

A photograph of two men in an office. The man on the right is wearing glasses, a white shirt, and a dark blazer, and is holding a document. The man on the left is seen from the side, wearing glasses and looking at a computer monitor. The background is a bright, out-of-focus office space with large windows.

Q1 2018 Interim Report

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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.

Management commentary

Sparekassen Sjælland-Fyn A/S – in brief

Sparekassen’s Q1 net profit up to DKK 80.3m

Sparekassen’s earnings expectations for the financial year adjusted upwards in March.

Earnings improvement caused by business volume growth, including positive inflow of customers, and positive translation and market value adjustments.

49 branches and 4 corporate customer centres

on Zealand and Funen

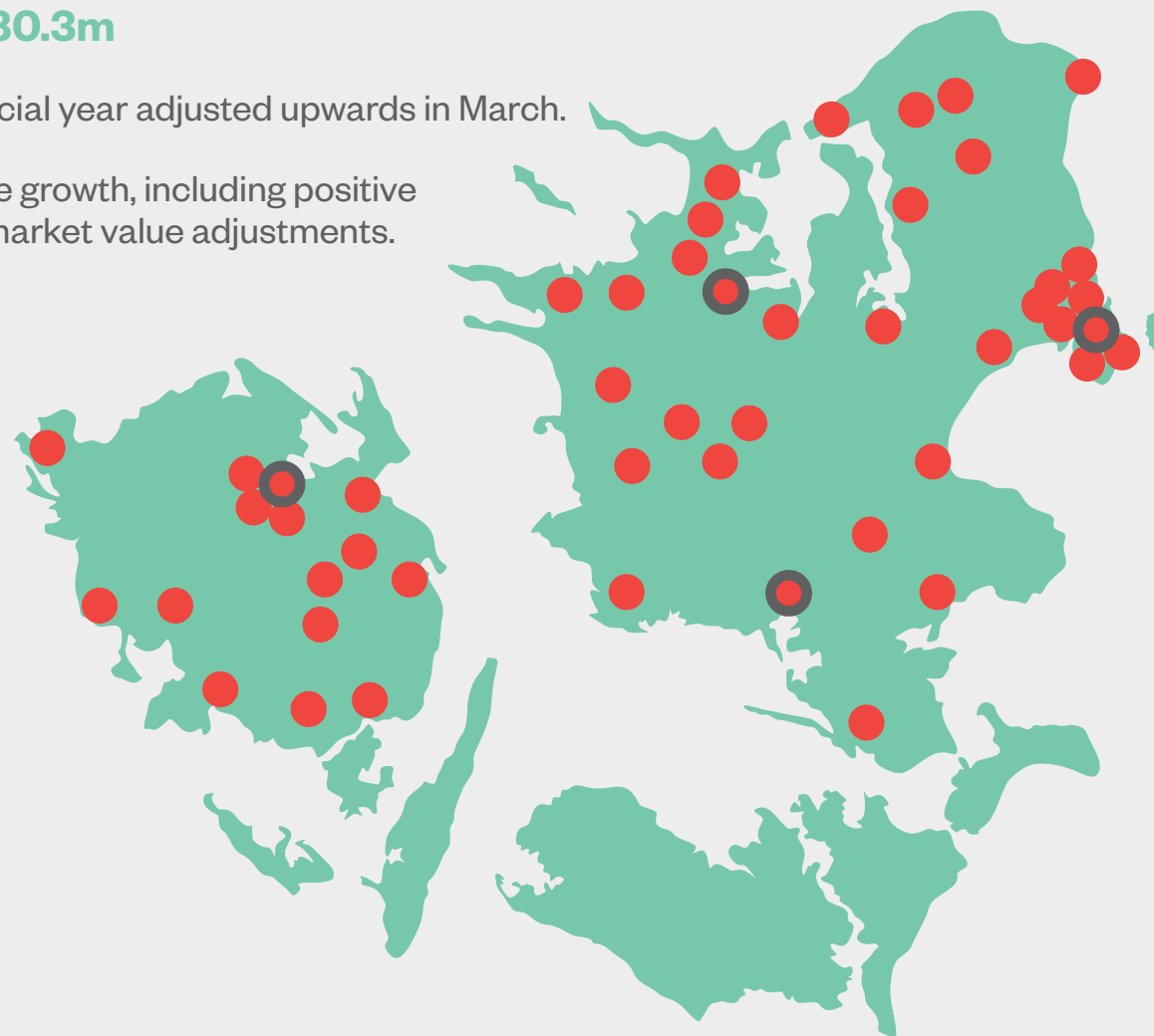
New branch opened in Helsingør in April 2018

planned branch openings now completed

628 staff

distributed in branches and staff functions

>158,000 customers



Q1 2018 highlights

Sparekassen's share issue with a pre-emption right for existing shareholders was completed successfully in March/April. As all shares were subscribed for, it was not necessary to exercise the guarantee provided. Capital resources improved by around DKK 437m.

All benchmarks of the Supervisory Diamond are still observed with a large margin.

11.9% p.a.

Net profit provides an annual 11.9% return on opening equity

268%

Sparekassen has a strong liquidity position with a stable liquidity surplus and an LCR ratio at the end of Q1 2018 of 268% compared to the statutory requirement of 100%.

DKK 12m

Impairment losses stand at DKK 12m, equivalent to an impairment ratio of 0.1% for the period

DKK 34.2bn

Business volume consisting of deposits, loans, advances and guarantees is DKK 34.2bn.

16,1 %

The capital ratio can be calculated at 16.1%. Inclusive of net proceeds from the share issue, the capital ratio would have been 18.8%.

9%

Loan growth reached 9% on an annual basis

Financial highlights

Sparekassen Sjælland-Fyn A/S (Group)

Amounts in DKK'000	Q1 2018	Q1 2017	Index*	Year-end 2017
Income statement items				
Net interest and fee income	252,160	252,778	100	999,175
Market value adjustments	29,134	17,814	164	42,994
Other operating income	3,904	4,150	94	31,051
Staff costs and administrative expenses	175,632	161,079	109	691,393
Impairment losses on loans and advances etc	12,050	10,776	112	33,440
Investments in associates and group enterprises	647	870	74	2,618
Profit before tax	82,736	81,478	102	273,148
Profit after tax	80,276	74,642	108	257,273

Sparekassen Sjælland-Fyn A/S (Group)

Amounts in DKK'000	31.03. 2018	31.03. 2017	Index*	31.12. 2017
Balance sheet items				
Loans and advances	11,642,298	10,695,318	109	11,680,562
Deposits	16,846,420	15,541,693	108	16,589,332
Deposits in pooled plans	973,377	577,599	169	905,222
Total deposits	17,819,797	16,119,292	111	17,494,554
Subordinated loan capital	403,128	367,650	110	402,848
Equity	2,783,632	2,649,353	105	2,812,413
Balance sheet total	21,704,269	19,813,631	110	21,487,163
Capital resources	2,680,352	2,390,563	112	2,767,203
Total business volume (loans, advances and guarantees)	34,224,343	31,222,597	110	34,388,240
Custody accounts	10,775,972	10,770,394	100	11,077,340

Sparekassen Sjælland-Fyn A/S (Group)

	31.03. 2018	31.03. 2017	Index*	31.12. 2017
Financial ratios				
Headcount**	607	573	106	585
Capital ratio***	16.1	14.8	109	16.3
Core capital ratio***	13.7	12.6	109	14.0
Excess capital adequacy in percentage points	7.0	5.6	125	7.2
Income/cost ratio DKK	1.41	1.42	99	1.34
Impairment ratio	0.1	0.1	100	0.2
Opening return on equity after tax p.a. (%)	**** 11.9	11.5	103	9.9
Loans and advances (incl impairment losses) relative to deposits	71.2	72.8	98	72.2
Earnings per share (DKK)	5.0	4.7	106	15.5
Book value per share at end of period	167.6	164.1	102	170.9
Share price at end of period (DKK)	107.3	129.5	83	114.5

* Index – 31.03.2018 compared to 31.03.2017

** Engaged in banking (full-time, average Y-T-D)

*** Calculated exclusive of profit for Q1 2017 and Q1 2018, respectively. Had the profit been included, capital ratios would have been 0.4 percentage points higher.

**** According to adjusted opening balance sheet (see note 2).

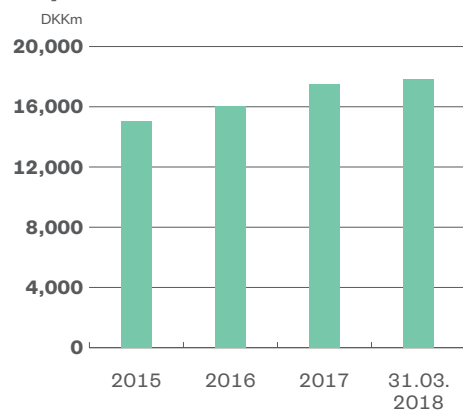
Quarterly financial highlights

Sparekassen Sjælland-Fyn A/S (Group)

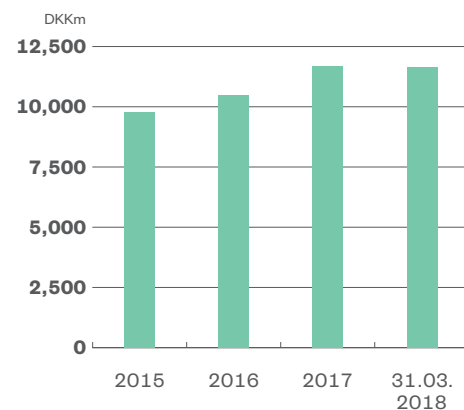
Amounts in DKKm	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Financial ratios					
Profit before tax	80	53	68	62	75
Deposits inclusive of pooled plans	17,820	17,495	17,173	16,988	16,119
Loans and advances	11,642	11,681	11,371	11,121	10,695
Balance sheet total	21,704	21,487	20,954	20,776	19,814
Business volume	34,224	34,388	33,691	32,761	31,223
Custody accounts	10,776	11,077	11,123	10,798	10,770
Equity	2,784	2,812	2,740	2,672	2,649
Return on opening equity of quarter, profit after tax (% p.a.)	11.9*	7.7	10.2	9.4	11.5

* According to adjusted opening balance sheet (see note 2).

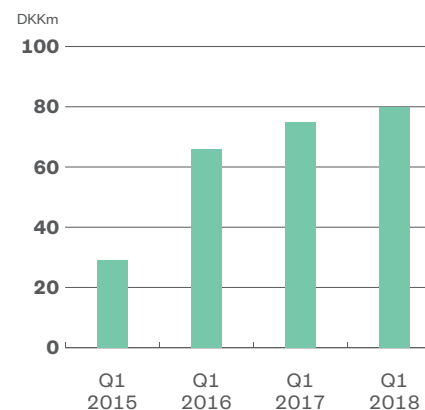
Deposits



Loans and advances



Profit after tax



Shareholder letter

With increases of 8% in net profit and 10% in total business volume, Sparekassen continues to grow. Besides servicing Sparekassen's increasing number of customers from the 49 branches and 4 corporate customer centres, Q1 2018 also involved further materialisation of the strategic plan, NEW WAYS, towards 2021 – through the planned and just completed share issue.

