

H1 Interim Report
201420152016**2017**

Sparekassen Sjælland-Fyn A/S

H1 2017 Interim Report

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Sparekassen Sjælland-Fyn A/S

Isefjords Alle 5

DK-4300 Holbæk

Business Registration No: 36 53 21 30

Phone: +45 59 48 11 11

E-mail: info@spks.dk

Website: www.spks.dk

This document is an unofficial translation of the Danish original. In the event of any inconsistencies the Danish version shall apply.

Management commentary for Sparekassen Sjælland-Fyn A/S Group

Improvement for Sparekassen's earnings

Pre-tax profit has increased very satisfactorily by 25% to DKK 150.4m.

Core earnings expectations for the financial year 2017 are maintained to range between DKK 290m and DKK 330m.

Impairment losses have declined and expectations in this respect have been adjusted.

The branch strategy supports future growth - the inflow of customers continues.

- Pre-tax profit provides returns on the opening equity at a rate equivalent to 11.6% a year.
- Growth of loans and advances equivalent to 12.9% a year.
- Growth in business volume equivalent to 9.1% a year.
- Impairment losses down to DKK 20 m, equivalent to an impairment ratio of 0.1%.
- All benchmarks of the Supervisory Diamond are observed with a large margin.
- Strong liquidity position with a liquidity surplus of 204.8%.
- In H2 2017, new branches will open in Greve and Helsingør and a retail and corporate customer branch at Islands Brygge in Copenhagen.
- Since the IPO, the market cap has increased by 26% exclusive of dividend.

Financial highlights (DKK'000)

Income statement

Net interest and fee income	501.549	103	488.915	972.639
Market value adjustments	30.576	136	22.550	46.528
Other operating income	11.718	86	13.688	23.723
Staff costs and administrative expenses	334.254	107	313.601	643.802
Impairment losses on loans and advances etc	20.042	31	63.708	107.205
Profit on investments in associates and group enterprises	873	89	980	2.309
Profit before tax	150.380	125	119.915	228.213
Profit after tax	136.721	132	103.772	215.722

Balance sheet

Equity	2.672.005	105	2.533.822	2.587.771
Capital resources	2.475.770	106	2.331.438	2.469.398
Loans and advances	11.121.342	113	9.849.172	10.474.059
Deposits	16.287.344	105	15.485.950	15.647.044
Deposits in pooled plans	700.203	183	383.425	393.877
Total deposits	16.987.547	107	15.869.375	16.040.921
Balance sheet total	20.776.363	105	19.877.503	19.858.998
Total business volume (deposits, loans and advances and guarantees)	32.760.593	109	30.028.164	31.250.073

Financial ratios

Headcount (full-time employees, average)	573		558	546
Capital ratio	15,3		15,2	15,6
Core capital ratio	13,2		12,5	12,9
Excess capital adequacy in percentage points	6,0		5,1	6,3
Earnings per share (DKK)	8,4		5,8	12,3
Book value per share at end of period (DKK)	164,8		152,5	159,1
Share price at end of period (DKK)	126,0		88,0	107,0

*Index - H1 2017/30.06.2017 compared to H1 2016/30.06.2016

Sparekassen Sjælland-Fyn A/S Group

	H1 2017	Index*	H1 2016	31.12.2016
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Core earnings, quarterly key figures for the period as a listed entity

Core earnings, quarterly DKK'000	Group					
	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Core income	250.916	253.066	251.241	236.417	243.219	248.508
Staff costs and administrative expenses	168.927	161.079	166.838	152.257	159.563	154.038
- Staff costs thereof	103.366	100.966	92.133	92.769	102.259	94.386
- Administrative expenses thereof	65.561	60.113	74.705	59.488	57.304	59.652
Core earnings	81.989	91.987	84.403	84.160	83.656	94.470
Impairment losses on loans and advances etc	9.266	10.776	17.860	25.637	24.969	38.739
Market value adjustments	12.762	17.814	-8.833	32.811	3.358	19.192
Other line items *) **)	-16.583	-17.547	-15.388	-25.358	-7.730	-9.323
Profit before tax **)	68.902	81.478	42.322	65.976	54.315	65.600

*) Other line items comprise:

Amortisation, depreciation and impairment losses, non-ordinary other operating income and expenses etc as well as profit/loss on investments in associates and jointly controlled enterprises.

**) Other line items and profit before tax for Q2 and Q4 2016 have been adjusted to reflect the reclassification of dissolution of revaluation reserves that was made as part of the presentation of the 2016 financial statements.

Financial highlights at end of period

DKK'000	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Deposits including pooled deposits	16.987.547	16.119.292	16.040.921	15.819.774	15.869.375	14.901.070
Loans and advances	11.121.342	10.695.318	10.474.059	10.053.817	9.849.172	9.702.984
Balance sheet total	20.776.363	19.813.631	19.858.998	19.657.864	19.877.503	18.727.692
Business volume	32.760.593	31.222.597	31.250.073	30.683.930	30.028.164	28.332.020
Custody accounts	10.797.703	10.770.394	10.448.461	10.377.654	9.907.022	9.861.960
Equity	2.672.005	2.649.353	2.587.771	2.588.644	2.533.822	2.529.949
Equity at beginning of quarter, return on equity, before tax (% p.a.)	10,4	12,6	6,5	10,4	8,6	9,9

Business model and branch strategy ensure continued growth

Sparekassen's progress continued in Q2 2017. With a pre-tax profit of DKK 68.9m for this quarter, the Y-T-D pre-tax profit for the year totals DKK 150.4m. The pre-tax profit for H1 2016 was DKK 119.9m. So earnings have improved by more than 25%.

The positive development in business volume and in distribution power in particular will support positive growth of Sparekassen in the quarters ahead.

The inflow of customers and the increase in business activity have resulted in a business volume standing at DKK 32.8bn at 30 June 2017, an increase of more than 9% on the same date last year. The business volume represents the development in deposits, loans and advances and guarantees which are all on the rise.

Market cap and movements in market price

As will be known, Sparekassen went public on 3 December 2015. Almost 25,000 guarantors had their guarantee certificates converted into shares. Since the IPO, their value has gone up by 26%, and during the period DKK 6.05 has been distributed in dividend per share. At 30 June 2017, the share price was 126, equivalent to a book value per share of 0.79. The share of Sparekassen is still traded at a considerable discount on the book value of equity.

3,000 new customers increase the customer base to over 150,000

Recent years have seen a satisfactory increase in the inflow of new customers as the number of branches has been expanded. The new branches in particular have experienced a major inflow of customers, although the established branches too in the Zealandic and Funen provinces have had much positive response because these branches ensure local servicing of existing customers. In many areas, Sparekassen is alone in servicing locals and so a community arises out of its presence. Both retail customers and corporate customers increasingly opt for Sparekassen.

Further inflow of customers expected

Also in the quarters ahead is the level of inflowing customers expected to be above average. While other large players in the financial sector are closing down branches and analyses indicate that quite many of their customers consider moving to another financial institution, Sparekassen has benefited immensely from customers recommending it to other customers.

The distribution network widens with new branches

Elsinore, Vanløse, Hundested, Dragør, Langeskov, Nyborg and last Frederiksværk are all towns that have in recent years become acquainted with Sparekassen's business through local branches. During H2 2017, Sparekassen will continue to expand its branch network by setting up new branches in Greve, Helsingør and at Islands Brygge in Copenhagen. The latter branch will also hold a corporate customer centre to focus on the servicing of small and medium-sized enterprises in the Copenhagen area. Here Sparekassen will have corporate customer specialist who will service their own customers but who will also provide services to Sparekassen's branches in the neighbouring region. Engagement of local staff and specialists will be ensured in a dynamic process concurrently with the furnishing of the branches.

The branch network will be expanded based on pre-analyses and assessments and often also in dialogue with local authorities, business people and private stakeholders. In Sparekassen's assessment, the strengthening of the distribution power will create value for the shareholders. The inflow of customers shows that the need for physical branches is quite relevant. With the new branches, the total network will count 53 branches, with four of them being corporate customer centres.

Costs

Investments in a stronger distribution network are of course also reflected in costs which have gone up by 7%. However, this increase in costs is also attributable to higher IT costs directly related to increased regulation by the authorities. Adjusted for investments in future stronger distribution power and hence higher earnings, Sparekassen has in fact reduced its costs. This is very satisfactory and, going forward, we expect to be able to optimise the rate of costs.

Positive business trends benefit Sparekassen

Customers generally benefit from currently positive business trends in both the labour markets and property markets. After having been overshadowed by developments in the metropolitan areas, Sparekassen's market areas in Zealand and Funen is participating more and more in the boom. As housing prices go up, especially in Copenhagen, the spill-over effect spreads all over Zealand. This effect has had a most positive impact on Sparekassen's financial statements. In Funen, the Nyborg-Odense-Middelbart axis in particular enjoys growth and development. With six branches and a corporate customer centre along this axis, Sparekassen holds a strong position in Funen.

