



H1 2019 Interim Report

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

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

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H1 2019 highlights

PRE-TAX PROFIT

Up 11 %

Pre-tax profit stands at DKK 145.3m. Net profit amounts to DKK 126.0m and provides a 8.2% return on opening equity.

CORE EARNINGS

Up 41 %

The very satisfactory developments from Q1 2019 continued to gain momentum in Q2 2019.

PROFIT ALLOCATED TO SHAREHOLDERS

Up 33 %

With a profit allocated to shareholders of DKK 113.9m this profit has risen steeply.

COSTS

Down 2 %

Optimising costs is a key element of Sparekassen's 2021 strategy plan "New Ways". Staff costs and administrative expenses are down 2%.

LOAN BOOK IMPROVED FOR

18. quarters running

The positive development in the credit book is continuing, and the share of OEI customers is going down, for 18 quarters running. H1 impairment losses total DKK 11.1m.

UPWARD ADJUSTMENT OF EXPECTATIONS

DKK 215-240m before tax

The upward adjustment of earnings expectations is based on increased activities in the housing market, strong customer momentum and focus on cost management in accordance with the "New Ways" strategy plan. Refer to company announcement no 13/2019 of 22 July.

TOTAL CREDITS ARRANGED

Pass DKK 50bn

Total credits arranged in the form of loans and advances and mortgage loans arranged for private and corporate customers show a very satisfactory but also controlled growth rate of 8.3%, reaching a total of DKK 50.2bn.

COMBINATION OF BRANCHES

From 8 to 5 in Copenhagen

The three combinations of branches in Copenhagen are expected to reduce costs by DKK 10m.

NET PROFIT IN Q2

Up 54 %

Net profit for Q2 2019 is up DKK 19.2m on Q2 2018.



BRUNO RIIS-NIELSEN
Executive Officer of
the Savings Bank



LARS PETERSSON
Chief Executive Officer



LARS BOLDING
Executive Officer of
the Savings Bank

Management commentary

Results for H1 2019 exceed those forecasted because of highly satisfactory customer activity and focused execution of the 2021 strategy plan, "New Ways".

Realised core earnings inclusive of amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment for H1 2019 have seen a very satisfactory increase of DKK 53m, or 41%. Net profit totals DKK 126.0m and is up 9% on the same period in 2018. It should be noted in particular that net profit allocated to shareholders has gone up by 33% as a result of reduced interest on hybrid capital. This is a most satisfactory development, not least in light of H1 2018 including a non-recurring gain of DKK 35m on translation and market value adjustments.

As is evident from the financial statements, net interest and fee income has increased by DKK 43.0m (+8%) even though the interest rate environment is putting much pressure on the interest margin for all members of the financial industry. This rise in income is attributable to increased activities with our customers. This of course goes for the housing market due to re-mortgaging, but there has also been many house transactions in Sparekassen's market area in Zealand and Funen. In addition, recent years' heavy inflow of customers is now and in general crystallising in more business with the customers.

The corporate customer area is experiencing a high level of activity as well. Streamlining decision-making processes is a strong competitive parameter and the reason why Sparekassen is constantly gaining market shares in the SME and agricultural sectors.

Total staff costs and administrative expenses are down by DKK 7.9m, or 2%, and this development is expected to be maintained in the quarters ahead.

According to the "New Ways" strategy plan, the goal until 2021 is to optimise Sparekassen's core earnings quite considerably. In 2019, the focus is on costs, and this is proceeding according to plan. So we still expect to deliver on the financial objectives of the strategy plan and to take the necessary initiatives.

Effective from 30 August, we will adjust our Copenhagen branch structure and combine six of our branches in three large units. The continuing branches are bolded. The Valby branch is combined with the **Frederiksberg** branch, Vanløse with **Østerbro**, and Kongelundsvej with **Dragør**. This is expected to lead to a reduction in costs by DKK 10m in total.

Over the past five years, Sparekassen has built up an attractive business volume, particularly with private customers, in Copenhagen via the eight branches that have now been reduced to five. However, the Danish FSA's implementation of its guideline on prudence in credit rating regarding mortgage lending in high growth areas etc has fundamentally changed the ground for operating private customer branches subject to that guideline. Due to legislation, several families, students and singles are forced to move to rented housing that does not fall within

this legislation. It is a quite natural consequence that Sparekassen's opportunities for doing mortgage credit and housing finance business will be reduced. This is why we adjust costs to this new reality although we still expect to win market shares.

The financial statements again reflect low impairment losses, and reference is made to page 12 of the financial statements, from which it is evident that the share of the weakest customers (the Danish Financial Supervisory Authority's credit quality category 1: OEI customers) has been reduced for 18 quarters running.

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 Q2 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 H1, and we expect this to continue.

So we expect core earnings to continue to go up in H2 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 extremely low level in 2018.

Expectations for translation and market value adjustments are lowered to stand at a negative DKK 15-20m for the financial year 2019 if the interest rate level remains the same compared to 30 June 2019. Please refer to page 9 of the financial review.

In view of the results achieved in the first six months, Sparekassen made upward adjustments of the pre-tax profit for the year through company announcement no. 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 is that core earnings (calculated as profit before impairment losses and translation and market value adjustments) are developing better than forecasted for 2019.

Lars Petersson
Chief Executive Officer

Bruno Riis-Nielsen	Lars Bolding
Executive Officer	Executive Officer
of the Savings Bank	of the Savings Bank

Financial highlights

Sparekassen Sjælland-Fyn A/S Group

Amounts in DKK'm	30.06 2019	30.06 2018	Index ¹	Year-end 2018
Income statement items				
Interest income calculated using the effective interest method	275	284	97	569
Other interest income	29	15	194	37
Interest expenses	25	33	74	66
Net interest income	278	265	105	541
Dividends on shares etc	24	21	112	24
Fees and commission income	264	237	111	459
Fees and commission expenses	9	9	98	19
Net interest and fee income	557	514	108	1.005
Translation and market value adjustments	-25	9	-	21
Other operating income	18	8	232	16
Staff costs and administrative expenses	354	362	98	746
Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	33	26	124	49
Other operating expenses	7	9	74	20
Impairment losses on loans and advances etc	11	4	251	4
Investments in associates and group enterprises	0	2	15	8
Profit for the period before tax	145	130	111	230
Tax	19	15	132	22
Profit for the period after tax	126	116	109	208

Sparekassen Sjælland-Fyn A/S Group

Amounts in DKK'm	30.06 2019	30.06 2018	Index ¹	31.12 2018
Balance sheet items				
Loans and advances etc	12,369	12,041	103	12,174
Deposits	18,343	17,503	105	18,223
Deposits in pooled plans	1,596	1,059	151	1,313
Total deposits	19,940	18,562	107	19,536
Subordinated loan capital	604	531	114	454
Equity	3,148	3,531	89	3,083
Balance sheet total	24,809	23,381	106	23,857
Capital resources	3,148	3,562	88	3,125
Total business volume (deposits, loans, advances and guarantees)	38,116	35,886	106	37,068
Total credits arranged (loans and advances, Totalkredit and DLR)	50,170	46,313	108	48,404
Custody accounts	10,267	10,388	99	9,558

¹ Index: 30.06.2019 relative to 30.06.2018.

Financial ratios

Sparekassen Sjælland-Fyn A/S Group

	30.06 2019	30.06 2018	Index ¹	31.12 2018
Financial ratios				
Capital ratio ²	16.7	19.8	84	17.7
Core capital ratio ²	13.9	16.8	83	15.1
Excess capital adequacy in percentage points ²	7.1	10.0	71	8.2
Return on equity before tax (for the period) ³	4.7	4.2	112	8.0
Return on equity after tax (for the period) ³	4.0	3.7	108	7.2
Income/cost ratio DKK	1.36	1.32	103	1.28
Interest rate risk relative to core capital net of deductions	1.4	1.1	127	-1.0
Currency position relative to core capital net of deductions	0.5	0.5	100	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	3.4	115	3.9
Loans and advances plus loan impairment losses relative to deposits	66.0	70.3	94	67.5
Growth in loans and advances for the period ³	1.6	4.2	38	5.5
Impairment ratio for the period	0.1	0.0	-	0.0
Accumulated impairment ratio ⁴	4.5	5.9	76	5.8
Non-performing loans as a percentage of total gross exposure (%)	0.7	0.8	86	0.9
Liquidity benchmark (new benchmark)	325	391	83	318.0
Liquidity, LCR	230.0	349.0	66	278.0
Total large exposures (new benchmark)	84.0	104.8	80	96.1
Total large exposures relative to capital resources	0.0	0.0	100	0.0
Return on invested capital ³	0.5	0.5	100	0.9
Earnings per share (DKK) ⁵	6.6	5.9	112	9.3
Dividend per share (DKK)	0.0	0.0	100	2.5
Book value per share at period-end (DKK)	159.3	151.8	105	155.3
Price/earnings per share ⁵	14.5	18.2	80	8.7
Price/equity per share ⁶	0.6	0.7	86	0.5
Price at period-end (DKK)	94.8	102.5	92	80.4
Average headcount (full-time employees on average) ⁷	606	610	99	616

¹ Index – 30.06.2019 relative to 30.06.2018

² 30 June 2019 and 30 June 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 0.6 percentage points higher (30 June 2018: capital ratio, core capital ratio and common equity tier 1 capital ratio 0.6 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.

