



Q1-Q3 2019

Interim Report

 SPAREKASSEN
SJÆLLAND-FYN

Contents

3 Management commentary

H1 2019 highlights	page	3
Management commentary	page	5
Outlook for 2019	page	6
Key figures	page	7
Financial ratios	page	8
Core earnings, deposits, loans and advances and business volume	page	9
Financial review of the Group	page	10
Financial review of the Parent	page	12
Credit quality categories and total credits arranged	page	13
Sector breakdown	page	14
The Supervisory Diamond	page	15
“NEW WAYS” – Sparekassen’s 2021 strategy project	page	16
Capital structure and liquidity of the Group	page	18

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

20 Interim financial statements

Statement by Management on the Interim Report	page	21
Income statement	page	22
Statement of comprehensive income	page	22
Balance sheet at 30 September 2019	page	23
Statement of changes in equity	page	24
Cash flow statement	page	26
Notes	page	27
Parent	page	41

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

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

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

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

Morten Huse Eikrem-Jeppesen
Press Officer
+45 5385 0770

Q1-Q3 2019 highlights

PROFIT BEFORE TAX

DKK 193.1m

Net profit amounts to DKK 170.1m and provides a 7.4% return on opening equity.

CORE EARNINGS

Up 51 %

This most satisfactory development from H1 2019 intensified further in Q3 2019

PROFIT ALLOCATED TO SHAREHOLDERS

Up 23 %

With a profit allocated to shareholders of DKK 151.8m this profit has gone up.

NET INTEREST AND FEE INCOME

Up 10 %

Net interest and fee income is up by a very satisfactory DKK 78.3m and totals DKK 830.5m.

COSTS

Down 3 %

Optimising costs is a key element of Sparekassen's 2021 strategy plan "NEW WAYS". Staff costs and administrative expenses are down 3%.

TOTAL CREDITS ARRANGED

Up 8 %

Total credits arranged in the form of loans and advances and mortgage loans arranged for private and corporate customers have increased to DKK 51.4bn.

LOAN BOOK IMPROVED FOR

19 quarters running

The positive development in the loan book is continuing, and the share of OEI customers is going down and now only accounts for 4%. With DKK 16.3m, total impairment losses for the first three quarters remain at a low level.

COMBINATION OF BRANCHES

From 15 to 11 on Funen

The four combinations of branches on Funen are expected to reduce costs further in 2020.

CORPORATE CUSTOMERS

More focus on SMEs

Sparekassen intends to increase its market share among SMEs in general, and this is why the key account centres in Odense and Holbæk are supplemented with local corporate customer divisions, which will in future comprise: Næstved, Ringsted, Islands Brygge, Køge, Slagelse, Hillerød, Odense, Holbæk and Roskilde.



BRUNO RIIS-NIELSEN
Executive Officer of
the Savings Bank



LARS PETERSSON
Chief Executive Officer



LARS BOLDING
Executive Officer of
the Savings Bank

Management commentary

Core earnings are up by a most satisfactory 51% on the same period in 2018 primarily because of focused execution of the 2021 strategy New Ways and this level is expected to be permanent

Profit for the year is expected to stand at the top end of the pre-tax range announced of DKK 215-240m.

Realised core earnings (inclusive of amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment) have seen a very satisfactory increase of DKK 85.8m, or 51%, on the same period in 2018.

The pre-tax profit for the period is DKK 193.1m – the same level as in 2018. It should be pointed out that this profit has been achieved despite an adverse change in translation and market value adjustments of DKK 79.5m compared to last year.

Total staff costs and administrative expenses are down by DKK 14.9m, or 3%, and this development is expected to be maintained in the quarters ahead.

Even though this performance is on a par with 2018, the profit allocated to shareholders is up 23% because of interest saved on hybrid core capital.

Although the ongoing massive conversion of mortgage loans has a positive one-time effect on income, the increase in earnings is mainly a result of targeted efforts based on the strategy

announced. By means of better prices and cost reductions, Sparekassen has succeeded in bringing core earnings to an expectedly permanently higher level. Initiatives are still in progress to improve core earnings even more with a view to fulfilling the financial objectives when the strategy period ends in 2021.

It is still Sparekassen's goal to foster one of Denmark's most attractive and efficient financial institutions for customers, staff and shareholders, and it intends to regularly take the necessary steps and to make the necessary decisions in this respect.

Some of Sparekassen's steps have, for instance, resulted in its image being strengthened further. A large image survey – FINANS IMAGE 2019 – published in October 2019 showed quite satisfactory and substantial progress for Sparekassen among the 30 largest financial institutions. For example, Sparekassen was nominated the financial institution in the Zealand Region to have the best image.

The development in the overall credit quality has improved for 19 quarters running, and the share of the most risky customers (customers subject to impairment) has now been reduced to 4%. Total impairment losses for the first nine months of the year stand at DKK 16.3m, and



even though this is higher than in 2018, the level is still low.

Because of changes in customer behaviour, but also to make the branch network more cost effective, it has been decided to reduce the number of branches on Funen. Sparekassen's Haarby branch will be combined with the Assens branch, the Årslev branch with the Ringe branch, and the Vester Skerninge branch with the Svendborg branch. In addition, the Hjallesø branch in Odense will be closed down, and the three remaining branches in Odense will service the customers.

These steps are expected to lead to an annual reduction in costs of DKK 10m in total once they have been fully phased in.

To increase its share of the SME market, Sparekassen has decided to step up its efforts in the corporate sector of the following provincial towns: Køge, Hillerød, Roskilde, Ringsted and Slagelse. Sparekassen will then have nine corporate customer divisions in all, as there are already divisions in Odense, Næstved, Holbæk and at Islands Brygge. Moreover, key account centres will exist in Odense and Holbæk. This new step will be cost neutral.



Outlook for 2019

Economic trends are still expected to remain stable, with high employment rates. Danish economy is expected to grow consistently with 2018. Global economic trends are subject to increasing uncertainty, also as to how they might affect Danish economy - for example, the implications of Brexit and the current trade war between the USA and China.

Also, we consider the interest rate environment to have deteriorated in Q3 2019. We expect the negative interest rate to continue a good while. With our "New Ways" strategy plan, we believe to have been proactive and still expect to improve core earnings by optimising income and costs. The number of employees was reduced in the first nine months of the year, and we expect this to continue.

So we expect core earnings to continue to go up in the rest of 2019 compared to the same period in 2018. Due to the massive regulatory requirements facing the financial services sector, IT costs constitute the greatest uncertainty.

Impairment losses are expected to remain low although they will inherently increase considering the unusually low level in 2018.

Expectations for translation and market value adjustments are adjusted to stand at a negative DKK 40m for the financial year 2019 if the interest rate level remains the same compared to

30 September 2019, as opposed to previously at a negative DKK 15-20m. Please refer to the comments on page 9 of the financial review.

During 2019, Sparekassen has made upward adjustments of the pre-tax profit for the year through company announcement nos 6 and 13 from an amount originally ranging from DKK 180-200m to ranging from DKK 215-240m before tax.

The reason for both of these upward adjustments was that core earnings (calculated as profit before impairment losses and translation and market value adjustments) developed better than forecasted for 2019. The positive development in core earnings has continued even further in Q3 2019, for which reason expectations are specified to stand at the top end of the range of DKK 215-240m before tax.

Lars Petersson
Chief Executive Officer

Bruno Riis-Nielsen
Executive Officer
of the Savings Bank

Lars Bolding
Executive Officer
of the Savings Bank

Financial highlights

Sparekassen Sjælland-Fyn A/S Group

Amounts in DKK'm	30.09 2019	30.09 2018	Index ¹	Year-end 2018
Income statement items				
Interest income calculated using the effective interest method	414	426	97	569
Other interest income	48	24	197	37
Interest expenses	37	52	72	66
Net interest income	425	399	107	541
Dividends on shares etc	25	24	106	24
Fees and commission income	394	344	115	459
Fees and commission expenses	13	14	93	19
Net interest and fee income	830	752	110	1.005
Translation and market value adjustments	-45	34	-134	21
Other operating income	23	12	182	16
Staff costs and administrative expenses	532	546	97	746
Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	57	37	153	49
Other operating expenses	11	13	83	20
Impairment losses on loans and advances etc	16	11	149	4
Investments in associates and group enterprises	1	1	109	8
Profit for the period before tax	193	192	100	230
Tax	23	19	124	22
Profit for the period after tax	170	174	98	208
Profit allocated to shareholders	152	124	123	148

Sparekassen Sjælland-Fyn A/S Group

Amounts in DKK'm	30.09 2019	30.09 2018	Index ¹	Year-end 2018
Balance sheet items				
Loans and advances etc	12,416	12,035	103	12,174
Deposits	18,224	17,369	105	18,223
Deposits in pooled plans	1,699	1,192	143	1,313
Total deposits	19,923	18,561	107	19,536
Subordinated loan capital	522	532	98	454
Equity	3,187	3,588	89	3,083
Balance sheet total	24,897	23,549	106	23,857
Capital resources	3,130	2,891	108	3,125
Total business volume (deposits, loans, advances and guarantees)	38,979	35,681	109	37,068
Total credits arranged (loans and advances, Totalkredit and DLR)	51,417	47,404	108	48,404
Custody accounts	10,238	10,439	98	9,558

¹ Index: 30.09.2019 relative to 30.09.2018.

Financial ratios

Sparekassen Sjælland-Fyn A/S Group

	30.09 2019	30.09 2018	Index ¹	31.12 2018
Financial ratios				
Capital ratio ²	17.0	16.8	101	17.7
Core capital ratio ²	14.2	14.4	99	15.1
Excess capital adequacy in percentage points ²	7.6	7.2	106	8.2
Return on equity before tax (for the period) ³	6.2	6.1	102	8.0
Return on equity after tax (for the period) ³	5.4	5.5	98	7.2
Income/cost ratio DKK	1.31	1.32	99	1.28
Interest rate risk relative to core capital net of deductions	2.5	0.0	-	-1.0
Currency position relative to core capital net of deductions	1.0	0.5	200	0.7
Currency risk relative to core capital net of deductions	0.0	0.0	100	0.0
Loans and advances relative to equity	3.9	3.3	118	3.9
Loans and advances plus loan impairment losses relative to deposits	66.1	70.2	94	67.5
Growth in loans and advances for the period ³	2.0	4.1	49	5.5
Impairment ratio for the period	0.1	0.1	100	0.0
Accumulated impairment ratio ⁴	4.1	5.9	69	5.8
Non-performing loans as a percentage of total gross exposure (%)	0.6	0.7	86	0.9
Liquidity benchmark (new benchmark)	318.0	268.0	119	318.0
Liquidity, LCR	276.5	239.0	116	278.0
Total large exposures (new benchmark)	85.3	99.9	85	96.1
Total large exposures relative to capital resources	0.0	0.0	100	0.0
Return on invested capital ³	0.7	0.8	88	0.9
Earnings per share (DKK) ⁵	8.8	8.0	110	9.3
Dividend per share (DKK)	0.0	0.0	100	2.5
Book value per share at period-end (DKK)	161.7	154.0	105	155.3
Price/earnings per share ⁵	10.2	14.0	73	8.7
Price/equity per share ⁶	0.6	0.7	86	0.5
Price at period-end (DKK)	89.6	100.0	90	80.4
Average headcount (full-time employees on average) ⁷	595	613	97	616
Headcount (converted into full-time employees, at period-end)	582	619	94	615

¹ Index – 30.06.2019 relative to 30.06.2018

² **30.09.2019 and 30.09.2018 have been calculated exclusive of profit for the period. Had net profit for the period, reduced by the target dividend payment stated in the dividend policy, been included in capital resources, the capital ratio, the core capital ratio and the common equity tier 1 capital ratio would have been 0.8 percentage points higher (30 September 2018: capital ratio, core capital ratio and common equity tier 1 capital ratio 0,9 percentage points higher).**

³ In 2018, the ratio was calculated based on the opening balance sheet following the implementation of IFRS 9.

⁴ The ratio does not include discount. Please refer to note 9 for a specification of total impairment losses, provisions and discounts.

⁵ Calculated based on the average number of shares during the period.

⁶ Calculated based on the number of outstanding shares at end of period.

⁷ Engaged in financial business.