The positive business trends are reflected in the heavily declining impairment losses. A continuing positive property market, especially in the provincial towns of Zealand and Funen, would be favourable to Sparekassen's impairment losses. There is much debate about the rising property prices in Copenhagen, which in reality constitutes a particular advantage to Sparekassen. Rising prices support moving to other parts of Zealand where we continue to have most of our exposures and hence risk.

The farm crisis seems to have blown over for now because of generally better settlement prices. However, if the economy of farmers worsen, this would have a moderate adverse effect on Sparekassen's impairment losses. The portfolio of farmers is quite robust and consists almost entirely of pig farmers and crop farmers.

Corporate social responsibility

Corporate social responsibility is the key concept of our business model. Sparekassen contributes considerably to supporting local growth through our presence in also small communities. This is done partly by buying goods and services from many businesses in the market area, and partly through investments in, for example, the investment fund Finance Zealand, which contributes growth capital to small and medium-sized enterprises and, in doing so, may help unfold the potential of these enterprises.

But not least by being available for funding in places where the large banks closed down their business long ago in the small urban communities.

Furthermore, Sparekassens channels considerable funds back to the local areas in Zealand and Funen through partnerships, and “Sparekassen Sjælland Fonden” (the Sparekassen Sjælland Foundation) has since it was set up in 2015 donated more than DKK 5m to a long range of local organisations and initiatives.

These initiatives can be summed up in Sparekassen’s vision: “We will help make Zealand and Funen a better place to live, work and do business”. A vision we intend to continue to support.

The results achieved are considered satisfactory and underpin the success and viability of the business model in the years ahead.

Capital resources

Sparekassen’s capital resources remain satisfactory, with an excess capital adequacy ratio of 6.0 percentage points relative to the capital requirement, and an excess cover ratio of 4.7 percentage points relative to the total capital requirement and the combined capital buffer requirement.

In H1 2017, Sparekassens has, with the Danish FSA’s permission and according to previously issued company announcements, repaid two subordinated loans for DKK 148m and DKK 15m, respectively, and obtained a new loan for DKK 50m. The net effect of these capital transactions is an annual reduction of Sparekassen’s expense for interest by approx DKK 10m in future, with full effect from 2018.

The Board of Directors regularly evaluates the capital resources and capital structure. Sparekassen must have the capital needed to comply with applicable capital requirements and to operate and develop the institution in accordance with the business model.

Regulatory impacts

The financial sector is very much subject to changes in existing, and implementation of new, regulatory requirements. It takes many resources to implement and currently ensure compliance with all regulations. Currently, Sparekassen is working on new rules on investor protection, market transparency etc under the MiFID Directive, new anti-money laundering rules, future payment and privacy rules as well as future capital adequacy requirement rules etc.

With respect to the impact of the future implementation of IFRS 9, it is not possible for Sparekassen to presently make reliable quantitative estimates of its significance. We refer to the comments thereon in the “Summary of significant accounting policies” section in Sparekassen’s 2016 Annual Report.

The Annual Report can be found under “2016” at https://www.spks.dk/om_sparekassen/regnskab.

Earnings expectations for 2017

Q2 2017 core earnings was satisfactory at DKK 82m, bringing core earnings for H1 2017 to DKK 174m. With the results realised for H1 2017, Sparekassen has been off to a good start, and core earnings expectations for the financial year 2017 are maintained at the previously announced level between DKK 290m and DKK 330m.

Expectations for the net position for impairment charges and losses have been adjusted from reaching a maximum of DKK 75m to now reaching a maximum of DKK 50m. This adjustment, which has a positive effect on performance, is based on the results realised for H1 2017. Expectations are that this development will be maintained in H2 2017, for which reason the previously announced expectation has been adjusted.

H2 2017 is awaited with positive expectation, and we look forward to opening our new branches and to advising and servicing the many new customers as well as current customers.

Financial review

Q2 2017

Pre-tax profit for Q2 2017 amounts to DKK 68.9m against DKK 54.3m for the same quarter last year.

This improvement of performance compared to the same period last year has occurred on virtually all line items, core earnings, impairment losses and exchange adjustments, whereas staff costs and administrative expenses have gone up because of pay adjustments etc arising from collective agreements, expenses caused by financial regulations as well as investments in the branch structure and the administrative body.

At the end of Q2 2017, the deposits balance, including pooled deposits, stands at DKK 16,987.5m compared to DKK 15,869.4m at the end of Q2 2016. This is an increase of DKK 1,118.1m, or 7.0%. In the same period, the growth in loans and advances could be calculated at DKK 1,272.2m, or 12.9%.

The development in financial performance and business activities is considered satisfactory.

For specific income statement items and balance sheet items for Q2 2017, please refer to the income statements and balance sheets in this Interim Report.

Income statement

Income

Net interest

Y-T-D net interest income is DKK 266.6m against DKK 278.1m for the same period last year. Developments are still affected by generally low interest rates and not least the competitive situation.

Developments are mainly based on changes in the interest income and interest expenses generated by the balances of loans and advances and deposits, but also the interest yielded from the investment of surplus liquidity in bond portfolios or from deposits with Danmarks Nationalbank affect this line item. In Q2 2017, the positive effect of increasing net loans and advances is reflected in interest income here exceeding that in Q1.

Redeemed subordinated loan capital will reduce interest expenses by DKK 10m a year when the full-year effect materialises in 2018.

Dividends on shares

Dividends on shares primarily arise from our equity investments in sector companies.

The dividends received for the first six months have declined by just under DKK 7m. Distribution is very much connected with the sector companies' earnings development and need for capital and may therefore vary over time. Sparekassen does not have much influence on the amount distributed or time of distribution from the sector companies, however, the reduction in distributions has an adverse effect on the income statement item.

Fees and commission income

As for fees and commission income, a generally high level of activity has produced a very satisfactory performance for Q2 and H1 2017. The growing inflow of customers, but also new business with current customers, helps support the positive trend.

The positive trend in fees and commission income is broad-based. Fees and commission income have primarily increased for housing. Also, there has been a positive development in securities trading and custody accounts, pooled investments contracts, payment services, loan management and in guarantee commissions which arise from the arrangement of mortgage credit loans to retail and corporate customers.

Fees from securities trading and custody accounts have also developed quite satisfactorily. Services are offered so as to be consistent with the transparency provisions of the MiFID II

Directive. This means, for example, that, in the investment concepts where Sparekassen is authorised to make investment decisions, customers will see an increasing expense deducted directly in the concept whereas a declining expense will occur in the underlying investments in investment fund certificates.

Market value adjustments

Overall, market value adjustments continue to contribute positively to performance. In H1 2017, they contributed DKK 30.6m. This is very satisfactory particularly when considering that the objective is low risk on the assets forming part of market value adjustments, and investments are therefore made based on this objective.

The large portfolio of especially mortgage credit bonds contributed DKK 20.5m in market value adjustments during the period. This is somewhat less than for the same period last year when they contributed DKK 34.9m. We describe this result as satisfactory, considering the low risk Sparekassen has taken in the investment.

Market value adjustments for shares primarily relate to the portfolio of sector shares. Market value adjustments for these companies are positive at a satisfactory level, however, over time they will fluctuate due to the amounts of dividend distributed by the companies.

Costs under control

Costs are on the rise, but under full control. The increase arises from increased costs for financial regulation as well as from investments in distribution, new branches and new staff to help ensure the development and continued progress of Sparekassen.

Staff and administration

The opening of new branches and investments in the overall administrative function of course result in increasing payroll costs etc, which go up by a total of DKK 12.9m on the same period last year. The increase includes pay adjustments etc arising from collective agreements, expenses related to a resigned executive officer etc. The increase is generally consistent with the plan laid down.

Other administrative expenses have gone up by DKK 7.8m, which is also attributable to the increase in branches, ensuring of compliance with financial regulations and contractual price adjustments.

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

Amortisation, depreciation and impairment losses total DKK 29.7m for H1 2017 against DKK 20.3m for the same period last year. Amortisation, depreciation and impairment losses are related, for example, to value adjustments of Sparekassen's owner-occupied property as well as the continuing use of operating equipment and premises. Sparekassen has its owner-occupied property assessed on a regular basis and adjusts values accordingly.

Loan impairment charges

The betterment of the economic climate, particularly in the housing market, has had a huge impact on losses and impairment charges. Thus, the impairment charges have dropped by a massive DKK 9.3m in Q2 2017. Y-T-D losses and impairment charges on loans amount to DKK 20.0m against DKK 63.7m for the same period last year. The impairment ratio for the period can be calculated at 0.1%.

The Group's impairment charges and provisions for loans and advances and guarantees as well as discounts obtained in business acquisitions total DKK 1,196.7m for H1 2017, or 7.1% of total loans and advances and guarantees.

Core earnings of the Group

Core earnings, which is calculated as earnings before other operating expenses (deposit guarantee scheme etc), amortisation and depreciation, loan impairment charges etc, market value adjustments, profit/loss from investments and non-ordinary items, total DKK 174.0m compared to DKK 178.1m for the same period in 2016.

Core income has gone up from DKK 491.7m to DKK 504.0m. As mentioned in the financial review, the increase in earnings is a result of increased business activities.