Q1 2018 financial performance

Sparekassen can look back on a fine Q1 2018 that has secured a net profit of DKK 80.3m, which is an increase of just under 8% on the same period last year, resulting in a return on opening equity of 11.9% p.a.

Interest and fee income

The financial statements show several positive results. The most important one is that, on the whole, we have succeeded in maintaining the level of net interest and fee income, which can prove a challenge when the interest rate level declines or, as is presently the case, has been low over a longer period of time.

Loans and advances are growing because of the continuous intake of new loan customers – both private customers and corporate customers in the SME segment.

Growth is broadly based as Sparekassen is generally winning market shares.

Compared to the same period last year, fees and commission income have gone up as well. This is positive as, pursuant to the MiFID II rules, Sparekassen has changed its custody accounts which has reduced its commission income by around DKK 12m. This circumstance is to some degree outweighed by the fact that a transparent fee is charged directly on the customer's investment scheme. The total increase in fees and commission income is also attributable to the handling and arrangement of housing loans, partly through Sparekassen, partly through the cooperation with Totalkredit and DLR.

The cooperation with and ownership by some of the providers of the financial products and services that Sparekassen advises on also contribute to the positive

development in market value adjustments achieved by Sparekassen in Q1 2018.

Market value adjustments

As was evident from company announcement no 5/2018 of 21 March, BI Holding (the BankInvest Group) decided to alter its existing valuation model, which involved a significant revaluation of the company. Sparekassen's stake in BI Holding A/S led to a positive market value adjustment of DKK 35m. The reason for total market value adjustments reaching DKK 29.1m is the Q1 development of the bond market which produced DKK 3.5m in negative market value adjustments from Sparekassen's large portfolio of bonds and minor impairment losses on its property portfolio.

Expenses

Expenses are following the budget prepared which comprises the full effect of recent years' branch strategy and invest-

ments in Sparekassen's production resources and control structure. Compared to the same period last year, total staff costs and administrative expenses, amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment and other expenses went up by 4.2% - if seen in isolation, staff costs and administrative expenses have gone up by 9%. The developments in the budget are based on the conducted investments in branches and staff, the pay adjustments arising from collective agreements and the increase in payroll tax and in IT support, including management of regulatory requirements etc.

With respect to the implementation of the branch strategy, the first round has been completed with the opening of the Helsingør branch on 12 April 2018. The branch strategy will be revisited in 2019.

Impairment losses on loans and advances

IFRS 9 became effective from the beginning of 2018. This Standard comprises new rules governing the calculation of impairment losses on financial assets; primarily used by Sparekassen for impairment losses on loans and advances to customers and guarantees. The rules entail that write-down for impairment is now to take place on an expected loss basis whereas historically it has taken place on an incurred loss basis. Consequently, the model

regularly advances the write-down for impairment in Sparekassen if the likelihood of the borrowers' repaying decreases.

The model entails that Sparekassen will regularly revise write-downs for impairment upwards and downwards. Technically, measurement and write-down for impairment takes place in three stages, with Stage 1 and Stage 2 being determined using a statistical model whereas Stage 3 is determined when actual impairment of a specific asset has been recorded.

Stage 1 (12-month expected credit losses) and Stages 2 and 3 (life-time expected credit losses). Therefore, it is the borrowers' migration between the individual stages, the development in the statistical models and the effect of actually recorded impairment that affect the development in impairment losses.

With the implementation of the new rules on impairment, Sparekassen adjusted its impairment losses by a net amount of DKK 139.7m at the beginning of 2018, which also had an effect on opening equity, which was adjusted by DKK 108.8m after correction of the tax-based effect.

For Q1 2018, impairment losses on loans and advances amount to DKK 12.1m against DKK 10.8m for the same period last year.

Business volume

At the end of Q1 2018, the business volume stands at DKK 34.2bn.

Business volume is affected by developments in the deposits balance and the balance of loans and advances which are both on the rise – the deposits balance by 8% and the balance of loans and advances by 9%.

Deposits in pooled plans can be calculated at just under DKK 1bn. Pooled plans have gone up by 69% which is very satisfactory. Sparekassen still expects demand to increase and hence the deposits balance related to this product to increase.

Sparekassen has reduced its financial guarantees in Q1 2018, following which guarantees total DKK 4.8bn, with the largest portion thereof relating to its arrangement of mortgage loans, which has been on the rise.

Share issue fully subscribed – A huge thank you to our shareholders for their support

Strengthening the capital resources has been part of the strategic plan to secure a strong and future-proof savings bank. This was the reason why the share issue was announced back in November 2017. With this share issue, Sparekassen has increased the number of shares offered by 4,343,743 shares in the nominal amount of

DKK 10 each, which were sold at the price of DKK 105 each, generating net proceeds of around DKK 437m.

As mentioned when launching the share issue and on several occasions after that, the share issue had multiple objectives:

- To raise capital to repay high-interest loan capital obtained when the financial crisis was at its highest and to send back approx DKK 30m in interest saved to the shareholders
- To ensure improvement of the common equity tier 1 capital and the capital ratios in general and so make sure that Sparekassen is sufficiently bolstered under the current capital requirements, which will until further notice also include the future eligible liabilities requirements (to be introduced from 2019), and finally
- To help unfold Sparekassen's business model which will include a locally-based branch structure in Zealand, Funen and the capital area.

The massive backing by shareholders and interested investors meant that it was not necessary to execute the guarantee provided to ensure full subscription. Here, we would like to say a huge thank you to Sparekassen's shareholders for backing the share issue.

”A huge thank you to our 25,000 shareholders who backed us in the share issue. We have now completed the key element of our strategy, NEW WAYS. The entire organisation will now be aligned to fulfil the four financial objectives of our strategy. And we will also be successful here.

Lars Petersson
Chief Executive Officer

Annual General Meeting and meeting of the Committee of Representatives

Sparekassen held its Annual General Meeting on 8 March 2018. In addition to the formal adoption of the 2017 Annual Report, which included temporary suspension in 2018 of distribution of dividend in view of the announced capital transactions, six members were elected for the Committee of Representatives, and the Annual General Meeting re-appointed Deloitte Statsautoriseret Revisionspartnerselskab as Sparekassen's auditor.

At the meeting of the Committee of Representatives held on 3 April 2018, the Board of Directors was elected. Apart from Employee Board Member Michael Agergaard stepping down after his term of office, other members of the Board of Directors up for re-election were re-appointed to their seats. The Board of Directors now consists of nine members.

At the subsequent Board meeting, the Board of Directors re-elected Architect MAA Thomas Kullegaard as Chairman and Financial Manager Jakob N. Andersson as Vice-Chairman.

Focus on the NEW WAYS strategy

After a successful share issue, Sparekassen will intensify its focus on some of the other paths of the strategic plan (please

”When we opened the branch in Helsingør on 12 April, guests flocked in. Since the opening, we have actually been swamped by local people and businesses wanting to become customers with Sparekassen – something that has happened in most of the other places where we have opened new branches. Once again, this confirms to us that local presence through a branch is the road ahead.

Lars Petersson
Chief Executive Officer

refer to pages 11-12 of this report for more details about this plan).

The opening of Sparekassen's latest branch in Helsingør on 12 April 2018 marks the completion of the branch openings planned. The next step in the strategy will include an intensive raising of our profile which is to enhance the awareness of Sparekassen and not least our basic values.

This is expected to increase the interest in Sparekassen further and hence up customer intake. Sparekassen is ready to do this with a team of advisers who have all recently attended courses designed to ensure professional servicing of our current and future private and corporate customers.

The four financial targets that will be used as continuous measuring points towards 2021 are to help maintain focus on the execution of the strategic plan.

Earnings expectations for 2018

The continued positive economic trends with low interest rates, high employment and immediately noticeable pay developments have a positive impact on Sparekassen's customers as well, which involves a continuously large business potential in developing Sparekassen's activities. Sparekassen's local advisers at the established branches as well as the latest branches and corporate customer centres are met by requests for advice on housing transactions, house refinance, car loans, investment, pension and insurance plans as well as applications for loans to set up or develop businesses.

Based on the net profit of DKK 80.3m realised for Q1 2018 and the underlying positive developments, which includes the continued positive inflow of customers, we are off to a good start in 2018.

According to the 2017 Annual Report, impairment losses on loans and advances are expected to amount to DKK 50m. However, this is subject to uncertainty because of IFRS 9 implemented on 1 January 2018.

On 21 March 2018, Sparekassen issued company announcement no 5/2018 with the following details, among others:

”Because of the revaluation of the value of the equity interests in BI Holding A/S, Sparekassen Sjælland-Fyn adjusts its expectations for market value adjustments of sector shares upwards from DKK 30m to DKK 65m. Based on primarily the development in interest rates in the bond market in Q1 2018, expectations for market value adjustments of bonds and other areas are adjusted from DKK 0 to a negative DKK 10m with an unchanged level of interest for the rest of 2018.

Combined, this means that Sparekassen Sjælland-Fyn adjusts the expected pre-tax profit upwards from ranging between DKK 190m and DKK 220m to between DKK 215m and DKK 245m”.

At quarter-end, these revised expectations are maintained.

Lars Petersson
Chief Executive Officer

Bruno Riis-Nielsen
Executive Officer

NEW WAYS – Sparekassen’s strategy project towards 2021

Sparekassen’s strategy is embedded in our business model. The overarching strategy is to be the local and regional alternative to the national banks on Zealand, Funen and the other islands.

In November 2017, Sparekassen introduced its strategic plan, NEW WAYS. The strategic plan has as a key turning point to maintain continuously strong focus on private customers while in the years ahead Sparekassen will also focus on strengthening its position as a strong locally-based savings bank for corporate customers, and asset management too will be strengthened heavily. These three areas are to strengthen, supplement and enhance each other. By sharing knowledge and working together on joint objective, we can give customers a better experience and create new business opportunities.

Sparekassen’s core values must make it attractive to be a shareholder, a customer and an employee.

