to reduce the value of the mortgage if the actual value of an asset will not suffice to ensure full value from a mortgage if realised. So the individual exposures may hold unsecured elements. Collateral is typically provided when a loan is set up. As a loan is settled, some cases may see security excess cover. Conversely, there may also be exposures where the value of any collateral provided will not cover the current debt.

The table shows total nominal collateral relative to total loans and advances. The actual value of the collateral is disclosed below the table.

Collateral received

Collateral by type:

Charge on real property	12,984,868	14,333,738	12,891,208	14,223,027
Charge on movables etc	5,655,486	5,226,209	4,985,054	4,621,279
Securities accounts and bank deposits	348,751	451,187	348,751	451,187
Other collateral	24,427	27,322	24,427	27,322
Total collateral	19,013,532	20,038,456	18,249,440	19,322,815
Value of collateral	15,211,256	16,109,552	14,447,164	15,393,911

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021

42 Financial risks and financial risk management policies and objectives (continued)

Concentration risk

Net of particularly secure claims, exposures with customers or groups of inter-connected customers must not exceed 25% of capital resources in accordance with Article 395 of the Capital Requirements Regulation. The Group has not had exposures exceeding the limits laid down in Article 395.

Concentration risk on large exposures accounting for 10% or more of capital resources

Credit institutions

Credit exposure net of deductions	2,090,643	483,165	3,212,334	1,570,193
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Other business

Credit exposure net of deductions	0	0	0	0
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More than 20% of capital resources	1,759,214	483,165	2,880,951	1,570,193
15-20% of capital resources	331,429	0	331,384	0
10-15% of capital resources	0	0	0	0

Number of large exposures

Credit institutions before deductions	5	4	7	6
Other business before deductions	1	1	1	1

Sparekassen has focus on avoiding concentration of risk and minimising the risk on large single exposures. The exposures were set up after carefully assessing that appropriate risk and collateral exist.

Notes

Note	Amounts in DKK'000	Group			Write-down for impairment
		Credit exposure before write-down for impairment	Collateral	Unsecured	

42 Financial risks and financial risk management policies and objectives (continued)

Stage 3 credit exposures written down, by sector

2022

Agriculture	45,699	19,622	26,077	19,142
Financing and insurance	36,952	17,443	19,509	22,234
Real property	36,023	25,102	10,921	15,880
Other business	332,185	225,502	106,683	148,702
Private	169,897	99,488	70,408	88,989
Total	620,755	387,157	233,598	294,946

Credit exposures written down, by sector

2021

Agriculture	65,022	32,066	32,957	26,807
Financing and insurance	25,337	4,893	20,444	15,489
Real property	40,917	30,603	10,314	18,958
Other business	313,592	173,335	140,257	130,233
Private	225,008	112,205	112,803	121,878
Total	669,876	353,102	316,775	313,364

Note	Amounts in DKK'000	Sparekassen (Parent)			Write-down for impairment
		Credit exposure before write-down for impairment	Collateral	Unsecured	

42 Financial risks and financial risk management policies and objectives (continued)

Stage 3 credit exposures written down, by sector

2022

Agriculture	44,683	18,807	25,876	18,941
Financing and insurance	36,952	17,443	19,509	22,234
Real property	33,734	23,666	10,068	15,027
Other business	315,905	213,865	102,040	144,059
Private	162,170	92,426	69,743	88,324
Total	593,443	366,207	227,234	288,584

Credit exposures written down, by sector

2021

Agriculture	64,831	31,996	32,835	26,686
Financing and insurance	25,337	4,893	20,444	15,489
Real property	39,510	29,536	9,974	18,618
Other business	303,402	167,091	163,311	126,287
Private	215,292	103,799	111,493	120,568
Total	648,372	337,315	338,057	307,647