The development in core earnings is affected by costs for ensuring compliance with regulatory requirements as well as the investments currently made to expand the branch network and to engage staff, including specialist advisors and administrative specialists for the staff functions. These investments, but also the increasing core income, are consistent with the strategy arising out of the business model.

Core earnings DKK'000	Group	
	H1 2017	H1 2016
Net interest income	266.611	278.069
Dividends on shares etc	11.176	18.099
Fees and commission income	232.998	200.620
Fees and commission expenses	9.236	7.873
Other operating income, ordinary	11.718	10.194
Other operating expenses, ordinary	9.285	7.382
Core income	503.982	491.727
Staff costs and administrative expenses, ordinary	330.006	313.601
Core earnings	173.976	178.126
Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	29.741	20.292
Other operating income, non-ordinary	0	3.494
Other operating expenses (Danish Deposit Guarantee Scheme etc)	1.014	1.235
Impairment losses on loans and advances etc	20.042	63.708
Market value adjustments	30.576	22.550
Profit on investments in associates and jointly controlled enterprises	873	980
Staff costs and administrative expenses, non-ordinary	4.248	0
Profit before tax	150.380	119.915
Income tax	13.659	16.143
Profit after tax	136.721	103.772

Balance sheet

Below, key balance sheet items are commented on as are line items that have been subject to a significant development.

Assets

Loans and advances

The balance of loans and advances has grown to DKK 11.1bn from DKK 9.8bn at the end of H1 2016. Particularly the inflow of customers and the positive trend in the housing market have contributed to increasing loans and advances by more than DKK 1bn during the period.

However, there has also been a growing demand for loan and credit facilities by the many new small and medium-sized businesses that have decided to become our customers during the period. Especially in the areas where Sparekassen has set up in recent years, customers welcome that, in addition to local advisory services, they are able to have their holdings of banknotes and coins processed, a service many rival financial institutions no longer offer.

Bonds

Sparekassen continues to have a large deposit surplus exclusive of pooled deposits of more than DKK 5.2bn. Efforts are made to invest it in a way that it will contribute to earnings at a low risk. The largest portion of the deposit surplus has been invested in government and mortgage credit bonds. Due to the development in interest rates in recent years, the interest yield has been on the decline; conversely, we have realised quite handsome market value adjustments on the portfolios which have arisen from a low-risk profile.

Equity and liabilities

Deposits

At 30 June 2017, the deposits balance totals DKK 17.0bn, of which DKK 0.7bn accounts for pooled deposits. The latter investment concept, which has been developed primarily for small and medium-sized investment savings accounts, has seen a very positive development and has grown by more than DKK 300m. Sparekassen expects this product to develop well also in future.

Just like the balance of loans and advances, the deposits balance has gone up by more than DKK 1bn over the past year. While Sparekassen is experiencing increasing savings with current customers, new customers too help boost the deposits balance.

Subordinated loan capital

In H1 2017, subordinated loan capital of DKK 148m and DKK 15m, respectively, was redeemed according to prior permission of the Danish FSA.

In connection with such redemptions, a new loan for DKK 50m was obtained at a much lower interest rate than the subordinated loan capital redeemed. Based on this, we look forward to reducing interest expenses and hence to having yet another positive contribution to the bottom line.

Equity

Equity stands at DKK 2,672m at the balance sheet date and has thus been strengthened by DKK 138.2m compared to the same period in 2016. The increase primarily consists of accumulated profits, adjusted for dividends paid and interest on hybrid core capital.

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

Risk management, capital structure and liquidity

Risk management

Sparekassen assumes different risks as part of carrying on financial business and other related activities.

The most significant risks are credit risk, market risk, liquidity risk and operational risk.

Sparekassen seeks to reduce such risks as much as possible and generally to regularly have a structured overview thereof. The overall management of risks takes place by means of the policies adopted by the Board of Directors, which define the frameworks for the acceptable risk level for all significant risk areas in addition to relevant control and reporting requirements.

Risks are managed in multiple independent elements and the internal risk management function reports to Management on Sparekassen's combined risks.

For more information about Sparekassen's risk management, please refer to note 41 to its 2016 Annual Report and the related report with risk data.

Both reports can be found under "2016" at https://www.spks.dk/om_sparekassen/regnskab.

Capital structure

The Group's risk exposure totals DKK 16,205.1m. Credit risk and market risk have been determined using the standard method. Operational risk has been determined based on the basic indicator method.

The Group's capital ratio is then 15.3%. The capital requirement has been calculated at 9.3%, leading to an excess capital adequacy ratio of 6.0 percentage points. In Danish kroner, this excess is equivalent to DKK 970.6m.

The combined buffer requirement has been calculated at 1.25 percentage points. This results in the Group's excess capital adequacy ratio net of capital requirement and combined buffer requirement standing at 4.7 percentage points. In Danish kroner, this excess is equivalent to DKK 768.0m.

Capital plans are developed on a regular basis. These plans enable the assessment of whether the volume of the current capital resources is sufficient.

Management believes that the capital resources are sufficient to match the risk associated with the Group's activities.

Liquidity

Liquidity coverage ratio (LCR)

In October 2015, the liquidity requirements, termed LCR, became effective. These requirements follow from the Capital Requirements Regulation and are therefore applicable to credit institutions throughout Europe.

The LCR requirement is to ensure that credit institutions have sufficient liquid funds to honour expected cash outflows, calculated using an applicable stress model. In addition to the amount of the required liquidity buffer, the requirements define the required composition of the liquid assets that may be used for the buffer. For example, at least 30% of the liquid assets that may be included in the liquidity buffer must be composed of so-called Level 1A assets.

Level 1A assets mean operating cash, Sparekassen's balance on the current account with Danmarks Nationalbank, the portfolio of certificates of deposit issued by Danmarks Nationalbank and the portfolios of bonds issued or guaranteed by the Danish Government.

As, for reasons of returns, the Group has a very large portion of its liquidity surplus and capital resources invested in mortgage credit bonds compared to Level 1A assets, the 30% rule implies that parts of Sparekassen's portfolio of bonds are not included in the calculation of the LCR liquidity buffer. Conversely, Sparekassen may fairly easily raise the LCR by replacing elements of the portfolio of mortgage credit bonds with Level 1A assets instead.

At 30 June 2017, the Group's LCR is 317% against the currently applicable statutory requirement of 80%.

Under the fully phased-in rules in 2018, the required LCR will be a ratio of 100%.

Because of the fine liquidity surplus and without optimising the composition of liquid assets to optimise the LCR, the Group has been well above the statutory requirements during the period of phasing in the ratio. Sparekassen expects to have a solid surplus on this liquidity requirement also in future.

Liquidity surplus according to the Supervisory Diamond benchmark

The Group has a liquidity surplus calculated under the Supervisory Diamond rules for the benchmark of 204.8% relative to a minimum surplus threshold of 50%. Consequently, the Group continues to have a solid surplus, also for this calculation of liquidity. The aim is always to have a sufficiently high level of liquidity, which is both currently and historically the case.

The Group's business model dictates that deposits must fund loans and advances and that Sparekassen must therefore not be dependent on external funding by way of market funding and transient high-yielding deposits.

At 30 June 2017, the Group has a deposits surplus of over DKK 5.2bn, which is a DKK 0.3bn increase during Q2. The Group's 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 relatively stable and subject to low risk.

On 7 August 2017, the Danish FSA announced its decision to introduce a new liquidity benchmark in the Supervisory Diamond effective from 30 June 2018. This new benchmark is based on the LCR requirement adjusted for a projection of selected cash inflows and outflows over a three-month term. The parameters to be adjusted for in this respect relative to the LCR requirement are not expected to have any negative effect on Sparekassen's calculation of the benchmark, which is therefore expected to be observed showing a good margin.

Supervisory Diamond

The Group respects all thresholds for the benchmarks of the Danish FSA's risk management tool, "the Supervisory Diamond", with a good margin; the Supervisory Diamond lays down risk-based benchmarks for five specific areas that financial institutions must comply with. The five benchmarks and the current calculations are:

Benchmark	Threshold	Group
		Calculated values at 30.06.2017
Total large exposures	< 125% of capital resources	11,2%
Growth in loans and advances p.a.	< 20%	12,4%
Property exposure	< 25% of loans and advances and guaranteed	13,4%
Funding ratio	< 1.00 Loans and advances/working capital net of bonds maturing in less than one year	0,56
Excess liquidity coverage	> 50%	204,8%

Also in future does the Group expect to be able to respect the thresholds of the Supervisory Diamond with a good margin.

Subsequent events

No events have occurred subsequent to the balance sheet date which are expected to have a material influence on the Group's or the Parent's financial position.

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 2017.

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 2017 and of their financial performance and the consolidated cash flows for the period 1 January to 30 June 2017.

