



H1 2018 Interim Report

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

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

H1 2018 highlights

Satisfactory earnings – net profit of DKK 115.8m

We consider the profit for the first half of 2018 satisfactory. Both costs and income are within budget. The improving credit quality (see page 16) has resulted in historically low impairment losses of DKK 4.4m for H1 2018, including a DKK 7.6m reversal of impairment losses in Q2.

Translation and market value adjustments amount to DKK 8.6m, which is DKK 22m down on H1 2017. Very satisfactory growth of 9.5% in business volume produced by high activity with our current customers and continued momentum in customer inflow.

”Right now, we are seeing a little unique market situation. The housing market in the provincial towns of Zealand is developing very favourably. This has a doubly positive effect on us in the form of increasing fee income and reversal of impairment losses on home owners that hit us badly during the financial crisis.

Our strategic investments in the expansion of the branch network prove powerful and form the foundation of business volume growth. Every day, we take market shares in the corporate and private customer areas through our 49 branches and 4 corporate customer centres”.

Developments compared to the strategic plan

”With the succesful share issue, we have completed the first important step of our announced strategic plan, New Ways. The efforts of the entire organisation have now been put into rewarding our shareholders by means of an ambitious lift in earnings. And we will be succesful in this project too”.

Lars Petersson
Chief Executive
Officer

Bruno Riis-Nielsen
Executive Officer

DKK 115.8m

Net profit provides an annual 8.6% return on opening equity

DKK 4.4m

Historically low impairment losses for H1 2018, with DKK 7.6m thereof being reversed impairment losses in Q2.

DKK 35.9bn

Business volume up 9.5%, with deposits going up by 9.3% in total, loans and advances by 8.1% and guarantees by 13.6%.

Benchmarks

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

DKK 437m

Net proceeds from Sparekassen’s fully subscribed issue of 4,343,743 new shares aimed at its existing shareholders.

19.8%

The capital ratio is 19.8%. Had net profit for the period, reduced by dividend paid in accordance with the dividend policy, been included in capital resources, the capital ratio would have been 20.3%. Please also refer to page 16 of the Interim Report, where the “Subsequent events” section states that Sparekassen has obtained the Danish FSA’s permission to redeem capital instruments that, all things being equal, will reduce the capital ratio.

Financial highlights

Sparekassen Sjælland-Fyn A/S (Group)

Amounts in DKK'000	30.06. 2018	30.06. 2017	Index*	31.12. 2017
Income statement items				
Net interest and fee income	514,389	501,549	103	999,175
Translation and market value adjustments	8,625	30,576	28	42,994
Other operating income	7,550	11,718	64	31,051
Staff costs and administrative expenses	362,109	334,254	108	691,393
Impairment losses on loans and advances etc	4,433	20,042	22	33,440
Investments in associates and group enterprises	1,692	873	194	2,618
Profit before tax	130,387	150,380	87	273,148
Profit after tax	115,821	136,721	85	257,273

Sparekassen Sjælland-Fyn A/S (Group)

Amounts in DKK'000	30.06. 2018	30.06. 2017	Index*	31.12. 2017
Balance sheet items				
Loans and advances etc	12,021,808	11,121,342	108	11,680,562
Deposits	17,502,758	16,287,344	107	16,589,332
Deposits in pooled plans	1,058,965	700,203	151	905,222
Total deposits	18,561,723	16,987,547	109	17,494,554
Subordinated loan capital	531,279	352,923	151	402,848
Equity	3,530,823	2,672,005	132	2,812,413
Balance sheet total	23,361,549	20,776,363	112	21,487,163
Capital resources	3,562,141	2,475,770	144	2,767,203
Total business volume (loans and advances, deposits and guarantees)	35,866,461	32,760,593	109	34,388,240

Sparekassen Sjælland-Fyn A/S (Group)

	30.06. 2018	30.06. 2017	Index*	31.12. 2017
Financial ratios				
Capital ratio ⁴	19.8	15.3	129	16.3
Core capital ratio ⁴	16.8	13.2	127	14.0
Common equity tier 1 capital ratio ⁴	12.1	10.1	120	10.7
Return on equity before tax	4.2	5.7	73	10.1
Return on equity after tax	3.7	5.2	72	9.5
Operating income over operating expenses	1.32	1.38	96	1.34
Interest rate risk relative to core capital net of deductions	1.1	0.2	507	1.1
Currency position relative to core capital net of deductions	0.5	0.4	124	0.7
Currency risk relative to core capital net of deductions	0.0	0.0	0	0.0
Loans and advances plus loan impairment losses relative to deposits	70.3	71.0	99	72.2
Loans and advances relative to equity	3.4	4.2	82	4.2
Growth in loans and advances for the period	4.2	6.2	67	11.5
Liquidity benchmark (new benchmark)	391.0	-	-	-
Excess cover relative to statutory liquidity requirements	250.6	204.8	122	216.6
Total large exposures (new benchmark)	104.8	134.5	78	126.8
Total large exposures relative to capital resources	0.0	11.2	0	0.0
Impairment ratio for the period	0.0	0.1	20	0.2
Accumulated impairment ratio ¹	5.9	5.9	99	5.6
Return on capital employed	0.5	1.3	39	1.2
Earnings per share (DKK) ³	5.6	8.4	67	15.5
Dividend per share (DKK)	-	-	-	-
Book value per share (DKK) ²	151.8	164.8	92	170.9
Price/earnings per share for the period ³	18.2	14.9	122	7.4
Price/equity per share ²	0.7	0.8	89	0.7
Share price at end of period	102.5	126.0	81	114.5
Employees				
Average number of employees for the period converted into full-time employees	610	573		585

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

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

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

4. H1 2018 has been calculated exclusive of profit for the period.

Quarterly financial highlights

Sparekassen Sjælland-Fyn A/S (Group)

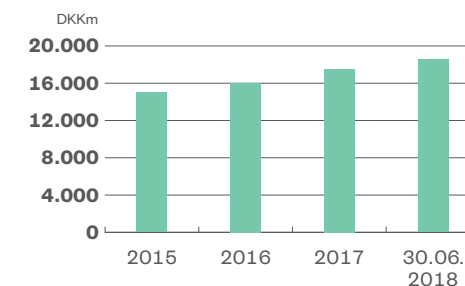
Amounts in DKKm	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Core earnings					
Net interest income	136.4	129.0	138.7	137.2	136.3
Dividends on shares	16.1	5.2	1.3	15.0	6.7
Net fees and commission income	109.8	117.9	102.7	102.9	105.8
Other operating income, ordinary	3.6	3.9	3.6	3.5	7.6
Other operating expenses, ordinary	2.1	2.7	1.8	4.6	5.4
Core income	263.8	253.3	244.5	254.0	251.0
Staff costs and administrative expenses	186.5	175.6	181.5	170.5	168.9
Core earnings	77.3	77.7	63.0	83.5	82.1

Sparekassen Sjælland-Fyn A/S (Group)

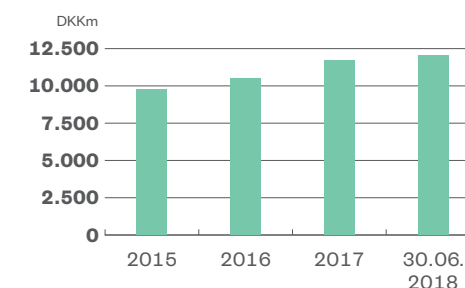
Amounts in DKKm	Q2 2018	Q1 2018	Q4 2017*	Q3 2017	Q2 2017
Financial ratios					
Deposits inclusive of pooled plans	18,562	17,820	17,495	17,173	16,988
Loans and advances	12,022	11,642	11,540	11,371	11,121
Balance sheet total	23,362	21,704	21,378	20,954	20,776
Business volume	35,866	34,224	34,248	33,691	32,761
Custody accounts	10,388	10,776	11,077	11,123	10,798
Equity	3,531	2,784	2,703	2,740	2,672
Return on opening equity of quarter, profit after tax (% p.a.)	5.1	11.9	7.7	10.2	9.4

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

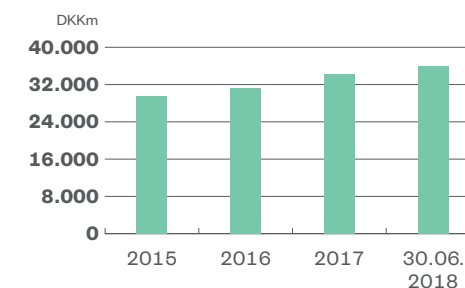
Deposits



Loans and advances



Business volume



Sparekassen Sjælland-Fyn A/S – in brief

Sparekassen’s net profit stands at DKK 115.8m

Earnings expectations for the financial year were adjusted upwards in March.

The results were achieved from a continued substantial inflow of customers, much housing finance activity and historically low impairment losses on loans and advances etc.

49 branches and 4 corporate customer centres

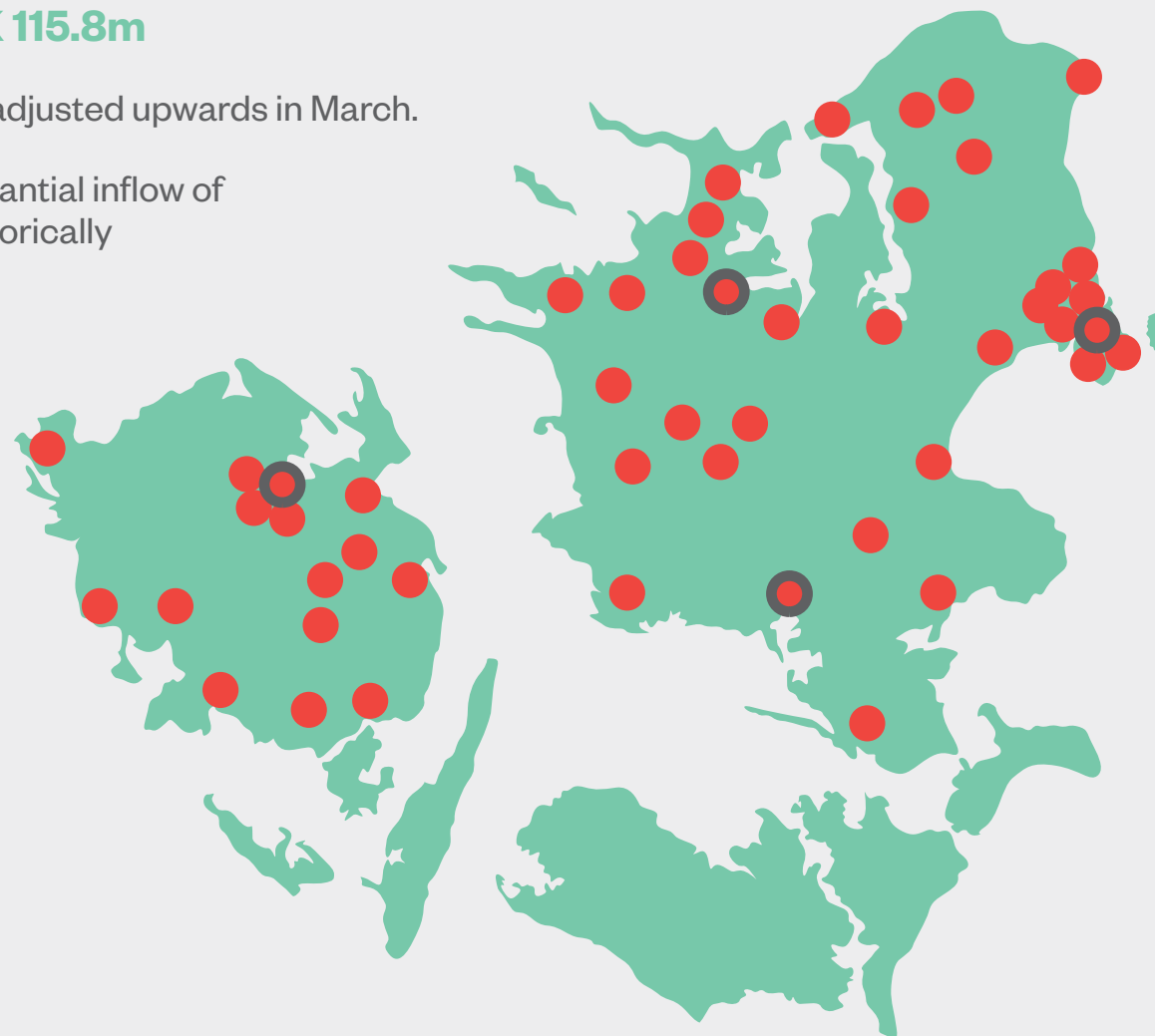
on Zealand and Funen

634 staff

distributed in branches and staff functions

>160,000 customers

The net inflow of customers to Sparekassen continues to go up and the number of customers is over 160,000 private customers, businesses and associations



Management commentary

Satisfactory earnings – net profit of DKK 115.8m. The improving credit quality has resulted in historically low impairment losses of DKK 4.4m for H1 2018, including a DKK 7.6m reversal of impairment losses in Q2. Very satisfactory growth of 9.5% in business volume produced by high activity with our current customers and continued momentum in customer inflow.

