



Q1-Q3 2018 Interim Report



SPAREKASSEN
SJÆLLAND-FYN

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

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

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Q1-Q3 2018 highlights

Satisfactory earnings – net profit of DKK 173.6m

We consider the profit realised for Q1-Q3 2018 satisfactory. Both costs and income have developed according to budget.

This performance relies on a continuation of the positive and controlled growth and is attributable to the net inflow of customers and a sustainably satisfactory level of activities with our existing customers.

Net interest and fees stand at DKK 752.2m and are so on a par with the same period last year.

At financial period end, the net amount of the year's losses and impairment losses on loans and advances etc can be calculated at DKK 10.9m, which is at a historical low and a healthy margin within the maximum level of impairment losses for the year that was expected at the onset of the year.

Market value adjustments contributed positively by DKK 34.0m, consisting primarily of gains on Sparekassen's sector shares.

Full focus on the strategic plan

As stated on page 15, we see a positive development in the loan book. In recent years,

there has been a massive reduction in the share of weak customers and customers subject to impairment. It is the combination of a targeted risk-reducing credit strategy followed over a number of years, positive market trends and not least Sparekassen's overarching business model with focus on local presence that form the foundation for this positive development.

After the completed share issue this spring, all efforts of the organisation have now been put into realising the objective of improving efficiency by DKK 100m before the end of 2021. The execution is running according to plan, and a number of initiatives have been implemented in Q3, and, all things being equal, this will contribute to increasing income with full effect from 2019.

Optimisation of the cost base is being analysed with the clear aim that total costs relative to the current business and branch structure and without any future unforeseen extraordinary non-recurring costs will peak in 2018.

Lars Petersson
Chief Executive
Officer

Bruno Riis-Nielsen
Executive Officer
of the Savings Bank

DKK 173.6m

Net profit provides an annual 8.6% return on opening equity

DKK 10.9m

Impairment losses on loans and advances still at a historical low at the end of Q3.

DKK 35.7bn

Business volume has gone up by 5.8% on the same date last year, thereof deposits are up by 8.1% in total, and loans and advances by 5.7%.

Benchmarks

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

DKK 35m

Overall, the conversion of the subordinated loan capital as announced in Company announcement no 14/2018 results in annual interest expense savings in the region of DKK 35m, with full effect from 2019.

16.8%

The capital ratio is 16.8%. Had net profit for the period, reduced by the maximum dividend paid in accordance with the dividend policy, been included in capital resources, the capital ratio would be 17.7%. The calculation of the capital ratio includes the effect of future repayments of hybrid core capital (DKK 520m) and supplementary capital (DKK 118m) totaling DKK 638m at 31 October 2018, as stated in Company announcement no 15/2018.

Financial highlights

Sparekassen Sjælland-Fyn A/S (Group)

Amounts in DKK'000	30.09. 2018	30.09. 2017	Index	31.12. 2017
Resultatposter				
Net interest and fee income	752,159	756,569	99	999,175
Translation and market value adjustments	34,019	37,277	91	42,994
Other operating income	12,494	15,220	82	31,051
Staff costs and administrative expenses	546,425	504,788	108	691,393
Impairment losses on loans and advances etc	10,912	22,551	48	33,440
Investments in associates and group enterprises	887	-554	-	2,618
Profit before tax	192,223	224,411	86	273,148
Profit after tax	173,626	204,584	85	257,273

Sparekassen Sjælland-Fyn A/S (Group)

Amounts in DKK'000	30.09. 2018	30.09. 2017	Index	31.12. 2017
Loans and advances etc	12,014,188	11,371,107	106	11,680,562
Deposits	17,368,767	16,370,269	106	16,589,332
Deposits in pooled plans	1,192,245	802,252	149	905,222
Total deposits	18,561,012	17,172,521	108	17,494,554
Subordinated loan capital	531,620	353,174	151	402,848
Equity	3,588,226	2,739,830	131	2,812,413
Balance sheet total	23,529,028	20,954,084	112	21,487,163
Capital resources	2,891,116	2,462,320	117	2,767,203
Total business volume (loans and advances, deposits and guarantees)	35,660,435	33,690,690	106	34,388,240

Sparekassen Sjælland-Fyn A/S (Group)

	30.09. 2018	30.09. 2017	Index	31.12. 2017
Financial ratios				
Capital ratio ¹	16.8	14.6	115	16.3
Core capital ratio ¹	14.4	12.6	114	14.0
Common equity tier 1 capital ratio ¹	12.5	9.7	129	10.7
Return on equity before tax ²	6.1	8.4	73	10.1
Return on equity after tax ²	5.5	7.7	71	9.5
Operating income over operating expenses	1.32	1.38	96	1.34
Interest rate risk relative to core capital net of deductions	0.0	1.1	-	1.1
Currency position relative to core capital net of deductions	0.5	0.3	167	0.7
Currency risk relative to core capital net of deductions	0.0	0.0	0	0.0
Loans and advances plus loan impairment losses relative to deposits	70.2	71.5	98	72.2
Loans and advances relative to equity	3.3	4.2	79	4.2
Growth in loans and advances for the period	4.1	8.6	48	11.5
Liquidity benchmark (new benchmark)	268.0	-	-	-
Excess cover relative to statutory liquidity requirements	269.6	218.8	123	216.6
Total large exposures (new benchmark)	99.9	131.7	76	126.8
Total large exposures relative to capital resources	0.0	11.4	-	0.0
Impairment ratio for the period	0.1	0.1	100	0.2
Accumulated impairment ratio ³	5.9	5.6	105	5.6
Return on capital employed	0.8	1.0	80	1.2
Earnings per share (DKK) ⁴	7.1	12.6	56	15.5
Dividend per share (DKK)	-	-	-	-
Book value per share (DKK) ⁵	154.0	169.0	91	170.9
Price/earnings per share for the period ⁴	14.0	10.0	140	7.4
Price/equity per share ⁵	0.7	0.8	88	0.7
Share price at end of period	100.0	126.5	79	114.5
Employees				
Average number of employees for the period converted into full-time employees	613	578	106	585

1 The 30 September 2018 figure has been calculated exclusive of profit for the period whereas the 30 September 2017 figure has been calculated exclusive of the Q3 profit.

