



# Q1-Q3 2020

Interim Report

# Q1-Q3 2020 highlights

## PROFIT BEFORE TAX

### DKK 181.2m

Net profit amounts to DKK 168.5m and provides a 6.9% return on opening equity.

## NET INTEREST AND FEE INCOME

### Up 4%

Net interest and fee income up by DKK 35.9m to stand at DKK 866.4m.

## LEVEL OF COSTS

### Down by close on 3%

Staff costs and administrative expenses and amortisation, depreciation and impairment losses on assets have gone down by a total of DKK 15.2m to DKK 573.6m.

## CORE EARNINGS

### Up 15%

The satisfactory development from 2019 has continued in 2020.

## IMPAIRMENT LOSSES ON LOANS AND ADVANCES ETC

### Total DKK 144.2m

Total management add-ons in the first three quarters of 2020 have increased by DKK 139.1m and stand at DKK 184.4m at 30 September 2020, equivalent to approx 1.5% of Sparekassen's loans and advances.

## UPWARD ADJUSTMENT OF EXPECTATIONS

### DKK 200-230m

The upward adjustment of earnings expectations is based on a continuously high level of activity, targeted cost control, and a positive development in market value adjustments of Sparekassen's portfolio of securities. See company announcement no 19/2020 of 14 October 2020.

## TOTAL CREDITS ARRANGED

### Up 7%

Total credits arranged in the form of loans and advances and mortgage loans arranged for private and corporate customers have increased to DKK 55.2bn.

## CAPITAL RATIO

### Gone up to 19.2%

Satisfactorily, Sparekassen's capital ratio is gone up compared to the ratio at 30 September 2019.

## EXECUTION OF THE FINANCIAL TARGETS IN

### New Ways

In spite of difficult market conditions, developments in core earnings are reflecting the results of the execution of the strategic plan "New Ways". Sparekassen maintains full focus on delivering on all four financial targets in the strategic plan "New Ways" before the end of 2021.



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**Cover photo:** The Sparekassen Sjælland-Fyn Group’s head office in Holbæk.

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

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# Management commentary

Despite considerable management add-ons because of COVID-19, a net profit of DKK 168.5m has been realised, which is considered satisfactory in view of the special events seen during the period.

In Q3 2020, core earnings have gone up by 15% because income has increased and because, overall, staff costs and administrative expenses, amortisation, depreciation and impairment losses on assets have decreased by close on 3%. Both factors are a result of a continuously determined execution of the New Ways 2021 strategy, which shows that Sparekassen has been successful in bringing core earnings to a higher level. These determined efforts of optimising both income and expenses will continue going forward. Except for IT expenses, most expense items have seen a decline during the period.

Total credits arranged have gone up by 7% to stand at DKK 55.2bn and proves that Sparekassen is winning market shares. This goes for more business from existing private and corporate customers as well as a very satisfactory development in the inflow of customers. Another reason for this development is the determined work with the strategy laid down, under which Sparekassen has succeeded in, for example, streamlining the decision-making processes and customer solutions by developing IT solutions and by trimming down the organisation.

The total business volume per employee has grown considerably during the period, and expectations are that it will grow further.

Impairment losses on loans and advances etc come to DKK 144.2m for the period. Since the end of 2019, total management add-ons have

been increased by DKK 139.1m, meaning that, at 30 September 2020, management add-ons total DKK 184.4m, or approx 1.5% of Sparekassen's loans and advances. The increase in management add-ons in H1 2020 primarily arises from the uncertainty caused by COVID-19. With respect to Q3 2020, the increase also results from add-ons related to the lowest credit quality categories among pig producers and mink farmers, which is due to the risk of African swine fever and the unsettled situation of mink farmers.

The economic impact of COVID-19 is currently still subject to considerable uncertainty. The government aid packages to the business sector and pay earners either expire or are changed regularly, and currently there are cutbacks and layoffs in certain types of businesses. As is evident on page 17, the share of customers with the lowest credit quality (2c and OEI customers) has gone down, which bears witness of a robust credit portfolio. Sparekassen is heavily exposed to segments where COVID-19 has so far only had little impact. This goes for, for example, craft firms and private households, with the latter accounting for around 55% of Sparekassen's exposures. Sparekassen has no seriously weak exposures to more vulnerable sectors such as aviation, hotels or transport, and so far no major losses have been recorded directly related to COVID-19. Yet Sparekassen expects that the financial impact of COVID-19 will not really be seen until in the first half of 2021. However, right now we note that the unemployment level is

fairly low and that so far the housing market has been most resilient – well supported by the low interest rate level. In this light, we consider the management add-ons presently to be robust and appropriate.

Exclusive of management add-ons, the impairment losses line item for Q1-Q3 2020 stands at around DKK 5m.

Sparekassen has strong capital resources. Sparekassen's capital resources and capital ratios have increased compared to the same period last year. Combined with the cessation of the countercyclical buffer, this has resulted in an increase in Sparekassen's excess capital adequacy.

To protect both employees and customers, the physical access to our branches is still limited. Here, we would like to say a huge thank you to our customers, our staff and our IT centre, Bankdata, for the flexibility and readiness to change being displayed. This enables us to service our many thousand customers digitally and over the phone.

## Outlook for 2020

When the Annual Report for 2019 was published, the earnings expectations for 2020 ranged between DKK 230m and DKK 270m.

In the light of the macroeconomic uncertainty caused by COVID-19, including declining prices,

a widened credit spread for mortgage credit bonds and the expected increase in impairment losses and the related increase in management add-ons, the pre-tax earnings expectations for the year were adjusted downwards in company announcement no 13/2020 of 22 April 2020 to a pre-tax profit ranging between DKK 170m and DKK 210m. This downward adjustment came after a short period when Sparekassen had suspended its earnings expectations for 2020 due to the uncertainty related to COVID-19, see company announcement no 9/2020 of 18 March 2020.

Because of the continuously strong and increasing core earnings that are above budget and because of developments in market value adjustments of Sparekassen's securities portfolio, pre-tax earnings expectations were adjusted upwardly in company announcement no 19/2020 of 14 October 2020.

Considering the above factors, a pre-tax profit for 2020 is expected ranging between DKK 200m and DKK 230m.

Lars Petersson  
Chief Executive Officer

Bruno Riis-Nielsen  
Executive Officer  
of the Savings Bank

Lars Bolding  
Executive Officer  
of the Savings Bank

# Financial highlights

## Sparekassen Sjælland-Fyn A/S Group

Amounts in DKK'm	30.09 2020	30.09 2019	Index <sup>1</sup>	Year-end 2019
<b>Income statement items</b>				
Interest income calculated under the effective interest method	418	414	101	552
Other interest income	39	48	81	64
Interest expenses	45	37	123	51
<b>Net interest income</b>	<b>412</b>	<b>425</b>	<b>97</b>	<b>565</b>
Dividends on shares	29	25	116	25
Fees and commission income	437	394	111	541
Fees and commission expenses paid	12	13	89	18
<b>Net interest and fee income</b>	<b>866</b>	<b>830</b>	<b>104</b>	<b>1,113</b>
Translation and market value adjustments	3	-45	-	-44
Other operating income	13	23	59	27
Staff costs and administrative expenses	533	532	100	726
Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	40	57	71	85
Other operating expenses	14	11	136	19
Impairment losses on loans and advances etc	144	16	-	17
Investments in associates and group enterprises	31	1	-	2
<b>Profit for the period before tax</b>	<b>181</b>	<b>193</b>	<b>94</b>	<b>252</b>
Income tax	13	23	55	25
<b>Profit for the period after tax</b>	<b>169</b>	<b>170</b>	<b>99</b>	<b>227</b>
<b>Profit allocated to shareholders</b>	<b>150</b>	<b>152</b>	<b>99</b>	<b>202</b>

## Sparekassen Sjælland-Fyn A/S Group

Amounts in DKK'm	30.09 2020	30.09 2019	Index <sup>1</sup>	Year-end 2019
<b>Balance sheet items</b>				
Loans and advances etc	11,980	12,416	96	12,217
Deposits	19,419	18,224	107	18,700
Deposits in pooled plans	1,919	1,699	113	1,771
Total deposits	21,338	19,923	107	20,470
Subordinated loan capital	569	522	109	673
Equity	3,334	3,187	105	3,237
Capital resources	3,294	3,130	105	3,480
Total business volume (loans, advances and guarantees)	40,208	38,979	103	39,425
Total credits arranged	55,232	51,417	107	52,278
Custody accounts	10,898	10,238	106	10,555

<sup>1</sup> Index: 30 September 2020 relative to 30 September 2019

Amounts in DKK'm	30.09 2020	30.09 2019	Year-end 2019
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## Developments in Sparekassen's business areas

Loans and advances etc, Sparekassen	11,980	12,416	12,217
Totalkredit	31,707	29,073	29,811
DLR	11,545	9,928	10,250
Guarantees (exclusive of loss guarantees for mortgage loans)	4,115	4,177	4,173
Deposits	19,419	18,224	18,700
Deposits in pooled plans	1,919	1,699	1,771
Custody accounts	10,898	10,238	10,555
<b>Total</b>	<b>91,583</b>	<b>85,755</b>	<b>87,477</b>
Average headcount (full-time employees on average)	559	595	587
Per employee	164	144	149

# Financial ratios

## Sparekassen Sjælland-Fyn A/S Group

	30.09 2020	30.09 2019	Index <sup>1</sup>	31.12 2019
<b>Financial ratios</b>				
Capital ratio <sup>2</sup>	19.2	17.0	113	20.1
Core capital ratio <sup>2</sup>	15.9	14.2	112	16.2
Common equity tier 1 capital ratio <sup>2</sup>	13.7	12.1	113	14.0
Excess capital adequacy in percentage points <sup>2</sup>	8.9	7.6	117	10.6
Return on equity before tax (for the period)	5.5	6.2	89	8.0
Return on equity after tax (for the period)	5.1	5.4	94	7.2
Income/cost ratio DKK	1.25	1.31	95	1.30
Income/cost ratio according to NEW WAYS	1.50	1.42	106	1.37
Rate of cost	66.8	70.2	95	72.8
Interest rate risk relative to core capital net of deductions	1.3	2.5	52	0.2
Currency position relative to core capital net of deductions	1.8	1.0	180	0.6
Currency risk relative to core capital net of deductions	0.0	0.0	100	0.0
Loans and advances relative to equity	3.6	3.9	92	3.8
Loans and advances plus loan impairment losses relative to deposits	59.2	66.1	90	62.9
Growth in loans and advances for the period	-1.9	2.0	-	0.4
Impairment ratio for the period	0.6	0.1	600	0.1
Accumulated impairment ratio	3.7	4.1	90	3.7
Zero interest loans and advances relative to total loans and advances	0.6	0.6	100	0.6
Liquidity benchmark (new benchmark)	430	318	135	383
Liquidity, LOR	387	277	140	335
Total large exposures (new benchmark)	84.7	85.3	99	76.5
Return on invested capital	0.6	0.7	86	0.9
Earnings per share (DKK) <sup>3</sup>	8.7	8.8	99	11.7
Dividend per share (DKK)	0.0	0.0	100	3.0
Book value per share (DKK)	170.3	161.7	105	164.7
Price/earnings per share <sup>3</sup>	9.2	10.2	90	7.7
Price/equity per share <sup>4</sup>	0.5	0.6	79	0.5
Price at period-end (DKK)	80.2	89.6	90	89.6
Average headcount (full-time employees on average) <sup>5</sup>	559	595	94	587
Average headcount (converted into full-time employees at year-end) <sup>5</sup>	548	582	94	561

<sup>1</sup> Index: 30 September 2020 relative to 30 September 2019.

<sup>2</sup> 30 September 2020 and 30 September 2019 amounts have been calculated exclusive of profit for the period.

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

<sup>4</sup> Calculated based on the number of outstanding shares at the end of the period.

<sup>5</sup> Engaged in financial business.

