

Interim Report  
2014 2015 2016 **2017**  
Q1 - Q3



# Sparekassen Sjælland-Fyn A/S

## Q1-Q3 2017 Interim Report

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### Sparekassen Sjælland-Fyn A/S

Isefjords Alle 5

DK-4300 Holbæk

Business Registration No: 36532130

Phone: +45 59 48 11 11

E-mail: [info@spks.dk](mailto:info@spks.dk)

Website: [www.spks.dk](http://www.spks.dk)

## Management commentary for the Sparekassen Sjælland-Fyn Group

Sparekassen's net profit has increased quite satisfactorily by 28% to DKK 204.6m.

Core earnings specified to range between DKK 310m and DKK 330m for the financial year 2017 against previous expectations ranging between DKK 290m and DKK 330m.

Expected total maximum losses for the year are reduced once again from the maximum amount of DKK 50m at 30 June 2017 to now DKK 35m.

- Net profit provides a 10.5% return on opening equity.
- Growth in loans and advances can be calculated at 13.1%.
- Growth in business volume can be calculated at 9.8%.
- Impairment losses down to DKK 22.6m, 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 218.8%.
- A new branch and a new corporate customer centre opened on 3 November at Islands Brygge in Copenhagen.
- New branches to open in Greve and Helsingør.
- New strategy and share issue under way as stated in a separate stock market announcement.

### Financial highlights

DKK'000

### Sparekassen Sjælland-Fyn A/S Group

#### Principal items of income statement

	Q1-Q3 2017	Index*	Q1-Q3 2016	Year-end 2016
Net interest and fee income	756.569	105	721.066	972.639
Market value adjustments	37.277	67	55.361	46.528
Other operating income	15.220	65	23.553	23.723
Staff costs and administrative expenses	504.788	107	470.429	643.802
Impairment losses on loans and advances etc	22.551	25	89.345	107.205
Profit/loss on investments in associates and group enterprises	-554	-33	1.682	2.309
Profit before tax	224.411	118	189.540	228.213
Net profit	204.584	128	160.417	215.722

#### Principal items of balance sheet

	30.09.2017	Index*	30.09.2016	31.12.2016
Equity	2.739.830	106	2.588.644	2.587.771
Capital resources	2.462.320	104	2.375.709	2.469.398
Loans and advances	11.371.107	113	10.053.817	10.474.059
Deposits	16.370.269	106	15.422.305	15.647.044
Pooled deposits	802.252	202	397.469	393.877
Total deposits	17.172.521	109	15.819.774	16.040.921
Balance sheet total	20.954.084	107	19.657.864	19.858.998
Total business volume (deposits, loans and advances, guarantees)	33.690.690	110	30.683.930	31.250.073

#### Financial ratios

	30.09.2017	30.09.2016	31.12.2016
Headcount (full-time employees, average) **	578	564	565
Capital ratio ***	14,6	15,6	15,6
Core capital ratio ***	12,6	12,9	12,9
Excess capital adequacy in percentage points	5,5	5,9	6,3
Earnings per share (DKK)	12,6	9,1	12,3
Book value per share at end of period (DKK)	169	155,9	159,1
Share price at end of period (DKK)	126,5	101,5	107,0

\*Index - 30.09.2017 compared to 30.09.2016

\*\* Engaged in banking

\*\*\* Calculated exclusive of profit for Q3 2017. If the profit had been included, capital ratios would have been 0.3 percentage points higher.

## Core earnings, quarterly key figures for the period as a listed entity

Core earnings DKK'000	Group				
	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Core income	253.884	250.916	253.066	251.241	236.417
Staff costs and administrative expenses	170.534	168.927	161.079	166.838	152.257
- Staff costs thereof	106.041	103.366	100.966	92.133	92.769
- Administrative expenses thereof	64.493	65.561	60.113	74.705	59.488
<b>Core earnings</b>	<b>83.350</b>	<b>81.989</b>	<b>91.987</b>	<b>84.403</b>	<b>84.160</b>
Impairment losses on loans and advances	2.509	9.266	10.776	17.860	25.637
Market value adjustments	6.701	12.762	17.814	-8.833	32.811
Other line items *) **)	-13.511	-16.583	-17.547	-15.388	-21.709
<b>Profit before tax **)</b>	<b>74.031</b>	<b>68.902</b>	<b>81.478</b>	<b>42.322</b>	<b>69.625</b>

\*) Other line items comprise:

Amortisation, depreciation and impairment losses, non-ordinary operating income and expenses etc and 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 ratios

DKK'000	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Deposits	17.172.521	16.987.547	16.119.292	16.040.921	15.819.774
Loans and advances	11.371.107	11.121.342	10.695.318	10.474.059	10.053.817
Balance sheet total	20.954.084	20.776.363	19.813.631	19.858.998	19.657.864
Business volume	33.690.690	32.760.593	31.222.597	31.250.073	30.683.930
Custody accounts	11.122.592	10.797.703	10.770.394	10.448.461	10.377.654
Equity	2.739.830	2.672.005	2.649.353	2.587.771	2.588.644
Return on opening equity of quarter, profit before tax (% p.a.)	11,1	10,4	12,6	6,5	10,4

### Business model and branch strategy

The positive development in Sparekassen's business and performance continued in Q3.

Pre-tax profit is DKK 74.0m for Q3 2017 compared to DKK 69.6m for the same period in 2016. Profit for Q1 to Q3 2017 stands at DKK 224.4m against DKK 189.5m in 2016. This 18.4% increase is a result of Sparekassen's business model under which the continuation of existing branches and the establishment of new ones grow its customer base and business volume most satisfactorily.

The profit realised and the continued positive business development are considered highly satisfactory.

### Inflow of customers continues

Sparekassen is servicing more and more customers. Earlier in the year, Sparekassen passed 150,000 customers in Zealand and Funen. Every day, Sparekassen is seeing a very satisfactory inflow of customers, and with the branch openings ahead, we look forward to passing the 160,000 customer mark within a foreseeable future.

What is just as important as local presence is that Sparekassen ensures that customers are serviced properly. This is done, for example, by Sparekassen's range of borrowing facilities, savings, pension and insurance schemes and products matching any needs that the customers might have. Sparekassen is fully competitive also within the field of housing finance, and much of the positive development

arises from housing loans, cooperative housing loans and not least the arrangement of mortgage loans. These types of loans are very much in demand by Sparekassen's current and new customers.

To customers, local advisory services and not least personal advisory services are the primary reason why they choose Sparekassen. To make sure that customers receive good advice, Sparekassen regularly ensures that its staff are trained and educated in the financial products and the financial services regulations. This is also one of the key selection criteria when Sparekassen engages new people to service the increasing number of customers.

So Sparekassen feels well prepared to provide competent services to our customers also going forward.

The inflow of customers and the increase in activity have resulted in a business volume standing at DKK 33.7bn at 30 September 2017, an increase of 9.8% 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. As mentioned, it is within housing loans and corporate customer loans that Sparekassen continues to experience increased demand.

### **New branches and a new corporate customer centre**

On 3 November 2017, Sparekassen opened a new branch as well as a new corporate customer centre at Islands Brygge in Copenhagen. The expansion of the branch network continues with the setup of new branches in both Greve and Helsingør. The physical locations are in place and most of the local staff has been appointed. It is most satisfactory to see in this context that a lot of really talented people are heading for Sparekassen.

With these setups, the total network reaches 53 branches, four of which are specialised corporate customer centres located in Copenhagen (Islands Brygge), Odense, Næstved and Holbæk.

### **Digital strategy**

The development of Sparekassen's presence on digital platforms will be intensified considerably in the years ahead, and, by using our branches as a launch pad, we will be able to offer customers a wide range of solutions that each customer can use when they have the time and opportunity.

Sparekassen considers developing new digital solutions something that goes hand in hand with the branch strategy adopted. This involves a continuous extension of the digital savings bank that services customers who either do not have time to go to the local branch or are outside Sparekassen's market area. The digital savings bank is staffed with well-educated and well-trained advisors, and in the longer term it will be able to service customers all over the country, both inside and outside ordinary office hours.

Sparekassen also wants to prepare for the future by joining the environments most likely to create new digital solutions in the financial sector. By partnering with Copenhagen FinTech and the university-based Venture Cup, Sparekassen is very close to the technological developments that take place right now and keeps a tab on the start-up environment.

### **Impairment losses and losses on loans and advances continue to go down**

The continued positive economic trends which include prices in the housing market and stable developments in the labour market and inflation etc are key to the development in Sparekassen's impairment losses and losses on loans and advances.

The positive economic trends have had a positive effect on Sparekassen's Zealandic and Funen market areas in particular. This has also had a notable effect on Sparekassen's impairment losses and losses on loans and advances which amount to DKK 2.5m for Q3 and the Y-T-D total is DKK 22.6m, which is the lowest amount since 2007.

### **Capital resources**

Sparekassen's capital resources remain satisfactory compared to its business volume, with an excess capital adequacy ratio of 5.5 percentage points relative to the capital requirement, and an excess cover ratio of 4.3 percentage points relative to the total capital requirement and the combined capital buffer requirement.