2 Calculation according to the Danish Executive Order on Financial Reports (average equity)

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

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

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

Quarterly financial highlights

Sparekassen Sjælland-Fyn A/S (Group)

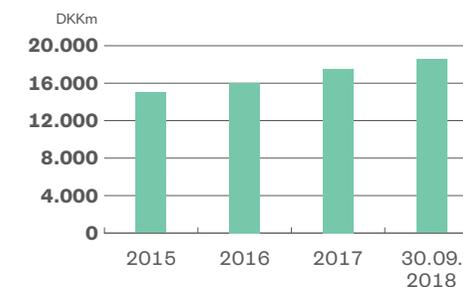
Amounts in DKKm	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Core earnings					
Net interest income	133.1	136.4	129.0	138.7	137.2
Dividends on shares	2.3	16.1	5.2	1.3	15.0
Net fees and commission income	102.4	109.8	117.9	102.7	102.9
Other operating income, ordinary	4.9	3.6	3.9	3.6	3.5
Other operating expenses, ordinary	3.8	2.1	2.7	1.8	4.6
Core income	238.9	263.8	253.3	244.5	254.0
Staff costs and administrative expenses	184.3	186.5	175.6	181.5	170.5
Core earnings	54.6	77.3	77.7	63.0	83.5

Sparekassen Sjælland-Fyn A/S (Group)

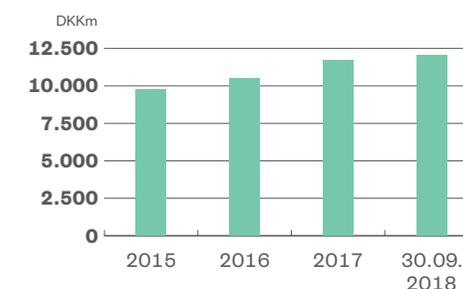
Amounts in DKKm	Q3 2018	Q2 2018	Q1 2018	Q4 2017*	Q3 2017
Deposits inclusive of pooled plans	18,561	18,562	17,820	17,495	17,173
Loans and advances etc	12,014	12,022	11,642	11,540	11,371
Balance sheet total	23,529	23,362	21,704	21,378	20,954
Business volume	35,660	35,866	34,224	34,248	33,691
Custody accounts	10,439	10,388	10,776	11,077	11,123
Equity	3,588	3,531	2,784	2,703	2,740
Return on opening equity of quarter, profit after tax (% p.a.)	6.5	5.1	11.9	7.7	10.2

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

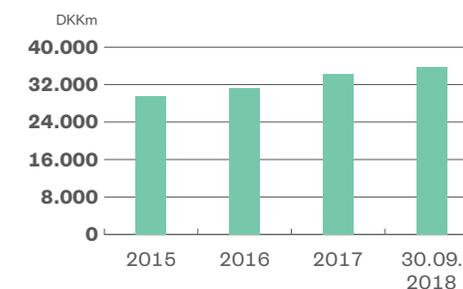
Deposits



Loans and advances



Business volume



Sparekassen Sjælland-Fyn A/S – in brief

Sparekassen's net profit stands at DKK 173.6m

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

49 branches and 4 corporate customer centres

on Zealand and Funen

613 staff

>160,000 customers



Management commentary

Satisfactory earnings – net profit of DKK 173.6m. Improvement of credit quality continues to generate historically low impairment losses of DKK 10.9m. Satisfactory growth of just under 6% in business volume produced by higher activity with our current customers and continued momentum in customer inflow.

Performance from Q3 2018

Sparekassen can look back on a pre-tax profit of DKK 192.2m and a net profit of DKK 173.6m. Both costs and income are within budget. Seen in isolation, Q3 too performed satisfactorily with a net profit of DKK 57.8m. Both interest income and fees and commission income are on a par with last year. The increase in interest expenses has primarily been caused by the placement of excess liquidity with Danmarks Nationalbank.

Interest and fee income

Interest income totals DKK 450.0m for the period, which is largely on a par with the amount at the same time in 2017. Without any essential changes in the market and housing loan interest rates, Sparekassen can still place its large excess liquidity at low interest margins. This results in an unchanged level of earnings from bond yields and, because of an increasing excess

liquidity, a continued increase in costs for placing liquidity with Danmarks Nationalbank. At the end of Q3, these costs had run into DKK 10.7m compared to DKK 5.2m at the same time last year.

Fee and commission income has largely developed consistently with customer activities, which has been carried by the inflow of new customers and the demand for service products and advisory services from current customers. The income statement item stands at DKK 344.0m, which is an increase of DKK 3.1m on last year.

As a natural element of our conduct of business, we keep an eye on movements in the market prices of financial services but of course also on the production costs that the servicing of the individual customers may involve.