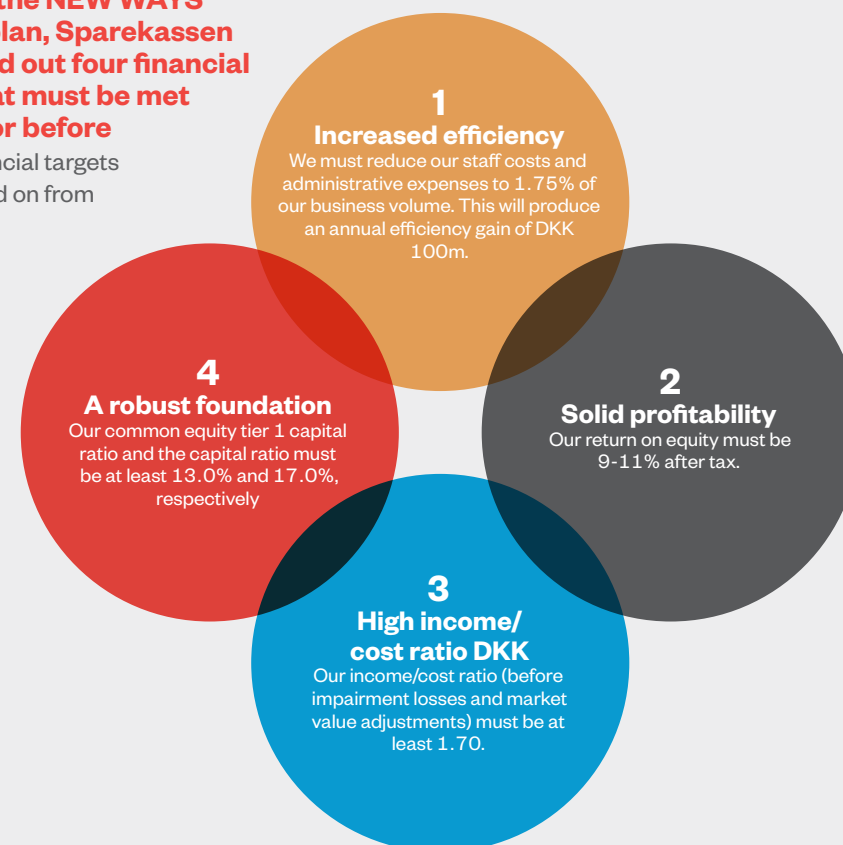
Sparekassen considers its strategic plan, NEW WAYS, so important that it closed for nearly all business on 8 November to gather all employees and prepare them for the next four years of exciting development. Sparekassen does not doubt that this was a good investment, which is also supported by the overwhelmingly positive feedback from our staff.

Now we look forward to customers and shareholders in particular having an opportunity to familiarise themselves with the strategy and in the years ahead to benefit from the business and financial results.

In short, this is why we say:
It’s about sticking together.

As part of the NEW WAYS strategic plan, Sparekassen has pointed out four financial targets that must be met by 2021 – or before

The four financial targets to be reported on from H1 2018 are;



The seven paths

The strategic plan, NEW WAYS, has seven strategic focus areas



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

Sparekassen must be known and recognised for our 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 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 and the four 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 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 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 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 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 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.

Financial review

Q1 2018

Income statement

Income

Net interest

Y-T-D net interest income is DKK 129.0m against DKK 130.3m for the same period last year. Developments are still affected by generally low interest rates and partly by the competitive situation. When looking primarily at net interest income relative to customer-oriented deposit and loan activities, this can be calculated at DKK 132.9m this year against DKK 133.6m last year. This is a satisfactory stabilisation of developments and it is attributable, for example, to the increase in the volume of loans and advances.

Other key elements in the calculation of total net interest income are savings for subordinated loan capital and increasing interest expenses for having Sparekassen's liquidity surplus placed with Danmarks Nationalbank.

Fees and commission income

Sparekassen's fees and commission income have increased to DKK 123.0m. The increase was just under DKK 1.0m and

primarily a result of the discontinuation of commission income in the range of DKK 12.0m previously received by Sparekassen as part of the arrangement of investment fund certificates but which has now been phased out in accordance with the MIFID rules.

It is Sparekassen's growing intake of customers, loan file management and the increase in asset management and investment activities that have helped ensure this positive increase in income.

Market value adjustments

Depending on the type of asset, market value adjustments have developed both positively and negatively. Market value adjustments of Sparekassen's large portfolio of mortgage credit bonds have contributed adversely by a negative DKK 3.5m against a positive DKK 18.6m for the same period last year. Even though Sparekassen had adopted a quite conservative risk approach, it was not possible to entirely hedge the development in interest rates in the quarter under review. However, results are considered satisfactory.

Sparekassen's investment property was subjected to minor value adjustments of

a negative DKK 3.9m whereas translation and market value adjustments of foreign currencies and derivatives reached a negative DKK 1.6m net.

The positive story to be told for the quarter is for market value adjustments of shares where Sparekassen could record a positive adjustment of DKK 38.2m. DKK 35m out of this amount relates to the revaluation of Sparekassen's stake in BI Holding A/S (BankInvest), as described in company announcement no 5/2018.

Expenses

Staff and administration

Staff costs and administrative expenses have developed as foreseen in the budget and have naturally gone up compared to the same period last year as a result of the implementation of Sparekassen's strategic plan. The opening of new branches, the strengthening of staff functions and advisory capabilities and the general development in pay and prices result in an increase of DKK 14.6m, or 9%.

Administrative expenses also include costs for the development of customer-oriented system solutions and of systems to ensure compliance with statutory financial

requirements and statutory requirements for the management of data. This is a major expense item for Sparekassen and financial institutions in general, and it has only been going up over the years primarily as statutory requirements have gone up. IT costs are expected to increase as well in future.

As already mentioned, the opening of new branches has been completed for now. The branch strategy will be revisited in 2019.

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

Amortisation, depreciation and impairment losses amount to DKK 10.7m, which is DKK 6.7m down on Q1 2017, and they cover operating equipment, furniture, leasehold improvements and owner-occupied property.

Impairment losses on loans and advances

With the implementation of the new IFRS 9, which took effect at the beginning of the financial year, the estimated development in impairment losses on loans and advances is subject to some uncertainty. Q1 impairment losses of DKK 12.1m are a little higher

than for the same period last year when they amounted to DKK 10.8m.

The results realised are consistent with expectations and are estimated to be no more than DKK 50m for the year.

Sparekassen is still witnessing a very fine development in customers' credit quality, which refers to the ability to honour the credit facilities entered into according to agreement. The economic trends are also very good both for the private customer segment and for businesses.

Finally, it is Sparekassen's lending policy that credits are granted with circumspection and a demand for relevant hedging, which includes a requirement to submit collateral, a requirement for partial own financial contribution/own down-payment and a general requirement for the borrower to have orderly finances. This is very much covered by the advisory services provided every day by Sparekassen at the local branches throughout the market area.

Here the adviser's knowledge of the area plays a vital role in the assessment of and dialogue with the customers.

Balance sheet

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

Assets

Loans and advances

The balance of loans and advances has grown by just under DKK 1bn to DKK 11.6bn at the end of Q1 2018. It is very satisfactory for Sparekassen to continue to be able to deliver a positive development in this balance. Even though some of it is a natural result of customer inflow to the latest branches, Sparekassen is experiencing a general interest across both Zealand and Funen.

In addition to the credit financing provided by Sparekassen, the demand for and arrangement of mortgage loans to finance housing have developed quite positively as well. During the period, housing finance has gone up by a net amount of over DKK 1.3bn, an increasing portion of which are instalment loans.

Finally, loans for businesses arranged through DLR have gone up by more than DKK 800m.

Amounts owed by credit institutions and central banks/bonds

Sparekassen still has a large deposit surplus of DKK 6.2bn. The best investment of these funds is evaluated regularly based on an assessment of risk. The primary investment channels are deposits with Danmarks Nationalbank and investments in mortgage credit bonds. Sparekassen

pays interest when the liquidity is invested in certificates of deposit with Danmarks Nationalbank whereas interest is earned when the liquidity is invested in mortgage credit bonds. Conversely, the latter also involves an interest rate or price risk. Over the past period, Sparekassen has accumulated the deposits with Danmarks Nationalbank and slightly reduced the portfolio of bonds to mitigate the effect of interest rate increases and, in doing so, price declines on the bond market.

At quarter-end, amounts owed by credit institutions and central banks stand at just under DKK 2.5bn against DKK 1.3bn at the end of the same period last year whereas the portfolio of bonds has a value of DKK 4.4bn compared to DKK 5.0bn.

Assets in pooled plans

This line item covers an investment product where customers, through their payments into a deposit account, have their balance invested in a joint pool with other investors. The return on the account is the profit generated from investments in pooled plans. This is an easy way of having even small amounts invested.

The holding has gone up from DKK 577.6m to DKK 973.4m, or by just under 69%. Sparekassen expects this product to grow well also in future.

Equity and liabilities

Deposits

At the balance sheet date, the deposits balance inclusive of pooled deposits stands at DKK 17.8bn and so continues to increase. At the same time last year, the deposits balance amounted to DKK 16.1bn.

It is still the massive customer intake also serving as a basis for deposits growth.

In addition to the growth in pooled accounts, it is mainly basic bank accounts that experience growth.

Equity

Equity stands at DKK 2,783.6m at the balance sheet date and has so gone up by DKK 134.1m compared to Q1 2017. Most of the increase represents the positive development in retained earnings that has been adjusted for dividend paid and changes in the portfolio of treasury shares.

It should be noted in particular that equity has been written down by DKK 109m at 1 January 2018 in connection with the implementation of IFRS 9. For more details about the write-down of equity, please refer to the summary of significant accounting policies on page 25 of this interim report.

Please also refer to the comments on capital resources in the section below.

Capital structure and liquidity

Capital structure

Sparekassen's risk exposure totals DKK 16,686.2m. Credit risk and market risk have been determined using the standard method. Operational risk has been determined based on the basic indicator method.

Sparekassen's capital ratio is then 16.06%. The capital requirement has been calculated at 9.03%, leading to an excess capital adequacy ratio of 7.03 percentage points. In Danish kroner, this excess is equivalent to DKK 1,173.1m.

The combined buffer requirement has been calculated at 1.88 percentage points. This results in Sparekassen's excess capital adequacy ratio net of capital requirement and combined buffer requirement standing at 5.15 percentage points. In Danish kroner, this excess is equivalent to DKK 860.2m.

Sparekassen's capital resources and capital ratios have been calculated exclusive of profit for Q1 2018. Had net profit for the period, reduced by expected dividend payment in accordance with the dividend policy, been included in capital resources, capital ratios and excesses would have been approx 0.4 percentage points higher.

Sparekassen develops capital plans on a regular basis. These plans enable the

assessment of whether the volume of the current capital resources is sufficient.

Sparekassen believes that the capital resources are sufficient to match the risk associated with its current activities and business volume. This assessment is supported by the additional capital raised after the balance sheet date from Sparekassen's share issue which generated net proceeds of approx DKK 437m.

Liquidity

Liquidity coverage ratio (LCR)

This requirement, referred to as LCR, follows from the Capital Requirements Regulation and are therefore applicable to credit institutions throughout Europe.