Financial performance for H1 2018

Sparekassen can look back on the first six-month period of 2018 that has generated a pre-tax profit of DKK 130.4m and a net profit of DKK 115.8m. Both costs and income are within budget.

Interest and fee income

The negative interest rate environment continues to leave its marks on Sparekassen's financial statements. One of them is that Sparekassen incurs costs for having money deposited with Danmarks Nationalbank. These costs amount to DKK 7m. Nevertheless, we have succeeded in maintaining net interest income by increasing the balance of loans and advances. Also, the inflow of new customers and the increase in business volume have caused net fee and commission income to go up

by just under DKK 4m. It is the customers' sustainedly massive purchasing and selling of owner-occupied homes that contribute to this income.

Translation and market value adjustments

Total market value adjustments for H1 2018 are positive by DKK 8.6m and should be seen in the context of the dividends received of DKK 21.3m. In H1 2017, market value adjustments amounted to DKK 30.6m and dividends to DKK 11.2m. Overall, there has been a decline from DKK 41.8m to DKK 29.9m, which is contributory to the reduction in total market value adjustments. During H1 2018, market value adjustments have been positively affected by the revaluation of the sector shares that Sparekassen holds in BankInvest and DLR, among others.

On the negative side are losses on the bond portfolio and hedging instruments as well as value adjustment of owner-occupied property and investment property.

Costs

The increase of DKK 27.9m in Sparekassen's staff costs and administrative expenses is entirely as expected and on budget. One of the reasons for the increase is the investment in new branches and staff that are to represent the business and hence earnings of Sparekassen.

Even though the increase is within budget, Sparekassen naturally keeps a close eye on each expense, which is only taken on if it can assist in fulfilling the strategy. As described elsewhere in this Interim Report, Sparekassen has set four financial targets as part of the strategic plan – two of them

are directly related to developments in costs for which reason Management has much focus on these developments. Read more on page 10 about the fulfilment of the strategic goals.

It should be mentioned with respect to developments in costs that staff pay is adjusted in accordance with the collective agreement, and Sparekassen is subject to the increasing payment of payroll tax. Other costs regarding social security and pensions are on the rise as well.

In administrative expenses, rental costs increase concurrently with the expansion of the branch network. Although the principal reason for the increase in administrative expenses is the development in IT costs.

In recent years, the massive regulation of the financial sector has upped the need for developing and using more information technology. Data recording and management requirements alongside the requirement to monitor money laundering and a general desire to be able to digitise more elements of Sparekassen's customer offerings have put considerable pressure on IT deliverables.

Impairment losses on loans and advances etc.

As has been the case in recent quarters, Sparekassen has been able to determine yet another historically low level for impairment losses on loans and advances etc. For H1 2018, they amounted to DKK 4.4m against DKK 20.0m for the same period last year. Seen in isolation for Q2, DKK 7.6m in impairment losses on loans and advances etc. was reversed. It is the sustained positive development in credit quality (see page 16) of Sparekassen's core customers that is the primary reason for the historically low level of impairment losses.

Rising house prices, shorter selling periods, high employment numbers, a low interest rate level are all factors that contribute positively to credit quality.

Since last year, Sparekassen has implemented a new model for loan loss provisions and impairment losses on loans and advances etc in accordance with IFRS

9. This model involves, for example, that Sparekassen must determine the need for provisions already when a customer wants to obtain a new loan or extend an existing credit facility.

The aim of the accounting rules is to ensure that credit institutions regularly make sufficient provisions for bad debts.

Business volume

At 30 June 2018, the business volume totals DKK 35.9bn compared to DKK 32.8bn at 30 June 2017. This is an increase of 9.5%.

The increase in business volume has been brought about by developments in the deposits balance, the balance of loans and advances and the amount of guarantees provided, with deposits having gone up by 9.3% and loans and advances by 8.1% whereas guarantees have risen by 13.6% compared to the same period last year.

Growth in these areas reflects the business developments sparked by high activity among our customers.

Loans arranged through Totalkredit and other mortgage loan providers have increased by roughly 10%, reflecting the large number of home-buying transactions handled by Sparekassen over the past year. House financing and arrangement of

mortgage loans remain a key business area for Sparekassen.

Capital resources – much improved in H1 2018

During the first six months, the share issue performed has finally fallen into place. This share issue has been a key element of the strategic plan under which an improvement of Sparekassen's capital resources will help future-proof the institution. The share issue has increased the total number of shares by 4,343,743 units in the nominal amount of DKK 10 each. With an offer price of DKK 105 per share, the issue generated net proceeds of approx DKK 437m.

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

- To raise capital to repay high-interest loan capital obtained towards the end of the financial crisis and to send back approx DKK 35m in interest saved to the shareholders, with full effect from 2019;
- To ensure improvement of the common equity tier 1 capital and the capital ratios in general and so make sure that Sparekassen is sufficiently bolstered under the current capital requirements, which will until further notice also include the future eligible liabilities requirements (to be introduced from 2019), and finally

”With the successful share issue, we have completed the first important step of our announced strategic plan, New Ways. The efforts of the entire organisation have now been put into rewarding our shareholders through an ambitious lift in earnings.”

Lars Petersson
Chief Executive Officer

- To help unfold Sparekassen's business model which will include a locally-based branch structure in Zealand, Funen and the capital area.

The massive backing by shareholders and interested investors also meant that it was not necessary to execute the guarantee provided to ensure full subscription.

Ordinary inspection by the Danish FSA

Like other financial services companies, Sparekassen is subject to inspection by the Danish FSA as well as to its thematic reviews that are to assist in providing insight into developments in and current status of selected areas in the financial sector.

The Danish FSA carried out an ordinary inspection of Sparekassen in Q2 2018 and issued its report thereon on 10 July 2018. The report is available at Sparekassen's website.

Focus on the New Ways strategy

With the successful share issue, we have completed the first important step of our announced strategic plan, New Ways. The efforts of the entire organisation have now been put into rewarding our shareholders through an ambitious lift in earnings.

The four financial targets that will be used as continuous measuring points towards

2021 are to help maintain focus on the execution of the strategic plan.

Expectations for the rest of 2018

Sparekassen still expects business to develop positively, which is also reflected in previous earnings announcements. Even though Sparekassen's agricultural sector exposures are generally solid, the effect of this summer's drought on the sector is subject to uncertainty. Accordingly, the indication of impairment may develop more adversely in the second half of the year than seen in the first half. Such development can be accommodated by the previously announced maximum expected impairment losses of DKK 50m for the financial year, which is why this amount is maintained.

With a pre-tax profit of DKK 130.4m at 30 June 2018, Sparekassen is within the earnings expectations announced for the financial year to range between DKK 215m and DKK 245m, which were updated in company announcement no 5/2018 dated 21 March 2018.

Lars Petersson
Chief Executive
Officer

Bruno Riis-Nielsen
Executive Officer

”I have yet to see a digital solution that can match the human smile, good chemistry and trust between two people. We consider personal contact and closeness to our customers quite crucial when they make important decisions in their lives and for their businesses. This is why we have invested in new private and corporate customer branches in recent years. With the currently 53 business units on Funen and Zealand, not many others can match what we offer our customers”.

Bruno Riis-Nielsen
Executive Officer

New Ways – Sparekassen’s strategy project towards 2021

In company announcement no 18 of 6 November 2017, Sparekassen introduced its strategic plan, New Ways, with the following four financial targets:



1 Increased efficiency

This financial ratio reflects efficiency and it is stated as the ratio of staff costs and administrative expenses to business volume, with business volume being calculated as a simple average of opening and closing amounts of the financial period. In interim statements, the ratio is annualised by multiplying it by 2. 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 first effects of this work will be implemented in Q3 2018 and will involve around 100,000 in saved tasks, which combined are estimated to be 7 man years.

The calculated financial ratio at 30 June 2018 is 2.07%

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 by multiplying it by 2. The ratio is calculated in per cent.

The ratio is supported by a positive development in the income/cost ratio – see item 3.

The calculated ratio at 30 June 2018 is 7.4%.

3 High operating income over operating expenses

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 considerably in the years ahead. Realising the objective will lead to a substantial improvement of ordinary profit before impairment losses and translation and market value adjustments. Expectations are that the ambitious objective will 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 will be implemented in H2 2018 and have full impact on earnings from, and be included in the earnings guidance, for 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 financial ratio at 30 June 2018 is DKK 1.31.

4 A strong foundation

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

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

The financial ratios have been improved following the capital transactions planned and performed for the year. Prospectively, the capital ratios will be strengthened through current earnings (retained earnings).

The financial ratios can be calculated at 12.1% (common equity tier 1 capital) and 19.8% (capital ratio) at 30 June 2018.

Had profit for the period been included, both financial ratios could be raised by 0.6 percentage points.

Refer also to page 16 – Subsequent events.

The seven paths

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



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

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



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

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



Path 3 We must realise the digital potential

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



Path 4 We need to train to create more business

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



Path 5 We need to optimise our systems and processes

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



Path 6 Our data must be used to improve business

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



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

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

Financial review

H1 2018

Income statement

Income

Net interest

Y-T-D net interest income is DKK 265.4m against DKK 266.6m for the same period last year. Developments are still affected by generally low interest rates and partly by the competitive situation. When looking primarily at net interest income relative to customer-oriented deposit and loan activities, this can be calculated at DKK 273.0m this year against DKK 271.4m last year. This is a satisfactory stabilisation of developments and it is attributable, for example, to the increase in the balance of loans and advances.

Other key elements in the calculation of total net interest income are minor savings for subordinated loan capital and increasing interest expenses for having Sparekassen's liquidity surplus placed with Danmarks Nationalbank. This surplus can be calculated at DKK 7.4m against DKK 3.0m for the comparison period. The liquidity surplus has been growing as a result of a rising deposits surplus, and it has also been affected by cash from the capital trans-

actions, share issue and the subordinated loan capital incurred in H1 2018.

Dividends on shares

Dividends on shares primarily arise from the sector companies co-owned by Sparekassen. DKK 21.3m in dividends were received during the financial period compared to DKK 11.2m last year. These dividends should be seen in conjunction with the market value adjustments of the same asset class.