This has paved the way for a number of adjustments of interest rates and prices that will strengthen our earnings effective from 2019 and so help fulfil the financial objectives of the strategic plan.

Translation and market value adjustments

Translation and market value adjustments for the period are composed of positive gains on shares, primarily from Sparekassen's portfolio of sector shares whereas the contribution from the portfolio of bonds and interest-rate hedging instruments is negative.

Costs

Staff costs and administrative expenses are developing according to budget. Staff costs have gone up to DKK 332.2m against DKK 302.9m for the same period last year. Other administrative expenses now amount to DKK 205.3m compared to DKK

189.2m last year. The latter figure includes one-off expenses for Sparekassen's branding campaign in the order of DKK 2.5m.

Impairment losses on loans and advances etc

As has been the case after the recent quarters, Sparekassen has been able to determine yet another historically low level for impairment losses on loans and advances etc. At the end of Q3, they amount to DKK 10.9m compared to DKK 22.6m for the same period last year. Seen in isolation for Q3, impairment losses amount to DKK 6.5m.

When incurring new loan exposures, there is ongoing focus on ensuring that their credit quality is sufficiently high as well as in the management of existing loan exposures. The development in the quality of Sparekassen's loan portfolio in recent years is evident from the table on page 15. Contributing factors to this positive

development and the historically low level of losses and impairment losses on loans and advances are, besides the targeted credit rating, the current positive economic trends with high employment, low-rate housing loans and a stably increasing housing market, not least in the provincial towns of Zealand and to some degree Funen.

Because of the hot summer with drought-like conditions, the agricultural sector has come into the spotlight because of the fear of a negative spill-over effect from increasing feed prices along with crop yields that are 30-40% below normal. This extraordinary climatic situation may affect many in the agricultural sector and may emerge in the short as well as the long term.

Sparekassen's exposures in the agricultural sector are considered quite robust, however, out of prudence, Management has decided to make a DKK 10m provision in management estimates in collective impairment losses.

Business volume

The business volume stands at DKK 35.7bn against DKK 33.7bn at the same time in 2017. This is an increase of almost 6%. In the period, the deposits balance increases by 8.1%, the balance of loans and advances by 5.7% whereas the guaranteed sums decrease slightly by 1.2%. Credit arrangements of loans through Totalkredit and

DLR have seen a very satisfactory increase of DKK 2.8bn totalling DKK 35.4bn.

Capital resources

As part of the strategic plan, strengthening and optimisation of capital resources have also been in focus. This spring's successful share issue has contributed considerably to meeting the objectives of the strategic plan New Ways.

In Q4, yet another considerable part of the optimisation plan for capital resources will be implemented when old subordinated capital instruments are repaid resulting in considerable interest savings.

After the balance sheet date and as part of the long-term capital plans, Sparekassen has decided to examine the possibility of issuing supplementary capital and hybrid core capital totalling DKK 82m.

Focus on the New Ways strategy

Sparekassen will continue to have full focus on the strategic plan New Ways. This will continue to be demonstrated in the years ahead through a wide range of initiatives, all of which aim to strengthen the development of a strong savings bank.

With the four financial benchmarks for Sparekassen's development, growth, improved earnings and solid and trimmed capital resources will be the basic elements of Sparekassen's development.

The positive effect of this will be felt by the shareholders and Sparekassen's other stakeholders.

Expectations for the rest of 2018

Sparekassen expects a continued positive business development, which was also reflected in previous earnings announcements.

Sparekassen's agricultural sector exposures are basically solid, but the summer's drought still leaves some uncertainty about the effect on the individual farmer and thus potentially on some of Sparekassen's customers. As stated, we have already made provisions in this respect and also have room for further provisions within the announced expectations for write-down for impairment for the year.

With a pre-tax profit of DKK 192.2m at the end of Q3, Sparekassen is within the earnings expectations announced for the financial year to range between DKK 215m and DKK 245m, which were updated in company announcement no 5/2018 dated 21 March 2018.

Lars Petersson
Chief Executive
Officer

Bruno Riis-Nielsen
Executive Officer
of the Savings Bank

New Ways – Sparekassen’s strategy project towards 2021

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



1 Increased efficiency

This financial ratio reflects efficiency and it is stated as the ratio of staff costs and administrative expenses to business volume, with business volume being calculated as a simple average of opening and closing amounts of the financial period. In interim statements, the ratio is annualised by multiplying it by 2. The ratio is calculated in per cent.

It is Sparekassen's objective to have the development in efficiency reduce the ratio to 1.75% by the end of 2021 at the latest. This is equivalent to an efficiency improvement of 15%, which in an arithmetical example is equal to DKK 100m using 30 September 2017 figures.

To make sure that this objective for the ratio is met by the end of 2021, Sparekassen has set up an internal dedicated unit with relevant competencies to focus on efficiency improvements, not least by using new and improved IT solutions. The first effects of this work will be implemented in Q3 2018 and will involve around 100,000 in saved tasks, which combined are estimated to be 7 man years.

The calculated financial ratio at 30 June 2018 is 2.07%
The calculated financial ratio at 30 Sept. 2018 is 2.08%

2 Solid profitability

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

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

In interim statements, the ratio is annualised by multiplying it by 2. The ratio is calculated in per cent.

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

The calculated ratio at 30 June 2018 is 7.4%.

The calculated ratio at 30 September 2018 is 7.4%.