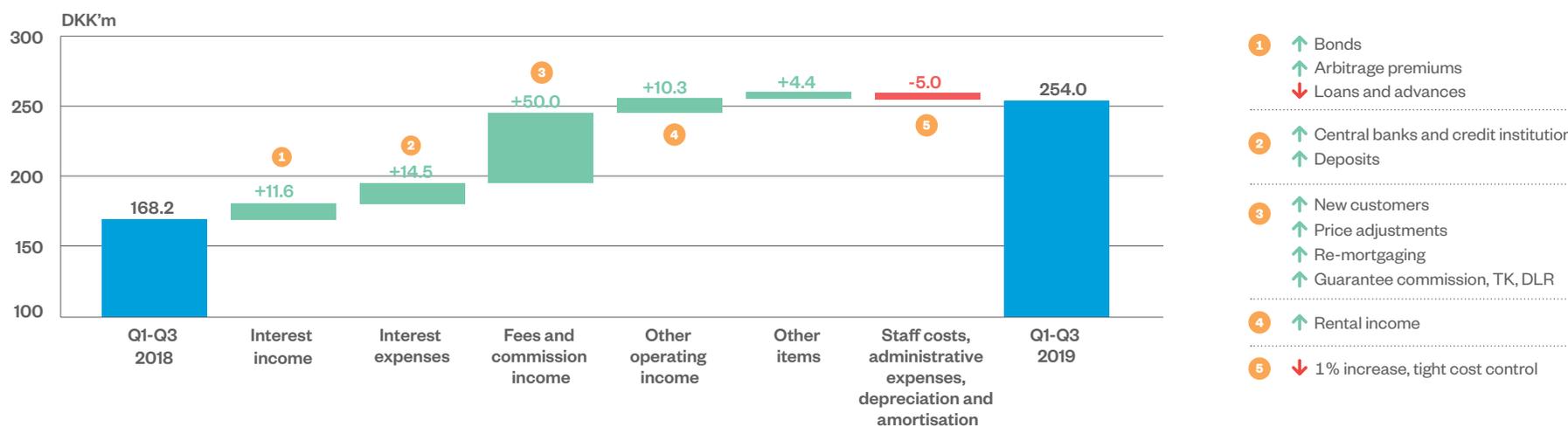
Core earnings, deposits, loan and advances and business volume

Sparekassen Sjælland-Fyn A/S Group

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

* Q4 2018 is affected by extraordinary non-recurring expenses of DKK 16.9m.

Development in core earnings



Financial review of the Group

Q1-Q3 2019 Income statement

Net interest income

Net interest income has increased by 7%, now amounting to DKK 424.6m against DKK 398.5m for the same period last year. The increase is attributable to both higher interest income and lower interest expenses. Generally, interest income is still marked by the low interest rate environment and extremely fierce competition, causing interest income from loans and advances to go down by just under 3% even if loans and advances have increased by 3%. Conversely, interest income from deposits by corporate customers has gone up because of the introduction of negative interest rates on those deposits. A major portion of Sparekassen's surplus liquidity is placed in bonds, resulting in a DKK 14.4m increase in interest income arising from the bond portfolio. Also, the massive loan conversation activity in the housing area has a positive impact since arbitrage premiums from interest rate contracts have gone up by DKK 10.1m.

Interest expenses for deposits have gone down because of an adjustment of the deposit rates. Additionally, Sparekassen's interest expenses for placing surplus liquidity with Danmarks Nationalbank have been reduced to carry a negative interest rate of 0.75 per annum.

Sparekassen has opted to place a larger portion of this surplus liquidity in bonds rather than in certificates of deposit issued by Danmarks Nationalbank, which is the primary reason for the decline of DKK 6.1m in interest expenses for credit institutions and central banks.

Dividends on shares

Dividends on shares primarily arise from the sector companies co-owned by Sparekassen. DKK 24.9m in dividends was received in the first nine months of 2019 compared to DKK 23.6m in the same period last year.

Fees and commission income

Sparekassen's fees and commission income are developing highly satisfactorily and have gone up by DKK 50.0m to DKK 393.9m by the end of Q3 2019. This is a 15% increase and attributable to generally heavy business activities particularly in the housing area where many mortgage loans have been and are still being arranged through the business partners Totalkredit and DLR Kredit in connection with re-mortgaging and house transactions. Furthermore, an effect is still seen of recent years' inflow of customers and the price adjustments made for payment of the services provided by Sparekassen.

Translation and market value adjustments

Total translation and market value adjustments are negative by DKK 45.5m whereas in the

same period last year they were positive by DKK 34.0m. In 2018, the line item included an extraordinary revaluation of sector shares in BI Holding A/S (BankInvest), which, seen in isolation, led to a capital gain of DKK 35.0m.

Market value adjustments of bonds for the period amount to a negative DKK 37.1m against a negative DKK 11.2m for the same period last year. This development is attributable in part to a relatively high number of long-term mortgage credit bonds having been drawn that were acquired at a premium and in part to very short-term floating-rate mortgage credit bonds having matured at par. Translation adjustments of foreign currencies and market value adjustments of other financial instruments total a negative DKK 21.1m against a negative DKK 9.2m last year. This development has primarily been caused by the hedging of a small portion of the bond portfolio placed in European government bonds. Market value adjustments of shares stand at DKK 15.6m against DKK 55.4m last year. The bulk of Sparekassen's portfolio of shares is composed of sector shares. The decrease in market value adjustments of shares is attributable to the above-mentioned extraordinary revaluation of BI Holding A/S in 2018. Market value adjustments of investment property remain more or less unchanged and are negative by DKK 9.2m.

Other operating income

Other operating income primarily consists of rent from the property portfolio and profits from the sale of depreciated operating equipment. The line item stands at DKK 22.8m against DKK 12.5m for the same period last year. The primary reason for this development is increasing rental income as a result of a larger property portfolio.

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

Staff costs and administrative expenses amount to DKK 531.5m, reflecting a reduction of DKK 14.9m on the same period last year. Staff and management costs have seen a slight increase by roughly 2% to DKK 346.4m. Other administrative expenses, on the other hand, are down by 10% to a total of DKK 185.2m. The reasons for this decline are focused cost control and the implementation of IFRS 16 under which lease costs – and for Sparekassen, primarily rental expenses – are reclassified from other administrative expenses to amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment. Conversely, the primary reason for the increase in amortisation, depreciation and impairment losses is the implementation of IFRS 16. Furthermore, a residual depreciation expense regarding combined branches has been taken to profit or loss in Q3 2019.

In aggregate, staff costs and administrative expenses and amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment have gone up by just under 1% to stand at DKK 588.8m.

With respect to amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment, it should be pointed out that this line item is expected to be reduced by around DKK 20m a year from 2022. Approx DKK 12m thereof relates to amortisation of the customer portfolio acquired in 2011 in connection with the acquisition of the sound part of Max Bank.

Impairment losses on loans and advances etc

Impairment losses on loans and advances etc total DKK 16.3m, which is an increase of DKK 5.4m compared to the same period in 2018. So the level of impairment losses on loans and advances etc remains relatively low. If this level is compared to a balance of loans and advances of DKK 12.4bn, the impairment ratio is close to zero. In net terms, this development reflects new provisions, reversal of previous provisions and amounts received on claims previously written off, the latter by an amount of DKK 24.0m for the period.

Profit for the period

Net profit for the period amounts to DKK 170.1m against DKK 173.6m for the same period last year. DKK 18.3m of the profit for the period is allocated to interest on hybrid core capital. At the same time last year, this line item stood at DKK 49.8m. The effect of capital transactions made in the last couple of years – including the share issue and the repayment of DKK 520m worth of hybrid core capital in October 2018 – is now re-

ally feeding through. So the shareholders' share of profit for the period comes to DKK 151.8m against DKK 123.9m for the same period last year, which is equivalent to an increase of 23%.

Financial review for Q3 2019

Net profit for Q3 2019 amounts to DKK 44.1m against DKK 57.8m for the same period in 2018.

Net interest income is up by DKK 12.9m and totals DKK 146.1m. The increase is primarily a result of higher interest income from the bond portfolio and arbitrage premiums from interest rate contracts and of lower interest expenses for deposits and for the placement of surplus liquidity with Danmarks Nationalbank. Interest income from loans and advances, on the other hand, is still affected by generally low interest rate levels and fierce competition.

Fees and commission income total DKK 129.8m and have increased by DKK 22.9m. This most satisfactory development is primarily attributable to a continuously high level of business activity particularly in the housing market, however, an effect is also seen of recent years' inflow of customers and the price adjustments made for payment of the services provided by Sparekassen.

The principal cause of the decline in net profit for Q3 2019 is to be found in translation and market value adjustments which are a negative by DKK 20.3m, representing a reduction of DKK 45.7m on Q3 2018. Primarily market value adjustments of bonds and shares have seen little growth. For bonds, the development is attributable in part to a relatively high number of long-term mortgage credit bonds having been

drawn that were acquired at a premium and in part to very short-term floating-rate mortgage credit bonds having matured at par.

The line items of staff costs and administrative expenses and amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment have gone up by 3% to stand at DKK 201.8m.

Impairment losses on loans and advances etc are down by DKK 1.3m to DKK 5.2m. So the level of impairment losses remains low.

Balance sheet

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

Assets

Loans and advances etc

The balance of loans and advances has grown by DKK 0.4bn to DKK 12.4bn at 30 September 2019. This is a 3% increase since 30 September 2018 and primarily results from lending to private households. This development in loans and advances etc should be seen in conjunction with the favourable economic climate in the housing market where an increasing portion of the customers' total housing-related debts may be financed by means of mortgage loans. Mortgage loans arranged by Sparekassen have risen by over DKK 3.6bn since 30 September 2018.

Amounts owed by credit institutions and central banks/bonds

Sparekassen has a large deposit surplus which exclusive of deposits in pooled plans has gone

up by DKK 0.5bn and amounts to DKK 5.8bn at the balance sheet date. Sparekassen regularly evaluates the best placement of these funds. The primary placement channels are deposits with Danmarks Nationalbank and mortgage credit bonds. Sparekassen pays interest of 0.75% per annum when the liquidity is placed in certificates of deposit issued by Danmarks Nationalbank whereas interest is earned when the liquidity is placed in mortgage credit bonds. But, conversely, the latter also involves an interest rate or price risk. Sparekassen has made a strategic choice to place a larger portion of its surplus liquidity in low interest rate risk bonds rather than in negative interest rate certificates of deposits with Danmarks Nationalbank. So, at 30 September 2019, amounts owed by credit institutions and central banks stand at DKK 1.4bn against approx DKK 2.2bn at the end of the same period last year whereas the portfolio of bonds stands at DKK 6.7bn compared to DKK 5.8bn.

Shares

The total portfolio of shares has increased by DKK 46m to DKK 850m. This portfolio is primarily made up of shares in sector companies that help support Sparekassen's business activities and earnings. Moreover, Sparekassen holds shares in investment funds which invest in corporate bonds and also holds a relatively small portfolio of Danish listed shares.

Land and buildings

Land and buildings come to DKK 497.3m compared to DKK 395.2m at the end of Q3 2018. Pursuant to IFRS 16, the value of owner-occupied property has been adjusted by DKK 68.0m compared to the value at 30 Septem-

ber 2018 due to the addition of discounted rent. This adjustment is the primary reason for the line item having increased.

Equity and liabilities

Deposits

The deposits balance exclusive of deposits in pooled plans stands at DKK 18.2bn at the balance sheet date compared to DKK 17.4bn at the same date in 2018, equal to an increase of 5%. This development in the deposits balance is attributable to the ongoing general propensity to save witnessed in society combined with the inflow of new customers. Sparekassen has introduced negative deposit rates for corporate customers and is actively and regularly monitoring the market situation for deposits of corporate and private customers so as to respond to a situation of undesirably large imbalances between deposits and loans and advances.

Deposits in pooled plans

Deposits in pooled plans have increased by 42% to stand at DKK 1.7bn. Aside from the inflow of new customers, the increase may to some degree probably be explained by the low interest rate level, for which reason customers are turning their eye to alternatives other than placement in traditional deposit accounts.