Fees and commission income

Sparekassen's fees and commission income are developing positively and, overall, they have gone up by just over DKK 4.0m to DKK 237.0m at 30 June 2018. The announced adverse effect from the discontinuation of commission income that was previously generated through investment funds from mandated investment contracts is evident from fees from securities trading and custody accounts, which have gone down. Conversely, all other fee areas have developed quite positively.

The rise in fee income results from increased activity with current customers, primarily housing finance, and the positive net inflow of new customers is also a contributor.

The development in fee income is expected to add further to earnings in future as Sparekassen adjusts payment for the services offered.

Translation and market value adjustments

Results of translation and market value adjustments have been somewhat mixed in the first six months of the year. With respect to Sparekassen's portfolio of mortgage credit bonds and the hedging instruments used, the development in market interest rates has resulted in negative market value adjustments of DKK 7.4m and DKK 7.9m, respectively. In addition, the value of investment property has been adjusted by DKK 7.5m. Fortunately, other asset types reflect positive market value adjustments.

On the foreign exchange side, a gain of just under DKK 4.0m has been realised whereas the largest positive market value adjustment was experienced in the portfolio of shares, and primarily in the portfolio of sector shares, leading to total positive market value adjustments of DKK 27.5m after distribution of dividend.

Total translation and market value adjustments close at DKK 8.6m against DKK 30.6m last year.

Other operating income

Other operating income is primarily made up of rent from leasehold premises in owner-occupied and investment properties and sales of non-current assets. Other operating income totals DKK 7.6m against DKK 11.7m for H1 2017. The development in other operating income may vary a little from one accounting period to the next.

Costs

Staff costs and administrative expenses

Staff costs and administrative expenses are within the budgets approved, however, compared to last year, they have increased because of the implementation of Sparekassen's strategic plan of opening new branches, strengthening staff functions and advisory competencies at the branches and general pay and price movements during the period. Staff costs and administrative expenses total DKK 362.1m against DKK 334.3m for the same period last year.

Administrative expenses also include costs for the development of customer-oriented system solutions and of systems to ensure compliance with statutory financial requirements and statutory requirements for the management of data. This is a

major expense item for Sparekassen, and it has been going up over the years primarily as statutory requirements have gone up. IT costs are expected to increase also in future.

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

Amortisation, depreciation and impairment losses amount to DKK 26.5m, which is DKK 3.3m down on H1 2017. Amortisation, depreciation and impairment losses relate to goodwill, operating equipment, fixtures and fittings and conversion of leasehold premises as well as owner-occupied property.

Impairment losses on loans and advances etc

Impairment losses on loans and advances etc are composed of actual losses from credit arrangement together with the development in provisions for such losses.

For H1 2018, a net amount of DKK 4.4m has been charged to profit or loss compared to DKK 20.0m for the same period last year.

With a total balance of loans and advances of over DKK 12bn, the impairment losses are at a historically low level and the impairment ratio is almost zero.

Sparekassen is still witnessing a very fine development in customers' credit quality (see page 16), which refers to the ability

to honour the credit facilities entered into according to agreement.

The economic climate remains good for both the private customer segment and the corporate customer segment, however, a close eye is kept on the agricultural sector in view of meteorological developments with supernormal drought. Currently, it is uncertain what effect this can have for farmers. However, it should be pointed out that Sparekassen's agricultural portfolio is quite strong.

In view of the historically low impairment losses realised for H1 2018 and the previously announced expectation of DKK 50m in maximum impairment losses for the financial year, the current uncertainty is not deemed to affect the impairment losses expected.

Other operating expenses

Other operating expenses are composed of contributions to the resolution fund which amount to DKK 0.9m, but primarily of operating expenses related to properties. At 30 June 2018, the line item stands at DKK 8.9m against DKK 10.3m at 30 June 2017.

Financial review for Q2 2018

Net profit for Q2 2018 amounts to DKK 35.5m against DKK 62.1m for the same period in 2017. The earnings performance is attributable to developments in translation and market value adjustments, among other factors.

Net interest and fee income has gone up by DKK 13.5m, with the increase in dividend accounting for DKK 9.4m. Sparekassen's ability to generate a small increase in net interest income is very positive and attributable not least to current and new customers' demand for loans.

Fee income has gone up by just over DKK 4m across the board based on the increasing level of activity seen in Sparekassen's business areas. As already mentioned, activities within housing finance have been quite fair, and this helps provide the basis for the positive development.

Q2 market value adjustments are negative and the primary reason is larger payments of dividend which on the other hand are positive on that income statement item.

Staff costs and administrative expenses amount to DKK 186.5m against DKK 173.2m for the same period last year. The opening of new branches, general pay and price rises and the increase in IT costs are the reasons for this development. Costs are within the budgeted developments.

DKK 7.6m in impairment losses has been reversed in Q2 2018 (net reversal of previous impairment losses). It is the very favourable business cycle that spills over on Sparekassen's customers and hence the risk assessment of the loan portfolio.



Balance sheet

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

Assets

Loans and advances etc

The balance of loans and balances etc has grown by just under DKK 1bn to DKK 12bn at 30 June 2018, and if adjusted for the opening balance sheet correction which at the beginning of the year followed from the implementation of the new IFRS 9 rules, the increase in loans and advances etc would have been approx DKK 140m higher. This growth in the balance of loans and advances etc is very positive for Sparekassen and is consistent with the expectations that recent years' branch expansion and developments in business with existing customers have given rise to. Growth has taken place across the market area of Zealand and Funen.

This positive development is evident with both private borrowers, who represent DKK 700m, and corporate borrowers, who represent a net amount of DKK 300m.

In addition to the credit financing provided by Sparekassen, the demand for and arrangement of mortgage loans to finance housing of private customers have developed quite positively as well. During the period, housing finance has gone up by a net amount of over DKK 1.7bn to reach

DKK 26.4bn, an increasing portion of which are fixed-rate and instalment loans - both something which together with the continued positive development in prices of customers' properties contribute to a regularly increasing credit quality of the customers and so a declining need for provisions.

Finally, loans for businesses and farmers arranged through DLR have gone up by more than DKK 500m to DKK 7.9bn.

Amounts owed by credit institutions and central banks/bonds

Sparekassen still has a large deposit surplus which has risen to DKK 6.5bn at the balance sheet date. The best investment of these funds is evaluated regularly. The primary investment channels are deposits with Danmarks Nationalbank and investments in mortgage credit bonds. Sparekassen pays interest of 0.65% when the liquidity is invested in certificates of deposit issued by Danmarks Nationalbank whereas interest is earned when the liquidity is invested in mortgage credit bonds.

At 30 June 2018, amounts owed by credit institutions and central banks stand at just under DKK 2.3bn against DKK 1.4bn at the end of the same period last year whereas the portfolio of bonds has a value of DKK 5.9bn compared to DKK 5.4bn. In addition to the deposit surplus, liquidity is also positively affected by the net proceeds

from the share issue in the spring and other capital transactions in the period.

Assets in pooled plans

This line item covers an investment product where customers, through their payments into a deposit account, have their balance invested in a joint pool with other investors.

The return on the account is the profit generated from investments in pooled plans. This is an easy way of having even small amounts invested.

The portfolio has gone up from DKK 700.2m to DKK 1,059.0m, which is equivalent to an increase of close on DKK 360m, or over 50%. Sparekassen expects this product to grow well also in future.

Equity and liabilities

Deposits

The deposits balance inclusive of deposits in pooled plans stands at DKK 18.6bn at the balance sheet date compared to DKK 17.0bn at the same date in 2017. Consequently, the deposits balance continues to increase.

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

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

Equity

Equity amounts to DKK 3,530.8m at the balance sheet date and has so been strengthened by DKK 858.8m compared to the same period in 2017. The share issue this spring has contributed DKK 436.7m to equity whereas the addition of new hybrid core capital has contributed a net amount of DKK 337.2m. The rest of the increase primarily consists of profit for the period and the adjustment for changes in accounting policies (IFRS 9) made at the beginning of 2018.

The changes in equity through completed and planned capital transactions have previously been stated in company announcements no 18/2017 of 6 November 2017, no 6/2018 of 22 March 2018 and no 14/2018 of 19 June 2018.

The company announcements are evident from Sparekassen's website: <https://www.spks.dk/ir/selskabsmeddelelser>.

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

Capital structure and liquidity

Capital structure

Sparekassen's risk exposures total DKK 18,009m at the balance sheet date, which is an increase of DKK 1,804m, predomi-

nantly arising from credit risk where risk exposures have gone up by DKK 1,520m. It is the effects of the increasing balance of loans and advances etc which are the principal reasons for risk exposures having gone up.

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

Sparekassen's capital ratio is then 19.8% against 15.3% at 30 June 2017.

The core capital ratio can be calculated at 16.8% and the common equity tier 1 capital ratio at 12.1%.

Sparekassen's capital resources and capital ratios have been calculated exclusive of profit for H1 2018. 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, capital ratios and excesses would have been approx 0.6 percentage points higher.

The capital requirement has been calculated at 9.7%, leading to an excess capital adequacy ratio of 10.0 percentage points. In Danish kroner, this excess is equivalent to DKK 1,806.6m.

The combined buffer requirement has been calculated at 1.9 percentage points. This results in Sparekassen's excess capital adequacy ratio net of capital requirement and combined buffer requirement standing at 8.2 percentage points, equivalent to an excess of DKK 1,468.9m.

Sparekassen develops capital plans on a regular basis. These plans enable the assessment of whether the volume of the current capital resources is sufficient.

Sparekassen believes that the capital resources are sufficient to match the risk associated with its current activities and business volume.

The assessment is also applicable with respect to the combined effect of the capital plans previously announced.

Liquidity.

Liquidity coverage ratio (LCR)

This requirement, referred to as LCR, follows from the Capital Requirements Regulation and is therefore applicable to credit institutions throughout Europe. The LCR requirement is to ensure that credit institutions have sufficient liquid funds to honour expected cash outflows over the next 30 days.

The calculation is made based a model that uses possible cash outflows, primarily from the deposits balance, and the port-

folio of liquid assets that can honour such outflows. In addition to the amount of the required liquidity buffer, the requirements define the required composition of the liquid assets.

At 30 June 2018, Sparekassen's LCR is 349% against the applicable statutory requirement of a minimum LCR ratio of 100%. In terms of amount, the excess in the liquidity buffer was just under DKK 4.4bn. Throughout the past years when the LCR requirement has been applicable, Sparekassen has had a strong excess, which is also the intention in future.

Liquidity surplus according to the Supervisory Diamond benchmark

Effective from 30 June 2018, the Danish FSA has replaced the existing liquidity benchmark of the Supervisory Diamond with a new one. Sparekassen has always observed the former benchmark with a healthy margin.

This is also the case with the new benchmark, which has a threshold of 100%, and Sparekassen's first calculation shows a current value of 391%.

The benchmark builds on an extension of the LCR requirement, as described above, but where the LCR requirement covers a 30-day period, the benchmark covers a three-month period where it must be possible to cover the largest expected cash

outflow calculated for each of the three months.

With respect to the calculation of LCR, it is, for example, possible to include multiple types of liquid assets in the calculation of the liquidity buffer.

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

At 30 June 2018, Sparekassen has a deposits surplus of over DKK 6.5bn, calculated as total deposits balance net of total balance of loans and advances etc.

Its deposits are primarily made by retail customers and small business operators. There are no large single deposits of significance. There are no deposits of significance from other financial services companies.

Deposits are also characterised by a very large portion of them being covered by the Danish Deposit Guarantee Fund.