3 High operating income over operating expenses

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

It is Sparekassen's objective to optimise the income/cost ratio DKK considerably in the years ahead. Realising the objective will lead to a substantial improvement of ordinary profit before impairment losses and translation and market value adjustments. Expectations are that the ambitious objective will be realised through a combination of the following elements:

- 1) Strong focus on efficiency measures so as to be able to handle more business with the same amount or a reduced amount of resources.
- 2) Tight cost control to utilise savings potential, including savings through procurement optimisations and administrative efficiency improvements.
- 3) Optimisation of the earnings potential of business activities. Some initiatives have already been identified. They will be implemented in H2 2018 and have full impact on earnings from, and be included in the earnings guidance, for 2019.
- 4) Increase in income because of an expected rise in the total business volume resulting from the much stronger distribution power now in place through the establishment of a number of new private customer branches, the addition of staff to the asset management area as well as the opening of four corporate customer centres. These quite considerable investments have been completed and have had a relatively higher effect on costs than on income in the preceding periods. In the years ahead, the aim is that these investments will produce a satisfactory additional return.

The calculated financial ratio at 30 June 2018 is DKK 1.31.

The calculated financial ratio at 30 Sept. 2018 is DKK 1.28.

4 A strong foundation

This financial ratio reflects the amount of common equity tier 1 capital and capital resources, respectively, relative to risk-weighted items. The calculations are evident from the financial statements and are stated in per cent. The financial ratios have been improved following the capital transactions planned and performed for the year. Prospectively, the capital ratios will be strengthened through current earnings (retained earnings).

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

The financial ratios can be calculated at 12.5% (common equity tier 1 capital) and 16.8% (capital ratio) at 30 Sept. 2018.

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

Refer also to page 16 – Subsequent events.

The seven paths

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



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

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



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

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



Path 3 We must realise the digital potential

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



Path 4 We need to train to create more business

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



Path 5 We need to optimise our systems and processes

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



Path 6 Our data must be used to improve business

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



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

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

Financial review

Q1-Q3 2018

Income statement

Income

Net interest

Net interest income amounts to DKK 398.5m against DKK 403.8m in the same period last year. The development is still affected by the generally low interest rate levels, the actual demand from the customers and partly by the competitive situation, but also by increasing interest expenses of placing surplus liquidity with Danmarks Nationalbank.

When looking primarily at net interest income from customer-oriented deposit and loan activities, this can be calculated at DKK 408.8m this year against DKK 410.4m last year. This continued stabilisation of developments is satisfactory and is attributable, for example, to the increase in the balance of loans and advances.

Other primary elements in the calculation of total net interest income consist of minor savings on subordinated loan capital. The liquidity surplus has been growing as a

result of a rising deposits surplus and has also been affected by cash from the capital transactions, share issue and earnings. The repayment of supplementary and hybrid capital totalling DKK 638m during Q4 will partly reduce the interest expense relating to these capital instruments, partly reduce the surplus liquidity and thus probably reduce the interest expenses of deposits with Danmarks Nationalbank.

Dividends

Sparekassen's dividends on shares primarily arise from the co-ownership of sector companies. DKK 23.6m in dividends was received during the financial period compared to DKK 26.1m last year.

Fees and commission income

Sparekassen's fees and commission income are developing positively and, overall, have increased to DKK 330.1m from DKK 326.7m. The development in fees follows the development in production costs calculated by Sparekassen in connection with servicing and advising of customers and, in particular, the increased activity with existing and new customers primarily within housing finance.

Translation and market value adjustments

The result of translation and market value adjustments has developed almost as expected. With the continued development in interest rates, a small capital loss of DKK 11.2m was observed compared to an average bond portfolio of DKK 5.5bn. Share portfolios generated a profit of DKK 55.4m against DKK 15.1m in the same period in 2017. The increase primarily arises from Sparekassen's shares in BI Holding (BankInvest), which through an adjustment of the valuation principles extraordinarily resulted in a revaluation of the values of approx. DKK 35m.

Moreover, a value adjustment was made to investment properties, which are continuously subject to real estate agents' assessments, and which has resulted in impairment losses of DKK 7.5m. Total translation and market value adjustments, which also include the result of currency transactions and the result of derivative financial hedging instruments, reach a positive amount of DKK 34m.

Other operating income

Other operating income is primarily made up of rent from leasehold premises in owner-occupied and investment properties as well as sales of non-current assets. Total other operating income amounts to DKK 12.5m against DKK 15.2m for the same period last year.

Costs

Staff costs and administrative expenses

Staff costs and administrative expenses are still within the budget limits approved. The implementation of Sparekassen's strategic plan with the opening of new branches, strengthening of staff functions and advisory competences in the branches as well as the general payroll and price development in the period results in a total cost calculation of DKK 546.4m against DKK 504,8m for the same period last year. The expansion of the branch network has now been completed.

Administrative expenses also include costs for the development of customer-oriented system solutions and of systems to ensure compliance with statutory financial requirements and statutory requirements for

the management of data. Generally, costs of IT and system development have been increasing over the years. As statutory prescriptions are still extended with new requirements, increases in costs in the IT area are also expected going forward.

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

Amortisation, depreciation and impairment losses amount to DKK 37.3m, which is DKK 4.5m down on 2017. Amortisation, depreciation and impairment losses relate to goodwill, operating equipment, fixtures and fittings and conversion of leasehold premises as well as owner-occupied property.