The LCR requirement is to ensure that credit institutions have sufficient liquid funds to honour expected cash outflows, calculated using an applicable stress model. In addition to the amount of the required liquidity buffer, the requirements define the required composition of the liquid assets.

At 31 March 2018, Sparekassen's LCR is 268% against the applicable statutory requirement of a minimum LCR ratio of 100%. In terms of amount, the excess was just under DKK 2.4bn.

Throughout the past years when the LCR requirement has been applicable, Spareka-

ssen has had a substantial excess, which is also the intention in future.

Liquidity surplus according to the Supervisory Diamond benchmark

Sparekassen has a liquidity surplus calculated under the Supervisory Diamond rules for the benchmark of 228.4% relative to a minimum surplus threshold of 50%. Consequently, Sparekassen continues to have a solid surplus, also for this calculation of liquidity. In addition to always having sufficiently high liquidity, the target is to have a minimum surplus of 100% in this calculation of liquidity.

Sparekassen's business model and liquidity risk policy dictate that deposits must fund loans and advances, which frees Sparekassen from being dependent on external funding by way of market funding and transient high-yielding deposits.

At 31 March 2018, Sparekassen has a deposits surplus of over DKK 6.2bn, calculated as total deposits balance net of total balance of loans and advances.

Its deposits are primarily made by private customers and small corporate customers. There are no large single deposits of significance. There are no deposits of significance from other financial services companies. Deposits are also characterised by a very large portion of them being



covered by the Danish Deposit Guarantee Fund.

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

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 financial institutions must comply with.

The five benchmarks and the current calculations are:

Benchmark	Threshold	Group at 31.03.2018
The total of large exposures (new benchmark)	< 175% of common equity tier 1 capital	126.8%
The total of large commitments (old benchmark)	< 125%	0.0%
Growth in loans and advances p.a.	< 20%	8.9%
Property exposure	< 25% of loans, advances and guarantees	13.8%
Liquidity surplus	> 50%	228.4%
Stable funding	< 1.00 Loans and advances/working capital less bonds with a term to maturity of less than one year	0.55

Subsequent events

No events have occurred subsequent to the balance sheet date which are expected to have a material influence on the Group's or the Parent's financial position, except for the share issue performed which has increased the common equity tier 1 capital.

Nor in future does Sparekassen expect to have any difficulties in respecting the thresholds of the Supervisory Diamond.

Quarterly financial statements

Q1 2018

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 2018.

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 2018 and of their financial performance and the consolidated cash flows for the period 1 January to 31 March 2018.

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, 8 May 2018

Executive Board

Lars Petersson
Chief Executive Officer

Bruno Riis-Nielsen
Executive Officer

Board of Directors

Thomas Kullegaard
Chairman

Jakob Nørrekjær Andersson
Vice-Chairman

Bent Andersen

Per Bjørnsholm

Otto Frederik Spliid

Erik Larsen

Per Olsen

Mads Wallin

Helle Lindhof Bjørnøe

Income statement

Note	Amounts in DKK'000	Sparekassen (Group)	
		Q1 2018	Q1 2017
4	Interest income	144,990	148,688
5	Interest expenses	15,946	18,352
	Net interest income	129,044	130,336
	Dividends on shares etc	5,199	4,464
6	Fees and commission income	123,047	122,084
	Fees and commission expenses	5,130	4,106
	Net interest and fee income	252,160	252,778
7	Market value adjustments	29,134	17,814
	Other operating income	3,904	4,150
8	Staff costs and administrative expenses	175,632	161,079
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	10,663	17,403
	Other operating expenses	4,764	4,876
9	Impairment losses on loans and advances etc	12,050	10,776
	Profit/loss on investments in associates and group enterprises	647	870
	Profit before tax	82,736	81,478
	Income tax	2,460	6,836
	Profit after tax	80,276	74,642
	Earnings per share		
	Basic earnings per share (DKK)	5.0	4.7
	Diluted earnings per share (DKK)	5.0	4.7
	Distributed as follows:		
	Retained earnings	65,468	60,749
	Interest, hybrid core capital	14,808	13,893
	Total	80,276	74,642

Statement of comprehensive income

Note	Amounts in DKK'000	Sparekassen (Group)	
		Q1 2018	Q1 2017
	Profit for the period	80,276	74,642
	Other comprehensive income that may not be reclassified to profit or loss		
	Fair value adjustment of properties	-250	0
	Tax related to fair value adjustment of properties	0	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	2	44
	- Tax on other comprehensive income	0	-10
	Total other comprehensive income	-248	34
	Total comprehensive income	80,028	74,676

¹ The fair value adjustment concerns a jointly controlled enterprise.

Balance sheet

Sparekassen (Group)

Note	Amounts in DKK'000	Opening balance sheet at			
		31.03.2018	01.01.2018	31.12.2017	31.03.2017
Assets					
	Cash and balances on demand at central banks	359,967	356,906	356,906	377,246
	Amounts owed by credit institutions and central banks	2,489,081	1,830,790	1,830,790	1,335,840
	Loans and other amounts owed at amortised cost	11,642,298	11,540,883	11,680,562	10,695,318
	Bonds at fair value	4,382,198	4,839,742	4,839,742	5,035,011
	Bonds at amortised cost	0	99,999	99,999	99,724
	Shares etc	749,618	653,583	653,583	613,731
	Investments in associates	68,843	70,721	70,584	65,297
	Assets related to pooled plans	973,377	905,222	905,222	577,599
	Intangible assets	134,538	137,658	137,658	147,746
10	Total land and buildings	381,700	399,499	399,499	424,894
	<i>Investment property</i>	107,497	124,446	124,446	138,690
	<i>Owner-occupied property</i>	274,203	275,053	275,053	286,204
	Other property, plant and equipment	49,850	47,830	47,830	46,181
	Current tax assets	11,009	11,310	11,310	8,084
	Deferred tax assets	191,495	193,451	162,718	161,770
	Temporarily held assets	0	0	0	15,236
	Other assets	247,638	272,044	272,044	194,880
	Prepayments	22,657	18,716	18,716	15,074
	Total assets	21,704,269	21,378,354	21,487,163	19,813,631

Sparekassen (Group)

Note	Amounts in DKK'000	Opening balance sheet at			
		31.03.2018	01.01.2018	31.12.2017	31.03.2017
Equity and liabilities					
Liabilities other than provisions					
	Amounts owed to credit institutions and central banks	337,424	439,229	439,229	348,820
	Deposits and other debt	16,846,420	16,589,332	16,589,332	15,541,693
	Deposits in pooled plans	973,377	905,222	905,222	577,599
	Other liabilities	266,571	246,572	246,572	227,033
	Deferred income	22,921	20,848	20,848	16,744
	Total liabilities other than provisions	18,446,713	18,201,203	18,201,203	16,711,889
Provisions					
	Provisions for losses on guarantees etc	57,058	55,905	55,905	64,106
	Other provisions	13,738	14,794	14,794	20,633
	Total provisions	70,796	70,699	70,699	84,739
11	Subordinated loan capital	403,128	402,848	402,848	367,650
Equity					
12	Share capital	130,312	130,312	130,312	130,312
	Revaluation reserves	2,878	3,128	3,128	3,642
	Undistributable savings bank reserve, other reserves	561,378	561,378	561,378	561,378
	Retained earnings	1,489,419	1,423,949	1,532,758	1,410,430
	Total equity exclusive of hybrid core capital	2,183,987	2,118,767	2,227,576	2,105,762
	Hybrid core capital	599,645	584,837	584,837	543,591
	Total equity	2,783,632	2,703,604	2,812,413	2,649,353
	Total equity and liabilities	21,704,269	21,378,354	21,487,163	19,813,631

15 Contingent liabilities and assets

Statement of changes in equity

Sparekassen (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 1.1.2017	130,312	3,642	561,378	-170	39,745	1,323,167	2,058,073	529,698	2,587,771
	Profit for the period	0	0	0	0	0	60,749	60,749	13,893	74,642
	Other comprehensive income									
	Fair value adjustment of financial instruments entered into to hedge future cash flows:									
	Value adjustment for the period	0	0	0	44	0	0	44	0	44
	Tax on other comprehensive income	0	0	0	-10	0	0	-10	0	-10
	Total other comprehensive income	0	0	0	34	0	0	34	0	34
	Comprehensive income for the period	0	0	0	34	0	60,749	60,783	13,893	74,676
	Purchase of treasury shares	0	0	0	0	0	-13,094	-13,094	0	-13,094
	Sale of treasury shares	0	0	0	0	0	0	0	0	0
	Equity at 31.03.2017	130,312	3,642	561,378	-136	39,745	1,370,822	2,105,762	543,591	2,649,353

Statement of changes in equity

Sparekassen (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 1.1.2018	130,312	3,128	561,378	-119	0	1,532,878	2,227,576	584,837	2,812,413
	Change in accounting policies	0	0	0	0	0	-108,809	-108,809	0	-108,809
	Equity at 01.01.2018, following this	130,312	3,128	561,378	-119	0	1,424,069	2,118,767	584,837	2,703,604
	Profit for the period	0	0	0	0	0	65,468	65,468	14,808	80,276
	Other comprehensive income									
	Fair value adjustment of owner-occupied property	0	-250	0	0	0	0	-250	0	-250
	Fair value adjustment of financial instruments entered into to hedge future cash flows:									
	Value adjustment for the period	0	0	0	2	0	0	2	0	2
	Tax on other comprehensive income	0	0	0	0	0	0	0	0	0
	Total other comprehensive income	0	-250	0	2	0	0	-248	0	-248
	Comprehensive income for the period	0	-250	0	2	0	65,468	65,220	14,808	80,028
	Equity at 31.03.2018	130,312	2,878	561,378	-117	0	1,489,537	2,183,987	599,645	2,783,632

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

Cash flow statement

Note	Amounts in DKK'000	Sparekassen (Group)	
		Q1 2018	Q1 2017
	Comprehensive income for the period	80,028	74,676
	Adjustment for amounts without cash flow effect		
	Market value adjustment, shares	-38,209	-6,377
	Market value adjustment, bonds	3,510	-18,614
	Impairment losses on loans and advances etc	12,050	10,776
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	10,060	17,403
	Prepayments (net)	282	1,219
	Provisions	97	-4,015
	Value adjustments of investment property	4,319	12,650
	Deferred income tax	-2,460	-6,836
	Adjustment for amounts with cash flow effect		
	Income tax paid	187	0
	Cash flows from ordinary operating activities	69,864	80,882
	Working capital changes		
	Credit institutions	-101,805	-80,026
	Loans and advances adjusted for impairment losses etc for the period	-113,467	-233,560
	Other assets and liabilities (net)	49,795	25,660
	Shares etc	-57,826	55,933
	Bonds at fair value	454,034	344,883
	Bonds at amortised cost - held to maturity	99,999	-90
	Deposits and other debt	257,088	-105,351
		587,818	7,449
	Cash flows from operating activities	657,682	88,331