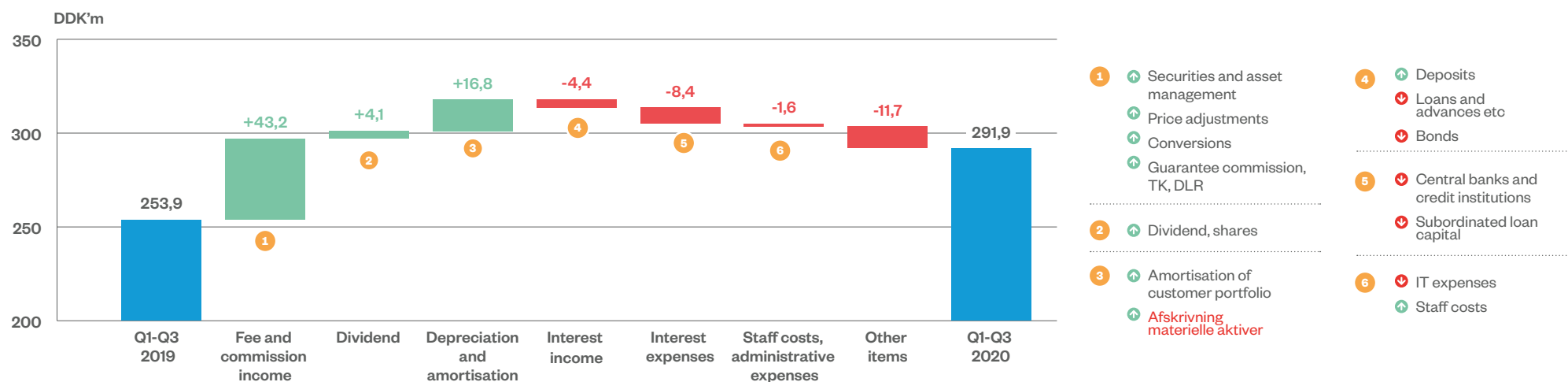


# Core earnings, deposits, loan and advances and business volume

Amounts in DKK'm	Sparekassen Sjælland-Fyn A/S Group								
	Q3 2020	Q2 2020	Q1 2020	Q4 2019 <sup>1</sup>	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
<b>Core earnings</b>									
Net interest income	141.1	132.4	138.2	140.2	146.1	141.2	137.2	142.3	133.1
Dividends on shares	-	17.0	12.0	-	1.0	20.6	3.3	0.8	2.3
Fees and commission income	136.8	134.9	165.4	147.4	129.8	126.5	137.6	114.7	106.9
Fees and commission income paid	3.9	3.6	4.0	4.8	3.8	4.2	4.9	5.2	4.5
Other operating income	4.2	4.1	5.2	4.6	5.3	8.7	8.8	3.4	4.9
Other operating expenses	3.8	5.0	5.6	8.7	4.0	3.1	3.4	7.2	3.8
<b>Core income</b>	<b>274.4</b>	<b>279.8</b>	<b>311.2</b>	<b>278.7</b>	<b>274.4</b>	<b>289.7</b>	<b>278.6</b>	<b>248.8</b>	<b>238.9</b>
Staff costs and administrative expenses	176.9	178.0	178.3	194.2	177.3	179.6	174.5	199.7	184.3
Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	15.8	12.9	11.7	28.2 <sup>1</sup>	24.4	16.5	16.3	11.4	10.9
<b>Core earnings</b>	<b>81.7</b>	<b>88.9</b>	<b>121.2</b>	<b>56.3</b>	<b>72.7</b>	<b>93.6</b>	<b>87.8</b>	<b>37.7</b>	<b>43.7</b>

<sup>1</sup> Q4 2019 core earnings are affected by non-recurring expenses in the form of the residual write-off of the customer portfolio acquired in 2011 in connection with the acquisition of the healthy part of Max Bank A/S. In Q4 2019, a residual amount of DKK 21.6m was written off. If adjusted for this amount, core earnings for Q4 2019 would stand at DKK 77.9m.

## Development in core earnings







## The Supervisory Diamond

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

### The five benchmarks and the current calculations are:

Benchmark	Threshold	Group at 30.09.2020	Group at 30.09.2019
<b>The total of large exposures</b> as a percentage of common equity tier 1 capital	<b>&lt;175 %</b>	<b>84.7 %</b>	<b>85.3 %</b>
<b>Loan growth per annum</b>	<b>&lt;20 %</b>	<b>-3.5 %</b>	<b>3.2 %</b>
<b>Property exposure of loans</b> advances and guarantees	<b>&lt;25 %</b>	<b>10.9 %</b>	<b>11.5 %</b>
<b>Liquidity benchmark</b>	<b>&gt;100 %</b>	<b>430 %</b>	<b>318 %</b>
<b>Funding ratio</b> loans and advances/working capital less bonds with a term to maturity of less than one year	<b>&lt;1.00</b>	<b>0.47</b>	<b>0.53</b>

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

The latest benchmark of the Supervisory Diamond is the total of large exposures which for Sparekassen reflects the amount of the 20 largest exposures as a percentage of common equity tier 1 capital. For this benchmark, Sparekassen has set an internal threshold of 125% which is much lower than the Supervisory Diamond threshold of 175%.

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



# Financial review of the Group

## Q1-Q3 2020 Income statement

### Net interest income

Net interest income has decreased by DKK 12.8m and amounts to DKK 411.8m against DKK 424.6m in the same period last year.

Total interest income has seen a marginal decline of close on 1% and amounts to DKK 457.2m.

Generally, interest income is still marked by the low interest rate environment, low demand for loans and advances, and fierce competition, causing interest income from loans and advances to go down by DKK 27.6m, or 7%. However, the development in loans and advances etc on the balance sheet should be seen in conjunction with recent years' favourable economic climate in the real estate market, entailing that an increasing portion of the customers' total mortgage debts may be financed by means of mortgage loans. Mortgage loans arranged by Sparekassen have risen by over DKK 4.2bn since 30 September 2019.

Interest income from customer deposits, however, has seen an increase of DKK 32.0m. Interest income on bonds has decreased by DKK 12.6m to DKK 19.7m, which is attributable to a lower average direct interest rate on the bond portfolio. Also, the continuously high level of activity in the housing area has a positive impact since arbitrage premiums from interest rate contra-

cts have gone up by DKK 2.9m. Because of the continuously low interest rate levels and the increasing imbalances between deposits and loans and advances, Sparekassen has adjusted the interest rate level effective from 1 July 2020 for private households having a NemKonto account with Sparekassen. Following this, each customer can only have up to DKK 250,000 deposited with Sparekassen without having to pay interest at the annual rate of 0.6%. This step combined with other initiatives is intended to support the future development in interest income.

Total interest expenses have gone up by DKK 8.4m to DKK 45.4m. This development has primarily been caused by an increase in the average portfolio of certificates of deposit with Danmarks Nationalbank by slightly over DKK 1.2bn. The interest expense for placing surplus liquidity with Danmarks Nationalbank and credit institutions has gone up by DKK 5.8m on the same period in 2019. Moreover, interest expenses on subordinated loan capital have increased by DKK 3.2m.

### Dividend

DKK 29.0m in dividends was received in the first nine months of 2020 compared to DKK 24.9m in the same period last year. Most of these dividends arise from the sector companies co-owned by Sparekassen and from shares held in an investment fund which invests in corporate

bonds. The latter position has subsequently been deployed.

### Fees and commission income

Sparekassen's fees and commission income continue to develop satisfactorily and have gone up by DKK 43.2m to DKK 437.2m by the end of Q3 2020. This is an 11% increase and attributable to generally heavy business activities, for example, in the housing area where many mortgage loans are being arranged through the business partners Totalkredit and DLR Kredit in connection with re-mortgaging and house transactions. Also, activities in the asset management area are healthy, and a continued effect is seen of the price adjustments made for payment of the services provided by Sparekassen.

### Translation and market value adjustments

Translation and market value adjustments total DKK 2.6m whereas in the same period last year they were negative by DKK 45.5m. This development covers market value adjustments of bonds which were negative by DKK 24.9m for the period under review as opposed to a negative DKK 37.1m for the same period last year. Particularly in the last half of Q1 2020, the financial markets have generally been affected by the macro-economic uncertainty caused by the entire COVID-19 situation, including declining prices and a widened credit spread for mortgage credit bonds. In Q2 and Q3 2020, the situation in the financial markets has generally improved, and, seen in isolation in Q3 2020, market value ad-

justments of bonds have been positive by DKK 2.7m. Market value adjustments of shares stand at DKK 28.3m compared to DKK 15.6m last year. The development is primarily a combination of increases in the price of shares in Lollands Bank A/S and in Sparekassen's portfolio of sector shares as well as generally favourable market conditions in Q2 and Q3 2020.

The market value adjustment of shares includes a DKK 6.8m adjustment of the shares in Lollands Bank A/S.

From the date when Sparekassen gained an equity interest of over 20% as well as significant influence, the revaluation to equity value has been recognised as a profit from investments in associates and group enterprises.

Translation and market value adjustments of investment property, foreign currencies and other financial instruments total a negative DKK 0.8m against a negative DKK 23.9m last year. Last year's level of the negative translation and market value adjustments was primarily caused by the hedging of a portion of Sparekassen's bond portfolio.

### Other operating income

Other operating income primarily consists of rent from the property portfolio and less of profits from the sale of depreciated operating equipment. The line item stands at DKK 13.4m against DKK 22.8m for the same period last

year. The primary reasons for this development are declining rental income as a result of a smaller property portfolio and the fact that, in 2019, the line item was positively affected by non-recurring items.

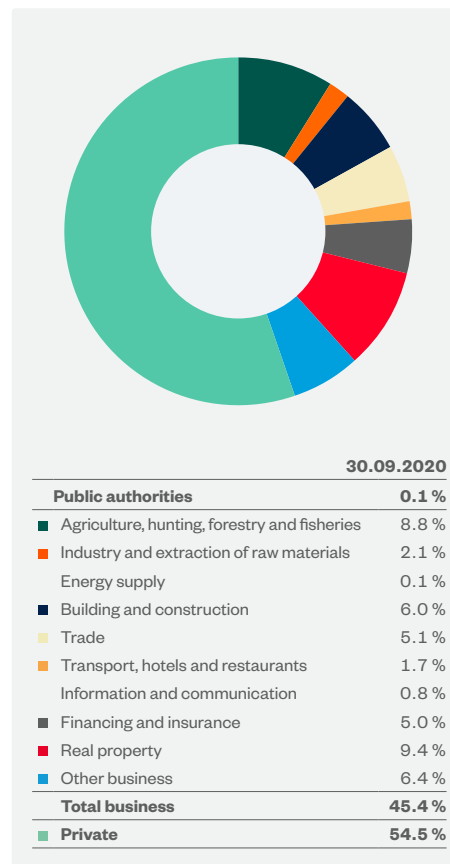
**Staff costs and administrative expenses**

Staff costs and administrative expenses total DKK 533.2m, or DKK 1.6m up on the same period last year. Staff and management costs have seen a decline by 4% to DKK 334.0m. Other administrative expenses, however, have gone up by DKK 14.0m to DKK 199.1m. This increase in other administrative expenses is primarily related to the rise in IT expenses for Sparekassen's IT centre, Bankdata.

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

Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment have decreased by DKK 16.8m. The primary reason for this is the reassessment of the useful life made at year-end 2019 of the customer portfolio acquired in 2011 in connection with the acquisition of the healthy part of Max Bank A/S and the expected earnings from that portfolio. Moreover, assets acquired in connection with branches established in prior years are now beginning to be fully written off.

In aggregate, staff costs and administrative expenses and amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment have gone down by just under 3% to stand at DKK 573.6m.



**Impairment losses on loans and advances etc.**

Impairment losses on loans and advances etc total DKK 144.2m, which is an increase of DKK 127.9m compared to the same period in 2019. This increase is a result of the considerable provisions in the form of management add-ons that Sparekassen has made. Since the end of 2019, total management add-ons have been

increased by DKK 139.1m, meaning that, at 30 September 2020, management add-ons total DKK 184.4m, or approx 1.5% of Sparekassen's loans and advances.

Exclusive of management add-ons, the impairment losses line item for Q1-Q3 2020 stands at around DKK 5m.

The increase in management add-ons in H1 2020 primarily arises from the uncertainty caused by COVID-19. With respect to Q3 2020, the increase is also related to add-ons for the lowest credit quality categories among pig producers and mink farmers. Net exposure to mink farmers now stands at approx DKK 7m.

The economic impact of COVID-19 is currently still subject to considerable uncertainty. The government aid packages to the business sector and pay earners either expire or are changed regularly, and currently cutbacks and layoffs are seen in certain types of businesses. However, Sparekassen has not yet recorded any significant losses directly related to the COVID-19 situation, although it does expect that the financial impact of COVID-19 will not really be seen until in the first half of 2021.

The assessment remains that certain types of businesses in particular may be affected by the economic implications of COVID-19. However, in the little longer run private customers and other businesses too may have a higher or lower risk of experiencing adverse financial consequences. However, right now we note that the unemployment level is fairly low and that so far the housing market has been most resilient – well supported by the low interest rate level.

Sparekassen's exposures to corporate customers stand at 45.4% and at 54.5% to private customers.

The industries hit the hardest are still estimated to be the entertainment industry, including hotels and restaurants, and some parts of the transport industry as well as retailers in part. However, many parts of the retail industry seem to be reasonably back on track after the lockdown in the spring, and the payment of the frozen holiday pay will presumably be able to support private consumption in the months ahead. Sparekassen's exposure to the sectors considered hit the hardest financially is relatively little. Exposures to transport, hotels and restaurants thus stand at 1.7% at 30 September 2020, and exposures to retailers stand at 5.1%.

Exposures to the agricultural sector come to 8.8%. Generally, the Danish agricultural sector is estimated to be affected by the COVID-19 outbreak only to a small degree. Agricultural products can still be sold and generally at fairly reasonable prices. However, because of the risk of African swine fever and the unsettled situation of mink farmers, Sparekassen has increased its management add-ons in Q3 2020 by DKK 16.3m for the agricultural sector. Overall, the credit quality of Sparekassen's agricultural portfolio is still considered to be strong, though.

Exposures to the real estate sector stand at 9.4%. Sparekassen's property financing portfolio is primarily related to residential rental properties and not so much to commercial properties. Currently, residential properties are not deemed to be much affected by the situation whereas commercial properties may be affected sooner and more.

Lending to construction and craft industries plays a quite significant role in Sparekassen's history as there are several small and medium-sized craft firms in Sparekassen's primary market areas. Sparekassen estimates that, currently, COVID-19 only has little impact on these industries, and in some areas the level of activities is actually increasing. Also, these industries are favoured by the bring forward of public capital expenditure.

Since the lockdown of large parts of Denmark in March, Sparekassen has proactively reached out to many of our customers – particularly corporate customers – who have been affected by financial uncertainty due to COVID-19. We have done so to provide advice and to make available any credit facilities to the widest extent possible.

All of the above factors are a key element in the parameters used in determining the management add-ons at 30 September 2020. Sparekassen therefore believes that, for now, the management add-ons reflect a conservative approach to financial developments in the quarters ahead and that the increased credit risk arising from the COVID-19 situation has been hedged using the best add-ons possible. However, it should be emphasised that, considering the situation, these add-ons are subject to some uncertainty.

