

A harbor scene with modern buildings and boats. The water is dark blue, and the sky is clear. Several boats are docked along the pier, including a large white boat and a dark wooden boat. The buildings are modern, with large windows and balconies. The text "Q1 2020 Interim Report" is overlaid on the image in white. There are also decorative white circular lines on the right side of the image.

Q1 2020 Interim Report

Q1 2020 highlights

PROFIT BEFORE TAX

DKK 46.8m

Net profit amounts to DKK 43.7m and provides an annual 5.4% return on opening equity.

CORE EARNINGS

Up 38%

The most satisfactory development from 2019 has continued in Q1 2020.

EXECUTION OF THE FINANCIAL TARGETS IN

”NEW WAYS”

In spite of difficult market conditions, developments in core earnings are reflecting the results of the execution of the strategic plan “New Ways”. Sparekassen has full focus on delivering on all four financial targets in the strategic plan “NEW WAYS” by the end of 2021.

LEVEL OF COSTS

Down by close on 1%

Staff costs and administrative expenses and amortisation, depreciation and impairment losses on assets have gone down by a total of DKK 0.8m to DKK 190.1m.

INCOME/COST RATIO

Is DKK 1.62

Improving the income/cost ratio is a key element of Sparekassen’s 2021 strategic plan “New Ways”. This ratio is DKK 1.62, which is close on the financial target.

IMPAIRMENT LOSSES ON LOANS AND ADVANCES ETC

Are DKK 73.9m

Due to the macroeconomic uncertainty caused by the COVID-19 situation, Sparekassen has increased its management add-ons by DKK 77.9m. At the end of Q1 2020, these add-ons then amount to DKK 123m, which is equivalent to around 1% of Sparekassen’s loans and advances. Exclusive of management add-ons, the impairment ratio reflects a reversal of impairment losses of around DKK 4m.

TRANSLATION AND MARKET VALUE ADJUSTMENTS

Negative by DKK 24.6m

The uncertainty arising from COVID-19 has had an adverse effect on the financial markets, and the credit spread has been widened for mortgage credit bonds.

CAPITAL RATIO

Is 19.6%

Sparekassen has a satisfactory capital structure.

EARNINGS EXPECTATIONS ADJUSTED TO THE LEVEL OF

DKK 170-210m

Despite the uncertain macroeconomic situation, Sparekassen expects to have reasonable earnings ranging between DKK 170m and DKK 210m before tax.

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Cover photo: The Sparekassen Sjælland-Fyn Group’s head office by the Fjord of Holbæk.

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

For more information, please visit spks.dk or contact:

Lars Petersson
Chief Executive Officer
+45 5948 1111
lap@spks.dk

Lars Bolding
Executive Officer of
the Savings Bank
+45 5948 1085
lbo@spks.dk

Morten Huse Eikrem-Jeppesen
Press Officer
+45 5385 0770

Management commentary

The profit for the period is positively affected by a most satisfactory increase in core earnings by 38% on Q1 2019 and adversely affected by the macroeconomic uncertainty caused by COVID-19.

Realised core earnings have seen a very satisfactory increase by DKK 33.4m, or 38%, on Q1 2019.

This is the fifth quarter in a row that core earnings have increased heavily compared to the same period last year – this is a result of a determined execution of the “New Ways” strategy. Core earnings have already been improved to now having reached a permanently higher level.

Despite the deterioration in market conditions since the strategy was launched in November 2017, expectations are that the financial targets announced will be achieved by the end of the strategy period. Sparekassen still has some initiatives that will be launched in 2020 and that will stimulate core earnings even further in the years ahead.

Net profit for the period amounts to DKK 43.7m against DKK 71.3m in 2019. It should be pointed out that this profit has been achieved even though – because of the COVID-19 situation – DKK 77.9m has been provided in management add-ons and there has been a negative change of DKK 23.4m in translation and market value adjustments. In the light of this, the profit is considered satisfactory.

The quarter has continued to see many customers convert their mortgage loans, although the increase in core earnings is also a result of a number of income and cost initiatives consistent with the strategic plan “New Ways”. So total costs – in the form of staff costs and administrative expenses and amortisation, depreciation and impairment losses on assets – are down by close on 1%. Had it not been for the rise in external IT expenses caused by massive adjustments, among other measures, the total level of costs would have decreased further. The rise in IT expenses is not considered satisfactory.

The COVID-19 outbreak has had serious implications and caused a world-wide macroeconomic uncertainty that has also had a great impact on the daily lives of Sparekassen’s many customers. Since early March, Sparekassen’s advisers have proactively been reaching out to thousands of corporate customers in particular, but also private customers, to tell them that Sparekassen will provide advice and credit facilities to the extent possible.

It is our experience that – for now – Sparekassen’s customers are generally well placed financially despite the COVID-19 situation. However, revenue in certain industries is hard hit, particularly the retail industry, the entertain-

ment industry, including hotels and restaurants, and some parts of the transport industry. Sparekassen’s exposure to the sectors currently considered hit the hardest is relatively little, see sector breakdown.

Due to the uncertainty caused by COVID-19, impairment losses on loans and advances etc amount to DKK 73.9m. In the statement of impairment losses, DKK 77.9m has been provided in management add-ons to match any fallout of COVID-19. Then total management add-ons provided stand at DKK 123m, equivalent to around 1% of Sparekassen’s loans and advances. Also, the COVID-19 situation has caused turbulence in the financial markets, resulting in declining prices and a widened credit spread for mortgage credit bonds. This is the reason why Sparekassen has come out of the quarter with total negative translation and market value adjustments of DKK 24.6m.

On 27 March 2020, Sparekassen enlarged its stake in Lollands Bank to over 20%. From this date when Sparekassen gained an equity interest of over 20% as well as significant influence, the shareholding has been revalued to equity value, and DKK 23.4m has been recognised as profit from investments in associates and group enterprises.

The capital ratio remains high and, exclusive of profit for the period, it stands at 19.6%. Combined with the cessation of the countercyclical buffer, this causes Sparekassen to have strong capital resources.

Outlook for 2020

When the Annual Report for 2019 was published, the earnings expectations for 2020 ranged between DKK 230m and DKK 270m.

In the light of the macroeconomic uncertainty caused by COVID-19, including declining prices, a widened credit spread for mortgage credit bonds and the expected increase in impairment losses and the related increase in management add-ons, the pre-tax earnings expectations for the year were adjusted downwards in company announcement no 13/2020 of 22 April 2020.

Considering the above factors, a pre-tax profit for 2020 is expected ranging between DKK 170m and DKK 210m.

Lars Petersson
Chief Executive Officer

Bruno Riis-Nielsen
Executive Officer
of the Savings Bank

Lars Bolding
Executive Officer
of the Savings Bank



BRUNO RIIS-NIELSEN
Executive Officer
of the Savings Bank



LARS PETERSSON
Chief Executive Officer



LARS BOLDING
Executive Officer
of the Savings Bank

Financial highlights

Sparekassen Sjælland-Fyn A/S Group

Amounts in DKK'm	31.03.2020	31.03.2019	Index ¹	Year-end 2019
Income statement items				
Interest income calculated under the effective interest method	139	136	102	552
Other interest income	15	13	111	64
Interest expenses	16	12	130	51
Net interest income	138	137	101	565
Dividends on shares etc	12	3	360	25
Fees and commission income	165	138	120	541
Fees and commission expenses paid	4	5	82	18
Net interest and fee income	312	273	114	1,113
Translation and market value adjustments	-25	-1	-	-44
Other operating income	5	9	59	27
Staff costs and administrative expenses	178	175	102	726
Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	12	16	72	85
Other operating expenses	6	3	163	19
Impairment losses on loans and advances etc	74	9	-	17
Profit/loss from investments in associates and group enterprises	24	1	-	2
Profit before tax	47	79	60	252
Income tax	3	7	43	25
Profit for the period after tax	44	71	61	227
Profit allocated to shareholders	38	65	58	202

Sparekassen Sjælland-Fyn A/S Group

Amounts in DKK'm	31.03.2020	31.03.2019	Index ¹	Year-end 2019
Balance sheet items				
Loans and advances etc	12,172	12,247	99	12,217
Deposits	18,549	18,151	102	18,700
Deposits in pooled plans	1,653	1,421	116	1,771
Total deposits	20,202	19,572	103	20,471
Subordinated loan capital	674	455	148	673
Equity	3,228	3,111	104	3,237
Capital resources	3,409	3,080	111	3,480
Total business volume (loans, advances and guarantees)	39,020	37,098	105	39,425
Custody accounts	8,976	10,224	88	10,555

¹ Index – 31 March 2020 relative to 31 March 2019



Financial ratios

	Sparekassen Sjælland-Fyn A/S Group			
	31.03 2020	31.03 2019	Index ¹	31.12 2019
Financial ratios				
Capital ratio ²	19.6	17.0	115	20.1
Core capital ratio ²	15.8	14.5	109	16.2
Excess capital adequacy in percentage points ²	10.0	7.5	133	10.6
Return on equity before tax (for the period)	1.5	2.5	60	8.0
Return on equity after tax (for the period)	1.4	2.3	61	7.2
Income/cost ratio DKK	1.17	1.39	84	1.30
Income/cost ratio according to "New Ways "	1.62	1.45	112	1.37
Rate of cost	61.7	68.9	90	72.8
Interest rate risk relative to core capital net of deductions	0.1	1.7	6	0.2
Currency position relative to core capital net of deductions	0.8	0.5	160	0.6
Currency risk relative to core capital net of deductions	0.0	0.0	100	0.0
Loans and advances relative to equity	3.8	3.9	97	3.8
Loans and advances plus loan impairment losses relative to deposits	63.4	67.0	95	62.9
Loan growth for the period in %	-0.4	0.6	-67	0.4
Impairment ratio for the period	0.4	0.0	-	0.1
Accumulated impairment ratio	3.6	5.0	72	3.7
Zero interest loans and advances relative to total loans and advances	0.7	1.0	71	0.6
Liquidity benchmark (new benchmark)	433.0	850.0	51	383.0
Liquidity, LCR	386.0	639.0	60	335.0
Total large exposures (new benchmark)	80.2	92.6	84	76.5
Return on capital employed	0.2	0.3	67	0.9
Earnings per share (DKK) ³	2.2	3.8	58	11.7
Dividend per share (DKK)	0.0	0.0	100	3.0
Book value per share (DKK)	163.8	156.6	105	164.7
Price/earnings per share ³	36.0	23.1	156	7.7
Price/equity per share ⁴	0.5	0.6	83	0.5
Price at period-end (DKK)	78.2	86.8	90	89.6
Average headcount (full-time employees on average) ⁵	563	609	92	587
Average headcount (converted into full-time employees at year-end) ⁵	564	606	93	561

¹ Index – 31 March 2020 relative to 31 March 2019

² 31 March 2020 and 31 March 2019 have been calculated exclusive of profit for the period.

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

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

⁵ Engaged in financial business.