Subordinated loan capital

Subordinated loan capital remains roughly unchanged and amounts to DKK 522m compared to DKK 531m last year. Capital transactions are made on a regular basis in Sparekassen's process of optimising its capital structure. Since 30 September 2018, Sparekassen has obtained subordinated loan capital twice,

totalling DKK 191m, and repaid DKK 200m worth of subordinated capital. The new capital has been obtained to carry interest at rates ranging between 4.50% and 4.75% per annum, whereas on the capital repaid they ranged between 7.81% and 8.38% per annum.

Equity

Equity amounts to DKK 3,186.8m at the balance sheet date against DKK 3,588.2m at the same date last year. At 30 September 2018, Sparekassen had carried out a number of capital transactions – including the share issue resulting in approx DKK 437m in net proceeds and DKK 280m worth of hybrid core capital obtained – one of the purposes being to repay DKK 520m in hybrid core capital in October 2018. Consequently, the reduction in equity is solely attributable to a timing difference between the time of obtaining new capital in H1 2018 and the time of repaying DKK 520m worth of hybrid core capital in October 2018. Overall, profits for the period have contributed positively to the development in equity.

Q1-Q3 2019

Parent

The first nine months of the year have seen much improved earnings before translation and market value adjustments and impairment losses on loans and advances etc for the Parent, Sparekassen Sjælland-Fyn A/S. Net interest and fee income has increased by DKK 78.3m to DKK 812.7m, or 11%. This development is a combination of higher net interest income and higher fees and commission income. Fees and commission income in particular are developing positively and have gone up by DKK 50.2m to DKK 394.1m at 30 September 2019.

This most satisfactory development in fees and commission income is attributable to a continuously high level of business activity particularly in the housing market, however, an effect is also seen of recent years' inflow of customers and the price adjustments made for payment of the services provided by Sparekassen.

As for costs, the implementation of IFRS 16 has resulted in lease costs – for Sparekassen, primarily rental costs that were previously taken to staff costs and administrative expenses – now being recognised in the line item of amortisation, depreciation and impairment losses for intangible assets and property, plant and equipment. Along with the focus on cost control, this is a contributing factor in staff costs and administrative expenses having dropped by DKK 29.8m whereas amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment have gone up by DKK 38.4m. In Q3 2019, the latter line item includes residual depreciation expense regarding combined branches. In aggregate, staff costs and administrative expenses and amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment have risen by DKK 8.6m, or a little over 1%.

Total translation and market value adjustments are negative by DKK 35.7m, reflecting a decline of DKK 76.0m. Market value adjustments of bonds for the period amount to a negative DKK 36.6m against a negative DKK 11.8m for the same period last year. This development is attributable in part to a relatively high number

of long-term mortgage credit bonds having been drawn that were acquired at a premium and in part to very short-term floating-rate mortgage credit bonds having matured at par. Additionally, market value adjustments of shares were in the same period last year affected positively by an extraordinary revaluation of sector shares in BI Holding A/S (BankInvest) by DKK 35m.

The level of impairment losses on loans and advances etc remains relatively low and stands at DKK 26.2m against DKK 11.0m at 30 September 2018.

Pre-tax profit amounts to DKK 187.8m against DKK 188.9m at the same date last year, and net profit is DKK 170.1m against DKK 173.6m.

Credit quality categories and total credits arranged

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

	Q3 2019		2018		2017		2016		2015	
	DKK'm	%								
3 / 2a – Loans, advances and guarantees with normal credit quality	11,292	59.3	10,249	58.5	9,965	59.0	9,011	59.3	5,791	42.7
2b – Loans, advances and guarantees with certain indications of weakness	5,864	30.8	4,942	28.2	4,174	24.7	2,850	18.7	3,486	25.7
2c – Loans, advances and guarantees with substantial weaknesses	1,139	6.0	1,143	6.5	1,389	8.2	1,434	9.4	1,994	14.7
1 – Loans, advances and guarantees with objective evidence of impairment	762	4.0	1,197	6.8	1,366	8.1	1,914	12.6	2,300	16.9
Total	19,057	100.0	17,531	100.0	16,894	100.0	15,209	100.0	13,571	100.0

Breakdown- Agricultural sector

	Q3 2019		2018		2017	
	DKK'm	%	DKK'm	%	DKK'm	%
3 / 2a – Loans, advances and guarantees with normal credit quality	698	42.4	572	39.4	539	43.1
2b – Loans, advances and guarantees with certain indications of weakness	683	41.5	579	39.9	396	31.7
2c – Loans, advances and guarantees with substantial weaknesses	183	11.1	163	11.2	154	12.3
1 – Loans, advances and guarantees with objective evidence of impairment	81	4.9	139	9.5	162	12.9
Total	1,646	100.0	1,453	100.0	1,251	100.0

Total credits arranged

	Q3 2019	2018	2017	2016
	DKK'm	DKK'm	DKK'm	DKK'm
Loans and advances etc, Sparekassen	12,416	12,174	11,681	10,474
Totalkredit	29,073	27,229	25,336	24,293
DLR	9,928	9,001	7,857	6,927
Total	51,417	48,404	44,874	41,694

Sector breakdown

Loans, advances and guarantee debtors by sector

	30.09.2019	2018	2017
	%	%	%
Public authorities	0.1	0.8	1.0
Business			
Agriculture, hunting, forestry and fisheries	8.6	8.3	7.4
Industry and extraction of raw materials	2.1	2.0	1.9
Energy supply	0.0	0.0	0.0
Building and construction	5.0	5.0	4.7
Trade	5.9	5.8	5.4
Transport, hotels and restaurants	1.9	2.0	2.2
Information and communication	0.9	0.7	0.8
Financing and insurance	3.3	4.1	4.4
Real property	10.1	11.0	11.8
Other business	6.2	7.3	7.0
Total business	44.0	46.3	45.6
Private	55.9	52.9	53.4
Total	100.0	100.0	100.0





The Supervisory Diamond

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

The five benchmarks and the current calculations are:

Benchmark	Threshold	Group at 30.09.2019	Group at 30.09.2018
Total large exposures of common equity tier 1 capital (new benchmark)	< 175 %	85.3 %	99.9 %
Loan growth per annum	< 20 %	3.2 %	5.7 %
Property exposure of loans, advances and guarantees	< 20 %	11.5 %	13.9 %
Liquidity surplus	> 100 %	318 %	268 %
Funding ratio Loans and advances/working capital less bonds with a term to maturity of less than one year	< 1.00	0.53	0.53

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

The latest benchmark of the Supervisory Diamond is the sum of large exposures which for Sparekassen reflects the amount of the 20 largest exposures as a percentage of common equity tier 1 capital. For this benchmark, Sparekassen has set an internal threshold of 125% which is much lower than the Supervisory Diamond threshold of 175%. The management of the large exposures benchmark is supplemented by Sparekassen's adoption of a policy aimed at not having any new exposures exceeding DKK 125m.

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

"NEW WAYS" – Sparekassen's 2021 strategy plan

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



1 Increased efficiency

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

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

The calculated ratio at 30.06.2018 is 2.07%.
The calculated ratio at 30.09.2019 is 1.86%.

2 Solid profitability

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

The calculated ratio at 30.06.2018 is 7.4 %
The calculated ratio at 30.09.2019 is 7.2 %

3 High income/cost ratio

This financial ratio reflects the income/cost ratio DKK but exclusive of the effect of impairment losses and translation and market value adjustments. The financial ratio reflects how much income in DKK can be calculated per DKK unit of cost.

It is Sparekassen's objective to optimise the income/cost ratio DKK in the strategy period. Realising the objective will lead to a substantial improvement of ordinary profit before impairment losses and translation and market value adjustments.

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

- 1) Strong focus on efficiency measures so as to be able to handle more business with the same amount or a reduced amount of resources.
- 2) Tight cost control to utilise savings potential, including savings through procurement optimisations and administrative efficiency improvements.
- 3) Optimisation of the earnings potential of business activities. Some initiatives have already been identified. They are being implemented and will have full earnings effect from 2019.
- 4) Increase in income arising from expected growth in total business volume as a result of much stronger distribution power.

The calculated ratio at 30.06.2018 is 1.31 kr.
The calculated ratio at 30.06.2018 is 1.42 kr.

4 A strong foundation

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

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

Calculated ratio at	Common equity tier 1 capital	Capital ratios
31.12.2017	10.7 %	16.3 %
30.09.2019	12.1 %	17.0 %

The seven paths

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



Path 4 We need to train to create more business

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



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

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



Path 5 We need to optimise our systems and processes

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



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

Sparekassen must be strengthened as a savings bank for corporate customers. Based on the network of branches 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 6 Our data must be used to improve business

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



Path 3 We must realise the digital potential

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



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

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

Capital structure and liquidity of the Group

Capital structure

Sparekassen's risk exposures total DKK 18,381m against DKK 17,193m at 30 September 2018, which is an increase of DKK 1,189m, primarily attributable to a growing securities portfolio and its composition, which combined increases the market risk by DKK 814m. Additionally, the credit risk has gone up by DKK 334m, which is attributable to an increase in loans, advances and guarantees. Credit risk and market risk have been determined using the standard method. Operational risk has been determined based on the basic indicator method.

Capital resources are DKK 239m higher than at 30 September 2018, and at 30 September 2019 they amount to DKK 3,130m. The increase is primarily attributable to retained earnings and to a rise in supplementary capital and in hybrid core capital. It should be pointed out in this respect that capital resources at 30 September 2018 have been adjusted for the capital instruments listed in note 11 in the form of DKK 118m in supplementary capital and DKK 520m in hybrid core capital as, with the Danish Financial Supervisory Authority's prior approval, both capital instruments had been terminated for repayment in October 2018.

Sparekassen's capital ratio is then 17.0% against 16.8% at 30 September 2018. The core capital ratio can be calculated at 14.2% and the common equity tier 1 capital ratio at 12.1%.

The capital requirement has been calculated at 9.4%, leading to an excess capital adequacy ratio of 7.6 percentage points. In Danish kroner, this excess is equivalent to DKK 1,396m.

The combined buffer requirement has been calculated at 3.5 percentage points. This results in Sparekassen's excess capital adequacy ratio net of capital requirement and combined buffer requirement standing at 4.1 percentage points. In Danish kroner, this excess is equivalent to DKK 753m.

Sparekassen's capital resources and capital ratios have been calculated exclusive of profit for the period. Had net profit for the period, reduced by the share of expected dividend payment for the period in accordance with the dividend policy, been included in capital resources, the capital ratio, core capital ratio, common equity tier 1 capital ratio and excess capital adequacy ratio would have been approx 0.8 percentage points higher.

Eligible liabilities

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

financial institution should it be failing or likely to fail.

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

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

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

In December 2018, Sparekassen received the final requirement for eligible liabilities based on the 2017 accounting figures, which are therefore

currently applicable from 1 January 2023. At group level, the requirement for eligible liabilities has been calculated at 17.6% (equivalent to 14.2% of its total liabilities and capital resources). The requirement for the Parent is largely the same. With the current capital resources, Sparekassen complies with the phased-in element of the calculated requirement for eligible liabilities with a margin of 3.6 percentage points at the end of Q3 2019. With Sparekassen's current and expected development in its capital resources, the phase-in established and the development in risk-weighted exposures, we do not expect to face any challenges in meeting the requirement for eligible liabilities in future either. Sparekassen intends to regularly evaluate the opportunities for optimising the composition of the capital and liability instruments that meet the requirements for eligible liabilities.

Capital measure

Sparekassen's objective is to have a capital ratio surplus of at least 2 percentage points. This surplus should be viewed in relation to the total amount of (i) Pillar I requirements, (ii) Pillar II add-on (8+ add-on) and (iii) expected combined buffer requirements for each year (3.5% at 30 September 2019, going up to 4.0% at 30 June 2020 and to 4.5% at 30 December 2020, and with a maximum of 5.0%). Another objective of Sparekassen is to have a common equity tier 1 capital ratio surplus of at least 2 percentage points. This surplus should be viewed in relation to the total amount of common equity

tier 1 capital to meet (i) Pillar I requirements (at least 4.5%) and (ii) expected combined buffer requirements for each year (3.5% at 30 September 2019, going up to 4.0% at 30 June 2020 and to 4.5% at 30 December 2020, and with a maximum of 5.0%) and Pillar II requirements that are not covered by supplementary capital or hybrid core capital.

According to Sparekassen's strategy plan, "New Ways", the long-term objective is for the common equity tier 1 capital ratio and the capital ratio to be at least 13.0% and 17.0%, respectively, by the end of 2021.