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

Credit quality categories

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

	30.06.2018		2017		2016		2015	
	DKKkm	%	DKKkm	%	DKKkm	%	DKKkm	%
3 / 2a – Loans, advances and guarantees with normal credit quality	10,194	58.9	9,965	59.0	9,011	59.2	5,791	42.7
2b – Loans, advances and guarantees with certain indications of weakness	4,559	26.3	4,174	24.7	2,850	18.7	3,486	25.7
2c – Loans, advances and guarantees with substantial weaknesses	1,235	7.1	1,389	8.2	1,434	9.4	1,994	14.7
1 – Loans, advances and guarantees with objective evidence of impairment	1,316	7.6	1,366	8.1	1,914	12.6	2,300	16.9
Total	17,305	100.0	16,894	100.0	15,209	100.0	13,571	100.0

The Supervisory Diamond

The five benchmarks and the current calculations are:

Benchmark	Threshold	Group 30.06.2018
Total large exposures (new benchmark)	< 175% of common equity tier 1 capital	104.8%
Total large exposures (former benchmark)	< 125%	0.0%
Growth in loans and advances p.a.	< 20%	8.1%
Property exposure	< 25% of loans, advances and guarantees	13.5%
Liquidity surplus	> 100%	391.0%
Stable funding	< 1.00 Loans and advances/working capital less bonds with a term to maturity of less than one year	0.53

Subsequent events

After the balance sheet date, the Parent has been permitted by the Danish FSA to redeem DKK 638m worth of capital instruments. These redemptions are consistent with the previously announced capital plans. For further information about the redemptions, please refer to company announcement no 15/2018 of 10 August 2018. All things being equal and had the redemptions been carried out at 30 June 2018, the effect would have reduced the capital ratio by 3.4 percentage points. Expectations are that the redemptions will result in DKK 35m in saved interest a year, with full effect from 2019. Otherwise, no events have occurred subsequent to the balance sheet date which are expected to have a material influence on the Group's or the Parent's financial position.

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

Interim financial statements

H1 2018

Statement by Management on the Interim Report

The Board of Directors and the Executive Board have today considered and approved the Interim Report of Sparekassen Sjælland-Fyn A/S for the period 1 January to 30 June 2018.

The Interim Report of the Group has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted

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

In our opinion, the Interim Report gives a true and fair view of the Group's and Sparekassen's financial position at 30 June 2018 and of their financial performance and the consolidated cash flows for the period 1 January to 30 June 2018.

We believe that the management commentary contains a fair review of the affairs

and conditions referred to therein, as well as a description of the most material risks and elements of uncertainty that may affect the Group and Sparekassen.

The Interim Report has not been audited or reviewed.

Holbæk, 14 August 2018

Executive Board

Lars Petersson
Chief Executive Officer

Bruno Riis-Nielsen
Executive Officer

Board of Directors

Thomas Kullegaard
Chairman

Jakob Nørrekjær Andersson
Vice-Chairman

Bent Andersen

Per Bjørnsholm

Otto Frederik Spliid

Erik Larsen

Per Olsen

Mads Wallin

Helle Lindhof Bjørnøe

Income statement

		Sparekassen (Group)			
Note	Amounts in DKK'000	H1 2018	H1 2017	Q2 2018	Q2 2017
4	Interest income	298,739	300,191	153,749	151,503
5	Interest expenses	33,333	33,580	17,387	15,228
	Net interest income	265,406	266,611	136,362	136,275
	Dividends on shares etc	21,295	11,176	16,096	6,712
6	Fees and commission income	237,041	232,998	113,994	110,914
	Fees and commission expenses	9,353	9,236	4,223	5,130
	Net interest and fee income	514,389	501,549	262,229	248,771
7	Market value adjustments	8,625	30,576	-20,509	12,762
	Other operating income	7,550	11,718	3,646	7,568
8	Staff costs and administrative expenses	362,109	334,254	186,477	173,175
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	26,469	29,741	15,806	12,338
	Other operating expenses	8,858	10,299	4,094	5,423
9	Impairment losses on loans and advances etc	4,433	20,042	-7,617	9,266
	Profit/loss on investments in associates and group enterprises	1,692	873	1,045	3
	Profit before tax	130,387	150,380	47,651	68,902
	Income tax	14,566	13,659	12,106	6,823
	Profit after tax	115,821	136,721	35,545	62,079
	Earnings per share				
	Basic earnings per share (DKK)	5.6	8.4	1.3	3.7
	Diluted earnings per share (DKK)	5.6	8.4	1.3	3.7
	Distributed as follows:				
	Retained earnings	85,791	108,782	20,323	48,033
	Interest, hybrid core capital	30,030	27,939	15,222	14,046
	Total	115,821	136,721	35,545	62,079

Statement of comprehensive income

		Sparekassen (Group)			
Note	Amounts in DKK'000	H1 2018	H1 2017	Q2 2018	Q2 2017
	Profit for the period	115,821	136,721	35,545	62,079
	Other comprehensive income that may not be reclassified to profit or loss				
	Fair value adjustment of properties	-250	0	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	-62	90	-64	46
	- Tax on other comprehensive income	14	-20	14	-10
	Total other comprehensive income	-298	70	-50	36
	Total comprehensive income	115,523	136,791	35,495	62,115

1 The fair value adjustment concerns a jointly controlled enterprise.

Balance sheet

Sparekassen (Group)

Note	Amounts in DKK'000	Opening balance sheet at			
		30.06.2018	01.01.2018	31.12.2017	30.06.2017
Assets					
	Cash and balances on demand at central banks	360,410	356,906	356,906	361,787
	Amounts owed by credit institutions and central banks	2,269,509	1,830,790	1,830,790	1,400,160
	Loans and other amounts owed at amortised cost	12,021,808	11,540,883	11,680,562	11,121,342
	Bonds at fair value	5,861,326	4,839,742	4,839,742	5,376,402
	Bonds at amortised cost	0	99,999	99,999	99,815
	Shares etc	740,575	653,583	653,583	674,930
	Investments in associates	69,480	70,363	70,584	65,670
	Investments in group enterprises	0	0	0	0
	Assets related to pooled plans	1,058,965	905,222	905,222	700,203
	Intangible assets	131,419	137,658	137,658	144,698
10	Total land and buildings	396,134	399,499	399,499	422,368
	<i>Investment property</i>	126,688	124,446	124,446	128,633
	<i>Owner-occupied property</i>	269,446	275,053	275,053	293,735
	Other property, plant and equipment	51,637	47,830	47,830	45,084
	Current tax assets	12,372	11,310	11,310	0
	Deferred tax assets	180,517	193,451	162,718	164,919
	Temporarily held assets	0	0	0	12,354
	Other assets	184,845	272,044	272,044	170,865
	Prepayments	22,552	18,716	18,716	15,766
	Total assets	23,361,549	21,377,996	21,487,163	20,776,363

Sparekassen (Group)

Note	Amounts in DKK'000	Opening balance sheet at			
		30.06.2018	01.01.2018	31.12.2017	30.06.2017
Equity and liabilities					
Liabilities other than provisions					
	Amounts owed to credit institutions and central banks	376,890	439,229	439,229	429,071
	Deposits and other debt	17,502,758	16,589,332	16,589,332	16,287,344
	Deposits in pooled plans	1,058,965	905,222	905,222	700,203
	Current tax liabilities	0	0	0	710
	Other liabilities	268,321	246,572	246,572	242,305
	Deferred income	22,561	20,848	20,848	17,029
	Total liabilities other than provisions	19,229,495	18,201,203	18,201,203	17,676,662
Provisions					
	Provisions for losses on guarantees etc	56,214	55,905	55,905	59,872
	Other provisions	13,738	14,794	14,794	14,901
	Total provisions	69,952	70,699	70,699	74,773
11	Subordinated loan capital	531,279	402,848	402,848	352,923
Equity					
12	Share capital	173,750	130,312	130,312	130,312
	Share premium	393,243	0	0	0
	Revaluation reserves	2,878	3,128	3,128	3,642
	Undistributable savings bank reserve, other reserves	561,378	561,378	561,378	561,378
	Retained earnings	1,504,706	1,423,591	1,532,758	1,419,036
	Total equity exclusive of hybrid core capital	2,635,955	2,118,409	2,227,576	2,114,368
	Hybrid core capital	894,868	584,837	584,837	557,637
	Total equity	3,530,823	2,703,246	2,812,413	2,672,005
	Total equity and liabilities	23,361,549	21,377,996	21,487,163	20,776,363

Statement of changes in equity

Sparekassen (Group)

Note	Amounts in DKK'000	Share capital	Share premium	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument ¹	Dividend	Retained earnings	Total equity exclusive of hybrid core capital	Hybrid core capital	Total equity
	Equity at 1.1.2017	130,312	0	3,642	561,378	-170	39,745	1,323,167	2,058,073	529,698	2,587,771
	Profit for the period	0	0	0	0	0	0	108,782	108,782	27,939	136,721
	Other comprehensive income										
	Fair value adjustment of financial instruments entered into to hedge future cash flows:										
	Value adjustment for the period	0	0	0	0	90	0	0	90	0	90
	Tax on other comprehensive income	0	0	0	0	-20	0	0	-20	0	-20
	Total other comprehensive income	0	0	0	0	70	0	0	70	0	70
	Comprehensive income for the period	0	0	0	0	70	0	108,782	108,852	27,939	136,791
	Purchase of treasury shares	0	0	0	0	0	0	-13,419	-13,419	0	-13,419
	Sale of treasury shares	0	0	0	0	0	0	0	0	0	0
	Dividend paid	0	0	0	0	0	-39,745	607	-39,138	0	-39,138
	Equity at 30.06.2017	130,312	0	3,642	561,378	-100	0	1,419,137	2,114,368	557,637	2,672,005

Statement of changes in equity

Sparekassen (Group)

Note	Amounts in DKK'000	Share capital	Share premium	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	0	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	0	-109,167	-109,167	0	-109,167
	Equity at 01.01.2018, following this	130,312	0	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	0	85,791	85,791	30,030	115,821
	Other comprehensive income										
	Fair value of owner-occupied properties	0	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	0	-62	0	0	-62	0	-62
	Tax on other comprehensive income	0	0	0	0	14	0	0	14	0	14
	Total other comprehensive income	0	0	-250	0	-48	0	0	-298	0	-298
	Comprehensive income for the period	0	0	-250	0	-48	0	85,791	85,493	30,030	115,523
	Additions through share issue	43,437	393,243	0	0	0	0	0	436,680	0	436,680
	New hybrid core capital	0	0	0	0	0	0	-4,076	-4,076	280,000	275,924
	Purchase of treasury shares	0	0	0	0	0	0	-550	-550	0	-550
	Sale of treasury shares	0	0	0	0	0	0	0	0	0	0
	Equity at 30.06.2018	173,750	393,243	2,878	561,378	-167	0	1,504,876	2,635,956	894,868	3,530,823

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

Cash flow statement

Note	Amounts in DKK'000	Sparekassen (Group)	
		H1 2018	H1 2017
	Comprehensive income for the period	115,523	136,791
	Adjustment for amounts without cash flow effect		
	Market value adjustment, shares	-27,479	-12,175
	Market value adjustment, bonds	7,404	-20,519
	Impairment losses on loans and advances etc	4,433	20,042
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	21,326	29,741
	Prepayments (net)	-596	3,428
	Provisions	-747	-13,981
	Value adjustments of investment property	8,311	14,666
	Deferred income tax	-14,566	-13,659
	Adjustment for amounts with cash flow effect		
	Income tax paid	187	0
	Cash flows from ordinary operating activities	113,796	144,334
	Working capital changes		
	Credit institutions	-62,339	225
	Loans and advances adjusted for impairment losses etc for the period	-485,831	-670,786
	Other assets and liabilities (net)	134,317	79,517
	Shares etc	-59,513	532
	Bonds at fair value	-1,028,988	5,397
	Bonds at amortised cost - held to maturity	99,999	-181
	Deposits and other debt	913,426	640,300
		-488,929	55,004
	Cash flows from operating activities	-375,133	199,338