To match continued growth in the business volume and to phase in the capital buffer requirement and new eligible liabilities requirements, Sparekassen intends to increase its capital resources as stated in a separate stock market announcement.

### **Successful dialogue sessions with the shareholders**

From the end of August to mid-September, Sparekassen had ten dialogue sessions which started at Vallekilde-Hørve Fritidscenter and continued in Næstved, Ringsted, Kalundborg, Slagelse, Faaborg, Odense, Roskilde, Frederiksværk and Copenhagen. So these dialogue sessions reach out to the entire market area and are an offer to shareholders to come and meet Sparekassen's Executive Board, hear about financial and business developments, have a chance to ask questions and participate in an enjoyable get-together with refreshments and musical entertainment. The dialogue sessions attracted a record high number of around 4,000 shareholders.

It is very encouraging to see the shareholders support Sparekassen locally, which is what the business model is based on. Sparekassen would like to have even more shareholders and would welcome them at the dialogue sessions to come.

### **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](https://www.spks.dk/om_sparekassen/regnskab).

## Earnings expectations for 2017

Sparekassen's Q3 2017 core earnings reached a most satisfactory DKK 83.4m. This means that the core earnings announcement of between DKK 290m and DKK 330m for 2017 has been made more specific so as now to range between DKK 310m and DKK 330m for the financial year 2017.

At 30 June 2017, the positive economic trends and not least their effect on Sparekassen's customers entailed that the original announcement of net impairment losses and losses on loans and advances reaching a maximum of DKK 75m was revised so as to reach no more than DKK 50m.

Yet another positive adjustment of this announcement has been made according to which Sparekassen now expects the maximum losses to be DKK 35m. The continued positive development in housing prices in Sparekassen's market area and the quite stable situation in the labour market are what have caused this adjustment.

## Financial review

### Q3 2017

The pre-tax profit for Q3 2017 stands at DKK 74.0m and is up by 6.3% on Q3 2016.

This improved profit arises from sustained high core earnings and heavily declining impairment losses. During the period, Sparekassen's staff costs and administrative expenses have gone up due to investments in the branch strategy and pay increases through collective agreements. Furthermore, IT expenses are increasing primarily because of financial regulations and the branch strategy. Market value adjustments are below last year's level whereas amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment are higher.

At the end of Q3 2017, the deposits balance, including pooled deposits, stands at DKK 17,172.5m compared to DKK 15,819.8m at the end of Q3 2016, which is up DKK 1,352.7m, or 8.6%. In the same period, loans and advances grew by DKK 1,317.3m, or 13.1%.

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

For specific income statement items and balance sheet items for Q3, 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 403.8m against DKK 412.9m for the same period last year. Developments are still affected by generally low interest rates and partly the competitive situation.

Developments are mainly based on changes in the interest income and interest expenses generated by Sparekassen's 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. It is positive that interest income and net interest income are on the rise again compared to last quarter.

As mentioned, the redemption of subordinated loan capital will reduce interest expenses by DKK 10m a year when the full-year effect materialises in 2018.

#### *Fees and commission income*

The positive trend in fees and commission income is broad-based. The pick-up in Sparekassen's business activities is evident in securities trading and custody accounts, payment services, loan file management and in guarantee commissions. The increase in guarantee commissions is attributable particularly to Sparekassen's arrangement of mortgage loans for both retail customers and corporate customers.

Fees from securities trading and custody accounts have also developed quite satisfactorily. Sparekassen's services are offered so as to be consistent with the transparency provisions of the MiFID II Directive. This means, for example, that investors in mandate programmes will see an increasing expense deducted directly in the programme 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. Market value adjustments for the first three quarters of the year total DKK 37.3m. 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 30.5m in market value adjustments during the period. This is somewhat less than for the same period last year when they contributed DKK 50.8m. This result is regarded as satisfactory, considering the low risk Sparekassen has taken in the investment.

For shares, the market value adjustments primarily relate to Sparekassen's portfolio of sector shares, meaning shares in companies providing financial solutions which then are offered in the financial



sector and hence by Sparekassen. Market value adjustments for these companies are positive, however, they may fluctuate due to the amounts of dividend they distribute. Market value adjustments of shares are on a par with those seen last year.

Market value adjustments of investment property stands at a negative DKK 18.0m compared to a negative DKK 15.7m last year.

## **Expenses**

### *Staff and administration*

The development of Sparekassen with the opening of new branches and investments in the overall administrative function also result in increasing payroll costs and administrative expenses, which have gone up by a total of DKK 34.4m on the same quarter last year. The increase also includes pay increases through collective agreements, the related rise in pension costs and a rise in the payroll tax payable by financial institutions. This development is therefore consistent with the plan laid down by Sparekassen.

Other administrative expenses have gone up by DKK 12.8m, which is also attributable to the increase in branches, general price rises and increasing IT expenses, for example, for ensuring compliance with financial regulations and the development of tools that may help enhance the efficiency of and improve customer advisory services.

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

Amortisation, depreciation and impairment losses amount to DKK 41.8m, which is on a par with the same period last year. Depreciation of operating equipment, furniture and leasehold improvements totals DKK 18.4m. Amortisation of intangible assets amounts to DKK 11.1m and depreciation and impairment losses on owner-occupied property stand at DKK 12.6m.

### *Impairment losses*

Having gone down by 90% on Q3 2016, Q3 2017 impairment losses of DKK 2.5m are at a very satisfactory level. Total impairment losses of DKK 22.6m for the year and an impairment ratio of 0.1% illustrate that Sparekassen's loan book is developing quite positively. The continued positive economic trends in the labour market and the housing market in Sparekassen's market area are among the factors naturally contributing to this situation. Sparekassen's credit policy too ensures that all loan commitments are subjected to a thorough assessment both when incurred and on a regular basis. The latter aims at dealing with any undesired development in exposures together with the customers as early as possible.

Many of Sparekassen's loans and advances and arranged loans are secured against dwellings, land, commercial properties and other collateral. In this way, Sparekassen seeks to minimise the risk that cannot be avoided given its key activity as a loan provider.

## Core earnings of the Group

Core earnings DKK'000	Group	
	Q1-Q3 2017	Q1-Q3 2016
Net interest income	403.783	412.935
Dividend on shares etc	26.136	18.104
Fees and commission income	340.825	304.774
Fees and commission expenses	14.175	14.747
Other operating income	15.220	16.410
Other operating expenses, ordinary	13.923	9.332
<b>Core income</b>	<b>757.866</b>	<b>728.144</b>
Total staff costs and administrative expenses	500.540	465.858
<b>Core earnings</b>	<b>257.326</b>	<b>262.286</b>
Amortisation, depreciation and impairment losses on intangible assets and property	41.825	41.781
Other operating income, non-ordinary		7.143
Other operating expenses (deposit guarantee scheme etc)	1.014	1.235
Impairment losses on loans and advances	22.551	89.345
Market value adjustments	37.277	55.361
Profit/loss on investments in associates and jointly controlled enterprises	-554	1.682
Staff costs and administrative expenses, non-ordinary	4.248	4.571
<b>Profit before tax</b>	<b>224.411</b>	<b>189.540</b>
Income tax	19.827	29.123
<b>Net profit</b>	<b>204.584</b>	<b>160.417</b>

Core earnings, which are calculated as earnings before other operating expenses (deposit guarantee scheme etc), amortisation and depreciation, loan impairment charges etc, market value adjustments and profit/loss from investments, total DKK 257.3m compared to DKK 262.3m for the same period in 2016.

Core earnings have gone up from DKK 728.4m to DKK 757.9m. 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 earnings, are consistent with the strategy arising out of the business model.

## 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 11.4bn from DKK 10.1bn for Q3 2016. As mentioned in the management commentary, the heavy demand for Sparekassen's arrangement of loans to finance housing has helped boost loans and advances by DKK 1.3bn during the period.

Although there has also been a growing demand by the many new small and medium-sized businesses that have decided to become customers of Sparekassen during the period. Especially in the areas where Sparekassen has set up in recent years, customers welcome that they can be serviced locally and are able to have their holdings of banknotes and coins processed by Sparekassen.

#### *Bonds*

Sparekassen still has a large deposit surplus of DKK 5.0bn. Efforts are made to invest it in a way that it will contribute to Sparekassen's earnings at a low risk. The largest portion of the deposit surplus has been invested in government and mortgage credit bonds. Because of developments in the interest rate levels in recent years, the interest yield has been in decline, but instead Sparekassen has been able to generate quite handsome value adjustments on the portfolios.

### Equity and liabilities

#### *Deposits*

The deposits balance continues to increase. At 30 September 2017, total deposits on traditional accounts and pooled plan accounts amount to DKK 17.2bn, which is DKK 1.4bn up on the same date last year. Particularly the development in pooled plan accounts is very encouraging. This type of deposits that is related to an investment scheme has grown from DKK 397.5m at 30 September 2016 to currently DKK 802.3m. Sparekassen expects this product to continue to develop nicely.