Sparekassen's capital measure, excess capital adequacy and capital plans in the short and long term are discussed and approved by the Board of Directors on a regular basis and at least once a year.

Liquidity

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

At the end of Q3 2019, Sparekassen has a deposit surplus of DKK 5.8bn exclusive of deposits in pooled plans. Its deposits are primarily made by private customers and small business operators. There are no large single deposits of major significance or no deposits of significance from other financial services companies.

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



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

Liquidity Coverage Ratio (LCR)

At 30 September 2019, Sparekassen's LCR is 277% against the applicable statutory requirement of a minimum LCR of 100%. So the excess liquidity coverage ratio relative to the statutory requirement is 177 percentage points. With the current excess liquidity coverage, and even without regularly optimising the composition of liquid assets to improve the LCR, Sparekassen expects to have a solid excess cover for this liquidity requirement in future too.

Excess liquidity coverage according to the Supervisory Diamond benchmark

Sparekassen has an excess liquidity coverage ratio that has been calculated at 318% under the Supervisory Diamond rules for the benchmark relative to a minimum excess threshold of 100%, resulting in continued solid excess coverage.

Liquidity target

Sparekassen's liquidity target in the short and long term is to have constant sufficient liquidity with comfortable excess cover in accordance with current liquidity requirements. A comfortable excess cover means a level in the range of 25 percentage points in accordance with the LCR requirement, which prescribes a liquidity coverage of 100% of net cash outflow covering a period of 30 days. The 25 percentage point excess cover is also the target for the liquidity benchmark of the Danish FSA Supervisory Diamond. Here the requirement is 100% as well. The internal liquidity management uses higher requirements for excess covers, which

gives a longer response time to handle liquidity transactions before there is a risk of exceeding the high excess cover requirements.

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

Interim financial statements

Q1-Q3 2019

Statement by Management on the Interim Report

The Board of Directors and the Executive Board have today considered and approved the Interim Report of Sparekassen Sjælland-Fyn A/S for the period 1 January to 30 September 2019.

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 30 September 2019 and of

their financial performance and the consolidated cash flows for the period 1 January to 30 September 2019.

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, 6 November 2019

Executive Board

Lars Petersson
Chief Executive Officer

Bruno Riis-Nielsen
Officer of the Savings Bank

Lars Bolding
Officer of the Savings Bank

Board of Directors

Thomas Kullegaard
Chairman

Jakob Nørrekjær Andersson
Vice-Chairman

Bent Andersen

Erik Larsen

Otto Frederik Spliid

Kirsten Hede Nielsen

Per Olsen

Helle Lindhof Bjørnøe

Mads Wallin

Income statement

		Sparekassen Sjælland-Fyn A/S Group			
Note	Amounts in DKK'000	Q1-Q3 2019	Q1-Q3 2018	Q3 2019	Q3 2018
4	Interest income calculated using the effective interest method	413,695	425,687	139,000	141,670
4	Other interest income	47,906	24,346	19,357	9,624
5	Interest expenses	37,034	51,504	12,286	18,171
	Net interest income	424,567	398,529	146,071	133,123
	Dividends on shares etc	24,935	23,565	995	2,270
6	Fees and commission income	393,942	343,964	129,819	106,923
	Fees and commission expenses	12,985	13,899	3,822	4,546
	Net interest and fee income	830,459	752,159	273,063	237,770
7	Market value adjustments	-45,488	34,019	-20,283	25,394
	Other operating income	22,786	12,494	5,268	4,944
8	Staff costs and administrative expenses	531,531	546,425	177,320	184,316
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	57,236	37,308	24,448	10,839
	Other operating expenses	10,558	12,691	3,965	3,833
9	Impairment losses on loans and advances etc	16,295	10,912	5,187	6,479
	Profit/loss on investments in associates and group enterprises	971	887	717	-805
	Profit before tax	193,108	192,223	47,845	61,836
	Income tax	22,974	18,597	3,740	4,031
	Profit after tax	170,134	173,626	44,105	57,805
	Earnings per share				
	Earnings per share (DKK)	8.8	8.0	2.2	2.2
	Diluted earnings per share (DKK)	8.8	8.0	2.2	2.2
	Distributed as follows:				
	Retained earnings (profit allocated to shareholders)	151,828	123,872	37,936	38,081
	Interest, hybrid core capital	18,306	49,754	6,169	19,724
	Total	170,134	173,626	44,105	57,805

Statement of comprehensive income

		Sparekassen Sjælland-Fyn A/S Group			
Note	Amounts in DKK'000	Q1-Q3 2019	Q1-Q3 2018	Q3 2019	Q3 2018
	Profit for the period	170,134	173,626	44,105	57,805
	Other comprehensive income that may not be reclassified to profit or loss				
	Fair value adjustment of properties	0	-250	0	0
	Tax related to fair value adjustment of properties	0	0	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	-346	1	-63	63
	- Tax on other comprehensive income	76	0	14	-14
	Total other comprehensive income	-270	-249	-49	49
	Total comprehensive income	169,864	173,377	44,056	57,854

¹ The fair value adjustment concerns a jointly controlled enterprise.

Balance sheet at 30 September

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	30.09.2019	31.12.2018	30.09.2018
Assets				
	Cash and balances on demand at central banks	455,967	412,575	405,721
	Amounts owed by credit institutions and central banks	1,429,438	1,408,153	2,191,178
	Loans and other amounts owed at amortised cost	12,416,333	12,173,964	12,034,558
	Bonds at fair value	6,718,859	6,620,883	5,832,982
	Shares etc	849,947	801,307	804,084
	Investments in associates	70,783	75,340	68,724
	Assets related to pooled plans	1,698,765	1,313,431	1,192,245
	Intangible assets	116,041	125,090	128,299
10	Total land and buildings	497,304	427,460	395,189
	<i>Investment property</i>	161,323	158,728	126,350
	<i>Owner-occupied property</i>	335,981	268,732	268,839
	Other property, plant and equipment	35,792	48,861	51,044
	Current tax assets	0	0	11,699
	Deferred tax assets	163,029	175,689	177,658
	Temporarily held assets	214	0	0
	Other assets	367,678	210,334	231,241
	Prepayments	76,406	64,277	24,750
	Total assets	24,896,556	23,857,364	23,549,372

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	30.09.2019	31.12.2018	30.09.2018
Equity and liabilities				
Liabilities other than provisions				
	Amounts owed to credit institutions and central banks	705,291	425,191	517,880
	Deposits and other debt	18,224,145	18,222,949	17,368,767
	Deposits in pooled plans	1,698,765	1,313,431	1,192,245
	Current tax liabilities	773	960	0
	Other liabilities	443,248	261,486	237,635
	Deferred income	36,014	23,928	25,804
	Total liabilities other than provisions	21,108,236	20,247,945	19,342,331
Provisions				
	Provisions for losses on guarantees etc	67,452	61,096	70,891
	Other provisions	11,624	10,512	16,304
	Total provisions	79,076	71,608	87,195
11	Subordinated loan capital	522,416	454,499	531,620
Equity				
12	Share capital	173,750	173,750	173,750
	Revaluation reserves	2,882	2,882	2,878
	Undistributable savings bank reserve, other reserves	561,378	561,378	561,378
	Retained earnings	2,062,820	1,959,410	1,935,628
	Total equity exclusive of hybrid core capital	2,800,830	2,697,420	2,673,634
	Hybrid core capital	385,998	385,892	914,592
	Total equity	3,186,828	3,083,312	3,588,226
	Total equity and liabilities	24,896,556	23,857,364	23,549,372

15 Contingent liabilities and assets

Statement of changes in equity

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument ¹	Dividend	Retained earnings	Total equity exclusive of hybrid core capital	Hybrid core capital	Total equity
	Equity at 1.1.2019	173,750	2,882	561,378	-177	43,437	1,916,152	2,697,420	385,892	3,083,312
	Profit for the period	0	0	0	0	0	151,828	151,828	18,306	170,134
	Other comprehensive income									
	Fair value adjustment of financial instruments entered into to hedge future cash flows:									
	Value adjustment for the period	0	0	0	-346	0	0	-346	0	-346
	Tax on other comprehensive income	0	0	0	76	0	0	76	0	76
	Total other comprehensive income	0	0	0	-270	0	0	-270	0	-270
	Comprehensive income for the period	0	0	0	-270	0	151,828	151,558	18,306	169,864
	Purchase of treasury shares	0	0	0	0	0	-11,325	-11,325	0	-11,325
	Sale of treasury shares	0	0	0	0	0	6,590	6,590	0	6,590
	Dividends paid	0	0	0	0	-43,437	23	-43,414	0	-43,414
	Interest paid on hybridcare capital	0	0	0	0	0	0	0	-18,200	-18,200
	Equity at 30.09.2019	173,750	2,882	561,378	-447	0	2,063,269	2,800,830	385,998	3,186,828

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

Statement of changes in equity

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument ¹	Dividend	Retained earnings	Total equity exclusive of hybrid core capital	Hybrid core capital	Total equity
	Equity at 1.1.2018	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	-109,167	-109,167	0	-109,167
	Equity at 01.01.2018, following this	130,312	3,128	561,378	-119	0	1,423,711	2,118,409	584,837	2,703,246
	Profit for the period	0	0	0	0	0	123,872	123,872	49,754	173,626
	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	1	0	0	1	0	1
	Tax on other comprehensive income	0	0	0	0	0	0	0	0	0
	Total other comprehensive income	0	-250	0	1	0	0	-249	0	-249
	Comprehensive income for the period	0	-250	0	1	0	123,872	123,623	49,754	173,377
	Additions from share issue	43,437	0	0	0	0	393,243	436,680	0	436,680
	Additions, hybrid core capital	0	0	0	0	0	-4,076	-4,076	280,000	275,924
	Purchase of treasury shares	0	0	0	0	0	-1,143	-1,143	0	-1,143
	Sale of treasury shares	0	0	0	0	0	150	150	0	150
	Market value adjustments treasury shares	0	0	0	0	0	-8	-8	0	-8
	Equity at 30.09.2018	173,750	2,878	561,378	-118	0	1,935,748	2,673,634	914,592	3,588,226

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

Cash flow statement

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	Q1-Q3 2019	Q1-Q3 2018
	Comprehensive income for the period	169,864	173,377
	Adjustment for amounts without cash flow effect		
	Market value adjustment, shares	15,573	-55,445
	Market value adjustment, bonds	-37,133	-11,210
	Impairment losses on loans and advances etc	16,295	10,912
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	55,656	31,664
	Prepayments (net)	-174	274
	Provisions	7,468	-3,848
	Value adjustments of investment property	7,567	8,620
	Deferred income tax	22,974	18,597
	Adjustment for amounts with cash flow effect		
	Income tax paid	-5,786	-187
	Cash flows from ordinary operating activities	252,304	172,754
	Working capital changes		
	Credit institutions	280,100	78,651
	Loans and advances adjusted for impairment losses etc for the period	-258,573	-485,245
	Other assets and liabilities (net)	-64,264	29,421
	Shares etc	-64,213	-95,064
	Bonds at fair value	-60,843	-982,030
	Bonds at amortised cost - held to maturity	0	99,999
	Deposits and other debt	1,196	779,435
	Total working capital changes	-166,597	-574,833
	Cash flows from operating activities	85,707	-402,079

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	Q1-Q3 2019	Q1-Q3 2019
	Investing activities		
	Additions, investments in associate	2,000	0
	Purchase of intangible assets	-7,004	-4,716
	Sale of intangible assets	0	0
	Purchase of property, plant and equipment	-81,204	-64,167
	Sale of property, plant and equipment	63,527	39,054
	Cash flows from investing activities	-22,681	-29,829
	Financing activities		
	Subordinated loan capital	68,000	129,500
	Hybrid core capital	0	275,924
	Additions from share issue	0	436,680
	Treasure shares etc.	-4,735	-993
	Interest paid on hybrid core capital	-18,200	0
	Dividend paid	-43,414	0
	Cash flows from financing activities	1,651	841,111
	Increase/decrease in cash	64,677	409,203
	Cash and cash equivalents at beginning of period	1,820,728	2,187,696
	Cash and cash equivalents at end of period	1,885,405	2,596,899
	Cash and cash equivalents		
	Cash and balances on demand at central banks	455,967	405,721
	Amounts owed by credit institutions and central banks	1,429,438	2,191,178
	Cash and cash equivalents at end of period	1,885,405	2,596,899