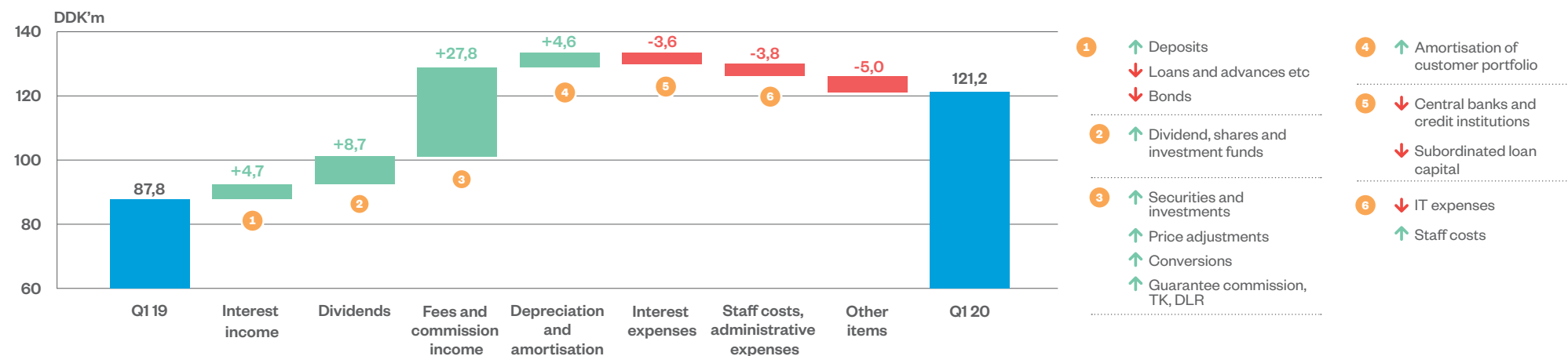
Core earnings, deposits, loan and advances and business volume

Sparekassen Sjælland-Fyn A/S Group

Amounts in DKK'm	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018*	Q3 2018	Q2 2018	Q1 2018
Core earnings									
Net interest income	138.2	140.2	146.1	141.2	137.2	142.3	133.1	136.4	129.0
Dividend	12.0	-	1.0	20.6	3.3	0.8	2.3	16.1	5.2
Fees and commission income	165.4	147.4	129.8	126.5	137.6	114.7	106.9	114.0	123.1
Fees and commission income paid	4.0	4.8	3.8	4.2	4.9	5.2	4.5	4.2	5.1
Other operating income	5.2	4.6	5.3	8.7	8.8	3.4	4.9	3.6	3.9
Other operating expenses	5.6	8.7	4.0	3.1	3.4	7.2	3.8	4.1	4.8
Core income	311.2	278.7	274.4	289.7	278.6	248.8	238.9	261.8	251.3
Staff costs and administrative expenses	178.3	194.2	177.3	179.6	174.5	199.7	184.3	186.5	175.6
Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	11.7	28.2 ¹	24.4	16.5	16.3	11.4	10.9	15.8	10.7
Core earnings	121.2	56.3	72.7	93.6	87.8	37.7	43.7	59.5	65.0

¹ Q4 2019 core earnings are affected by non-recurring expenses in the form of the residual write-off of the customer portfolio acquired in 2011 in connection with the acquisition of the healthy part of Max Bank A/S. In Q4 2019, a residual amount of DKK 21.6m was written off. If adjusted for this amount, core earnings for Q4 2019 stand at DKK 77.9m.

Development in core earnings



The Supervisory Diamond

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

The five benchmarks and the current calculations are:

Benchmark	Threshold	Group at 31.03.2020	Group at 31.03.2019
The total of large exposures as a percentage of common equity tier 1 capital	< 175 %	80.2 %	92.6 %
Loan growth per annum	< 20 %	-0.6 %	5.0 %
Property exposure of loans advances and guarantees	< 25 %	11.0 %	12.1 %
Liquidity benchmark	> 100 %	433 %	850 %
Funding ratio loans and advances/working capital less bonds with a term to maturity of less than one year	< 1.00	0.50	0.53

For all five benchmarks, Sparekassen has an internal objective that is below the Supervisory Diamond thresholds.

The latest benchmark of the Supervisory Diamond is the total of large exposures which for Sparekassen reflects the amount of the 20 largest exposures as a percentage of common equity tier 1 capital. For this benchmark, Sparekassen has set an internal threshold of 125% which is much lower than the Supervisory Diamond threshold of 175%.

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



Financial review of the Group

Q1 2020 Income statement

Net interest income

Net interest income has increased by DKK 1.0m and amounts to DKK 138.2m against DKK 137.2m in the same period last year.

Total interest income has gone up by DKK 4.7m to DKK 154.1m.

Generally, interest income is still marked by the low interest rate environment and fierce competition, causing interest income from loans and advances to go down by DKK 6.3m, or just under 5%. Conversely, interest income from deposits by customers has gone up by DKK 9.4m because of the introduction of negative interest rates on those deposits. Interest income on bonds has decreased by DKK 3.4m to DKK 7.8m, which is attributable to a lower average direct interest rate on the bond portfolio. Also, the continuously healthy loan conversation activity in the housing area has a positive impact since arbitrage premiums from interest rate contracts have gone up by DKK 4.9m.

Total interest expenses have gone up by DKK 3.6m to DKK 15.9m. This development has primarily been caused by an increase in the average portfolio of certificates of deposit with Danmarks Nationalbank by around DKK 0.9bn. The interest expense for placing surplus liquidity with Danmarks Nationalbank and credit institutions has gone up by DKK 2.0m on Q1 2019.

Moreover, interest expenses on subordinated loan capital has increased by DKK 1.9m.

Dividend

DKK 12m in dividends was received in Q1 2020 compared to DKK 3.3m in the same period last year. Most of these dividends arise from shares held in an investment fund which invests in corporate bonds.

Fees and commission income

Sparekassen's fees and commission income are developing highly satisfactorily and have gone up by DKK 27.8m to DKK 165.4m by the end of Q1 2020. This is a 20% increase and attributable to generally heavy business activities, for example, in the housing area where many mortgage loans are still being arranged through the business partners Totalcredit and DLR Kredit in connection with re-mortgaging and house transactions. Also, activities in the investment area are healthy, and a continued effect is seen of the price adjustments made for payment of the services provided by Sparekassen.

Translation and market value adjustments

Total translation and market value adjustments are negative by DKK 24.6m whereas in the same period last year they were negative by DKK 1.2m. This development is primarily attributable to market value adjustments of bonds which were negative by DKK 23.6m for the period under review as opposed to a negative DKK 5.8m for the same period last year. In the last half of Q1 2020, the financial markets have

generally been affected by the macroeconomic uncertainty caused by the entire COVID-19 situation, including declining prices and a widened credit spread for mortgage credit bonds. Price adjustments of shares total DKK 1.6m. The development is a combination of increases in the price of shares in Lollands Bank A/S and in Sparekassen's portfolio of sector shares as well as a general decline in other shares held by Sparekassen. The latter is also affected by a large amount of dividend paid.

The market value adjustment of shares includes a DKK 6.8m revaluation of the shares in Lollands Bank A/S.

From the date when Sparekassen gained an equity interest of over 20% as well as significant influence, the revaluation to equity value has been recognised as a profit from investments in associates and group enterprises.

Other operating income

Other operating income primarily consists of rent from the property portfolio and profits from the sale of depreciated operating equipment. The line item stands at DKK 5.2m against DKK 8.8m for the same period last year. The primary reason for this development is declining rental income as a result of a smaller property portfolio.

Staff costs and administrative expenses

Staff costs and administrative expenses amount to DKK 178.3m, reflecting a small

increase of DKK 3.8m on the same period last year. Staff and management costs have seen a decline by roughly 3% to DKK 112.4m. Other administrative expenses, however, have gone up by DKK 6.7m to DKK 65.9m. This increase in other administrative expenses is primarily related to the rise in IT expenses for Sparekassen's data centre, Bankdata.

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 are down DKK 4.6m mainly because of the useful life re-estimated at the end of 2019 and expected earnings from the customer portfolio acquired in 2011 in connection with the acquisition of the healthy part of Max Bank A/S. Moreover, assets acquired in connection with branches established in prior years are now beginning to be fully written off.

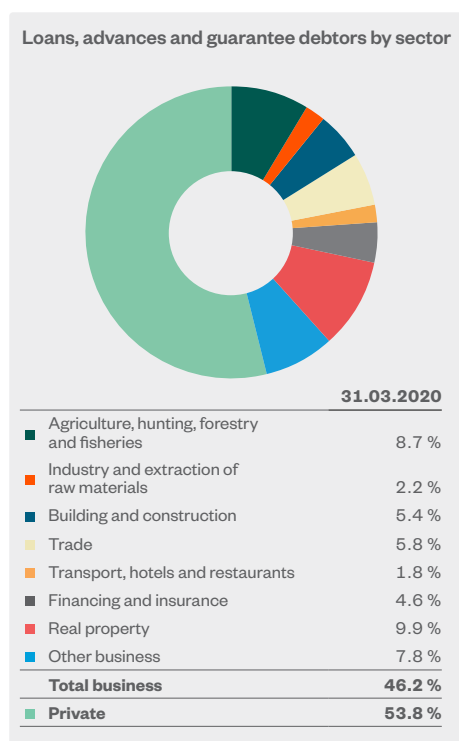
In aggregate, staff costs and administrative expenses and amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment have gone down by just under 1% to stand at DKK 190.1m.

Impairment losses on loans and advances etc

Due to the uncertainty caused by COVID-19, impairment losses on loans and advances etc amount to DKK 73.9m, which is up DKK 65.1m on the same period in 2019. In the statement of impairment losses, DKK 77.9m has been provided

in management add-ons to match any fallout of the COVID-19 situation. Then total management add-ons provided stand at DKK 123.0m, equivalent to around 1% of Sparekassen's loans and advances. Exclusive of the management add-on of DKK 77.9m, the impairment losses item would have reflected a reversal of impairment losses of close on DKK 4.0m in Q1 2020.

At this point in time, it is difficult to tell what the fallout of the COVID-19 situation will be. On first analysis, certain types of businesses in particular are affected by the financial implications of the COVID-19 situation, however, in



the little longer term, private customers too are expected to experience negative financial consequences to a large or small degree. Sparekassen's exposures to corporate customers stand at 46.2% and at 53.8% to private customers.

Exposures to the agricultural sector come to 8.7%. Overall, the Danish agricultural sector is not considered heavily affected by the COVID-19 outbreak. Agricultural products can still be sold and generally at reasonable prices.

Exposures to the real estate sector stand at 9.9%. Sparekassen's property financing portfolio is primarily related to residential rental properties and not so much to commercial properties. Currently, residential properties are not deemed to be much affected by the situation whereas commercial properties may be affected sooner and more.

Lending to construction and craft industries is part of Sparekassen's history as there are several small and medium-sized craft firms in Sparekassen's primary market areas. In Sparekassen's assessment, these industries are currently affected only to a small degree by the COVID-19 situation, and in some areas activities have actually gone up.

The industries hit the hardest are currently estimated to be the retail industry, the entertainment industry, including hotels and restaurants, and some parts of the transport industry. Sparekassen's exposure to the sectors considered hit the hardest financially is relatively little. Exposures to the retail industry thus stand at 5.8% at the end of Q1 2020, and exposures to the transport industry, hotels and restaurants are 1.8%. We also refer to Sparekassen's

credit quality categories which have developed positively.

Since the lockdown of large parts of Denmark in March, Sparekassen has proactively reached out to many of our customers – particularly corporate customers – who have been affected by financial uncertainty due to the corona virus for the purpose of providing advice and any credit facilities to the extent possible.

The above factors are a key element in the parameters used in determining the management add-ons in Q1 2020. However, it should be emphasised that, considering the situation, these add-ons are obviously subject to some uncertainty.

Profit/loss from investments in associates and group enterprises

Profit or loss from investments in associates and group enterprises has increased by DKK 23.4m to DKK 24.1m. This increase is a result of the recognition of the revaluation of DKK 23.4m arising from the shares acquired in Lollands Bank A/S. From the date when Sparekassen gained an equity interest of over 20% as well as significant influence, the revaluation to equity value has been recognised as a profit from investments in associates and group enterprises.

Profit for the period

Despite the considerable provisions for potential future losses caused by COVID-19, a pre-tax profit of DKK 46.8m has been realised. Net profit for the period amounts to DKK 43.7m against DKK 71.3m for the same period in 2019. DKK 6.1m of the profit for the period is allocated to interest on hybrid core capital. At the same time last year, this line item stood at DKK 6.0m. So the share-

holders' share of profit for the period amounts to DKK 37.6m against DKK 65.3m for the same period last year.

Balance sheet

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

Assets

Amounts owed by credit institutions and central banks/bonds

Sparekassen has a large deposit surplus which exclusive of deposits in pooled plans has gone up by DKK 0.5bn and amounts to nearly DKK 6.4bn at the balance sheet date. Sparekassen regularly evaluates the best placement of these funds. The primary placement channels are mortgage credit bonds and deposits with Danmarks Nationalbank. Sparekassen pays interest of 0.75% per annum (from 20 March 2020: 0.60% per annum) when the liquidity is placed in certificates of deposit issued by Danmarks Nationalbank whereas when liquidity is placed in mortgage credit bonds this typically yields a positive albeit small interest. But, conversely, the latter also involves an interest rate or price risk. So, at 31 March 2020, amounts owed by credit institutions and central banks stand at approx DKK 2.6bn against DKK 1.4bn at the end of the same period last year whereas the portfolio of bonds stands at DKK 6.5bn compared to DKK 6.7bn.