Note	Amounts in DKK'000	Sparekassen (Group)	
		H1 2018	H1 2017
	Investing activities		
	Additions, investments in associate	-358	0
	Purchase of intangible assets	-3,123	-1,886
	Purchase of property, plant and equipment	-56,117	-39,820
	Sale of property, plant and equipment	35,400	21,358
	Cash flows from investing activities	-24,198	-20,348
	Financing activities		
	Subordinated loan capital	129,500	-113,000
	Hybrid core capital	275,924	0
	Indbetalt garantkapital (netto)	436,680	0
	Treasury shares etc	-550	-13,419
	Dividend paid	0	-39,138
	Cash flows from financing activities	841,554	-165,557
	Increase/decrease in cash	442,223	13,433
	Cash and cash equivalents at beginning of period	2,187,696	1,748,514
	Cash and cash equivalents at end of period	2,629,919	1,761,947
	Cash and cash equivalents		
	Cash and balances on demand at central banks	360,410	361,787
	Amounts owed by credit institutions and central banks	2,269,509	1,400,160
	Cash and cash equivalents at end of period	2,629,919	1,761,947

Notes

Sparekassen (Group)

Note	H1 2018	H1 2017	Financial year 2017
1 Financial highlights			
Principal items of income statement			
Net interest income	265	267	542
Net interest and fee income	514	502	999
Market value adjustments	9	31	43
Staff costs and administrative expenses	362	334	691
Amortisation, depreciation and impairment losses on assets	26	30	59
Impairment losses on loans and advances etc	4	20	33
Profit on investments in associates and group enterprises	2	1	3
Income tax	15	14	16
Profit for the period	116	137	257
Principal items of balance sheet			
Loans and advances	12,022	11,121	11,681
Securities portfolio	6,602	6,151	5,593
Deposits including pooled deposits	18,562	16,988	17,495
Equity	3,531	2,672	2,812
Total assets	23,362	20,776	21,487
Subordinated loan capital	531	353	403

Sparekassen (Group)

Note	H1 2018	H1 2017	Financial year 2017
Financial ratios			
Capital ratio ⁵	19.8	15.3	16.3
Core capital ratio ⁵	16.8	13.2	14.0
Return on equity before tax	4.2	5.7	10.1
Return on equity after tax	3.7	5.2	9.5
Operating income over operating expenses	1.32	1.38	1.34
Interest rate risk relative to core capital net of deductions	1.1	0.2	1.1
Currency position relative to core capital net of deductions	0.5	0.4	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	70.3	71.0	72.2
Loans and advances relative to equity	3.4	4.2	4.2
Growth in loans and advances for the period	4.2	6.2	11.5
Excess cover relative to statutory liquidity requirements	250.6	204.8	216.6
Total large exposures relative to capital resources	0.0	11.2	0.0
Impairment ratio for the period	0.0	0.1	0.2
Accumulated impairment ratio ¹	5.9	5.9	5.6
Return on capital employed	0.5	1.3	1.2
Earnings per share (DKK) ³	5.6	8.4	15.5
Dividend per share (DKK)	-	-	0.0
Book value per share (DKK) ²	151.8	164.8	170.9
Price/earnings per share ³	18.2	14.9	7.4
Price/equity per share ²	0.7	0.8	0.7
Share price at end of period	102.5	126.0	114.5
Staff			
Average number of employees for the period converted into full-time employees ⁴	610	573	585

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

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

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

⁴ Engaged in financial business.

⁵ H1 2018 have been calculated exclusive of the profit for the period.

Notes

2 Summary of significant accounting policies

The H1 2018 Interim Report has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU and additional Danish disclosure requirements for interim reports of listed financial companies. Applying ISA 34 entails that presentation is more limited than in a complete annual report and that the measurement principles of the International Financial Reporting Standards (IFRS) have been used.

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

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

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

The Standard is effective from 1 January 2018.

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

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

Corrections to the opening balance sheet Amounts in DKK'000	Allowance account	Deferred tax	Investments in associates	Equity
Balance sheet at 31.12.2017	1,010,795	162,718	70,584	2,812,413
Stage 1 and stage 2 impairment	189,400			-189,400
Adjustment, stage 3 impairment	5,976			-5,976
Reversal of collective impairment losses	-55,697			55,697
Deferred tax		30,733		30,733
Adjustment of investments in associates			-221	-221
Opening balance sheet at 01.01.2018	1,150,474	193,451	70,363	2,703,246

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

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

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

The most significant estimates made by Management in using the Group's accounting policies and the related key sources of estimation uncertainty are the same used in the preparation of the interim financial statements for 2018 as those used to prepare the consolidated financial statements for 2017.

Notes

Note	Amounts in DKK'000	Sparekassen (Group)	
		H1 2018	H1 2017
4 Interest income			
Credit institutions and central banks		302	882
Loans and advances and other amounts owed		283,467	285,514
Bonds		10,897	12,010
Total derivatives		3,825	1,627
Thereof:			
- Interest rate contracts		4,278	2,978
- Foreign exchange contracts		-453	-1,351
Other interest income		248	158
Total interest income		298,739	300,191
5 Interest expenses			
Credit institutions and central banks		7,397	3,010
Deposits and other debt		10,509	14,087
Subordinated loan capital		15,397	16,442
Other interest expenses		30	41
Total interest expenses		33,333	33,580
6 Fees and commission income			
Securities trading and custody accounts		49,983	62,069
Payment services		26,528	23,069
Loan fees		17,766	15,623
Guarantee commission		83,364	77,683
Other fees and commissions		59,400	54,554
Total fees and commission income		237,041	232,998

Note	Amounts in DKK'000	Sparekassen (Group)	
		H1 2018	H1 2017
7 Market value adjustments			
Bonds		-7,404	20,519
Shares		27,479	12,175
Investment property		-7,536	-14,029
Foreign exchange		3,979	4,595
Currency, interest rate, share, commodity and other contracts and derivatives		-7,893	7,316
Assets related to pooled plans		-10,992	24,909
Deposits in pooled plans		10,992	-24,909
Total market value adjustments		8,625	30,576
8 Staff costs and administrative expenses			
Remuneration of the Board of Directors and Executive Board			
Board of Directors and Executive Board		6,093	5,766
Resigned Executive Board member 2017 ¹		0	4,248
Total		6,093	10,014
¹ Flemming Bisgaard Nielsen resigned in May 2017			
Staff costs			
Wages and salaries		173,797	157,226
Pension contributions		19,187	17,515
Social security expenses		27,770	24,790
Total staff costs		220,754	199,531
Other administrative expenses		135,262	124,709
Total staff costs and administrative expenses		362,109	334,254

Notes

Note	Amounts in DKK'000	Sparekassen (Group)	
		30.06. 2018	30.06. 2017
9	Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account)		
	Individual impairment losses/provisions		
	Balance of impairment losses/provisions at beginning of period	935,421	1,020,037
	Change in accounting policies	-935,421	
	Impairment losses/provisions for the period (net)		20,201
	Other changes		47,250
	Value adjustment of assets acquired		-166
	Finally written off, previously written down/provided for		179,899
	Balance of impairment losses/provisions at end of period	0	907,423
	Collective impairment losses/provisions		
	Balance of impairment losses/provisions at beginning of period	75,374	81,770
	Change in accounting policies	-55,697	
	Transferred to management estimates	-19,677	
	Impairment losses/provisions for the period (net)		4,513
	Balance of impairment losses/provisions at end of period	0	86,283

Note	Amounts in DKK'000	Sparekassen (Group)	
		30.06. 2018	30.06. 2017
9	Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account) (continued)		
	Stage 1 impairment		
	Balance of stage 1 impairment losses at beginning of period	0	
	Change in accounting policies	52,114	
	New impairment losses (net)	3,555	
	Balance of stage 1 impairment losses at end of period	55,669	-
	Stage 2 impairment		
	Balance of stage 2 impairment losses at beginning of period	0	
	Change in accounting policies	156,963	
	New impairment losses (net)	-24,365	
	Balance of stage 2 impairment losses at end of period	132,598	-
	Stage 3 impairment		
	Balance of stage 3 impairment losses at beginning of period	0	
	Change in accounting policies	882,587	
	New impairment losses (net)	38,006	
	Other changes	77,431	
	Value adjustment of assets acquired	-4	
	Previously written down, now finally written off	166,135	
	Balance of stage 3 impairment losses at end of period	831,885	-

Notes

Note	Amounts in DKK'000	Sparekassen (Group)	
		30.06.2018	30.06.2017
9	Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account) (continued)		
	Provisions losses for guarantees and undrawn credit facilities		
	Balance of provisions at beginning of year	0	
	Change in accounting policies	58,810	
	New provisions (net)	-2,596	
	Balance of provisions at end of period	56,214	-
	Total		
	Balance of impairment losses/provisions at beginning of period	1,010,795	1,101,807
	Change in accounting policies	139,679	
	Impairment losses/provisions for the period (net)	14,600	24,714
	Other changes	77,431	47,250
	Value adjustment of assets acquired	-4	-166
	Finally written off, previously written down/provided for	166,135	179,899
	Balance of impairment losses/provisions at end of period	1,076,366	993,706
	Thereof, guarantee debtors account for	56,214	59,872
	Discount regarding business acquisitions	60,830	202,953
	Balance of impairment losses/provisions and discount at end of period	1,137,196	1,196,659
	Impairment losses/provisions for the period (net)	14,600	24,714
	Value adjustment of assets acquired	-4	-166
	Written off, not previously written down/provided for	3,276	10,345
	Recovery of claims previously written off	13,440	14,851
	Total recognised in the income statement	4,433	20,042

Note	Amounts in DKK'000	Sparekassen (Group)			
		30.06.2018	31.12.2017	30.06.2017	
10	Land and buildings				
	Investment property				
	Fair value at beginning of period	124,446	144,780	144,780	
	Additions	41,013	23,330	16,414	
	Disposals	30,460	25,700	17,895	
	Fair value adjustments for the period	-8,311	-17,964	-14,666	
	Fair value at end of period	126,688	124,446	128,633	
	Rental income	3,749	9,430	4,976	
	Operating expenses	1,912	4,674	2,268	
	Thereof, operating expenses recognised for investment property not having generated rental income for the year	428	460	242	
		Quoted prices	Observable input	Non-observable input	Total
	Fair value hierarchy for investment property				
	Group at 31.03.2018	0	0	126,688	126,688
	Group at 31.12.2017	0	0	124,446	124,446
	Group at 31.03.2017	0	0	128,633	128,633

Notes

		Sparekassen (Group)		
Note	Amounts in DKK'000	30.06.2018	31.12.2017	30.06.2017
10	Land and buildings (continued)			
	Owner-occupied property			
	Cost at beginning of period	337,803	340,409	340,409
	Additions	0	32,652	10,189
	Disposals	0	35,258	0
	Cost at end of period	337,803	337,803	350,598
	Accumulated depreciation/impairment losses at beginning of period	65,926	49,595	49,595
	Depreciation for the period	990	2,057	862
	Impairment losses for the period	5,143	17,729	10,100
	Disposals for the period	776	3,455	0
	Accumulated depreciation/impairment losses at end of period	71,283	65,926	60,557
	Accumulated revaluation at beginning of period	3,176	3,694	3,694
	Additions for the period	0	0	0
	Disposals for the period	-250	-518	0
	Accumulated revaluation at end of period	2,926	3,176	3,694
	Revalued amount at end of period	269,446	275,053	293,735
	If no revaluation had been made, the carrying amount of owner-occupied property would have been:	266,520	271,877	290,041

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.