Notes

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'm	Q1-Q3 2019	Q1-Q3 2018	Financial year 2018
1	Financial highlights			
	Principal items of income statement			
	Net interest income	425	399	541
	Net interest and fee income	830	752	1,005
	Market value adjustments	-45	34	21
	Staff costs and administrative expenses	532	546	746
	Amortisation, depreciation and impairment losses on assets	57	37	49
	Impairment losses on loans and advances etc	16	11	4
	Profit on investments in associates and group enterprises	1	1	8
	Income tax	23	19	22
	Profit for the period	170	174	208
	Principal items of balance sheet			
	Loans and advances	12,416	12,035	12,174
	Securities portfolio	7,569	6,637	7,422
	Deposits including pooled deposits	19,923	18,561	19,536
	Subordinated loan capital	522	532	454
	Equity	3,187	3,588	3,083
	Total assets	24,897	23,549	23,857

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'm	Q1-Q3 2019	Q1-Q3 2018	Financial year 2018
	Financial ratios			
	Capital ratio ⁵	17.0	16.8	17.7
	Core capital ratio ⁵	14.2	14.4	15.1
	Return on equity before tax	6.2	6.1	8.0
	Return on equity after tax	5.4	5.5	7.2
	Operating income over operating expenses	1.31	1.32	1.28
	Interest rate risk relative to core capital net of deductions	2.5	0.0	-1.0
	Currency position relative to core capital net of deductions	1.0	0.5	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	66.1	70.2	67.5
	Loans and advances relative to equity	3.9	3.3	3.9
	Growth in loans and advances for the period	2.0	4.1	5.5
	Liquidity, LCR	277	239	278
	Total large exposures (<175 %)	85.3	99.9	96.1
	Impairment ratio for the period	0.1	0.1	0.0
	Accumulated impairment ratio ¹	4.1	5.9	5.8
	Return on capital employed	0.7	0.8	0.9
	Earnings per share (DKK) ³	8.8	8.0	9.3
	Dividend per share (DKK)	0.0	0.0	2.5
	Book value per share (DKK) ²	161.7	154.0	155.3
	Price/earnings per share ³	10.2	14.0	8.7
	Price/equity per share ²	0.6	0.7	0.5
	Share price at end of period	89.6	100.0	80.4
	Staff			
	Average number of employees for the period converted into full-time employees ⁴	595	613	616

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-Q3 2019 and Q1-Q3 2018 have been calculated exclusive of the profit for the period.

Notes

2 Summary of significant accounting policies

The Q1-Q3 2019 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 2018.

The change has been prompted by the implementation of IFRS 16, and it will be of substantial significance to the accounting treatment of the leases incepted by Sparekassen as a lessee. IFRS 16 requires all leases (except for leases of short duration and on low-value assets) to be recognised in the balance sheet as a right of use and a lease commitment that is measured at present value of minimum lease payments over the lease term. Subsequently, the right of use must be amortised like other non-current assets, typically

straight-line over the lease term, and interest must be calculated for the lease commitment consistent with the treatment of finance leases under IAS 17.

The Standard is effective from 1 January 2019.

The effect of the implementation of IFRS 16 on Sparekassen's opening balance sheet is disclosed below. The models etc adopted by Sparekassen are evident from the section "Summary of significant accounting policies" in Sparekassen's 2018 Annual Report. Comparative figures will not be restated. Otherwise, the accounting policies have not been changed.

Leases on low-value assets are included in other non-current assets. At 1 January 2019, low-value asset leases accounted for DKK 3,072k.

Sparekassen's 2018 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 2019 as those used to prepare the consolidated financial statements for 2018.

Amounts in DKK'000	Contingent liabilities	Owner-occupied-property	Other non-current assets	Lease commitments
Corrections to the opening balance sheet (Group)				
Operating lease commitments at 31 December 2018	78,071	-	-	-
Corrections to the opening balance sheet, implementation of IFRS 16	-78,071	81,848	4,420	84,529

Notes

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	Q1-Q3 2019	Q1-Q3 2018
4	Interest income		
	Credit institutions and central banks	561	536
	Loans and advances and other amounts owed	412,583	424,866
	Bonds	32,332	17,971
	Total derivatives	15,574	6,375
	Thereof: - Interest rate contracts	17,022	6,911
	- Foreign exchange contracts	-1,448	-536
	Other interest income	551	285
	Total interest income	461,601	450,033
5	Interest expenses		
	Credit institutions and central banks	4,571	10,702
	Deposits and other debt	9,162	16,073
	Subordinated loan capital	22,201	24,696
	Other interest expenses	1,100	33
	Total interest expenses	37,034	51,504
6	Fees and commission income		
	Securities trading and custody accounts	74,978	71,184
	Payment services	47,286	41,681
	Loan fees	38,462	27,703
	Guarantee commission	135,497	125,525
	Other fees and commissions	97,719	77,871
	Total fees and commission income	393,942	343,964

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	Q1-Q3 2019	Q1-Q3 2019
7	Market value adjustments		
	Bonds	-37,133	-11,210
	Shares	15,573	55,445
	Investment property	-9,201	-7,456
	Foreign exchange	6,349	6,424
	Currency, interest rate, share, commodity and other contracts and derivatives	-21,076	-9,184
	Assets related to pooled plans	137,046	30,787
	Deposits in pooled plans	-137,046	-30,787
	Total market value adjustments	-45,488	34,019
8	Staff costs and administrative expenses		
	Remuneration of the Board of Directors and Executive Board		
	Board of Directors and Executive Board	10,665	8,904
	Total	10,665	8,904
	Staff costs		
	Wages and salaries	263,602	261,130
	Pension contributions	29,101	29,147
	Social security expenses	43,001	41,890
	Total staff costs	335,704	332,167
	Other administrative expenses	185,162	205,354
	Total staff costs and administrative expenses	531,531	546,425

1 The Board of Directors has of 1 april 2019 been expanded with Lars Bolding, Executive Officer of the Savings Bank.

Notes

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	30.09.2019	30.09.2018
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
	Change in accounting policies		-935,421
	Balance of impairment losses/provisions at end of period		0
	Collective impairment losses/provisions		
	Balance of impairment losses/provisions at beginning of period		75,374
	Change in accounting policies		-55,697
	Transferred to management estimates		-19,677
	Balance of impairment losses/provisions at end of period		0
	Stage 1 impairment		
	Balance of stage 1 impairment losses at beginning of period	59,013	0
	Change in accounting policies	0	44,088
	New impairment losses (net)	9,087	1,943
	Balance of stage 1 impairment losses at end of period	68,100	46,031
	- Of which amounts owed by credit institutions and central banks	1	1
	Stage 2 impairment		
	Balance of stage 2 impairment losses at beginning of period	106,153	0
	Change in accounting policies	0	139,360
	New impairment losses (net)	-7,142	-13,247
	Balance of stage 2 impairment losses at end of period	99,011	126,113
	- Of which amounts owed by credit institutions and central banks	287	25

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	30.09.2019	30.09.2018
9	Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account) (continued)		
	Stage 3 impairment		
	Balance of stage 3 impairment losses at beginning of period	848,954	0
	Change in accounting policies	0	882,587
	New impairment losses (net)	18,104	44,807
	Other changes	22,100	115,395
	Value adjustment of assets acquired	0	-4
	Previously written down, now finally written off	300,641	211,622
	Balance of stage 3 impairment losses at end of period	588,517	831,163
	- Of which amounts owed by credit institutions and central banks	0	0
	Provisions losses for guarantees and undrawn credit facilities		
	Balance of provisions at beginning of year	67,183	0
	Change in accounting policies	0	84,439
	New provisions (net)	9,245	-7,981
	Previously provided for, now finally written off	719	0
	Balance of provisions at end of period	75,709	76,458

Notes

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	30.09.2019	30.09.2018
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	1,081,302	1,010,795	
Change in accounting policies	0	139,679	
Impairment losses/provisions for the period (net)	29,294	25,522	
Other changes	22,100	115,395	
Value adjustment of assets acquired	0	-4	
Finally written off, previously written down/provided for	301,360	211,622	
Balance of impairment losses/provisions at end of period	831,336	1,079,765	
Discount regarding business acquisitions	0	25,300	
Balance of impairment losses/provisions and discount at end of period	831,336	1,105,065	
Impairment losses/provisions for the period (net)	29,293	25,522	
Value adjustment of assets acquired	0	-4	
Written off, not previously written down/provided for	10,953	4,404	
Recovery of claims previously written off	23,951	19,011	
Total recognised in the income statement	16,295	10,912	

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	30.09.2019	31.12.2018	30.09.2018	
10	Land and buildings				
	Investment property				
Fair value at beginning of period	158,728	124,446	124,446		
Additions	73,189	91,819	44,355		
Disposals	63,027	50,512	33,831		
Fair value adjustments for the period	-7,567	-7,026	-8,620		
Fair value at end of period	161,323	158,728	126,350		
Rental income	12,081	9,621	7,185		
Operating expenses	2,955	4,565	3,106		
Thereof, operating expenses recognised for investment property not having generated rental income for the year	989	820	694		
		Quoted prices	Observable input	Non-observable input	Total
Fair value hierarchy for investment property					
Group at 30.09.2019	0	0	161,323	161,323	
Group at 31.12.2018	0	0	158,728	158,728	
Group at 30.09.2018	0	0	126,350	126,350	

Notes

Sparekassen Sjælland-Fyn A/S Group				
Note	Amounts in DKK'000	30,09,2019	31,12,2018	30,09,2018
10	Land and buildings (continued)			
	Owner-occupied property			
	Cost at beginning of period	337,803	337,803	337,803
	Additions	100	0	0
	Disposals	0	0	0
	Cost at end of period	337,903	337,803	337,803
	Accumulated depreciation/impairment losses at beginning of period	71,997	65,926	65,926
	Depreciation for the period	312	1,864	1,484
	Impairment losses for the period	500	4,207	5,644
	Disposals for the period	0	0	1,164
	Accumulated depreciation/impairment losses at end of period	72,809	71,997	71,890
	Accumulated revaluation at beginning of period	2,926	3,176	3,176
	Additions for the period	0	0	0
	Disposals for the period	0	-250	-250
	Accumulated revaluation at end of period	2,926	2,926	2,926
	Revalued amount at end of period	268,020	268,732	268,839
	If no revaluation had been made, the carrying amount of owner-occupied property would have been:	265,094	265,806	265,913

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	Quoted prices	Observable input	Non-observable input	Total
10	Land and buildings (continued)				
	Fair value hierarchy for owner-occupied property				
	Group at 30.09.2019	0	0	268,020	268,020
	Group at 31.12.2018	0	0	268,732	268,732
	Group at 30.09.2018	0	0	268,839	268,839
	Investment properties and owner-occupied properties are measured at fair value/revalued amount calculated using a return-based model which is based on an estimate of prices per square metre and a required rate of return. A required rate of return ranging between 5.9% and 10.8% has been used in measuring properties located on Zealand and Funen and in Jutland (Q1-Q3 2018: 4.7% and 9.4%). An increase in the required rate of return would result in a decline in the property's fair value, whereas an increase in rent per square metre relative to the assumptions applied would result in an increase in the value of the property.				
			30.09.2019	31.12.2018	30.09.2018
	Owner-occupied property, revalued amount at period-end, see above		268,020	268,732	268,839
	Owner-occupied property, leased assets		67,961	-	-
	Total owner-occupied property, see balance sheet		335,981	268,732	268,839