#### *Subordinated loan capital*

In 2017, Sparekassen has repaid a total of DKK 163m in subordinated loan capital. In connection with this repayment, Sparekassen obtained a new subordinated loan of DKK 50m at a much lower interest rate than the subordinated loan capital repaid. Based on this, Sparekassen has managed to reduce its interest expenses considerably and hence to have yet another positive contribution to the bottom line.

## *Equity*

Equity stands at DKK 2,739.8m at the balance sheet date and has so been strengthened by DKK 151.2m compared to Q3 2016. Most of the increase represents the positive development in retained earnings, adjusted for dividend paid and changes in the portfolio of treasury shares.

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

## **Capital structure and liquidity**

### **Capital structure**

Sparekassen's risk exposure totals DKK 16,852.6m. 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 14.6%. The capital requirement has been calculated at 9.1%, leading to an excess capital adequacy ratio of 5.5 percentage points. In Danish kroner, this excess is equivalent to DKK 932.3m.

The combined buffer requirement has been calculated at 1.3 percentage points. This results in Sparekassen's excess capital adequacy ratio net of capital requirement and combined buffer requirement standing at 4.3 percentage points. In Danish kroner, this excess is equivalent to DKK 721.6m.

Sparekassen's capital resources and capital ratios have been calculated exclusive of profit for Q3 2017. Had net profit for the period, reduced by dividend paid in accordance with the dividend policy, been included in capital resources, capital ratios and excesses would have been 0.3 percentage points higher.

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

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

### **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, Sparekassen 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 its 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.

Under the fully phased-in rules in 2018, the required LCR will be a ratio of 100%. Sparekassen has since year-end 2012 reported the LCR quarterly and since June 2014 reported it monthly to the Danish FSA. So Sparekassen was well-prepared for the commencement of the rules in October 2015. With some adjustments, this reporting has been effected at the same frequency in 2016.

At 30 September 2017, Sparekassen's LCR is 289% against the currently applicable statutory requirement of 80%.

Because of the fine liquidity surplus and without optimising the composition of liquid assets to optimise the LCR, Sparekassen 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*

Sparekassen has a liquidity surplus calculated under the Supervisory Diamond rules for the benchmark of 218.8% relative to a minimum surplus threshold of 50%. Consequently, Sparekassen 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.

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

At 30 September 2017, Sparekassen has a deposits surplus of over DKK 5.0bn. 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 relatively stable and subject to low risk.

## The Supervisory Diamond

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

Benchmark	Threshold	Group
		30.09.2017
The total of large commitments	< 125% of capital resources	11,3%
Growth in loans and advances p.a.	< 20%	13,1%
Property exposure	< 25% of loans and advances and guarantees	13,4%
Stable funding	Loans and advances/working capital net of bonds with a term to maturity of less than one year	0,56
Liquidity surplus	> 50%	218,8%

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

## 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 September 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 September 2017 and of their financial performance and the consolidated cash flows for the period 1 January to 30 September 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, 6 November 2017

Executive Board

Lars Petersson  
Chief Executive Officer

Leo Bruno Riis-Nielsen  
Executive Officer

Holbæk, 6 November 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	Q1-Q3 2017	Q1-Q3 2016	Q3 2017	Q3 2016	
4	Interest income	452.212	493.982	152.021	160.481
5	Interest expenses	48.429	81.047	14.849	25.615
	<b>Net interest income</b>	<b>403.783</b>	<b>412.935</b>	<b>137.172</b>	<b>134.866</b>
	Dividends on shares etc	26.136	18.104	14.960	5
6	Fees and commission income	340.825	304.774	107.827	104.154
	Fees and commission expenses	14.175	14.747	4.939	6.874
	<b>Net interest and fee income</b>	<b>756.569</b>	<b>721.066</b>	<b>255.020</b>	<b>232.151</b>
7	Market value adjustments	37.277	55.361	6.701	32.811
	Other operating income	15.220	23.553	3.502	9.865
8	Staff costs and administrative expenses	504.788	470.429	170.534	156.828
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	41.825	41.781	12.084	21.489
	Other operating expenses	14.937	10.567	4.638	1.950
9	Impairment losses on loans and advances etc	22.551	89.345	2.509	25.637
	Profit/loss on investments in associates and group enterprises	-554	1.682	-1.427	702
	<b>Profit before tax</b>	<b>224.411</b>	<b>189.540</b>	<b>74.031</b>	<b>69.625</b>
	Income tax	19.827	29.123	6.168	12.980
	<b>Profit after tax</b>	<b>204.584</b>	<b>160.417</b>	<b>67.863</b>	<b>56.645</b>
	<b>Earnings per share</b>				
	Basic earnings per share (DKK)	12,6	9,1	4,2	3,3
	Diluted earnings per share (DKK)	12,6	9,1	4,2	3,3
	<b>Distributed as follows:</b>				
	Shareholders of Sparekassen Sjælland-Fyn A/S	162.444	118.238	53.662	42.482
	Interest, hybrid core capital	42.140	42.179	14.201	14.163
	<b>Total</b>	<b>204.584</b>	<b>160.417</b>	<b>67.863</b>	<b>56.645</b>

## Statement of comprehensive income

Sparekassen Sjælland-Fyn A/S Group				
	Q1-Q3 2017	Q1-Q3 2016	Q3 2017	Q3 2016
<b>Profit for the period</b>	<b>204.584</b>	<b>160.417</b>	<b>67.863</b>	<b>56.645</b>
<b>Other comprehensive income that may not be reclassified to profit or loss</b>				
Fair value adjustment of properties	0	0	0	0
Tax related to fair value adjustment of properties	0	0	0	0
<b>Other comprehensive income that may be reclassified to profit or loss</b>				
Fair value adjustment of financial instruments entered into to hedge future cash flows <sup>1</sup>				
- Value adjustment for the period	41	-52	-49	27
- Tax on other comprehensive income	-9	6	11	-6
<b>Total other comprehensive income</b>	<b>32</b>	<b>-46</b>	<b>-38</b>	<b>21</b>
<b>Total comprehensive income</b>	<b>204.616</b>	<b>160.371</b>	<b>67.825</b>	<b>56.666</b>

<sup>1</sup> The fair value adjustment concerns a jointly controlled enterprise.



## Balance sheet

Amounts in DKK'000

		Sparekassen Sjælland-Fyn A/S Group		
Note		30.09.2017	31.12.2016	30.09.2016
	<b>Assets</b>			
	Cash and balances on demand at central banks	346.726	384.241	375.467
	Amounts owed by credit institutions and central banks	1.380.646	1.364.273	1.117.877
	Loans and other amounts owed at amortised cost	11.371.107	10.474.059	10.053.817
	Bonds at fair value	5.231.507	5.361.280	5.813.341
	Bonds at amortised cost	99.907	99.634	99.543
	Shares etc	678.622	663.287	714.532
	Investments in associates	67.393	66.566	38.890
	Investments in group enterprises	0	0	0
	Assets related to pooled plans	802.252	393.877	397.469
	Intangible assets	141.406	149.786	153.355
10	Total land and buildings	409.811	439.288	450.938
	Investment property	117.529	144.780	152.148
	Owner-occupied property	292.282	294.508	298.790
	Other property, plant and equipment	43.885	47.135	41.679
	Current tax assets	0	13.407	0
	Deferred tax assets	164.846	161.769	157.276
	Temporarily held assets	5.640	16.180	21.910
	Other assets	192.328	209.375	205.716
	Prepayments	18.008	14.841	16.054
	<b>Total assets</b>	<b>20.954.084</b>	<b>19.858.998</b>	<b>19.657.864</b>
	<b>Equity and liabilities</b>			
	<b>Liabilities other than provisions</b>			
	Amounts owed to credit institutions and central banks	369.932	428.846	300.542
	Deposits and other debt	16.370.269	15.647.044	15.422.305
	Deposits in pooled plans	802.252	393.877	397.469
	Current tax liabilities	3.515	0	15.972
	Other liabilities	223.928	229.627	353.957
	Deferred income	18.332	17.123	18.866
	<b>Total liabilities other than provisions</b>	<b>17.788.228</b>	<b>16.716.517</b>	<b>16.509.111</b>
	<b>Provisions</b>			
	Provisions for losses on guarantees etc	60.866	67.061	53.145
	Other provisions	11.986	21.693	41.230
	<b>Total provisions</b>	<b>72.852</b>	<b>88.754</b>	<b>94.375</b>
	<b>Subordinated loan capital</b>			
11	<b>Subordinated loan capital</b>	<b>353.174</b>	<b>465.956</b>	<b>465.734</b>
	<b>Equity</b>			
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	1.472.660	1.362.741	1.321.408
	<b>Total equity exclusive of hybrid core capital</b>	<b>2.167.992</b>	<b>2.058.073</b>	<b>2.016.740</b>
	Hybrid core capital	571.838	529.698	571.904
	<b>Total equity</b>	<b>2.739.830</b>	<b>2.587.771</b>	<b>2.588.644</b>
	<b>Total equity and liabilities</b>	<b>20.954.084</b>	<b>19.858.998</b>	<b>19.657.864</b>
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 <sup>1</sup>	Dividend	Retained earnings	Total equity exclusive of hybrid core capital	Hybrid core capital	Total equity
<b>Equity at 1.1.2016</b>	<b>130.312</b>	<b>24.337</b>	<b>561.378</b>	<b>-289</b>	<b>39.094</b>	<b>1.184.654</b>	<b>1.939.486</b>	<b>529.725</b>	<b>2.469.210</b>
Profit for the period	0	0	0	0	0	118.238	118.238	42.179	160.417
<b>Other comprehensive income</b>									
Fair value adjustment of financial instruments entered into to hedge future cash flows:									
Value adjustment for the period	0	0	0	-52	0	0	-52	0	-52
Tax on other comprehensive income	0	0	0	6	0	0	6	0	6
<b>Total other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-46</b>	<b>0</b>	<b>0</b>	<b>-46</b>	<b>0</b>	<b>-46</b>
<b>Comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-46</b>	<b>0</b>	<b>118.238</b>	<b>118.192</b>	<b>42.179</b>	<b>160.371</b>
Purchase of treasury shares	0	0	0	0	0	-2.148	-2.148	0	-2.148
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
<b>Equity at 30.09.2016</b>	<b>130.312</b>	<b>3.642</b>	<b>561.378</b>	<b>-335</b>	<b>0</b>	<b>1.321.743</b>	<b>2.016.740</b>	<b>571.904</b>	<b>2.588.644</b>
	Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument <sup>1</sup>	Dividend	Retained earnings	Total equity exclusive of hybrid core capital	Hybrid core capital	Total equity
<b>Equity at 1.1.2017</b>	<b>130.312</b>	<b>3.642</b>	<b>561.378</b>	<b>-170</b>	<b>39.745</b>	<b>1.323.166</b>	<b>2.058.073</b>	<b>529.698</b>	<b>2.587.771</b>
Profit for the period	0	0	0	0	0	162.444	162.444	42.140	204.584
<b>Other comprehensive income</b>									
Fair value adjustment of financial instruments entered into to hedge future cash flows:									
Value adjustment for the period	0	0	0	41	0	0	41	0	41
Tax on other comprehensive income	0	0	0	-9	0	0	-9	0	-9
<b>Total other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>32</b>	<b>0</b>	<b>0</b>	<b>32</b>	<b>0</b>	<b>32</b>
<b>Comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>32</b>	<b>0</b>	<b>162.444</b>	<b>162.476</b>	<b>42.140</b>	<b>204.616</b>
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
<b>Equity at 30.09.2017</b>	<b>130.312</b>	<b>3.642</b>	<b>561.378</b>	<b>-138</b>	<b>0</b>	<b>1.472.798</b>	<b>2.167.992</b>	<b>571.838</b>	<b>2.739.830</b>