Loans and advances etc

The balance of loans and advances is roughly the same as it was at 31 March 2019 and stands at DKK 12.2bn at 31 March 2020. This development in loans and advances etc on the balance

Total credits arranged

	Q1 2020	Q1 2019	2019 DKK'm	2018 DKK'm	2017 DKK'm	2016 DKK'm
Loans and advances etc, Sparekassen	12,172	12,247	12,217	12,174	11,681	10,474
Totalkredit	30,450	27,671	29,811	27,229	25,336	24,293
DLR	10,687	9,332	10,250	9,001	7,857	6,927
Total	53,309	49,250	52,278	48,404	44,874	41,694

sheet should be seen in conjunction with recent years' favourable economic climate in the real estate market, entailing that an increasing portion of the customers' total mortgage debts may be financed by means of mortgage loans. Mortgage loans arranged by Sparekassen have risen by close on DKK 4.1bn since 31 March 2019, refer to the table above

Shares

The total portfolio of shares has decreased by DKK 82m to DKK 675m. This portfolio is primarily made up of shares in sector companies that help support Sparekassen's business activities and earnings. Moreover, Sparekassen holds shares in investment funds which invest in cor-

porate bonds and also holds a small portfolio of Danish listed shares. Over the past 12 months, Sparekassen has reduced its portfolio of shares in investment funds.

Sparekassen's is keeping its market risk at a moderate level, and the policy is to continue to do so. By combining historical figures on the correlation between asset classes in the financial markets with Sparekassen's current positions in its securities portfolio, the Value-at-Risk model can – with a 99% probability – estimate the statistical maximum risk of losses over the next 10-day period, assuming that all positions remain unchanged over that period. The above table shows VaR figures for the respective

Value-at-Risk – measured in DKK'000

Asset class	Lowest VaR figure*	Highest VaR figure	VaR figure at 31.03.20
Shares	1,965	1,774	2,354
Bonds	16,019	42,343	30,059
Foreign currency	-	179	223
Undiversified VaR	17,984	44,296	32,636
Effect of risk diversification	5,612	7,442	8,224
Total VaR figure	12,372	36,854	24,412

* Stated based on total VaR figure

asset classes on the day in Q1 2020 when the total VaR figure was the highest and the lowest, respectively, and the figures on 31 March 2020. The total VaR figure averaged around DKK 21.5m in Q1 2020.

Land and buildings

Land and buildings come to DKK 456.4m compared to DKK 545.0m at the end of Q1 2019. This line item has declined because leases have been terminated and investment properties and owner-occupied properties have been sold.

Equity and liabilities
Deposits

The deposits balance exclusive of deposits in pooled plans stands at DKK 18.5bn at the balance sheet date compared to DKK 18.2bn at the same date in 2019, equal to an increase of 2%. This development in the deposits balance is attributable to the ongoing general propensity to save witnessed in society. Like most other credit institutions, Sparekassen has introduced negative deposit rates. The negative deposit rates for corporate customers were introduced in 2019, and effective from mid-January 2020 such rates are being charged on pension funds and on private customers not having a Nem-Konto account with Sparekassen. Sparekassen is actively and regularly monitoring the market situation for deposits of corporate and private customers so as to respond to a situation of undesirably large imbalances between deposits and loans and advances.

Deposits in pooled plans

Deposits in pooled plans have increased by 16% on the same date in 2019 so as to stand at DKK 1.7bn at 31 March 2020. Aside from the inflow of new customers, the increase may to

some degree probably be explained by the low interest rate level, for which reason customers are turning their eye to alternatives other than placement in traditional deposit accounts.

Subordinated loan capital

Subordinated loan capital amounts to DKK 673.7m compared to DKK 454.8m at the same date last year. Capital transactions are made on a regular basis in Sparekassen's process of optimising its capital structure. Since 31 March 2019, Sparekassen has obtained subordinated loan capital twice, totalling DKK 302m, and repaid DKK 82m worth of subordinated capital. The new capital has been obtained to carry interest at rates ranging between 4.45% and 4.50% per annum, whereas on the capital repaid the rate was 7.81% per annum.

Equity

Equity amounts to DKK 3,227.7m at the balance sheet date against DKK 3,111.1m at the same date last year. The increase in equity is broadly attributable to the profit for the period, reduced by dividend paid and interest paid on hybrid capital.

Q1 2020
Parent

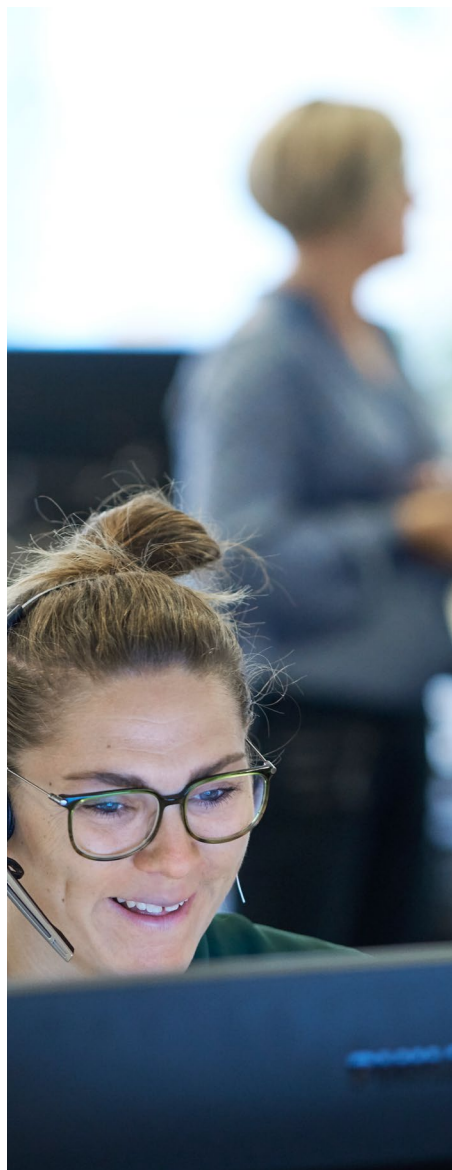
The profit or loss and the balance sheet of the Parent are to a great extent reflected in the consolidated financial statements as only a small portion of the Group's total business activities are carried on in the subsidiaries, for which reason reference is made to the financial review for the Group for supplementary information. Income statement items, balance sheet items and notes to the parent financial statements are evident at the end of this Interim Report.

The first quarter of the year has seen much improved earnings before translation and market value adjustments and impairment losses on loans and advances etc and profit/loss from investments in associates and group enterprises (core earnings) for the Parent, Sparekassen Sjælland-Fyn A/S.

Net interest and fee income has increased by DKK 38.4m to DKK 305.4m, or 14%. Fees and commission income in particular are developing positively and have gone up by DKK 28.0m to DKK 165.6m at 31 March 2020. This is a 20% increase and attributable to generally heavy business activities, for example, in the housing area where many mortgage loans are still being arranged through the business partners Totalkredit and DLR Kredit in connection with re-mortgaging and house transactions. Also, activities in the investment area are healthy, and a continued effect is seen of the price adjustments made for payment of the services provided by Sparekassen.

Net interest income has gone up by DKK 0.9m, primarily representing a decline in interest income from loans and advances and bonds and a small increase in interest expenses for deposits with Danmarks Nationalbank and for subordinated loan capital. However, this is more or less cancelled out by increased interest income from deposits by customers, and the continuously healthy loan conversation activity too has led to an increase in arbitrage premiums from interest rate contracts.

In aggregate, staff costs and administrative expenses and amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment have gone down



by DKK 2.8m, or a little over 1%. Overall, IT expenses have increased, whereas staff costs and amortisation of primarily intangible assets have decreased.

Total translation and market value adjustments are negative by DKK 21.9m which is a change by a negative DKK 21.3m compared to Q1 2019. Market value adjustments of bonds for the period amount to a negative DKK 23.7m against a negative DKK 5.9m for the same period last year. This development is a consequence of the macroeconomic uncertainty caused by COVID-19, which has led to declining prices and a widened credit spread for mortgage credit bonds. Price adjustments of shares total DKK 1.6m. This results from a combination of increases in the price of shares in Lollands Bank A/S and in Sparekassen's portfolio of sector shares as well as a general decline in other shares held by Sparekassen, including distribution of dividend.

The market value adjustment of shares includes a DKK 6.8m adjustment of the shares in Lollands Bank A/S.

From the date when Sparekassen gained an equity interest of over 20% as well as significant influence, the revaluation to equity value has been recognised as a profit from investments in associates and group enterprises. DKK 23.4m has been recognised in this line item regarding the revaluation of the shares in Lollands Bank A/S.

Impairment losses on loans and advances etc amount to DKK 74.0m, which is DKK 66.2m up on the balance at the same date last year. The rise has mainly been caused by a DKK

77.9m increase in management add-ons due to the uncertainty that the COVID-19 situation has involved for Sparekassen's customers. Exclusive of this add-on, the line item would, all things being equal, have reflected a reversal of impairment losses.

Pre-tax profit amounts to DKK 45.8m against DKK 77.0m at the same date last year, and net profit is DKK 43.7m against DKK 71.3m

“New Ways” – Sparekassen’s 2021 strategic plan

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



1 Increased efficiency

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

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

The calculated ratio at 31 December 2017 is 2.11%
The calculated ratio at 31 December 2018 is 2.09%
The calculated ratio at 31 December 2019 is 1.90%
The calculated ratio at 31 March 2020 is 1.82%

2 Solid profitability

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

The calculated ratio at 31 December 2017 is 9.5%
The calculated ratio at 30 December 2018 is 7.2%
The calculated ratio at 31 December 2019 is 7.2%
The calculated ratio at 31 March 2020 is 5.4%

3 High income/cost ratio

This financial ratio reflects the income/cost ratio DKK but exclusive of the effect of impairment losses and translation and market value adjustments. The financial ratio reflects how much income in DKK can be calculated per DKK unit of cost. It is Sparekassen’s objective to optimise the income/cost ratio DKK in the strategy period. Realising the objective will lead to a substantial improvement of ordinary profit before impairment losses and translation and market value adjustments.

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

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

The calculated ratio at 31 December 2017 is DKK 1.34
The calculated ratio at 31 December 2018 is DKK 1.25
The calculated ratio at 31 December 2019 is DKK 1.37
The calculated ratio at 31 March 2020 is DKK 1.62

4 A strong foundation

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

The calculations are evident from the financial statements and are stated in per cent

Calculated ratio at	Common equity tier 1 capital	Capital ratios
31.12.2017	10.7 %	16.3 %
31.12.2018	13.0 %	17.7 %
31.12.2019	14.0 %	20.1 %
31.03.2020	13.6 %	19.6 %

The seven paths

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



Path 4 We need to train to create more business

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



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

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



Path 5 We need to optimise our systems and processes

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



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

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



Path 6 Our data must be used to improve business

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



Path 3 We must realise the digital potential

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



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

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

Capital structure and liquidity of the Group

Capital structure

Sparekassen's risk exposures total DKK 17,348m against DKK 18,101m at 31 March 2019, which is a decrease of DKK 753m, attributable to changes in the composition of the securities portfolio that overall reduces market risk by DKK 363m and credit risk by DKK 447m. Operational risk, however, is up DKK 57m.

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

Capital resources are DKK 329m higher than at 31 March 2019, and at 31 March 2020 they amount to DKK 3,409m. The increase is primarily attributable to retained earnings and to a rise in supplementary capital.

Sparekassen's capital ratio is then 19.6% against 17.0% at 31 March 2019. The core capital ratio has gone up by 1.3 percentage points on the same date last year and stands at 15.8% whereas the common equity tier 1 capital ratio is up 1.2 percentage points to 13.6%. The capital requirement has been calculated at 9.6%, leading to an excess capital adequacy ratio of 10.0 percentage points. In Danish kroner, this excess is equivalent to DKK 1,736m.

The combined buffer requirement has been calculated at 2.5 percentage points after the countercyclical capital buffer has been reset.