**Profit/loss from investments in associates and group enterprises**

Profit/loss from investments in associates and group enterprises has increased by DKK 29.9m to DKK 30.8m. This increase is primarily a result of the acquisition of the block of shares in Lollands Bank A/S.

**Profit for the period**

Despite the considerable management add-ons to meet any future losses, a pre-tax profit of DKK 181.2m has been realised. Net profit for the period amounts to DKK 168.5m against DKK 170.1m for the same period in 2019. DKK 18.3m of the profit for the period is allocated to interest on hybrid core capital. At the same time last year, this line item also stood at DKK 18.3m. So the shareholders' share of profit for the period amounts to DKK 150.2m against DKK 151.8m for the same period last year.

**Balance sheet**

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

**Assets**

**Cash and demand deposits with central banks**

The line item primarily consists of Sparekassen's balance on the current account with Danmarks Nationalbank, where Sparekassen has been given a limit of DKK 340m.

**Amounts owed by credit institutions and central banks/bonds**

Sparekassen has a large deposit surplus which exclusive of deposits in pooled plans has gone up by DKK 1.6bn on the balance at 30 September 2019 and amounts to DKK 7.4bn at the balance sheet date. Sparekassen regularly evaluates the best placement of these funds. Since Sparekassen can only place DKK 340m on the current account with Danmarks Nationalbank, the primary placement channels are mortgage credit bonds, treasury bills, and certificates of deposit. Sparekassen pays interest of 0.60% per annum (from 1 January to 20 March 2020:

**Total credits arranged**

	30.09.2020	30.09.2019	2019	2018	2017	2016
	DKK'm	DKK'm	DKK'm	DKK'm	DKK'm	DKK'm
Loans and advances etc, Sparekassen	11,980	12,416	12,217	12,174	11,681	10,474
Totalkredit	31,707	29,073	29,811	27,229	25,336	24,293
DLR	11,545	9,928	10,250	9,001	7,857	6,927
<b>Total</b>	<b>55,232</b>	<b>51,417</b>	<b>52,278</b>	<b>48,404</b>	<b>44,874</b>	<b>41,694</b>

0.75% per annum) when the liquidity is placed in certificates of deposit issued by Danmarks Nationalbank whereas when liquidity is placed in mortgage credit bonds this typically yields a positive albeit small interest. But, conversely, the latter also involves an interest rate or price risk. So, at 30 September 2020, amounts owed by credit institutions and central banks stand at approx DKK 2.5bn against DKK 1.4bn at the end of the same period last year whereas the portfolio of bonds including treasury bills stands at DKK 7.9bn compared to DKK 6.7bn.

**Loans and advances etc**

The balance of loans and advances has gone down by DKK 436m on the balance at 30 September 2019 and totals approx DKK 12.0bn. Demand generally remains low, and competition on funding by credit institutions is still fierce. However, the development in loans and advances etc on the balance sheet should be seen in conjunction with recent years' favourable economic climate in the real estate market, entailing that an increasing portion of the customers' total mortgage debts may be financed by means of mortgage loans. Mortgage loans arranged by Sparekassen have risen by over DKK 4.2bn since 30 September 2019. Because of

the Danish Parliament's adoption of various aid packages for businesses, loans and advances to businesses are also affected by the postponement of payment of VAT and income tax

**Shares**

The total portfolio of shares has decreased by DKK 297.4m to DKK 552.5m. This portfolio is almost entirely made up of shares in sector companies such as DLR Kredit, BI Holding and PRAS, which help support Sparekassen's business activities and earnings. Moreover, Sparekassen has held shares in investment funds which invest in corporate bonds and also held a small portfolio of Danish listed shares. Over the past 12 months, Sparekassen has reduced its portfolio of shares in investment funds significantly, which is the reason for the development in the balance sheet item.

Sparekassen's is keeping its market risk at a moderate level, and the policy is to continue to do so.

By combining historical figures on the correlation between asset classes in the financial markets with Sparekassen's current positions in its securities portfolio, the Value-at-Risk



model can – with a 99% probability – estimate the statistical maximum risk of losses over the next 10-day period, assuming that all positions remain unchanged over that period. On the day in the first nine months of 2020 when the total VaR figure was at its highest, it was approx DKK 42m, equivalent to a risk of around 1.3% of equity.

#### Land and buildings

Land and buildings come to DKK 425.2m compared to DKK 497.3m at 30 September 2019. This line item has declined because leases have been terminated and investment properties and owner-occupied properties have been sold.

### Equity and liabilities

#### Deposits

The deposits balance exclusive of deposits in pooled plans stands at DKK 19.4bn at the balance sheet date compared to DKK 18.2bn at the same date in 2019, equal to an increase of 7%. This development in the deposits balance is attributable to the ongoing general propensity to save witnessed in society. Like most other credit institutions, Sparekassen has introduced negative deposit rates. The negative deposit rates for corporate customers were introduced in 2019, and effective from mid-January 2020 such rates have also been charged on pension funds and on private customers not having a NøKonto account with Sparekassen. Because of the continuously low interest rate levels and the increasing imbalances between deposits and loans and advances, Sparekassen has adjusted the interest rate level effective from 1 July 2020 also for private households having a NøKonto account with Sparekassen. Following this, each customer can only have up to DKK 250,000 deposited with Sparekassen without

having to pay interest at the annual rate of 0.6%. Sparekassen is regularly monitoring the market situation with regard to deposits from both corporate customers and private households.

#### Deposits in pooled plans

Deposits in pooled plans have increased by 13% on the same date in 2019. Deposits in pooled plans total DKK 1.9bn at 30 September 2020. Aside from the inflow of new customers, the increase may to some degree probably be explained by the continuously low interest rate levels, for which reason customers are turning their eye to alternatives other than placement in traditional deposit accounts.

#### Subordinated loan capital

Subordinated loan capital amounts to DKK 569.4m compared to DKK 522.4m at the same date last year.

Capital transactions are made on a regular basis in Sparekassen's process of optimising its capital structure. Since 30 September 2019, Sparekassen has obtained subordinated loan capital once, totalling DKK 152m, and repaid DKK 105m worth of subordinated capital. The new capital has been obtained to carry interest at the rate of 4.45% per annum, whereas on the capital repaid the rate was 7.66% per annum.

#### Equity

Equity amounts to DKK 3,334.2m at the balance sheet date against DKK 3,186.8m in the same date last year. The increase in equity is broadly attributable to the profit for the period, reduced by dividend paid and interest paid on hybrid capital

### Financial review for Q3 2020

Net interest income is down DKK 4.9m to DKK 141.1m. Interest income totals DKK 155.3m for Q3 2020 against DKK 158.4m for the same period last year. Interest income from loans and advances is still affected by generally low interest rate levels, low demand and fierce competition and has decreased by DKK 10.5m. Interest income from the bond portfolio has gone down by DKK 4.7m. On the positive side is interest income from deposits which is up DKK 14.2m. Interest expenses have gone up by DKK 1.9m, primarily because of a larger portfolio of certificates of deposits with Danmarks Nationalbank.

Fees and commission income total DKK 136.9m, which is DKK 7.0m up on Q3 2019. This increase is primarily a result of the increase in the volume of mortgage loans arranged and more investment activity.

Translation and market value adjustments stand at DKK 33.0m compared to a negative DKK 20.3m in Q3 2019. Market value adjustments of bonds have improved by DKK 18.0m compared to Q3 2019, and for shares they have improved by DKK 20.4m compared to the same period in 2019.

The line items of staff costs and administrative expenses and amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment have gone down by a total of DKK 9.1m on Q3 2019. Overall, staff costs have gone down by DKK 4.9m in total, and depreciation of assets by DKK 8.7m, whereas IT expenses for the IT centre Bankdata are up.

Impairment losses on loans and advances stand at DKK 31.4m in Q3 2020 compared to DKK

5.2m in Q3 2019. The primary reason for this rise is that management add-ons have been increased by DKK 23m.

Pre-tax profit for Q3 2020 then stands at DKK 88.6m against DKK 47.8m for Q3 2019. Net profit for the period amounts to DKK 83.8m against DKK 44.1m for the same period in 2019. So this is a DKK 39.7m pick-up on net profit, equivalent to 90%.

# “New Ways” – Sparekassen’s 2021 strategic plan

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



## 1 Increased efficiency

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

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

The calculated ratio at 31 December 2017 is 2,11 %  
The calculated ratio at 31 December 2018 is 2,09 %  
The calculated ratio at 31 December 2019 is 1.90%  
The calculated ratio at 30 September 2020 is 1,79 %

## 2 Solid profitability

This financial ratio reflects the net profit amount relative to equity.

Equity is calculated as a simple average of opening and closing amounts for the financial period.

In interim statements, the ratio is annualised. The ratio is calculated in per cent.

The calculated ratio at 31 December 2017 is 9.5%  
The calculated ratio at 30 December 2018 is 7.2%  
The calculated ratio at 31 December 2019 is 7.2%  
The calculated ratio at 30 September 2020 is 6,8 %

## 3 High income/cost ratio

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

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

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

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

The calculated ratio at 31 December 2017 is DKK 1.34  
The calculated ratio at 31 December 2018 is DKK 1.25  
The calculated ratio at 31 December 2019 is DKK 1.37  
The calculated ratio at 30 September 2020 is DKK 1,50

## 4 A strong foundation

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

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

Calculated ratio at	Common equity tier 1 capital	Capital ratios
31.12.2017	10.7 %	16.3 %
31.12.2018	13.0 %	17.7 %
31.12.2019	14.0 %	20.1 %
30.09.2020	13.7 %	19.2 %

# The seven paths

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



## Path 4 We need to train to create more business

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



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

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



## Path 5 We need to optimise our systems and processes

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



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

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



## Path 6 Our data must be used to improve business

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



## Path 3 We must realise the digital potential

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



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

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



# Capital structure and liquidity of the Group

## Capital structure

Sparekassen's risk exposures total DKK 17,182m against DKK 18,381m at 30 September 2019, which is a decrease of DKK 1,199m. Credit risk is down DKK 751.5m on 30 September 2019, and this has primarily been caused by the bring forward of the implementation of the revised SME discount under CRR II and a general decline in lending. Market risk is down DKK 505m, which is attributable to changes in the composition of the securities portfolio. Operational risk, however, is up DKK 57m.

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

At 30 September 2020, capital resources are DKK 164m larger than at 30 September 2019 and amount to DKK 3,294m. The increase is primarily attributable to retained earnings and secondarily to a small rise in supplementary capital. Working in the opposite direction are larger deductions caused primarily by Sparekassen's holdings of capital instruments in the financial sector, with the largest block being shares in DLR Kredit.

Sparekassen's capital ratio is then 19.2% against 17.0% at 30 September 2019. The core capital ratio has gone up by 1.7 percentage points on the same date last year and stands at 15.9%

whereas the common equity tier 1 capital ratio is up 1.6 percentage points to 13.7%. It should be pointed out that capital resources and capital ratios have been calculated exclusive of net profit for the periods ending 30 September 2020 and 30 September 2019. Had net profit for these periods been included in capital resources, the capital ratio, core capital ratio and common equity tier 1 capital ratio at 30 September 2020 would have been 1.6 percentage points higher.

The capital requirement has been calculated at 10.3%, leading to an excess capital adequacy ratio of 8.9 percentage points. In Danish kroner, this excess is equivalent to DKK 1,525m.

The combined buffer requirement has been calculated at 2.5 percentage points after the countercyclical capital buffer has been reset. This results in Sparekassen's excess capital adequacy ratio net of capital requirement and combined buffer requirement standing at 6.4 percentage points. In Danish kroner, this excess is equivalent to DKK 1,096m.

In the Q3 2020 statement of Sparekassen's capital requirement, a provision of DKK 63m has been made under credit risks to match the uncertainty related to COVID-19. Sparekassen believes that the quarters ahead will still be subject to material uncertainty because of the COVID-19 situation.

## Eligible liabilities

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

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

The requirement for eligible liabilities will be phased in stepwise over a five-year period, starting 1 January 2019. Because of the COVID-19 situation, the phase-in period has been extended by six months so that the requirement will take full effect from 1 July 2023.

It is the Danish Financial Supervisory Authority (Danish FSA) that lays the requirement for

eligible liabilities for each financial institution. The requirement will be recalculated once a year and be determined relative to the financial institution's risk-weighted exposures.

Because of the resetting of the countercyclical capital buffer, Sparekassen has in March 2020 received the reassessed requirement for eligible liabilities based on the 2018 accounting figures, which are therefore currently applicable from 1 July 2023. At group level, the requirement for eligible liabilities has been calculated at 17.1% (equivalent to 12.9% of its total liabilities and capital resources). The requirement for the Parent is largely the same. With the current capital resources, Sparekassen complies with the phased-in element of the calculated requirement for eligible liabilities with a margin of 4.7 percentage points at the end of Q3 2020. With the current capital resources, the fully phased-in requirement for eligible liabilities is met as well with a margin of 1.3 percentage points. With Sparekassen's current and expected development in its capital resources, the phase-in established and the development in risk-weighted exposures, we do not expect to face any challenges in meeting the requirement for eligible liabilities in future either. Sparekassen intends to regularly evaluate the opportunities for optimising the composition of the capital and liability instruments that meet the requirements for eligible liabilities.