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, 17 August 2017

Executive Board

Lars Petersson
Chief Executive Officer

Leo Bruno Riis-Nielsen
Executive Officer

Holbæk, 17 August 2017

Board of Directors

Thomas Kullegaard
Chairman

Jakob Nørrekjær Andersson
Vice-Chairman

Otto Frederik Spliid

Per Bjørnsholm

Bent Andersen

Erik Larsen

Per Olsen

Michael Agergaard

Mads Wallin

Helle Lindhof Bjørnøe

Income statement

Amounts in DKK'000

Sparekassen Sjælland-Fyn A/S Group					
Note	H1 2017	H1 2016	Q2 2017	Q2 2016	
4	Interest income	300.191	333.501	151.503	166.549
5	Interest expenses	33.580	55.432	15.228	26.978
	Net interest income	266.611	278.069	136.275	139.571
	Dividends on shares etc	11.176	18.099	6.712	18.052
6	Fees and commission income	232.998	200.620	110.914	91.912
	Fees and commission expenses	9.236	7.873	5.130	4.591
	Net interest and fee income	501.549	488.915	248.771	244.944
7	Market value adjustments	30.576	22.550	12.762	3.358
	Other operating income	11.718	13.688	7.568	6.437
8	Staff costs and administrative expenses	334.254	313.601	173.175	159.563
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	29.741	20.292	12.338	11.338
	Other operating expenses	10.299	8.617	5.423	4.828
9	Impairment losses on loans and advances etc	20.042	63.708	9.266	24.969
	Profit on investments in associates and group enterprises	873	980	3	274
	Profit before tax	150.380	119.915	68.902	54.315
	Income tax	13.659	16.143	6.823	11.521
	Profit after tax	136.721	103.772	62.079	42.794
	Earnings per share				
	Basic earnings per share (DKK)	8,4	5,8	3,7	2,2
	Diluted earnings per share (DKK)	8,4	5,8	3,7	2,2
	Distributed as follows:				
	Shareholders of Sparekassen Sjælland-Fyn A/S	108.782	75.756	48.033	28.786
	Interest, hybrid core capital	27.939	28.016	14.046	14.008
	Total	136.721	103.772	62.079	42.794

Statement of comprehensive income

Sparekassen Sjælland-Fyn A/S Group				
	H1 2017	H1 2016	Q2 2017	Q2 2016
Profit for the period	136.721	103.772	62.079	42.794
Other comprehensive income that may not be reclassified to profit or loss				
Fair value adjustment of properties	0	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	90	-79	46	-65
- Tax on other comprehensive income	-20	12	-10	14
Total other comprehensive income	70	-67	36	-51
Total comprehensive income	136.791	103.705	62.115	42.743

¹ The fair value adjustment concerns a jointly controlled enterprise.

Balance sheet

Amounts in DKK'000

		Sparekassen Sjælland-Fyn A/S Group		
Note		30.06.2017	31.12.2016	30.06.2016
	Assets			
	Cash and balances on demand at central banks	361.787	384.241	553.566
	Amounts owed by credit institutions and central banks	1.400.160	1.364.273	1.046.450
	Loans and other amounts owed at amortised cost	11.121.342	10.474.059	9.849.172
	Bonds at fair value	5.376.402	5.361.280	6.172.548
	Bonds at amortised cost	99.815	99.634	99.451
	Shares etc	674.930	663.287	649.784
	Investments in associates	65.670	66.566	38.168
	Investments in group enterprises	0	0	0
	Assets related to pooled plans	700.203	393.877	383.425
	Intangible assets	144.698	149.786	156.741
10	Total land and buildings	422.368	439.288	458.033
	Investment property	128.633	144.780	152.737
	Owner-occupied property	293.735	294.508	305.296
	Other property, plant and equipment	45.084	47.135	39.475
	Current tax assets	0	13.407	0
	Deferred tax assets	164.919	161.769	160.328
	Temporarily held assets	12.354	16.180	23.282
	Other assets	170.865	209.375	227.565
	Prepayments	15.766	14.841	19.515
	Total assets	20.776.363	19.858.998	19.877.503
	Equity and liabilities			
	Liabilities other than provisions			
	Amounts owed to credit institutions and central banks	429.071	428.846	452.586
	Deposits and other debt	16.287.344	15.647.044	15.485.950
	Deposits in pooled plans	700.203	393.877	383.425
	Current tax liabilities	710	0	6.008
	Other liabilities	242.305	229.627	430.973
	Deferred income	17.029	17.123	17.534
	Total liabilities other than provisions	17.676.662	16.716.517	16.776.476
	Provisions			
	Provisions for losses on guarantees etc	59.872	67.061	61.858
	Other provisions	14.901	21.693	39.935
	Total provisions	74.773	88.754	101.793
	Subordinated loan capital			
11	Subordinated loan capital	352.923	465.956	465.412
	Equity			
12	Share capital	130.312	130.312	130.312
	Revaluation reserves	3.642	3.642	3.642
	Undistributable savings bank reserve, other reserves	561.378	561.378	561.378
	Retained earnings	1.419.036	1.362.741	1.280.749
	Total equity exclusive of hybrid core capital	2.114.368	2.058.073	1.976.081
	Hybrid core capital	557.637	529.698	557.741
	Total equity	2.672.005	2.587.771	2.533.822
	Total equity and liabilities	20.776.363	19.858.998	19.877.503
15	Contingent liabilities and assets			

Statement of changes in equity

Amounts in DKK'000

Sparekassen Sjælland-Fyn A/S Group

	Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument ¹	Dividend	Retained earnings	Total equity exclusive of hybrid core capital	Hybrid core capital	Total equity
Equity at 1.1.2016	130.312	24.337	561.378	-289	39.094	1.184.654	1.939.486	529.725	2.469.210
Profit for the period	0	0	0	0	0	75.756	75.756	28.016	103.772
Other comprehensive income									
Fair value adjustment of financial instruments entered into to hedge future cash flows:									
Value adjustment for the period	0	0	0	-79	0	0	-79	0	-79
Tax on other comprehensive income	0	0	0	12	0	0	12	0	12
Total other comprehensive income	0	0	0	-67	0	0	-67	0	-67
Comprehensive income for the period	0	0	0	-67	0	75.756	75.689	28.016	103.705
Purchase of treasury shares	0	0	0	0	0	-303	-303	0	-303
Sale of treasury shares	0	0	0	0	0	79	79	0	79
Realised from the sale of properties	0	-20.695	0	0	0	20.695	0	0	0
Dividend paid	0	0	0	0	-39.094	224	-38.870	0	-38.870
Equity at 30.06.2016	130.312	3.642	561.378	-356	0	1.281.105	1.976.081	557.741	2.533.822
	Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument ¹	Dividend	Retained earnings	Total equity exclusive of hybrid core capital	Hybrid core capital	Total equity
Equity at 1.1.2017	130.312	3.642	561.378	-170	39.745	1.323.166	2.058.073	529.698	2.587.771
Profit for the period	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	90	0	0	90	0	90
Tax on other comprehensive income	0	0	0	-20	0	0	-20	0	-20
Total other comprehensive income	0	0	0	70	0	0	70	0	70
Comprehensive income for the period	0	0	0	70	0	108.782	108.852	27.939	136.791
Purchase of treasury shares	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
Dividend paid	0	0	0	0	-39.745	607	-39.138	0	-39.138
Equity at 30.06.2017	130.312	3.642	561.378	-100	0	1.419.136	2.114.368	557.637	2.672.005

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

Cash flow statement

Amounts in DKK'000

	Sparekassen Sjælland-Fyn A/S Group	
	H1 2017	H1 2016
Comprehensive income for the period	136.791	103.705
Adjustment for amounts without cash flow effect		
Market value adjustment, shares	-12.175	1.363
Market value adjustment, bonds	-20.519	-34.873
Impairment losses on loans and advances etc	20.042	63.708
Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	29.741	20.292
Prepayments (net)	3.461	478
Provisions	-13.981	-9.813
Value adjustments of investment and owner-occupied property	14.666	15.497
Deferred income tax	-13.659	-16.143
Adjustment for amounts with cash flow effect		
Income tax paid	0	0
Cash flows from ordinary operating activities	144.367	144.214
Working capital changes		
Credit institutions	225	134.014
Loans and advances adjusted for impairment losses etc for the period	-670.786	-150.171
Other assets and liabilities (net)	79.517	99.580
Shares etc	532	-73.743
Bonds at fair value	5.397	-369.484
Bonds at amortised cost - held to maturity	-181	-181
Deposits and other debt	640.300	852.918
Total working capital changes	55.004	492.933
Cash flows from operating activities	199.371	637.147
Investing activities		
Purchase of intangible assets	-1.886	0
Sale of intangible assets	0	0
Purchase of property, plant and equipment	-39.820	-38.341
Sale of property, plant and equipment	21.358	41.109
Cash flows from investing activities	-20.348	2.768
Financing activities		
Subordinated loan capital	-113.033	571
Treasury shares etc	-13.419	-223
Dividend paid	-39.138	-38.870
Cash flows from financing activities	-165.590	-38.522
Increase/decrease in cash	13.433	601.393
Cash and cash equivalents at beginning of period	1.748.514	998.623
Cash and cash equivalents at end of period	1.761.947	1.600.016
Cash and cash equivalents		
Cash and balances on demand at central banks	361.787	553.566
Amounts owed by credit institutions and central banks	1.400.160	1.046.450
Cash and cash equivalents at end of period	1.761.947	1.600.016