Impairment losses on loans and advances etc

Impairment losses on loans and advances etc are composed of actual losses from credit arrangement together with the development in provisions for such losses. In the financial period, a net amount of DKK 10.9m is charged to profit or loss compared to DKK 22.6m last year. With a total balance of loans and advances of over DKK 12bn, the impairment losses are at a historically low level and the impairment ratio is almost zero. Sparekassen is still witnessing a very fine development in customers' credit quality (see page 15), which refers to the ability to honour the credit facilities entered into according to agreement.

The economic climate remains good for both the private customer segment and the corporate customer segment, however, a close eye is kept on the agricultural sector in view of this summer's drought. As the effect may appear in the short as well as longer term, this could result in challenges for especially vulnerable and less robust farms. In this light, Sparekassen has made an extraordinary provision of DKK 10m in addition to the normal provisions.

It should be noted, however, that Sparekassen has a quite strong agricultural portfolio, which has seen a positive development from a credit perspective (see specific outline of the development in agricultural exposures on page 15).

Other operating expenses

Other operating expenses are composed of contributions to the resolution fund which amount to DKK 0.9m, but primarily of operating expenses related to properties. Other operating expenses amount to DKK 12.7m against DKK 14.9m in 2017.

Financial review for Q3 2018

Net profit for Q3 2018 amounts to DKK 57.8m against DKK 67.9m for Q3 2017. The profit for Q3 is generated from continued stable earnings from interest income and from fees and commission income. The development in costs is at a higher level but meets the budgets. In Q3, dividends are approx. DKK 12m lower than at the same

time last year. This is more than offset by value adjustments being calculated at a total of DKK 25.4m against DKK 6.7m in 2017. Y-T-D, there is, however, no big difference between 2018 and 2017. Impairment losses are growing and reflect an extraordinary provision for agricultural exposures out of prudence. Other income statement items are at the same level as last year.

Balance sheet

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

Assets

Loans and advances etc

The increased customer inflow and growth in business activities have contributed to the increase in the balance of loans and advances, which amounts to just over DKK 12bn at the balance sheet date. This growth in the balance of loans and advances etc is very positive for Sparekassen and is consistent with the expectations that recent years' branch expansion and developments in business with existing customers have contributed to. Growth has taken place across the market area of Zealand and Funen.

This positive development is evident with both private borrowers, who represent DKK 300m, and corporate borrowers,

who represent a net amount of DKK 500m whereas other segments represent just under DKK 200m less.

In addition to the credit financing provided by Sparekassen, the demand for and arrangement of mortgage loans to finance housing of private customers have developed quite positively as well. Compared to the same time last year, this has seen a net increase of more than DKK 2.0bn to DKK 27.0bn, equal to an increase of 8 % of which an increasingly larger share is fixed-rate and fixed-installment loans. - both something which together with the continued positive development in prices of customers' properties contribute to a regularly increasing credit quality of the customers and so a declining need for provisions.

Finally, loans provided to corporate and agricultural customers through DLR over the past 12 months have gone up by slightly over DKK 800m to DKK 8.4bn, equal to an increase of more than 10 %.

Amounts owed by credit institutions and central banks/bonds

Sparekassen still has a large deposit surplus, which amounts to DKK 6.5bn at the balance sheet date. The best investment of these funds is evaluated regularly based on earnings and risks. The primary investment channels are deposits with Danmarks Nationalbank and investments in mortgage credit bonds. Sparekassen pays interest

of 0.65% when the liquidity is invested in certificates of deposit issued by Danmarks Nationalbank whereas interest is earned when the liquidity is invested in mortgage credit bonds. This, however, involves a price risk. At 30 September 2018, amounts owed by credit institutions and central banks stand at just under DKK 2.2bn against DKK 1.4bn at the end of the same period last year whereas the portfolio of bonds amounts to DKK 5.8bn compared to DKK 5.2bn. In addition to the deposit surplus, liquidity is also positively affected by the net proceeds from this spring's share issue, the capital transactions performed as well as continued earnings.

Assets in pooled plans

Volume increased from just over DKK 800m to just under DKK 1.2bn – an increase of slightly under 50%. Sparekassen also expects quite good growth in this product going forward.

Liabilities

Deposits

The deposits balance inclusive of deposits in pooled plans stands at DKK 18.6bn at the balance sheet date compared to DKK 17.2bn at the same date in 2017. The deposits balance thus continues to increase. It is still the massive customer intake also serving as a basis for deposits growth. In addition to the growth in pooled accounts, it is mainly basic deposit products that experience growth.

Equity

Equity amounts to DKK 3,588.2m at the balance sheet date and has so been strengthened by DKK 848.4m compared to the same period in 2017. This spring's share issue has contributed DKK 436.7m to equity whereas the addition of new hybrid core capital has contributed a net amount of DKK 330.2m. The rest of the increase primarily consists of profit for the period and the adjustment for changes in accounting policies (IFRS 9) made at the beginning of 2018.

The changes in equity through completed and planned capital transactions have previously been stated in company announcements no 18/2017 of 6 November 2017, no 6/2018 of 22 March 2018, no 14/2018 of 19 June 2018 and no. 15/2018 of 10 August 2018. The company announcements are evident from Sparekassen's website: <https://www.spks.dk/ir/selskabsmeddelelser> Please also refer to the comments on capital resources in the section below.