### Capital measure

Sparekassen's objective is to have a capital ratio surplus of at least 2.5 percentage points. This surplus should be viewed in relation to the total amount of (i) Pillar I requirements, (ii) Pillar II add-ons (8+ add-on) and (iii) expected combined buffer requirement for each year (2.5% at 30 June 2020 as a result of the countercyclical capital buffer having been reset, and with a maximum of 5.0%). Another objective of Sparekassen is to have a common equity tier 1 capital ratio surplus of at least 2.5 percentage points. This surplus should be viewed in relation to the total amount of common equity tier 1 capital to meet (i) Pillar I requirements (at least 4.5%) and (ii) expected combined buffer requirement for each year (2.5% at 30 June 2020 as a result of the countercyclical capital buffer having been reset, and with a maximum of 5.0%) as well as Pillar II requirements that are not covered by supplementary capital or hybrid core capital.

Sparekassen's capital measure, excess capital adequacy and capital plans in the short and long term are discussed and approved by the Board of Directors on a regular basis and at least once a year. According to Sparekassen's strategic plan, "New Ways", the long-term objective is for the common equity tier 1 capital ratio and the capital ratio to be at least 13.0% and 17.0%, respectively, by the end of 2021. These objectives will be regularly evaluated in relation to new capital requirements implemented that were not known at the beginning of the strategy period. The Board of Directors intends to reconsider the objectives before the end of the strategy period.

### Liquidity

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

At the end of Q3 2020, Sparekassen has a deposit surplus of DKK 7.4bn exclusive of deposits in pooled plans. Its deposits are primarily made by private customers and small business operators. There are no large single deposits of major significance or no deposits of significance from other financial services companies.

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

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

#### Liquidity Coverage Ratio (LCR)

At 30 September 2020, Sparekassen's LCR is 387% against the applicable statutory requirement of a minimum LCR of 100%. So the excess liquidity coverage ratio relative to the statutory requirement is 287 percentage points. With the current excess liquidity coverage, and even without regularly optimising the composition of liquid assets to improve the LCR, Sparekassen expects to have a solid excess cover for this liquidity requirement also in future.



### Liquidity surplus according to the Supervisory Diamond benchmark

Sparekassen has a liquidity surplus that has been calculated at 430% under the Supervisory Diamond rules for the benchmark relative to a minimum surplus threshold of 100%. Consequently, Sparekassen continues to have a solid surplus.

### Liquidity target

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

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

# Credit quality categories and sector breakdown

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

	Q1-Q3 2020		2019		2018		2017		2016	
	DKK'm	%	DKK'm	%	DKK'm	%	DKK'm	%	DKK'm	%
3 / 2a – Loans, advances and guarantees with normal credit quality	10,530	55.8	10,768	56.8	10,249	58.5	9,965	59.0	9,011	59.2
2b – Loans, advances and guarantees with certain indications of weakness	6,821	36.1	6,424	33.9	4,942	28.2	4,174	24.7	2,850	18.7
2c – Loans, advances and guarantees with substantial weaknesses	898	4.8	1,058	5.6	1,143	6.5	1,389	8.2	1,434	9.4
1 – Loans, advances and guarantees with objective evidence of impairment	621	3.3	704	3.7	1,197	6.8	1,366	8.1	1,914	12.6
<b>Total</b>	<b>18,870</b>	<b>100.0</b>	<b>18,954</b>	<b>100.0</b>	<b>17,531</b>	<b>100.0</b>	<b>16,894</b>	<b>100.0</b>	<b>15,209</b>	<b>100.0</b>

## Loans, advances and guarantee debtors by sector

	Q1-Q3 2020	2019	2018
	%	%	%
Public authorities	0.1	0.4	0.8
<b>Business</b>			
Agriculture, hunting, forestry and fisheries	8.8	8.2	8.3
Industry and extraction of raw materials	2.1	2.1	2.0
Energy supply	0.1	0.1	0.0
Building and construction	6.0	5.3	5.0
Trade	5.1	5.8	5.8
Transport, hotels and restaurants	1.7	1.9	2.0
Information and communication	0.8	0.8	0.7
Financing and insurance	5.0	5.3	4.1
Real property	9.4	9.9	11.0
Other business	6.4	7.0	7.3
<b>Total business</b>	<b>45.4</b>	<b>46.3</b>	<b>46.3</b>
Private	54.5	53.3	52.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>



# Financial review of the Parent

## Q1-Q3 2020

The profit or loss and the balance sheet of the Parent are to a great extent reflected in the consolidated financial statements as only a small portion of the Group's total business activities are carried on in the subsidiaries, for which reason reference is made to the financial review for the Group for supplementary information.

Most of the Group's property portfolio is held by the subsidiary, Ejendomsselskabet Sjælland-Fyn A/S.

The first three quarters have seen improved earnings before translation and market value adjustments and impairment losses on loans and advances etc and profit/loss from investments in associates and group enterprises (core earnings) for the Parent, Sparekassen Sjælland-Fyn A/S.

Net interest and fee income has increased by DKK 35.7m to DKK 848.4m, or 4%. Fees and commission income are developing positively and have gone up by DKK 43.8m to DKK 437.9m at 30 September 2020. This is an 11% increase and attributable to generally heavy business activities, for example, in the housing area where many mortgage loans are being arranged through the business partners Totalkredit and DLR Kredit in connection with re-mortgaging and house transactions. Also, activities in the investment area are healthy, and a continued effect is seen of the price adjustments made for payment of the services provided by Sparekassen.

Net interest income has decreased by DKK 13.6m and amounts to DKK 392.9m against DKK 406.5m in the same period last year.

Total interest income has seen a decline of DKK 5.4m and amounts to DKK 439.3m.

Generally, interest income is still marked by the low interest rate environment, low demand for loans and advances, and fierce competition, causing interest income from loans and advances to go down by DKK 28.9m. Interest income from customer deposits, however, has seen an increase of DKK 32.5m. Interest income on bonds has decreased by DKK 12.6m to DKK 19.7m, which is attributable to a lower average direct interest rate on the bond portfolio. Also, the continuously high level of activity in the housing area has a positive impact since arbitrage premiums from interest rate contracts have gone up by DKK 2.9m. Because of the continuously low interest rate levels and the increasing imbalances between deposits and loans and advances, Sparekassen has adjusted the interest rate level effective from 1 July 2020 for private households having a NemKonto account with Sparekassen. Following this, each customer can only have up to DKK 250,000 deposited with Sparekassen without having to pay interest at the annual rate of 0.6%. This step combined with other initiatives is intended to support the future development in interest income.

Total interest expenses have gone up by DKK 8.2m to DKK 46.4m. This development has primarily been caused by an increase in the average portfolio of certificates of deposit with Danmarks Nationalbank by slightly over DKK 1.2bn. The

interest expense for placing surplus liquidity with Danmarks Nationalbank and credit institutions has gone up by DKK 5.8m on the same period in 2019. Moreover, interest expenses on subordinated loan capital have increased by DKK 3.2m.

DKK 29.0m in dividends was received in the first nine months of 2020 compared to DKK 24.9m in the same period last year. Most of these dividends arise from the sector companies co-owned by Sparekassen and from shares held in an investment fund which invests in corporate bonds.

In aggregate, staff costs and administrative expenses and amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment have gone down by DKK 24.3m, or close on 4%. Overall, IT expenses have increased, whereas staff costs and amortisation of intangible assets and depreciation of property, plant and equipment have decreased.

Translation and market value adjustments total DKK 12.3m whereas in the same period last year they were negative by DKK 35.8m. This development covers market value adjustments of bonds which were negative by DKK 25.0m for the period under review as opposed to a negative DKK 36.6m for the same period last year. Particularly in the last half of Q1 2020, the financial markets have generally been affected by the macro-economic uncertainty caused by the entire COVID-19 situation, including declining prices and a widened credit spread for mortgage credit bonds. In Q2 and Q3 2020, the situation in the financial markets has generally improved, and, seen in isolation in Q3 2020, market value ad-

justments of bonds have been positive by DKK 2.7m. Market value adjustments of shares stand at DKK 28.3m compared to DKK 15.6m last year. The development is primarily a combination of increases in the price of shares in Lollands Bank A/S and in Sparekassen's portfolio of sector shares as well as generally favourable market conditions in Q2 and Q3 2020.

The market value adjustment of shares includes a DKK 6.8m adjustment of the shares in Lollands Bank A/S. From the date when Sparekassen gained an equity interest of over 20% as well as significant influence, the revaluation to equity value has been recognised as a profit from investments in associates and group enterprises.

Translation and market value adjustments of investment property, foreign currencies and other financial instruments total DKK 8.9m against a negative DKK 14.7m last year. Last year's level of the negative translation and market value adjustments was primarily caused by the hedging of a portion of Sparekassen's bond portfolio.

Impairment losses on loans and advances etc amount to DKK 145.9m, which is DKK 119.7m up on the balance at the same date last year. This increase is a result of the considerable provisions in the form of management add-ons that Sparekassen has made. Since year-end 2019, total management add-ons have increased by DKK 139.1m.

Pre-tax profit then amounts to DKK 178.5m against DKK 187.8m at the same date last year, and net profit is DKK 168.5m against DKK 170.1m.

# Interim financial statements

Q1-Q3 2020

# 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 2020.

The Interim Report of the Group has been prepared in accordance with International Accounting Standard (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 2020 and of their financial performance and the consolidated cash flows for the period 1 January to 30 September 2020.

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 2020**

## Executive Board

Lars Petersson  
Chief Executive Officer

Bruno Riis-Nielsen  
Officer of the Savings Bank

Lars Bolding  
Officer of the Savings Bank

## Board of Directors

Thomas Kullegaard  
Chairman

Jakob Nørreklær Andersson  
Vice-Chairman

Bent Andersen

Erik Larsen

Otto Frederik Spliid

Kirsten Hede Nielsen

Per Olsen

Helle Lindhof Bjørnøe

Mads Wallin



## Income statement

		Sparekassen Sjælland-Fyn A/S Group			
Note	Amounts in DKK'000	Q1-Q3 2020	Q1-Q3 2019	Q3 2020	Q3 2019
4	Interest income calculated using the effective interest method	418,169	413,695	142,738	139,000
4	Other interest income	39,032	47,906	12,578	19,357
5	Interest expenses	45,443	37,034	14,179	12,286
	<b>Net interest income</b>	<b>411,758</b>	<b>424,567</b>	<b>141,137</b>	<b>146,071</b>
	Dividends on shares etc	28,994	24,935	0	995
6	Fees and commission income	437,162	393,942	136,834	129,819
	Fees and commission expenses	11,560	12,985	3,939	3,822
	<b>Net interest and fee income</b>	<b>866,354</b>	<b>830,459</b>	<b>274,032</b>	<b>273,063</b>
7	Market value adjustments	2,638	-45,488	33,031	-20,283
	Other operating income	13,434	22,786	4,153	5,268
8	Staff costs and administrative expenses	533,161	531,531	176,861	177,320
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	40,392	57,236	15,768	24,448
	Other operating expenses	14,332	10,558	3,805	3,965
9	Impairment losses on loans and advances etc	144,207	16,295	31,447	5,187
	Profit/loss on investments in associates and group enterprises	30,828	971	5,244	717
	<b>Profit before tax</b>	<b>181,162</b>	<b>193,108</b>	<b>88,579</b>	<b>47,845</b>
	Income tax	12,633	22,974	4,746	3,740
	<b>Profit after tax</b>	<b>168,529</b>	<b>170,134</b>	<b>83,833</b>	<b>44,105</b>
	<b>Earnings per share</b>				
	Earnings per share (DKK)	8.7	8.8	4.5	2.2
	Diluted earnings per share (DKK)	8.7	8.8	4.5	2.2
	<b>Distributed as follows:</b>				
	Retained earnings (profit allocated to shareholders)	150,234	151,828	77,681	37,936
	Interest, hybrid core capital	18,295	18,306	6,152	6,169
	<b>Total</b>	<b>168,529</b>	<b>170,134</b>	<b>83,833</b>	<b>44,105</b>

## Statement of comprehensive income

		Sparekassen Sjælland-Fyn A/S Group			
Note	Amounts in DKK'000	Q1-Q3 2020	Q1-Q3 2019	Q3 2020	Q3 2019
	<b>Profit for the period</b>	<b>168,529</b>	<b>170,134</b>	<b>83,833</b>	<b>44,105</b>
	<b>Other comprehensive income that may not be reclassified to profit or loss</b>				
	Fair value adjustment of properties	-1,480	0	0	0
	Tax related to fair value adjustment of properties	1	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 year	40	-346	17	-63
	- Tax on other comprehensive income	-9	76	-4	14
	<b>Total other comprehensive income</b>	<b>-1,448</b>	<b>-270</b>	<b>14</b>	<b>-49</b>
	<b>Total comprehensive income</b>	<b>167,081</b>	<b>169,864</b>	<b>83,847</b>	<b>44,056</b>

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

# Balance sheet at 30 September

## Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	30.09.2020	31.12.2019	30.09.2019
<b>Assets</b>				
	Cash and balances on demand at central banks	434,602	441,069	455,967
	Amounts owed by credit institutions and central banks	2,535,713	2,540,933	1,429,438
	Loans and other amounts owed at amortised cost	11,980,239	12,217,237	12,416,333
	Bonds at fair value	7,889,873	6,591,480	6,718,859
	Shares etc	552,546	693,719	849,947
	Investments in associates	185,353	46,709	70,783
	Assets related to pooled plans	1,919,185	1,770,777	1,698,765
	Intangible assets	91,269	91,323	116,041
10	Total land and buildings	425,195	473,832	497,304
	<i>Investment property</i>	136,961	157,465	161,323
	<i>Owner-occupied property</i>	288,234	316,367	335,981
	Other property, plant and equipment	31,273	34,151	35,792
	Current tax assets	9,410	0	0
	Deferred tax assets	159,011	163,753	163,029
	Temporarily held assets	0	0	214
	Other assets	256,146	226,864	367,678
	Prepayments	66,902	66,722	76,406
	<b>Total assets</b>	<b>26,536,717</b>	<b>25,358,569</b>	<b>24,896,556</b>

## Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	30.09.2020	31.12.2019	30.09.2019
<b>Equity and liabilities</b>				
<b>Liabilities other than provisions</b>				
	Amounts owed to credit institutions and central banks	858,280	525,436	705,291
	Deposits and other debt	19,419,401	18,699,583	18,224,145
	Deposits in pooled plans	1,919,185	1,770,777	1,698,765
	Current tax liabilities	0	3,601	773
	Other liabilities	283,800	339,667	443,248
	Deferred income	40,440	32,800	36,014
	<b>Total liabilities other than provisions</b>	<b>22,521,106</b>	<b>21,371,864</b>	<b>21,108,236</b>
<b>Provisions</b>				
	Provisions for losses on guarantees etc	82,011	64,795	67,452
	Other provisions	29,971	11,416	11,624
	<b>Total provisions</b>	<b>111,982</b>	<b>76,211</b>	<b>79,076</b>
11	<b>Subordinated loan capital</b>	<b>569,380</b>	<b>673,141</b>	<b>522,416</b>
<b>Equity</b>				
12	Share capital	173,750	173,750	173,750
	Revaluation reserves	1,407	2,886	2,882
	Undistributable savings bank reserve, other reserves	561,378	561,378	561,378
	Retained earnings	2,211,726	2,113,447	2,062,820
	<b>Total equity exclusive of hybrid core capital</b>	<b>2,948,262</b>	<b>2,851,461</b>	<b>2,800,830</b>
	Hybrid core capital	385,987	385,892	385,998
	<b>Total equity</b>	<b>3,334,249</b>	<b>3,237,353</b>	<b>3,186,828</b>
	<b>Total equity and liabilities</b>	<b>26,536,717</b>	<b>25,358,569</b>	<b>24,896,556</b>

15 Contingent liabilities and assets

# Statement of changes in equity

## Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument <sup>1</sup>	Dividend	Retained earnings	Total equity exclusive of hybrid core capital	Hybrid core capital	Total equity
	<b>Equity at 1.1.2020</b>	<b>173,750</b>	<b>2,886</b>	<b>561,378</b>	<b>-240</b>	<b>52,125</b>	<b>2,061,564</b>	<b>2,851,461</b>	<b>385,892</b>	<b>3,237,353</b>
	Profit for the period	0	0	0	0	0	150,234	150,234	18,295	168,529
	<b>Other comprehensive income</b>									
	Fair value adjustment of owner-occupied property	0	-1,480	0	0	0	0	-1,480	0	-1,480
	Fair value adjustment of financial instruments entered into to hedge future cash flows:									
	Value adjustment for the period	0	0	0	40	0	0	40	0	40
	Tax on other comprehensive income	0	1	0	-9	0	0	-8	0	-8
	<b>Total other comprehensive income</b>	<b>0</b>	<b>-1,479</b>	<b>0</b>	<b>31</b>	<b>0</b>	<b>0</b>	<b>-1,448</b>	<b>0</b>	<b>-1,448</b>
	<b>Comprehensive income for the period</b>	<b>0</b>	<b>-1,479</b>	<b>0</b>	<b>31</b>	<b>0</b>	<b>150,234</b>	<b>148,786</b>	<b>18,295</b>	<b>167,081</b>
	Purchase of treasury shares	0	0	0	0	0	0	0	0	0
	Sale of treasury shares	0	0	0	0	0	0	0	0	0
	Dividends paid	0	0	0	0	-52,125	138	-51,987	0	-51,987
	Interest paid on hybrid core capital	0	0	0	0	0	0	0	-18,200	-18,200
	<b>Equity at 30.09.2020</b>	<b>173,750</b>	<b>1,407</b>	<b>561,378</b>	<b>-209</b>	<b>0</b>	<b>2,211,936</b>	<b>2,948,262</b>	<b>385,987</b>	<b>3,334,249</b>

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

# Statement of changes in equity

## Sparekassen Sjælland-Fyn A/S Group

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

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



# Cash flow statement

## Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	Q1-Q3 2020	Q1-Q3 2019
	<b>Comprehensive income for the period</b>	<b>167,081</b>	<b>169,864</b>
	<b>Adjustment for amounts without cash flow effect</b>		
	Market value adjustment, shares	-28,334	15,573
	Market value adjustment, bonds	24,879	-37,133
	Impairment losses on loans and advances etc	144,207	16,295
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	39,492	55,656
	Prepayments (net)	3,030	-174
	Provisions	35,771	7,468
	Value adjustments of investment property	10,378	7,567
	Deferred income tax	12,633	22,974
	<b>Adjustment for amounts with cash flow effect</b>		
	Income tax paid	-16,024	-5,786
	<b>Cash flows from ordinary operating activities</b>	<b>393,113</b>	<b>252,304</b>
	<b>Working capital changes</b>		
	Credit institutions	332,844	280,100
	Loans and advances adjusted for impairment losses etc for the period	91,000	-258,573
	Other assets and liabilities (net)	-104,783	-64,264
	Shares etc	169,507	-64,213
	Bonds at fair value	-1,323,272	-60,843
	Deposits and other debt	719,818	1,196
	<b>Total working capital changes</b>	<b>-114,886</b>	<b>-166,597</b>
	<b>Cash flows from operating activities</b>	<b>278,227</b>	<b>85,707</b>

## Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	Q1-Q3 2020	Q1-Q3 2019
	<b>Investing activities</b>		
	Additions, investments in associate	-116,428	2,000
	Purchase of intangible assets	-8,918	-7,004
	Purchase of property, plant and equipment	-49,548	-81,204
	Sale of property, plant and equipment	60,167	63,527
	<b>Cash flows from investing activities</b>	<b>-114,727</b>	<b>-22,681</b>
	<b>Financing activities</b>		
	Bonds issued	-105,000	68,000
	Additions from share issue	0	-4,735
	Treasury shares etc	-18,200	-18,200
	Interest paid on hybrid core capital	-51,987	-43,414
	<b>Cash flows from financing activities</b>	<b>-175,187</b>	<b>1,651</b>
	<b>Increase/decrease in cash</b>	<b>-11,687</b>	<b>64,677</b>
	Cash and cash equivalents at beginning of year	2,982,002	1,820,728
	<b>Cash and cash equivalents at end of year</b>	<b>2,970,315</b>	<b>1,885,405</b>
	<b>Cash and cash equivalents</b>		
	Cash and balances on demand at central banks	434,602	455,967
	Amounts owed by credit institutions and central banks	2,535,713	1,429,438
	<b>Cash and cash equivalents at end of year</b>	<b>2,970,315</b>	<b>1,885,405</b>

# Notes

## Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'm	Q1-Q3 2020	Q1-Q3 2019	Financial year 2019
<b>1</b>	<b>Financial highlights</b>			
	<b>Principal items of income statement</b>			
	Net interest income	412	425	565
	Net interest and fee income	866	830	1,113
	Market value adjustments	3	-45	-44
	Staff costs and administrative expenses	533	532	726
	Amortisation, depreciation and impairment losses on assets	40	57	85
	Impairment losses on loans and advances etc	144	16	17
	Profit on investments in associates and group enterprises	31	1	2
	Income tax	13	23	25
	Profit for the period	169	170	227
	<b>Principal items of balance sheet</b>			
	Loans and advances	11,980	12,416	12,217
	Securities portfolio	8,442	7,569	7,285
	Deposits including pooled deposits	21,339	19,923	20,470
	Subordinated loan capital	569	522	673
	Equity	3,334	3,187	3,237
	Total assets	26,537	24,897	25,359

## Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'm	Q1-Q3 2020	Q1-Q3 2019	Financial year 2019
	<b>Financial ratios</b>			
	Capital ratio <sup>5</sup>	19.2	17.0	20.1
	Core capital ratio <sup>5</sup>	15.9	14.2	16.2
	Return on equity before tax	5.5	6.2	8.0
	Return on equity after tax	5.1	5.4	7.2
	Operating income over operating expenses	1.25	1.31	1.30
	Interest rate risk relative to core capital net of deductions	1.3	2.5	0.2
	Currency position relative to core capital net of deductions	1.8	1.0	0.6
	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	59.2	66.1	62.9
	Loans and advances relative to equity	3.6	3.9	3.8
	Growth in loans and advances for the period	-1.9	2.0	0.4
	Liquidity, LCR	387	277	335
	Total large exposures (<175 %)	84.7	85.3	76.5
	Impairment ratio for the period	0.6	0.1	0.1
	Accumulated impairment ratio <sup>1</sup>	3.7	4.1	3.7
	Return on capital employed	0.6	0.7	0.9
	Earnings per share (DKK) <sup>3</sup>	8.7	8.8	11.7
	Dividend per share (DKK)	0.0	0.0	3.0
	Book value per share (DKK) <sup>2</sup>	170.3	161.7	164.7
	Price/earnings per share <sup>3</sup>	9.2	10.2	7.7
	Price/equity per share <sup>2</sup>	0.5	0.6	0.5
	Share price at end of period	80.2	89.6	89.6
	<b>Staff</b>			
	Average number of employees for the period converted into full-time employees <sup>3</sup>	559	595	587

1 Please refer to note 9 for a specification of total impairment losses and provisions.

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

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

4 Engaged in financial business.

5 30.09.2020 and 30.09.2019 amounts have been calculated exclusive of profit for the period.

# Notes

## 2 Summary of significant accounting policies

The Interim Report for Q1-Q3 2020 has been presented in accordance with IAS 34. The presentation of interim financial statements is consistent with EU provisions 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 remain unchanged with respect to those applied in the presentation of the consolidated financial statements for 2019.

Sparekassen's 2019 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 Significant accounting judgements and estimates, assumptions and uncertainties

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, and 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 the year as those used to prepare the consolidated financial statements for 2019.

# Notes

## Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	Q1-Q3 2020	Q1-Q3 2019
<b>4</b>	<b>Interest income</b>		
	Credit institutions and central banks	543	494
	Loans and advances and other amounts owed	377,262	404,817
	Negative interest income on credit institutions and central banks etc.	39,856	7,833
	Bonds	19,693	32,332
	Total derivatives	19,339	15,574
	Thereof: - Interest rate contracts	19,939	17,022
	- Foreign exchange contracts	-600	-1,448
	Other interest income	508	551
	<b>Total interest income</b>	<b>457,201</b>	<b>461,601</b>
<b>5</b>	<b>Interest expenses</b>		
	Credit institutions and central banks	417	433
	Negative interest expenses on deposits and other debt	9,979	4,138
	Deposits and other debt	8,731	9,162
	Subordinated loan capital	25,351	22,201
	Other interest expenses	965	1,100
	<b>Total interest expenses</b>	<b>45,443</b>	<b>37,034</b>
<b>6</b>	<b>Fees and commission income</b>		
	Securities trading and custody accounts	61,339	45,189
	Payment services	41,410	47,286
	Loan fees	44,629	38,462
	Guarantee commission	148,840	135,497
	Custody services	44,974	43,825
	Other fees and commissions	95,970	83,683
	<b>Total fees and commission income</b>	<b>437,162</b>	<b>393,942</b>

## Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	Q1-Q3 2020	Q1-Q3 2019
<b>7</b>	<b>Market value adjustments</b>		
	Bonds	-24,879	-37,133
	Shares	28,334	15,573
	Investment property	-10,395	-9,201
	Foreign exchange	9,297	6,349
	Currency, interest rate, share, commodity and other contracts and derivatives	281	-21,076
	Assets related to pooled plans	-69,860	137,046
	Deposits in pooled plans	69,860	-137,046
	<b>Total market value adjustments</b>	<b>2,638</b>	<b>-45,488</b>
<b>8</b>	<b>Staff costs and administrative expenses</b>		
	<b>Remuneration of the Board of Directors and Executive Board</b>		
	Board of Directors and Executive Board	12,540	10,665
	<b>Total</b>	<b>12,540</b>	<b>10,665</b>
	<b>Staff costs</b>		
	Wages and salaries	251,718	263,602
	Pension contributions	28,220	29,101
	Social security expenses	41,552	43,001
	<b>Total staff costs</b>	<b>321,490</b>	<b>335,704</b>
	<b>Other administrative expenses</b>	<b>199,131</b>	<b>185,162</b>
	<b>Total staff costs and administrative expenses</b>	<b>533,161</b>	<b>531,531</b>

<sup>1</sup> The number of members of the Executive Board was increased from two to three effective from 1 April 2019.