Notes

		Group			
Note	Amounts in DKK'000	Stage 1	Stage 2	Stage 3	Total

42 Financial risks and financial risk management policies and objectives (continued)

Loans, advances and guarantees etc by exposure category/stage

2022

Category 1: Exposures with substantial weaknesses	335,769	486,365	723,870	1,546,003
Category 2: Exposures with slightly impaired credit quality and certain signs of weakness	4,470,195	1,275,837	0	5,746,031
Category 3: Exposures with normal credit quality	10,437,950	194,352	0	10,632,302
Total loans, advances and guarantees etc	15,243,913	1,956,554	723,870	17,924,337

Committed facilities and undrawn credit lines by exposure category/stage

2022

Category 1: Exposures with substantial weaknesses	33,249	60,097	36,562	129,908
Category 2: Exposures with slightly impaired credit quality and certain signs of weakness	852,726	287,641	0	1,140,367
Category 3: Exposures with normal credit quality	3,791,467	14,313	0	3,805,781
Total committed facilities and undrawn credit lines	4,677,442	362,051	36,562	5,076,056

Category 1 comprises customers whose future finances are subject to great uncertainty and great uncertainty exists as to whether the customer will be able to honour their payment obligations should any negative unforeseen events occur,

Category 2 comprises customers whose finances are weak due to below-standard disposable income, negative assets or other financial vulnerabilities,

		Sparekassen (Parent)			
Note	Amounts in DKK'000	Stage 1	Stage 2	Stage 3	Total

42 Financial risks and financial risk management policies and objectives (continued)

Loans, advances and guarantees etc by exposure category/stage

2022

Category 1: Exposures with substantial weaknesses	275,058	431,940	701,831	1,408,829
Category 2: Exposures with slightly impaired credit quality and certain signs of weakness	4,031,200	1,225,297	0	5,256,497
Category 3: Exposures with normal credit quality	11,051,027	184,298	0	11,235,325
Total loans, advances and guarantees etc	15,357,285	1,841,535	701,831	17,900,650

Committed facilities and undrawn credit lines by exposure category/stage

2022

Category 1: Exposures with substantial weaknesses	33,249	60,097	36,562	129,908
Category 2: Exposures with slightly impaired credit quality and certain signs of weakness	852,726	287,641	0	1,140,367
Category 3: Exposures with normal credit quality	3,816,522	14,313	0	3,830,835
Total committed facilities and undrawn credit lines	4,702,496	362,051	36,562	5,101,110

Category 1 comprises customers whose future finances are subject to great uncertainty and great uncertainty exists as to whether the customer will be able to honour their payment obligations should any negative unforeseen events occur,

Category 2 comprises customers whose finances are weak due to below-standard disposable income, negative assets or other financial vulnerabilities,

Notes

Group					
Note	Amounts in DKK'000	Stage 1	Stage 2	Stage 3	Total
42	Financial risks and financial risk management policies and objectives (continued)				
	Loans, advances and guarantees etc by exposure category/stage				
	2021				
	Category 1: Exposures with substantial weaknesses	412,835	415,870	731,946	1,560,651
	Category 2: Exposures with slightly impaired credit quality and certain signs of weakness	5,651,679	1,100,882	1,560	6,754,120
	Category 3: Exposures with normal credit quality	11,404,052	214,009	1,168	11,619,229
	Total loans, advances and guarantees etc	17,468,566	1,730,760	734,674	19,934,000
	Committed facilities and undrawn credit lines by exposure category/stage				
	2021				
	Category 1: Exposures with substantial weaknesses	25,679	84,409	69,715	179,803
	Category 2: Exposures with slightly impaired credit quality and certain signs of weakness	1,067,540	299,874	665	1,368,079
	Category 3: Exposures with normal credit quality	3,785,741	3,414	0	3,789,155
	Total committed facilities and undrawn credit lines	4,878,961	387,697	70,380	5,337,037

Category 1 comprises customers whose future finances are subject to great uncertainty and great uncertainty exists as to whether the customer will be able to honour their payment obligations should any negative unforeseen events occur,

Category 2 comprises customers whose finances are weak due to below-standard disposable income, negative assets or other financial vulnerabilities,