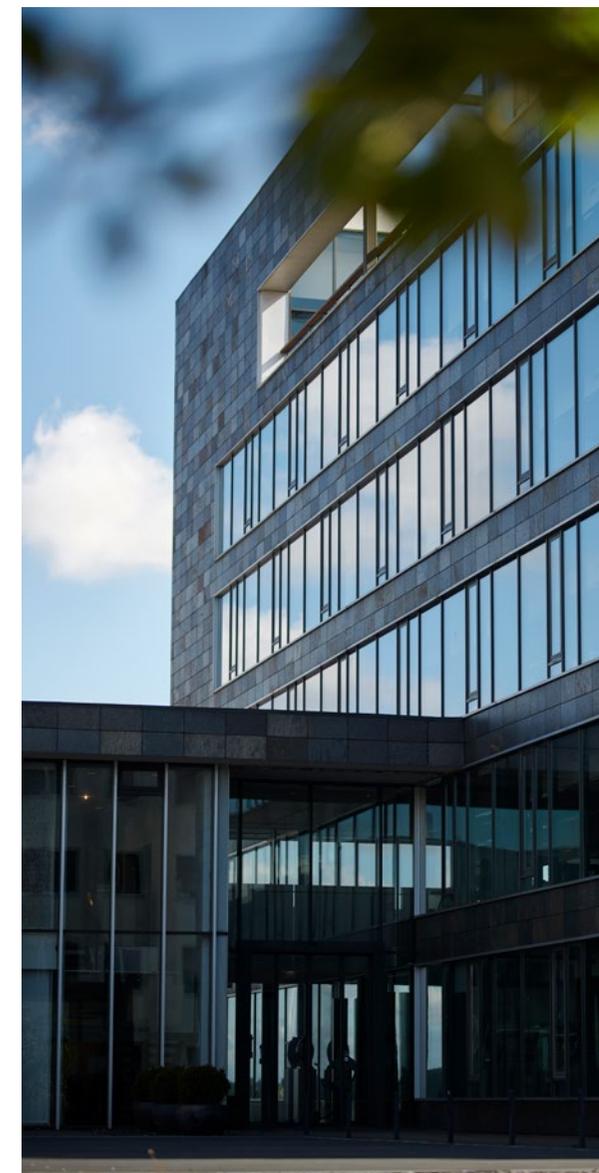
Capital structure and liquidity

Capital structure

Sparekassen's risk exposures total DKK 17,193m at the balance sheet date, which is an increase of DKK 340m predominantly arising from credit risk where risk exposures have gone up by DKK 775m. It is the

effects of the growing balance of loans and advances etc which are the principal reason for the increase. The market risk has seen a fall of DKK 461m whereas the operational risk is almost unchanged. Credit risk and market risk have been determined using the standard method. Operational risk has been determined based on the basic indicator method. Sparekassen's capital ratio is then 16.8% against 14.6% at 30 September 2017. The core capital ratio can be calculated at 14.4% and the common equity tier 1 capital ratio at 12.5%. At the same time in 2017, the common equity tier 1 capital ratio was 9.7%. The increase in the core capital ratios is predominantly a result of the successful share issue in the spring of 2018. Sparekassen's capital resources and capital ratios have been calculated exclusive of profit for the period and inclusive of the application of the transitional scheme from the effect of the implementation of the accounting standard, which resulted in impairment of equity at the beginning of the year.

Moreover, capital resources are also adjusted for future repayments in Q4 approved by the Danish Financial Supervisory Authority totalling DKK 638m (hybrid capital of DKK 520m and supplementary capital of DKK 118m in) as referred to above. Had net profit for the period, reduced by the share of a potential maximum dividend payment for the period in accordance with the dividend policy, been



included in capital resources, capital ratios and excesses would have been approx 0.9 percentage points higher. The capital requirement has been calculated at 9.6%, leading to an excess capital adequacy ratio of 7.2 percentage points. In Danish kroner, this excess is equivalent to DKK 1,238.4m.

The combined buffer requirement is calculated at 1.9 percentage points, which results in Sparekassen's excess capital adequacy ratio net of capital requirement and combined buffer requirement standing at 5.3 percentage points, which is equivalent to an excess of DKK 916.0m.

Sparekassen develops capital plans on a regular basis. These plans enable the assessment of whether the volume of the current capital resources is sufficient. Sparekassen believes that the capital resources are sufficient to match the risk associated with its current activities and business volume. The assessment is also applicable with respect to the combined effect of the capital plans previously announced. Please also refer to "Subsequent events" on page 16.

Liquidity

Liquidity coverage ratio (LCR)

The liquidity coverage ratio, referred to as LCR, follows from the Capital Requirements Regulation (CRR). In addition to the amount of the required liquidity buffer, the requirements of the regulation define

the required quality and composition of the liquid assets. At 30 September 2018, Sparekassen's LCR is 239% against the applicable statutory requirement of a minimum LCR ratio of 100%. In terms of amount, the excess in the liquidity buffer was just under DKK 3.7bn. Throughout the past years when the LCR requirement has been applicable, Sparekassen has had a strong excess, which is also the intention and expectations going forward.

Liquidity surplus according to the Financial Supervisory Authority's Supervisory Diamond benchmark

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

This is and is also expected to be the case with the new benchmark, which has a threshold of 100%, and Sparekassen's calculation at 30 September shows a value of 268%.

The benchmark builds on an extension of the LCR requirement, as described above, but where the LCR requirement covers a 30-day period, the benchmark covers a three-month period where it must be possible to cover the largest expected cash outflow calculated for each of the three months. With respect to the calculation of

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

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

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

Its deposits are primarily made by retail customers and small business operators. There are no large single deposits of significance. There are no deposits of significance from other financial services companies. Deposits are also characterised by a very large portion of them being covered by the Danish Deposit Guarantee Fund.