Sparekassen Sjælland-Fyn A/S koncernen			
	H1 2017	H1 2016	Financial year 2016
1 Financial highlights			
Principal items of income statement			
Net interest income	267	278	551
Net interest and fee income	502	489	973
Market value adjustments	31	23	47
Staff costs and administrative expenses	334	314	644
Amortisation, depreciation and impairment losses on assets	30	20	52
Impairment losses on loans and advances etc	20	64	107
Profit on investments in associates and group enterprises	1	1	2
Income tax	14	16	12
Profit for the period	137	103	216
Principal items of balance sheet			
Loans and advances	11.121	9.849	10.474
Securities portfolio	6.151	6.922	6.124
Deposits including pooled deposits	16.988	15.869	16.041
Equity	2.672	2.534	2.588
Total assets	20.776	19.878	19.859
Subordinated loan capital	353	465	466
Financial ratios			
Capital ratio	15,3	15,2	15,6
Core capital ratio	13,2	12,5	12,9
Return on equity before tax	5,7	4,8	9,0
Return on equity after tax	5,2	4,1	8,5
Operating income over operating expenses	1,38	1,30	1,28
Interest rate risk relative to core capital net of deductions	0,2	1,7	-0,2
Currency position relative to core capital net of deductions	0,4	0,7	0,2
Currency risk relative to core capital net of deductions	0,0	0,0	0,0
Loans and advances plus loan impairment losses relative to deposits	71,0	69,0	71,7
Loans and advances relative to equity	4,2	3,9	4,0
Growth in loans and advances for the period	6,2	0,9	7,3
Excess cover relative to statutory liquidity requirements	204,8	248,9	171,8
Total large exposures relative to capital resources	11,2	0,0	0,0
Impairment ratio for the period	0,1	0,4	0,7
Accumulated impairment ratio ¹	5,9	7,2	6,8
Return on capital employed	0,7	0,5	1,1
Earnings per share (DKK) ³	8,4	5,8	12,3
Dividend per share (DKK)	-	-	3,1
Book value per share (DKK) ²	164,8	152,5	159,1
Price/earnings per share ³	14,9	15,1	8,7
Price/equity per share ²	0,8	0,6	0,7
Share price at end of period	126,0	88,0	107,0
Staff			
Average number of employees for the period converted into full-time employees ⁴	573	558	546

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.

Notes

2 Summary of significant accounting policies

The H1 2017 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 applied remain unchanged from those applied to present the 2016 consolidated financial statements which contain a complete description of the accounting policies applied.

As Sparekassen cannot at this point in time make reliable quantitative estimates of the significance of the future implementation of IFRS 9, please refer to the comments thereon in the "Summary of significant accounting policies" in Sparekassen's 2016 Annual Report (only in Danish).

When presenting the 2016 financial statements, reclassification was made of the dissolution of revaluation reserves for the sale of property, which in the interim financial statements had been recycled during 2016 from other comprehensive income to profit or loss, was reclassified. This reclassification has not affected core income, comprehensive income, equity or solvency calculation. Comparative figures for 2016 have been adjusted accordingly.

Sparekassen's 2016 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 2017 as those used to prepare the consolidated financial statements for 2016.

Notes

Amounts in DKK'000

	Sparekassen Sjælland-Fyn A/S Group	
	H1 2017	H1 2016
4 Interest income		
Credit institutions and central banks	882	463
Loans and advances and other amounts owed	285.514	313.941
Bonds	12.010	20.300
Total derivatives	1.627	-1.888
Thereof: - Interest rate contracts	2.978	-1.888
- Foreign exchange contracts	-1.351	0
Other interest income	158	685
Total interest income	300.191	333.501
5 Interest expenses		
Credit institutions and central banks	3.010	1.811
Deposits and other debt	14.087	34.108
Bonds issued	0	0
Subordinated loan capital	16.442	19.475
Other interest expenses	41	38
Total interest expenses	33.580	55.432
6 Fees and commission income		
Securities trading and custody accounts	62.069	48.931
Payment services	23.069	21.443
Loan fees	15.623	7.719
Guarantee commission	77.683	66.051
Other fees and commissions	54.554	56.476
Total fees and commission income	232.998	200.620
7 Market value adjustments		
Bonds	20.519	34.873
Shares	12.175	-1.363
Investment property	-14.029	-15.688
Foreign exchange	4.595	1.639
Currency, interest rate, share, commodity and other contracts and derivatives	7.316	2.749
Assets related to pooled plans	24.909	3.354
Deposits in pooled plans	-24.909	-3.355
Total market value adjustments	30.576	22.550
8 Staff costs and administrative expenses		
Remuneration of the Board of Directors and Executive Board		
Board of Directors and Executive Board ¹	5.766	4.054
Member of the Executive Board resigned in 2017	4.248	0
Total	10.014	4.054
¹ Bruno Riis-Nielsen resigned from the Executive Board on 1 March 2016. Flemming Bisgaard Nielsen took up his position on the Executive Board on 1 October 2016 and resigned in May 2017.		
Staff costs		
Wages and salaries	157.226	153.360
Pension contributions	17.515	17.104
Social security expenses	24.790	22.127
Total staff costs	199.531	192.591
Other administrative expenses	124.709	116.956
Total staff costs and administrative expenses	334.254	313.601

Notes

Amounts in DKK'000

	Sparekassen Sjælland-Fyn A/S Group	
	H1 2017	H1 2016
9 Impairment losses on loans and advances etc and provisions for guarantees		
Individual impairment losses/provisions		
Balance of impairment losses/provisions at beginning of period	1.020.037	1.254.019
Impairment losses/provisions for the period	145.729	103.181
Reversal of impairment losses/provisions	125.528	62.112
Other changes	47.250	55.951
Value adjustment of assets acquired	-166	711
Finally written off, previously written down/provided for	179.899	318.754
Balance of impairment losses/provisions at end of period	907.423	1.032.996
Thereof, guarantee debtors account for	59.872	55.875
Collective impairment losses/provisions		
Balance of impairment losses/provisions at beginning of period	81.770	102.245
Impairment losses/provisions for the period	9.342	10.354
Reversal of impairment losses/provisions	4.829	9.648
Other changes	0	17.848
Balance of impairment losses/provisions at end of period	86.283	120.799
Thereof, guarantee debtors account for	0	3.505
Total		
Balance of impairment losses and provisions at beginning of period	1.101.807	1.356.264
Impairment losses/provisions for the period	155.071	113.535
Reversal of impairment losses/provisions	130.357	71.760
Other changes	47.250	73.799
Value adjustment of assets acquired	-166	711
Finally written off, previously written down/provided for	179.899	318.754
Balance of impairment losses/provisions at end of period	993.706	1.153.795
Discount regarding business acquisitions	202.953	313.625
Balance of impairment losses/provisions and discount at end of period	1.196.659	1.467.420
Impairment losses/provisions for the period	155.071	113.535
Reversal of impairment losses/provisions in prior years	130.357	71.760
Value adjustment of assets acquired	-166	711
Written off, not previously written down/provided for	10.345	31.565
Recovery of claims previously written off	14.851	10.343
Recognised in profit or loss	20.042	63.708

Sparekassen Sjælland-Fyn A/S Group				
	30.06.2017	31.12.2016	30.06.2016	
10 Land and buildings				
Investment property				
Fair value at beginning of period	144.780	138.932	138.932	
Additions	16.414	30.044	29.302	
Disposals	17.895	0	0	
Fair value adjustments for the period	-14.666	-24.196	-15.497	
Fair value at end of period	128.633	144.780	152.737	
Rental income	4.976	9.806	5.955	
Operating expenses	2.268	3.371	3.134	
Thereof, operating expenses recognised for investment property not having generated rental income for the year	242	576	237	
			Non-observable	
Fair value hierarchy for investment property	Quoted prices	Observable input	input	Total
Group at 30.06.2017	0	0	128.633	128.633
Group at 31.12.2016	0	0	144.780	144.780
Group at 30.06.2016	0	0	152.737	152.737
Owner-occupied property				
Cost at beginning of period	340.409	382.290	382.290	
Additions	10.189	15.730	145	
Disposals	0	57.611	26.806	
Cost at end of period	350.598	340.409	355.629	
Accumulated depreciation/impairment losses at beginning of period	49.595	57.363	57.363	
Depreciation for the period	862	1.668	881	
Impairment losses for the period	10.100	15.865	3.171	
Disposals for the period	0	25.301	7.388	
Accumulated depreciation/impairment losses at end of period	60.557	49.595	54.027	
Accumulated revaluation at beginning of period	3.694	24.337	24.337	
Additions for the period	0	0	0	
Disposals for the period	0	-20.643	-20.643	
Accumulated revaluation at end of period	3.694	3.694	3.694	
Revalued amount at end of period	293.735	294.508	305.296	
If no revaluation had been made, the carrying amount of owner-occupied property would have been:	290.041	290.814	301.602	

External experts have been involved in the valuation of owner-occupied property.