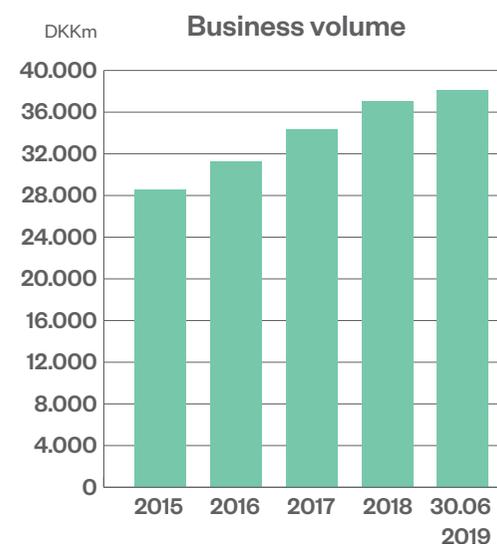
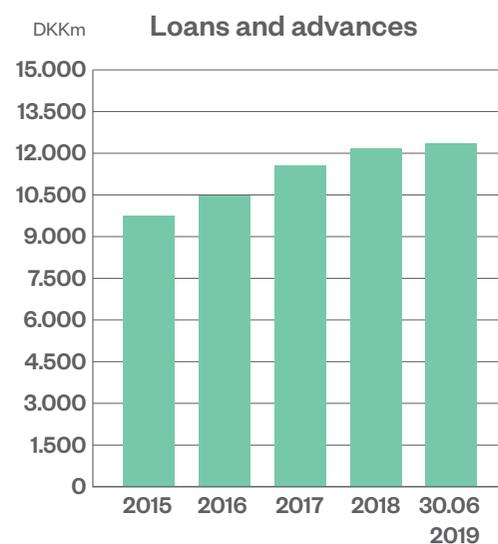
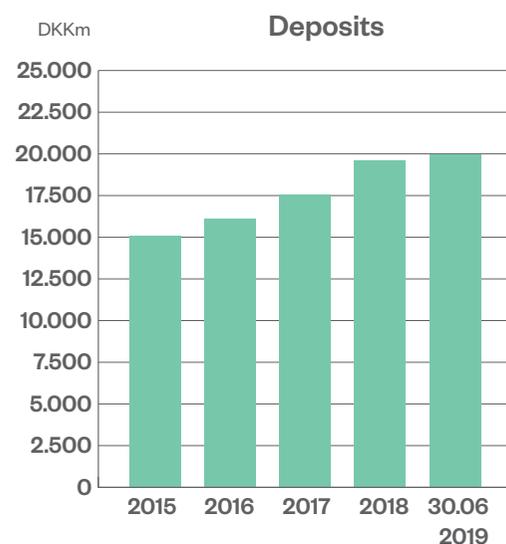
⁷ Engaged in financial business.

Core earnings, deposits, loan and advances and business volume

Sparekassen Sjælland-Fyn A/S Group

Amounts in DKK'm	Q2. 2019	Q1. 2019	Q4 2018 ¹	Q3 2018	Q2 2018	Q1 2018
Core earnings						
Net interest income	141.3	137.2	142.3	133.1	136.4	129.0
Dividend	20.6	3.3	0.8	2.3	16.1	5.2
Fees and commission income	126.5	137.6	114.7	106.9	114.0	123.1
Fees and commission expenses	4.2	4.9	5.2	4.5	4.2	5.1
Other operating income	8.7	8.8	3.4	4.9	3.6	3.9
Other operating expenses	3.1	3.4	7.2	3.8	2.1	2.8
Core income	289.7	278.6	248.8	238.9	263.8	253.3
Staff costs and administrative expenses	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	16.5	16.3	11.4	10.9	15.8	10.7
Core earnings	93.6	87.8	37.7	43.7	61.5	67.0

¹ Q4 2018 is affected by extraordinary non-recurring expenses of DKK 16.9m.



Financial review of the Group

H1 2019 Income statement Income

Net interest income

Net interest income has increased to DKK 278.5m against DKK 265.4 in the same period last year. The primary reason for this increase is higher interest income from the bond portfolio and lower interest expenses for the placement of excess liquidity at a negative interest rate of 0.65% with Danmarks Nationalbank, and lower interest expenses for deposits. Interest income remains marked by the generally low interest rate environment and a fierce competitive situation which has led to a small decrease in interest income from loans and advances despite a small increase in the balance of loans and advances.

Dividends on shares

Dividends on shares primarily arise from the sector companies co-owned by Sparekassen. DKK 23.9m in dividends was received in H1 2019 compared to DKK 21.3m in the same period last year.

Fees and commission income

Sparekassen's fees and commission income are developing positively and have gone up by DKK 27.1m to DKK 264.1m at 30 June 2019. This development is primarily attributable to considerable business activity particularly in the housing market, for example, in the form of arrangement of mortgage loans through the business partners

Totalkredit and DLR Kredit in connection with re-mortgaging and house transactions. Over the past 12 months, the loans arranged to Totalkredit and DLR Kredit have increased from DKK 26.4bn and DKK 7.9bn, respectively, to stand at DKK 28.3bn and DKK 9.5bn, respectively, at 30 June 2019. Furthermore, an effect is 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 25.2m. In comparison, they were in H1 2018 positive by DKK 8.6m, of which an extraordinary revaluation of sector shares in BI Holding A/S (BankInvest) generated a capital gain of DKK 35.0m.

At 30 June 2019, market value adjustments of bonds are a negative DKK 21.8m against a negative DKK 7.4m at the same date last year. This development is attributable to a relatively high number of bonds having been drawn. Market value adjustments of shares are positive by DKK 9.5m compared to DKK 27.5m at 30 June 2018. 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 extraordinary revaluation of BI Holding A/S in 2018.

Translation and market value adjustments of investment property, foreign currencies and

other financial instruments total a negative DKK 12.9m against a negative DKK 11.5m last year.

Other operating income

Other operating income has gone up to DKK 17.5m. This line item is primarily composed of rent from the property portfolio.

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

Staff costs and administrative expenses are down by DKK 7.9m to DKK 354.2m. Specifically, staff and management costs are up by 2% to DKK 231.6m. Other administrative expenses, on the other hand, are down by 9% and total DKK 122.6m. The reasons for this decline are tight 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.

In aggregate, staff costs and administrative expenses and amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment have gone down by DKK 1.6m to DKK 387.0m.

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 11.1m, which is an increase of DKK 6.7m compared to H1 2018. So the level of impairment losses on loans and advances etc remains low. 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 13.2m for H1 2019.

Profit for the period

Net profit for the period amounts to DKK 126.0m against DKK 115.8m for the same period last year. DKK 12.1m of the profit for the period is allocated to interest on hybrid core capital. At the same time last year, this line item stood at DKK 30.0m. The effect of the last 18 months of capital transactions – including the share issue and the repayment of DKK 520m worth of hybrid core capital in October 2018 – is now really

beginning to feed through. So the shareholders' share of profit for the period comes to DKK 113.9m against DKK 85.8m at 30 June 2018, which is equivalent to an increase of 33%.

Financial review for Q2 2019

Net profit for Q2 2019 amounts to DKK 54.7m against DKK 35.5m for the same period in 2018. This development has been caused by a considerable increase in core earnings.

Net interest income is up by DKK 4.9m and totals DKK 141.3m. The increase is primarily a result of higher interest income from the bond portfolio and lower interest expenses for deposits and for the placement of excess liquidity with Danmarks Nationalbank. Interest income from loans and advances, on the other hand, is still affected by generally low interest rate levels and a fierce competitive situation.

Fees and commission income are up by DKK 12.5m and total DKK 126.5m. The development is primarily attributable to considerable business activities 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.

Translation and market value adjustments are down by DKK 3.5m to a negative DKK 24.0m. Q2 is affected by large payments of dividend and by a high number of bonds having been drawn.

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 down by a total of DKK 202.3m to DKK 196.1m.