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

Credit quality categories

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

	30.09.2018		30.06.2018		2017		2016		2015	
	DKKm	%								
3 / 2a – Loans, advances and guarantees with normal credit quality	10,205	59.7	10,194	58.9	9,965	59.0	9,011	59.2	5,791	42.7
2b – Loans, advances and guarantees with certain indications of weakness	4,476	26.2	4,559	26.3	4,174	24.7	2,850	18.7	3,486	25.7
2c – Loans, advances and guarantees with substantial weaknesses	1,281	7.5	1,235	7.1	1,389	8.2	1,434	9.4	1,994	14.7
1 – Loans, advances and guarantees with objective evidence of impairment	1,138	6.7	1,316	7.6	1,366	8.1	1,914	12.6	2,300	16.9
Total	17,100	100.0	17,305	100.0	16,894	100.0	15,209	100.0	13,571	100.0

Agricultural exposures

	30.09.2018		30.09.2017	
	DKKm	%	DKKm	%
3 / 2a – Loans, advances and guarantees with normal credit quality	645	42.8	605	46.3
2b – Loans, advances and guarantees with certain indications of weakness	586	38.9	349	26.7
2c – Loans, advances and guarantees with substantial weaknesses	160	10.6	178	13.7
1 – Loans, advances and guarantees with objective evidence of impairment	118	7.8	174	13.3
Total	1,508	100.0	1,306	100.0

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 30.09.2018
Total large exposures (new benchmark)	< 175% of common equity tier 1 capital	99.9%
Total large exposures (former benchmark)	< 125%	0.0%
Growth in loans and advances p.a.	< 20%	5.7%
Property exposure	< 25% af udlån og garantier	13.9%
Liquidity surplus	> 100%	268.0%
Property exposure	< 1.00 Loans and advances/working capital less bonds with a term to maturity of less than one year	0.53

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

Subsequent events

After the balance sheet date and as part of the long-term capital plans, Sparekassen has decided to examine the possibility of issuing supplementary capital and hybrid core capital totalling DKK 82m. Otherwise, no events have occurred subsequent to the balance sheet date which are expected to have a material influence on the Group's or the Parent's financial position.

Interim financial statements

Q1-Q3 2018

Statement by Management on the Interim Report

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

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

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

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

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

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

The Interim Report has not been audited or reviewed.

Holbæk, 29 October 2018

Executive Board

Lars Petersson
Chief Executive Officer

Bruno Riis-Nielsen
Executive Officer

Board of Directors

Thomas Kullegaard
Chairman

Jakob Nørrekjær Andersson
Vice-Chairman

Bent Andersen

Per Bjørnsholm

Otto Frederik Spliid

Erik Larsen

Per Olsen

Mads Wallin

Helle Lindhof Bjørnøe

Income statement

		Sparekassen (Group)			
Note	Amounts in DKK'000	Q1-Q3 2018	Q1-Q3 2017	Q3 2018	Q3 2017
4	Interest income	450,033	452,212	151,294	152,021
5	Interest expenses	51,504	48,429	18,171	14,849
	Net interest income	398,529	403,783	133,123	137,172
	Dividends on shares etc	23,565	26,136	2,270	14,960
6	Fees and commission income	343,964	340,825	106,923	107,827
	Fees and commission expenses	13,899	14,175	4,546	4,939
	Net interest and fee income	752,159	756,569	237,770	255,020
7	Market value adjustments	34,019	37,277	25,394	6,701
	Other operating income	12,494	15,220	4,944	3,502
8	Staff costs and administrative expenses	546,425	504,788	184,316	170,534
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	37,308	41,825	10,839	12,084
	Other operating expenses	12,691	14,937	3,833	4,638
9	Impairment losses on loans and advances etc	10,912	22,551	6,479	2,509
	Profit/loss on investments in associates and group enterprises	887	-554	-805	-1,427
	Profit before tax	192,223	224,411	61,836	74,031
	Income tax	18,597	19,827	4,031	6,168
	Profit after tax	173,626	204,584	57,805	67,863
	Earnings per share				
	Basic earnings per share (DKK)	8.2	12.6	2.5	4.2
	Diluted earnings per share (DKK)	8.2	12.6	2.5	4.2
	Distributed as follows:				
	Retained earnings	123,872	162,444	38,081	53,662
	Interest, hybrid core capital	49,754	42,140	19,724	14,201
	Total	173,626	204,584	57,805	67,863

Statement of comprehensive income

		Sparekassen (Group)			
Note	Amounts in DKK'000	Q1-Q3 2018	Q1-Q3 2017	Q3 2018	Q3 2017
	Profit for the period	173,626	204,584	57,805	67,863
	Other comprehensive income that may not be reclassified to profit or loss				
	Fair value adjustment of properties	-250	0	0	0
	Other comprehensive income that may be reclassified to profit or loss				
	Fair value adjustment of financial instruments entered into to hedge future cash flows ¹				
	- Value adjustment for the period	1	41	63	-49
	- Tax on other comprehensive income	0	-9	-14	11
	Total other comprehensive income	-249	32	49	-38
	Total comprehensive income	173,377	204,616	57,854	67,825

¹ The fair value adjustment concerns a jointly controlled enterprise.