Note	Amounts in DKK'000	Sparekassen (Group)	
		Q1 2018	Q1 2017
	Investing activities		
	Additions, investments in associate	-850	0
	Purchase of intangible assets	-1,288	-1,205
	Purchase of property, plant and equipment	-7,569	-23,304
	Sale of property, plant and equipment	13,377	11,844
	Cash flows from investing activities	3,670	-12,665
	Financing activities		
	Subordinated loan capital	0	-98,000
	Treasury shares etc	0	-13,094
	Cash flows from financing activities	0	-111,094
	Increase/decrease in cash	661,352	-35,428
	Cash and cash equivalents at beginning of period	2,187,696	1,748,514
	Cash and cash equivalents at end of period	2,849,048	1,713,086
	Cash and cash equivalents		
	Cash and balances on demand at central banks	359,967	377,246
	Amounts owed by credit institutions and central banks	2,489,081	1,335,840
	Cash and cash equivalents at end of period	2,849,048	1,713,086

Notes

Note	Amounts in DKKm	Sparekassen (Group)		
		Q1 2018	Q1 2017	Financial year 2017
1	Financial highlights			
	Principal items of income statement			
	Net interest income	129	130	542
	Net interest and fee income	252	253	999
	Market value adjustments	29	18	43
	Staff costs and administrative expenses	176	161	691
	Amortisation, depreciation and impairment losses on assets	11	17	59
	Impairment losses on loans and advances etc	12	11	33
	Profit on investments in associates and group enterprises	1	1	3
	Income tax	2	7	16
	Profit for the period	80	75	257
	Principal items of balance sheet			
	Loans and advances	11,642	10,695	11,681
	Securities portfolio	5,132	5,748	5,593
	Deposits including pooled deposits	17,820	16,119	17,495
	Equity	2,784	2,649	2,812
	Total assets	21,704	19,814	21,487
	Subordinated loan capital	403	368	403

Note	Amounts in DKKm	Sparekassen (Group)		
		Q1 2018	Q1 2017	Financial year 2017
	Financial ratios			
	Capital ratio ⁵	16.1	14.8	16.3
	Core capital ratio ⁵	13.7	12.6	14.0
	Return on equity before tax	3.0	3.1	10.1
	Return on equity after tax	2.9	2.9	9.5
	Operating income over operating expenses	1.41	1.42	1.34
	Interest rate risk relative to core capital net of deductions	-0.4	1.2	1.1
	Currency position relative to core capital net of deductions	0.7	0.6	0.7
	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	71.2	72.8	72.2
	Loans and advances relative to equity	4.2	4.0	4.2
	Growth in loans and advances for the period	0.9	2.1	11.5
	Excess cover relative to statutory liquidity requirements	228.4	199.9	216.6
	Total large exposures relative to capital resources	0.0	10.1	0.0
	Impairment ratio for the period	0.1	0.1	0.2
	Accumulated impairment ratio ¹	6.3	6.4	5.6
	Return on capital employed	0.4	0.8	1.2
	Earnings per share (DKK) ³	5.0	4.7	15.5
	Dividend per share (DKK)	0.0	0.0	0.0
	Book value per share (DKK) ²	167.6	164.1	170.9
	Price/earnings per share ³	21.3	27.5	7.4
	Price/equity per share ²	0.6	0.8	0.7
	Share price at end of period	107.3	129.5	114.5
	Staff			
	Average number of employees for the period converted into full-time employees ⁴	607	573	585

1 The ratio does not include discount. Please refer to note 9 for a specification of total impairment losses, provisions and discounts.

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

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

4 Engaged in financial business.

5 Q1 2018 and Q1 2017 have been calculated exclusive of the profit for the period.

Notes

2 Summary of significant accounting policies

The Q1 2018 Interim Report has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU 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 have been changed compared to those applied in the presentation of the consolidated financial statements for 2017.

The change has been caused by the implementation of IFRS 9, which replaces IAS 39, and involves a considerable change in the current rules governing classification and measure-

ment of financial assets, impairment charges and, to some degree, the rules governing hedge accounting.

The Standard is effective from 1 January 2018.

As Sparekassen applies the transitional scheme, the consequences of the implementation of IFRS 9 will not feed fully through to capital resources until after five years

The effect of IFRS 9 on Sparekassen's opening balance sheet is evident below and from the balance sheet and the statement of changes in equity included in the Interim Report. Refer also to the comments on IFRS 9 and Sparekassen's accounting policies, which have not otherwise been changed, in "Summary of significant accounting policies" in its 2017 Annual Report.

Corrections to the opening balance sheet Amounts in DKK'000	Allowance account	Deferred tax	Investments in associates	Equity
Balance sheet at 31.12.2017	1,010,795	162,718	70,584	2,812,413
Stage 1 and stage 2 impairment	189,400			-189,400
Adjustment, stage 3 impairment	5,976			-5,976
Reversal of collective impairment losses	-55,697			55,697
Deferred tax		30,733		30,733
Adjustment of investments in associates			137	137
Opening balance sheet at 01.01.2018	1,150,474	193,451	70,721	2,703,604

Sparekassen's 2017 Annual Report and other reports on capital requirement, statutory report on corporate social responsibility etc can be found on this website: www.spks.dk/om_sparekassen/regnskab.

3 Critical accounting estimates, assumptions and key sources of estimation uncertainty

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 as well as 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 2018 as those used to prepare the consolidated financial statements for 2017.

Notes

Note	Amounts in DKK'000	Sparekassen (Group)	
		Q1 2018	Q1 2017
4 Interest income			
Credit institutions and central banks		117	578
Loans and advances and other amounts owed		137,961	141,520
Bonds		4,969	5,603
Total derivatives		1,809	937
Thereof:			
- Interest rate contracts		2,057	1,560
- Foreign exchange contracts		-248	-623
Other interest income		134	50
Total interest income		144,990	148,688
5 Interest expenses			
Credit institutions and central banks		3,238	1,342
Deposits and other debt		5,072	7,928
Subordinated loan capital		7,607	9,058
Other interest expenses		29	24
Total interest expenses		15,946	18,352
6 Fees and commission income			
Securities trading and custody accounts		23,301	30,726
Payment services		12,992	11,430
Loan fees		8,833	7,669
Guarantee commission		40,885	38,547
Other fees and commissions		37,036	33,712
Total fees and commission income		123,047	122,084

Note	Amounts in DKK'000	Sparekassen (Group)	
		Q1 2018	Q1 2017
7 Market value adjustments			
Bonds		-3,510	18,614
Shares		38,209	6,377
Investment property		-3,931	-11,373
Foreign exchange		2,199	1,945
Currency, interest rate, share, commodity and other contracts and derivatives		-3,833	2,251
Assets related to pooled plans		8,807	18,384
Deposits in pooled plans		-8,807	-18,384
Total market value adjustments		29,134	17,814
8 Staff costs and administrative expenses			
Remuneration of the Board of Directors and Executive Board			
Board of Directors and Executive Board		2,846	2,996
Total		2,846	2,996
Staff costs			
Wages and salaries		86,007	77,361
Pension contributions		9,528	8,562
Social security expenses		13,629	11,987
Total staff costs		109,164	97,910
Other administrative expenses		63,622	60,173
Total staff costs and administrative expenses		175,632	161,079

Notes

Note	Amounts in DKK'000	Sparekassen (Group)	
		Q1 2018	Q1 2017
9	Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account)		
	Individual impairment losses/provisions		
	Balance of impairment losses/provisions at beginning of period	935,421	1,020,037
	Change in accounting policies	-935,421	
	Impairment losses/provisions for the period (net)		17,967
	Other changes		22,486
	Value adjustment of assets acquired		732
	Finally written off, previously written down/provided for		39,020
	Balance of impairment losses/provisions at end of period	0	1,022,202
	Collective impairment losses/provisions		
	Balance of impairment losses/provisions at beginning of period	75,374	81,770
	Change in accounting policies	-75,374	
	Impairment losses/provisions for the period (net)		165
	Balance of impairment losses/provisions at end of period	0	81,935

Note	Amounts in DKK'000	Sparekassen (Group)	
		Q1 2018	Q1 2017
9	Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account) (continued)		
	Stage 1 impairment		
	Balance of stage 1 impairment losses at beginning of period	0	
	Change in accounting policies	52,114	
	New impairment losses (net)	4,882	
	Balance of stage 1 impairment losses at end of period	56,996	
	Stage 2 impairment		
	Balance of stage 2 impairment losses at beginning of period	0	
	Change in accounting policies	156,963	
	New impairment losses (net)	-12,455	
	Balance of stage 2 impairment losses at end of period	144,508	
	Stage 3 impairment/provisions		
	Balance of stage 3 impairment losses/provisions at beginning of period	0	
	Change in accounting policies	941,397	
	New impairment losses (net)	25,631	
	Other changes	39,467	
	Value adjustment of assets acquired	-4	
	Previously written down, now finally written off	100,807	
	Balance of stage 3 impairment losses at end of period	905,684	

Notes

Note	Amounts in DKK'000	Sparekassen (Group)	
		Q1 2018	Q1 2017
9	Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account) (continued)		
	Total		
	Balance of impairment losses/provisions at beginning of period	1,010,795	1,101,807
	Change in accounting policies	139,679	
	Impairment losses/provisions for the period (net)	18,058	18,132
	Other changes	39,467	22,486
	Value adjustment of assets acquired	-4	732
	Finally written off, previously written down/provided for	100,807	39,020
	Balance of impairment losses/provisions at end of period	1,107,188	1,104,137
	Thereof, guarantee debtors account for	57,058	64,106
	Discount regarding business acquisitions	98,549	233,459
	Balance of impairment losses/provisions and discount at end of period	1,205,737	1,337,596
	Impairment losses/provisions for the period (net)	18,058	18,132
	Value adjustment of assets acquired	-4	732
	Written off, not previously written down/provided for	1,699	2,591
	Recovery of claims previously written off	7,704	10,679
	Total recognised in the income statement	12,050	10,776

Note	Amounts in DKK'000	Sparekassen (Group)			
		31.03.2018	31.12.2017	31.03.2017	
10	Land and buildings				
	Investment property				
	Fair value at beginning of period	124,446	144,780	144,780	
	Additions	0	23,330	18,060	
	Disposals	12,630	25,700	11,500	
	Fair value adjustments for the period	-4,319	-17,964	-12,650	
	Fair value at end of period	107,497	124,446	138,690	
	Rental income	2,093	9,430	2,052	
	Operating expenses	1,416	4,674	733	
	Thereof, operating expenses recognised for investment property not having generated rental income for the year	312	460	139	
		Quoted prices	Observable input	Non-observable input	Total
	Fair value hierarchy for investment property				
	Group at 31.03.2018	0	0	107,497	107,497
	Group at 31.12.2017	0	0	124,446	124,446
	Group at 31.03.2017	0	0	138,690	138,690

Notes

Note	Amounts in DKK'000	Sparekassen (Group)		
		31.03.2018	31.12.2017	31.03.2017
10 Land and buildings (continued)				
Owner-occupied property				
Cost at beginning of period		337,803	340,409	340,409
Additions		0	32,652	127
Disposals		0	35,258	0
Cost at end of period		337,803	337,803	340,536
Accumulated depreciation/impairment losses at beginning of period		65,926	49,595	49,595
Depreciation for the period		495	2,057	126
Impairment losses for the period		743	17,729	8,305
Disposals for the period		388	3,455	0
Accumulated depreciation/impairment losses at end of period		66,776	65,926	58,026
Accumulated revaluation at beginning of period		3,176	3,694	3,694
Additions for the period		0	0	0
Disposals for the period		0	-518	0
Accumulated revaluation at end of period		3,176	3,176	3,694
Revalued amount at end of period		274,203	275,053	286,204
If no revaluation had been made, the carrying amount of owner-occupied property would have been:		271,027	271,877	282,510

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.