		Sparekassen (Group)			
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 31.03.2018	0	0	269,446	269,446
	Group at 31.12.2017	0	0	275,053	275,053
	Group at 31.03.2017	0	0	293,735	293,735

Investment properties and owner-occupied properties are measured at fair value/revalued amount calculated using a return-based model which is based on an estimate of prices per square metre and a required rate of return. A required rate of return ranging between 4.7% and 9.4% has been used in measuring properties located on Zealand and Funen and in Jutland (2017: 5.5% and 9.5% and Copenhagen 3.2%). An increase in the required rate of return would result in a decline in the property's fair value, whereas an increase in rent per square metre relative to the assumptions applied would result in an increase in the value of the property.

Notes

Sparekassen (Group)

Note	Amounts in DKK'000	Current interest rate	30.06.2018	31.12.2017	30.06.2017
11 Subordinated loan capital					
Supplementary capital					
Floating rate, maturing July 2023, redeemable in 2018.	8,38 % ¹		118,000	118,000	118,000
From 2018 to 2023, the interest rate will be 3 months CIBOR + 6.8% with quarterly adjustment.					
Floating rate, maturing July 2024, redeemable in 2019.	7,81 % ¹		82,000	82,000	82,000
From 2019 to 2024, the interest rate will be 3 months CIBOR + 6.75% with quarterly adjustment.					
Floating rate, maturing July 2025, redeemable in 2020.	7,66 % ¹		105,000	105,000	105,000
From 2020 to 2025, the interest rate will be 6 months CIBOR + 6.9% with half-yearly adjustment.					
Floating rate, maturing February 2027, redeemable in 2022.	5,94 % ¹		50,000	50,000	50,000
From 2022 to 2027, the interest rate will be 6 months CIBOR + 5.5% with half-yearly adjustment.					
Floating interest rate, maturing in December 2027, may be repaid early in 2022.	4,75 % ¹		50,000	50,000	
From 2022 to 2027, the interest rate will be six months' CIBOR + 4.39% with half-yearly adjustment.					
Floating interest rate, maturing in June 2028, may be repaid early in 2023.	4,50 % ¹		130,000		
From 2023 to 2028, the interest rate will be six months' CIBOR + 4.11% with half-yearly adjustment.					

Sparekassen (Group)

Note	Amounts in DKK'000	Current interest rate	30.06.2018	31.12.2017	30.06.2017
11 Subordinated loan capital (continued)					
Other ³			20	520	520
Total supplementary capital			535,020	405,520	355,520
Total subordinated loan capital			535,020	405,520	355,520
Allowance account			3,741	2,672	2,597
Total subordinated loan capital according to balance sheet			531,279	402,848	352,923
Hybrid capital reclassified to equity					
Floating rate, perpetual, redeemable in 2018. ²	10,83 % ¹		520,000	520,000	520,000
From 2018, the interest rate will be a five-year SWAP rate + 9.25% with adjustment every five years.					
Floating interest rate, indefinite term to maturity, may be repaid early in 2022. ²	6,75 % ¹		55,000	55,000	
From 2022, the interest rate will be six months' CIBOR + 6.39% with semi-annual adjustment.					
Floating interest rate, indefinite term to maturity, may be repaid early in 2023. ²	6,50 % ¹		280,000		
From 2023, the interest rate will be six months' CIBOR + 6.11% with semi-annual adjustment.					
Total hybrid capital reclassified to equity			855,000	575,000	520,000
Subordinated loan capital included in the calculation of capital resources			1,386,259	977,328	872,403

¹ Fixed interest rate for the first 5 years.

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

³ "Top interest-rate certificates", 10-year maturity period. Fixed interest rate of 4.5% to 5.75% maturing in May 2018 (DKK 500k) and December 2018 (DKK 20k); Cannot be included in the calculation of capital resources or to fulfil the capital requirement requirement addition under the 8+ approach.

Notes

Note	Amounts in DKK'000	Sparekassen (Group)		
		30.06.2018	31.12.2017	30.06.2017

11 Subordinated loan capital (continued)

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.

Interest etc on subordinated loan capital

	30.06.2018	31.12.2017	30.06.2017
Interest (excluding interest on reclassified hybrid core capital recognised as equity)	15,397	30,821	16,442
Extraordinary repayments/redemptions/remortgaging	500	163,000	163,000
Expenses for raising subordinated loan capital	1,653	1,176	600
Expenses for redeeming subordinated loan capital	0	0	0

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

Note	Number of shares		Nominal value (DKK'000)	
	30.06.2018	30.06.2017	31.03.2018	31.03.2017
12 Share capital				
Share capital, Sparekassen Sjælland-Fyn A/S	13,031,230	13,031,230	130,312	130,312
Increase of share capital	4,343,743	0	43,437	0
Total	17,374,973	13,031,230	173,750	130,312

Note	Amounts in DKK'000	Sparekassen (Group)		
		Number of shares	Nominal value (DKK'000)	Participation %

12 Share capital (continued)

Treasury shares

Treasury shares at 31.12.2016	92,970	930	0.7
Purchased	106,300	1,063	0.8
Sold	0	0	0.0
Treasury shares at 30.06.2017	199,270	1,993	1.5
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

Total purchase price DKK 550k (H1 2017: DKK 13,419k)

Total selling price DKK 0k (H1 2017: DKK 0k)

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 5.000 shares, corresponding to 0,03% of the share capital. The shares were acquired as part of ordinary trading.

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

Notes

Note	Amounts in DKK'000	Sparekassen (Group)	
		30.06.2018	30.06.2017
12	Share capital (continued)		
	Earnings per share		
	Earnings of shareholders of the Parent Sparekassen Sjælland-Fyn A/S	85,791	108,782
	Average number of shares	15,203,102	13,031,230
	Average number of treasury shares	2,500	146,120
	Average number of shares outstanding	15,200,602	12,885,110
	Average dilution effect of outstanding share options	0	0
	Average number of outstanding shares (diluted)	15,200,602	12,885,110
	Earnings per share (DKK)	5.6	8.4
	Diluted earnings per shares (DKK)	5.6	8.4

Note	Amounts in DKK'000	Sparekassen (Group)		
		30.06.2018	31.12.2017	30.06.2017
13	Assets provided as collateral			
	Bonds deposited with Danmarks Nationalbank, clearing centres etc	434,974	554,400	580,413
	Cash deposited with credit institutions, CSA agreements	25,954	28,780	20,461
	Total	460,928	583,180	600,874

Unencumbered deposited securities may be released at call.

Note	Amounts in DKK'000	Sparekassen (Group)		
		30.06.2018	31.12.2017	30.06.2017
14	Related party transactions			
	Sparekassen serves as bank to the Group's group enterprises, and intra-group transactions primarily comprise interest payments, settlement of rent and administration fee. All transactions have been conducted at arm's length.			
	There have been no unusual related party transactions in H1 2017 or H1 2018.			
15	Contingent liabilities and assets			
	Financial guarantees	1,342,401	1,502,821	1,159,097
	Mortgage finance guarantees	2,247,459	2,167,326	2,052,884
	Registration and remortgaging guarantees	49,184	40,378	51,364
	Other contingent liabilities	1,643,637	1,502,599	1,388,359
	Total	5,282,681	5,213,124	4,651,704

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

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

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

Notes

Sparekassen (Group)

Note	Amounts in DKK'000	30.06.2018	31.12.2017	30.06.2017
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15 Contingent liabilities and assets (continued)

The Group has entered into a number of leases on premises used for bank operations or other activities. If the leases entered into are terminated, a maximum amount of DKK 71,2m (31 December 2017: DKK 79.4m; 30 June 2017: DKK 69,0m) will have to be paid.

The Group has lease commitments amounting to DKK 4,5m (31 December 2017: DKK 1.3m; 30 June 2017: DKK 1.5m).

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

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

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

Contingent assets

	30.06.2018	31.12.2017	30.06.2017
Deferred tax assets, written down	115,284	115,579	145,307

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

Sparekassen (Group)

Note	Amounts in DKK'000	30.06.2018	31.12.2017	30.06.2017
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16 Capital resources ¹

Equity excluding hybrid core capital	2,635,955	2,227,576	2,114,368
Intangible assets	-131,419	-137,658	-144,698
Tax assets	-180,517	-162,718	-164,919
Proposed dividend	0	0	0
Deduction, capital instruments exceeding 10%	-163,398	-114,400	-143,575
Other deductions etc	15,261	5,675	-21,910
Common Equity Tier 1 capital	2,175,882	1,818,475	1,639,266
Hybrid core capital	855,000	575,000	520,000
Deduction, investments exceeding 10%	0	-14,300	-17,947
Core capital (including hybrid core capital) net of primary deductions	3,030,882	2,379,175	2,141,319
Supplementary capital	531,259	402,328	352,403
Deduction, investments exceeding 10%	0	-14,300	-17,947
Supplementary investments	0	0	-5
Capital resources	3,562,141	2,767,203	2,475,770
Risk exposures			
Credit risk	14,936,464	14,170,225	13,416,633
Market risk	1,257,537	1,015,417	1,000,776
Operational risk	1,814,764	1,787,720	1,787,720
Total risk exposures	18,008,765	16,973,362	16,205,129
Capital ratio	19.8	16.3	15.3
Core capital ratio	16.8	14.0	13.2
Common Equity Tier 1 capital ratio	12.1	10.7	10.1
Capital resources, requirement under Section 124(2) of the Danish Financial Business Act	1,440,701	1,357,869	1,296,410

¹ Sparekassen's capital resources and capital ratios have been calculated exclusive of profit for H1 2018. Had net profit for the period, reduced by dividend paid in accordance with the dividend policy, been included in capital resources, the capital ratio would increase 0.5 percentage points, whilst the core capital ratio and the common equity ratio would increase 0.6 percentage points.

Notes

Sparekassen (Group)

Note	Amounts in DKK'000	30.06.2018
16 Capital resources (continued)		
Sparekassen applies the transitional scheme in the implementation of IFRS 9.		
Under the transitional scheme, Sparekassen may phase in the negative consequences of IFRS 9 into the capital resources over a five-year period.		
Solvency capital elements calculated exclusive of transitional scheme²		
Common Equity Tier 1 capital		2,064,285
Core capital (including hybrid core capital) net of primary deductions		2,919,285
Capital resources		3,450,544
Total risk exposures		18,000,218
Capital ratio		19.2
Core capital ratio		16.2
Common Equity Tier 1 capital ratio		11.5

² Sparekassen's solvency capital elements exclusive of transitional scheme have been calculated exclusive of profit for Q1 2018. Had net profit for the period, reduced by dividend paid in accordance with the dividend policy, been included in capital resources, the capital ratio would increase 0.5 percentage points, whilst the core capital ratio and the common equity ratio would increase 0.6 percentage points.