Sparekassen (Parent)					
Note	Amounts in DKK'000	Stage 1	Stage 2	Stage 3	Total
42	Financial risks and financial risk management policies and objectives (continued)				
	Loans, advances and guarantees etc by exposure category/stage				
	2021				
	Category 1: Exposures with substantial weaknesses	348,354	395,826	717,760	1,461,940
	Category 2: Exposures with slightly impaired credit quality and certain signs of weakness	5,474,090	1,090,136	1,442	6,565,667
	Category 3: Exposures with normal credit quality	11,626,218	185,716	376	11,812,310
	Total loans, advances and guarantees etc	17,448,662	1,671,678	719,577	19,839,916
	Committed facilities and undrawn credit lines by exposure category/stage				
	2021				
	Category 1: Exposures with substantial weaknesses	25,679	84,409	69,715	179,803
	Category 2: Exposures with slightly impaired credit quality and certain signs of weakness	1,067,541	299,874	665	1,368,079
	Category 3: Exposures with normal credit quality	3,892,792	3,414	0	3,896,205
	Total committed facilities and undrawn credit lines	4,986,011	387,697	70,380	5,444,088

Category 1 comprises customers whose future finances are subject to great uncertainty and great uncertainty exists as to whether the customer will be able to honour their payment obligations should any negative unforeseen events occur,

Category 2 comprises customers whose finances are weak due to below-standard disposable income, negative assets or other financial vulnerabilities,

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021
42	Financial risks and financial risk management policies and objectives (continued)				
	Loans with zero interest rates				
	Loans with zero interest rates ¹⁾	66,551	66,978	61,827	61,322
	Thereof, written down for impairment	47,891	48,668	45,945	47,048
	On-balance sheet loans with zero interest rates	18,660	18,310	15,882	14,274

1) Loans with zero interest rates before write-downs

Note	Amounts in DKK'000	2022		2021	
		Credit exposure before write-down for impairment	Write-down for impairment	Credit exposure before write-down for impairment	Write-down for impairment

42 Financial risks and financial risk management policies and objectives (continued)

Credit exposures written down for impairment

The allocation of write-downs for impairment by stage is evident from note 11. For the Group, interest on financial assets written down for impairment amounted to DKK 13,810k in 2022 (2021: 16,000k) and is included in the line item "Impairment losses on loans and advances etc".

Stage 3 loans and advances, receivables and guarantees were subjected to individual write-down for impairment for the reasons stated below.

Group				
Bankruptcy	94,151	52,198	51,906	33,265
Debt collection and suspension of payments	30,449	26,311	33,308	24,921
Other financial difficulties	496,155	216,438	584,662	255,178
Total	620,755	294,947	669,876	313,364
Value of collateral	387,157		353,102	
Sparekassen (Parent)				
Bankruptcy	91,298	50,051	50,461	31,961
Debt collection and suspension of payments	30,449	26,311	32,240	24,321
Other financial difficulties	471,696	212,223	565,672	251,365
Total	593,443	288,585	648,372	307,647
Value of collateral	366,207		337,315	

Notes

Note

42 Financial risks and financial risk management policies and objectives (continued)

Market risk

Market risk is the risk that the market value of Sparekassen's assets and/or equity and liabilities changes as a result of changes in market conditions. Market risk covers interest rate risk, share price exposure and currency risk.

The Board of Directors lays down the overall policies, framework and principles for managing market risk. The Board of Directors defines the framework for the Executive Board who then delegates frameworks to the individual employees.

The Finance Department is responsible for determining and reporting market risks to the Board of Directors and the Executive Board. The Board of Directors and the Executive Board are every month informed about the frameworks set up and are provided with a report on any overruns.

Interest rate risk

Interest rate risk is measured as the expected loss on interest rate positions that would result from an immediate upward or downward change in all interest rates by 1 percentage point.

Sparekassen's interest rate risk arises from fixed-rate loans, bonds, deposits, subordinated loan capital and bonds issued. Financial derivatives are used to a limited extent to hedge interest rate risk. The interest rate risk constitutes the largest element of Sparekassen's market risk and is reported every month to the Board of Directors and the Executive Board.

According to Sparekassen's internal rules, the maximum total interest rate risk must not exceed 6% of core capital net of deductions.