This results in Sparekassen's excess capital adequacy ratio net of capital requirement and combined buffer requirement standing at 7.5 percentage points. In Danish kroner, this excess is equivalent to DKK 1,302m.

In the Q1 2020 statement of Sparekassen's capital requirement, a provision of DKK 66m has been made, corresponding to 0.38 percentage points under credit risks to match the uncertainty the uncertainty related to COVID-19. The amount reflects the difference between Sparekassen's management add-ons, which amount to DKK 123m at 31 March 2020, and the calculated effect on the impairment charges under IFRS 9 from a 10% decline in GDP in 2020, which corresponds to the most severe of Danmark Nationalbank's three calculated scenarios for the effect of the COVID-19 pandemic on GDP.

Eligible liabilities

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

The requirement for eligible liabilities can be met by capital instruments and debts that,

in the event of resolution or bankruptcy, may be written down or converted before unsecured claims and which also comply with the requirements for eligible liabilities. The total requirement for eligible liabilities is calculated as the total amount of the solvency needs, the combined buffer requirement (the countercyclical buffer and the capital conservation buffer) and an eligible liabilities add-on. The eligible liabilities add-on is composed of a loss absorption add-on and a recapitalisation amount.

The requirement for eligible liabilities will be phased in stepwise over a five-year period, starting 1 January 2019. Consequently, the requirement will take full effect from 1 July 2023.

It is the Danish Financial Supervisory Authority that lays the requirement for eligible liabilities for each financial institution. The requirement will be recalculated once a year and be determined relative to the financial institution's risk-weighted exposures.

Because of the resetting of the countercyclical capital buffer, Sparekassen has in March 2020 received the reassessed requirement for eligible liabilities based on the 2018 accounting figures, which are therefore currently applicable from 1 July 2023. At group level, the requirement for eligible liabilities has been calculated at 17.1% (equivalent to 12.9% of its total liabilities and capital resources). The requirement for the Parent is largely the same. With the current

capital resources, Sparekassen complies with the phased-in element of the calculated requirement for eligible liabilities with a margin of 5.9 percentage points at the end of Q1 2020. With the current capital resources, the fully phased-in requirement for eligible liabilities is met as well. With Sparekassen's current and expected development in its capital resources, the phase-in established and the development in risk-weighted exposures, we do not expect to face any challenges in meeting the requirement for eligible liabilities in future either. Sparekassen intends to regularly evaluate the opportunities for optimising the composition of the capital and liability instruments that meet the requirements for eligible liabilities.

Capital measure

Sparekassen's objective is to have a capital ratio surplus of at least 2 percentage points. This surplus should be viewed in relation to the total amount of (i) Pillar I requirements, (ii) Pillar II add-on (8+ add-on) and (iii) expected combined buffer requirement for each year (2.5% at 31 March 2020 as a result of the countercyclical capital buffer having been reset, and with a maximum of 5.0%). Another objective of Sparekassen is to have a common equity tier 1 capital ratio surplus of at least 2.0 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 requirement for each year (2.5% at 31 March

2020 as a result of the countercyclical capital buffer having been reset, and with a maximum of 5.0%) as well as Pillar II requirements that are not covered by supplementary capital or hybrid core capital.

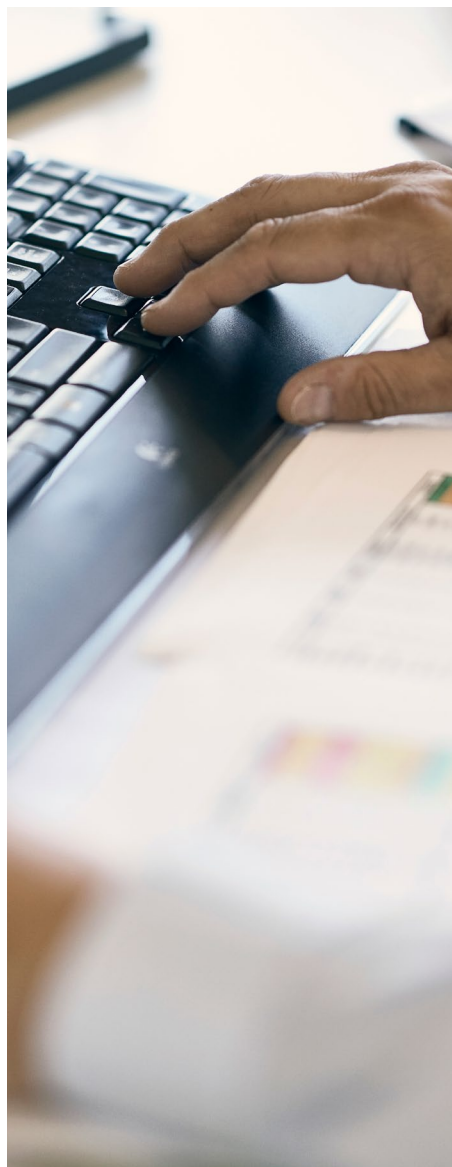
Sparekassen's capital measure, excess capital adequacy and capital plans in the short and long term are discussed and approved by the Board of Directors on a regular basis and at least once a year. According to Sparekassen's strategic plan, "New Ways", the long-term objective is for the common equity tier 1 capital ratio and the capital ratio to be at least 13.0% and 17.0%, respectively, by the end of 2021. This objective will be regularly evaluated in relation to the new capital requirements implemented that were not known at the beginning of the strategy period.

Liquidity

Overall, Sparekassen's business model dictates that deposits must fund loans and advances and that Sparekassen must not be dependent on external funding by way of market funding and transient deposits.

At the end of Q1 2020, Sparekassen has a deposit surplus of DKK 6.4bn exclusive of deposits in pooled plans. Its deposits are primarily made by private customers and small business operators. There are no large single deposits of major significance or no deposits of significance from other financial services companies.

Deposits are also characterised by a large portion of them being covered by the Danish Deposit Guarantee Fund and therefore secured for the customer.



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

Liquidity Coverage Ratio (LCR)

At 31 March 2020, Sparekassen's LCR is 386% against the applicable statutory requirement of a minimum LCR of 100%. So the excess liquidity coverage ratio relative to the statutory requirement is 286 percentage points. With the current excess liquidity coverage, and even without regularly optimising the composition of liquid assets to improve the LCR, Sparekassen expects to have a solid excess cover for this liquidity requirement in future too.

Liquidity surplus according to the Supervisory Diamond benchmark

Sparekassen has a liquidity surplus that has been calculated at 433% under the Supervisory Diamond rules for the benchmark relative to a minimum surplus threshold of 100%. Consequently, Sparekassen continues to have a solid surplus.

Liquidity target

Sparekassen's liquidity target in the short and long term is to have constant sufficient liquidity with comfortable excess cover in accordance with current liquidity requirements. A comfortable excess cover means a level in the range of 25 percentage points in accordance with 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 once a year.

Credit quality categories

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

	Q1 2020		2019		2018		2017		2016	
	DKK'm	%	DKK'm	%	DKK'm	%	DKK'm	%	DKK'm	%
3 / 2a – Loans, advances and guarantees with normal credit quality	10,710	56.9	10,768	56.8	10,249	58.5	9,965	59.0	9,011	59.2
2b – Loans, advances and guarantees with certain indications of weakness	6,478	34.4	6,424	33.9	4,942	28.2	4,174	24.7	2,850	18.7
2c – Loans, advances and guarantees with substantial weaknesses	1,001	5.3	1,058	5.6	1,143	6.5	1,389	8.2	1,434	9.4
1 – Loans, advances and guarantees with objective evidence of impairment	629	3.3	704	3.7	1,197	6.8	1,366	8.1	1,914	12.6
Total	18,818	100.0	18,954	100.0	17,531	100.0	16,894	100.0	15,209	100.0

Breakdown- Agricultural sector

	Q1 2020		2019		2018		2017	
	DKK'm	%	DKK'm	%	DKK'm	%	DKK'm	%
3 / 2a – Loans, advances and guarantees with normal credit quality	772	47.2	713	46.1	572	39.4	539	43.1
2b – Loans, advances and guarantees with certain indications of weakness	637	38.9	605	39.1	579	39.9	396	31.7
2c – Loans, advances and guarantees with substantial weaknesses	169	10.3	176	11.4	163	11.2	154	12.3
1 – Loans, advances and guarantees with objective evidence of impairment	59	3.6	52	3.4	139	9.5	162	12.9
Total	1,637	100.0	1,546	100.0	1,453	100.0	1,251	100.0

Sector breakdown

Loans, advances and guarantee debtors by sector

	1.kvt. 2020	2019	2018
	%	%	%
Public authorities	0.1	0.4	0.8
Business			
Agriculture, hunting, forestry and fisheries	8.7	8.2	8.3
Industry and extraction of raw materials	2.2	2.1	2.0
Energy supply	0.1	0.1	0.0
Building and construction	5.4	5.3	5.0
Trade	5.8	5.8	5.8
Transport, hotels and restaurants	1.8	1.9	2.0
Information and communication	0.9	0.8	0.7
Financing and insurance	4.6	5.3	4.1
Real property	9.9	9.9	11.0
Other business	6.7	7.0	7.3
Total business	46.2	46.3	46.3
Private	53.8	53.3	52.9
Total	100.0	100.0	100.0



Interim financial statements

Q1 2020

Statement by Management on the Interim Report

The Board of Directors and the Executive Board have today considered and approved the Interim Report of Sparekassen Sjælland-Fyn A/S for the period 1 January to 31 March 2020.

The Interim Report of the Group has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU and Danish disclosure requirements for interim reports of listed financial companies. Sparekassen's

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

In our opinion, the Interim Report gives a true and fair view of the Group's and Sparekassen's financial position at 31 March 2020 and of their

financial performance and the consolidated cash flows for the period 1 January to 31 March 2020.

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

The Interim Report has not been audited or reviewed.

Holbæk, 11 May 2020

Direktion

Lars Petersson
Chief Executive Officer

Bruno Riis-Nielsen
Executive Officer
of the Savings Bank

Lars Bolding
Executive Officer
of the Savings Bank

Bestyrelsen

Thomas Kullegaard
Chairman of the
Board of Directors

Jakob Nørrekjær Andersson
Vice-Chairman of the
Board of Directors

Bent Andersen

Erik Larsen

Otto Frederik Spliid

Kirsten Hede Nielsen

Per Olsen

Helle Lindhof Bjørnøe

Mads Wallin

Income statement

Sparekassen Sjælland-Fyn A/S Group			
Note	Amounts in DKK'000.	Q1 2020	Q1 2019
4	Interest income calculated using the effective interest method	139,305	136,083
4	Other interest income	14,841	13,394
5	Interest expenses	15,901	12,263
	Net interest income	138,245	137,214
	Dividends on shares etc	11,987	3,331
6	Fees and commission income	165,447	137,651
	Fees and commission expenses	4,024	4,919
	Net interest and fee income	311,655	273,277
7	Market value adjustments	-24,564	-1,172
	Other operating income	5,204	8,797
8	Staff costs and administrative expenses	178,321	174,562
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	11,745	16,311
	Other operating expenses	5,574	3,429
9	Impairment losses on loans and advances etc	73,900	8,801
	Profit/loss on investments in associates and group enterprises	24,072	708
	Profit before tax	46,827	78,507
	Income tax	3,115	7,217
	Profit after tax	43,712	71,290
	Earnings per share		
	Earnings per share (DKK)	2.2	3.8
	Diluted earnings per share (DKK)	2.2	3.8
	Distributed as follows:		
	Retained earnings (profit allocated to shareholders)	37,627	65,255
	Interest, hybrid core capital	6,085	6,035
	Total	43,712	71,290

Statement of comprehensive income

Sparekassen Sjælland-Fyn A/S Group			
Note	Amounts in DKK'000.	Q1 2020	Q1 2019
	Profit for the period	43,712	71,290
	Other comprehensive income that may not be reclassified to profit or loss		
	Fair value adjustment of properties	-1,480	0
	Tax related to fair value adjustment of properties	1	0
	Other comprehensive income that may be reclassified to profit or loss		
	Fair value adjustment of financial instruments entered into to hedge future cash flows ¹		
	- Value adjustment for the period	121	-94
	- Tax on other comprehensive income	-27	21
	Total other comprehensive income	-1,384	-73
	Totalindkomst i alt	42,328	71,217

¹ The fair value adjustment concerns a jointly controlled enterprise.