# Notes

## Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	30.09.2020	30.09.2019
<b>9</b>	<b>Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account)</b>		
<b>Stage 1 impairment</b>			
	Balance of stage 1 impairment losses at beginning of period	56,035	59,013
	New impairment losses (net)	78,812	9,087
	<b>Balance of stage 1 impairment losses at end of period</b>	<b>134,847</b>	<b>68,100</b>
	- Of which amounts owed by credit institutions and central banks	1	1
<b>Stage 2 impairment</b>			
	Balance of stage 2 impairment losses at beginning of period	109,573	106,153
	New impairment losses (net)	16,159	-7,142
	<b>Balance of stage 2 impairment losses at end of period</b>	<b>125,732</b>	<b>99,011</b>
	- Of which amounts owed by credit institutions and central banks	273	287
<b>Stage 3 impairment</b>			
	Balance of stage 3 impairment losses at beginning of period	491,878	848,954
	New impairment losses (net)	23,605	18,104
	Other changes	18,000	22,100
	Previously written down, now finally written off	149,760	300,641
	<b>Balance of stage 3 impairment losses at end of period</b>	<b>383,723</b>	<b>588,517</b>
	- Of which amounts owed by credit institutions and central banks	0	0

## Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	30.09.2020	30.09.2019
<b>9</b>	<b>Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account) (continued)</b>		
<b>Provisions losses for guarantees and undrawn credit facilities</b>			
	Balance of provisions at beginning of year	73,252	67,183
	New provisions (net)	36,832	9,245
	Previously provided for, now finally written off	0	719
	<b>Balance of provisions at end of period</b>	<b>110,084</b>	<b>75,709</b>
<b>Total</b>			
	Balance of impairment losses/provisions at beginning of period	730,738	1,081,302
	Impairment losses/provisions for the period (net)	155,408	29,294
	Other changes	18,000	22,100
	Finally written off, previously written down/provided for	149,760	301,360
	<b>Balance of impairment losses/provisions at end of period</b>	<b>754,386</b>	<b>831,336</b>
	Impairment losses/provisions for the period (net)	155,408	29,293
	Written off, not previously written down/provided for	11,833	10,953
	Recovery of claims previously written off	23,034	23,951
	<b>Total recognised in the income statement</b>	<b>144,207</b>	<b>16,295</b>

# Notes

## Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	30.09.2020	31.12.2019	30.09.2019
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### 10 Land and buildings

#### Investment property

Fair value at beginning of period	157,465	158,728	158,728
Additions	34,690	93,652	73,189
Disposals	44,388	85,380	63,027
Fair value adjustments for the period	-10,806	-9,535	-7,567
<b>Fair value at end of period</b>	<b>136,961</b>	<b>157,465</b>	<b>161,323</b>
Rental income	8,400	16,202	12,081
Operating expenses	4,897	4,314	2,955
Thereof, operating expenses recognised for investment property not having generated rental income for the year	1,051	1,047	989

	Quoted prices	Observable input	Non-observable input	Total
<b>Fair value hierarchy for investment property</b>				
Group at 30.09.2020	0	0	136,961	136,961
Group at 31.12.2019	0	0	157,465	157,465
Group at 30.09.2019	0	0	161,323	161,323

## Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	30.09.2020	31.12.2019	30.09.2019
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### 10 Land and buildings (continued)

#### Owner-occupied property

Cost at beginning of period	293,735	337,803	337,803
Additions	5,773	6,326	100
Disposals	19,167	50,394	0
<b>Cost at end of period</b>	<b>280,341</b>	<b>293,735</b>	<b>337,903</b>
Accumulated depreciation/impairment losses at beginning of period	43,114	71,997	71,997
Depreciation for the period	308	411	312
Impairment losses for the period	3,308	800	500
Disposals for the period	4,867	30,094	0
<b>Accumulated depreciation/impairment losses at end of period</b>	<b>41,863</b>	<b>43,114</b>	<b>72,809</b>
Accumulated revaluation at beginning of period	2,926	2,926	2,926
Additions for the period	0	0	0
Disposals for the period	1,479	0	0
<b>Accumulated revaluation at end of period</b>	<b>1,447</b>	<b>2,926</b>	<b>2,926</b>
<b>Revalued amount at end of period</b>	<b>239,925</b>	<b>253,547</b>	<b>268,020</b>
If no revaluation had been made, the carrying amount of owner-occupied property would have been:	238,478	250,621	265,094

External experts have been involved in the valuation of owner-occupied property. Impairment losses for the year result from normal value adjustment arising from revaluation.

# Notes

Note	Amounts in DKK'000	Quoted prices	Observable input	Non-observable input	Total
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## 10 Land and buildings (continued)

### Fair value hierarchy for owner-occupied property

Group at 30.09.2020	0	0	239,925	239,925
Group at 31.12.2019	0	0	253,547	253,547
Group at 30.09.2019	0	0	268,020	268,020

Investment properties and owner-occupied properties are measured at fair value/revalued amount calculated using a return-based model which is based on an estimate of prices per square metre and a required rate of return. A required rate of return ranging between 6.0% and 18.45% has been used in measuring properties located on Zealand and Funen and in Jutland (Q1-Q3 2019: 5.9% and 10.8%). An increase in the required rate of return would result in a decline in the property's fair value, whereas an increase in rent per square metre relative to the assumptions applied would result in an increase in the value of the property.

	30.09.2020	31.12.2019	30.09.2019
Owner-occupied property, revalued amount at period-end, see above	239,925	253,547	268,020
Owner-occupied property, leased assets	48,309	62,820	67,961
<b>Total owner-occupied property, see balance sheet</b>	<b>288,234</b>	<b>316,367</b>	<b>335,981</b>

# Notes

## Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	Current interest rate	30.09.2020	31.12.2019	30.09.2019
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### 1.1 Subordinated loan capital

#### Supplementary capital

Floating interest rate, maturing July 2025, redeemable in 2020 <sup>2)</sup> , from 2020 to 2025, the interest rate will be 6 months CIBOR + 6,9% with half-yearly adjustment,	7.66 % <sup>1)</sup>	0	105,000	105,000
Floating interest rate, maturing February 2027, redeemable in 2022, From 2022 to 2027, the interest rate will be 6 months CIBOR + 5,5% with half-yearly adjustment,	5.94 % <sup>1)</sup>	50,000	50,000	50,000
Floating interest rate, maturing in December 2027, redeemable in 2022, from 2022 to 2027, the interest rate will be six months' CIBOR + 4,39% with half-yearly adjustment,	4.75 % <sup>1)</sup>	50,000	50,000	50,000
Floating interest rate, maturing in June 2028, redeemable in 2023, from 2023 to 2028, the interest rate will be six months' CIBOR + 4,11% with half-yearly adjustment,	4.50 % <sup>1)</sup>	130,000	130,000	130,000
Floating interest rate, maturing in November 2028, redeemable in 2023, from 2023 to 2028, the interest rate will be six months' CIBOR + 4,24% with half-yearly adjustment,	4.75 % <sup>1)</sup>	41,000	41,000	41,000
Floating interest rate, maturing in June 2029, redeemable in 2024, from 2024 to 2029, the interest rate will be six months' CIBOR + 4,64% with half-yearly adjustment,	4.50 % <sup>1)</sup>	150,000	150,000	150,000
Floating interest rate, maturing in December 2029, redeemable in 2024, from 2024 to 2029, the interest rate will be six months' CIBOR + 4,51% with half-yearly adjustment,	4.45 % <sup>1)</sup>	152,000	152,000	0
<b>Total supplementary capital</b>		<b>573,000</b>	<b>678,000</b>	<b>526,000</b>
<b>Total hybrid capital</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total subordinated loan capital</b>		<b>573,000</b>	<b>678,000</b>	<b>526,000</b>
Costs of establishment are charged to profit or loss over the expected term to maturity		3,620	4,859	3,584
<b>Total subordinated loan capital according to balance sheet</b>		<b>569,380</b>	<b>673,141</b>	<b>522,416</b>

## Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	Current interest rate	30.09.2020	31.12.2019	30.09.2019
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### 1.1 Subordinated loan capital (continued)

#### Hybrid capital reclassified to equity

Floating interest rate, perpetual, redeemable in 2022. From 2022, the interest rate will be six months' CIBOR + 6.39% with half-yearly adjustment.	6.75 % <sup>1)</sup>	55,000	55,000	55,000
Floating interest rate, perpetual, redeemable in 2023. From 2023, the interest rate will be six months' CIBOR + 6.11% with half-yearly adjustment.	6.50 % <sup>1)</sup>	280,000	280,000	280,000
Floating interest rate, perpetual, redeemable in 2023. From 2023, the interest rate will be six months' CIBOR + 5.74% with half-yearly adjustment.	6.25 % <sup>1)</sup>	41,000	41,000	41,000
<b>Total hybrid capital, reclassified to equity</b>		<b>376,000</b>	<b>376,000</b>	<b>376,000</b>
Subordinated loan capital included in the calculation of capital resources		945,380	1,049,141	898,416

1) Fixed interest rate for the first 5 years.

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

#### Sparekassen Sjælland-Fyn A/S Group

All of the capital issuances mentioned for Sparekassen are included the capital resources of both the Parent Sparekassen Sjælland-Fyn A/S and the Group



# Notes

## Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	30.09.2020	31.12.2019	30.09.2019
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### 11 Subordinated loan capital (continued)

#### Interest etc on subordinated loan capital

	30.09.2020	31.12.2019	30.09.2019
Interest (excluding interest on reclassified hybrid core capital recognised as equity)	25,351	29,730	22,201
Extraordinary repayments/redemptions/remortgaging	105,000	82,000	0
Expenses for raising subordinated loan capital	0	2,671	1,075
Expenses for redeeming subordinated loan capital	0	0	0

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

## Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	30.09.2020	30.09.2019	30.09.2020	30.09.2019
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### 12 Share capital

	Number of shares		Nominal value (DKK'000)	
Share capital, Sparekassen Sjælland-Fyn A/S	17,374,973	17,374,973	173,750	173,750
<b>Total</b>	<b>17,374,973</b>	<b>17,374,973</b>	<b>173,750</b>	<b>173,750</b>

	Number of shares	Nominal value (DKK'000)	Participation %
<b>Treasury shares</b>			
Treasury shares at 31.12.2018	9,265	93	0.1
Purchased	121,724	1,217	0.7
Sold	72,000	720	0.4
<b>Treasury shares at 30.09.2019</b>	<b>58,989</b>	<b>590</b>	<b>0.3</b>
<b>Treasury shares at 30.09.2020</b>			
Treasury shares at 31.12.2019	58,989	590	0.3
Purchased	0	0	0.0
Sold	0	0	0.0
<b>Treasury shares at 30.09.2020</b>	<b>58,989</b>	<b>590</b>	<b>0.3</b>

Total purchase price DKK 0 (Q1-Q3 2019: 11,325 t.kr.)

Total selling price DKK 0. (Q1-Q3 2019: 6,590 t.kr.)

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

Sparekassen has been authorised by the general meeting to acquire treasury shares for up to 2% of the share capital. Sparekassen has been permitted by the Danish FSA to acquire treasury shares for up to DKK 6m in market value in 2020.

# Notes

## Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	30.09.2020	30.09.2019
<b>12 Share capital (continued)</b>			
<b>Earnings per share</b>			
Earnings of shareholders of the Parent Sparekassen Sjælland-Fyn A/S		150,234	151,828
Average number of shares		17,374,973	17,374,973
Average number of treasury shares		58,989	34,127
<b>Average number of shares outstanding</b>		<b>17,315,984</b>	<b>17,340,846</b>
Average dilution effect of outstanding share options		0	0
Average number of outstanding shares (diluted)		17,315,984	17,340,846
Earnings per share (DKK)		8.7	8.8
Diluted earnings per shares (DKK)		8.7	8.8

## Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	30.09.2020	31.12.2019	30.09.2019
<b>13 Assets provided as collateral</b>				
Bonds deposited with Danmarks Nationalbank, clearing centres etc		1,163,411	1,138,504	1,143,735
Cash deposited with credit institutions, CSA agreements		22,965	22,696	26,196
Loss limit towards the Danish Growth Fund		260	262	291
<b>Total</b>		<b>1,186,636</b>	<b>1,161,462</b>	<b>1,170,222</b>

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 2020.

# Notes

Sparekassen Sjælland-Fyn A/S Group				
Note	Amounts in DKK'000	30.09.2020	31.12.2019	30.09.2019
<b>15</b>	<b>Contingent liabilities and assets</b>			
	Financial guarantees	260,134	233,270	2,354,795
	Mortgage finance guarantees	2,774,949	2,564,684	2,462,956
	Registration and remortgaging guarantees	23,022	72,014	77,157
	Other contingent liabilities	3,831,386	3,867,787	1,745,227
	<b>Total</b>	<b>6,889,491</b>	<b>6,737,755</b>	<b>6,640,135</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 Investeringsselskabet Sjælland-Fyn A/S and Leasing Fyn Faaborg A/S, Sparekassen Sjælland-Fyn A/S is jointly registered for VAT and payroll tax.

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				
Note	Amounts in DKK'000	30.09.2020	31.12.2019	30.09.2019
<b>15</b>	<b>Contingent liabilities and assets (continued)</b>			
	<b>Contingent assets, group</b>			
	Deferred tax assets, written down	70,369	85,264	97,633

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

# Notes

## Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	30.09.2020	31.12.2019	30.09.2019
<b>16 Capital resources <sup>1</sup></b>				
Equity excluding hybrid core capital		2,948,262	2,851,461	2,800,830
Intangible assets		-91,269	-91,323	-116,041
Tax assets		-159,011	-163,753	-163,029
Proposed dividend		0	-52,125	0
Deduction, capital instruments exceeding 10%		-252,779	-209,744	-215,007
Other deductions etc		-96,413	96,634	-74,975
<b>Common Equity Tier 1 capital</b>		<b>2,348,790</b>	<b>2,431,150</b>	<b>2,231,778</b>
Hybrid core capital		376,000	376,000	376,000
<b>Core capital (including hybrid core capital) net of primary deductions</b>		<b>2,724,790</b>	<b>2,807,150</b>	<b>2,607,778</b>
Supplementary capital		569,380	673,141	522,416
<b>Capital resources</b>		<b>3,294,170</b>	<b>3,480,291</b>	<b>3,130,194</b>
<b>Risk exposures</b>				
Credit risk		13,992,484	14,374,537	14,743,979
Market risk		1,276,755	1,112,212	1,781,449
Operational risk		1,912,923	1,856,049	1,856,049
<b>Total risk exposures</b>		<b>17,182,162</b>	<b>17,342,798</b>	<b>18,381,476</b>
Capital ratio		19.2	20.1	17.0
Core capital ratio		15.9	16.2	14.2
Common Equity Tier 1 capital ratio		13.7	14.0	12.1
Capital resources, requirement under Section 124(2) of the Danish Financial Business Act		1,374,573	1,387,424	1,470,518

<sup>1</sup> Sparekassen's capital resources and capital ratios have been calculated inclusive of the transitional scheme and exclusive of net profit for the period ended 30 September 2020 and 30 September 2019.