<sup>1</sup> 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	
	Q1-Q3 2017	Q1-Q3 2016
<b>Comprehensive income for the period</b>	<b>204.616</b>	<b>160.371</b>
<b>Adjustment for amounts without cash flow effect</b>		
Market value adjustment, shares	-15.136	-15.149
Market value adjustment, bonds	-30.492	-50.848
Impairment losses on loans and advances etc	22.551	89.345
Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	41.825	41.781
Prepayments (net)	5.312	1.969
Provisions	-15.902	-17.231
Value adjustments of investment and owner-occupied property	19.070	16.247
Deferred income tax	-19.827	-29.123
<b>Adjustment for amounts with cash flow effect</b>		
Income tax paid	0	0
<b>Cash flows from ordinary operating activities</b>	<b>212.017</b>	<b>197.362</b>
<b>Working capital changes</b>		
Credit institutions	-58.914	-18.030
Loans and advances adjusted for impairment losses etc for the period	-924.911	-381.944
Other assets and liabilities (net)	59.297	75.854
Shares etc	-199	-121.979
Bonds at fair value	160.265	5.698
Bonds at amortised cost - held to maturity	-273	-273
Deposits and other debt	723.225	789.273
<b>Total working capital changes</b>	<b>-41.510</b>	<b>348.599</b>
<b>Cash flows from operating activities</b>	<b>170.507</b>	<b>545.961</b>
<b>Investing activities</b>		
Purchase of intangible assets	-2.665	-1.067
Purchase of property, plant and equipment	-43.967	-42.634
Sale of property, plant and equipment	26.844	32.507
Additions, investments in associate	-6.522	0
<b>Cash flows from investing activities</b>	<b>-26.310</b>	<b>-11.194</b>
<b>Financing activities</b>		
Subordinated loan capital	-112.782	893
Treasury shares etc	-13.419	-2.069
Dividend paid	-39.138	-38.870
<b>Cash flows from financing activities</b>	<b>-165.339</b>	<b>-40.046</b>
<b>Increase/decrease in cash</b>	<b>-21.142</b>	<b>494.721</b>
Cash and cash equivalents at beginning of period	1.748.514	998.623
<b>Cash and cash equivalents at end of period</b>	<b>1.727.372</b>	<b>1.493.344</b>
<b>Cash and cash equivalents</b>		
Cash and balances on demand at central banks	346.726	375.467
Amounts owed by credit institutions and central banks	1.380.646	1.117.877
<b>Cash and cash equivalents at end of period</b>	<b>1.727.372</b>	<b>1.493.344</b>

	Sparekassen Sjælland-Fyn A/S Group		
	Q1-Q3 2017	Q1-Q3 2016	Financial year 2016
<b>1 Financial highlights</b>			
<b>Principal items of income statement</b>			
Net interest income	404	413	551
Net interest and fee income	757	721	973
Market value adjustments	37	55	47
Staff costs and administrative expenses	505	470	644
Amortisation, depreciation and impairment losses on assets	42	42	52
Impairment losses on loans and advances etc	23	89	107
Profit on investments in associates and group enterprises	-1	2	2
Income tax	20	29	12
Profit for the period	205	160	216
<b>Principal items of balance sheet</b>			
Loans and advances	11.371	10.054	10.474
Securities portfolio	6.010	6.627	6.124
Deposits including pooled deposits	17.173	15.820	16.041
Equity	2.740	2.589	2.588
Total assets	20.954	19.658	19.859
Subordinated loan capital	353	466	466
<b>Financial ratios</b>			
Capital ratio <sup>5</sup>	14,6	15,6	15,6
Core capital ratio <sup>5</sup>	12,6	12,9	12,9
Return on equity before tax	8,4	7,5	9,0
Return on equity after tax	7,7	6,3	8,5
Operating income over operating expenses	1,38	1,31	1,28
Interest rate risk relative to core capital net of deductions	1,1	-0,5	-0,2
Currency position relative to core capital net of deductions	0,3	0,5	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	71,5	70,3	71,7
Loans and advances relative to equity	4,2	3,9	4,0
Growth in loans and advances for the period	8,6	3,0	7,3
Excess cover relative to statutory liquidity requirements	218,8	222,7	171,8
Total large exposures relative to capital resources	11,4	10,3	0,0
Impairment ratio for the period	0,1	0,6	0,7
Accumulated impairment ratio <sup>1</sup>	5,6	6,6	6,8
Return on capital employed	1,0	0,8	1,1
Earnings per share (DKK) <sup>3</sup>	12,6	9,1	12,3
Dividend per share (DKK)	-	-	3,1
Book value per share (DKK) <sup>2</sup>	169,0	155,9	159,1
Price/earnings per share <sup>3</sup>	10,0	11,1	8,7
Price/equity per share <sup>2</sup>	0,8	0,7	0,7
Share price at end of period	126,5	101,5	107,0
<b>Staff</b>			
Average number of employees for the period converted into full-time employees <sup>4</sup>	578	564	565

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

<sup>2</sup> Calculated based on the number of outstanding shares at end of period.

<sup>3</sup> Calculated based on the average number of shares during the period.

<sup>4</sup> Engaged in financial business.

<sup>5</sup> Q1-Q3 2017 have been calculated exclusive of the profit for Q3 2017.