Balance sheet at 31 March

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	31.03.2020	31.12.2019	31.03.2019
Assets				
	Cash and balances on demand at central banks	440,228	441,069	399,557
	Amounts owed by credit institutions and central banks	2,553,438	2,540,933	1,374,554
	Loans and other amounts owed at amortised cost	12,171,992	12,217,237	12,246,885
	Bonds at fair value	6,485,955	6,591,480	6,672,360
	Shares etc	675,112	693,719	757,152
	Investments in associates	162,280	46,709	72,928
	Assets related to pooled plans	1,652,856	1,770,777	1,420,963
	Intangible assets	91,305	91,323	122,017
10	Total land and buildings	456,362	473,832	544,988
	<i>Investment property</i>	161,193	157,465	199,353
	<i>Owner-occupied property</i>	295,169	316,367	345,635
	Other property, plant and equipment	35,675	34,151	49,960
	Current tax assets	11,565	0	4,944
	Deferred tax assets	163,754	163,753	170,409
	Other assets	252,051	226,864	302,521
	Prepayments	68,310	66,722	69,696
	Total assets	25,220,883	25,358,569	24,208,934

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	31.03.2020	31.12.2019	31.03.2019
Equity and liabilities				
Liabilities other than provisions				
	Amounts owed to credit institutions and central banks	612,422	525,436	545,328
	Deposits and other debt	18,549,498	18,699,583	18,151,460
	Deposits in pooled plans	1,652,856	1,770,777	1,420,963
	Current tax liabilities	0	3,601	0
	Other liabilities	383,451	339,667	423,490
	Deferred income	34,534	32,800	29,799
	Total liabilities other than provisions	21,232,761	21,371,864	20,571,040
Provisions				
	Provisions for losses on guarantees etc	71,826	64,795	62,806
	Other provisions	14,901	11,416	9,149
	Total provisions	86,727	76,211	71,955
11	Subordinated loan capital	673,700	673,141	454,825
Equity				
12	Share capital	173,750	173,750	173,750
	Revaluation reserves	1,407	2,886	2,882
	Undistributable savings bank reserve, other reserves	561,378	561,378	561,378
	Retained earnings	2,099,183	2,113,447	1,981,177
	Total equity exclusive of hybrid core capital	2,835,718	2,851,461	2,719,187
	Hybrid core capital	391,977	385,892	391,927
	Total equity	3,227,695	3,237,353	3,111,114
	Total equity and liabilities	25,220,883	25,358,569	24,208,934

15 Contingent liabilities and assets

Statement of changes in equity

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument ¹	Dividend	Retained earnings	Total equity exclusive of hybrid core capital	Hybrid core capital	Total equity
	Equity at 1.1.2020	173,750	2,886	561,378	-240	52,125	2,061,564	2,851,461	385,892	3,237,353
	Profit for the period	0	0	0	0	0	37,627	37,627	6,085	43,712
	Other comprehensive income									
	Fair value adjustment of owner-occupied property	0	-1,480	0	0	0	0	-1,480	0	-1,480
	Fair value adjustment of financial instruments entered into to hedge future cash flows:									
	Value adjustment for the period	0	0	0	121	0	0	121	0	121
	Tax on other comprehensive income	0	1	0	-27	0	0	-26	0	-26
	Total other comprehensive income	0	-1,479	0	95	0	0	-1,384	0	-1,384
	Comprehensive income for the period	0	-1,479	0	95	0	37,627	36,242	6,085	42,328
	Purchase of treasury shares	0	0	0	0	0	0	0	0	0
	Sale of treasury shares	0	0	0	0	0	0	0	0	0
	Dividends paid	0	0	0	0	-52,125	138	-51,987	0	-51,987
	Interest paid on hybrid core capital	0	0	0	0	0	0	0	0	0
	Equity at 31.03.2020	173,750	1,407	561,378	-145	0	2,099,329	2,835,718	391,977	3,227,695

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

Statement of changes in equity

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument ¹	Dividend	Retained earnings	Total equity exclusive of hybrid core capital	Hybrid core capital	Total equity
	Equity at 1.1.2019	173,750	2,882	561,378	-177	43,437	1,916,152	2,697,420	385,892	3,083,312
	Profit for the period	0	0	0	0	0	65,255	65,255	6,035	71,290
	Other comprehensive income									
	Fair value adjustment of financial instruments entered into to hedge future cash flows:									
	Value adjustment for the period	0	0	0	-94	0	0	-94	0	-94
	Tax on other comprehensive income	0	0	0	21	0	0	21	0	21
	Total other comprehensive income	0	0	0	-73	0	0	-73	0	-73
	Comprehensive income for the period	0	0	0	-73	0	65,255	65,182	6,035	71,217
	Purchase of treasury shares	0	0	0	0	0	0	0	0	0
	Sale of treasury shares	0	0	0	0	0	0	0	0	0
	Dividends paid	0	0	0	0	-43,437	23	-43,414	0	-43,414
	Equity at 31.03.2019	173,750	2,882	561,378	-250	0	1,981,429	2,719,187	391,927	3,111,114

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

Cash flow statement

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	Q1 2020	Q1 2019
	Comprehensive income for the period	42.328	71.217
	Adjustment for amounts without cash flow effect		
	Market value adjustment, shares	-1,645	-9,273
	Market value adjustment, bonds	23,611	5,763
	Impairment losses on loans and advances etc	73,900	8,801
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	11,745	15,950
	Prepayments (net)	598	926
	Provisions	10,516	347
	Value adjustments of investment property	3,869	714
	Deferred income tax	3,115	7,217
	Adjustment for amounts with cash flow effect		
	Income tax paid	-16,024	-5,786
	Cash flows from ordinary operating activities	152,871	95,876
	Working capital changes		
	Credit institutions	86,986	120,137
	Loans and advances adjusted for impairment losses etc for the period	-29,552	-82,322
	Other assets and liabilities (net)	-7,679	-15,643
	Shares etc	20,252	53,428
	Bonds at fair value	81,914	-57,240
	Deposits and other debt	-150,085	-71,489
	Total working capital changes	1,836	-53,129
	Cash flows from operating activities	154,707	42,747

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	Q1 2020	Q1 2019
	Investing activities		
	Additions, investments in associate	-91,405	0
	Purchase of intangible assets	-2,155	-2,622
	Purchase of property, plant and equipment	-37,747	-60,261
	Sale of property, plant and equipment	40,251	16,933
	Cash flows from investing activities	-91,056	-45,950
	Financing activities		
	Dividend paid	-51,987	-43,414
	Cash flows from financing activities	-51,987	-43,414
	Increase/decrease in cash	11,664	-46,617
	Cash and cash equivalents at beginning of period	2,982,002	1,820,728
	Cash and cash equivalents at end of period	2,993,666	1,774,111
	Cash and cash equivalents		
	Cash and balances on demand at central banks	440,228	399,557
	Amounts owed by credit institutions and central banks	2,553,438	1,374,554
	Cash and cash equivalents at end of period	2,993,666	1,774,111

Notes

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'm	Q1 2020	Q1. 2019	Financial year 2019
1	Financial highlights			
	Principal items of income statement			
	Net interest income	138	137	565
	Net interest and fee income	312	273	1,113
	Market value adjustments	-25	-1	-44
	Staff costs and administrative expenses	178	175	726
	Amortisation, depreciation and impairment losses on assets	12	16	85
	Impairment losses on loans and advances etc	74	9	17
	Profit on investments in associates and group enterprises	24	1	2
	Income tax	3	7	25
	Profit for the period	44	71	227
	Principal items of balance sheet			
	Loans and advances	12,172	12,247	12,217
	Securities portfolio	7,161	7,430	7,285
	Deposits including pooled deposits	20,202	19,572	20,470
	Subordinated loan capital	674	455	673
	Equity	3,228	3,111	3,237
	Total assets	25,221	24,209	25,359

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'm	Q1 2020	Q1. 2019	Financial year 2019
	Financial ratios			
	Capital ratio ⁴	19.6	17.0	20.1
	Core capital ratio ⁴	15.8	14.5	16.2
	Return on equity before tax	1.5	2.5	8.0
	Return on equity after tax	1.4	2.3	7.2
	Operating income over operating expenses	1.17	1.39	1.30
	Interest rate risk relative to core capital net of deductions	0.1	1.7	0.2
	Currency position relative to core capital net of deductions	0.8	0.5	0.6
	Currency risk relative to core capital net of deductions	0.0	0.0	0.0
	Loans and advances plus loan impairment losses relative to deposits	63.4	67.0	62.9
	Loans and advances relative to equity	3.8	3.9	3.8
	Growth in loans and advances for the period	-0.4	0.6	0.4
	Liquidity, LCR	386	639	335
	Total large exposures (<175 %)	80.2	92.6	76.5
	Impairment ratio for the period	0.4	0.0	0.1
	Accumulated impairment ratio	3.6	5.0	3.7
	Return on capital employed	0.2	0.3	0.9
	Earnings per share (DKK) ²	2.2	3.8	11.7
	Dividend per share (DKK)	0.0	0.0	3.0
	Book value per share (DKK) ¹	163.8	156.6	164.7
	Price/earnings per share ²	36.0	23.1	7.7
	Price/equity per share ¹	0.5	0.6	0.5
	Share price at end of period	78.2	86.8	89.6
	Staff			
	Average number of employees for the period converted into full-time employees ³	563	609	587

¹ Calculated based on the number of outstanding shares at end of period.

² Calculated based on the average number of shares during the period.

³ Engaged in financial business.

⁴ Q1 2020 and Q1 2019 have been calculated exclusive of the profit for the period.

Notes

2 Summary of significant accounting policies

The Interim Report for Q1 2020 has been presented in accordance with IAS 34. The presentation of interim financial statements is consistent with EU provisions and additional Danish disclosure requirements for interim reports of listed financial companies. Applying ISA 34 entails that presentation is more limited than in a complete annual report and that the measurement principles of the International Financial Reporting Standards (IFRS) have been used.

The accounting policies remain unchanged with respect to those applied in the presentation of the consolidated financial statements for 2019.

Sparekassen's 2019 Annual Report and other reports on capital requirement, statutory report on corporate social responsibility etc can be found on this website: www.spks.dk/om/regnskab

3 Significant accounting judgements and estimates, assumptions and uncertainties

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

The most significant estimates made by Management in using the Group's accounting policies and the related key sources of estimation uncertainty are the same used in the preparation of the interim financial statements for the year as those used to prepare the consolidated financial statements for 2019.