Note	Amounts in DKK'000	Sparekassen (Group)			
		Quoted prices	Observable input	Non-observable input	Total
10 Land and buildings (continued)					
Fair value hierarchy for owner-occupied property					
Group at 31.03.2018		0	0	274,203	274,203
Group at 31.12.2017		0	0	275,053	275,053
Group at 31.03.2017		0	0	286,204	286,204

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 4.7% and 9.4% has been used in measuring properties located on Zealand and Funen and in Jutland (2017: 5.5% and 9.5% and Copenhagen 3.2%). An increase in the required rate of return would result in a decline in the property's fair value, whereas an increase in rent per square metre relative to the assumptions applied would result in an increase in the value of the property.

Notes

Sparekassen (Group)

Note	Amounts in DKK'000	Current interest rate	31.03.2018	31.12.2017	31.03.2017
11 Subordinated loan capital					
Supplementary capital					
Floating rate, maturing June 2022, redeemed 2017.					15,000
Floating rate, maturing July 2023, redeemable in 2018.	8,38 % ¹		118,000	118,000	118,000
From 2018 to 2023, the interest rate will be 3 months CIBOR + 6.8% with quarterly adjustment.					
Floating rate, maturing July 2024, redeemable in 2019.	7,81 % ¹		82,000	82,000	82,000
From 2019 to 2024, the interest rate will be 3 months CIBOR + 6.75% with quarterly adjustment.					
Floating rate, maturing July 2025, redeemable in 2020.	7,66 % ¹		105,000	105,000	105,000
From 2020 to 2025, the interest rate will be 6 months CIBOR + 6.9% with half-yearly adjustment.					
Floating rate, maturing February 2027, redeemable in 2022.	5,94 % ¹		50,000	50,000	50,000
From 2022 to 2027, the interest rate will be 6 months CIBOR + 5.5% with half-yearly adjustment.					
Floating interest rate, maturing in December 2027, may be repaid early in 2022.	4,75 % ¹		50,000	50,000	
From 2022 to 2027, the interest rate will be six months' CIBOR + 4.39% with half-yearly adjustment.					

Sparekassen (Group)

Note	Amounts in DKK'000	Current interest rate	31.03.2018	31.12.2017	31.03.2017
11 Subordinated loan capital (continued)					
Other ³			520	520	520
Total supplementary capital			405,520	405,520	370,520
Total subordinated loan capital			405,520	405,520	370,520
Allowance account			2,392	2,672	2,870
Total subordinated loan capital according to balance sheet			403,128	402,848	367,650
Hybrid capital reclassified to equity					
Floating rate, perpetual, redeemable in 2018. ²	10,83 % ¹		520,000	520,000	520,000
From 2018, the interest rate will be a five-year SWAP rate + 9.25% with adjustment every five years.					
Floating interest rate, indefinite term to maturity, may be repaid early in 2022. ²	6.75 % ¹		55,000	55,000	
From 2022, the interest rate will be six months' CIBOR + 6.39% with semi-annual adjustment.					
Total hybrid capital reclassified to equity			575,000	575,000	520,000
Subordinated loan capital included in the calculation of capital resources			977,608	977,328	887,130

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 until end 2021

³ 'Top interest-rate certificates', 10-year maturity period. Fixed interest rate of 4.5% to 5.75% maturing in May 2018 (DKK 500k) and December 2018 (DKK 20k); Cannot be included in the calculation of capital resources or 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 (Group)

Note	Amounts in DKK'000	31.03.2018	31.12.2017	31.03.2017
11 Subordinated loan capital (continued)				
Interest etc on subordinated loan capital				
Interest (excluding interest on reclassified hybrid core capital recognised as equity)		7,607	30,821	9,058
Extraordinary repayments/redemptions/remortgaging		0	163,000	148,000
Expenses for raising subordinated loan capital		0	1,176	600
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.

Note	Number of shares		Nominal value (DKK'000)	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
12 Share capital				
Share capital, Sparekassen Sjælland-Fyn A/S	13,031,230	13,031,230	130,312	130,312
Total	13,031,230	13,031,230	130,312	130,312

Sparekassen (Group)

Note	Amounts in DKK'000	Number of shares	Nominal value (DKK'000)	Participation %
12 Share capital (continued)				
Treasury shares				
Treasury shares at 31.12.2016		92,970	930	0.7
Purchased		103,800	1,038	0.8
Sold		0	0	0.0
Treasury shares at 31.03.2017		196,770	1,968	1.5
Treasury shares at 31.12.2017		0	0	0.0
Purchased		0	0	0.0
Sold		0	0	0.0
Treasury shares at 31.03.2018		0	0	0.0

Total purchase price DKK 0k (Q1 2017: DKK 13,094k)

Total selling price DKK 0k (Q1 2017: DKK 0k)

The share capital consists of 13,031,230 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 0 shares, corresponding to 0% of the share capital. The shares were acquired as part of ordinary trading.

Sparekassen has been authorised by the general meeting to acquire treasury shares for up to 2% of the share capital. Sparekassen has been permitted by the Danish FSA to acquire treasury shares for up to another DKK 15m in market value in 2017. In January 2018, Sparekassen has been permitted to acquire treasury shares for up to DKK 1m in market value.

Notes

Note	Amounts in DKK'000	Sparekassen (Group)	
		31.03.2018	31.03.2017
12 Share capital (continued)			
Earnings per share			
Earnings of shareholders of the Parent Sparekassen Sjælland-Fyn A/S		65,468	60,749
Average number of shares		13,031,230	13,031,230
Average number of treasury shares		0	144,869
Average number of shares outstanding		13,031,230	12,886,360
Average dilution effect of outstanding share options		0	0
Average number of outstanding shares (diluted)		13,031,230	12,886,360
Earnings per share (DKK)		5.0	4.7
Diluted earnings per shares (DKK)		5.0	4.7

Note	Amounts in DKK'000	Sparekassen (Group)		
		31.03.2018	31.12.2017	31.03.2017
13 Assets provided as collateral				
Bonds deposited with Danmarks Nationalbank, clearing centres etc		436,252	554,400	615,848
Cash deposited with credit institutions, CSA agreements		22,827	28,780	20,261
Total		459,079	583,180	636,109

Unencumbered deposited securities may be released at call.

Note	Amounts in DKK'000	Sparekassen (Group)		
		31.03.2018	31.12.2017	31.03.2017
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 2017 or Q1 2018.				
15 Contingent liabilities and assets				
Financial guarantees		1,074,607	1,502,821	1,066,128
Mortgage finance guarantees		2,197,145	2,167,326	1,994,638
Registration and remortgaging guarantees		43,483	40,378	57,011
Other contingent liabilities		1,447,013	1,502,599	1,290,210
Total		4,762,248	5,213,124	4,407,987

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 Investeringsselskabet Sjælland-Fyn A/S and Leasing Fyn Faaborg A/S, Sparekassen Sjælland-Fyn A/S is jointly registered for VAT and payroll tax.

Notes

Sparekassen (Group)

Note	Amounts in DKK'000	31.03.2018	31.12.2017	31.03.2017
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15 Contingent liabilities and assets (continued)

The Group has entered into a number of leases on premises used for bank operations or other activities. If the leases entered into are terminated, a maximum amount of DKK 74.2m (31 December 2017: DKK 79.4m; 31 March 2017: DKK 70.9m) will have to be paid.

The Group has lease commitments amounting to DKK 1.1m (31 December 2017: DKK 1.3m; 31 March 2017: DKK 0.5m).

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.

Contingent assets

Deferred tax assets, written down	115,579	115,579	145,869
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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.

Sparekassen (Group)

Note	Amounts in DKK'000	31.03.2018	31.12.2017	31.03.2017
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16 Capital resources ¹

Equity excluding hybrid core capital	2,183,987	2,227,576	2,105,762
Intangible assets	-134,538	-137,658	-147,746
Tax assets	-191,495	-162,718	-161,770
Proposed dividend	0	0	-39,745
Deduction, capital instruments exceeding 10%	-215,706	-114,400	-142,790
Other deductions etc	60,496	5,675	-72,213
Common Equity Tier 1 capital	1,702,744	1,818,475	1,541,498
Hybrid core capital	575,000	575,000	520,000
Deduction, investments exceeding 10%	0	-14,300	-18,657
Core capital (including hybrid core capital) net of primary deductions	2,277,744	2,379,175	2,042,841
Supplementary capital	402,608	402,328	367,130
Deduction, investments exceeding 10%	0	-14,300	-17,849
Supplementary investments	0	0	-1,559
Capital resources	2,680,352	2,767,203	2,390,563
Risk exposures			
Credit risk	13,965,104	14,170,225	13,114,584
Market risk	906,337	1,015,417	1,303,631
Operational risk	1,814,764	1,787,720	1,787,720
Total risk exposures	16,686,205	16,973,362	16,205,935
Capital ratio	16.1	16.3	14.8
Core capital ratio	13.7	14.0	12.6
Common Equity Tier 1 capital ratio	10.2	10.7	9.5
Capital resources, requirement under Section 124(2) of the Danish Financial Business Act	1,334,896	1,357,869	1,296,475

¹ Sparekassen's capital resources and capital ratios have been calculated exclusive of profit for Q1 2018 and Q1 2017. Had net profit for the period, reduced by dividend paid in accordance with the dividend policy, been included in capital resources, capital ratios would have been 0.4 percentage points higher (Q1 2017: 0.4 percentage points higher).

Notes

Sparekassen (Group)

Note	Amounts in DKK'000	31.03.2018
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 scheme²	
	Common Equity Tier 1 capital	1,591,146
	Core capital (including hybrid core capital) net of primary deductions	2,166,146
	Capital resources	2,568,754
	Total risk exposures	16,677,783
	Capital ratio	15.4
	Core capital ratio	13.0
	Common Equity Tier 1 capital ratio	9.5

² Sparekassen's solvency capital elements exclusive of transitional scheme have been calculated exclusive of profit for Q1 2018. Had net profit for the period, reduced by dividend paid in accordance with the dividend policy, been included in capital resources, capital ratios would have been 0.4 percentage points higher.