## Notes

### 2 Summary of significant accounting policies

The Q1-Q3 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](http://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	
	Q1-Q3 2017	Q1-Q3 2016
<b>4 Interest income</b>		
Credit institutions and central banks	1.197	470
Loans and advances and other amounts owed	429.929	464.479
Bonds	17.313	29.565
Total derivatives	3.498	-976
Thereof: - Interest rate contracts	5.139	298
- Foreign exchange contracts	-1.641	-1.274
Other interest income	275	444
<b>Total interest income</b>	<b>452.212</b>	<b>493.982</b>
<b>5 Interest expenses</b>		
Credit institutions and central banks	5.194	2.942
Deposits and other debt	19.506	48.674
Bonds issued	0	0
Subordinated loan capital	23.602	29.375
Other interest expenses	127	56
<b>Total interest expenses</b>	<b>48.429</b>	<b>81.047</b>
<b>6 Fees and commission income</b>		
Securities trading and custody accounts	82.929	76.061
Payment services	36.777	33.626
Loan fees	30.092	13.983
Guarantee commission	117.400	78.873
Other fees and commissions	73.627	102.231
<b>Total fees and commission income</b>	<b>340.825</b>	<b>304.774</b>
<b>7 Market value adjustments</b>		
Bonds	30.492	50.848
Shares	15.136	15.149
Investment property	-17.982	-15.727
Foreign exchange	6.532	3.333
Currency, interest rate, share, commodity and other contracts and derivatives	3.099	1.758
Assets related to pooled plans	41.198	11.310
Deposits in pooled plans	-41.198	-11.310
<b>Total market value adjustments</b>	<b>37.277</b>	<b>55.361</b>
<b>8 Staff costs and administrative expenses</b>		
<b>Remuneration of the Board of Directors and Executive Board</b>		
Board of Directors and Executive Board <sup>1</sup>	8.458	6.031
Member of the Executive Board resigned in 2017	4.248	0
<b>Total</b>	<b>12.706</b>	<b>6.031</b>
<sup>1</sup> 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.		
<b>Staff costs</b>		
Wages and salaries	238.666	229.113
Pension contributions	26.648	25.630
Social security expenses	37.565	33.208
<b>Total staff costs</b>	<b>302.879</b>	<b>287.951</b>
<b>Other administrative expenses</b>	<b>189.202</b>	<b>176.447</b>
<b>Total staff costs and administrative expenses</b>	<b>504.788</b>	<b>470.429</b>

## Notes

Amounts in DKK'000

	Sparekassen Sjælland-Fyn A/S Group	
	Q1-Q3 2017	Q1-Q3 2016
<b>9 Impairment losses on loans and advances etc and provisions for guarantees</b>		
<b>Individual impairment losses/provisions</b>		
Balance of impairment losses/provisions at beginning of period	1.020.037	1.254.019
Impairment losses/provisions for the period	243.396	169.379
Reversal of impairment losses/provisions	201.924	108.555
Other changes	85.229	66.406
Value adjustment of assets acquired	-243	1.058
Finally written off, previously written down/provided for	244.960	390.280
<b>Balance of impairment losses/provisions at end of period</b>	<b>901.535</b>	<b>992.027</b>
Thereof, guarantee debtors account for	60.866	49.270
<b>Collective impairment losses/provisions</b>		
Balance of impairment losses/provisions at beginning of period	81.770	102.245
Impairment losses/provisions for the period	5.705	21.265
Reversal of impairment losses/provisions	14.330	19.633
Other changes	0	17.848
<b>Balance of impairment losses/provisions at end of period</b>	<b>73.145</b>	<b>121.725</b>
Thereof, guarantee debtors account for	0	3.875
<b>Total</b>		
Balance of impairment losses and provisions at beginning of period	1.101.807	1.356.264
Impairment losses/provisions for the period	249.101	190.644
Reversal of impairment losses/provisions	216.254	128.188
Other changes	85.229	84.254
Value adjustment of assets acquired	-243	1.058
Finally written off, previously written down/provided for	244.960	390.280
<b>Balance of impairment losses/provisions at end of period</b>	<b>974.680</b>	<b>1.113.752</b>
Discount regarding business acquisitions	167.422	275.235
<b>Balance of impairment losses/provisions and discount at end of period</b>	<b>1.142.102</b>	<b>1.388.987</b>
Impairment losses/provisions for the period	249.101	190.644
Reversal of impairment losses/provisions in prior years	216.254	128.188
Value adjustment of assets acquired	-243	1.058
Written off, not previously written down/provided for	11.810	40.287
Recovery of claims previously written off	21.863	14.457
<b>Recognised in profit or loss</b>	<b>22.551</b>	<b>89.345</b>

Sparekassen Sjælland-Fyn A/S Group				
	30.09.2017	31.12.2016	30.09.2016	
<b>10 Land and buildings</b>				
<b>Investment property</b>				
Fair value at beginning of period	144.780	138.932	138.932	
Additions	16.414	30.044	29.463	
Disposals	24.595	0	0	
Fair value adjustments for the period	-19.070	-24.196	-16.247	
<b>Fair value at end of period</b>	<b>117.529</b>	<b>144.780</b>	<b>152.148</b>	
Rental income	7.168	9.806	7.024	
Operating expenses	3.911	3.371	2.753	
Thereof, operating expenses recognised for investment property not having generated rental income for the year	361	576	582	
<b>Fair value hierarchy for investment property</b>	<b>Quoted prices</b>	<b>Observable input</b>	<b>Non-observable input</b>	<b>Total</b>
Group at 30.09.2017	0	0	117.529	117.529
Group at 31.12.2016	0	0	144.780	144.780
Group at 30.09.2016	0	0	152.148	152.148
<b>Owner-occupied property</b>				
Cost at beginning of period	340.409	382.290	382.290	
Additions	10.189	15.730	1.578	
Disposals	0	57.611	26.806	
<b>Cost at end of period</b>	<b>350.598</b>	<b>340.409</b>	<b>357.062</b>	
Accumulated depreciation/impairment losses at beginning of period	49.595	57.363	57.363	
Depreciation for the period	1.315	1.668	1.319	
Impairment losses for the period	11.100	15.865	14.115	
Disposals for the period	0	25.301	10.732	
<b>Accumulated depreciation/impairment losses at end of period</b>	<b>62.010</b>	<b>49.595</b>	<b>62.065</b>	
Accumulated revaluation at beginning of period	3.694	24.337	24.337	
Additions for the period	0	0	100	
Disposals for the period	0	-20.643	-20.643	
<b>Accumulated revaluation at end of period</b>	<b>3.694</b>	<b>3.694</b>	<b>3.794</b>	
<b>Revalued amount at end of period</b>	<b>292.282</b>	<b>294.508</b>	<b>298.790</b>	
If no revaluation had been made, the carrying amount of owner-occupied property would have been:	288.588	290.814	294.997	

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

	Quoted prices	Observable input	Non-observable input	Total
<b>Fair value hierarchy for owner-occupied property</b>				
Group at 30.09.2017	0	0	292.282	292.282
Group at 31.12.2016	0	0	294.508	294.508
Group at 30.09.2016	0	0	298.790	298.790

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		
		30.09.2017	31.12.2016	30.09.2016
<b>11 Subordinated loan capital</b>	<b>Current interest rate</b>			
<b>Supplementary capital</b>				
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. From 2018 to 2023, the interest rate will be 3 months CIBOR + 6.8% with quarterly adjustment.		8,38 % <sup>1</sup>	118.000	118.000
Floating rate, maturing July 2024, redeemable in 2019. From 2019 to 2024, the interest rate will be 3 months CIBOR + 6.75% with quarterly adjustment.		7,81 % <sup>1</sup>	82.000	82.000
Floating rate, maturing July 2025, redeemable in 2020. From 2020 to 2025, the interest rate will be 6 months CIBOR + 6.9% with half-yearly adjustment.		7,66 % <sup>1</sup>	105.000	105.000
Floating rate, maturing February 2027, redeemable in 2022. From 2022 to 2027, the interest rate will be 6 months CIBOR + 5.5% with half-yearly adjustment.		5,94 % <sup>1</sup>	50.000	
Other <sup>3</sup>			520	620
<b>Total supplementary capital</b>			<b>468.520</b>	<b>468.620</b>
<b>Total subordinated loan capital</b>			<b>468.520</b>	<b>468.620</b>
Allowance account			2.346	2.886
<b>Total subordinated loan capital according to balance sheet</b>			<b>465.956</b>	<b>465.734</b>
<b>Hybrid capital reclassified to equity</b>				
Floating rate, perpetual, redeemable in 2018. <sup>2</sup> From 2018, the interest rate will be a five-year SWAP rate + 9.25% with adjustment every five years.		10,83 % <sup>1</sup>	520.000	520.000
<b>Total hybrid capital reclassified to equity</b>			<b>520.000</b>	<b>520.000</b>
Subordinated loan capital included in the calculation of capital resources			872.654	985.114

<sup>1</sup> Fixed interest rate for the first 5 years.

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

<sup>3</sup> '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		
		30.09.2017	31.12.2016	30.09.2016
<b>Interest etc on subordinated loan capital</b>				
Interest (excluding interest on reclassified hybrid core capital recognised as equity)		23.602	39.182	29.375
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)	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
<b>12 Share capital</b>				
Share capital, Sparekassen Sjælland-Fyn A/S	13.031.230	13.031.230	130.312	130.312
<b>Total</b>	<b>13.031.230</b>	<b>13.031.230</b>	<b>130.312</b>	<b>130.312</b>

Treasury shares	Number of shares	Nominel værdi	
		(t.kr.)	Participation %
<b>Treasury shares at 31.12.2015</b>	72.257	723	0,6
Purchased	3.295	33	0,0
Sold	1.000	10	0,0
<b>Treasury shares at 30.09.2016</b>	74.552	746	0,6
<b>Treasury shares at 31.12.2016</b>	92.970	930	0,7
Purchased	106.300	1.063	0,8
Sold	0	0	0,0
<b>Treasury shares at 30.09.2017</b>	199.270	1.993	1,5

Total purchase price DKK 13,419k (Q1-Q3 2016: DKK 2.148k)

Total selling price DKK 0 (Q1-Q3 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	
	30.09.2017	30.09.2016
<b>Earnings per share</b>		
<b>Earnings of shareholders of the Parent Sparekassen Sjælland-Fyn A/S</b>	<b>162.444</b>	<b>118.192</b>
Average number of shares	13.031.230	13.031.230
Average number of treasury shares	146.120	82.614
<b>Average number of shares outstanding</b>	<b>12.885.110</b>	<b>12.948.616</b>
Average dilution effect of outstanding share options	0	0
<b>Average number of outstanding shares (diluted)</b>	<b>12.885.110</b>	<b>12.948.616</b>
Earnings per share (DKK)	12,6	9,1
Diluted earnings per shares (DKK)	12,6	9,1

	Sparekassen Sjælland-Fyn A/S Group		
	30.09.2017	31.12.2016	30.09.2016
<b>13 Assets provided as collateral</b>			
Bonds deposited with Danmarks Nationalbank, clearing centres etc	576.352	705.185	1.322.255

Unencumbered deposited securities may be released at call.