Notes

Sparekassen Sjælland-Fyn A/S Group

Note Amounts in DKK'000 Current interest rate 30.09.2019 31.12.2018 30.09.2018

1.1 Subordinated loan capital

Supplementary capital

Floating interest rate, maturing October, 2023, redeemable in 2018 ²⁾ , from 2018 to 2023, the interest rate will be 3 months CIBOR + 6,8% with quarterly adjustment,	8,38 % ¹⁾			118,000
Floating interest rate, maturing July 2024, redeemable in 2019 ²⁾ , from 2019 to 2024, the interest rate will be 3 months CIBOR + 6,75% with quarterly adjustment,	7,81 % ¹⁾	82,000	82,000	82,000
Floating interest rate, maturing July 2025, redeemable in 2020 ²⁾ , from 2020 to 2025, the interest rate will be 6 months CIBOR + 6,9% with half-yearly adjustment,	7,66 % ¹⁾	105,000	105,000	105,000
Floating interest rate, maturing February 2027, redeemable in 2022, From 2022 to 2027, the interest rate will be 6 months CIBOR + 5,5% with half-yearly adjustment,	5,94 % ¹⁾	50,000	50,000	50,000
Floating interest rate, maturing in December 2027, redeemable in 2022, from 2022 to 2027, the interest rate will be six months' CIBOR + 4,39% with half-yearly adjustment,	4,75 % ¹⁾	50,000	50,000	50,000
Floating interest rate, maturing in June 2028, redeemable in 2023, from 2023 to 2028, the interest rate will be six months' CIBOR + 4,11% with half-yearly adjustment,	4,50 % ¹⁾	130,000	130,000	130,000
Floating interest rate, maturing in November 2028, redeemable in 2023, from 2023 to 2028, the interest rate will be six months' CIBOR + 4,24% with half-yearly adjustment,	4,75 % ¹⁾	41,000	41,000	
Floating interest rate, maturing in June 2029, redeemable in 2024, from 2024 to 2029, the interest rate will be six months' CIBOR + 4,64% with half-yearly adjustment,	4,50 % ¹⁾	150,000		
Other ³⁾				20
Total supplementary capital		526,000	458,000	535,020
Total hybrid capital		0	0	0
Total subordinated loan capital		526,000	458,000	535,020
Allowance account		3,584	3,501	3,400
Total subordinated loan capital according to balance sheet		522,416	454,499	531,620

Sparekassen Sjælland-Fyn A/S Group

Note Amounts in DKK'000 Current interest rate 30.09.2019 31.12.2018 30.09.2018

1.1 Subordinated loan capital (continued)

Hybrid capital reclassified to equity

Floating interest rate, perpetual, redeemable in 2018. ²⁾ From 2018, the interest rate will be a five-year SWAP rate + 9.25% with adjustment every five years.	10.83 % ¹⁾			520,000
Floating interest rate, perpetual, redeemable in 2022. From 2022, the interest rate will be six months' CIBOR + 6.39% with half-yearly adjustment.	6.75 % ¹⁾	55,000	55,000	55,000
Floating interest rate, perpetual, redeemable in 2023. From 2023, the interest rate will be six months' CIBOR + 6.11% with half-yearly adjustment.	6.50 % ¹⁾	280,000	280,000	280,000
Floating interest rate, perpetual, redeemable in 2023. From 2023, the interest rate will be six months' CIBOR + 5.74% with half-yearly adjustment.	6.25 % ¹⁾	41,000	41,000	
Total hybrid capital, reclassified to equity		376,000	376,000	855,000
Subordinated loan capital included in the calculation of capital resources		898,416	830,499	748,600

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

3) Top interest-rate certificates', 10-year maturity period. Fixed interest rate of 4.5% to 5.75% maturing in May 2018 (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 Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	30.09.2019	31.12.2018	30.09.2018
------	--------------------	------------	------------	------------

11 Subordinated loan capital (continued)

Interest etc on subordinated loan capital

	30.09.2019	31.12.2018	30.09.2018
Interest (excluding interest on reclassified hybrid core capital recognised as equity)	22,201	32,545	24,696
Extraordinary repayments/redemptions/remortgaging	0	118,520	500
Expenses for raising subordinated loan capital	1,075	2,086	1,653
Expenses for redeeming subordinated loan capital	0	0	0

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

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	30.09.2019	30.09.2018	30.09.2019	30.09.2018
------	--------------------	------------	------------	------------	------------

12 Share capital

	Number of shares	Nominal value (DKK'000)		
Share capital, Sparekassen Sjælland-Fyn A/S	17,374,973	13,031,230	173,750	130,312
Increase of share capital	0	4,343,743	0	43,437
Total	17,374,973	17,374,973	173,750	173,750

	Number of shares	Nominal value (DKK'000)	Participation %
Treasury shares			
Treasury shares at 31.12.2017	0	0	0.0
Purchased	11,000	110	0.1
Sold	1,500	15	0.0
Treasury shares at 30.09.2018	9,500	95	0.1
Treasury shares at 30.09.2019			
Treasury shares at 31.12.2018	9,265	93	0.1
Purchased	121,724	1,217	0.7
Sold	72,000	720	0.4
Treasury shares at 30.09.2019	58,989	590	0.3

Total purchase price DKK 11,325k (Q1-Q3 2018: DKK 1,142k)

Total selling price DKK 6,590k (Q1-Q3 2018: DKK 150k)

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

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 DKK 6m in market value in 2019.

Notes

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	30.09.2019	30.09.2018
12 Share capital (continued)			
Earnings per share			
Earnings of shareholders of the Parent Sparekassen Sjælland-Fyn A/S		151,828	123,872
Average number of shares		17,374,973	15,525,504
Average number of treasury shares		34,127	4,750
Average number of shares outstanding		17,340,846	15,520,754
Average dilution effect of outstanding share options		0	0
Average number of outstanding shares (diluted)		17,340,846	15,520,754
Earnings per share (DKK)		8.8	8.0
Diluted earnings per shares (DKK)		8.8	8.0

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	30.09.2019	31.12.2018	30.09.2018
13 Assets provided as collateral				
Bonds deposited with Danmarks Nationalbank, clearing centres etc		1,143,735	935,928	433,095
Cash deposited with credit institutions, CSA agreements		26,196	22,902	26,627
Loss limit towards the Danish Growth Fund		291	291	291
Total		1,170,222	959,121	460,013

Unencumbered deposited securities may be released at call.

14 Related party transactions

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

There have been no unusual related party transactions in Q1-Q3 2019.

Notes

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	30.09.2019	31.12.2018	30.09.2018
15	Contingent liabilities and assets			
	Financial guarantees	2,354,795	1,237,861	1,074,952
	Mortgage finance guarantees	2,462,956	2,402,119	2,318,702
	Registration and remortgaging guarantees	77,157	87,343	88,675
	Other contingent liabilities	1,745,227	1,630,001	1,602,907
	Total	6,640,135	5,357,324	5,085,236

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.

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 57.7m (31 December 2018: DKK 73.6m; 30 September 2018: DKK 72.2m) will have to be paid.

The Group has other lease commitments for which a maximum of DKK 3.8m will be payable upon termination of the leases. (31 December 2018: DKK 4.5m; 30 September 2018: DKK 4.6m)

Sparekassen Sjælland-Fyn A/S Group

Note Amounts in DKK'000

15 Contingent liabilities and assets (continued)

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.

30.09.2019 31.12.2018 30.09.2018

Contingent assets, group

Deferred tax assets, written down	97,633	106,978	115,284
-----------------------------------	--------	---------	---------

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

Notes

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	30.09.2019	31.12.2018	30.09.2018
16 Capital resources ¹				
Equity excluding hybrid core capital		2,800,830	2,697,420	2,673,634
Intangible assets		-116,041	-125,090	-128,299
Tax assets		-163,029	-175,689	-177,658
Proposed dividend		0	-43,437	0
Deduction, capital instruments exceeding 10%		-215,007	-174,878	-180,128
Other deductions etc		-74,975	116,644	-45,033
Common Equity Tier 1 capital		2,231,778	2,294,970	2,142,516
Hybrid core capital		376,000	376,000	335,000
Core capital (including hybrid core capital) net of primary deductions		2,607,778	2,670,970	2,477,516
Supplementary capital		522,416	454,499	413,600
Capital resources		3,130,194	3,125,469	2,891,116
Risk exposures				
Credit risk		14,743,979	14,621,223	14,410,118
Market risk		1,781,449	1,202,515	967,852
Operational risk		1,856,049	1,814,764	1,814,764
Total risk exposures		18,381,476	17,638,502	17,192,734
Capital ratio		17.0	17.7	16.8
Core capital ratio		14.2	15.1	14.4
Common Equity Tier 1 capital ratio		12.1	13.0	12.5
Capital resources, requirement under Section 124(2) of the Danish Financial Business Act		1,470,518	1,411,080	1,375,419

1) Sparekassen's capital resources and capital ratios calculated inclusive of transitional scheme and exclusive of net profit for the period at 30.09.2019 og 30.09.2018.

Had net profit for the period, reduced by the target dividend payment stated in the dividend policy, been included in capital resources, the capital ratio, the core capital ratio and the common equity tier 1 capital ratio would have been 0.8 percentage points higher (30 September 2018: capital ratio, core capital ratio and common equity tier 1 capital ratio 0,9 percentage points higher).

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	30.09.2019	31.12.2018	30.09.2018
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 scheme ²				
Common Equity Tier 1 capital		2,131,928	2,183,373	2,030,918
Core capital (including hybrid core capital) net of primary deductions		2,507,928	2,559,373	2,365,918
Capital resources		3,030,344	3,013,872	2,779,518
Total risk exposures		18,376,336	17,705,728	17,188,927
Capital ratio		16.5	17.0	16.2
Core capital ratio		13.6	14.5	13.8
Common Equity Tier 1 capital ratio		11.6	12.3	11.8

² Sparekassen's capital resources and capital ratios calculated inclusive of transitional scheme and exclusive of net profit for the period at 30.09.2019 and 30.09.2018.

Had net profit for the period, reduced by the target dividend payment stated in the dividend policy, been included in capital resources, the capital ratio, the core capital ratio and the common equity tier 1 capital ratio would have been 0.8 percentage points higher (30 September 2018: capital ratio, core capital ratio and common equity tier 1 capital ratio 0,9 percentage points higher).

Notes

Note	Amounts in DKK'000	Sparekassen Sjælland-Fyn A/S Group	
		Fair value	Amortised costs

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

Financial assets and liabilities are recognised in the balance sheet either at fair value through profit or loss or at amortised cost.

Below, the valuation method is stated for each financial statement item.

	30.09.2019		30.09.2018	
Financial assets				
Cash and balances on demand at central banks		455,967		405,721
Amounts owed by credit institutions and central banks		1,429,438		2,191,178
Loans and advances and other amounts owed at amortised cost		12,416,333		12,034,558
Bonds at fair value	6,718,859		5,832,982	
Shares etc	849,947		804,084	
Assets related to pooled plans	1,698,765		1,192,245	
Positive market value of derivatives	38,544		26,506	
Total financial assets	9,306,115	14,301,738	7,855,817	14,631,457
Financial liabilities				
Amounts owed to credit institutions and central banks		705,291		517,880
Deposits and other debt		18,224,145		17,368,767
Deposits in pooled plans	1,698,765		1,192,245	
Subordinated loan capital		522,416		531,620
Negative market value of derivatives	38,680		29,875	
Total financial liabilities	1,737,445	19,451,852	1,222,120	18,418,267

Note	Sparekassen Sjælland-Fyn A/S Group	
	Fair value	Amortised costs

17 Financial assets and liabilities, Sparekassen Sjælland-Fyn A/S Group (continued)

Financial instruments recognised at fair value

Financial instruments are measured based on quoted prices in active markets (Level 1), on generally accepted valuation models with observable market data (Level 2) or on available data that is observable only to a limited extent (Level 3).

Measurement of financial instruments for which prices are quoted in active markets or which is based on generally accepted valuation models with observable market data is not subject to significant estimates.

For financial instruments the measurement of which is based on available data that only to a limited extent is observable market data, such measurement is subject to estimates. Shares etc in Levels 2 and 3 primarily comprise unlisted shares in sector companies and unlisted investment fund certificates.

For unlisted shares in the form of shares in sector-owned companies where such shares are reallocated, such reallocation is considered to be the primary market of the shares. Fair value is determined as the reallocation price, and the shares are included as Level 2 input (observable prices).

For other unlisted shares in sector-owned companies for which observable input is not directly available, measurement is subject to estimates which include information from the companies' financial statements, experience from trading in shares in the relevant companies and input from a qualified external party. The industry association Lokale Pengeinstitutter (LOPI) recommends quarterly fair values of some of the so-called sector shares, meaning the shares held by the banks to participate actively in the infrastructure and the ranges of products supporting the business foundation of the sector. The prices recommended by LOPI are based on shareholders' agreements and transactions conducted in the sector.