Sparekassen (Group)

Note	Amounts in DKK'000	31.03.2018	31.03.2017
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.		
		Fair value	Amortised costs
		Fair value	Amortised costs
	Financial assets		
	Cash and balances on demand at central banks		359,967
	Amounts owed by credit institutions and central banks		2,489,081
	Loans and advances and other amounts owed at amortised cost	11,642,298	
	Bonds at fair value	4,382,198	5,035,011
	Bonds at amortised cost		0
	Shares etc	749,618	613,731
	Assets related to pooled plans	973,377	577,599
	Positive market value of derivatives	27,148	30,718
	Total financial assets	6,132,341	14,491,346
	Financial liabilities		
	Amounts owed to credit institutions and central banks		337,424
	Deposits and other debt		16,846,420
	Deposits in pooled plans		973,377
	Subordinated loan capital		403,128
	Negative market value of derivatives	31,838	34,644
	Total financial liabilities	31,838	18,560,349

Notes

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 Pengeinstitut-ter (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.

Sparekassen (Group)

Note	Amounts in DKK'000	Quoted prices (Level 1)	Observable input (Level 2)	Non-observable input (Level 3)	Total
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				
	31.03.2018				
	Financial assets				
	Bonds at fair value	4,357,198	25,000	0	4,382,198
	Shares etc	64,910	247,928	436,780	749,618
	Assets related to pooled plans	929,887	43,490	0	973,377
	Derivatives	0	27,148	0	27,148
	Total financial assets	5,351,995	343,566	436,780	6,132,341
	Financial liabilities				
	Derivative financial liabilities	0	31,838	0	31,838
	Total financial liabilities	0	31,838	0	31,838
	31.03.2017				
	Financial assets				
	Bonds at fair value	5,010,011	25,000	0	5,035,011
	Shares etc	63,433	203,924	346,374	613,731
	Assets related to pooled plans	556,330	21,270	0	577,599
	Derivatives	0	30,718	0	30,718
	Total financial assets	5,629,774	280,912	346,374	6,257,059
	Financial liabilities				
	Derivative financial liabilities	0	34,644	0	34,644
	Total financial liabilities	0	34,644	0	34,644

Notes

Sparekassen (Group)

Note Amounts in DKK'000 31.03.2018 31.03.2017

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	410,826	346,717
Market value adjustment in profit or loss, under market value adjustments	-4,015	4,430
Purchased	68,057	0
Sold	38,088	4,773
Carrying amount at end of period	436,780	346,374

Sparekassen's key investment in shares based on Level 3 is the investment in PRAS A/S amounting to DKK 118.4m (31 March 2017: DKK 109.4m), equivalent to 27% (31 March 2017: 32%) of the total fair value of financial instruments in Level 3. The fair value of the investment in PRAS A/S is based on the company's equity value. A change in the company's equity by DKK 100m would affect the fair value of Sparekassen by DKK 5.0m (31 March 2017: DKK 4.8m).

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 315.4m (31 March 2017: DKK 236.1m).

Neither in 2018 nor in 2017 have financial instruments been transferred among the different levels. There are no financial instruments for which it has not been possible to measure fair value reliably. If the classification of a financial instrument has changed compared to the beginning of the financial period, such change is deemed to have taken place at the end of the financial period.

Note

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 commissions received but not recognised.
- The fair value of deposits, bonds issued and subordinated loan capital is deemed to be equivalent, in all material respects, with the carrying amount.

Notes

Sparekassen (Group)

Note	Amounts in DKK'000	31.03.2018	31.03.2017
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17 Financial assets and liabilities, Sparekassen Sjælland-Fyn A/S Group (continued)

Financial instruments recognised at amortised cost,
disclosures on fair value

	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and balances on demand at central banks	359,967	359,967	377,246	377,246
Amounts owed by credit institutions and central banks	2,489,081	2,489,081	1,335,840	1,335,840
Loans and advances and other amounts owed at amortised cost	11,642,298	11,696,867	10,695,318	10,744,891
Bonds at amortised cost	0	0	99,724	100,150
Total financial assets	14,491,346	14,545,915	12,508,128	12,558,127
Financial liabilities				
Amounts owed to credit institutions and central banks	337,424	337,424	348,820	348,820
Deposits and other debt	16,846,420	16,846,420	15,541,693	15,541,693
Deposits in pooled plans	973,377	973,377	577,599	577,599
Subordinated loan capital	403,128	403,128	367,650	367,650
Total financial liabilities	18,560,349	18,560,349	16,835,762	16,835,762

Income statement

Note	Amounts in DKK'000	Sparekassen (Parent)	
		Q1 2018	Q1 2017
4	Interest income	138,694	141,475
5	Interest expenses	15,945	18,349
	Net interest income	122,749	123,126
	Dividends on shares etc	5,199	4,464
6	Fees and commission income	123,004	122,001
	Fees and commission expenses	5,044	3,844
	Net interest and fee income	245,908	245,747
7	Market value adjustments	32,585	28,692
	Other operating income	854	1,916
8	Staff costs and administrative expenses	175,301	161,003
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	9,781	9,098
	Other operating expenses	2,733	3,718
9	Impairment losses on loans and advances etc	12,135	11,760
	Profit/loss on investments in associates and group enterprises	2,216	-10,732
	Profit before tax	81,613	80,044
	Income tax	1,337	5,402
	Profit after tax	80,276	74,642
	Earnings per share		
	Earnings per share (DKK)	5.0	4.7
	Diluted earnings per share (DKK)	5.0	4.7
	Distributed as follows:		
	Retained earnings	65,468	60,749
	Interest, hybrid core capital	14,808	13,893
	Total	80,276	74,642

Statement of comprehensive income

Note	Amounts in DKK'000	Sparekassen (Parent)	
		Q1 2018	Q1 2017
	Profit for the period	80,276	74,642
	Other comprehensive income that may not be reclassified to profit or loss		
	Fair value adjustment of properties	-250	0
	Tax related to fair value adjustment of properties	0	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	2	44
	- Tax on other comprehensive income	0	-10
	Total other comprehensive income	-248	34
	Total comprehensive income	80,028	74,676

¹ The fair value adjustment concerns a jointly controlled enterprise.

Balance sheet

Sparekassen (Parent)

Note	Amounts in DKK'000	Opening balance sheet at			
		31.03.2018	01.01.2018	31.12.2017	31.03.2017
Assets					
	Cash and balances on demand at central banks	359,967	356,906	356,906	377,246
	Amounts owed by credit institutions and central banks	2,475,909	1,822,445	1,822,445	1,327,879
	Loans and other amounts owed at amortised cost	11,644,692	11,534,789	11,671,702	10,665,895
	Bonds at fair value	4,382,198	4,839,742	4,839,742	5,035,011
	Bonds at amortised cost	0	99,999	99,999	99,724
	Shares etc	749,618	653,583	653,583	613,731
	Investments in associates	33,801	33,801	33,801	30,437
	Investments in group enterprises	341,911	379,542	381,559	417,599
	Assets related to pooled plans	973,377	905,222	905,222	577,599
	Intangible assets	134,538	137,658	137,658	147,746
	Total land and buildings	58,763	59,807	59,807	95,342
	<i>Investment property</i>	7,649	8,337	8,337	9,120
	<i>Owner-occupied property</i>	51,114	51,470	51,470	86,222
	Other property, plant and equipment	49,850	47,830	47,830	46,181
	Current tax assets	15,851	15,647	15,647	13,242
	Deferred tax assets	180,944	182,281	152,160	151,393
	Temporarily held assets	0	0	0	15,236
	Other assets	226,690	246,370	246,370	173,540
	Prepayments	22,429	18,675	18,675	15,074
	Total assets	21,650,538	21,334,297	21,443,106	19,802,875

Sparekassen (Parent)

Note	Amounts in DKK'000	Opening balance sheet at			
		31.03.2018	01.01.2018	31.12.2017	31.03.2017
Equity and liabilities					
Liabilities other than provisions					
	Amounts owed to credit institutions and central banks	335,916	437,892	437,892	344,770
	Deposits and other debt	16,837,298	16,591,918	16,591,918	15,556,061
	Deposits in pooled plans	973,377	905,222	905,222	577,599
	Other liabilities	238,167	216,286	216,286	219,467
	Deferred income	8,224	5,828	5,828	3,236
	Total liabilities other than provisions	18,392,982	18,157,146	18,157,146	16,701,133
Provisions					
	Provisions for losses on guarantees etc	57,058	55,905	55,905	64,106
	Other provisions	13,738	14,794	14,794	20,633
	Total provisions	70,796	70,699	70,699	84,739
	Subordinated loan capital	403,128	402,848	402,848	367,650
Equity					
	Share capital	130,312	130,312	130,312	130,312
	Revaluation reserves	2,878	3,128	3,128	3,642
	Undistributable savings bank reserve, other reserves	561,378	561,378	561,378	565,005
	Retained earnings	1,489,419	1,423,949	1,532,758	1,406,803
	Total equity excluding hybrid core capital	2,183,987	2,118,767	2,227,576	2,105,762
	Hybrid core capital	599,645	584,837	584,837	543,591
	Total equity	2,783,632	2,703,604	2,812,413	2,649,353
	Total equity and liabilities	21,650,538	21,334,297	21,443,106	19,802,875

Statement of changes in equity

Sparekassen (Parent)

Note	Amounts in DKK'000	Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument ¹	Proposed dividend	Other reserves	Retained earnings	Total equity excluding hybrid core capital	Hybrid core capital	Total equity
	Equity at 1.1.2017	130,312	3,642	561,378	-170	39,745	0	1,323,167	2,058,073	529,698	2,587,771
	Profit for the period	0	0	0	0	0	3,627	57,122	60,749	13,893	74,642
	Other comprehensive income										
	Fair value adjustment of financial instruments entered into to hedge future cash flows:										
	Value adjustment for the period	0	0	0	44	0	0	0	44	0	44
	Tax on other comprehensive income	0	0	0	-10	0	0	0	-10	0	-10
	Total other comprehensive income	0	0	0	34	0	0	0	34	0	34
	Comprehensive income for the period	0	0	0	34	0	3,627	57,122	60,783	13,893	74,676
	Purchase of treasury shares	0	0	0	0	0	0	-13,094	-13,094	0	-13,094
	Sale of treasury shares	0	0	0	0	0	0	0	0	0	0
	Equity at 31.03.2017	130,312	3,642	561,378	-136	39,745	3,627	1,367,194	2,105,762	543,591	2,649,353

Statement of changes in equity

Sparekassen (Parent)

Note	Amounts in DKK'000	Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument ¹	Proposed dividend	Other reserves	Retained earnings	Total equity excluding hybrid core capital	Hybrid core capital	Total equity
	Equity at 1.1.2018	130,312	3,128	561,378	-119	0	0	1,532,878	2,227,576	584,837	2,812,413
	Change in accounting policies	0	0	0	0	0	0	-108,809	-108,809	0	-108,809
	Equity at 01.01.2018, following this	130,312	3,128	561,378	-119	0	0	1,424,069	2,118,767	584,837	2,703,604
	Profit for the period	0	0	0	0	0	0	65,468	65,468	14,808	80,276
	Other comprehensive income										
	Fair value adjustment of owner-occupied property	0	-250	0	0	0	0	0	-250	0	-250
	Fair value adjustment of financial instruments entered into to hedge future cash flows:										
	Value adjustment for the period	0	0	0	2	0	0	0	2	0	2
	Tax on other comprehensive income	0	0	0	0	0	0	0	0	0	0
	Total other comprehensive income	0	-250	0	2	0	0	0	-248	0	-248
	Comprehensive income for the period	0	-250	0	2	0	0	65,468	65,220	14,808	80,028
	Equity at 31.03.2018	130,312	2,878	561,378	-117	0	0	1,489,537	2,183,987	599,645	2,783,632

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

Notes

2 Summary of significant accounting policies

The Q1 2018 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 have been changed compared to those applied in the presentation of the consolidated financial statements for 2017.