Balance sheet

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

Assets

Loans and advances etc

The balance of loans and advances has grown by just over DKK 0.3bn to DKK 12.4bn at 30 June 2019. This is a 3% increase that reflects new loans and advances to both private customers and corporate customers. For private customers, the increase primarily relates to financing of cars and housing-related purposes. This development in loans and advances 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. As mentioned in the "Fees and commission income" section, Sparekassen's arrangement of mortgage loans has gone up by DKK 3.5bn since H1 2018.

Amounts owed by credit institutions and central banks/bonds

Sparekassen has a large deposit surplus exclusive of deposits in pooled plans, which amounts to DKK 6.0bn at the balance sheet date. The best placement of these funds is evaluated regularly. The primary placement channels are deposits with Danmarks Nationalbank and mortgage credit bonds. Sparekassen pays interest of 0.65% 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. Conversely, the latter also involves an interest rate or price risk. Sparekassen has made a strategic choice to place a larger portion of its liquidity surplus in low interest rate risk bonds rather than in negative interest rate certificates of deposits with Danmarks Nationalbank. So, at 30 June 2019, amounts owed by credit institutions and central banks stand at just under DKK 1.0bn against approx DKK 2.3bn at the end of the same period last year whereas the portfolio of bonds stands at DKK 7.3bn compared to DKK 5.9bn.

Shares

The total portfolio of shares has increased by DKK 134m to DKK 875m. This portfolio is primarily made up of sector companies that help support Sparekassen's business activities and earnings. Moreover, Sparekassen holds shares in investment funds which invest in bonds as well as a relatively small portfolio of Danish and foreign shares.

Land and buildings

Land and buildings amount to DKK 534.3m against DKK 396.1m after Q2 2018. 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 18.3bn at the balance sheet date compared to DKK 17.5bn 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 to Sparekassen.

Deposits in pooled plans

Deposits in pooled plans have gone up from DKK 1.1bn to DKK 1.6bn, or 51%. Aside from the inflow of new customers, the increase may to some degree probably be explained by the low interest rate level, for which reason customers are turning their eye to alternatives other than placement in traditional deposit accounts.

Subordinated loan capital

Subordinated loan capital amounts to DKK 604m 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 June 2018, Sparekassen has obtained subordinated loan capital twice, totalling DKK 191m, and repaid DKK 118m worth of subordinated capital. After the balance sheet date – more specifically on 22 July 2019 – Sparekassen repaid DKK 82m worth of subordinated capital.

Equity

Equity amounts to DKK 3,148.4m at the balance sheet date against DKK 3,530.8m in the same date last year. At 30 June 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.

**Parent H1 2019**

H1 2019 has seen much improved core 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 have increased by DKK 43.3m to DKK 545.6m, or 9%. 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 27.2m to DKK 264.2m at 30 June 2019.

This development is primarily attributable to considerable business activity particularly in the housing market, for example, in the form of arrangement of mortgage loans through the business partners Totalkredit and DLR Kredit in connection with re-mortgaging and house transactions. Furthermore, an effect is 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 costs, this is a contributing factor in staff costs and administrative expenses having dropped by DKK 17.3m whereas amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment have gone up by DKK 20.0m. 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 2.7m, or less than 1%.

Total market value adjustments are down by DKK 35.7m although in the same period last year they were 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 low and stands at DKK 9.7m against DKK 4.7m at 30 June 2018.

Pre-tax profit amounts to DKK 142.4m against DKK 128.2m at the same date last year, and net profit is DKK 126.0m against DKK 115.8m.

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)

	Q2 2019		2018		2017		2016		2015	
	DKK'm	%								
3 / 2a – Loans, advances and guarantees with normal credit quality	10,625	58.4	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	5,466	30.1	4,942	28.2	4,174	24.7	2,850	18.7	3,486	25.7
2c – Loans, advances and guarantees with substantial weaknesses	1,246	6.9	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	840	4.6	1,197	6.8	1,366	8.1	1,914	12.6	2,300	16.9
Total	18,177	100.0	17,531	100.0	16,894	100.0	15,209	100.0	13,571	100.0

Breakdown- Agricultural sector

	Q2 2019		2018		2017	
	DKK'm	%	DKK'm	%	DKK'm	%
3 / 2a – Loans, advances and guarantees with normal credit quality	622	38.3	572	39.4	539	43.1
2b – Loans, advances and guarantees with certain indications of weakness	692	42.7	579	39.9	396	31.7
2c – Loans, advances and guarantees with substantial weaknesses	193	11.9	163	11.2	154	12.3
1 – Loans, advances and guarantees with objective evidence of impairment	115	7.1	139	9.5	162	12.9
Total	1,622	100.0	1,453	100.0	1,251	100.0

Total credits arranged

	Q2 2019	2018	2017	2016
	DKK'm	DKK'm	DKK'm	DKK'm
Loans and advances etc, Sparekassen	12,369	12,174	11,681	10,474
Totalkredit	28,323	27,229	25,336	24,293
DLR	9,478	9,001	7,857	6,927
Total	50,170	48,404	44,874	41,694

The Supervisory Diamond

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

The five benchmarks and the current calculations are:

Benchmark	Threshold	Group at 30.06.2019
Total large exposures of common equity tier 1 capital (new benchmark)	< 175 %	84.0 %
Loan growth per annum	< 20 %	2.7 %
Property exposure of loans, advances and guarantees	< 25 %	12.1 %
Liquidity surplus	> 100 %	325.0 %
Funding ratio Loans and advances/working capital less bonds with a term to maturity of less than one year	< 1.00	0.52

Due to the controlled management of developments, nor in future does Sparekassen expect to have any difficulties in respecting the thresholds of the Supervisory Diamond.



“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 June 2018 is 2.07%.
The calculated ratio at 30 June 2019 is 1.88%.

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 June 2018 is 7.4%.
The calculated ratio at 30 June 2019 is 8.1%.

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 because of an expected rise in the total business volume resulting from the much stronger distribution power now in place through the establishment of a number of new private customer branches, the addition of staff to the asset management area, as well as the opening of four corporate customer centres. These quite considerable investments have been completed and have had a relatively higher effect on costs than on income in the preceding periods. In the years ahead, the aim is that these investments will produce a satisfactory additional return.

The calculated ratio at 30 June 2018 is DKK 1.31.
The calculated ratio at 30 June 2019 is DKK 1.46.

4 A strong foundation

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

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

Calculated ratio at	Common equity tier 1 capital	Capital ratios
31.12.2017	10.7 %	16.3 %
30.06.2019	11.9 %	16.7 %

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 18,843m against DKK 18,009m at 30 June 2018, which is an increase of DKK 834m, almost equally arising from credit risk and market risk where the risk exposures have risen by DKK 369m and DKK 424m, respectively. The principal reason for the rise in credit risk is to be found in increasing loans, advances and guarantees, and the rise in market risk primarily results from the increase in the securities portfolio. 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 414m lower than at 30 June 2018, and at 30 June 2019 they amount to DKK 3,148m. As described in the "Equity" section on page 11, the reason for this is that, at 30 June 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 capital resources is 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.

Sparekassen's capital ratio is then 16.7% against 19.8% at 30 June 2018. The core capital ratio

can be calculated at 13.9% and the common equity tier 1 capital ratio at 11.9%. The capital requirement has been calculated at 9.6%, leading to an excess capital adequacy ratio of 7.1 percentage points. In Danish kroner, this excess is equivalent to DKK 1,345m.

The combined buffer requirement has been calculated at 3.0 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 780m.

Sparekassen's capital resources and capital ratios have been calculated exclusive of profit for H1 2019. 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 and the excess capital adequacy ratio would have been approx 0.6 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 good margin at the end of Q2 2019. With Sparekassen's current and expected development in its capital resources and the phase-in established as well as 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 (3.0% at 30 June 2019, going up to 3.5% at 30 September 2019, 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 (3.0% at 30 June 2019, going up to 3.5% at 30 September 2019, and with a maximum of 5.0%) as well as 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 Q2 2019, Sparekassen has a deposit surplus of DKK 6.0bn exclusive of deposits in pooled plans. Its deposits are primarily made by private customers and small business operators. There are no large single deposits of major significance or no deposits of significance from other financial services companies.

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



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

Liquidity Coverage Ratio (LCR)

At 30 June 2019, Sparekassen's LCR is 230% against the applicable statutory requirement of a minimum LCR of 100%. So the liquidity surplus relative to the statutory requirement is 130 percentage points. With the current liquidity surplus, and even without regularly optimising the composition of liquid assets to improve the LCR, Sparekassen expects to have a solid excess cover for this liquidity requirement in future too.