Notes

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	Q1 2020	Q1 2019
4	Interest income		
	Credit institutions and central banks	145	148
	Loans and advances and other amounts owed	127,899	134,181
	Negative interest income on credit institutions and central banks	11,064	1,627
	Bonds	7,840	11,250
	Total derivatives	7,001	2,144
	Thereof: - Interest rate contracts	7,304	2,447
	- Foreign exchange contracts	-303	-303
	Other interest income	197	127
	Total interest income	154,146	149,477
5	Interest expenses		
	Credit institutions and central banks	151	181
	Negative interest expenses on deposits and other debt	3,665	1,691
	Deposits and other debt	2,726	2,878
	Subordinated loan capital	9,020	7,130
	Other interest expenses	339	383
	Total interest expenses	15,901	12,263
6	Fees and commission income		
	Securities trading and custody accounts	28,414	16,112
	Payment services	15,145	14,845
	Loan fees	14,342	10,067
	Guarantee commission	47,978	44,371
	Custody services	11,981	14,465
	Other fees and commissions	47,587	37,791
	Total fees and commission income	165,447	137,651

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	Q1 2020	Q1 2019
7	Market value adjustments		
	Bonds	-23,611	-5,763
	Shares	1,645	9,273
	Investment property	-3,345	-666
	Foreign exchange	2,765	2,007
	Currency, interest rate, share, commodity and other contracts and derivatives	-2,018	-6,023
	Assets related to pooled plans	-292,398	95,046
	Deposits in pooled plans	292,398	-95,046
	Total market value adjustments	-24,564	-1,172
8	Staff costs and administrative expenses		
	Remuneration of the Board of Directors and Executive Board		
	Board of Directors and Executive Board	4,162	3,001
	Total	4,162	3,001
	Staff costs		
	Wages and salaries	85,138	88,141
	Pension contributions	9,366	9,737
	Social security expenses	13,716	14,424
	Total staff costs	108,220	112,302
	Other administrative expenses	65,939	59,259
	Total staff costs and administrative expenses	178,321	174,562

Notes

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	31.03.2020	31.03.2019
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9 Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account)

Stage 1 impairment

Balance of stage 1 impairment losses at beginning of period	56,035	59,013
New impairment losses (net)	44,981	-49

Balance of stage 1 impairment losses at end of period	101,016	58,964
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- Of which amounts owed by credit institutions and central banks	1	1
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Stage 2 impairment

Balance of stage 2 impairment losses at beginning of period	109,573	106,153
New impairment losses (net)	15,624	5,378

Balance of stage 2 impairment losses at end of period	125,197	111,531
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- Of which amounts owed by credit institutions and central banks	341	248
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Stage 3 impairment

Balance of stage 3 impairment losses at beginning of period	491,878	848,954
New impairment losses (net)	8,011	7,671
Other changes	6,300	8,250
Previously written down, now finally written off	98,667	166,675

Balance of stage 3 impairment losses at end of period	407,522	698,200
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- Of which amounts owed by credit institutions and central banks	0	0
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Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	31.03.2020	31.03.2019
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9 Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account) (continued)

Provisions losses for guarantees and undrawn credit facilities

Balance of provisions at beginning of year	73,252	67,183
New provisions (net)	11,576	2,124
Previously provided for, now finally written off	0	719

Balance of provisions at end of period	84,828	70,026
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Total

Balance of impairment losses/provisions at beginning of period	730,738	1,081,303
Impairment losses/provisions for the period (net)	80,192	15,124
Other changes	6,300	8,250
Finally written off, previously written down/provided for	98,667	167,394

Balance of impairment losses/provisions at end of period	718,563	937,283
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Impairment losses/provisions for the period (net)	80,192	15,123
Written off, not previously written down/provided for	2,144	732
Recovery of claims previously written off	8,436	7,054

Total recognised in the income statement	73,900	8,801
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Notes

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	31.03.2020	31.12.2019	31.03.2019
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10 Land and buildings

Investment property

Fair value at beginning of period	157,465	158,728	158,728
Additions	30,761	93,652	58,288
Disposals	24,472	85,380	16,949
Fair value adjustments for the period	-2,561	-9,535	-714

Fair value at end of period	161,193	157,465	199,353
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Rental income	3,485	16,202	4,161
Operating expenses	1,699	4,314	983

Thereof, operating expenses recognised for investment property not having generated rental income for the year	432	1,047	345
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	Quoted prices	Observable input	Non-observable input	Total
Fair value hierarchy for investment property				
Group at 31.03.2020	0	0	161,193	161,193
Group at 31.12.2019	0	0	157,465	157,465
Group at 31.03.2019	0	0	199,353	199,353

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	31.03.2020	31.12.2019	31.03.2019
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10 Land and buildings (continued)

Owner-occupied property

Cost at beginning of period	293,735	337,803	337,803
Additions	495	6,326	0
Disposals	19,167	50,394	0

Cost at end of period	275,063	293,735	337,803
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Accumulated depreciation/impairment losses at beginning of period	43,114	71,997	71,997
Depreciation for the period	103	411	106
Impairment losses for the period	1,308	800	0
Disposals for the period	4,867	30,094	0

Accumulated depreciation/impairment losses at end of period	39,658	43,114	72,103
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Accumulated revaluation at beginning of period	2,926	2,926	2,926
Additions for the period	0	0	0
Disposals for the period	1,479	0	0

Accumulated revaluation at end of period	1,447	2,926	2,926
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Revalued amount at end of period	236,852	253,547	268,626
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If no revaluation had been made, the carrying amount of owner-occupied property would have been:	235,405	250,621	265,700
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External experts have been involved in the valuation of owner-occupied property. Impairment losses for the year result from normal value adjustment arising from revaluation.

Notes

Sparekassen Sjælland-Fyn A/S Group

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

Fair value hierarchy for owner-occupied property

Group at 31.03.2020	0	0	236,852	236,852
Group at 31.12.2019	0	0	253,547	253,547
Group at 31.03.2019	0	0	268,626	268,626

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 5.9% and 18.45% has been used in measuring properties located on Zealand and Funen and in Jutland (Q1 2019: 4.3% and 11.4%). An increase in the required rate of return would result in a decline in the property's fair value, whereas an increase in rent per square metre relative to the assumptions applied would result in an increase in the value of the property.

	31.03.2020	31.12.2019	31.03.2019
Owner-occupied property, revalued amount at period-end, see above	236.852	253.547	268.626
Owner-occupied property, leased assets	58.317	62.820	77.009
Total owner-occupied property, see balance sheet	295.169	316.367	345.635

Notes

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	Current interest rate	31.03.2020	31.12.2019	31.03.2019
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1.1 Subordinated loan capital

Supplementary capital

Floating interest rate, maturing July 2024, redeemable in 2019 ²⁾ , from 2019 to 2024, the interest rate will be 3 months CIBOR + 6,75% with quarterly adjustment,	7,81 % ¹⁾			82,000	
Floating interest rate, maturing July 2025, redeemable in 2020 ²⁾ , from 2020 to 2025, the interest rate will be 6 months CIBOR + 6,9% with half-yearly adjustment,	7,66 % ¹⁾	105,000	105,000	105,000	
Floating interest rate, maturing February 2027, redeemable in 2022, From 2022 to 2027, the interest rate will be 6 months CIBOR + 5,5% with half-yearly adjustment,	5,94 % ¹⁾	50,000	50,000	50,000	
Floating interest rate, maturing in December 2027, redeemable in 2022, from 2022 to 2027, the interest rate will be six months' CIBOR + 4,39% with half-yearly adjustment,	4,75 % ¹⁾	50,000	50,000	50,000	
Floating interest rate, maturing in June 2028, redeemable in 2023, from 2023 to 2028, the interest rate will be six months' CIBOR + 4,11% with half-yearly adjustment,	4,50 % ¹⁾	130,000	130,000	130,000	
Floating interest rate, maturing in November 2028, redeemable in 2023, from 2023 to 2028, the interest rate will be six months' CIBOR + 4,24% with half-yearly adjustment,	4,75 % ¹⁾	41,000	41,000	41,000	
Floating interest rate, maturing in June 2029, redeemable in 2024, from 2024 to 2029, the interest rate will be six months' CIBOR + 4,64% with half-yearly adjustment,	4,50 % ¹⁾	150,000	150,000		
Floating interest rate, maturing in December 2029, redeemable in 2024, from 2024 to 2029, the interest rate will be six months' CIBOR + 4,51% with half-yearly adjustment,	4,45 % ¹⁾	152,000	152,000		
Total supplementary capital		678,000	678,000	458,000	
Total hybrid capital		0	0	0	
Total subordinated loan capital		678,000	678,000	458,000	
Costs of establishment are charged to profit or loss over the expected term to maturity		4,300	4,859	3,175	
Total subordinated loan capital according to balance sheet		673,700	673,141	454,825	

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	Current interest rate	31.03.2020	31.12.2019	31.03.2019
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1.1 Subordinated loan capital (continued)

Hybrid capital reclassified to equity

Floating interest rate, perpetual, redeemable in 2022. From 2022, the interest rate will be six months' CIBOR + 6.39% with half-yearly adjustment.	6.75 % ¹⁾	55,000	55,000	55,000
Floating interest rate, perpetual, redeemable in 2023. From 2023, the interest rate will be six months' CIBOR + 6.11% with half-yearly adjustment.	6.50 % ¹⁾	280,000	280,000	280,000
Floating interest rate, perpetual, redeemable in 2023. From 2023, the interest rate will be six months' CIBOR + 5.74% with half-yearly adjustment.	6.25 % ¹⁾	41,000	41,000	41,000
Total hybrid capital, reclassified to equity		376,000	376,000	855,000
Subordinated loan capital included in the calculation of capital resources		1,049,700	1,049,141	830,825

1) Fixed interest rate for the first 5 years.

2) The issue may be used without restrictions to fulfil the capital requirement addition under the 8+ approach

The Sparekassen Sjælland-Fyn A/S Group

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

Notes

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	31.03.2020	31.12.2019	31.03.2019
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11 Subordinated loan capital (continued)

Interest etc on subordinated loan capital

	31.03.2020	31.12.2019	31.03.2019
Interest (excluding interest on reclassified hybrid core capital recognised as equity)	9,020	29,730	7,130
Extraordinary repayments/redemptions/remortgaging	0	82,000	0
Expenses for raising subordinated loan capital	0	2,671	0
Expenses for redeeming subordinated loan capital	0	0	0

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

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	Number of shares		Nominal value (DKK'000)	
		31.03.2020	31.03.2019	31.03.2020	31.03.2019

12 Share capital

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

	Number of shares	Nominal value (DKK'000)	Participation %
Treasury shares			
Treasury shares at 31.12.2018	9,265	93	0,1
Purchased	0	0	0,0
Sold	0	0	0,0
Treasury shares at 31.03.2019	9,265	93	0,1
Treasury shares at 31.12.2019			
Treasury shares at 31.12.2019	58,989	590	0,3
Purchased	0	0	0,0
Sold	0	0	0,0
Treasury shares at 31.03.2020	58,989	590	0,3

Total purchase price DKK 0 (Q1 2019: DDK 0)

Total selling price DKK 0 (Q1 2019: DDK 0)

The share capital consists of 17,374,973 shares of a nominal value of DKK 10. The shares have been fully paid up. The shares have not been divided into classes and carry no special rights. Sparekassen's treasury share portfolio consists of 58,989 shares, corresponding to 0.3 % of the share capital. The shares were acquired as part of ordinary trading.

Notes

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	31.03.2020	31.03.2019
12 Share capital (continued)			
Earnings per share			
Earnings of shareholders of the Parent Sparekassen Sjælland-Fyn A/S		37,627	65,255
Average number of shares		17,374,973	17,374,973
Average number of treasury shares		58,989	9,265
Average number of shares outstanding		17,315,984	17,365,708
Average dilution effect of outstanding share options		0	0
Average number of outstanding shares (diluted)		17,315,984	17,365,708
Earnings per share (DKK)		2.2	3.8
Diluted earnings per shares (DKK)		2.2	3.8

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	31.03.2020	31.12.2019	31.03.2019
13 Assets provided as collateral				
Bonds deposited with Danmarks Nationalbank, clearing centres etc		1,129,931	1,138,504	430,886
Cash deposited with credit institutions, CSA agreements		22,696	22,696	18,423
Loss limit towards the Danish Growth Fund		261	262	448
Total		1,152,888	1,161,462	449,757

Unencumbered deposited securities may be released at call.

14 Related party transactions

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

There have been no unusual related party transactions in Q1 2020.

Notes

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	31.03.2020	31.12.2019	31.03.2019
15	Contingent liabilities and assets			
	Financial guarantees	248,685	233,270	1,224,599
	Mortgage finance guarantees	2,632,802	2,564,684	2,429,173
	Registration and remortgaging guarantees	17,957	72,014	67,046
	Other contingent liabilities	3,746,245	3,867,787	1,556,824
	Total	6,645,689	6,737,755	5,277,642

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

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

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

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

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

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

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	31.03.2020	31.12.2019	31.03.2019
15	Contingent liabilities and assets (continued)			
	Contingent assets, group			
	Deferred tax assets, written down	85,264	85,264	106,978

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

Notes

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	31.03.2020	31.12.2019	31.03.2019
16 Capital resources ¹				
Equity excluding hybrid core capital		2,835,718	2,851,461	2,719,187
Intangible assets		-91,305	-91,323	-122,017
Tax assets		-163,754	-163,753	-170,409
Proposed dividend		0	-52,125	0
Deduction, capital instruments exceeding 10%		-259,537	-209,744	-203,522
Other deductions etc		38,127	96,634	26,226
Common Equity Tier 1 capital		2,359,249	2,431,150	2,249,465
Hybrid core capital		376,000	376,000	376,000
Core capital (including hybrid core capital) net of primary deductions		2,735,249	2,807,150	2,625,465
Supplementary capital		673,700	673,141	454,825
Capital resources		3,408,949	3,480,291	3,080,290
Risk exposures				
Credit risk		14,492,178	14,374,537	14,938,784
Market risk		943,379	1,112,212	1,306,345
Operational risk		1,912,923	1,856,049	1,856,049
Total risk exposures		17,348,480	17,342,798	18,101,178
Capital ratio		19.6	20.1	17.0
Core capital ratio		15.8	16.2	14.5
Common Equity Tier 1 capital ratio		13.6	14.0	12.4
Capital resources, requirement under Section 124(2) of the Danish Financial Business Act		1,387,878	1,387,424	1,448,094

1) Sparekassen's capital resources and capital ratios calculated inclusive of transitional scheme and exclusive of net profit for the period at 31.03.2020 og 31.03.2019.