	Quoted prices	Observable input	Non-observable	Total
Fair value hierarchy for owner-occupied property			input	
Group at 30.06.2017	0	0	293.735	293.735
Group at 31.12.2016	0	0	294.508	294.508
Group at 30.06.2016	0	0	305.296	305.296

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 of 3.2% has been used to value properties located in Copenhagen, and a required rate of return between 5.5% and 9.5% has been used for properties located in the rest of Zealand, Funen and Jutland. 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 in relation to the assumptions applied would result in an increase in the value of the property.

		Sparekassen Sjælland-Fyn A/S Group		
		30.06.2017	31.12.2016	30.06.2016
11 Subordinated loan capital	Current interest rate			
Supplementary capital				
	Floating rate, maturing February 2022, redeemed 2017.		148.000	148.000
	Floating rate, maturing June 2022, redeemed 2017.		15.000	15.000
	Floating rate, maturing July 2023, redeemable in 2018. 8,38 % ¹	118.000	118.000	118.000
	From 2018 to 2023, the interest rate will be 3 months CIBOR + 6.8% with quarterly adjustment.			
	Floating rate, maturing July 2024, redeemable in 2019. 7,81 % ¹	82.000	82.000	82.000
	From 2019 to 2024, the interest rate will be 3 months CIBOR + 6.75% with quarterly adjustment.			
	Floating rate, maturing July 2025, redeemable in 2020. 7,66 % ¹	105.000	105.000	105.000
	From 2020 to 2025, the interest rate will be 6 months CIBOR + 6.9% with half-yearly adjustment.			
	Floating rate, maturing February 2027, redeemable in 202 5,94 % ¹	50.000		
	From 2022 to 2027, the interest rate will be 6 months CIBOR + 5.5% with half-yearly adjustment.			
	Other ³	520	520	620
Total supplementary capital		355.520	468.520	468.620
Total subordinated loan capital		355.520	468.520	468.620
	Allowance account	2.597	2.564	3.208
Total subordinated loan capital according to balance sheet		352.923	465.956	465.412
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.			
Total hybrid capital reclassified to equity		520.000	520.000	520.000
Subordinated loan capital included in the calculation of capital resources		872.403	985.436	984.792

¹ Fixed interest rate for the first 5 years.

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

³ 'Top interest-rate certificates', 10-year maturity period. Fixed interest rate of 4.5% to 5.75% maturing in May 2018 (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.

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

		Sparekassen Sjælland-Fyn A/S Group		
		30.06.2017	31.12.2016	30.06.2016
Interest etc on subordinated loan capital				
	Interest (excluding interest on reclassified hybrid core capital recognised as equity)	16.442	39.182	19.475
	Extraordinary repayments/redemptions/remortgaging	163.000	172	72
	Expenses for raising subordinated loan capital	600	0	0
	Expenses for redeeming subordinated loan capital	0	0	0

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

Notes

Amounts in DKK'000

	Number of shares		Nominal value (DKK'000)	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
12 Share capital				
Share capital, Sparekassen Sjælland-Fyn A/S	13.031.230	13.031.230	130.312	130.312
Total	13.031.230	13.031.230	130.312	130.312

Treasury shares	Number of shares	Nominel værdi	
		(t.kr.)	Participation %
Treasury shares at 31.12.2015	72.257	723	0,6
Purchased	3.295	33	0,0
Sold	1.000	10	0,0
Treasury shares at 30.06.2016	74.552	746	0,6
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

Total purchase price DKK 13,419k (H1 2016: DKK 303k)

Total selling price DKK 0 (H1 2016: DKK 79k)

The share capital consists of 13,031,230 shares of a nominal value of DKK 10. The shares have been fully paid up. The shares have not been divided into classes and carry no special rights. Sparekassen's treasury share portfolio consists of 199,270 shares, corresponding to 1.5% 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.

	Sparekassen Sjælland- Fyn A/S Group	
	30.06.2017	30.06.2016
Earnings per share		
Earnings of shareholders of the Parent Sparekassen Sjælland-Fyn A/S	108.782	75.756
Average number of shares	13.031.230	13.031.230
Average number of treasury shares	146.120	73.405
Average number of shares outstanding	12.885.110	12.957.825
Average dilution effect of outstanding share options	0	0
Average number of outstanding shares (diluted)	12.885.110	12.957.825
Earnings per share (DKK)	8,4	5,8
Diluted earnings per shares (DKK)	8,4	5,8

	Sparekassen Sjælland-Fyn A/S Group		
	30.06.2017	31.12.2016	30.06.2016
13 Assets provided as collateral			
Bonds deposited with Danmarks Nationalbank, clearing centres etc	580.413	705.185	1.319.822

Unencumbered deposited securities may be released at call.

14 Related party transactions

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

There have been no unusual related party transactions in H1 2016 or H1 2017.

	Sparekassen Sjælland-Fyn A/S Group		
	30.06.2017	31.12.2016	30.06.2016
15 Contingent liabilities and assets			
Financial guarantees	1.159.097	1.277.134	1.179.700
Mortgage finance guarantees	2.052.884	1.987.191	1.987.683
Registration and remortgaging guarantees	51.364	180.639	1.139
Other contingent liabilities	1.388.359	1.290.129	1.141.095
Total	4.651.704	4.735.093	4.309.617

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

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

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

The Group has entered into a number of leases on premises used for bank operations or other activities. If the leases entered into are terminated, a maximum amount of DKK 69.0m (31 December 2016: DKK 73.2m; 30 June 2016: DKK 75.6m) will have to be paid.

The Group has lease commitments amounting to DKK 1.5m (31 December 2016: DKK 0.2m; 30 June 2016: DKK 0.0m).

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

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

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

	Sparekassen Sjælland-Fyn A/S Group		
	30.06.2017	31.12.2016	30.06.2016
Contingent assets			
Deferred tax assets, written down	145.307	145.869	175.123

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 Sjælland-Fyn A/S Group		
	30.06.2017	31.12.2016	30.06.2016
16 Capital resources			
Equity excluding hybrid core capital	2.114.368	2.058.073	1.976.081
Intangible assets	-144.698	-149.786	-156.741
Tax assets	-164.919	-161.769	-160.328
Proposed dividend	0	-39.745	0
Deduction, capital instruments exceeding 10%	-143.575	-133.897	-169.789
Other deductions etc	-21.910	2.919	-27.795
Common Equity Tier 1 capital	1.639.266	1.575.795	1.461.428
Hybrid core capital	520.000	520.000	520.000
Deduction, investments exceeding 10%	-17.947	-44.632	-56.596
Core capital (including hybrid core capital) net of primary deductions	2.141.319	2.051.163	1.924.832
Supplementary capital	352.403	465.436	464.792
Deduction, investments exceeding 10%	-17.947	-44.632	-56.596
Supplementary investments	-5	-2.568	-1.590
Capital resources	2.475.770	2.469.398	2.331.438
Risk exposures			
Credit risk	13.416.633	13.094.153	12.272.108
Market risk	1.000.776	1.079.748	1.411.055
Operational risk	1.787.720	1.683.682	1.683.682
Total risk exposures	16.205.129	15.857.583	15.366.845
Capital ratio	15,3	15,6	15,2
Core capital ratio	13,2	12,9	12,5
Common Equity Tier 1 capital ratio	10,1	9,9	9,5
Capital resources, requirement under Section 124(2) of the Danish Financial Business Act	1.296.410	1.268.607	1.229.348

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

Financial assets and liabilities are recognised in the balance sheet either at fair value through profit or loss or at amortised cost. Below, the valuation method is stated for each financial statement item.

	30.06.2017		30.06.2016	
	Dagsværdi	Amortiseret kostpris	Dagsværdi	Amortiseret kostpris
Financial assets				
Cash and balances on demand at central banks		361.787		553.566
Amounts owed by credit institutions and central banks		1.400.160		1.046.450
Loans and advances and other amounts owed at amortised cost		11.121.342		9.849.172
Bonds at fair value	5.376.402		6.172.548	
Bonds at amortised cost		99.815		99.451
Shares etc	674.930		649.784	
Assets related to pooled plans	700.203		383.425	
Positive market value of derivatives	26.878		38.476	
Total financial assets	6.778.413	12.983.104	7.244.233	11.548.639
Financial liabilities				
Amounts owed to credit institutions and central banks		429.071		452.586
Deposits and other debt		16.287.344		15.485.950
Deposits in pooled plans		700.203		383.425
Subordinated loan capital		352.923		465.412
Negative market value of derivatives	30.109		42.324	
Total financial liabilities	30.109	17.769.541	42.324	16.787.373

Financial instruments recognised at fair value

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

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

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

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

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

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

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

	30.06.2017			
	Quoted prices (Level 1)	Observable input (Level 2)	Non-observable input (Level 3)	Total
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

	30.06.2016			
	Quoted prices (Level 1)	Observable input (Level 2)	Non-observable input (Level 3)	Total
Financial assets				
Bonds at fair value	6.032.548	140.000	0	6.172.548
Shares etc	43.188	304.528	302.068	649.784
Assets related to pooled plans	365.105	18.320	0	383.425
Derivatives	0	38.476	0	38.476
Total financial assets	6.440.841	501.324	302.068	7.244.233
Financial liabilities				
Derivative financial liabilities	0	42.324	0	42.324
Total financial liabilities	0	42.324	0	42.324

	30.06.2017	30.06.2016
Financial instruments measured at fair value in balance		
Carrying amount at beginning of period	346.717	220.642
Market value adjustment in profit or loss, under market value adjustments	9.737	6.861
Purchased	155.404	74.565
Sold	104.785	0
Carrying amount at end of period	407.073	302.068

Sparekassen's key investment in shares based on Level 3 is the investment in PRAS A/S amounting to DKK 116.5m (30 June 2016: DKK 104.8m), equivalent to 29% (30 June 2016: 35%) 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 4.7m (30 June 2016: DKK 4.9m).