Sparekassen (Group)

Note	Amounts in DKK'000	30.06.2018	30.06.2017
17 Financial assets and liabilities, Sparekassen Sjælland-Fyn A/S Group			
Financial assets and liabilities are recognised in the balance sheet either at fair value through profit or loss or at amortised cost.			
Below, the valuation method is stated for each financial statement item.			
		Fair value	Amortised costs
		Fair value	Amortised costs
Financial assets			
Cash and balances on demand at central banks			361,787
Amounts owed by credit institutions and central banks		2,269,509	1,400,160
Loans and advances and other amounts owed at amortised cost		12,021,808	11,121,342
Bonds at fair value	5,861,326		5,376,402
Bonds at amortised cost		0	99,815
Shares etc	740,575		674,930
Assets related to pooled plans	1,058,965		700,203
Positive market value of derivatives	25,603		26,878
Total financial assets	7,686,469	14,651,727	6,778,413
Financial liabilities			
Amounts owed to credit institutions and central banks		376,890	429,071
Deposits and other debt		17,502,758	16,287,344
Deposits in pooled plans		1,058,965	700,203
Subordinated loan capital		531,279	352,923
Negative market value of derivatives	28,120		30,109
Total financial liabilities	28,120	19,469,892	30,109
			17,769,541

Notes

Note

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

Financial instruments recognised at fair value

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

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

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

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

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

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

Sparekassen (Group)

Note	Amounts in DKK'000	Quoted prices (Level 1)	Observable input (Level 2)	Non-observable input (Level 3)	Total
17	Financial assets and liabilities, Sparekassen Sjælland-Fyn A/S Group (continued)				
	Fair value hierarchy of financial instruments measured at fair value in balance sheet				
	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	1,058,965
	Derivatives	0	25,603	0	25,603
	Total financial assets	6,918,032	328,771	439,666	7,686,469
	Financial liabilities				
	Derivative financial liabilities	0	28,120	0	28,120
	Total financial liabilities	0	28,120	0	28,120
	30.06.2017				
	Financial assets				
	Bonds at fair value	5,319,566	56,836	0	5,376,402
	Shares etc	48,547	219,310	407,073	674,930
	Assets related to pooled plans	667,743	32,460	0	700,203
	Derivatives	0	26,878	0	26,878
	Total financial assets	6,035,856	335,484	407,073	6,778,413
	Financial liabilities				
	Derivative financial liabilities	0	30,109	0	30,109
	Total financial liabilities	0	30,109	0	30,109

Notes

Note	Amounts in DKK'000	Sparekassen (Group)	
		30.06.2018	30.06.2017

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

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

Carrying amount at beginning of period	410,826	346,717
Market value adjustment in profit or loss, under market value adjustments	-2,529	9,737
Purchased	69,456	155,404
Sold	38,087	104,785
Carrying amount at end of period	439,666	407,073

Sparekassen's key investment in shares based on Level 3 is the investment in PRAS A/S amounting to DKK 119.8m (30 June 2017: DKK 116,5m), equivalent to 27% (30 June 2017: 29%) of the total fair value of financial instruments in Level 3. The fair value of the investment in PRAS A/S is based on the company's equity value. A change in the company's equity by DKK 100m would affect the fair value of Sparekassen by DKK 5.0m (30 June 2017: DKK 4.7m).

Sparekassen does not have data to make a sensitivity analysis of the investment fund certificates that are measured at fair value in the balance sheet based on Level 3. The investment fund certificates amount to DKK 315.5m (30 June 2017: DKK 287,5m).

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

Note

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

Financial instruments recognised at amortised cost

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

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

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

Notes

Sparekassen (Group)

Note	Amounts in DKK'000	30.06.2018	30.06.2017
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17 Financial assets and liabilities, Sparekassen Sjælland-Fyn A/S Group (continued)

Financial instruments recognised at amortised cost,
disclosures on fair value

	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and balances on demand at central banks	360,410	360,410	361,787	361,787
Amounts owed by credit institutions and central banks	2,269,509	2,269,509	1,400,160	1,400,160
Loans and advances and other amounts owed at amortised cost	12,021,808	12,076,847	11,121,342	11,172,851
Bonds at amortised cost	0	0	99,815	100,180
Total financial assets	14,651,727	14,706,766	12,983,104	13,034,978
Financial liabilities				
Amounts owed to credit institutions and central banks	376,890	376,890	429,071	429,071
Deposits and other debt	17,502,758	17,502,758	16,287,344	16,287,344
Deposits in pooled plans	1,058,965	1,058,965	700,203	700,203
Subordinated loan capital	531,279	531,279	352,923	352,923
Total financial liabilities	19,469,892	19,469,892	17,769,541	17,769,541

Income statement

		Sparekassen (Parent)			
Note	Amounts in DKK'000	H1 2018	H1 2017	Q2 2018	Q2 2017
4	Interest income	286,464	286,313	147,770	144,838
5	Interest expenses	33,258	33,562	17,313	15,213
	Net interest income	253,206	252,751	130,457	129,625
	Dividends on shares etc	21,295	11,176	16,096	6,712
6	Fees and commission income	237,001	232,846	113,997	110,845
	Fees and commission expenses	9,188	8,882	4,144	5,038
	Net interest and fee income	502,314	487,891	256,406	242,144
7	Market value adjustments	15,192	44,086	-17,393	15,394
	Other operating income	2,753	3,849	1,899	1,933
8	Staff costs and administrative expenses	361,717	335,219	186,416	174,216
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	20,549	19,031	10,768	9,933
	Other operating expenses	5,615	7,644	2,882	3,926
9	Impairment losses on loans and advances etc	4,680	19,346	-7,455	7,586
	Profit/loss on investments in associates and group enterprises	523	-6,911	-1,693	3,821
	Profit before tax	128,221	147,675	46,608	67,631
	Income tax	12,400	10,954	11,063	5,552
	Profit after tax	115,821	136,721	35,545	62,079
	Earnings per share				
	Earnings per share (DKK)	5.6	8.4	1.3	3.7
	Diluted earnings per share (DKK)	5.6	8.4	1.3	3.7
	Distributed as follows:				
	Retained earnings	85,791	108,782	20,323	48,033
	Interest, hybrid core capital	30,030	27,939	15,222	14,046
	Total	115,821	136,721	35,545	62,079

Statement of comprehensive income

		Sparekassen (Parent)			
Note	Amounts in DKK'000	H1 2018	H1 2017	Q2 2018	Q2 2017
	Profit for the period	115,821	136,721	35,545	62,079
	Other comprehensive income that may not be reclassified to profit or loss				
	Fair value adjustment of properties	-250	0	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	-62	90	-64	46
	- Tax on other comprehensive income	14	-20	14	-10
	Total other comprehensive income	-298	70	-50	36
	Total comprehensive income	115,523	136,791	35,495	62,115

¹ The fair value adjustment concerns a jointly controlled enterprise.

Balance sheet

Sparekassen (Parent)

Note	Amounts in DKK'000	Opening balance sheet at			
		30.06.2018	01.01.2018	31.12.2017	30.06.2017
Assets					
	Cash and balances on demand at central banks	360,410	356,906	356,906	361,787
	Amounts owed by credit institutions and central banks	2,257,647	1,822,445	1,822,445	1,396,145
	Loans and other amounts owed at amortised cost	12,053,230	11,534,789	11,671,702	11,109,303
	Bonds at fair value	5,861,326	4,839,742	4,839,742	5,376,402
	Bonds at amortised cost	0	99,999	99,999	99,815
	Shares etc	740,575	653,583	653,583	674,930
	Investments in associates	33,614	33,801	33,801	30,205
	Investments in group enterprises	339,997	379,184	381,559	377,469
	Assets related to pooled plans	1,058,966	905,222	905,222	700,203
	Intangible assets	131,419	137,658	137,658	144,698
	Total land and buildings	58,656	59,807	59,807	95,216
	<i>Investment property</i>	7,649	8,337	8,337	9,120
	<i>Owner-occupied property</i>	51,007	51,470	51,470	86,096
	Other property, plant and equipment	51,637	47,830	47,830	45,084
	Current tax assets	18,256	15,647	15,647	8,273
	Deferred tax assets	169,966	182,281	152,160	151,988
	Temporarily held assets	0	0	0	12,354
	Other assets	159,378	246,370	246,370	148,352
	Prepayments	22,429	18,675	18,675	15,766
	Total assets	23,317,506	21,333,939	21,443,106	20,747,991

Sparekassen (Parent)

Note	Amounts in DKK'000	Opening balance sheet at			
		30.06.2018	01.01.2018	31.12.2017	30.06.2017
Equity and liabilities					
Liabilities other than provisions					
	Amounts owed to credit institutions and central banks	367,831	437,892	437,892	427,462
	Deposits and other debt	17,512,124	16,591,918	16,591,918	16,281,880
	Deposits in pooled plans	1,058,966	905,222	905,222	700,203
	Current tax liabilities	0	0	0	0
	Other liabilities	239,360	216,286	216,286	235,388
	Deferred income	7,171	5,828	5,828	3,357
	Total liabilities other than provisions	19,185,452	18,157,146	18,157,146	17,648,290
Provisions					
	Provisions for losses on guarantees etc	56,214	55,905	55,905	59,872
	Other provisions	13,738	14,794	14,794	14,902
	Total provisions	69,952	70,699	70,699	74,773
	Subordinated loan capital	531,279	402,848	402,848	352,923
Equity					
	Share capital	173,750	130,312	130,312	130,312
	Share premium	393,243	0	0	0
	Revaluation reserves	2,878	3,128	3,128	3,642
	Undistributable savings bank reserve, other reserves	561,378	561,378	561,378	561,378
	Retained earnings	1,504,706	1,423,591	1,532,758	1,419,036
	Total equity excluding hybrid core capital	2,635,955	2,118,409	2,227,576	2,114,368
	Hybrid core capital	894,868	584,837	584,837	557,637
	Total equity	3,530,823	2,703,246	2,812,413	2,672,005
	Total equity and liabilities	23,317,506	21,333,939	21,443,106	20,747,991

Statement of changes in equity

		Sparekassen (Parent)									
Note	Amounts in DKK'000	Share capital	Share premium	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument ¹	Dividend	Retained earnings	Total equity exclusive of hybrid core capital	Hybrid core capital	Total equity
	Equity at 1.1.2017	130,312	0	3,642	561,378	-170	39,745	1,323,167	2,058,073	529,698	2,587,771
	Profit for the period	0	0	0	0	0	0	108,782	108,782	27,939	136,721
	Other comprehensive income										
	Fair value adjustment of financial instruments entered into to hedge future cash flows:										
	Value adjustment for the period	0	0	0	0	90	0	0	90	0	90
	Tax on other comprehensive income	0	0	0	0	-20	0	0	-20	0	-20
	Total other comprehensive income	0	0	0	0	70	0	0	70	0	70
	Comprehensive income for the period	0	0	0	0	70	0	108,782	108,852	27,939	136,791
	Purchase of treasury shares	0	0	0	0	0	0	-13,419	-13,419	0	-13,419
	Sale of treasury shares	0	0	0	0	0	0	0	0	0	0
	Dividend paid	0	0	0	0	0	-39,745	607	-39,138	0	-39,138
	Equity at 30.06.2017	130,312	0	3,642	561,378	-100	0	1,419,136	2,114,368	557,637	2,672,005

Statement of changes in equity

Sparekassen (Parent)

Note	Amounts in DKK'000	Share capital	Share premium	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	0	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	0	-109,167	-109,167	0	-109,167
	Equity at 01.01.2018, following this	130,312	0	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	0	85,791	85,791	30,030	115,821
	Other comprehensive income										
	Fair value adjustment of owner-occupied property	0	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	0	-62	0	0	-62	0	-62
	Tax on other comprehensive income	0	0	0	0	14	0	0	14	0	14
	Total other comprehensive income	0	0	-250	0	-48	0	0	-298	0	-298
	Comprehensive income for the period	0	0	-250	0	-48	0	85,791	85,493	30,030	115,523
	Additions through share issue	43,437	393,243	0	0	0	0	0	436,680	0	436,680
	New hybrid core capital	0	0	0	0	0	0	-4,076	-4,076	280,000	275,924
	Purchase of treasury shares	0	0	0	0	0	0	-550	-550	0	-550
	Sale of treasury shares	0	0	0	0	0	0	0	0	0	0
	Equity at 30.06.2018	173,750	393,243	2,878	561,378	-167	0	1,504,876	2,635,956	894,867	3,530,823

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

Notes

Sparekassen (Parent)