Liquidity surplus according to the Supervisory Diamond benchmark

Sparekassen has a liquidity surplus that has been calculated at 325% under the Supervisory Diamond rules for the benchmark relative to a minimum surplus threshold of 100%, resulting in a continued solid surplus.

Liquidity target

Sparekassens likviditets Sparekassen's liquidity target in the short as well as 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 FSA Supervisory Diamond. Here the requirement is 100% as well. The internal liquidity management uses considerably higher require-

ments 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 size of the liquidity surplus, the ratio of deposits to loans and advances (liquidity funding) as well as 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

H1 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 June 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 June 2019 and of their

financial performance and the consolidated cash flows for the period 1 January to 30 June 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, 9 August 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	H1 2019	H1 2018	Q2 2019	Q2 2018
4	Interest income calculated using the effective interest method	274,695	284,017	138,612	145,805
4	Other interest income	28,549	14,722	15,155	7,944
5	Interest expenses	24,748	33,333	12,485	17,387
	Net interest income	278,496	265,406	141,282	136,362
	Dividends on shares etc	23,940	21,295	20,609	16,096
6	Fees and commission income	264,123	237,041	126,472	113,994
	Fees and commission expenses	9,163	9,353	4,244	4,223
	Net interest and fee income	557,396	514,389	284,119	262,229
7	Market value adjustments	-25,205	8,625	-24,033	-20,509
	Other operating income	17,518	7,550	8,721	3,646
8	Staff costs and administrative expenses	354,211	362,109	179,649	186,477
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	32,788	26,469	16,477	15,806
	Other operating expenses	6,593	8,858	3,164	4,094
9	Impairment losses on loans and advances etc	11,108	4,433	2,307	-7,617
	Profit/loss on investments in associates and group enterprises	254	1,692	-454	1,045
	Profit before tax	145,263	130,387	66,756	47,651
	Income tax	19,234	14,566	12,017	12,106
	Profit after tax	126,029	115,821	54,739	35,545
	Earnings per share				
	Earnings per share (DKK)	6.6	5.9	2.8	1.3
	Diluted earnings per share (DKK)	6.6	5.9	2.8	1.3
	Distributed as follows:				
	Retained earnings (profit allocated to shareholders)	113,892	85,791	48,637	20,323
	Interest, hybrid core capital	12,137	30,030	6,102	15,222
	Total	126,029	115,821	54,739	35,545

Statement of comprehensive income

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	H1 2019	H1 2018	Q2 2019	Q2 2018
	Profit for the period	126,029	115,821	54,739	35,545
	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	-283	-62	-189	-64
	- Tax on other comprehensive income	62	14	41	14
	Total other comprehensive income	-221	-298	-148	-50
	Total comprehensive income	125,808	115,523	54,591	35,495

¹ The fair value adjustment concerns a jointly controlled enterprise.

Balance sheet at 30 June

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	30.06.2019	31.12.2018	30.06.2018
Assets				
	Cash and balances on demand at central banks	409,977	412,575	360,410
	Amounts owed by credit institutions and central banks	973,696	1,408,153	2,269,301
	Loans and other amounts owed at amortised cost	12,368,930	12,173,964	12,041,412
	Bonds at fair value	7,287,537	6,620,883	5,861,326
	Shares etc	875,009	801,307	740,575
	Investments in associates	72,326	75,340	69,480
	Assets related to pooled plans	1,596,475	1,313,431	1,058,966
	Intangible assets	119,029	125,090	131,419
10	Total land and buildings	534,285	427,460	396,134
	<i>Investment property</i>	192,105	158,728	126,688
	<i>Owner-occupied property</i>	342,180	268,732	269,446
	Other property, plant and equipment	46,535	48,861	51,637
	Current tax assets	2,965	0	12,372
	Deferred tax assets	163,029	175,689	180,517
	Other assets	286,415	210,334	184,844
	Prepayments	72,430	64,277	22,552
	Total assets	24,808,638	23,857,364	23,380,945

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	30.06.2019	31.12.2018	30.06.2018
Equity and liabilities				
Liabilities other than provisions				
	Amounts owed to credit institutions and central banks	601,590	425,191	376,890
	Deposits and other debt	18,343,050	18,222,949	17,502,758
	Deposits in pooled plans	1,596,475	1,313,431	1,058,966
	Current tax liabilities	0	960	0
	Other liabilities	405,472	261,486	268,320
	Deferred income	33,785	23,928	22,561
	Total liabilities other than provisions	20,980,372	20,247,945	19,229,495
Provisions				
	Provisions for losses on guarantees etc	65,569	61,096	73,815
	Other provisions	10,255	10,512	15,533
	Total provisions	75,824	71,608	89,348
11	Subordinated loan capital	604,090	454,499	531,279
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	2,030,513	1,959,410	1,897,949
	Total equity exclusive of hybrid core capital	2,768,523	2,697,420	2,635,955
	Hybrid core capital	379,829	385,892	894,868
	Total equity	3,148,352	3,083,312	3,530,823
	Total equity and liabilities	24,808,638	23,857,364	23,380,945

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	113,892	113,892	12,137	126,029
	Other comprehensive income									
	Fair value adjustment of financial instruments entered into to hedge future cash flows:									
	Value adjustment for the period	0	0	0	-283	0	0	-283	0	-283
	Tax on other comprehensive income	0	0	0	62	0	0	62	0	62
	Total other comprehensive income	0	0	0	-221	0	0	-221	0	-221
	Comprehensive income for the period	0	0	0	-221	0	113,892	113,671	12,137	125,808
	Purchase of treasury shares	0	0	0	0	0	-5,743	-5,743	0	-5,743
	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 30.06.2019	173,750	2,882	561,378	-398	0	2,030,913	2,768,523	379,829	3,148,352

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	85,791	85,791	30,030	115,821
	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	-62	0	0	-62	0	-62
	Tax on other comprehensive income	0	0	0	14	0	0	14	0	14
	Total other comprehensive income	0	-250	0	-48	0	0	-298	0	-298
	Comprehensive income for the period	0	-250	0	-48	0	85,791	85,493	30,030	115,523
	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	-550	-550	0	-550
	Sale of treasury shares	0	0	0	0	0	0	0	0	0
	Equity at 30.06.2018	173,750	2,878	561,378	-167	0	1,898,119	2,635,956	894,867	3,530,823

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

Cash flow statement

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	H1 2019	H1 2018
	Comprehensive income for the period	125,808	115,523
	Adjustment for amounts without cash flow effect		
	Market value adjustment, shares	-9,521	-27,479
	Market value adjustment, bonds	21,825	7,404
	Impairment losses on loans and advances etc	11,108	4,433
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	31,567	21,326
	Prepayments (net)	-265	-596
	Provisions	4,217	-747
	Value adjustments of investment property	4,642	8,311
	Deferred income tax	-19,234	-14,566
	2 Adjustment for amounts with cash flow effect		
	Income tax paid	5,786	187
	Cash flows from ordinary operating activities	175,933	113,796
	Working capital changes		
	Credit institutions	176,399	-62,339
	Loans and advances adjusted for impairment losses etc for the period	-206,218	-486,039
	Other assets and liabilities (net)	8,536	134,317
	Shares etc	-64,181	-59,513
	Bonds at fair value	-688,479	-1,028,988
	Bonds at amortised cost - held to maturity	0	99,999
	Deposits and other debt	120,101	913,426
	Total working capital changes	-653,842	-489,137
	Cash flows from operating activities	-477,909	-375,341

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	H1 2019	H1 2018
	Investing activities		
	Additions, investments in associate	0	-358
	Purchase of intangible assets	-4,721	-3,123
	Sale of intangible assets	0	0
	Purchase of property, plant and equipment	-78,890	-56,117
	Sale of property, plant and equipment	35,232	35,400
	Cash flows from investing activities	-48,379	-24,198
	Financing activities		
	Subordinated loan capital	150,000	129,500
	Hybrid core capital	0	275,924
	Additions from share issue	0	436,680
	Treasure shares etc.	847	-550
	Interest paid on hybrid core capital	-18,200	0
	Dividend paid	-43,414	0
	Cash flows from financing activities	89,233	841,554
	Increase/decrease in cash	-437,055	442,015
	Cash and cash equivalents at beginning of period	1,820,728	2,187,696
	Cash and cash equivalents at end of period	1,383,673	2,629,711
	Cash and cash equivalents		
	Cash and balances on demand at central banks	409,977	360,410
	Amounts owed by credit institutions and central banks	973,696	2,269,301
	Cash and cash equivalents at end of period	1,383,673	2,629,711