### 14 Related party transactions

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

There have been no unusual related party transactions in Q1-Q3 2016 or Q1-Q3 2017.

	Sparekassen Sjælland-Fyn A/S Group		
	30.09.2017	31.12.2016	30.09.2016
<b>15 Contingent liabilities and assets</b>			
Financial guarantees	1.455.378	1.277.134	1.709.531
Mortgage finance guarantees	2.069.139	1.987.191	1.946.870
Registration and remortgaging guarantees	59.556	180.639	917
Other contingent liabilities	1.562.989	1.290.129	1.153.021
<b>Total</b>	<b>5.147.062</b>	<b>4.735.093</b>	<b>4.810.339</b>

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 70.4m (31 December 2016: DKK 73.2m; 30 September 2016: DKK 74.0m) will have to be paid.

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

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.

	Sparekassen Sjælland-Fyn A/S Group		
	30.09.2017	31.12.2016	30.09.2016
<b>Contingent assets</b>			
Deferred tax assets, written down	145.307	145.869	169.222

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		
	30.09.2017	31.12.2016	30.09.2016
<b>16 Capital resources <sup>1</sup></b>			
Equity excluding hybrid core capital	2.167.992	2.058.073	2.016.740
Intangible assets	-141.406	-149.786	-153.355
Tax assets	-164.846	-161.769	-157.276
Proposed dividend	0	-39.745	0
Deduction, capital instruments exceeding 10%	-148.720	-133.897	-164.566
Other deductions etc	-86.174	2.919	-36.500
<b>Common Equity Tier 1 capital</b>	<b>1.626.846</b>	<b>1.575.795</b>	<b>1.505.043</b>
Hybrid core capital	520.000	520.000	520.000
Deduction, investments exceeding 10%	-18.590	-44.632	-54.855
<b>Core capital (including hybrid core capital) net of primary deductions</b>	<b>2.128.256</b>	<b>2.051.163</b>	<b>1.970.187</b>
Supplementary capital	352.654	465.436	465.114
Deduction, investments exceeding 10%	-18.590	-44.632	-54.855
Supplementary investments	0	-2.568	-4.737
<b>Capital resources</b>	<b>2.462.320</b>	<b>2.469.398</b>	<b>2.375.709</b>
<b>Risk exposures</b>			
Credit risk	13.635.606	13.094.153	12.615.381
Market risk	1.429.227	1.079.748	950.370
Operational risk	1.787.720	1.683.682	1.683.682
<b>Total risk exposures</b>	<b>16.852.553</b>	<b>15.857.583</b>	<b>15.249.433</b>
Capital ratio	14,6	15,6	15,6
Core capital ratio	12,6	12,9	12,9
Common Equity Tier 1 capital ratio	9,7	9,9	9,9
Capital resources, requirement under Section 124(2) of the Danish Financial Business Act	1.348.204	1.268.607	1.219.955

1. Q1-Q3 2017 have been calculated exclusive of the profit for Q3 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.

	30.09.2017		30.09.2016	
	Fair value	Amortised costs	Fair value	Amortised costs
<b>Financial assets</b>				
Cash and balances on demand at central banks		346.726		375.467
Amounts owed by credit institutions and central banks		1.380.646		1.117.877
Loans and advances and other amounts owed at amortised cost		11.371.107		10.053.817
Bonds at fair value	5.231.507		5.813.341	
Bonds at amortised cost		99.907		99.543
Shares etc	678.622		714.532	
Assets related to pooled plans	802.252		397.469	
Positive market value of derivatives	27.856		38.010	
<b>Total financial assets</b>	<b>6.740.237</b>	<b>13.198.386</b>	<b>6.963.352</b>	<b>11.646.704</b>
<b>Financial liabilities</b>				
Amounts owed to credit institutions and central banks		369.932		300.542
Deposits and other debt		16.370.269		15.422.305
Deposits in pooled plans		802.252		397.469
Subordinated loan capital		353.174		465.734
Negative market value of derivatives	32.076		42.940	
<b>Total financial liabilities</b>	<b>32.076</b>	<b>17.895.627</b>	<b>42.940</b>	<b>16.586.050</b>

**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

	30.09.2017			
	Quoted prices (Level 1)	Observable input (Level 2)	Non-observable input (Level 3)	Total
<b>Financial assets</b>				
Bonds at fair value	5.186.671	44.836	0	5.231.507
Shares etc	40.436	225.343	412.843	678.622
Assets related to pooled plans	775.617	26.635	0	802.252
Derivatives	0	27.856	0	27.856
<b>Total financial assets</b>	<b>6.002.724</b>	<b>324.670</b>	<b>412.843</b>	<b>6.740.237</b>
<b>Financial liabilities</b>				
Derivative financial liabilities	0	32.076	0	32.076
<b>Total financial liabilities</b>	<b>0</b>	<b>32.076</b>	<b>0</b>	<b>32.076</b>

	30.09.2016			
	Quoted prices (Level 1)	Observable input (Level 2)	Non-observable input (Level 3)	Total
<b>Financial assets</b>				
Bonds at fair value	5.698.341	115.000	0	5.813.341
Shares etc	47.401	314.274	352.857	714.532
Assets related to pooled plans	375.469	22.000	0	397.469
Derivatives	0	38.010	0	38.010
<b>Total financial assets</b>	<b>6.121.211</b>	<b>489.284</b>	<b>352.857</b>	<b>6.963.352</b>
<b>Financial liabilities</b>				
Derivative financial liabilities	0	42.940	0	42.940
<b>Total financial liabilities</b>	<b>0</b>	<b>42.940</b>	<b>0</b>	<b>42.940</b>

	30.09.2017	30.09.2016
<b>Financial instruments measured at fair value in balance</b>		
Carrying amount at beginning of period	346.717	220.642
Market value adjustment in profit or loss, under market value adjustments	15.605	8.867
Purchased	155.404	124.408
Sold	104.883	1.060
<b>Carrying amount at end of period</b>	<b>412.843</b>	<b>352.857</b>

Sparekassen's key investment in shares based on Level 3 is the investment in PRAS A/S amounting to DKK 120.9m (30 September 2016: DKK 106.4m), equivalent to 29% (30 September 2016: 30%) 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 September 2016: DKK 5.0m).

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 289.0m (30 September 2016: DKK 233.2m).

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**

	30.09.2017		30.09.2016	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Cash and balances on demand at central banks	346.726	346.726	375.467	375.467
Amounts owed by credit institutions and central banks	1.380.646	1.380.646	1.117.877	1.117.877
Loans and advances and other amounts owed at amortised cost	11.371.107	11.424.467	10.053.817	10.098.918
Bonds at amortised cost	99.907	100.090	99.543	100.200
<b>Total financial assets</b>	<b>13.198.386</b>	<b>13.251.929</b>	<b>11.646.704</b>	<b>11.692.462</b>
<b>Financial liabilities</b>				
Amounts owed to credit institutions and central banks	369.932	369.932	300.542	300.542
Deposits and other debt	16.370.269	16.370.269	15.422.305	15.422.305
Deposits in pooled plans	802.252	802.252	397.469	397.469
Subordinated loan capital	353.174	353.174	465.734	465.734
<b>Total financial liabilities</b>	<b>17.895.627</b>	<b>17.895.627</b>	<b>16.586.050</b>	<b>16.586.050</b>