Note	H1 2018	H1 2017	Financial year 2017
1 Financial highlights			
Principal items of income statement			
Net interest income	253	253	606
Net interest and fee income	502	488	999
Market value adjustments	15	44	43
Staff costs and administrative expenses	362	335	691
Amortisation, depreciation and impairment losses on assets	21	19	59
Impairment losses on loans and advances etc	5	19	33
Profit on investments in associates and group enterprises	1	-7	3
Income tax	12	11	16
Profit for the period	116	137	257
Principal items of balance sheet			
Loans and advances	12,053	11,109	11,681
Securities portfolio	6,602	6,151	5,594
Deposits including pooled deposits	18,571	16,982	17,494
Equity	3,531	2,672	2,812
Total assets	23,318	20,748	21,487
Subordinated loan capital	531	353	403

Sparekassen (Parent)

Note	H1 2018	H1 2017	Financial year 2017
Financial ratios			
Capital ratio ⁵	19.8	15.4	16.4
Core capital ratio ⁵	16.8	13.3	14.1
Return on equity before tax	4.1	5.6	10.0
Return on equity after tax	3.7	5.2	9.5
Operating income over operating expenses	1.33	1.39	1.35
Interest rate risk relative to core capital net of deductions	0.8	-0.2	0.8
Currency position relative to core capital net of deductions	0.5	0.4	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	70.2	70.6	71.9
Loans and advances relative to equity	3.4	4.2	4.2
Growth in loans and advances for the period	4.5	6.5	11.9
Excess cover relative to statutory liquidity requirements	250.9	204.7	216.8
Total large exposures relative to capital resources	0.0	11.1	0.0
Impairment ratio for the period	0.0	0.1	0.2
Accumulated impairment ratio ¹	5.6	5.7	5.4
Return on capital employed	0.5	0.7	1.2
Earnings per share (DKK) ³	5.6	8.4	15.5
Dividend per share (DKK)	0.0	-	0.0
Book value per share (DKK) ²	151.8	164.8	170.9
Price/earnings per share ³	18.2	14.9	7.4
Price/equity per share ²	0.7	0.8	0.7
Share price at end of period	102.50	126.0	114.5
Staff			
Average number of employees for the period converted into full-time employees ⁴	610	573	585

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

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

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

⁴ Engaged in financial business.

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

Notes

2 Summary of significant accounting policies

The H1 2018 financial statements of Sparekassen (Parent) have been prepared in accordance with the Danish Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc, as well as additional Danish disclosure requirements for interim reports for listed financial companies.

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

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

The Standard is effective from 1 January 2018.

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

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

Corrections to the opening balance sheet Amounts in DKK'000	Allowance account	Deferred tax	Investments in associates	Equity
Balance sheet at 31.12.2017	967,614	152,160	381,559	2,812,413
Stage 1 and stage 2 impairment	186,326			-186,326
Adjustment, stage 3 impairment	5,976			-5,976
Reversal of collective impairment losses	-55,389			55,389
Deferred tax		30,121		30,121
Adjustment of investments in group enterprises			-2,375	-2,375
Opening balance sheet at 01.01.2018	1,104,527	182,281	379,184	2,703,246

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

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

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

The most significant estimates made by Management in using Sparekassen's accounting policies and the related key sources of estimation uncertainty are the same used in the preparation of the interim financial statements for 2018 as those used to prepare the parent financial statements for 2017.

Notes

Note	Amounts in DKK'000	Sparekassen (Parent)	
		H1 2018	H1 2017
4 Interest income			
Credit institutions and central banks		209	814
Loans and advances and other amounts owed		271,369	271,859
Bonds		10,897	12,010
Total derivatives		3,825	1,627
Thereof:			
- Interest rate contracts		4,278	2,978
- Foreign exchange contracts		-453	-1,351
Other interest income		164	3
Total interest income		286,464	286,313
5 Interest expenses			
Credit institutions and central banks		7,321	3,010
Deposits and other debt		10,509	14,087
Bonds issued		0	0
Subordinated loan capital		15,397	16,442
Other interest expenses		31	23
Total interest expenses		33,258	33,562
6 Fees and commission income			
Securities trading and custody accounts		49,983	62,069
Payment services		26,528	23,069
Loan fees		17,766	15,623
Guarantee commission		83,364	77,683
Other fees and commissions		59,360	54,403
Total fees and commission income		237,001	232,846

Note	Amounts in DKK'000	Sparekassen (Parent)	
		H1 2018	H1 2017
7 Market value adjustments			
Bonds		-7,914	20,513
Shares		27,479	12,175
Investment property		-459	-513
Foreign exchange		3,979	4,595
Currency, interest rate, share, commodity and other contracts and derivatives		-7,893	7,316
Assets related to pooled plans		-10,992	24,909
Deposits in pooled plans		10,992	-24,909
Total market value adjustments		15,192	44,086
8 Staff costs and administrative expenses			
Remuneration of the Board of Directors and Executive Board			
Board of Directors and Executive Board		6,092	5,756
Resigned Executive Board member 2017 ¹		0	4,258
Total		6,092	10,014
¹ Flemming Bisgaard Nielsen resigned in May 2017			
Staff costs			
Wages and salaries		173,797	157,226
Pension contributions		19,187	17,515
Social security expenses		27,770	24,790
Total staff costs		220,754	199,531
Other administrative expenses		134,871	125,674
Total staff costs and administrative expenses		361,717	335,219

Notes

Note	Amounts in DKK'000	Sparekassen (Parent)	
		30.06. 2018	30.06. 2017
9	Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account)		
	Individual impairment losses/provisions		
	Balance of impairment losses/provisions at beginning of period	893,100	975,342
	Change in accounting policies	-893,100	
	Impairment losses/provisions for the period (net)		15,604
	Other changes		47,340
	Value adjustment of assets acquired		-166
	Finally written off, previously written down/provided for		175,335
	Balance of impairment losses/provisions at end of period	0	862,785
	Collective impairment losses/provisions		
	Balance of impairment losses/provisions at beginning of period	74,514	80,442
	Change in accounting policies	-55,389	
	Transferred to management estimates	-19,125	
	Impairment losses/provisions for the period (net)		4,770
	Balance of impairment losses/provisions at end of period	0	85,212

Note	Amounts in DKK'000	Sparekassen (Parent)	
		30.06. 2018	30.06. 2017
9	Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account) (continued)		
	Stage 1 impairment		
	Balance of stage 1 impairment losses at beginning of period	0	
	Change in accounting policies	52,114	
	New impairment losses (net)	3,555	
	Balance of stage 1 impairment losses at end of period	55,669	-
	Stage 2 impairment		
	Balance of stage 2 impairment losses at beginning of period	0	
	Change in accounting policies	153,337	
	New impairment losses (net)	-23,778	
	Balance of stage 2 impairment losses at end of period	129,559	-
	Stage 3 impairment		
	Balance of stage 3 impairment losses at beginning of period	0	
	Change in accounting policies	840,266	
	New impairment losses (net)	36,548	
	Other changes	77,430	
	Value adjustment of assets acquired	-4	
	Previously written down, now finally written off	157,822	
	Balance of stage 3 impairment losses at end of period	796,418	-

Notes

Note	Amounts in DKK'000	Sparekassen (Parent)	
		30.06.2018	30.06.2017
9	Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account) (continued)		
	Provisions losses for guarantees and undrawn credit facilities		
	Balance of provisions at beginning of year	0	
	Change in accounting policies	58,810	
	New provisions (net)	-2,596	
	Balance of provisions at end of period	56,214	-
	Total		
	Balance of impairment losses/provisions at beginning of period	967,614	1,055,784
	Change in accounting policies	156,038	
	Impairment losses/provisions for the period (net)	13,729	20,374
	Other changes	77,430	47,340
	Value adjustment of assets acquired	-4	-166
	Finally written off, previously written down/provided for	157,822	175,335
	Balance of impairment losses/provisions at end of period	1,056,985	947,997
	Thereof, guarantee debtors account for	56,214	59,872
	Discount regarding business acquisitions	60,830	202,953
	Balance of impairment losses/provisions and discount at end of period	1,117,815	1,150,950
	Impairment losses/provisions for the period (net)	13,729	20,374
	Value adjustment of assets acquired	-4	-166
	Written off, not previously written down/provided for	2,629	10,088
	Recovery of claims previously written off	11,675	10,950
	Total recognised in the income statement	4,680	19,346

Note	Amounts in DKK'000	Sparekassen (Parent)		
		30.06.2018	31.12.2017	30.06.2017
10	Assets provided as collateral			
	Bonds deposited with Danmarks Nationalbank, clearing centres etc	434,974	554,400	580,413
	Cash deposited with credit institutions, CSA agreements	25,954	28,780	20,461
	Total	460,928	583,180	600,874
	Unencumbered deposited securities may be released at call.			
11	Capital resources ¹			
	Equity excluding hybrid core capital	2,635,955	2,227,576	2,114,368
	Intangible assets	-131,419	-137,658	-144,698
	Tax assets	-169,966	-152,160	-151,988
	Proposed dividend	0	0	0
	Deduction, capital instruments exceeding 10%	-162,365	-113,226	-142,454
	Other deductions etc	15,040	9,799	-20,829
	Common Equity Tier 1 capital	2,187,245	1,834,331	1,654,399
	Hybrid core capital	855,000	575,000	520,000
	Deduction, investments exceeding 10%	0	-14,153	-17,807
	Core capital (including hybrid core capital) net of primary deductions	3,042,245	2,395,178	2,156,592
	Supplementary capital	531,259	402,328	352,403
	Deduction, investments exceeding 10%	0	-14,153	-17,807
	Supplementary investments	0	0	-5
	Capital resources	3,573,504	2,783,353	2,491,183

Notes

Sparekassen (Parent)				
Note	Amounts in DKK'000	30.06.2018	31.12.2017	30.06.2017
11	Capital resources ¹ (continued)			
	Risk exposures			
	Credit risk	15,047,464	14,237,951	13,478,675
	Market risk	1,257,858	1,015,022	1,001,017
	Operational risk	1,764,583	1,737,859	1,737,859
	Total risk exposures	18,069,905	16,990,832	16,217,551
	Capital ratio	19.8	16.4	15.4
	Core capital ratio	16.8	14.1	13.3
	Common Equity Tier 1 capital ratio	12.1	10.8	10.2
	Capital resources, requirement under Section 124(2) of the Danish Financial Business Act	1,445,592	1,359,267	1,297,404

¹ Sparekassen's capital resources and capital ratios have been calculated exclusive of profit for H1 2018. Had net profit for the period, reduced by dividend paid in accordance with the dividend policy, been included in capital resources, the capital ratio would increase 0.5 percentage points, whilst the core capital ratio and the common equity ratio would increase 0.6 percentage points.

Sparekassen (Parent)		30.06.2018
Note	Amounts in DKK'000	
11	Capital resources ¹ (continued)	
	Sparekassen applies the transitional scheme in the implementation of IFRS 9.	
	Under the transitional scheme, Sparekassen may phase in the negative consequences of IFRS 9 into the capital resources over a five-year period.	
	Solvency capital elements calculated exclusive of transitional scheme²	
	Common Equity Tier 1 capital	2,075,648
	Core capital (including hybrid core capital) net of primary deductions	2,930,648
	Capital resources	3,461,907
	Total risk exposures	18,061,358
	Capital ratio	19.2
	Core capital ratio	16.2
	Common Equity Tier 1 capital ratio	11.5

² Sparekassen's solvency capital elements exclusive of transitional scheme have been calculated exclusive of profit for H1 2018. Had net profit for the period, reduced by dividend paid in accordance with the dividend policy, been included in capital resources, the capital ratio would increase 0.5 percentage points, whilst the core capital ratio and the common equity ratio would increase 0.6 percentage points.

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