Notes

Sparekassen Sjælland-Fyn A/S Group				
Note	Amounts in DKK'm	H1 2019	H1 2018	Financial year 2018
1	Financial highlights			
	Principal items of income statement			
	Net interest income	278	265	541
	Net interest and fee income	557	514	1,005
	Market value adjustments	-25	9	21
	Staff costs and administrative expenses	354	362	746
	Amortisation, depreciation and impairment losses on assets	33	26	49
	Impairment losses on loans and advances etc	11	4	4
	Profit on investments in associates and group enterprises	0	2	8
	Income tax	19	15	22
	Profit for the period	126	116	208
	Principal items of balance sheet			
	Loans and advances	12,369	12,041	12,174
	Securities portfolio	8,163	6,602	7,422
	Deposits including pooled deposits	19,940	18,562	19,536
	Subordinated loan capital	604	531	454
	Equity	3,148	3,531	3,083
	Total assets	24,809	23,381	23,857

Sparekassen Sjælland-Fyn A/S Group				
Note	Amounts in DKK'm	H1 2019	H1 2018	Financial year 2018
	Financial ratios			
	Capital ratio ⁵	16.7	19.8	17.7
	Core capital ratio ⁵	13.9	16.8	15.1
	Return on equity before tax	4.7	4.2	8.0
	Return on equity after tax	4.0	3.7	7.2
	Operating income over operating expenses	1.36	1.32	1.28
	Interest rate risk relative to core capital net of deductions	1.4	1.1	-1.0
	Currency position relative to core capital net of deductions	0.5	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	66.0	70.3	67.5
	Loans and advances relative to equity	3.9	3.4	3.9
	Growth in loans and advances for the period	1.6	4.2	5.5
	Liquidity, LCR	230	349	278
	Total large exposures relative to capital resources	0.0	0.0	0.0
	Impairment ratio for the period	0.1	0.0	0.0
	Accumulated impairment ratio ¹	4.5	5.9	5.8
	Return on capital employed	0.5	0.5	0.9
	Earnings per share (DKK) ³	6.6	5.9	9.3
	Dividend per share (DKK)	0.0	0.0	2.5
	Book value per share (DKK) ²	159.3	151.8	155.3
	Price/earnings per share ³	14.5	18.2	8.7
	Price/equity per share ²	0.6	0.7	0.5
	Share price at end of period	94.8	102.5	80.4
	Staff			
	Average number of employees for the period converted into full-time employees ⁴	606	610	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 H1 2019 and H1 2018 have been calculated exclusive of the profit for the period.

Notes

2 Summary of significant accounting policies

The H1 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	H1 2019	H1 2018
4	Interest income		
	Credit institutions and central banks	388	302
	Loans and advances and other amounts owed	274,073	283,467
	Bonds	22,443	10,897
	Total derivatives	6,106	3,825
	Thereof: - Interest rate contracts	6,896	4,278
	- Foreign exchange contracts	-790	-453
	Other interest income	234	248
	Total interest income	303,244	298,739
5	Interest expenses		
	Credit institutions and central banks	3,329	7,397
	Deposits and other debt	6,130	10,509
	Subordinated loan capital	14,536	15,397
	Other interest expenses	753	30
	Total interest expenses	24,748	33,333
6	Fees and commission income		
	Securities trading and custody accounts	50,400	49,983
	Payment services	30,302	26,528
	Loan fees	22,352	17,766
	Guarantee commission	89,778	83,364
	Other fees and commissions	71,291	59,400
	Total fees and commission income	264,123	237,041

Sparekassen Sjælland-Fyn A/S Group			
Note	Amounts in DKK'000	H1 2019	H1 2018
7	Market value adjustments		
	Bonds	-21,825	-7,404
	Shares	9,521	27,479
	Investment property	-4,597	-7,536
	Foreign exchange	4,428	3,979
	Currency, interest rate, share, commodity and other contracts and derivatives	-12,732	-7,893
	Assets related to pooled plans	109,268	-10,992
	Deposits in pooled plans	-109,268	10,992
	Total market value adjustments	-25,205	8,625
8	Staff costs and administrative expenses		
	Remuneration of the Board of Directors and Executive Board		
	Board of Directors and Executive Board	6,866	6,093
	Total	6,866	6,093
	Staff costs		
	Wages and salaries	176,462	173,797
	Pension contributions	19,422	19,187
	Social security expenses	28,825	27,770
	Total staff costs	224,709	220,754
	Other administrative expenses	122,636	135,262
	Total staff costs and administrative expenses	354,211	362,109

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

Notes

Note	Amounts in DKK'000	Sparekassen Sjælland-Fyn A/S Group	
		30.06.2019	30.06.2018
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		44,088
	New impairment losses (net)	3,651	4,584
	Balance of stage 1 impairment losses at end of period	62,664	48,672
	- Of which amounts owed by credit institutions and central banks	1	7
	Stage 2 impairment		
	Balance of stage 2 impairment losses at beginning of period	106,153	0
	Change in accounting policies		139,360
	New impairment losses (net)	-14,128	-19,161
	Balance of stage 2 impairment losses at end of period	92,025	120,199
	- Of which amounts owed by credit institutions and central banks	267	202

Note	Amounts in DKK'000	Sparekassen Sjælland-Fyn A/S Group	
		30.06.2019	30.06.2018
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		882,587
	New impairment losses (net)	25,672	38,006
	Other changes	15,200	77,431
	Value adjustment of assets acquired	0	-4
	Previously written down, now finally written off	248,031	166,135
	Balance of stage 3 impairment losses at end of period	641,795	831,885
	- 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		84,439
	New provisions (net)	5,995	-8,829
	Previously provided for, now finally written off	719	0
	Balance of provisions at end of period	72,459	75,610

Notes

Note	Amounts in DKK'000	Sparekassen Sjælland-Fyn A/S Group	
		30.06.2019	30.06.2018
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		139,679	
Impairment losses/provisions for the period (net)	21,190	14,600	
Other changes	15,200	77,431	
Value adjustment of assets acquired	0	-4	
Finally written off, previously written down/provided for	248,750	166,135	
Balance of impairment losses/provisions at end of period	868,942	1,076,366	
Discount regarding business acquisitions	0	60,830	
Balance of impairment losses/provisions and discount at end of period	868,942	1,137,196	
Impairment losses/provisions for the period (net)	21,189	14,600	
Value adjustment of assets acquired	0	-4	
Written off, not previously written down/provided for	3,142	3,276	
Recovery of claims previously written off	13,223	13,440	
Total recognised in the income statement	11,108	4,433	

Note	Amounts in DKK'000	Sparekassen Sjælland-Fyn A/S Group			
		30.06.2019	31.12.2018	30.06.2018	
10	Land and buildings				
Investment property					
Fair value at beginning of period	158,728	124,446	124,446		
Additions	72,751	91,819	41,013		
Disposals	34,732	50,512	30,460		
Fair value adjustments for the period	-4,642	-7,026	-8,311		
Fair value at end of period	192,105	158,728	126,688		
Rental income	8,080	9,621	3,749		
Operating expenses	1,858	4,565	1,912		
Thereof, operating expenses recognised for investment property not having generated rental income for the year	544	820	428		
		Quoted prices	Observable input	Non-observable input	Total
Fair value hierarchy for investment property					
Group at 30.06.2019	0	0	192,105	192,105	
Group at 31.12.2018	0	0	158,728	158,728	
Group at 30.06.2018	0	0	126,688	126,688	

Notes

Sparekassen Sjælland-Fyn A/S Group				
Note	Amounts in DKK'000	30.06.2019	31.12.2018	30.06.2018
10	Land and buildings (continued)			
	Owner-occupied property			
	Cost at beginning of period	337,803	337,803	337,803
	Additions	0	0	0
	Disposals	0	0	0
	Cost at end of period	337,803	337,803	337,803
	Accumulated depreciation/impairment losses at beginning of period	71,997	65,926	65,926
	Depreciation for the period	213	1,864	990
	Impairment losses for the period	500	4,207	5,143
	Disposals for the period	0	0	776
	Accumulated depreciation/impairment losses at end of period	72,710	71,997	71,283
	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	268,019	268,732	269,446
	If no revaluation had been made, the carrying amount of owner-occupied property would have been:	265,093	265,806	266,520

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 30.06.2019	0	0	268,019	268,019
	Group at 31.12.2018	0	0	268,732	268,732
	Group at 30.06.2018	0	0	269,446	269,446
	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 5.8% and 10.8% has been used in measuring properties located on Zealand and Funen and in Jutland (Q1 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.				
			30.06.2019	31.12.2018	30.06.2018
	Owner-occupied property, revalued amount at period-end, see above		268,019	268,732	269,446
	Owner-occupied property, leased assets		74,161	-	-
	Total owner-occupied property, see balance sheet		342,180	268,732	269,446

Notes

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	Current interest rate	30.06.2019	31.12.2018	30.06.2018
11 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		608,000	458,000	535,020	
Total hybrid capital		0	0	0	
Total subordinated loan capital		608,000	458,000	535,020	
Allowance account		3,910	3,501	3,741	
Total subordinated loan capital according to balance sheet		604,090	454,499	531,279	

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	Current interest rate	30.06.2019	31.12.2018	30.06.2018
11 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		898,090	830,499	1,386,259	

1) Fixed interest rate for the first 5 years.