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021

42 Financial risks and financial risk management policies and objectives (continued)

The table below shows interest rate risk specified by currency, product and duration.

	2022	2021	2022	2021
Total interest rate risk	187,078	5,511	182,474	8
Interest rate risk as a percentage of core capital net of deductions	5.2	0.2	5.1	0.0
Interest rate risk by high-risk currency				
DKK	187,078	5,562	182,474	59
EUR	0	-51	0	-51
USD	0	0	0	0
CHF	0	0	0	0
SEK	0	0	0	0
Other currencies	0	0	0	0
Interest rate risk by product				
Assets				
Amounts owed by credit institutions and central banks	0	0	0	0
Loans and advances etc	5,011	6,002	407	497
Shares	0	0	0	0
Bonds	199,447	30,930	199,447	30,930
Equity and liabilities				
Deposits			0	0
Bonds issued	-7,823	-12,564	-7,823	-12,564
Subordinated loan capital	-6,245	-12,497	-6,245	-12,497
Hybrid core capital	-2,191	-5,970	-2,191	-5,970
Derivatives				
Interest rate and currency swaps	-234	-389	-234	-389
Other derivatives	-887	0	-887	1
Total	187,078	5,511	182,474	8

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021

42 Financial risks and financial risk management policies and objectives (continued)

Interest rate risk by modified duration range

0-3 months	-531	797	-491	830
3-6 months	-2,016	9	-2,034	1
6-12 months	5,181	-596	5,101	-682
1-2 years	45,114	10,576	44,496	9,910
2-3.6 years	88,469	-8,063	86,818	-9,892
More than 3.6 years	50,861	2,788	48,584	-159
Total	187,078	5,511	182,474	8

Share price exposure

According to Sparekassen's internal rules, shares exclusive of equity investments and sector shares must account for no more than 5% of core capital net of deductions. Holdings in one company must not exceed 4.5% of core capital net of deductions. Sparekassen also has a non-trading book of shares in sector companies where Sparekassen, together with other financial institutions, has acquired shares in a number of sector companies. The objective of these sector companies is to support the financial institutions' activities in terms of mortgage financing, payment services, IT, investment funds, etc.

Shareholding broken down

Listed shares etc	125,380	120,315	125,380	120,315
Other equity investments etc	24,560	49,743	21,354	46,713
Shares in sector-owned enterprises	661,986	553,067	661,986	553,067
Total shareholding	811,926	723,125	808,720	720,095

Shares exclusive of equity investments and sector shares as a percentage of core capital net of deductions	3.5	3.6	3.5	3.6
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Sensitivity to share price exposure

If the actual market value varies by plus/minus 1.0% compared to fair value, this affects profit or loss (after tax) by plus/minus	63,330	56,404	63,080	56,167
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Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2022	2021	2022	2021

42 Financial risks and financial risk management policies and objectives (continued)

Currency risk

According to Sparekassen's internal rules, the maximum currency indicator for euro must not exceed 10% of core capital net of deductions, and for other currencies it must not exceed 3% of core capital net of deductions.

Assets denominated in foreign currencies (long net positions)	4,036	6,442	4,036	6,442
Equity and liabilities denominated in foreign currencies (short net positions)	52,772	22,938	52,772	22,938
Currency indicator 1	52,772	22,938	52,772	22,938
Currency indicator 1 as a percentage of core capital net of deductions	1.5	0.7	1.5	0.7
Currency indicator 2	416	368	416	368
Currency indicator 2 as a percentage of core capital net of deductions	0.0	0.0	0.0	0.0
Currency indicator 1 for euro as a percentage of core capital net of deductions	1.0	0.3	1.0	0.3
Currency indicator 1 for other currencies as a percentage of core capital net of deductions	0.5	0.4	0.5	0.4

Notes

Note

42 Financial risks and financial risk management policies and objectives (continued)

Liquidity risk

Liquidity risk is the risk caused by the inability to obtain the necessary funding to cover the liquidity needs.