Had net profit for the period been included in capital resources, the capital ratio, core capital ratio and common equity tier 1 capital ratio would have been 1.6 percentage point higher. Distribution of dividend in 2021 has been suspended. (30 September 2019: Capital ratio, core capital ratio and common equity tier 1 capital ratio 0.8 percentage point higher).

Sparekassen applies the transitional scheme in the implementation of IFRS 9. The statistical element and the dynamic element which both permit Sparekassen to phase in the negative consequences of IFRS 9 into capital resources for a specified period.

## Sparekassen Sjælland-Fyn A/S Group

Note	Amounts in DKK'000	30.09.2020	31.12.2019	30.09.2019
<b>16 Capital resources <sup>1</sup> (continued)</b>				
Sparekassen applies the transitional scheme in the implementation of IFRS 9. Under the transitional scheme, Sparekassen may phase in the negative consequences of IFRS 9 into the capital resources over a five-year period.				
<b>Solvency capital elements calculated exclusive of transitional scheme <sup>2</sup></b>				
Common Equity Tier 1 capital		2,274,036	2,331,300	2,131,928
Core capital (including hybrid core capital) net of primary deductions		2,650,036	2,707,300	2,507,928
Capital resources		3,219,416	3,380,441	3,030,344
Total risk exposures		17,147,136	17,305,825	18,376,336
Capital ratio		18.8	19.5	16.5
Core capital ratio		15.5	15.6	13.6
Common Equity Tier 1 capital ratio		13.3	13.5	11.6

<sup>2</sup> Sparekassen's capital items have been calculated exclusive of the transitional scheme and net profit for the period ended 30 September 2020 and 30 September 2019.

Had net profit for the period been included in capital resources, the capital ratio, core capital ratio and common equity tier 1 capital ratio would have been 1.1 percentage point higher. (30 September 2019: Capital ratio, core capital ratio and common equity tier 1 capital ratio 0.8 percentage point higher).



# Notes

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

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

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

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

	30.09.2020		30.09.2019	
<b>Financial assets</b>				
Cash and balances on demand at central banks		434,602		455,967
Amounts owed by credit institutions and central banks		2,535,713		1,429,438
Loans and advances and other amounts owed at amortised cost		11,980,239		12,416,333
Bonds at fair value	7,889,873		6,718,859	
Shares etc	552,546		849,947	
Assets related to pooled plans	1,919,185		1,698,765	
Positive market value of derivatives	31,372		38,544	
<b>Total financial assets</b>	<b>10,392,976</b>	<b>14,950,554</b>	<b>9,306,115</b>	<b>14,301,738</b>
<b>Financial liabilities</b>				
Amounts owed to credit institutions and central banks		858,280		705,291
Deposits and other debt		19,419,401		18,224,145
Deposits in pooled plans	1,919,185		1,698,765	
Subordinated loan capital		569,380		522,416
Negative market value of derivatives	30,647		38,680	
<b>Total financial liabilities</b>	<b>1,949,832</b>	<b>20,847,061</b>	<b>1,737,445</b>	<b>19,451,852</b>

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

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

### Financial instruments recognised at fair value

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

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

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

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

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

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

# Notes

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

	30.09.2020			
<b>Financial assets</b>				
Bonds at fair value	7,889,873	0	0	7,889,873
Shares etc	41,000	466,904	44,642	552,546
Assets related to pooled plans	1,912,852	6,333	0	1,919,185
Derivatives	0	31,372	0	31,372
<b>Total financial assets</b>	<b>9,843,725</b>	<b>504,609</b>	<b>44,642</b>	<b>10,392,976</b>
<b>Financial liabilities</b>				
Deposits in pooled plans	0	1,919,185	0	1,919,185
Derivative financial liabilities	0	30,647	0	30,647
<b>Total financial liabilities</b>	<b>0</b>	<b>1,949,832</b>	<b>0</b>	<b>1,949,832</b>

	30.09.2019			
<b>Financial assets</b>				
Bonds at fair value	6,718,859	0	0	6,718,859
Shares etc	59,060	396,101	394,786	849,947
Assets related to pooled plans	1,690,658	8,107	0	1,698,765
Derivatives	0	38,544	0	38,544
<b>Total financial assets</b>	<b>8,468,577</b>	<b>442,752</b>	<b>394,786</b>	<b>9,306,115</b>
<b>Financial liabilities</b>				
Deposits in pooled plans	0	1,698,765	0	1,698,765
Derivative financial liabilities	0	38,680	0	38,680
<b>Total financial liabilities</b>	<b>0</b>	<b>1,737,445</b>	<b>0</b>	<b>1,737,445</b>

Note	Amounts in DKK'000	Sparekassen Sjælland-Fyn A/S Group	
		30.09.2020	30.09.2019

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

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

Carrying amount at beginning of period	216,507	382,871
Market value adjustment in profit or loss, under market value adjustments	-16,997	9,722
Purchased	13,638	77,847
Sold	168,506	75,654
<b>Carrying amount at end of period</b>	<b>44,642</b>	<b>394,786</b>

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 4.3m (30.09.2019: DKK 363.1m).

No financial instruments were transferred among the different levels. There are no financial instruments for which it has not been possible to measure fair value reliably. If the classification of a financial instrument has changed compared to the beginning of the financial period, such change is deemed to have taken place at the end of the financial period.

# Notes

## Sparekassen Sjælland-Fyn A/S Group

### Note

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

##### Financial instruments recognised at amortised cost

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

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

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

Note	Amounts in DKK'000	Carrying amount	Fair value	Carrying amount	Fair value
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#### 17 Financial assets and liabilities, Sparekassen Sjælland-Fyn A/S Group (continued)

##### Financial instruments recognised at amortised cost, disclosures on fair value

	30.09.2020		30.09.2019	
<b>Financial assets</b>				
Cash and balances on demand at central banks	434,602	434,602	455,967	455,967
Amounts owed by credit institutions and central banks	2,535,713	2,535,713	1,429,438	1,429,438
Loans and advances and other amounts owed at amortised cost	11,980,239	12,038,476	12,416,333	12,472,127
<b>Total financial assets</b>	<b>14,950,554</b>	<b>15,008,791</b>	<b>14,301,738</b>	<b>14,357,532</b>
<b>Financial liabilities</b>				
Amounts owed to credit institutions and central banks	858,280	858,280	705,291	705,291
Deposits and other debt	19,419,401	19,419,401	18,224,145	18,224,145
Subordinated loan capital	569,380	569,380	522,416	522,416
<b>Total financial liabilities</b>	<b>20,847,061</b>	<b>20,847,061</b>	<b>19,451,852</b>	<b>19,451,852</b>

## Income statement

		Sparekassen Sjælland-Fyn A/S (Parent)			
Note	Amounts in DKK'000	Q1-Q3 2020	Q1-Q3 2019	Q3 2020	Q3 2019
4	Interest income calculated using the effective interest method	400,245	396,727	137,168	133,250
4	Other interest income	39,032	47,906	12,578	19,357
5	Interest expenses	46,381	38,171	14,832	12,629
	<b>Net interest income</b>	<b>392,896</b>	<b>406,462</b>	<b>134,914</b>	<b>139,978</b>
	Dividends on shares etc	28,994	24,935	0	995
6	Fees and commission income	437,947	394,147	137,196	129,922
	Fees and commission expenses	11,394	12,811	3,886	3,761
	<b>Net interest and fee income</b>	<b>848,443</b>	<b>812,733</b>	<b>268,224</b>	<b>267,134</b>
7	Market value adjustments	12,256	-35,771	34,077	-15,224
	Other operating income	3,264	8,009	1,283	1,048
8	Staff costs and administrative expenses	517,149	517,182	171,954	172,727
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	44,670	68,888	15,119	28,330
	Other operating expenses	9,667	6,506	2,431	2,405
9	Impairment losses on loans and advances etc	145,902	26,204	31,785	16,518
	Profit/loss on investments in associates and group enterprises	31,965	21,581	5,430	12,443
	<b>Profit before tax</b>	<b>178,540</b>	<b>187,772</b>	<b>87,725</b>	<b>45,421</b>
	Income tax	10,011	17,638	3,892	1,316
	<b>Profit after tax</b>	<b>168,529</b>	<b>170,134</b>	<b>83,833</b>	<b>44,105</b>
	<b>Earnings per share</b>				
	Earnings per share (DKK)	8.7	8.8	4.5	2.2
	Diluted earnings per share (DKK)	8.7	8.8	4.5	2.2
	<b>Distributed as follows:</b>				
	Retained earnings (profit allocated to shareholders)	150,234	151,828	77,681	37,936
	Interest, hybrid core capital	18,295	18,306	6,152	6,169
	<b>Total</b>	<b>168,529</b>	<b>170,134</b>	<b>83,833</b>	<b>44,105</b>

## Statement of comprehensive income

		Sparekassen Sjælland-Fyn A/S (Parent)			
Note	Amounts in DKK'000	Q1-Q3 2020	Q1-Q3 2019	Q3 2020	Q3 2019
	<b>Profit for the period</b>	<b>168,529</b>	<b>170,134</b>	<b>83,833</b>	<b>44,105</b>
	<b>Other comprehensive income that may not be reclassified to profit or loss</b>				
	Fair value adjustment of properties	-1,480	0	0	0
	Tax related to fair value adjustment of properties	1	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	40	-346	18	-63
	- Tax on other comprehensive income	-9	76	-4	14
	<b>Total other comprehensive income</b>	<b>-1,448</b>	<b>-270</b>	<b>14</b>	<b>-49</b>
	<b>Total comprehensive income</b>	<b>167,081</b>	<b>169,864</b>	<b>83,847</b>	<b>44,056</b>

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

# Balance sheet at 30 September

Sparekassen Sjælland-Fyn A/S (Parent)				
Note	Amounts in DKK'000	30.09.2020	31.12.2019	30.09.2019
<b>Assets</b>				
	Cash and balances on demand at central banks	434,601	441,069	455,967
	Amounts owed by credit institutions and central banks	2,530,319	2,529,609	1,425,553
	Loans and other amounts owed at amortised cost	12,056,039	12,305,355	12,503,275
	Bonds at fair value	7,889,873	6,591,480	6,718,859
	Shares etc	552,546	693,719	849,947
	Investments in associates	147,102	10,194	35,194
	Investments in group enterprises	364,725	367,937	369,498
	Assets related to pooled plans	1,919,185	1,770,777	1,698,765
	Intangible assets	91,269	91,323	116,041
	Total land and buildings	161,339	188,899	209,922
	<i>Investment property</i>	3,198	6,258	6,305
	<i>Owner-occupied property</i>	158,141	182,641	203,617
	Other property, plant and equipment	31,273	34,151	35,792
	Current tax assets	17,339	1,705	8,222
	Deferred tax assets	150,328	155,070	152,966
	Other assets	218,534	186,892	327,909
	Prepayments	67,739	66,654	76,002
	<b>Total assets</b>	<b>26,632,211</b>	<b>25,434,834</b>	<b>24,983,912</b>

Sparekassen Sjælland-Fyn A/S (Parent)				
Note	Amounts in DKK'000	30.09.2020	31.12.2019	30.09.2019
<b>Equity and liabilities</b>				
<b>Liabilities other than provisions</b>				
	Amounts owed to credit institutions and central banks	857,158	524,210	704,010
	Deposits and other debt	19,484,545	18,762,345	18,276,727
	Deposits in pooled plans	1,919,185	1,770,777	1,698,765
	Other liabilities	337,611	379,406	499,892
	Deferred income	18,100	11,391	16,200
	<b>Total liabilities other than provisions</b>	<b>22,616,599</b>	<b>21,448,129</b>	<b>21,195,594</b>
<b>Provisions</b>				
	Provisions for losses on guarantees etc	82,011	64,795	67,452
	Other provisions	29,972	11,416	11,624
	<b>Total provisions</b>	<b>111,983</b>	<b>76,211</b>	<b>79,076</b>
	<b>Subordinated loan capital</b>	<b>569,380</b>	<b>673,141</b>	<b>522,416</b>
<b>Equity</b>				
	Share capital	173,750	173,750	173,750
	Revaluation reserves	1,407	2,886	2,882
	Undistributable savings bank reserve, other reserves	561,378	561,378	561,378
	Retained earnings	2,211,727	2,113,447	2,062,818
	<b>Total equity exclusive of hybrid core capital</b>	<b>2,948,262</b>	<b>2,851,461</b>	<b>2,800,830</b>
	Hybrid core capital	385,987	385,892	385,998
	<b>Total equity</b>	<b>3,334,249</b>	<b>3,237,353</b>	<b>3,186,828</b>
	<b>Total equity and liabilities</b>	<b>26,632,211</b>	<b>25,434,834</b>	<b>24,983,912</b>