2) The issue may be used without restrictions to fulfil the capital requirement addition under the 8+ approach until end 2021

3) Top interest-rate certificates', 10-year maturity period. Fixed interest rate of 4.5% to 5.75% maturing in December 2018 (DKK 20k).

Cannot be included in the calculation of capital resources or to fulfil the capital requirement 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	30.06.2019	31.12.2018	30.06.2018
11 Subordinated loan capital (continued)				
Interest etc on subordinated loan capital				
Interest (excluding interest on reclassified hybrid core capital recognised as equity)		14,536	32,545	15,397
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.

Note	Amounts in DKK'000	Number of shares		Nominal value (DKK'000)	
		30.06.2019	30.06.2018	30.06.2019	30.06.2018
12 Share capital					
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	5,000	50	0,0
Sold	0	0	0,0
Treasury shares at 30.06.2018	5,000	50	0,0
Treasury shares at 31.12.2018	9,265	93	0,1
Purchased	62,969	630	0,4
Sold	72,000	720	0,4
Treasury shares at 30.06.2019	234	2	0,0

The share capital consists of 17,374,973 shares of a nominal value of DKK 10. The shares have been fully paid up. The shares have not been divided into classes and carry no special rights. Sparekassen's treasury share portfolio consists of 234 shares, corresponding to 0,001% 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

Note	Amounts in DKK'000	Sparekassen Sjælland-Fyn A/S Group	
		30.06.2019	30.06.2018
12 Share capital (continued)			
Earnings per share			
Earnings of shareholders of the Parent Sparekassen Sjælland-Fyn A/S		113,892	85,791
Average number of shares		17,374,973	14,600,769
Average number of treasury shares		4,750	2,500
Average number of shares outstanding		17,370,224	14,598,269
Average dilution effect of outstanding share options		0	0
Average number of outstanding shares (diluted)		17,370,224	14,598,269
Earnings per share (DKK)		6.6	5.9
Diluted earnings per shares (DKK)		6.6	5.9

Note	Amounts in DKK'000	Sparekassen Sjælland-Fyn A/S Group		
		30.06.2019	31.12.2018	30.06.2018
13 Assets provided as collateral				
Bonds deposited with Danmarks Nationalbank, clearing centres etc		1,146,758	935,928	434,974
Cash deposited with credit institutions, CSA agreements		18,871	22,902	25,954
Loss limit towards the Danish Growth Fund		291	291	291
Total		1,165,920	959,121	461,219

Unencumbered deposited securities may be released at call.

Note

14 Related party transactions

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

There have been no unusual related party transactions in H1 2019.

Notes

Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	30.06.2019	31.12.2018	30.06.2018
15	Contingent liabilities and assets			
	Financial guarantees	1,567,122	1,237,861	1,342,401
	Mortgage finance guarantees	2,442,157	2,402,119	2,247,459
	Registration and remortgaging guarantees	88,697	87,343	49,184
	Other contingent liabilities	1,710,059	1,630,001	1,643,637
	Total	5,808,035	5,357,324	5,282,681

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

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

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

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 60.7m (31 December 2018: DKK 73.6m; 30 June 2018: DKK 71.2m) will have to be paid.

The Group has other lease commitments for which a maximum of DKK 4.0m will be payable upon termination of the leases. (31 December 2018: DKK 4.5m; 30 June 2018: DKK 4.5m)

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.

	30.06.2019	31.12.2018	30.06.2018
Contingent assets, group			
Deferred tax assets, written down	99,608	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	30.06.2019	31.12.2018	30.06.2018
16	Capital resources ¹			
	Equity excluding hybrid core capital	2,768,523	2,697,420	2,635,955
	Intangible assets	-119,029	-125,090	-131,419
	Tax assets	-163,029	-175,689	-180,517
	Proposed dividend	0	-43,437	0
	Deduction, capital instruments exceeding 10%	-199,701	-174,878	-163,398
	Other deductions etc	-37,092	116,644	15,261
	Common Equity Tier 1 capital	2,249,672	2,294,970	2,175,882
	Hybrid core capital	376,000	376,000	855,000
	Core capital (including hybrid core capital) net of primary deductions	2,625,672	2,670,970	3,030,882
	Supplementary capital	522,090	454,499	531,259
	Capital resources	3,147,762	3,125,469	3,562,141
	Risk exposures			
	Credit risk	15,305,389	14,621,223	14,936,464
	Market risk	1,681,922	1,202,515	1,257,537
	Operational risk	1,856,049	1,814,764	1,814,764
	Total risk exposures	18,843,360	17,638,502	18,008,765
	Capital ratio	16.7	17.7	19.8
	Core capital ratio	13.9	15.1	16.8
	Common Equity Tier 1 capital ratio	11.9	13.0	12.1
	Capital resources, requirement under Section 124(2) of the Danish Financial Business Act	1,507,469	1,411,080	1,440,701

1) Sparekassen's capital resources and capital ratios calculated inclusive of transitional scheme and exclusive of net profit for the period at 30.06.2019 og 30.06.2018.

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 0.6 percentage points higher (30 June 2018: capital ratio, core capital ratio and common equity tier 1 capital ratio 0.6 percentage points higher).

Sparekassen Sjælland-Fyn A/S Group				
Note	Amounts in DKK'000	30.06.2019	31.12.2018	30.06.2018
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	2,149,821	2,183,373	2,064,285
	Core capital (including hybrid core capital) net of primary deductions	2,525,821	2,559,373	2,919,285
	Capital resources	3,047,912	3,013,872	3,450,544
	Total risk exposures	18,838,027	17,705,728	18,000,218
	Capital ratio	16.2	17.0	19.2
	Core capital ratio	13.4	14.5	16.2
	Common Equity Tier 1 capital ratio	11.4	12.3	11.5

2) Sparekassen's capital resources and capital ratios calculated inclusive of transitional scheme and exclusive of net profit for the period at 30.06.2019 and 30.06.2018.

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 0.6 percentage points higher (30 June 2018: capital ratio, core capital ratio and common equity tier 1 capital ratio 0.6 percentage points higher).

Notes

Note	30.06.2019		30.06.2018		
	Amounts in DKK'000	Fair value	Amortised costs	Fair value	Amortised costs
17 Financial assets and liabilities, Sparekassen Sjælland-Fyn A/S Group					
Financial assets and liabilities are recognised in the balance sheet either at fair value through profit or loss or at amortised cost.					
Below, the valuation method is stated for each financial statement item.					
Financial assets					
Cash and balances on demand at central banks			409,977		360,410
Amounts owed by credit institutions and central banks			973,696		2,269,301
Loans and advances and other amounts owed at amortised cost			12,368,930		12,041,412
Bonds at fair value	7,287,537			5,861,326	
Shares etc	875,009			740,575	
Assets related to pooled plans	1,596,475			1,058,966	
Positive market value of derivatives	30,040			25,603	
Total financial assets	9,789,061	13,752,603	7,686,470	14,671,123	
Financial liabilities					
Amounts owed to credit institutions and central banks			601,590		376,890
Deposits and other debt			18,343,050		17,502,758
Deposits in pooled plans	1,596,475			1,058,966	
Subordinated loan capital			604,090		531,279
Negative market value of derivatives	30,916			28,120	
Total financial liabilities	1,627,391	19,548,730	1,087,086	18,410,927	

Note

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

Financial instruments recognised at fair value

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

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

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

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

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

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

Notes

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				
		30.06.2019			
	Financial assets				
	Bonds at fair value	7,287,537	0	0	7,287,537
	Shares etc	101,347	385,689	387,973	875,009
	Assets related to pooled plans	1,592,291	4,184	0	1,596,475
	Derivatives	0	30,040	0	30,040
	Total financial assets	8,981,175	419,913	387,973	9,789,061
	Financial liabilities				
	Deposits in pooled plans	0	1,596,475	0	1,596,475
	Derivative financial liabilities	0	30,916	0	30,916
	Total financial liabilities	0	1,627,391	0	1,627,391
		30.06.2018			
	Financial assets				
	Bonds at fair value	5,836,326	25,000	0	5,861,326
	Shares etc	65,346	235,563	439,666	740,575
	Assets related to pooled plans	1,016,360	42,605	0	1,058,966
	Derivatives	0	25,603	0	25,603
	Total financial assets	6,918,032	328,771	439,666	7,686,470
	Financial liabilities				
	Deposits in pooled plans	0	1,058,966	0	1,058,966
	Derivative financial liabilities	0	28,120	0	28,120
	Total financial liabilities	0	1,087,086	0	1,087,086

Note	Amounts in DKK'000	Sparekassen Sjælland-Fyn A/S Group	
		30.06.2019	30.06.2018
17	Finansielle aktiver og forpligtelser, Sparekassen Sjælland-Fyn A/S (koncernen) (fortsat)		
	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	4,124	-2,529
	Purchased	76,631	69,456
	Sold	75,653	38,087
	Carrying amount at end of period	387,973	439,666

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 358.9m (30 June 2018: DKK 315.5m).