Sparekassen regularly reviews its cash resources to ensure that liquidity is always adequate to ensure both a satisfactory excess cover relative to legal requirements and funding of expected growth. This regular assessment of liquidity includes a number of stress tests under which liquidity for at least 12 months ahead is subjected to testing. In addition to raising liquidity through equity financing and deposits by customers, liquidity is raised by obtaining subordinated loan capital, issuance of bonds, borrowing, lines on the money market and irrevocable loan commitments.

The liquidity benchmark has a threshold of 100% and has been calculated at 481% for the Group at 31 December 2022. (2021: 523 %)

The benchmark is an extension of the LCR requirement. Where the LCR requirement covers a 30-day period, the benchmark covers a three-month period where it must be possible to cover the largest expected cash outflow calculated for each of the three months. With respect to the calculation of LCR, it is, for example, possible to include multiple types of liquid assets in the calculation of the liquidity buffer.

Group

Note	Amounts in DKK'000	Carrying amount	Contractual cash flows	Up to 1 year	From 1 year to 5 years	More than 5 years
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42 Financial risks and financial risk management policies and objectives (continued)

Contractual maturities of financial liabilities

2022

Non-derivative financial liabilities

Amounts owed to credit institutions and central banks	1,384,156	1,384,156	1,383,491	217	448
Deposits and other debt	20,672,709	20,672,709	19,815,179	170,687	686,843
Deposits in pooled plans	1,976,120	1,976,120	143,297	104,214	1,728,609
Bonds issued at amortised cost	378,484	378,484	0	378,484	0
Subordinated loan capital	571,247	573,000	0	0	573,000
Guarantees	5,613,381	5,613,381	5,613,381	0	0
Undrawn credit lines	0	5,076,056	5,076,056	0	0

2021

Non-derivative financial liabilities

Amounts owed to credit institutions and central banks	577,773	577,773	577,058	246	469
Deposits and other debt	19,765,959	19,765,959	18,943,386	162,223	660,350
Deposits in pooled plans	2,405,310	2,405,310	119,946	98,987	2,186,377
Bonds issued at amortised cost	377,810	377,810	0	377,810	0
Subordinated loan capital	570,072	573,000	0	0	673,000
Guarantees	7,240,104	7,240,104	7,240,104	0	0
Undrawn credit lines	0	5,337,037	5,337,037	0	0

The maturity analysis shows the contractual cash flows and comprises repayments agreed on the principal, but not interest.

Payments on guarantees mature when a number of predetermined individual conditions have been fulfilled. Since it is therefore not possible to determine the earliest time of payment, all guarantees have been set to mature within one year.

Undrawn credit lines may be revoked at three months' notice.

The above break-down by maturity has been made based on the earliest time at which it is possible to demand payment of an amount.

Notes

Note

42 Financial risks and financial risk management policies and objectives (continued)

Operational risk

Operational risk is the risk of losses resulting from inappropriate or inadequate internal processes, human errors or actions, system errors or from external events, including legal risks.

Operational risk is also the risk of Sparekassen not being operated according to legal and regulatory requirements, market standards and ethical requirements governing the industry.

It is Sparekassen's policy to hedge operational risks to the extent possible considering the related costs.

To minimise operational risks, Sparekassen has developed different policies, written procedures and internal controls. Executing functions and controlling functions have been segregated as far as is possible.

Sparekassen avails itself of insurance as a means to reducing losses caused by operational risks. Possible losses and events that may lead to operational risks are recorded and reported regularly to avoid such losses by improving processes and procedures.

IT supply solutions are a key area of operational risk. Management of Sparekassen addresses IT security on a regular basis. Sparekassen's primary data service provider is Bankdata, which has duplication of systems and operations in all significant areas.

The internal audit function is part of the assurance that the risk of operational errors is reduced as much as possible by auditing Sparekassen's business areas. Internal Audit reports to the Board of Directors.

The compliance function monitors compliance with laws and regulations, industry standards and internal guidelines for all business areas. This function has as its purpose to test and assess whether processes and procedures are adequate and satisfactory. The Compliance function is headed by a Compliance Officer who is responsible to the head of the CRO function, but reports directly to the Executive Board.