Sparekassen makes an independent assessment of the prices recommended and verifies consistency with transactions conducted and financial statements published. Sparekassen estimates that alternative methods for measuring fair value of these shares will not led to much different fair values.

Notes

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	Quoted prices (Level 1)	Observable input (Level 2)	Non-observable input (Level 3)	Total
------	--------------------	----------------------------	-------------------------------	-----------------------------------	-------

17 Financial assets and liabilities, Sparekassen Sjælland-Fyn A/S Group (continued)

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

	30.09.2019			
Financial assets				
Bonds at fair value	6,718,859	0	0	6,718,859
Shares etc	59,060	396,101	394,786	849,947
Assets related to pooled plans	1,690,658	8,107	0	1,698,765
Derivatives	0	38,544	0	38,544
Total financial assets	8,468,577	442,752	394,786	9,306,115
Financial liabilities				
Deposits in pooled plans	0	1,698,765	0	1,698,765
Derivative financial liabilities	0	38,680	0	38,680
Total financial liabilities	0	1,737,445	0	1,737,445
	30.09.2018			
Financial assets				
Bonds at fair value	5,807,982	25,000	0	5,832,982
Shares etc	78,927	245,036	480,121	804,084
Assets related to pooled plans	1,162,181	30,064	0	1,192,245
Derivatives	0	26,506	0	26,506
Total financial assets	7,049,090	326,606	480,121	7,855,817
Financial liabilities				
Deposits in pooled plans	0	1,192,245	0	1,192,245
Derivative financial liabilities	0	29,875	0	29,875
Total financial liabilities	0	1,222,120	0	1,222,120

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	30.09.2019	30.09.2018
------	--------------------	------------	------------

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	382,871	410,826
Market value adjustment in profit or loss, under market value adjustments	9,722	1,395
Purchased	77,847	169,457
Sold	75,654	101,557
Carrying amount at end of period	394,786	480,121

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 363.1m (30 September 2018: DKK 353.5m).

Sparekassen's portfolio of Kapitalforeningen BI Private Equity instruments of DKK 7m has been transferred from Level 1 to Level 3 as the investment fund was delisted on 14 December 2018. In 2019, no financial instruments were transferred among the different levels. There are no financial instruments for which it has not been possible to measure fair value reliably. If the classification of a financial instrument has changed compared to the beginning of the financial period, such change is deemed to have taken place at the end of the financial period.

Notes

Sparekassen Sjælland-Fyn A/S Group

Note

17 Financial assets and liabilities, Sparekassen Sjælland-Fyn A/S Group (continued)

Financial instruments recognised at amortised cost

The predominant portion of the Group's receivables, loans and advances and deposits cannot be transferred without the customers' prior consent, and no active market exists for trading in such financial instruments. Fair value estimates are based on factors where changes have occurred in market conditions subsequent to initial recognition of the instrument that are of relevance to the price which would have been agreed had the terms and conditions been agreed on the balance sheet date. Other parties might reach another amount for such estimates.

The data on fair value of financial instruments recognised at amortised cost is based on the following assessments:

- If a quoted market price exists for a financial instrument, such price is used. This is the case for bonds measured at amortised cost.
- For some of the Group's deposits and loans and advances etc, the interest rate relies on developments in interest rates. Therefore, the fair value is essentially deemed to be consistent with the carrying amount.
- The fair value of loans and advances has been determined based on an informed estimate that is built on the Group regularly changing its loan covenants to match current market conditions. For loans and advances, the impairment losses recognised are considered to correspond to fair value adjustments of the credit risk. The difference relative to fair values is composed entirely of fees and commission received but not recognised.
- Fair value of amounts owed by credit institutions and central banks is determined using the same method as for loans and advances.
- The fair value of deposits, bonds issued and subordinated loan capital is deemed to be equivalent, in all material respects, with the carrying amount.

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	Carrying amount	Fair value	Carrying amount	Fair value
17	Financial assets and liabilities, Sparekassen Sjælland-Fyn A/S Group (continued)				
	Financial instruments recognised at amortised cost, disclosures on fair value				
	Financial assets	30.09.2019		30.09.2018	
	Cash and balances on demand at central banks	455,967	455,967	405,721	405,721
	Amounts owed by credit institutions and central banks	1,429,438	1,429,438	2,191,178	2,191,178
	Loans and advances and other amounts owed at amortised cost	12,416,333	12,472,127	12,034,558	12,090,126
	Total financial assets	14,301,738	14,357,532	14,631,457	14,687,025
	Financial liabilities				
	Amounts owed to credit institutions and central banks	705,291	705,291	517,880	517,880
	Deposits and other debt	18,224,145	18,224,145	17,368,767	17,368,767
	Subordinated loan capital	522,416	522,416	531,620	531,620
	Total financial liabilities	19,451,852	19,451,852	18,418,267	18,418,267

Income statement

		Sparekassen Sjælland-Fyn A/S (Parent)			
Note	Amounts in DKK'000	Q1-Q3 2019	Q1-Q3 2018	Q3 2019	Q3 2018
4	Interest income calculated using the effective interest method	396,727	407,618	133,250	135,876
4	Other interest income	47,906	24,346	19,357	9,624
5	Interest expenses	38,171	51,287	12,629	18,029
	Net interest income	406,462	380,677	139,978	127,471
	Dividends on shares etc	24,935	23,565	995	2,270
6	Fees and commission income	394,147	343,898	129,922	106,897
	Fees and commission expenses	12,811	13,661	3,761	4,473
	Net interest and fee income	812,733	734,479	267,134	232,165
7	Market value adjustments	-35,771	40,278	-15,224	25,086
	Other operating income	8,009	4,534	1,048	1,781
8	Staff costs and administrative expenses	517,182	546,936	172,727	185,219
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	68,888	30,500	28,330	9,951
	Other operating expenses	6,506	8,265	2,405	2,650
9	Impairment losses on loans and advances etc	26,204	11,037	16,518	6,357
	Profit/loss on investments in associates and group enterprises	21,581	6,332	12,443	5,809
	Profit before tax	187,772	188,885	45,421	60,664
	Income tax	17,638	15,259	1,316	2,859
	Profit after tax	170,134	173,626	44,105	57,805
	Earnings per share				
	Earnings per share (DKK)	8.8	8.0	2.2	2.2
	Diluted earnings per share (DKK)	8.8	8.0	2.2	2.2
	Distributed as follows:				
	Retained earnings (profit allocated to shareholders)	151,828	123,872	37,936	38,081
	Interest, hybrid core capital	18,306	49,754	6,169	19,724
	Total	170,134	173,626	44,105	57,805

Statement of comprehensive income

		Sparekassen Sjælland-Fyn A/S (Parent)			
Note	Amounts in DKK'000	Q1-Q3 2019	Q1-Q3 2018	Q3 2019	Q3 2018
	Profit for the period	170,134	173,626	44,105	57,805
	Other comprehensive income that may not be reclassified to profit or loss				
	Fair value adjustment of properties	0	-250	0	0
	Tax related to fair value adjustment of properties	0	0	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	-346	1	-63	63
	- Tax on other comprehensive income	76	0	14	-14
	Total other comprehensive income	-270	-249	-49	49
	Total comprehensive income	169,864	173,377	44,056	57,854

¹ The fair value adjustment concerns a jointly controlled enterprise.

Balance sheet at 30 September

Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'000	30.09.2019	31.12.2018	30.09.2018
Assets				
	Cash and balances on demand at central banks	455,967	412,575	405,721
	Amounts owed by credit institutions and central banks	1,425,553	1,402,499	2,184,319
	Loans and other amounts owed at amortised cost	12,503,275	12,239,986	12,057,568
	Bonds at fair value	6,718,859	6,620,883	5,832,982
	Shares etc	849,947	801,307	804,084
	Investments in associates	35,194	38,315	33,089
	Investments in group enterprises	369,498	352,514	346,382
	Assets related to pooled plans	1,698,765	1,313,431	1,192,245
	Intangible assets	116,041	125,090	128,299
	Total land and buildings	209,922	58,082	58,169
	<i>Investment property</i>	6,305	7,289	7,269
	<i>Owner-occupied property</i>	203,617	50,793	50,900
	Other property, plant and equipment	35,792	48,861	51,044
	Current tax assets	8,222	2,700	18,754
	Deferred tax assets	152,966	165,626	167,107
	Other assets	327,909	172,106	202,371
	Prepayments	76,002	64,209	24,422
	Total assets	24,983,912	23,818,184	23,506,556

Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'000	30.09.2019	31.12.2018	30.09.2018
Equity and liabilities				
Liabilities other than provisions				
	Amounts owed to credit institutions and central banks	704,010	423,810	516,444
	Deposits and other debt	18,276,727	18,236,324	17,375,690
	Deposits in pooled plans	1,698,765	1,313,431	1,192,245
	Other liabilities	499,892	228,568	205,881
	Deferred income	16,200	6,632	9,255
	Total liabilities other than provisions	21,195,594	20,208,765	19,299,515
Provisions				
	Provisions for losses on guarantees etc	67,452	61,096	70,891
	Other provisions	11,624	10,512	16,304
	Total provisions	79,076	71,608	87,195
	Subordinated loan capital	522,416	454,499	531,620
Equity				
	Share capital	173,750	173,750	173,750
	Revaluation reserves	2,882	2,882	2,878
	Undistributable savings bank reserve, other reserves	561,378	561,378	561,378
	Retained earnings	2,062,818	1,959,410	1,935,628
	Total equity exclusive of hybrid core capital	2,800,828	2,697,420	2,673,634
	Hybrid core capital	385,998	385,892	914,592
	Total equity	3,186,826	3,083,312	3,588,226
	Total equity and liabilities	24,983,912	23,818,184	23,506,556

Statement of changes in equity

Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'000	Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument ¹	Dividend	Retained earnings	Total equity exclusive of hybrid core capital	Hybrid core capital	Total equity
	Equity at 1.1.2019	173,750	2,882	561,378	-177	43,437	1,916,152	2,697,420	385,892	3,083,312
	Profit for the period	0	0	0	0	0	151,828	151,828	18,306	170,134
	Other comprehensive income									
	Fair value adjustment of financial instruments entered into to hedge future cash flows:									
	Value adjustment for the period	0	0	0	-346	0	0	-346	0	-346
	Tax on other comprehensive income	0	0	0	76	0	0	76	0	76
	Total other comprehensive income	0	0	0	-270	0	0	-270	0	-270
	Comprehensive income for the period	0	0	0	-270	0	151,828	151,558	18,306	169,864
	Purchase of treasury shares	0	0	0	0	0	-11,325	-11,325	0	-11,325
	Sale of treasury shares	0	0	0	0	0	6,590	6,590	0	6,590
	Dividends paid	0	0	0	0	-43,437	23	-43,414	0	-43,414
	Interest paid on hybridcare capital	0	0	0	0	0	0	0	-18,200	-18,200
	Equity at 30.09.2019	173,750	2,882	561,378	-447	0	2,063,269	2,800,830	385,998	3,186,828

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

Statement of changes in equity

		Sparekassen Sjælland-Fyn A/S (Parent)								
Note	Amounts in DKK'000	Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument ¹	Dividend	Retained earnings	Total equity exclusive of hybrid core capital	Hybrid core capital	Total equity
	Equity at 1.1.2018	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	-109,167	-109,167	0	-109,167
	Equity at 01.01.2018, following this	130,312	3,128	561,378	-119	0	1,423,711	2,118,409	584,837	2,703,246
	Profit for the period	0	0	0	0	0	123,872	123,872	49,754	173,626
	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	1	0	0	1	0	1
	Tax on other comprehensive income	0	0	0	0	0	0	0	0	0
	Total other comprehensive income	0	-250	0	1	0	0	-249	0	-249
	Comprehensive income for the period	0	-250	0	1	0	123,872	123,623	49,754	173,377
	Additions from share issue	43,437	0	0	0	0	393,243	436,680	0	436,680
	Additions, hybrid core capital	0	0	0	0	0	-4,076	-4,076	280,000	275,924
	Purchase of treasury shares	0	0	0	0	0	-1,143	-1,143	0	-1,143
	Sale of treasury shares	0	0	0	0	0	150	150	0	150
	Market value adjustments treasury shares	0	0	0	0	0	-8	-8	0	-8
	Equity at 30.09.2018	173,750	2,878	561,378	-118	0	1,935,749	2,673,635	914,592	3,588,226