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 287.5m (30 June 2016: DKK 178.5m).

Neither in 2017 nor in 2016 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.

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.

Financial instruments recognised at amortised cost, disclosures on fair value

	30.06.2017		30.06.2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and balances on demand at central banks	361.787	361.787	553.566	553.566
Amounts owed by credit institutions and central banks	1.400.160	1.400.160	1.046.450	1.046.450
Loans and advances and other amounts owed at amortised cost	11.121.342	11.172.851	9.849.172	9.892.782
Bonds at amortised cost	99.815	100.180	99.451	99.950
Total financial assets	12.983.104	13.034.978	11.548.639	11.592.748
Financial liabilities				
Amounts owed to credit institutions and central banks	429.071	429.071	452.586	452.586
Deposits and other debt	16.287.344	16.287.344	15.485.950	15.485.950
Deposits in pooled plans	700.203	700.203	383.425	383.425
Subordinated loan capital	352.923	352.923	465.412	465.412
Total financial liabilities	17.769.541	17.769.541	16.787.373	16.787.373

Income statement

Amounts in DKK'000

Sparekassen Sjælland-Fyn A/S (Parent)				
Note	H1 2017	H1 2016	Q2 2017	Q2 2016
4 Interest income	286.313	318.760	144.838	159.282
5 Interest expenses	33.562	55.216	15.213	26.842
Net interest income	252.751	263.544	129.625	132.440
Dividends on shares etc	11.176	18.099	6.712	18.052
6 Fees and commission income	232.846	200.539	110.845	91.892
Fees and commission expenses	8.882	6.282	5.038	3.619
Net interest and fee income	487.891	475.900	242.144	238.765
7 Market value adjustments	44.086	37.906	15.394	15.361
Other operating income	3.849	5.619	1.933	4.000
8 Staff costs and administrative expenses	335.219	315.329	174.216	163.342
Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	19.031	19.722	9.933	11.064
Other operating expenses	7.644	4.866	3.926	2.101
9 Impairment losses on loans and advances etc	19.346	63.157	7.586	24.594
Profit/loss on investments in associates and group enterprises	-6.911	-840	3.821	-4.397
Profit before tax	147.674	115.511	67.630	52.628
Income tax	10.954	11.739	5.552	9.834
Profit after tax	136.721	103.772	62.079	42.794
Earnings per share				
Earnings per share (DKK)	8,4	5,8	3,7	2,2
Diluted earnings per share (DKK)	8,4	5,8	3,7	2,2
Distributed as follows:				
Shareholders of Sparekassen Sjælland-Fyn A/S	108.782	75.756	48.033	28.786
Interest, hybrid core capital	27.939	28.016	14.046	14.008
Total	136.721	103.772	62.079	42.794

Statement of comprehensive income

Sparekassen Sjælland-Fyn A/S (Parent)				
	H1 2017	H1 2016	Q2 2017	Q2 2016
Profit for the period	136.721	103.772	62.079	42.794
Other comprehensive income that may not be reclassified to profit or loss				
Fair value adjustment of properties	0	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	90	-79	46	-65
- Tax on other comprehensive income	-20	12	-10	14
Total other comprehensive income	70	-67	36	-51
Total comprehensive income	136.791	103.705	62.115	42.743

¹ The fair value adjustment concerns a jointly controlled enterprise.

Balance sheet

Amounts in DKK'000

Note	Sparekassen Sjælland-Fyn A/S (Parent)		
	30.06.2017	31.12.2016	30.06.2016
Assets			
Cash and balances on demand at central banks	361.787	384.241	553.565
Amounts owed by credit institutions and central banks	1.396.145	1.359.975	1.034.912
Loans and advances and other amounts owed at amortised cost	11.109.303	10.429.309	9.789.388
Bonds at fair value	5.376.402	5.361.280	6.172.548
Bonds at amortised cost	99.815	99.634	99.451
Shares etc	674.930	663.287	649.784
Investments in associates	30.205	30.437	3.092
Investments in group enterprises	377.469	433.654	1.071.198
Assets related to pooled plans	700.203	393.877	383.425
Intangible assets	144.698	149.786	156.742
Total land and buildings	95.216	103.818	124.938
Investment property	9.120	17.470	18.220
Owner-occupied property	86.096	86.348	106.718
Other property, plant and equipment	45.084	47.135	39.475
Current tax assets	8.273	17.664	0
Deferred tax assets	151.988	151.393	127.076
Temporarily held assets	12.354	16.180	23.282
Other assets	148.352	188.210	197.964
Prepayments	15.766	14.841	19.515
Total assets	20.747.991	19.844.721	20.446.355
Equity and liabilities			
Liabilities other than provisions			
Amounts owed to credit institutions and central banks	427.462	424.060	426.694
Deposits and other debt	16.281.880	15.658.816	15.486.563
Deposits in pooled plans	700.203	393.877	383.425
Current tax liabilities	0	0	3.593
Other liabilities	235.388	221.929	1.039.958
Deferred income	3.357	3.558	5.094
Total liabilities other than provisions	17.648.290	16.702.240	17.345.327
Provisions			
Provisions for losses on guarantees etc	59.872	67.061	59.381
Other provisions	14.902	21.693	42.413
Total provisions	74.773	88.754	101.794
Subordinated loan capital			
Subordinated loan capital	352.923	465.956	465.412
Equity			
Share capital	130.312	130.312	130.312
Revaluation reserves	3.642	3.642	3.642
Undistributable savings bank reserve, other reserves	561.378	561.378	561.378
Retained earnings	1.419.036	1.362.741	1.280.749
Total equity excluding hybrid core capital	2.114.368	2.058.073	1.976.081
Hybrid core capital	557.637	529.698	557.741
Total equity	2.672.005	2.587.771	2.533.822
Total equity and liabilities	20.747.991	19.844.721	20.446.355

Statement of changes in equity

Amounts in DKK'000

Sparekassen Sjælland-Fyn A/S (Parent)

	Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument ¹	Proposed dividend	Other reserves	Retained earnings	Total equity excluding hybrid core capital	Hybrid core capital	Total equity
Equity at 1.1.2016	130.312	24.337	561.378	-289	39.094	159.775	1.024.879	1.939.486	529.725	2.469.210
Profit for the period	0	0	0	0	0	0	75.756	75.756	28.016	103.772
Other comprehensive income										
Fair value adjustment of financial instruments entered into to hedge future cash flows:										
Value adjustment for the period	0	0	0	-79	0	0	0	-79	0	-79
Tax on other comprehensive income	0	0	0	12	0	0	0	12	0	12
Total other comprehensive income	0	0	0	-67	0	0	0	-67	0	-67
Comprehensive income for the period	0	0	0	-67	0	0	75.756	75.689	28.016	103.705
Transferred for Sparekassen Fyn	0	0	0	0	0	-159.775	159.775	0	0	0
Purchase of treasury shares	0	0	0	0	0	0	-303	-303	0	-303
Sale of treasury shares	0	0	0	0	0	0	79	79	0	79
Realised from the sale of properties	0	-20.695	0	0	0	0	20.695	0	0	0
Dividend paid	0	0	0	0	-39.094	0	224	-38.870	0	-38.870
Interest paid, hybrid core capital	0	0	0	0	0	0	0	0	0	0
Equity at 30.06.2016	130.312	3.642	561.378	-356	0	0	1.281.105	1.976.081	557.741	2.533.822
	Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument ¹	Proposed dividend	Other reserves	Retained earnings	Total equity excluding hybrid core capital	Hybrid core capital	Total equity
Equity at 1.1.2017	130.312	3.642	561.378	-170	39.745	0	1.323.166	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	90	0	0	0	90	0	90
Tax on other comprehensive income	0	0	0	-20	0	0	0	-20	0	-20
Total other comprehensive income	0	0	0	70	0	0	0	70	0	70
Comprehensive income for the period	0	0	0	70	0	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	-39.745	0	607	-39.138	0	-39.138
Equity at 30.06.2017	130.312	3.642	561.378	-100	0	0	1.419.136	2.114.368	557.637	2.672.005