Notes

Note

43 Company announcements

List of company announcements sent by Sparekassen Sjælland-Fyn to Nasdaq Copenhagen A/S

12 Jan 2023	- Specifications of earnings expectations for 2022 and announcement of earnings expectations for 2023
16 Nov 2022	- Repayment of capital instruments
15 Nov 2022	- Sparekassen Sjælland-Fyn A/S issues hybrid core capital (AT1)
14 Nov 2022	- Exploring the possibilities of issuing hybrid core capital (AT1)
7 Nov 2022	- Reportable transactions
3 Nov 2022	- Pre-tax profit of DKK 351,0m for Q1-Q3 2022
14 Sep 2022	- Announcement concerning disclosure of major shareholder
19 Aug 2022	- Reportable transactions
15 Aug 2022	- Reportable transactions
12 Aug 2022	- Reportable transactions
11 Aug 2022	- H1 2022 Interim Report – Pre-tax profit of DKK 213.3m for H1 2022
17 May 2022	- Reportable transactions
5 May 2022	- Employee share programme
5 May 2022	- Pre-tax profit of DKK 100,8m for Q1 2022
27 Apr 2022	- The Board of Directors of Sparekassen Sjælland-Fyn A/S
27 Apr 2022	- Completed strategy period and launch of a new strategy period

Note

43 Company announcements (continued)

List of company announcements sent by Sparekassen Sjælland-Fyn to Nasdaq Copenhagen A/S

10 Mar 2022	- Result of the Annual General Meeting of Sparekassen Sjælland-Fyn A/S
10 Feb 2022	- Notice convening the Annual General Meeting
10 Feb 2022	- With a pre-tax profit of DKK 531.0m for 2021, Sparekassen Sjælland-Fyn reports its best financials so far
25 Jan 2022	- Sparekassen Sjælland-Fyn supplements its Executive Board
13 Jan 2022	- Upward adjustment of earnings expectations for 2021 and announcement of earnings expectations for 2022
3 Jan 2022	- Update: Financial calendar 2022
3 Jan 2022	- Financial calendar 2022
3 Jan 2022	- Repayment of capital instruments

Committee of shareholders, Board of Directors and board of directors committees

Committee of shareholders at 31 December 2022

Glazier Kim Rørdam Andersen, Kalundborg
 Attorney-at-Law Palle Andersen, Vipperød
 Executive Officer Jakob Andersson, Holbæk
 Attorney-at-Law Per Bjørnsholm, Frederiksberg C
 Chief Executive Officer Ann Rose Bokkenheuser, København K
 Executive Officer Annette Christensen, Holbæk
 Executive Officer Connie Christensen, Slagelse
 Hard Candy Maker Michael B. Christensen, Næstved
 Car Dealer Anders Clausen, Holbæk
 MSc (Econ.) Jørgen Dyhrfeld, Frederikssund
 Executive Officer, Adviser Lene Floris, København NV
 Senior Lead Auditor, Mads Boritz Grøn, Hillerød
 Office Manager Finn Hallberg, Vig
 Executive Officer Gert Torben Hansen, Slagelse
 Forest Contractor Michael Henriksen, Holbæk
 Real estate agent Mikkel Engly Henriksen, Nykøbing Sj.
 Chief Executive Officer Anders Hestbech, Frederiksberg
 Insurance Agent Lars Horneman, Odense
 Chief Executive Officer Michael Huus, Holbæk
 Machinery Dealer Gert Jensen, Hørve
 Farm Owner Bent Jeppesen, Herlufmagle
 Executive Officer Jesper I. Justesen, Holbæk
 Executive Officer Allan Kienast, Holbæk
 Financial Consultant Hans Jørgen B. Kolding, Slagelse
 Executive Officer, Architect MAA Thomas Kullegaard, Holbæk
 Farm Owner Erik Larsen, Dalmore
 Electrical Contractor Erik Vang Larsen, Holbæk
 Master Builder Palle Larsen, Kalundborg
 Car Dealer Peter Klarskov Larsen, Kalundborg
 Chief Editor Torben Dalby Larsen, Ringsted
 Contractor Jan Lorentzen, Sorø
 Chief Executive Officer Rikke Lehmann Lundsberg, Roskilde
 Executive Officer Ole Mosbæk, Holbæk
 Quality Manager Marie Bruun de Neergaard, Skævinge
 Retail Manager Brian Stanislaw Nielsen, Regstrup
 Executive Officer Eva Nielsen, Holbæk
 State Authorised Public Accountant Kim Thomas Nielsen, Skælskør
 Chief of Programme Kirsten Hede Nielsen, København