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

Notes

Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'm	Q1-Q3 2019	Q1-Q3 2018	Financial year 2018
1	Financial highlights			
	Principal items of income statement			
	Net interest income	406	381	517
	Net interest and fee income	813	734	981
	Market value adjustments	-36	40	27
	Staff costs and administrative expenses	517	547	745
	Amortisation, depreciation and impairment losses on assets	69	31	43
	Impairment losses on loans and advances etc	26	11	5
	Profit on investments in associates and group enterprises	22	6	18
	Income tax	18	15	18
	Profit for the period	170	174	208
	Principal items of balance sheet			
	Loans and advances	12,503	12,058	12,240
	Securities portfolio	7,569	6,637	7,422
	Deposits including pooled deposits	19,976	18,568	19,549
	Subordinated loan capital	522	532	454
	Equity	3,187	3,588	3,083
	Total assets	24,984	23,506	23,818

Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'm	Q1-Q3 2019	Q1-Q3 2018	Financial year 2018
	Financial ratios			
	Capital ratio ⁵	16.9	16.8	17.7
	Core capital ratio ⁵	14.1	14.4	15.2
	Return on equity before tax	6.0	6.0	7.8
	Return on equity after tax	5.4	5.5	7.2
	Operating income over operating expenses	1.30	1.32	1.28
	Interest rate risk relative to core capital net of deductions	2.2	-0.3	-1.2
	Currency position relative to core capital net of deductions	1.0	0.5	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	66.2	70.1	67.6
	Loans and advances relative to equity	3.9	3.4	4.0
	Growth in loans and advances for the period	2.2	4.4	6.1
	Liquidity, LCR	277	239	278
	Total large exposures (<175 %)	84.8	99.4	95.5
	Impairment ratio for the period	0.1	0.1	0.0
	Accumulated impairment ratio ¹	4.0	5.7	5.6
	Return on capital employed	0.7	0.8	0.9
	Earnings per share (DKK) ³	8.8	8.0	9.3
	Dividend per share (DKK)	0.0	0.0	2.5
	Book value per share (DKK) ²	161.7	154.0	155.3
	Price/earnings per share ³	10.2	14.0	8.7
	Price/equity per share ²	0.6	0.7	0.5
	Share price at end of period	89.6	100.0	80.4
	Staff			
	Average number of employees for the period converted into full-time employees ⁴	595	613	616

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-Q3 2019 and Q1-Q3 2018 have been calculated exclusive of the profit for the period.

Notes

2 Summary of significant accounting policies

The Q1-Q3 2019 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 2018.

The change has been prompted by the implementation of IFRS 16, and it will be of substantial significance to the accounting treatment of the leases incepted by Sparekassen as a lessee. IFRS 16 requires all leases (except for leases of short duration and on low-value assets) to be recognised in the balance sheet as a right of use and a lease commitment that is measured at present value of minimum lease payments over the lease term. Subsequently, the right of use must be amortised like other non-current assets, typically straight-line over the lease term, and interest must be calculated for the lease commitment consistent with the treatment of finance leases under IAS 17.

The Standard is effective from 1 January 2019.

Sparekassen has opted for early adoption of the Danish FSA's amending executive order no 1441 of 3 December 2018 so that leases will be recognised and measured in the same manner at parent level as well as at group level.

The effect of the implementation of IFRS 16 on Sparekassen's opening balance sheet is disclosed below. The models etc adopted by Sparekassen are evident from the section "Summary of significant accounting policies" in Sparekassen's 2018 Annual Report. Comparative figures will not be restated. Otherwise, the accounting policies have not been changed.

Leases on low-value assets are included in other non-current assets. At 1 January 2019, low-value asset leases accounted for DKK 3,072k.

Sparekassen's 2018 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 2019 as those used to prepare the parent financial statements for 2018.

Amounts in DKK'000	Contingent liabilities	Owner-occupied property	Other non-current assets	Lease commitments
Corrections to the opening balance sheet (Parent)				
Operating lease commitments at 31 December 2018	158,751	-	-	-
Corrections to the opening balance sheet, implementation of IFRS 16	-158,751	180,461	4,420	181,653

Notes

Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'000	Q1-Q3 2019	Q1-Q3 2018
4	Interest income		
	Credit institutions and central banks	452	394
	Loans and advances and other amounts owed	395,836	407,059
	Bonds	32,332	17,971
	Total derivatives	15,574	6,375
	Thereof: - Interest rate contracts	17,022	-536
	- Foreign exchange contracts	-1,448	6,911
	Other interest income	439	165
	Total interest income	444,633	431,964
5	Interest expenses		
	Credit institutions and central banks	4,566	10,535
	Deposits and other debt	8,981	16,023
	Subordinated loan capital	22,201	24,696
	Other interest expenses	2,423	33
	Total interest expenses	38,171	51,287
6	Fees and commission income		
	Securities trading and custody accounts	74,978	71,184
	Payment services	47,286	41,681
	Loan fees	38,462	27,703
	Guarantee commission	135,497	125,525
	Other fees and commissions	97,924	77,805
	Total fees and commission income	394,147	343,898

Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'000	Q1-Q3 2019	Q1-Q3 2018
7	Market value adjustments		
	Bonds	-36,626	-11,752
	Shares	15,573	55,445
	Investment property	9	-655
	Foreign exchange	6,350	6,424
	Currency, interest rate, share, commodity and other contracts and derivatives	-21,077	-9,184
	Assets related to pooled plans	137,046	30,787
	Deposits in pooled plans	-137,046	-30,787
	Total market value adjustments	-35,771	40,278
8	Staff costs and administrative expenses		
	Remuneration of the Board of Directors and Executive Board		
	Board of Directors and Executive Board	10,601	8,904
	Total	10,601	8,904
	Staff costs		
	Wages and salaries	263,602	261,130
	Pension contributions	29,101	29,147
	Social security expenses	43,001	41,889
	Total staff costs	335,704	332,166
	Other administrative expenses	170,877	205,866
	Total staff costs and administrative expenses	517,182	546,936

1 The Board of Directors has of 1 april 2019 been expanded with Lars Bolding, Executive Officer of the Savings Bank.

Notes

Sparekassen Sjælland-Fyn A/S (Parent)			
Note	Amounts in DKK'000	30.09.2019	30.09.2018
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
	Change in accounting policies		-893,100
	Balance of impairment losses/provisions at end of period		0
	Collective impairment losses/provisions		
	Balance of impairment losses/provisions at beginning of period		74,514
	Change in accounting policies		-55,389
	Transferred to management estimates		-19,125
	Balance of impairment losses/provisions at end of period		0
	Stage 1 impairment		
	Balance of stage 1 impairment losses at beginning of period	57,590	0
	Change in accounting policies	0	44,088
	New impairment losses (net)	8,557	1,943
	Balance of stage 1 impairment losses at end of period	66,147	46,031
	- Of which amounts owed by credit institutions and central banks	1	1
	Stage 2 impairment		
	Balance of stage 2 impairment losses at beginning of period	104,699	0
	Change in accounting policies	0	135,734
	New impairment losses (net)	-17,276	-12,799
	Balance of stage 2 impairment losses at end of period	87,423	122,935
	- Of which amounts owed by credit institutions and central banks	287	25

Sparekassen Sjælland-Fyn A/S (Parent)			
Note	Amounts in DKK'000	30.09.2019	30.09.2018
9	Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account) (continued)		
	Stage 3 impairment		
	Balance of stage 3 impairment losses at beginning of period	814,534	0
	Change in accounting policies	0	840,266
	New impairment losses (net)	37,051	42,523
	Other changes	22,100	115,395
	Value adjustment of assets acquired	0	-4
	Previously written down, now finally written off	299,434	203,032
	Balance of stage 3 impairment losses at end of period	574,251	795,148
	- Of which amounts owed by credit institutions and central banks	0	0
	Provisions losses for guarantees and undrawn credit facilities		
	Balance of provisions at beginning of year	67,183	0
	Change in accounting policies	0	84,439
	New provisions (net)	9,245	-7,981
	Previously provided for, now finally written off	719	0
	Balance of provisions at end of period	75,709	76,458

Notes

Sparekassen Sjælland-Fyn A/S (Parent)			
Note	Amounts in DKK'000	30.09.2019	30.09.2018
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	1,044,006	967,614	
Change in accounting policies	0	136,913	
Impairment losses/provisions for the period (net)	37,577	23,686	
Other changes	22,100	115,395	
Value adjustment of assets acquired	0	-4	
Finally written off, previously written down/provided for	300,153	203,032	
Balance of impairment losses/provisions at end of period	803,530	1,040,572	
Discount regarding business acquisitions	0	25,300	
Balance of impairment losses/provisions and discount at end of period	803,530	1,065,872	
Impairment losses/provisions for the period (net)	37,577	23,686	
Value adjustment of assets acquired	0	-4	
Written off, not previously written down/provided for	10,268	3,753	
Recovery of claims previously written off	21,641	16,399	
Total recognised in the income statement	26,204	11,037	

Sparekassen Sjælland-Fyn A/S (Parent)				
Note	Amounts in DKK'000	30.09.2019	31.12.2018	30.09.2018
10	Assets provided as collateral			
Bonds deposited with Danmarks Nationalbank, clearing centres etc		1,143,735	935,928	433,095
Cash deposited with credit institutions, CSA agreements		26,196	22,902	26,627
Loss limit towards the Danish Growth Fund		291	291	291
Total		1,170,222	959,121	460,013

Unencumbered deposited securities may be released at call.

Notes

Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'000	30.09.2019	31.12.2018	30.09.2018
11 Capital resources¹				
Equity excluding hybrid core capital		2,800,828	2,697,420	2,673,634
Intangible assets		-116,041	-125,090	-128,299
Tax assets		-152,966	-165,626	-167,107
Proposed dividend		0	-43,437	0
Deduction, capital instruments exceeding 10%		-213,826	-173,404	-179,092
Other deductions etc		-73,221	121,319	-45,224
Common Equity Tier 1 capital		2,244,774	2,311,182	2,153,912
Hybrid core capital		376,000	376,000	335,000
Core capital (including hybrid core capital) net of primary deductions		2,620,774	2,687,182	2,488,912
Supplementary capital		522,416	454,499	413,600
Capital resources		3,143,190	3,141,681	2,902,512
Risk exposures				
Credit risk		14,960,081	14,765,100	14,519,338
Market risk		1,781,692	1,203,013	968,169
Operational risk		1,805,485	1,764,583	1,764,583
Total risk exposures		18,547,258	17,732,696	17,252,090
Capital ratio		16.9	17.7	16.8
Core capital ratio		14.1	15.2	14.4
Common Equity Tier 1 capital ratio		12.1	13.0	12.5
Capital resources, requirement under Section 124(2) of the Danish Financial Business Act		1,483,781	1,418,616	1,380,167

¹ Sparekassen's capital resources and capital ratios calculated inclusive of transitional scheme and exclusive of net profit for the period at 30.09.2019 and 30.09.2018.

Had net profit for the period, reduced by the target dividend payment stated in the dividend policy, been included in capital resources, the capital ratio, the core capital ratio and the common equity tier 1 capital ratio would have been 0.8 percentage points higher (30 September 2018: capital ratio, core capital ratio and common equity tier 1 capital ratio 0.9 percentage points higher).

Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'000	30.09.2019	31.12.2018	30.09.2018
11 Capital resources¹ (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		2,144,924	2,199,585	2,042,314
Core capital (including hybrid core capital) net of primary deductions		2,520,924	2,575,585	2,377,314
Capital resources		3,043,340	3,030,084	2,790,914
Total risk exposures		18,549,871	17,737,813	17,248,283
Capital ratio		16.4	17.1	16.2
Core capital ratio		13.6	14.5	13.8
Common Equity Tier 1 capital ratio		11.6	12.4	11.8

² Sparekassen's capital resources and capital ratios calculated inclusive of transitional scheme and exclusive of net profit for the period at 30.09.2019 and 30.09.2018.

Had net profit for the period, reduced by the target dividend payment stated in the dividend policy, been included in capital resources, the capital ratio, the core capital ratio and the common equity tier 1 capital ratio would have been 0.8 percentage points higher (30 September 2018: capital ratio, core capital ratio and common equity tier 1 capital ratio 0.9 percentage points higher).