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

	Sparekassen Sjælland-Fyn A/S (Parent)		
	H1 2017	H1 2016	Financial year 2016
1 Financial highlights			
Principal items of income statement			
Net interest income	253	264	521
Net interest and fee income	488	476	943
Market value adjustments	44	38	69
Staff costs and administrative expenses	335	315	641
Amortisation, depreciation and impairment losses on assets	19	20	45
Impairment losses on loans and advances etc	19	63	112
Profit on investments in associates and group enterprises	-7	-1	-20
Income tax	11	12	-17
Profit for the period	137	104	216
Principal items of balance sheet			
Loans and advances	11.109	9.789	10.429
Securities portfolio	6.151	6.922	6.124
Deposits including pooled deposits	16.982	15.870	16.053
Equity	2.672	2.534	2.588
Total assets	20.748	20.446	19.845
Subordinated loan capital	353	465	466
Financial ratios			
Capital ratio	15,4	15,2	15,6
Core capital ratio	13,3	12,6	13,0
Return on equity before tax	5,6	4,6	7,9
Return on equity after tax	5,2	4,1	8,5
Operating income over operating expenses	1,4	1,29	1,25
Interest rate risk relative to core capital net of deductions	-0,2	1,5	-0,6
Currency position relative to core capital net of deductions	0,4	0,7	0,2
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	70,6	68,3	71,1
Loans and advances relative to equity	4,2	3,9	4,1
Growth in loans and advances for the period	6,5	1,3	7,9
Excess cover relative to statutory liquidity requirements	204,7	243,6	161,9
Total large exposures relative to capital resources	11,1	0,0	0,0
Impairment ratio for the period	0,1	0,4	0,7
Accumulated impairment ratio ¹	5,7	7,0	6,5
Return on capital employed	0,7	0,5	1,1
Earnings per share (DKK) ³	8,4	5,8	12,3
Dividend per share (DKK)	-	-	3,1
Book value per share (DKK) ²	164,8	152,5	159,1
Price/earnings per share ³	14,9	15,1	8,7
Price/equity per share ²	0,8	0,6	0,7
Share price at end of period	126,0	88,0	107,0
Staff			
Average number of employees for the period converted into full-time employees ⁴	573	558	546

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.

Notes

2 Summary of significant accounting policies

The H1 2017 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 applied remain unchanged from those applied to present the 2016 parent financial statements which contain a complete description of the accounting policies applied.

As Sparekassen cannot at this point in time make reliable quantitative estimates of the significance of the future implementation of IFRS 9, please refer to the comments thereon in the "Summary of significant accounting policies" in Sparekassen's 2016 Annual Report (only in Danish).

When presenting the 2016 financial statements, reclassification was made of the dissolution of revaluation reserves for the sale of property, which in the interim financial statements had been recycled during 2016 from other comprehensive income to profit or loss, was reclassified. This reclassification has not affected core income, comprehensive income, equity or solvency calculation. Comparative figures for 2016 have been adjusted accordingly.

Combination of activities

Effective from 1 January 2016, the Group's savings bank activities were combined in Sparekassen Sjælland-Fyn A/S by transferring the activities of the subsidiary Sparekassen Fyn A/S (excluding mortgage deeds) to the activities of the Parent Sparekassen Sjælland-Fyn A/S. The transfer was carried through using the uniting-of-interests method.

The 2016 comparative figures of Sparekassen Sjælland-Fyn A/S have been adjusted accordingly.

Sparekassen's 2016 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 2017 as those used to prepare the parent financial statements for 2016.

Notes

Amounts in DKK'000

	Sparekassen Sjælland-Fyn A/S (Parent)	
	H1 2017	H1 2016
4 Interest income		
Credit institutions and central banks	814	330
Loans and advances and other amounts owed	271.859	299.385
Bonds	12.010	20.300
Total derivatives	1.627	-1.888
Thereof: - Interest rate contracts	2.978	-1.888
- Foreign exchange contracts	-1.351	0
Other interest income	3	633
Total interest income	286.313	318.760
5 Interest expenses		
Credit institutions and central banks	3.010	1.573
Deposits and other debt	14.087	34.128
Bonds issued	0	0
Subordinated loan capital	16.442	19.475
Other interest expenses	23	40
Total interest expenses	33.562	55.216
6 Fees and commission income		
Securities trading and custody accounts	62.069	48.931
Payment services	23.069	21.443
Loan fees	15.623	7.719
Guarantee commission	77.683	66.051
Other fees and commissions	54.403	56.395
Total fees and commission income	232.846	200.539
7 Market value adjustments		
Bonds	20.513	34.873
Shares	12.175	-1.363
Investment property	-513	7
Foreign exchange	4.595	1.639
Currency, interest rate, share, commodity and other contracts and derivatives	7.316	2.750
Assets related to pooled plans	24.909	3.354
Deposits in pooled plans	-24.909	-3.354
Total market value adjustments	44.086	37.906
8 Staff costs and administrative expenses		
Remuneration of the Board of Directors and Executive Board		
Board of Directors and Executive Board ¹	5.766	4.054
Member of the Executive Board resigned in 2017	4.248	0
Total	10.014	4.054
¹ Bruno Riis-Nielsen resigned from the Executive Board on 1 March 2016. Flemming Bisgaard Nielsen took up his position on the Executive Board on 1 October 2016 and resigned in May 2017.		
Staff costs		
Wages and salaries	157.226	153.404
Pension contributions	17.515	17.002
Social security expenses	24.790	22.127
Total staff costs	199.531	192.533
Other administrative expenses	125.674	118.742
Total staff costs and administrative expenses	335.219	315.329



	Sparekassen Sjælland-Fyn A/S (Parent)	
	H1 2017	H1 2016
9 Impairment losses on loans and advances etc and provisions for guarantees		
Individual impairment losses/provisions		
Balance of impairment losses/provisions at beginning of period	975.342	1.235.854
Impairment losses/provisions for the period	138.591	98.853
Reversal of impairment losses/provisions	122.987	59.501
Other changes	47.340	49.836
Value adjustment of assets acquired	-166	711
Finally written off, previously written down/provided for	175.335	315.048
Balance of impairment losses/provisions at end of period	862.785	1.010.705
Thereof, guarantee debtors account for	59.872	55.875
Collective impairment losses/provisions		
Balance of impairment losses/provisions at beginning of period	80.442	92.999
Impairment losses/provisions for the period	9.525	9.853
Reversal of impairment losses/provisions	4.755	9.248
Other changes	0	10.748
Balance of impairment losses/provisions at end of period	85.212	104.352
Thereof, guarantee debtors account for	0	3.505
Total		
Balance of impairment losses and provisions at beginning of period	1.055.784	1.328.853
Impairment losses/provisions for the period	148.116	108.706
Reversal of impairment losses/provisions	127.742	68.749
Other changes	47.340	60.584
Value adjustment of assets acquired	-166	711
Finally written off, previously written down/provided for	175.335	315.048
Balance of impairment losses/provisions at end of period	947.997	1.115.057
Discount regarding business acquisitions	202.953	313.625
Balance of impairment losses/provisions and discount at end of period	1.150.950	1.428.682
Impairment losses/provisions for the period	148.116	108.706
Reversal of impairment losses/provisions in prior years	127.742	68.749
Value adjustment of assets acquired	-166	711
Written off, not previously written down/provided for	10.088	31.290
Recovery of claims previously written off	10.950	8.801
Recognised in profit or loss	19.346	63.157

	Sparekassen Sjælland-Fyn A/S (Parent)		
	30.06.2017	31.12.2016	30.06.2016
10 Assets provided as collateral			
Bonds deposited with Danmarks Nationalbank, clearing centres etc	580.413	705.185	1.319.822
Unencumbered deposited securities may be released at call.			
11 Capital resources			
Equity excluding hybrid core capital	2.114.368	2.058.073	1.976.081
Intangible assets	-144.698	-149.786	-153.742
Tax assets	-151.988	-151.393	-127.076
Proposed dividend	0	-39.745	0
Deduction, capital instruments exceeding 10%	-142.454	-133.220	-168.763
Other deductions etc	-20.829	3.951	-46.840
Common Equity Tier 1 capital	1.654.399	1.587.880	1.479.660
Hybrid core capital	520.000	520.000	520.000
Deduction, investments exceeding 10%	-17.807	-44.407	-56.254
Core capital (including hybrid core capital) net of primary deductions	2.156.592	2.063.473	1.943.406
Supplementary capital	352.403	465.436	464.792
Deduction, investments exceeding 10%	-17.807	-44.407	-56.254
Supplementary investments	-5	-2.555	-1.580
Capital resources	2.491.183	2.481.947	2.350.364
Risk exposures			
Credit risk	13.478.675	13.171.095	12.342.371
Market risk	1.001.017	1.079.930	1.425.971
Operational risk	1.737.859	1.647.721	1.647.721
Total risk exposures	16.217.551	15.898.746	15.416.063
Capital ratio	15,4	15,6	15,2
Core capital ratio	13,3	13,0	12,6
Common Equity Tier 1 capital ratio	10,2	10,0	9,6
Capital resources, requirement under Section 124(2) of the Danish Financial Business Act	1.297.404	1.271.900	1.233.285

The Group

- 49 branches on Zealand and Funen (tree of them under way in Helsingør, Greve and Islands Brygge)
- 4 corporate customer centres (one of them under way at Islands Brygge)
- 573 Staff
- DKK 16,988m in deposits
- DKK 11,121m in loans and advances
- Balance sheet total of DKK 20,776m
- Capital ratio of 15.3 %



-  Retail customer branch
-  Corporate customer centre