Electrical Contractor Leif Nielsen, Ringsted
 Executive Officer Sten Grønved Nielsen, Faaborg
 General Practitioner Jacob Frimodt Olsen, Høng
 Head Teacher Jørgen Olsen, Store Fuglede
 Master Carpenter Boye Pedersen, Holbæk
 Registered Accountant Roland Petersen, Vig
 Attorney-at-Law Klaus Rasmussen, Holbæk
 Executive Officer Jakob Schiøtt, Tølløse
 Attorney-at-Law Otto Spliid, Odense C
 Master Carpenter Claus Sørensen, Holbæk
 Undertaker Heidi Ørskov, Holbæk

The Board of Directors

Executive Officer Thomas Kullegaard, Architect MAA, Holbæk, Chairman
 Executive Officer Jakob N. Andersson, Holbæk, Vice-Chairman
 Former Chief Executive Officer Bent Andersen, Århus
 Attorney-at-Law Otto Spliid, Odense
 Farm Owner Erik Larsen, Dalmore
 Chief Editor Torben Dalby Larsen, Ringsted

Board members selected by the employees:

Customer Advisor Helle Lindhof Bjørnøe, Holbæk
 Development Manager Per Olsen, Copenhagen K
 Manager - private Mads Wallin, Holmegaard

The Board of Directors has appointed the following committees:

Audit committee

Executive Officer Jakob N. Andersson, Holbæk, Chairman
 Executive Officer Thomas Kullegaard, Architect MAA, Holbæk
 Farm Owner Erik Larsen, Dalmore
 Chief Editor Torben Dalby Larsen, Ringsted
 Attorney-at-Law Otto Spliid, Odense

Risk Committee

Executive Officer Jakob N. Andersson, Holbæk, Chairman
 Executive Officer Thomas Kullegaard, Architect MAA, Holbæk
 Farm Owner Erik Larsen, Dalmore
 Chief Editor Torben Dalby Larsen, Ringsted
 Development Manager Per Olsen, Copenhagen K

Nomination Committee

Executive Officer Jakob N. Andersson, Holbæk, Chairman
 Executive Officer Thomas Kullegaard, Architect MAA, Holbæk
 Attorney-at-Law Otto Spliid, Odense
 Customer Advisor Helle Lindhof Bjørnøe, Holbæk
 Manager - private Mads Wallin, Holmegaard

Remuneration Committee

Executive Officer Jakob N. Andersson, Holbæk, Chairman
 Executive Officer Thomas Kullegaard, Architect MAA, Holbæk
 Attorney-at-Law Otto Spliid, Odense
 Customer Advisor Helle Lindhof Bjørnøe, Holbæk
 Manager - private Mads Wallin, Holmegaard

Executive Board, staff functions, branches and corporate customer centres

Executive Board

Chief Executive Officer
Lars Petersson
Savings Bank Director
Bruno Riis-Nielsen
Savings Bank Director
Lars Bolding
Savings Bank Director
Jan Kolbye Jensen