## Income statement

Amounts in DKK'000

Sparekassen Sjælland-Fyn A/S (Parent)					
Note	Q1-Q3 2017	Q1-Q3 2016	Q3 2017	Q3 2016	
4	Interest income	432.265	471.513	145.952	152.753
5	Interest expenses	48.410	80.744	14.848	25.528
	<b>Net interest income</b>	<b>383.855</b>	<b>390.769</b>	<b>131.104</b>	<b>127.225</b>
	Dividends on shares etc	26.135	18.104	14.959	5
6	Fees and commission income	340.612	304.518	107.766	103.979
	Fees and commission expenses	13.734	12.116	4.852	5.834
	<b>Net interest and fee income</b>	<b>736.868</b>	<b>701.275</b>	<b>248.977</b>	<b>225.375</b>
7	Market value adjustments	54.468	70.562	10.382	32.656
	Other operating income	5.349	12.768	1.500	7.149
8	Staff costs and administrative expenses	506.419	472.776	171.200	157.447
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	30.288	35.436	11.257	15.714
	Other operating expenses	9.701	6.812	2.057	1.946
9	Impairment losses on loans and advances etc	21.129	92.061	1.783	28.904
	Profit/loss on investments in associates and group enterprises	-8.788	-3.941	-1.877	-3.101
	<b>Profit before tax</b>	<b>220.360</b>	<b>173.579</b>	<b>72.686</b>	<b>58.068</b>
	Income tax	15.776	13.162	4.822	1.423
	<b>Profit after tax</b>	<b>204.584</b>	<b>160.417</b>	<b>67.863</b>	<b>56.645</b>
	<b>Earnings per share</b>				
	Earnings per share (DKK)	12,6	9,1	4,2	3,3
	Diluted earnings per share (DKK)	12,6	9,1	4,2	3,3
	<b>Distributed as follows:</b>				
	Shareholders of Sparekassen Sjælland-Fyn A/S	162.444	118.238	53.662	42.482
	Interest, hybrid core capital	42.140	42.179	14.201	14.163
	<b>Total</b>	<b>204.584</b>	<b>160.417</b>	<b>67.863</b>	<b>56.645</b>

## Statement of comprehensive income

Sparekassen Sjælland-Fyn A/S (Parent)				
	Q1-Q3 2017	Q1-Q3 2016	Q3 2017	Q3 2016
<b>Profit for the period</b>	<b>204.584</b>	<b>160.417</b>	<b>67.863</b>	<b>56.645</b>
<b>Other comprehensive income that may not be reclassified to profit or loss</b>				
Fair value adjustment of properties	0	0	0	0
Tax related to fair value adjustment of properties	0	0	0	0
<b>Other comprehensive income that may be reclassified to profit or loss</b>				
Fair value adjustment of financial instruments entered into to hedge future cash flows <sup>1</sup>				
- Value adjustment for the period	41	-52	-49	27
- Tax on other comprehensive income	-9	6	11	-6
<b>Total other comprehensive income</b>	<b>32</b>	<b>-46</b>	<b>-38</b>	<b>21</b>
<b>Total comprehensive income</b>	<b>204.616</b>	<b>160.371</b>	<b>67.825</b>	<b>56.666</b>

<sup>1</sup> The fair value adjustment concerns a jointly controlled enterprise.



## Balance sheet

Amounts in DKK'000

Note	Sparekassen Sjælland-Fyn A/S (Parent)		
	30.09.2017	31.12.2016	30.09.2016
<b>Assets</b>			
Cash and balances on demand at central banks	346.726	384.241	375.467
Amounts owed by credit institutions and central banks	1.377.770	1.359.975	1.111.678
Loans and advances and other amounts owed at amortised cost	11.353.821	10.429.309	9.980.434
Bonds at fair value	5.231.507	5.361.280	5.813.342
Bonds at amortised cost	99.907	99.634	99.543
Shares etc	678.622	663.287	714.532
Investments in associates	31.301	30.437	3.091
Investments in group enterprises	377.646	433.654	1.090.617
Assets related to pooled plans	802.252	393.877	397.469
Intangible assets	141.406	149.786	153.355
Total land and buildings	87.890	103.818	122.023
Investment property	2.420	17.470	17.970
Owner-occupied property	85.470	86.348	104.053
Other property, plant and equipment	43.885	47.135	41.679
Current tax assets	6.741	17.664	0
Deferred tax assets	151.988	151.393	128.642
Temporarily held assets	5.640	16.180	21.909
Other assets	171.349	188.210	179.180
Prepayments	18.008	14.841	16.054
<b>Total assets</b>	<b>20.926.459</b>	<b>19.844.721</b>	<b>20.249.015</b>
<b>Equity and liabilities</b>			
<b>Liabilities other than provisions</b>			
Amounts owed to credit institutions and central banks	368.350	424.060	274.733
Deposits and other debt	16.370.015	15.658.816	15.408.612
Deposits in pooled plans	802.252	393.877	397.469
Current tax liabilities	0	0	6.633
Other liabilities	215.904	221.929	1.007.842
Deferred income	4.082	3.558	4.973
<b>Total liabilities other than provisions</b>	<b>17.760.603</b>	<b>16.702.240</b>	<b>17.100.262</b>
<b>Provisions</b>			
Provisions for losses on guarantees etc	60.866	67.061	53.145
Other provisions	11.986	21.693	41.230
<b>Total provisions</b>	<b>72.852</b>	<b>88.754</b>	<b>94.375</b>
<b>Subordinated loan capital</b>			
<b>Subordinated loan capital</b>	<b>353.174</b>	<b>465.956</b>	<b>465.734</b>
<b>Equity</b>			
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	1.472.659	1.362.741	1.321.408
<b>Total equity excluding hybrid core capital</b>	<b>2.167.992</b>	<b>2.058.073</b>	<b>2.016.740</b>
Hybrid core capital	571.838	529.698	571.904
<b>Total equity</b>	<b>2.739.830</b>	<b>2.587.771</b>	<b>2.588.644</b>
<b>Total equity and liabilities</b>	<b>20.926.459</b>	<b>19.844.721</b>	<b>20.249.015</b>

## 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 <sup>1</sup>	Proposed dividend	Other reserves	Retained earnings	Total equity excluding hybrid core capital	Hybrid core capital	Total equity
<b>Equity at 1.1.2016</b>	<b>130.312</b>	<b>24.337</b>	<b>561.378</b>	<b>-289</b>	<b>39.094</b>	<b>159.775</b>	<b>1.024.879</b>	<b>1.939.486</b>	<b>529.725</b>	<b>2.469.210</b>
Profit for the period	0	0	0	0	0	0	118.238	118.238	42.179	160.417
<b>Other comprehensive income</b>										
Fair value adjustment of financial instruments entered into to hedge future cash flows:										
Value adjustment for the period	0	0	0	-52	0	0	0	-52	0	-52
Tax on other comprehensive income	0	0	0	6	0	0	0	6	0	6
<b>Total other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-46</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-46</b>	<b>0</b>	<b>-46</b>
<b>Comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-46</b>	<b>0</b>	<b>0</b>	<b>118.238</b>	<b>118.192</b>	<b>42.179</b>	<b>160.371</b>
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	-2.148	-2.148	0	-2.148
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
<b>Equity at 30.09.2016</b>	<b>130.312</b>	<b>3.642</b>	<b>561.378</b>	<b>-335</b>	<b>0</b>	<b>0</b>	<b>1.321.743</b>	<b>2.016.740</b>	<b>571.904</b>	<b>2.588.644</b>

	Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument <sup>1</sup>	Proposed dividend	Other reserves	Retained earnings	Total equity excluding hybrid core capital	Hybrid core capital	Total equity
<b>Equity at 1.1.2017</b>	<b>130.312</b>	<b>3.642</b>	<b>561.378</b>	<b>-170</b>	<b>39.745</b>	<b>0</b>	<b>1.323.166</b>	<b>2.058.073</b>	<b>529.698</b>	<b>2.587.771</b>
Profit for the period	0	0	0	0	0	0	162.444	162.444	42.140	204.584
<b>Other comprehensive income</b>										
Fair value adjustment of financial instruments entered into to hedge future cash flows:										
Value adjustment for the period	0	0	0	41	0	0	0	41	0	41
Tax on other comprehensive income	0	0	0	-9	0	0	0	-9	0	-9
<b>Total other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>32</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>32</b>	<b>0</b>	<b>32</b>
<b>Comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>32</b>	<b>0</b>	<b>0</b>	<b>162.444</b>	<b>162.476</b>	<b>42.140</b>	<b>204.616</b>
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
<b>Equity at 30.09.2017</b>	<b>130.312</b>	<b>3.642</b>	<b>561.378</b>	<b>-138</b>	<b>0</b>	<b>0</b>	<b>1.472.798</b>	<b>2.167.992</b>	<b>571.838</b>	<b>2.739.830</b>

<sup>1</sup> Reserve for value adjustment of hedging instrument concerns a jointly controlled enterprise.