Had net profit for the period, reduced by the target dividend payment stated in the dividend policy, been included in capital resources, the capital ratio, the core capital ratio and the common equity tier 1 capital ratio would have been 0.3 percentage points higher (31.03.2019: capital ratio, core capital ratio and common equity tier 1 capital ratio 0.3 percentage points higher).

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	31.03.2020	31.12.2019	31.03.2019
16 Capital resources ¹ (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.				
Solvency capital elements calculated exclusive of transitional scheme ²				
Common Equity Tier 1 capital		2,277,020	2,331,300	2,149,615
Core capital (including hybrid core capital) net of primary deductions		2,653,020	2,707,300	2,525,615
Capital resources		3,326,720	3,380,441	2,980,440
Total risk exposures		17,326,516	17,305,825	18,123,923
Capital ratio		19.2	19.5	16.4
Core capital ratio		15.3	15.6	13.9
Common Equity Tier 1 capital ratio		13.1	13.5	11.9

2) Sparekassen's capital resources and capital ratios calculated inclusive of transitional scheme and exclusive of net profit for the period at 31.03.2020 og 31.03.2019.

Had net profit for the period, reduced by the target dividend payment stated in the dividend policy, been included in capital resources, the capital ratio, the core capital ratio and the common equity tier 1 capital ratio would have been 0.3 percentage points higher (31.03.2019: capital ratio, core capital ratio and common equity tier 1 capital ratio 0.3 percentage points higher).

Notes

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	31.03.2020		31.03.2019	
		Fair value	Amortised costs	Fair value	Amortised costs
17	Financial assets and liabilities, Sparekassen Sjælland-Fyn A/S Group				
	Financial assets and liabilities are recognised in the balance sheet either at fair value through profit or loss or at amortised cost.				
	Below, the valuation method is stated for each financial statement item.				
	Financial assets				
	Cash and balances on demand at central banks		440,228		399,557
	Amounts owed by credit institutions and central banks		2,553,438		1,374,554
	Loans and advances and other amounts owed at amortised cost		12,171,992		12,246,885
	Bonds at fair value	6,485,955		6,672,360	
	Shares etc	675,112		757,152	
	Assets related to pooled plans	1,652,856		1,420,963	
	Positive market value of derivatives	50,013		27,846	
	Total financial assets	8,863,936	15,165,658	8,878,321	14,020,996
	Financial liabilities				
	Amounts owed to credit institutions and central banks		612,422		545,328
	Deposits and other debt		18,549,498		18,151,460
	Deposits in pooled plans	1,652,856		1,420,963	
	Subordinated loan capital		673,700		454,825
	Negative market value of derivatives	52,267		30,624	
	Total financial liabilities	1,705,123	19,835,620	1,451,587	19,151,613

Sparekassen Sjælland-Fyn A/S Group

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

Notes

Sparekassen Sjælland-Fyn A/S Group

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

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

	31.03.2020			
Financial assets				
Bonds at fair value	6,485,955	0	0	6,485,955
Shares etc	38,165	588,423	48,524	675,112
Assets related to pooled plans	1,646,964	5,892	0	1,652,856
Derivatives	0	50,013	0	50,013
Total financial assets	8,171,084	644,328	48,524	8,863,936
Financial liabilities				
Deposits in pooled plans	0	1,652,856	0	1,652,856
Derivative financial liabilities	0	52,267	0	52,267
Total financial liabilities	0	1,705,123	0	1,705,123

	31.03.2019			
Financial assets				
Bonds at fair value	6,672,360	0	0	6,672,360
Shares etc	60,429	388,847	307,876	757,152
Assets related to pooled plans	0	1,420,963	0	1,420,963
Derivatives	0	27,846	0	27,846
Total financial assets	6,732,789	1,837,656	307,876	8,878,321
Financial liabilities				
Deposits in pooled plans	0	1,420,963	0	1,420,963
Derivative financial liabilities	0	30,624	0	30,624
Total financial liabilities	0	1,451,587	0	1,451,587

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	31.03.2020	31.03.2019
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17 Financial assets and liabilities, Sparekassen Sjælland-Fyn A/S Group (continued)

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

Carrying amount at beginning of period	216,507	382,871
Market value adjustment in profit or loss, under market value adjustments	-12,879	120
Purchased	11,325	0
Sold	166,429	75,115
Carrying amount at end of period	48,524	307,876

Sparekassen does not have data to make a sensitivity analysis of the investment fund certificates that are measured at fair value in the balance sheet based on Level 3. The investment fund certificates amount to DKK 7.6m (31.03.2019: DKK 279.8m).

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.

Notes

Sparekassen Sjælland-Fyn A/S Group

Note

17 Financial assets and liabilities, Sparekassen Sjælland-Fyn A/S 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.

Sparekassen Sjælland-Fyn A/S Group

31.03.2020

31.03.2019

Note	Amounts in DKK'000	Carrying amount	Fair value	Carrying amount	Fair value
17 Financial assets and liabilities, Sparekassen Sjælland-Fyn A/S Group (continued)					
Financial instruments recognised at amortised cost, disclosures on fair value					
Financial assets					
	Cash and balances on demand at central banks	440,228	440,228	399,557	399,557
	Amounts owed by credit institutions and central banks	2,553,438	2,553,438	1,374,554	1,374,554
	Loans and advances and other amounts owed at amortised cost	12,171,992	12,229,335	12,246,885	12,303,370
	Total financial assets	15,165,658	15,223,001	14,020,996	14,077,481
Financial liabilities					
	Amounts owed to credit institutions and central banks	612,422	612,422	545,328	545,328
	Deposits and other debt	18,549,498	18,549,498	18,151,460	18,151,460
	Subordinated loan capital	673,700	673,700	454,825	454,825
	Total financial liabilities	19,835,620	19,835,620	19,151,613	19,151,613

Income statement

Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'000	Q1 2020	Q1 2019
4	Interest income calculated using the effective interest method	132,958	130,123
4	Other interest income	14,841	13,393
5	Interest expenses	16,045	12,692
	Net interest income	131,754	130,824
	Dividends on shares etc	11,987	3,331
6	Fees and commission income	165,631	137,682
	Fees and commission expenses	3,967	4,858
	Net interest and fee income	305,405	266,979
7	Market value adjustments	-21,893	-553
	Other operating income	1,130	3,333
8	Staff costs and administrative expenses	172,898	169,701
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	14,272	20,219
	Other operating expenses	3,883	2,065
9	Impairment losses on loans and advances etc	73,987	7,767
	Profit/loss on investments in associates and group enterprises	26,232	6,981
	Profit before tax	45,834	76,988
	Income tax	2,122	5,698
	Profit after tax	43,712	71,290
	Earnings per share		
	Earnings per share (DKK)	2.2	3.8
	Diluted earnings per share (DKK)	2.2	3.8
	Distributed as follows:		
	Retained earnings (profit allocated to shareholders)	37,627	65,255
	Interest, hybrid core capital	6,085	6,035
	Total	43,712	71,290

Statement of comprehensive income

Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'000	Q1 2020	Q1 2019
	Profit for the period	43,712	71,290
	Other comprehensive income that may not be reclassified to profit or loss		
	Fair value adjustment of properties	-1,480	0
	Tax related to fair value adjustment of properties	1	0
	Other comprehensive income that may be reclassified to profit or loss		
	Fair value adjustment of financial instruments entered into to hedge future cash flows ¹		
	- Value adjustment for the period	121	-94
	- Tax on other comprehensive income	-27	21
	Total other comprehensive income	-1,384	-73
	Total comprehensive income	42,328	71,217

¹ The fair value adjustment concerns a jointly controlled enterprise.

Balance sheet at 31 march

Sparekassen Sjælland-Fyn A/S (Parent)				
Note	Amounts in DKK'000	31.03.2020	31.12.2019	31.03.2019
Assets				
	Cash and balances on demand at central banks	440,228	441,069	399,557
	Amounts owed by credit institutions and central banks	2,547,492	2,529,609	1,361,251
	Loans and other amounts owed at amortised cost	12,248,171	12,305,355	12,379,629
	Bonds at fair value	6,485,955	6,591,480	6,672,360
	Shares etc	675,112	693,719	757,152
	Investments in associates	125,005	10,194	38,315
	Investments in group enterprises	365,057	367,937	354,185
	Assets related to pooled plans	1,652,856	1,770,777	1,420,962
	Intangible assets	91,305	91,323	122,017
	Total land and buildings	178,999	188,899	226,682
	<i>Investment property</i>	5,638	6,258	4,641
	<i>Owner-occupied property</i>	173,362	182,641	222,041
	Other property, plant and equipment	35,675	34,151	49,960
	Current tax assets	17,864	1,705	10,124
	Deferred tax assets	155,070	155,070	160,346
	Other assets	218,521	186,892	269,610
	Prepayments	68,918	66,654	69,401
	Total assets	25,306,229	25,434,834	24,291,551

Sparekassen Sjælland-Fyn A/S (Parent)				
Note	Amounts in DKK'000	31.03.2020	31.12.2019	31.03.2019
Equity and liabilities				
Liabilities other than provisions				
	Amounts owed to credit institutions and central banks	611,227	524,210	543,976
	Deposits and other debt	18,618,734	18,762,345	18,187,875
	Deposits in pooled plans	1,652,856	1,770,777	1,420,963
	Other liabilities	421,339	379,406	488,152
	Deferred income	13,951	11,391	12,691
	Total liabilities other than provisions	21,318,107	21,448,129	20,653,657
Provisions				
	Provisions for losses on guarantees etc	71,826	64,795	62,806
	Other provisions	14,901	11,416	9,149
	Total provisions	86,727	76,211	71,955
	Subordinated loan capital	673,700	673,141	454,825
Equity				
	Share capital	173,750	173,750	173,750
	Revaluation reserves	1,407	2,886	2,882
	Undistributable savings bank reserve, other reserves	561,378	561,378	561,378
	Retained earnings	2,099,183	2,113,447	1,981,177
	Total equity exclusive of hybrid core capital	2,835,718	2,851,461	2,719,187
	Hybrid core capital	391,977	385,892	391,927
	Total equity	3,227,695	3,237,353	3,111,114
	Total equity and liabilities	25,306,229	25,434,834	24,291,551

Statement of changes in equity

		Sparekassen Sjælland-Fyn A/S (Parent)								
Note	Amounts in DKK'000	Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument ¹	Dividend	Retained earnings	Total equity exclusive of hybrid core capital	Hybrid core capital	Total equity
	Equity at 1.1.2020	173,750	2,886	561,378	-240	52,125	2,061,564	2,851,461	385,892	3,237,353
	Profit for the period	0	0	0	0	0	37,627	37,627	6,085	43,712
	Other comprehensive income									
	Fair value adjustment of owner-occupied property	0	-1,480	0	0	0	0	-1,480	0	-1,480
	Fair value adjustment of financial instruments entered into to hedge future cash flows:									
	Value adjustment for the period	0	0	0	121	0	0	121	0	121
	Tax on other comprehensive income	0	1	0	-27	0	0	-26	0	-26
	Total other comprehensive income	0	-1,479	0	95	0	0	-1,384	0	-1,384
	Comprehensive income for the period	0	-1,479	0	95	0	37,627	36,242	6,085	42,328
	Purchase of treasury shares	0	0	0	0	0	0	0	0	0
	Sale of treasury shares	0	0	0	0	0	0	0	0	0
	Dividends paid	0	0	0	0	-52,125	138	-51,987	0	-51,987
	Interest paid on hybrid core capital	0	0	0	0	0	0	0	0	0
	Equity at 31.03.2020	173,750	1,407	561,378	-145	0	2,099,329	2,835,718	391,977	3,227,695