Staff functions

CRO
Risk Manager Anette Hjort Hansen

Compliance

Compliance Officer Pia Møller Blæsbjerg

Risk Management

Risk Manager Anette Hjort Hansen

Management Secretariat

Development Manager Per Olsen
Executive secretary Annette Hallund

Properties and Service

Head of Properties and Service Kim Olsen

Development department

Development Manager Søren Kjærsgaard

Branch Service

Branch Service Manager Lisbeth Gottlieb

Wealth and Capital Markets

Wealth and Capital Markets Director
Steen V. Grøndahl

Anti-Money Laundering

AML Officer Susanne Bouman

IT

IT Manager Mette Rosenkilde Mathiasen

Data Protection Office

DPO Peter Schmidt

IT-sikkerhedschef

Morten M. Lond

HR

HR-Manager Bettina Theilgaard Krohn

Internal Audit

Chief Internal Auditor Thomas Sandal

Investor Relations

Executive Officer of the Savings Bank
Lars Bolding

Communication and Marketing

Communications Directors Marianne Salling
Marketing Manager Rikke Thomsen

Credit

Credit Manager Lars Mikkelsen

Private Customers and Sales

Private Customer Director Jan Klink Andersen

Products, and Terms

Product Manager Søren Fossing

Finance

Deputy Director Jan Justesen

Housing and Debt Collection

Housing and Debt Collection Manager
Henrik Meisner Lindgren

Back Office

Group Manager Thomas Rønnenkamp

Corporate customer centres and corporate customer divisions

Corporate customer area Sealand:

Deputy Director Michael Nielsen

Corporate customer centres Sealan

Corporate Manager Lars Pedersen

Corporate customer division Sealand Nord

Deputy Director Michael Nielsen (kst.)

Corporate customer division Sealand South

Corporate Customer Director Anders Tange

Agriculture

Agriculture Manager Peter Jørgensen

Corporate customer area Funen

Area Director – Corporate Customers
Kim Thykjær

Corporate customer center Funen

Area Director – Corporate Customers
Kim Thykjær

District Centers (DC) and branches

North Funen Region

Manager - private Poul Henning Fløjborg

Langeskov, Branch Manager Peter Hassø Andersen

Nyborg, Branch Manager Peter Hassø Andersen

Odense (DC), Manager - private

Poul Henning Fløjborg

South Funen Region

Manager - private Lene Kragh

Assens, Branch Manager Brian Struwe Poulsen

Faaborg (DC), Manager - private Lene Kragh

Ringe, Branch Manager Brian Berggren Sørensen

Svendborg, Branch Manager Brian Berggren Sørensen

Copenhagen Region

Manager - private Jannik Hindsbo

Dragør, Branch Manager Lennarth Fynboe

Frederiksberg, Branch Manager Elisabeth Grandt

Islands Brygge (DC), Branch Manager Line Simoni

Østerbro, Manager - private Jannik Hindsbo

North Zealand Region

Manager - private Mette Jevanord

Frederikssund, Branch Manager Kenneth Neergaard

Frederiksværk, Branch Manager Irene Nielsen

Helsingø, Branch Manager Stinus Bell
Helsingør, Manager - private Mette Jevanord
Hillerød (OC), Manager - private Mette Jevanord
Frederiksværk, Branch Manager Irene Nielsen

North/West Region

Manager - private Allan Markussen

Asnæs, Branch Manager Michelle Ejdal Omdal
Holbæk (DC), Manager - private Allan Markussen

Jyderup, Branch Manager Jens Varling

Kalundborg, Branch Manager Klaus Koksby Hansen

Nykøbing Sj., Branch Manager Michelle Ejdal Omdal

Tølløse, Manager - private Allan Markussen

Vig, Branch Manager Michelle Ejdal Omdal

Middle Region

Manager - private Mads Wallin

Dianalund, Branch Manager Mads Michael Jørgensen

Ringsted (DC), Manager - private Mads Wallin

Slagelse, Branch Manager Lars-Erik Madsen

Sorø, Branch Manager Mads Michael Jørgensen

Høng, Branch Manager Rikke Almgaard

Southern Region

Manager - private Claus Andersen

Faxe, Branch Manager Mette Pedersen

Haslev, Branch Manager Thomas Søbygaard

Næstved (DC), Manager - private Claus Andersen

Skælskør, Branch Manager Julia Heinecke

Eastern Region

Manager - private Nicholaj Dyrholm Frimann

Greve, Branch Manager Nanna Dalsgaard Dehn

Køge, Branch Manager Ole Mogensen

Roskilde (DC), Manager - private

Nicholaj Dyrholm Frimann

Digital Savings Bank

Manager Lisette Juul Jensen

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

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