# Statement of changes in equity

		Sparekassen Sjælland-Fyn A/S (Parent)								
Note	Amounts in DKK'000	Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument <sup>1</sup>	Dividend	Retained earnings	Total equity exclusive of hybrid core capital	Hybrid core capital	Total equity
	<b>Equity at 1.1.2020</b>	<b>173,750</b>	<b>2,886</b>	<b>561,378</b>	<b>-240</b>	<b>52,125</b>	<b>2,061,564</b>	<b>2,851,461</b>	<b>385,892</b>	<b>3,237,353</b>
	Profit for the period	0	0	0	0	0	150,234	150,234	18,295	168,529
	<b>Other comprehensive income</b>									
	Fair value adjustment of owner-occupied property	0	-1,480	0	0	0	0	-1,480	0	-1,480
	Fair value adjustment of financial instruments entered into to hedge future cash flows:									
	Value adjustment for the period	0	0	0	40	0	0	40	0	40
	Tax on other comprehensive income	0	1	0	-9	0	0	-8	0	-8
	<b>Total other comprehensive income</b>	<b>0</b>	<b>-1,479</b>	<b>0</b>	<b>31</b>	<b>0</b>	<b>0</b>	<b>-1,448</b>	<b>0</b>	<b>-1,448</b>
	<b>Comprehensive income for the period</b>	<b>0</b>	<b>-1,479</b>	<b>0</b>	<b>31</b>	<b>0</b>	<b>150,234</b>	<b>148,786</b>	<b>18,295</b>	<b>167,081</b>
	Purchase of treasury shares	0	0	0	0	0	0	0	0	0
	Sale of treasury shares	0	0	0	0	0	0	0	0	0
	Dividends paid	0	0	0	0	-52,125	138	-51,987	0	-51,987
	Interest paid on hybrid core capital	0	0	0	0	0	0	0	-18,200	-18,200
	<b>Equity at 30.09.2020</b>	<b>173,750</b>	<b>1,407</b>	<b>561,378</b>	<b>-209</b>	<b>0</b>	<b>2,211,936</b>	<b>2,948,262</b>	<b>385,987</b>	<b>3,334,249</b>

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



# Statement of changes in equity

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

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

# Notes

## Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'm	Q1-Q3 2020	Q1-Q3 2019	Financial year 2019
<b>1</b>	<b>Financial highlights</b>			
	<b>Principal items of income statement</b>			
	Net interest income	393	406	540
	Net interest and fee income	848	813	1,089
	Market value adjustments	12	-36	-28
	Staff costs and administrative expenses	517	517	708
	Amortisation, depreciation and impairment losses on assets	45	69	98
	Impairment losses on loans and advances etc	146	26	28
	Profit on investments in associates and group enterprises	32	22	20
	Income tax	10	18	18
	Profit for the period	169	170	227
	<b>Principal items of balance sheet</b>			
	Loans and advances	12,056	12,503	12,305
	Securities portfolio	8,442	7,569	7,285
	Deposits including pooled deposits	21,404	19,976	20,533
	Subordinated loan capital	569	522	673
	Equity	3,334	3,187	3,237
	Total assets	26,632	24,984	25,435

## Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'm	Q1-Q3 2020	Q1-Q3 2019	Financial year 2019
	<b>Financial ratios</b>			
	Capital ratio <sup>5</sup>	19.2	16.9	19.9
	Core capital ratio <sup>5</sup>	15.9	14.1	16.1
	Return on equity before tax	5.4	6.0	7.7
	Return on equity after tax	5.1	5.4	7.2
	Operating income over operating expenses	1.25	1.30	1.29
	Interest rate risk relative to core capital net of deductions	1.1	2.2	0.0
	Currency position relative to core capital net of deductions	1.8	1.0	0.6
	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	59.2	66.2	63.0
	Loans and advances relative to equity	3.6	3.9	3.8
	Growth in loans and advances for the period	-2.0	2.2	0.5
	Liquidity, LCR	387	277	335
	Total large exposures (<175 %)	84.3	84.8	76.2
	Impairment ratio for the period	0.6	0.1	0.1
	Accumulated impairment ratio <sup>1</sup>	3.6	4.0	3.5
	Return on capital employed	0.6	0.7	0.9
	Earnings per share (DKK) <sup>3</sup>	8.7	8.8	11.7
	Dividend per share (DKK)	0.0	0.0	3.0
	Book value per share (DKK) <sup>2</sup>	170.3	161.7	164.7
	Price/earnings per share <sup>3</sup>	9.2	10.2	7.7
	Price/equity per share <sup>2</sup>	0.5	0.6	0.5
	Share price at end of period	80.2	89.6	89.6
	<b>Staff</b>			
	Average number of employees for the period converted into full-time employees <sup>3</sup>	559	595	587

<sup>1</sup> 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 the end of the 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> 30 September 2020 and 30 September 2019 amounts have been calculated exclusive of profit for the period.

# Notes

## 2 Summary of significant accounting policies

The Interim Report for Q1-Q3 2020 has been presented in accordance with IAS 34. The presentation of interim financial statements is consistent with EU provisions 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 remain unchanged with respect to those applied in the presentation of the consolidated financial statements for 2019.

Sparekassen's 2019 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/regnskab](http://www.spks.dk/om/regnskab)

## 3 Significant accounting judgements and estimates, assumptions and uncertainties

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, and 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 the year as those used to prepare the consolidated financial statements for 2019.

# Notes

## Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'000	Q1-Q3 2020	Q1-Q3 2019
<b>4</b>	<b>Interest income</b>		
	Credit institutions and central banks	432	385
	Loans and advances and other amounts owed	359,175	388,070
	Negative interest income on credit institutions and central banks	40,348	7,833
	Bonds	19,693	32,332
	Total derivatives	19,339	15,574
	Thereof: - Interest rate contracts	19,939	17,022
	- Foreign exchange contracts	-600	-1,448
	Other interest income	290	439
	<b>Total interest income</b>	<b>439,277</b>	<b>444,633</b>
<b>5</b>	<b>Interest expenses</b>		
	Credit institutions and central banks	412	428
	Negative interest expenses on deposits and other debt	9,979	4,138
	Deposits and other debt	8,731	8,981
	Subordinated loan capital	25,351	22,201
	Other interest expenses	1,908	2,423
	<b>Total interest expenses</b>	<b>46,381</b>	<b>38,171</b>
<b>6</b>	<b>Fees and commission income</b>		
	Securities trading and custody accounts	61,339	45,189
	Payment services	41,410	47,286
	Loan fees	44,629	38,462
	Guarantee commission	148,840	135,497
	Custody services	44,974	43,825
	Other fees and commissions	96,755	83,888
	<b>Total fees and commission income</b>	<b>437,947</b>	<b>394,147</b>

## Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'000	Q1-Q3 2020	Q1-Q3 2019
<b>7</b>	<b>Market value adjustments</b>		
	Bonds	-25,024	-36,626
	Shares	28,334	15,573
	Investment property	-632	9
	Foreign exchange	9,297	6,350
	Currency, interest rate, share, commodity and other contracts and derivatives	281	-21,077
	Assets related to pooled plans	-69,860	137,046
	Deposits in pooled plans	69,860	-137,046
	<b>Total market value adjustments</b>	<b>12,256</b>	<b>-35,771</b>
<b>8</b>	<b>Staff costs and administrative expenses</b>		
	<b>Remuneration of the Board of Directors and Executive Board</b>		
	Board of Directors and Executive Board	12,540	10,601
	<b>Total</b>	<b>12,540</b>	<b>10,601</b>
	<b>Staff costs</b>		
	Wages and salaries	251,718	263,602
	Pension contributions	28,220	29,101
	Social security expenses	41,552	43,001
	<b>Total staff costs</b>	<b>321,490</b>	<b>335,704</b>
	<b>Other administrative expenses</b>	<b>183,119</b>	<b>170,877</b>
	<b>Total staff costs and administrative expenses</b>	<b>517,149</b>	<b>517,182</b>

1 The number of members of the Executive Board was increased from two to three effective from 1 April 2019.

# Notes

## Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'000	30.09.2020	30.09.2019
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## 9 Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account)

### Stage 1 impairment

Balance of stage 1 impairment losses at beginning of period	53,875	57,590
New impairment losses (net)	78,748	8,557
<b>Balance of stage 1 impairment losses at end of period</b>	<b>132,623</b>	<b>66,147</b>

- Of which amounts owed by credit institutions and central banks	1	1
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### Stage 2 impairment

Balance of stage 2 impairment losses at beginning of period	98,318	104,699
New impairment losses (net)	16,829	-17,276
<b>Balance of stage 2 impairment losses at end of period</b>	<b>115,147</b>	<b>87,423</b>

- Of which amounts owed by credit institutions and central banks	273	287
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### Stage 3 impairment

Balance of stage 3 impairment losses at beginning of period	479,443	814,534
New impairment losses (net)	24,695	37,051
Other changes	18,000	22,100
Previously written down, now finally written off	149,403	299,434

<b>Balance of stage 3 impairment losses at end of period</b>	<b>372,735</b>	<b>574,251</b>
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- Of which amounts owed by credit institutions and central banks	0	0
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## Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'000	30.09.2020	30.09.2019
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## 9 Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account) (continued)

### Provisions losses for guarantees and undrawn credit facilities

Balance of provisions at beginning of year	73,252	67,183
New provisions (net)	36,832	9,245
Previously provided for, now finally written off	0	719

<b>Balance of provisions at end of period</b>	<b>110,084</b>	<b>75,709</b>
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### Total

Balance of impairment losses/provisions at beginning of period	704,888	1,044,006
Impairment losses/provisions for the period (net)	157,104	37,577
Other changes	18,000	22,100
Finally written off, previously written down/provided for	149,403	300,153

<b>Balance of impairment losses/provisions at end of period</b>	<b>730,589</b>	<b>803,530</b>
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Impairment losses/provisions for the period (net)	157,104	37,577
Written off, not previously written down/provided for	9,433	10,268
Recovery of claims previously written off	20,635	21,641

<b>Total recognised in the income statement</b>	<b>145,902</b>	<b>26,204</b>
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# Notes

## Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'000	30.09.2020	31.12.2019	30.09.2019
<b>10</b>	<b>Assets provided as collateral</b>			
	Bonds deposited with Danmarks Nationalbank, clearing centres etc	1,163,411	1,138,504	1,143,735
	Cash deposited with credit institutions, CSA agreements	22,965	22,696	26,196
	Loss limit towards the Danish Growth Fund	260	262	291
	<b>Total</b>	<b>1,186,636</b>	<b>1,161,462</b>	<b>1,170,222</b>

Unencumbered deposited securities may be released at call.

## Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'000	30.09.2020	31.12.2019	30.09.2019
<b>11</b>	<b>Capital resources<sup>1</sup></b>			
	Equity excluding hybrid core capital	2,948,262	2,851,461	2,800,828
	Intangible assets	-91,269	-91,323	-116,041
	Tax assets	-150,328	-155,070	-152,966
	Proposed dividend	0	-52,125	0
	Deduction, capital instruments exceeding 10%	-251,688	-208,672	-213,826
	Other deductions etc	-94,190	98,678	-73,221
	<b>Common Equity Tier 1 capital</b>	<b>2,360,787</b>	<b>2,442,949</b>	<b>2,244,774</b>
	Hybrid core capital	376,000	376,000	376,000
	<b>Core capital (including hybrid core capital) net of primary deductions</b>	<b>2,736,787</b>	<b>2,818,949</b>	<b>2,620,774</b>
	Supplementary capital	569,380	673,141	522,416
	<b>Capital resources</b>	<b>3,306,167</b>	<b>3,492,090</b>	<b>3,143,190</b>
	<b>Risk exposures</b>			
	Credit risk	14,093,649	14,610,040	14,960,081
	Market risk	1,276,842	1,112,309	1,781,692
	Operational risk	1,879,639	1,805,486	1,805,485
	<b>Total risk exposures</b>	<b>17,250,130</b>	<b>17,527,835</b>	<b>18,547,258</b>
	Capital ratio	19.2	19.9	16.9
	Core capital ratio	15.9	16.1	14.1
	Common Equity Tier 1 capital ratio	13.7	13.9	12.1
	Capital resources, requirement under Section 124(2) of the Danish Financial Business Act	1,380,010	1,402,227	1,483,781

<sup>1</sup> Sparekassen's capital resources and capital ratios have been calculated inclusive of the transitional scheme and exclusive of net profit for the period ended 30 September 2020 and 30 September 2019.

Had net profit for the period been included in capital resources, the capital ratio, core capital ratio and common equity tier 1 capital ratio would have been 1.6 percentage point higher. Distribution of dividend in 2021 has been suspended. (30 September 2019: Capital ratio, core capital ratio and common equity tier 1 capital ratio 0.8 percentage point higher).



# Notes

## Sparekassen Sjælland-Fyn A/S (Parent)

Note	Amounts in DKK'000	30.09.2020	31.12.2019	30.09.2019
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### 11 Capital resources <sup>1</sup> (continued)

Sparekassen applies the transitional scheme in the implementation of IFRS 9. Under the transitional scheme, Sparekassen may phase in the negative consequences of IFRS 9 into the capital resources over a five-year period.

#### Solvency capital elements calculated exclusive of transitional scheme <sup>2</sup>

Common Equity Tier 1 capital	2,286,032	2,343,099	2,144,924
Core capital (including hybrid core capital) net of primary deductions	2,662,032	2,719,099	2,520,924
Capital resources	3,231,413	3,392,240	3,043,340
Total risk exposures	17,218,439	17,494,197	18,549,871
Capital ratio	18.8	19.4	16.4
Core capital ratio	15.5	15.5	13.6
Common Equity Tier 1 capital ratio	13.3	13.4	11.6

<sup>2</sup> Sparekassen's capital items have been calculated exclusive of the transitional scheme and net profit for the period ended 30 September 2020 and 30 September 2019.

Had net profit for the period been included in capital resources, the capital ratio, core capital ratio and common equity tier 1 capital ratio would have been 1.1 percentage point higher. (30 September 2019: Capital ratio, core capital ratio and common equity tier 1 capital ratio 0.8 percentage point higher).