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

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.

Note	Amounts in DKK'000	30.06.2019		30.06.2018	
		Carrying amount	Fair value	Carrying amount	Fair value
17	Financial assets and liabilities, Sparekassen Sjælland-Fyn A/S Group (continued)				
	Financial instruments recognised at amortised cost, disclosures on fair value				
	Financial assets				
	Cash and balances on demand at central banks	409,977	409,977	360,410	360,410
	Amounts owed by credit institutions and central banks	973,696	973,696	2,269,301	2,269,301
	Loans and advances and other amounts owed at amortised cost	12,368,930	12,424,959	12,041,412	12,095,981
	Total financial assets	13,752,603	13,808,632	14,671,123	14,725,692
	Financial liabilities				
	Amounts owed to credit institutions and central banks	601,590	601,590	376,890	376,890
	Deposits and other debt	18,343,050	18,343,050	17,502,758	17,502,758
	Subordinated loan capital	604,090	604,090	531,279	531,279
	Total financial liabilities	19,548,730	19,548,730	18,410,927	18,410,927

Income statement

Sparekassen Sjælland-Fyn A/S (Parent)					
Note	Amounts in DKK'000	H1 2019	H1 2018	Q2 2019	Q2 2018
4	Interest income calculated using the effective interest method	263,477	271,742	133,354	139,826
4	Other interest income	28,549	14,722	15,156	7,944
5	Interest expenses	25,542	33,258	12,850	17,313
	Net interest income	266,484	253,206	135,660	130,457
	Dividends on shares etc	23,940	21,295	20,609	16,096
6	Fees and commission income	264,225	237,001	126,543	113,997
	Fees and commission expenses	9,050	9,188	4,192	4,144
	Net interest and fee income	545,599	502,314	278,620	256,406
7	Market value adjustments	-20,547	15,192	-19,994	-17,393
	Other operating income	6,961	2,753	3,628	1,899
8	Staff costs and administrative expenses	344,455	361,717	174,754	186,416
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	40,558	20,549	20,339	10,768
	Other operating expenses	4,101	5,615	2,036	2,882
9	Impairment losses on loans and advances etc	9,686	4,680	1,919	-7,455
	Profit/loss on investments in associates and group enterprises	9,138	523	2,157	-1,693
	Profit before tax	142,351	128,221	65,363	46,608
	Income tax	16,322	12,400	10,624	11,063
	Profit after tax	126,029	115,821	54,739	35,545
	Earnings per share				
	Earnings per share (DKK)	6.6	5.9	2.8	1.3
	Diluted earnings per share (DKK)	6.6	5.9	2.8	1.3
	Distributed as follows:				
	Retained earnings (profit allocated to shareholders)	113,892	85,791	48,637	20,323
	Interest, hybrid core capital	12,137	30,030	6,102	15,222
	Total	126,029	115,821	54,739	35,545

Statement of comprehensive income

Sparekassen Sjælland-Fyn A/S (Parent)					
Note	Amounts in DKK'000	H1 2019	H1 2018	Q2 2019	Q2 2018
	Profit for the period	126,029	115,821	54,739	35,545
	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	-283	-62	-189	-64
	- Tax on other comprehensive income	62	14	41	14
	Total other comprehensive income	-221	-298	-148	-50
	Total comprehensive income	125,808	115,523	54,591	35,495

¹ The fair value adjustment concerns a jointly controlled enterprise.

Balance sheet at 30 June

Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'000	30.06.2019	31.12.2018	30.06.2018
Assets				
	Cash and balances on demand at central banks	409,977	412,575	360,410
	Amounts owed by credit institutions and central banks	966,636	1,402,499	2,257,439
	Loans and other amounts owed at amortised cost	12,484,889	12,239,986	12,072,834
	Bonds at fair value	7,287,537	6,620,883	5,861,326
	Shares etc	875,009	801,307	740,575
	Investments in associates	37,315	38,315	33,614
	Investments in group enterprises	357,195	352,514	339,997
	Assets related to pooled plans	1,596,475	1,313,431	1,058,966
	Intangible assets	119,029	125,090	131,419
	Total land and buildings	220,507	58,082	58,656
	<i>Investment property</i>	6,641	7,289	7,649
	<i>Owner-occupied property</i>	213,866	50,793	51,007
	Other property, plant and equipment	46,535	48,861	51,637
	Current tax assets	9,538	2,700	18,256
	Deferred tax assets	152,966	165,626	169,966
	Other assets	248,704	172,106	159,378
	Prepayments	72,252	64,209	22,429
	Total assets	24,884,564	23,818,184	23,336,902

Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'000	30.06.2019	31.12.2018	30.06.2018
Equity and liabilities				
Liabilities other than provisions				
	Amounts owed to credit institutions and central banks	600,278	423,810	367,831
	Deposits and other debt	18,380,976	18,236,324	17,512,124
	Deposits in pooled plans	1,596,475	1,313,431	1,058,966
	Current tax liabilities	0	0	0
	Other liabilities	462,825	228,568	239,360
	Deferred income	15,744	6,632	7,171
	Total liabilities other than provisions	21,056,298	20,208,765	19,185,452
Provisions				
	Provisions for losses on guarantees etc	65,569	61,096	73,815
	Other provisions	10,255	10,512	15,533
	Total provisions	75,824	71,608	89,348
	Subordinated loan capital	604,090	454,499	531,279
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	2,030,513	1,959,410	1,897,949
	Total equity exclusive of hybrid core capital	2,768,523	2,697,420	2,635,955
	Hybrid core capital	379,829	385,892	894,868
	Total equity	3,148,352	3,083,312	3,530,823
	Total equity and liabilities	24,884,564	23,818,184	23,336,902

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	113,892	113,892	12,137	126,029
	Other comprehensive income									
	Fair value adjustment of financial instruments entered into to hedge future cash flows:									
	Value adjustment for the period	0	0	0	-283	0	0	-283	0	-283
	Tax on other comprehensive income	0	0	0	62	0	0	62	0	62
	Total other comprehensive income	0	0	0	-221	0	0	-221	0	-221
	Comprehensive income for the period	0	0	0	-221	0	113,892	113,671	12,137	125,808
	Purchase of treasury shares	0	0	0	0	0	-5,743	-5,743	0	-5,743
	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 hybridcore capital	0	0	0	0	0	0	0	-18,200	-18,200
	Equity at 30.06.2019	173,750	2,882	561,378	-398	0	2,030,913	2,768,523	379,829	3,148,352

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	85,791	85,791	30,030	115,821
	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	-62	0	0	-62	0	-62
	Tax on other comprehensive income	0	0	0	14	0	0	14	0	14
	Total other comprehensive income	0	-250	0	-48	0	0	-298	0	-298
	Comprehensive income for the period	0	-250	0	-48	0	85,791	85,493	30,030	115,523
	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	-550	-550	0	-550
	Sale of treasury shares	0	0	0	0	0	0	0	0	0
	Equity at 30.06.2018	173,750	2,878	561,378	-167	0	1,898,119	2,635,956	894,867	3,530,823

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	H1 2019	H1 2018	Financial year 2018
1	Financial highlights			
	Principal items of income statement			
	Net interest income	266	253	517
	Net interest and fee income	546	502	981
	Market value adjustments	-21	15	27
	Staff costs and administrative expenses	344	362	745
	Amortisation, depreciation and impairment losses on assets	41	21	43
	Impairment losses on loans and advances etc	10	5	5
	Profit on investments in associates and group enterprises	9	1	18
	Income tax	16	12	18
	Profit for the period	126	116	208
	Principal items of balance sheet			
	Loans and advances	12,485	12,073	12,240
	Securities portfolio	8,163	6,602	7,422
	Deposits including pooled deposits	19,977	18,571	19,549
	Subordinated loan capital	604	531	454
	Equity	3,148	3,531	3,083
	Total assets	24,885	23,337	23,818

Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'm	H1 2019	H1 2018	Financial year 2018
	Financial ratios			
	Capital ratio ⁵	16.7	19.8	17.7
	Core capital ratio ⁵	13.9	16.8	15.2
	Return on equity before tax	4.6	4.1	7.8
	Return on equity after tax	4.0	3.7	7.2
	Operating income over operating expenses	1.36	1.33	1.28
	Interest rate risk relative to core capital net of deductions	1.1	0.8	-1.2
	Currency position relative to core capital net of deductions	0.5	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	66.3	70.2	67.6
	Loans and advances relative to equity	4.0	3.4	4.0
	Growth in loans and advances for the period	2.0	4.5	6.1
	Liquidity, LCR	230	349	278
	Total large exposures relative to capital resources	0.0	0.0	0.0
	Impairment ratio for the period	0.0	0.0	0.0
	Accumulated impairment ratio ¹	4.3	5.6	5.6
	Return on capital employed	0.5	0.5	0.9
	Earnings per share (DKK) ³	6.6	5.9	9.3
	Dividend per share (DKK)	0.0	0.0	2.5
	Book value per share (DKK) ²	159.3	151.8	155.3
	Price/earnings per share ³	14.5	18.2	8.7
	Price/equity per share ²	0.6	0.7	0.5
	Share price at end of period	94.8	102.50	80.4
	Staff			
	Average number of employees for the period converted into full-time employees ⁴	606	610	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 H1 2019 and H1 2018 have been calculated exclusive of the profit for the period.

Notes

Summary of significant accounting policies

The H1 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	H1 2019	H12018
4	Interest income		
	Credit institutions and central banks	311	209
	Loans and advances and other amounts owed	263,006	271,369
	Bonds	22,443	10,897
	Total derivatives	6,106	3,825
	Thereof: - Interest rate contracts	6,896	4,278
	- Foreign exchange contracts	-790	-453
	Other interest income	160	164
	Total interest income	292,026	286,464
5	Interest expenses		
	Credit institutions and central banks	3,323	7,321
	Deposits and other debt	6,033	10,509
	Subordinated loan capital	14,536	15,397
	Other interest expenses	1,650	31
	Total interest expenses	25,542	33,258
6	Fees and commission income		
	Securities trading and custody accounts	50,400	49,983
	Payment services	30,302	26,528
	Loan fees	22,352	17,766
	Guarantee commission	89,778	83,364
	Other fees and commissions	71,393	59,360
	Total fees and commission income	264,225	237,001

		Sparekassen Sjælland-Fyn A/S (Parent)	
Note	Amounts in DKK'000	H1 2019	H1 2018
7	Market value adjustments		
	Bonds	-21,857	-7,914
	Shares	9,521	27,479
	Investment property	94	-459
	Foreign exchange	4,428	3,979
	Currency, interest rate, share, commodity and other contracts and derivatives	-12,733	-7,893
	Assets related to pooled plans	109,268	-10,992
	Deposits in pooled plans	-109,268	10,992
	Total market value adjustments	-20,547	15,192
8	Staff costs and administrative expenses		
	Remuneration of the Board of Directors and Executive Board		
	Board of Directors and Executive Board	6,866	6,093
	Total	6,866	6,093
	Staff costs		
	Wages and salaries	176,462	173,797
	Pension contributions	19,422	19,187
	Social security expenses	28,825	27,770
	Total staff costs	224,709	220,754
	Other administrative expenses	112,879	134,871
	Total staff costs and administrative expenses	344,455	361,717

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

Notes

Note	Amounts in DKK'000	Sparekassen Sjælland-Fyn A/S (Parent)	
		30.06.2019	30.06.2018
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		44,088
	New impairment losses (net)	3,300	4,584
	Balance of stage 1 impairment losses at end of period	60,890	48,672
	- Of which amounts owed by credit institutions and central banks	1	7
	Stage 2 impairment		
	Balance of stage 2 impairment losses at beginning of period	104,699	0
	Change in accounting policies		135,734
	New impairment losses (net)	-13,862	-18,574
	Balance of stage 2 impairment losses at end of period	90,837	117,160
	- Of which amounts owed by credit institutions and central banks	267	202

Note	Amounts in DKK'000	Sparekassen Sjælland-Fyn A/S (Parent)	
		30.06.2019	30.06.2018
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		840,266
	New impairment losses (net)	23,356	36,548
	Other changes	15,200	77,430
	Value adjustment of assets acquired	0	-4
	Previously written down, now finally written off	247,530	157,822
	Balance of stage 3 impairment losses at end of period	605,560	796,418
	- 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		84,439
	New provisions (net)	5,995	-8,829
	Previously provided for, now finally written off	719	0
	Balance of provisions at end of period	72,459	75,610

Notes

Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'000	30.06.2019	30.06.2018
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		136,913	
Impairment losses/provisions for the period (net)	18,789	13,729	
Other changes	15,200	77,430	
Value adjustment of assets acquired	0	-4	
Finally written off, previously written down/provided for	248,249	157,822	
Balance of impairment losses/provisions at end of period	829,745	1,037,860	
Discount regarding business acquisitions	0	60,830	
Balance of impairment losses/provisions and discount at end of period	829,745	1,098,690	
Impairment losses/provisions for the period (net)	18,789	13,729	
Value adjustment of assets acquired	0	-4	
Written off, not previously written down/provided for	2,945	2,629	
Recovery of claims previously written off	12,047	11,675	
Total recognised in the income statement	9,686	4,680	

Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'000	30.06.2019	31.12.2018	30.06.2018
10	Assets provided as collateral			
Bonds deposited with Danmarks Nationalbank, clearing centres etc	1,146,758	935,928	434,974	
Cash deposited with credit institutions, CSA agreements	18,871	22,902	25,954	
Loss limit towards the Danish Growth Fund	291	291	291	
Total	1,165,920	959,121	461,219	

Unencumbered deposited securities may be released at call.

Notes

Note	Amounts in DKK'000	Sparekassen Sjælland-Fyn A/S (Parent)		
		30.06.2019	31.12.2018	30.06.2018
11 Capital resources¹				
Equity excluding hybrid core capital	2,768,523	2,697,420	2,635,955	
Intangible assets	-119,029	-125,090	-131,419	
Tax assets	-152,966	-165,626	-169,966	
Proposed dividend	0	-43,437	0	
Deduction, capital instruments exceeding 10%	-198,512	-173,404	-162,365	
Other deductions etc	-35,266	121,319	15,040	
Common Equity Tier 1 capital	2,262,750	2,311,182	2,187,245	
Hybrid core capital	376,000	376,000	855,000	
Core capital (including hybrid core capital) net of primary deductions	2,638,750	2,687,182	3,042,245	
Supplementary capital	522,090	454,499	531,259	
Capital resources	3,160,840	3,141,681	3,573,504	
Risk exposures				
Credit risk	15,491,944	14,765,100	15,047,464	
Market risk	1,682,118	1,203,013	1,257,858	
Operational risk	1,805,485	1,764,583	1,764,583	
Total risk exposures	18,979,547	17,732,696	18,069,905	
Capital ratio	16.7	17.7	19.8	
Core capital ratio	13.9	15.2	16.8	
Common Equity Tier 1 capital ratio	11.9	13.0	12.1	
Capital resources, requirement under Section 124(2) of the Danish Financial Business Act	1,518,364	1,418,616	1,445,592	

¹ Sparekassen's capital resources and capital ratios calculated inclusive of transitional scheme and exclusive of net profit for the period at 30.06.2019 og 30.06.2018.

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 0.6 percentage points higher (30 June 2018: capital ratio, core capital ratio and common equity tier 1 capital ratio 0.6 percentage points higher).

Note	Amounts in DKK'000	Sparekassen Sjælland-Fyn A/S (Parent)		
		30.06.2019	31.12.2018	30.06.2018
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	2,162,899	2,199,585	2,075,648	
Core capital (including hybrid core capital) net of primary deductions	2,538,899	2,575,585	2,930,648	
Capital resources	3,060,990	3,030,084	3,461,907	
Total risk exposures	18,982,066	17,737,813	18,061,358	
Capital ratio	16.1	17.1	19.2	
Core capital ratio	13.4	14.5	16.2	
Common Equity Tier 1 capital ratio	11.4	12.4	11.5	

² Sparekassen's capital resources and capital ratios calculated inclusive of transitional scheme and exclusive of net profit for the period at 30.06.2019 og 30.06.2018.

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 0.6 percentage points higher (30 June 2018: capital ratio, core capital ratio and common equity tier 1 capital ratio 0.6 percentage points higher).