The change has been caused by the implementation of IFRS 9, which replaces IAS 39, and involves a considerable change in the current rules governing classification and measurement of financial assets, impairment charges and, to some degree, the rules governing hedge accounting.

The Standard is effective from 1 January 2018.

As Sparekassen applies the transitional scheme, the consequences of the implementation of IFRS 9 will not feed fully through to capital resources until after five years

The effect of IFRS 9 on Sparekassen's opening balance sheet is evident below and from the balance sheet and the statement of changes in equity included in the Interim Report. Refer also to the comments on IFRS 9 and Sparekassen's accounting policies, which have not otherwise been changed, in "Summary of significant accounting policies" in its 2017 Annual Report.

Corrections to the opening balance sheet Amounts in DKK'000	Allowance account	Deferred tax	Investments in group enterprises	Equity
Balance sheet at 31.12.2017	967,614	152,160	381,559	2,812,413
Stage 1 and stage 2 impairment	186,326			-186,326
Adjustment, stage 3 impairment	5,976			-5,976
Reversal of collective impairment losses	-55,389			55,389
Deferred tax		30,121		30,121
Adjustment of investments in group enterprises			-2,017	-2,017
Opening balance sheet at 01.01.2018	1,104,527	182,281	379,542	2,703,604

Sparekassen's 2017 Annual Report and other reports on capital requirement, statutory report on corporate social responsibility etc can be found on this website: www.spks.dk/om_sparekassen/regnskab.

3 Critical accounting estimates, assumptions and key sources of estimation uncertainty

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 as well as 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 Sparekassen's accounting policies and the related key sources of estimation uncertainty are the same used in the preparation of the interim financial statements for 2018 as those used to prepare the parent financial statements for 2017.

Notes

Note	Amounts in DKK'000	Sparekassen (Parent)	
		Q1 2018	Q1 2017
4 Interest income			
Credit institutions and central banks		80	546
Loans and advances and other amounts owed		131,753	134,389
Bonds		4,968	5,603
Total derivatives		1,810	937
Thereof:			
- Interest rate contracts		2,057	1,560
- Foreign exchange contracts		-248	-623
Other interest income		83	0
Total interest income		138,694	141,475
5 Interest expenses			
Credit institutions and central banks		3,237	1,340
Deposits and other debt		5,072	7,928
Subordinated loan capital		7,607	9,058
Other interest expenses		29	23
Total interest expenses		15,945	18,349
6 Fees and commission income			
Securities trading and custody accounts		23,301	30,726
Payment services		12,993	11,430
Loan fees		8,833	7,669
Guarantee commission		40,885	38,547
Other fees and commissions		36,992	33,629
Total fees and commission income		123,004	122,001

Note	Amounts in DKK'000	Sparekassen (Parent)	
		Q1 2018	Q1 2017
7 Market value adjustments			
Bonds		-3,532	18,641
Shares		38,209	6,377
Investment property		-458	-522
Foreign exchange		2,199	1,945
Currency, interest rate, share, commodity and other contracts and derivatives		-3,834	2,251
Assets related to pooled plans		8,807	18,384
Deposits in pooled plans		-8,807	-18,384
Total market value adjustments		32,584	28,692
8 Staff costs and administrative expenses			
Remuneration of the Board of Directors and Executive Board			
Board of Directors and Executive Board		2,845	2,996
Total		2,845	2,996
Staff costs			
Wages and salaries		86,007	77,361
Pension contributions		9,528	8,562
Social security expenses		13,629	11,987
Total staff costs		109,164	97,910
Other administrative expenses		63,292	60,097
Total staff costs and administrative expenses		175,301	161,003

Notes

Note	Amounts in DKK'000	Sparekassen (Parent)	
		Q1 2018	Q1 2017
9	Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account)		
	Individual impairment losses/provisions		
	Balance of impairment losses/provisions at beginning of period	893,100	975,342
	Change in accounting policies	-893,100	
	Impairment losses/provisions for the period (net)		15,918
	Other changes		22,486
	Value adjustment of assets acquired		732
	Finally written off, previously written down/provided for		35,880
	Balance of impairment losses/provisions at end of period	0	978,598
	Collective impairment losses/provisions		
	Balance of impairment losses/provisions at beginning of period	74,514	80,442
	Change in accounting policies	-74,514	
	Impairment losses/provisions for the period (net)		325
	Balance of impairment losses/provisions at end of period	0	80,767

Note	Amounts in DKK'000	Sparekassen (Parent)	
		Q1 2018	Q1 2017
9	Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account) (continued)		
	Stage 1 impairment		
	Balance of stage 1 impairment losses at beginning of period	0	
	Change in accounting policies	52,114	
	New impairment losses (net)	4,882	
	Balance of stage 1 impairment losses at end of period	56,996	
	Stage 2 impairment		
	Balance of stage 2 impairment losses at beginning of period	0	
	Change in accounting policies	153,337	
	New impairment losses (net)	-12,425	
	Balance of stage 2 impairment losses at end of period	140,912	
	Stage 3 impairment/provisions		
	Balance of stage 3 impairment losses/provisions at beginning of period	0	
	Change in accounting policies	899,076	
	New impairment losses (net)	25,248	
	Other changes	39,467	
	Value adjustment of assets acquired	-4	
	Previously written down, now finally written off	98,549	
	Balance of stage 3 impairment losses at end of period	865,238	

Notes

Note	Amounts in DKK'000	Sparekassen (Parent)	
		Q1 2018	Q1 2017
9	Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account) (continued)		
	Total		
	Balance of impairment losses/provisions at beginning of period	967,614	1,055,784
	Change in accounting policies	136,913	
	Impairment losses/provisions for the period (net)	17,705	16,243
	Other changes	39,467	22,486
	Value adjustment of assets acquired	-4	732
	Finally written off, previously written down/provided for	98,549	35,880
	Balance of impairment losses/provisions at end of period	1,063,146	1,059,365
	Thereof, guarantee debtors account for	57,058	64,106
	Discount regarding business acquisitions	96,361	233,459
	Balance of impairment losses/provisions and discount at end of period	1,159,507	1,292,824
	Impairment losses/provisions for the period (net)	17,705	16,243
	Value adjustment of assets acquired	-4	732
	Written off, not previously written down/provided for	1,426	2,448
	Recovery of claims previously written off	6,993	7,663
	Total recognised in the income statement	12,135	11,760

Note	Amounts in DKK'000	Sparekassen (Parent)		
		31.03.2018	31.12.2017	31.03.2017
10	Assets provided as collateral			
	Bonds deposited with Danmarks Nationalbank, clearing centres etc	436,252	554,400	615,848
	Cash deposited with credit institutions, CSA agreements	22,827	28,780	20,261
	Total	459,079	583,180	636,109
	Unencumbered deposited securities may be released at call.			
11	Capital resources ¹			
	Equity excluding hybrid core capital	2,183,987	2,227,576	2,105,762
	Intangible assets	-134,538	-137,658	-147,746
	Tax assets	-180,944	-152,160	-151,393
	Proposed dividend	0	0	-39,745
	Deduction, capital instruments exceeding 10%	-214,675	-113,226	-141,888
	Other deductions etc	60,254	9,799	-71,163
	Common Equity Tier 1 capital	1,714,084	1,834,331	1,553,827
	Hybrid core capital	575,000	575,000	520,000
	Deduction, investments exceeding 10%	0	-14,153	-18,539
	Core capital (including hybrid core capital) net of primary deductions	2,289,084	2,395,178	2,055,288
	Supplementary capital	402,608	402,328	367,130
	Deduction, investments exceeding 10%	0	-14,153	-17,736
	Supplementary investments	0	0	-1,549
	Capital resources	2,691,692	2,783,353	2,403,133

Notes

Sparekassen (Parent)				
Note	Amounts in DKK'000	31.03.2018	31.12.2017	31.03.2017
11	Capital resources ¹ (continued)			
	Risk exposures			
	Credit risk	14,053,976	14,237,951	13,200,977
	Market risk	906,640	1,015,022	1,303,844
	Operational risk	1,764,583	1,737,859	1,737,859
	Total risk exposures	16,725,199	16,990,832	16,242,680
	Capital ratio	16.1	16.4	14.8
	Core capital ratio	13.7	14.1	12.7
	Common Equity Tier 1 capital ratio	10.2	10.8	9.6
	Capital resources, requirement under Section 124(2) of the Danish Financial Business Act	1,338,016	1,359,267	1,299,414

¹ Sparekassen's capital resources and capital ratios have been calculated exclusive of profit for Q1 2018 and Q1 2017. Had net profit for the period, reduced by dividend paid in accordance with the dividend policy, been included in capital resources, capital ratios would have been 0.4 percentage points higher (Q1 2017: 0.4 percentage points higher).

Sparekassen (Parent)		31.03.2018
Note	Amounts in DKK'000	
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 scheme²	
	Common Equity Tier 1 capital	1,602,486
	Core capital (including hybrid core capital) net of primary deductions	2,177,486
	Capital resources	2,580,094
	Total risk exposures	16,716,777
	Capital ratio	15.4
	Core capital ratio	13.0
	Common Equity Tier 1 capital ratio	9.6

² Sparekassen's solvency capital elements exclusive of transitional scheme have been calculated exclusive of profit for Q1 2018. Had net profit for the period, reduced by dividend paid in accordance with the dividend policy, been included in capital resources, capital ratios would have been 0.4 percentage points higher.

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