	<b>Sparekassen Sjælland-Fyn A/S (Parent)</b>		
	<b>Q1-Q3 2017</b>	<b>Q1-Q3 2016</b>	<b>Financial year 2016</b>
<b>1 Financial highlights</b>			
<b>Principal items of income statement</b>			
Net interest income	384	391	521
Net interest and fee income	737	701	943
Market value adjustments	54	71	69
Staff costs and administrative expenses	506	473	641
Amortisation, depreciation and impairment losses on assets	30	35	45
Impairment losses on loans and advances etc	21	92	112
Profit on investments in associates and group enterprises	-9	-4	-20
Income tax	16	13	-17
Profit for the period	205	160	216
<b>Principal items of balance sheet</b>			
Loans and advances	11.354	9.980	10.429
Securities portfolio	6.010	6.627	6.124
Deposits including pooled deposits	17.172	15.806	16.053
Equity	2.740	2.589	2.588
Total assets	20.926	20.249	19.845
Subordinated loan capital	353	466	466
<b>Financial ratios</b>			
Capital ratio <sup>5</sup>	14,6	15,6	15,6
Core capital ratio <sup>5</sup>	12,7	13,0	13,0
Return on equity before tax	8,3	6,9	7,9
Return on equity after tax	7,7	6,4	8,5
Operating income over operating expenses	1,4	1,29	1,25
Interest rate risk relative to core capital net of deductions	0,8	-0,7	-0,6
Currency position relative to core capital net of deductions	0,3	0,5	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	71,2	69,6	71,1
Loans and advances relative to equity	4,1	3,9	4,1
Growth in loans and advances for the period	8,9	3,2	7,9
Excess cover relative to statutory liquidity requirements	218,9	222,2	161,9
Total large exposures relative to capital resources	11,1	10,2	0,0
Impairment ratio for the period	0,1	0,6	0,7
Accumulated impairment ratio <sup>1</sup>	5,3	6,5	6,5
Return on capital employed	1,0	0,8	1,1
Earnings per share (DKK) <sup>3</sup>	12,6	9,1	12,3
Dividend per share (DKK)	-	-	3,1
Book value per share (DKK) <sup>2</sup>	169,0	155,9	159,1
Price/earnings per share <sup>3</sup>	10,0	11,1	8,7
Price/equity per share <sup>2</sup>	0,8	0,7	0,7
Share price at end of period	126,5	101,5	107,0
<b>Staff</b>			
Average number of employees for the period converted into full-time employees <sup>4</sup>	578	564	565

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

<sup>2</sup> Calculated based on the number of outstanding shares at end of period.

<sup>3</sup> Calculated based on the average number of shares during the period.

<sup>4</sup> Engaged in financial business.

<sup>5</sup> Q1-Q3 2017 have been calculated exclusive of the profit for Q3 2017.

## Notes

### 2 Summary of significant accounting policies

The Q1-Q3 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](http://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)	
	Q1-Q3 2017	Q1-Q3 2016
<b>4 Interest income</b>		
Credit institutions and central banks	1.092	289
Loans and advances and other amounts owed	410.279	442.275
Bonds	17.313	29.565
Total derivatives	3.498	-976
Thereof: - Interest rate contracts	5.139	298
- Foreign exchange contracts	-1.641	-1.274
Other interest income	83	360
<b>Total interest income</b>	<b>432.265</b>	<b>471.513</b>
<b>5 Interest expenses</b>		
Credit institutions and central banks	5.194	2.619
Deposits and other debt	19.506	48.693
Bonds issued	0	0
Subordinated loan capital	23.602	29.375
Other interest expenses	108	57
<b>Total interest expenses</b>	<b>48.410</b>	<b>80.744</b>
<b>6 Fees and commission income</b>		
Securities trading and custody accounts	82.929	76.061
Payment services	36.777	33.626
Loan fees	30.092	13.983
Guarantee commission	117.400	99.761
Other fees and commissions	73.414	81.087
<b>Total fees and commission income</b>	<b>340.612</b>	<b>304.518</b>
<b>7 Market value adjustments</b>		
Bonds	30.481	50.353
Shares	15.136	15.149
Investment property	-780	-31
Foreign exchange	6.532	3.333
Currency, interest rate, share, commodity and other contracts and derivatives	3.099	1.758
Assets related to pooled plans	41.198	11.310
Deposits in pooled plans	-41.198	-11.310
<b>Total market value adjustments</b>	<b>54.468</b>	<b>70.562</b>
<b>8 Staff costs and administrative expenses</b>		
<b>Remuneration of the Board of Directors and Executive Board</b>		
Board of Directors and Executive Board <sup>1</sup>	8.458	6.031
Member of the Executive Board resigned in 2017	4.248	0
<b>Total</b>	<b>12.706</b>	<b>6.031</b>
<sup>1</sup> 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.		
<b>Staff costs</b>		
Wages and salaries	238.667	229.151
Pension contributions	26.648	25.475
Social security expenses	37.565	33.208
<b>Total staff costs</b>	<b>302.880</b>	<b>287.834</b>
<b>Other administrative expenses</b>	<b>190.833</b>	<b>178.911</b>
<b>Total staff costs and administrative expenses</b>	<b>506.419</b>	<b>472.776</b>

	Sparekassen Sjælland-Fyn A/S (Parent)	
	Q1-Q3 2017	Q1-Q3 2016
<b>9 Impairment losses on loans and advances etc and provisions for guarantees</b>		
<b>Individual impairment losses/provisions</b>		
Balance of impairment losses/provisions at beginning of period	975.342	1.235.854
Impairment losses/provisions for the period	233.659	162.950
Reversal of impairment losses/provisions	198.155	106.942
Other changes	85.319	60.292
Value adjustment of assets acquired	-243	1.058
Finally written off, previously written down/provided for	237.631	385.459
<b>Balance of impairment losses/provisions at end of period</b>	<b>858.291</b>	<b>967.753</b>
Thereof, guarantee debtors account for	60.866	49.270
<b>Collective impairment losses/provisions</b>		
Balance of impairment losses/provisions at beginning of period	80.442	92.999
Impairment losses/provisions for the period	5.651	20.632
Reversal of impairment losses/provisions	13.902	13.580
Other changes	0	10.748
<b>Balance of impairment losses/provisions at end of period</b>	<b>72.191</b>	<b>110.799</b>
Thereof, guarantee debtors account for	0	3.875
<b>Total</b>		
Balance of impairment losses and provisions at beginning of period	1.055.784	1.328.853
Impairment losses/provisions for the period	239.310	183.582
Reversal of impairment losses/provisions	212.057	120.522
Other changes	85.319	71.040
Value adjustment of assets acquired	-243	1.058
Finally written off, previously written down/provided for	237.631	385.459
<b>Balance of impairment losses/provisions at end of period</b>	<b>930.482</b>	<b>1.078.552</b>
Discount regarding business acquisitions	167.422	275.235
<b>Balance of impairment losses/provisions and discount at end of period</b>	<b>1.097.904</b>	<b>1.353.787</b>
Impairment losses/provisions for the period	239.310	183.582
Reversal of impairment losses/provisions in prior years	212.057	120.522
Value adjustment of assets acquired	-243	1.058
Written off, not previously written down/provided for	11.016	39.989
Recovery of claims previously written off	16.897	12.046
<b>Recognised in profit or loss</b>	<b>21.129</b>	<b>92.061</b>

	<b>Sparekassen Sjælland-Fyn A/S (Parent)</b>		
	<b>30.09.2017</b>	<b>31.12.2016</b>	<b>30.09.2016</b>
<b>10 Assets provided as collateral</b>			
Bonds deposited with Danmarks Nationalbank, clearing centres etc	576.352	705.185	1.322.255
Unencumbered deposited securities may be released at call.			
<b>11 Capital resources <sup>1</sup></b>			
Equity excluding hybrid core capital	2.167.992	2.058.073	2.016.740
Intangible assets	-141.406	-149.786	-153.355
Tax assets	-151.988	-151.393	-128.642
Proposed dividend	0	-39.745	0
Deduction, capital instruments exceeding 10%	-147.606	-133.220	-163.563
Other deductions etc	-85.096	3.951	-48.127
<b>Common Equity Tier 1 capital</b>	<b>1.641.896</b>	<b>1.587.880</b>	<b>1.523.053</b>
Hybrid core capital	520.000	520.000	520.000
Deduction, investments exceeding 10%	-18.451	-44.407	-54.521
<b>Core capital (including hybrid core capital) net of primary deductions</b>	<b>2.143.445</b>	<b>2.063.473</b>	<b>1.988.532</b>
Supplementary capital	352.654	465.436	465.114
Deduction, investments exceeding 10%	-18.451	-44.407	-54.521
Supplementary investments	0	-2.555	-4.708
<b>Capital resources</b>	<b>2.477.648</b>	<b>2.481.947</b>	<b>2.394.417</b>
<b>Risk exposures</b>			
Credit risk	13.749.572	13.171.095	12.768.360
Market risk	1.429.464	1.079.930	921.994
Operational risk	1.737.859	1.647.721	1.647.721
<b>Total risk exposures</b>	<b>16.916.895</b>	<b>15.898.746</b>	<b>15.338.075</b>
Capital ratio	14,6	15,6	15,6
Core capital ratio	12,7	13,0	13,0
Common Equity Tier 1 capital ratio	9,7	10,0	9,9
Capital resources, requirement under Section 124(2) of the Danish Financial Business Act	1.353.352	1.271.900	1.227.046

<sup>1</sup> Q1-Q3 2017 have been calculated exclusive of the profit for Q3 2017.

## The Group

- 49 branches on Zealand and Funen (two of them under way in Helsingør and Greve)
- 4 corporate customer centres
- 578 staff
- DKK 17,173m in deposits
- DKK 11,371m in loans and advances
- Balance sheet total of DKK 20,954m
- Capital ratio of 14.6 %



Retail customer branch



Corporate customer centre