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

Statement of changes in equity

		Sparekassen Sjælland-Fyn A/S (Parent)								
Note	Amounts in DKK'000	Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument ¹	Dividend	Retained earnings	Total equity exclusive of hybrid core capital	Hybrid core capital	Total equity
	Equity at 1.1.2019	173,750	2,882	561,378	-177	43,437	1,916,152	2,697,420	385,892	3,083,312
	Profit for the period	0	0	0	0	0	65,255	65,255	6,035	71,290
	Other comprehensive income									
	Fair value adjustment of financial instruments entered into to hedge future cash flows:									
	Value adjustment for the period	0	0	0	-94	0	0	-94	0	-94
	Tax on other comprehensive income	0	0	0	21	0	0	21	0	21
	Total other comprehensive income	0	0	0	-73	0	0	-73	0	-73
	Comprehensive income for the period	0	0	0	-73	0	65,255	65,182	6,035	71,217
	Purchase of treasury shares	0	0	0	0	0	0	0	0	0
	Sale of treasury shares	0	0	0	0	0	0	0	0	0
	Dividends paid	0	0	0	0	-43,437	23	-43,414	0	-43,414
	Equity at 31.03.2019	173,750	2,882	561,378	-250	0	1,981,429	2,719,187	391,927	3,111,114

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

Notes

Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'm	Q1 2020	Q1 2019	Financial year 2019
1	Financial highlights			
	Principal items of income statement			
	Net interest income	132	131	540
	Net interest and fee income	305	267	1,089
	Market value adjustments	-22	-1	-28
	Staff costs and administrative expenses	173	170	708
	Amortisation, depreciation and impairment losses on assets	14	20	98
	Impairment losses on loans and advances etc	74	8	28
	Profit on investments in associates and group enterprises	26	7	20
	Income tax	2	6	18
	Profit for the period	44	71	227
	Principal items of balance sheet			
	Loans and advances	12,248	12,380	12,305
	Securities portfolio	7,161	7,429	7,285
	Deposits including pooled deposits	20,272	19,609	20,533
	Subordinated loan capital	673	455	673
	Equity	3,228	3,111	3,237
	Total assets	25,306	24,292	25,436

Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'm	Q1 2020	Q1 2019	Financial year 2019
	Financial ratios			
	Capital ratio ⁴	19.5	16.9	19.9
	Core capital ratio ⁴	15.6	14.4	16.1
	Return on equity before tax	1.4	2.5	7.7
	Return on equity after tax	1.4	2.3	7.2
	Operating income over operating expenses	1.17	1.39	1.29
	Interest rate risk relative to core capital net of deductions	-0.1	1.4	0.0
	Currency position relative to core capital net of deductions	0.8	0.5	0.6
	Currency risk relative to core capital net of deductions	0.0	0.0	0.0
	Loans and advances plus loan impairment losses relative to deposits	63.4	67.4	63.0
	Loans and advances relative to equity	3.8	4.0	3.8
	Growth in loans and advances for the period	-0.5	1.1	0.5
	Liquidity, LCR	386	639	335
	Total large exposures (<175 %)	79.8	92.0	76.2
	Impairment ratio for the period	0.4	0.0	0.1
	Accumulated impairment ratio	3.5	4.8	3.5
	Return on capital employed	0.2	0.3	0.9
	Earnings per share (DKK) ²	2.2	3.8	11.7
	Dividend per share (DKK)	0.0	0.0	3.0
	Book value per share (DKK) ¹	163.8	156.6	164.7
	Price/earnings per share ²	36.0	23.3	7.7
	Price/equity per share ¹	0.5	0.6	0.5
	Share price at end of period	78.2	86.8	89.6
	Staff			
	Average number of employees for the period converted into full-time employees ³	563	609	587

¹ Calculated based on the number of outstanding shares at end of period.

² Calculated based on the average number of shares during the period.

³ Engaged in financial business.

⁴ Q1 2020 and Q1 2019 have been calculated exclusive of the profit for the period.

Notes

2 Summary of significant accounting policies

The Q1 2020 financial statements of Sparekassen (Parent) have been prepared in accordance with the Danish Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc, as well as additional Danish disclosure requirements for interim reports for listed financial companies.

The accounting policies remain unchanged with respect to those applied in the presentation of the consolidated financial statements for 2019.

Sparekassen's 2019 Annual Report and other reports on capital requirement, statutory report on corporate social responsibility etc can be found on this website: www.spks.dk/om/regnskab

3 Significant accounting judgements and estimates, assumptions and uncertainties

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

The most significant estimates made by Management in using the Group's accounting policies and the related key sources of estimation uncertainty are the same used in the preparation of the interim financial statements for the year as those used to prepare the consolidated financial statements for 2019.

Notes

Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'000	Q1 2020	Q1 2019
4	Interest income		
	Credit institutions and central banks	108	112
	Loans and advances and other amounts owed	121,708	128,304
	Negative interest income on credit institutions and central banks	11,064	1,627
	Bonds	7,840	11,249
	Total derivatives	7,001	2,144
	Thereof: - Interest rate contracts	7,304	2,447
	- Foreign exchange contracts	-302	-303
	Other interest income	78	80
	Total interest income	147,799	143,516
5	Interest expenses		
	Credit institutions and central banks	151	181
	Negative interest expenses on deposits and other debt	3,665	1,691
	Deposits and other debt	2,559	2,851
	Subordinated loan capital	9,020	7,130
	Other interest expenses	650	839
	Total interest expenses	16,045	12,692
6	Fees and commission income		
	Securities trading and custody accounts	28,414	16,112
	Payment services	15,145	14,845
	Loan fees	14,342	10,067
	Guarantee commission	47,978	44,370
	Custody services	11,981	14,465
	Other fees and commissions	47,771	37,823
	Total fees and commission income	165,631	137,682

Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'000	Q1 2020	Q1 2019
7	Market value adjustments		
	Bonds	-23,665	-5,860
	Shares	1,645	9,273
	Investment property	-620	49
	Foreign exchange	2,765	2,006
	Currency, interest rate, share, commodity and other contracts and derivatives	-2,018	-6,021
	Assets related to pooled plans	-292,398	95,046
	Deposits in pooled plans	292,398	-95,046
	Total market value adjustments	-21,893	-553
8	Staff costs and administrative expenses		
	Remuneration of the Board of Directors and Executive Board		
	Board of Directors and Executive Board	4,161	3,001
	Total	4,161	3,001
	Staff costs		
	Wages and salaries	85,137	88,141
	Pension contributions	9,366	9,737
	Social security expenses	13,716	14,424
	Total staff costs	108,219	112,302
	Other administrative expenses	60,518	54,398
	Total staff costs and administrative expenses	172,898	169,701

Notes

Sparekassen Sjælland-Fyn A/S (Parent)

Note Amounts in DKK'000 31.03.2020 31.03.2019

9 Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account)

Note	Amounts in DKK'000	31.03.2020	31.03.2019
Stage 1 impairment			
	Balance of stage 1 impairment losses at beginning of period	53,875	57,590
	New impairment losses (net)	45,091	-304
	Balance of stage 1 impairment losses at end of period	98,966	57,286
	- Of which amounts owed by credit institutions and central banks	1	1
Stage 2 impairment			
	Balance of stage 2 impairment losses at beginning of period	98,318	104,699
	New impairment losses (net)	15,564	5,533
	Balance of stage 2 impairment losses at end of period	113,882	110,232
	- Of which amounts owed by credit institutions and central banks	341	248
Stage 3 impairment			
	Balance of stage 3 impairment losses at beginning of period	479,443	814,534
	New impairment losses (net)	7,780	6,107
	Other changes	6,300	8,250
	Previously written down, now finally written off	98,540	166,675
	Balance of stage 3 impairment losses at end of period	394,983	662,216
	- Of which amounts owed by credit institutions and central banks	0	0

Sparekassen Sjælland-Fyn A/S (Parent)

Note Amounts in DKK'000 31.03.2020 31.03.2019

9 Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account) (continued)

Provisions losses for guarantees and undrawn credit facilities			
	Balance of provisions at beginning of year	73,252	67,183
	New provisions (net)	11,576	2,124
	Previously provided for, now finally written off	0	719
	Balance of provisions at end of period	84,828	68,588
Total			
	Balance of impairment losses/provisions at beginning of period	704,888	1,044,006
	Impairment losses/provisions for the period (net)	80,011	13,460
	Other changes	6,300	8,250
	Finally written off, previously written down/provided for	98,540	167,394
	Balance of impairment losses/provisions at end of period	692,659	898,322
	Impairment losses/provisions for the period (net)	80,011	13,461
	Written off, not previously written down/provided for	1,465	696
	Recovery of claims previously written off	7,490	6,390
	Total recognised in the income statement	73,987	7,767

Notes

Spækassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'000	31.03.2020	31.12.2019	31.03.2019
10	Assets provided as collateral			
	Bonds deposited with Danmarks Nationalbank, clearing centres etc	1,129,931	1,138,504	430,886
	Cash deposited with credit institutions, CSA agreements	22,696	22,696	18,423
	Loss limit towards the Danish Growth Fund	261	262	448
	Total	1,152,888	1,161,462	449,757

Unencumbered deposited securities may be released at call.

Notes

Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'000	31.03.2020	31.12.2019	31.03.2019
11 Capital resources ¹				
Equity excluding hybrid core capital		2,835,718	2,851,461	2,719,187
Intangible assets		-91,305	-91,323	-122,017
Tax assets		-155,070	-155,070	-160,346
Proposed dividend		0	-52,125	0
Deduction, capital instruments exceeding 10%		-258,463	-208,672	-202,332
Other deductions etc		40,177	98,678	28,064
Common Equity Tier 1 capital		2,371,057	2,442,949	2,262,556
Hybrid core capital		376,000	376,000	376,000
Core capital (including hybrid core capital) net of primary deductions		2,747,057	2,818,949	2,638,556
Supplementary capital		673,700	673,141	454,825
Capital resources		3,420,757	3,492,090	3,093,381
Risk exposures				
Credit risk		14,738,211	14,610,040	15,158,491
Market risk		943,460	1,112,309	1,306,528
Operational risk		1,879,639	1,805,486	1,805,486
Total risk exposures		17,561,310	17,527,835	18,270,505
Capital ratio		19.5	19.9	16.9
Core capital ratio		15.6	16.1	14.4
Common Equity Tier 1 capital ratio		13.5	13.9	12.4
Capital resources, requirement under Section 124(2) of the Danish Financial Business Act		1,404,905	1,402,227	1,461,640

1) Sparekassen's capital resources and capital ratios calculated inclusive of transitional scheme and exclusive of net profit for the period at 31.03.2020 and 31.03.2019.

Had net profit for the period, reduced by the target dividend payment stated in the dividend policy, been included in capital resources, the capital ratio, the core capital ratio and the common equity tier 1 capital ratio would have been 0.3 percentage points higher (31.03.2019: capital ratio, core capital ratio and common equity tier 1 capital ratio 0.3 percentage points higher)

Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'000	31.03.2020	31.12.2019	31.03.2019
11 Capital resources ¹ (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.				
Solvency capital elements calculated exclusive of transitional scheme ²				
Common Equity Tier 1 capital		2,288,827	2,343,099	2,162,706
Core capital (including hybrid core capital) net of primary deductions		2,664,827	2,719,099	2,538,706
Capital resources		3,338,527	3,392,240	2,993,531
Total risk exposures		17,542,682	17,494,197	18,301,102
Capital ratio		19.0	19.4	16.4
Core capital ratio		15.2	15.5	13.9
Common Equity Tier 1 capital ratio		13.0	13.4	11.8

2) Sparekassen's capital resources and capital ratios calculated inclusive of transitional scheme and exclusive of net profit for the period at 31.03.2020 and 31.03.2019.

Had net profit for the period, reduced by the target dividend payment stated in the dividend policy, been included in capital resources, the capital ratio, the core capital ratio and the common equity tier 1 capital ratio would have been 0.3 percentage points higher (31.03.2019: capital ratio, core capital ratio and common equity tier 1 capital ratio 0.3 percentage points higher).