Balance sheet

Sparekassen (Group)

Note	Amounts in DKK'000	Opening balance sheet at			
		30.09.2018	01.01.2018	31.12.2017	30.09.2017
Assets					
	Cash and balances on demand at central banks	405,721	356,906	356,906	346,726
	Amounts owed by credit institutions and central banks	2,191,204	1,830,790	1,830,790	1,380,646
	Loans and other amounts owed at amortised cost	12,014,188	11,540,883	11,680,562	11,371,107
	Bonds at fair value	5,832,982	4,839,742	4,839,742	5,231,507
	Bonds at amortised cost	0	99,999	99,999	99,907
	Shares etc	804,084	653,583	653,583	678,622
	Investments in associates	68,724	70,363	70,584	67,393
	Assets related to pooled plans	1,192,245	905,222	905,222	802,252
	Intangible assets	128,299	137,658	137,658	141,406
10	Total land and buildings	395,189	399,499	399,499	409,811
	<i>Investment property</i>	126,350	124,446	124,446	117,529
	<i>Owner-occupied property</i>	268,839	275,053	275,053	292,282
	Other property, plant and equipment	51,044	47,830	47,830	43,885
	Current tax assets	11,699	11,310	11,310	0
	Deferred tax assets	177,658	193,451	162,718	164,846
	Temporarily held assets	0	0	0	5,640
	Other assets	231,241	272,044	272,044	192,328
	Prepayments	24,750	18,716	18,716	18,008
	Total assets	23,529,028	21,377,996	21,487,163	20,954,084

Sparekassen (Group)

Note	Amounts in DKK'000	Opening balance sheet at			
		30.09.2018	01.01.2018	31.12.2017	30.09.2017
Equity and liabilities					
Liabilities other than provisions					
	Amounts owed to credit institutions and central banks	517,880	439,229	439,229	369,932
	Deposits and other debt	17,368,767	16,589,332	16,589,332	16,370,269
	Deposits in pooled plans	1,192,245	905,222	905,222	802,252
	Current tax liabilities	0	0	0	3,515
	Other liabilities	237,635	246,572	246,572	223,928
	Deferred income	25,804	20,848	20,848	18,332
	Total liabilities other than provisions	19,342,331	18,201,203	18,201,203	17,788,228
Provisions					
	Provisions for losses on guarantees etc	56,113	55,905	55,905	60,866
	Other provisions	10,738	14,794	14,794	11,986
	Total provisions	66,851	70,699	70,699	72,852
11	Subordinated loan capital	531,620	402,848	402,848	353,174
Equity					
12	Share capital	173,750	130,312	130,312	130,312
	Share premium	393,243	0	0	0
	Revaluation reserves	2,878	3,128	3,128	3,642
	Undistributable savings bank reserve, other reserves	561,378	561,378	561,378	561,378
	Retained earnings	1,542,385	1,423,591	1,532,758	1,472,660
	Total equity exclusive of hybrid core capital	2,673,634	2,118,409	2,227,576	2,167,992
	Hybrid core capital	914,592	584,837	584,837	571,838
	Total equity	3,588,226	2,703,246	2,812,413	2,739,830
	Total equity and liabilities	23,529,028	21,377,996	21,487,163	20,954,084

Statement of changes in equity

Sparekassen (Group)

Note	Amounts in DKK'000	Share capital	Share premium	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument ¹	Dividend	Retained earnings	Total equity exclusive of hybrid core capital	Hybrid core capital	Total equity
	Equity at 1.1.2017	130,312	0	3,642	561,378	-170	39,745	1,323,167	2,058,073	529,698	2,587,771
	Profit for the period	0	0	0	0	0	0	162,444	162,444	42,140	204,584
	Other comprehensive income										
	Fair value adjustment of financial instruments entered into to hedge future cash flows:										
	Value adjustment for the period	0	0	0	0	41	0	0	41	0	41
	Tax on other comprehensive income	0	0	0	0	-9	0	0	-9	0	-9
	Total other comprehensive income	0	0	0	0	32	0	0	32	0	32
	Comprehensive income for the period	0	0	0	0	32	0	162,444	162,476	42,140	204,616
	Purchase of treasury shares	0	0	0	0	0	0	-13,419	-13,419	0	-13,419
	Sale of treasury shares	0	0	0	0	0	0	0	0	0	0
	Dividends paid	0	0	0	0	0	-39,745	607	-39,138	0	-39,138
	Equity at 30.09.2017	130,312	0	3,642	561,378	-138	0	1,472,799	2,167,992	571,838	2,739,830

Statement of changes in equity

Sparekassen (koncernen)

Note	Amounts in DKK'000	Share capital	Share premium	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument ¹	Dividend	Retained earnings	Total equity exclusive of hybrid core capital	Hybrid core capital	Total equity
	Equity at 1.1.2018	130,312	0	3,128	561,378	-119	0	1,532,878	2,227,576	584,837	2,812,413
	Change in accounting policies	0	0	0	0	0	0	-109,167	-109,167	0	-109,167
	Equity at 01.01.2018, following this	130,312	0	3,128	561,378	-119	0	1,423,711	2,118,409	584,837	2,703,246
	Profit for the period	0	0	0	0	0	0	123,872	123,872	49,754	173,626
	Other comprehensive income										
	Fair value adjustment of owner-occupied property	0	0	-250	0	0	0	0	-250	0	-250
	Fair value adjustment of financial instruments entered into to hedge future cash flows:										
	Value adjustment for the period	0	0	0	0	1	0	0	1	0	1
	Tax on other comprehensive income	0	0	0	0	0	0	0	0	0	0
	Total other comprehensive income	0	0	-250	0	1	0	0	-249	0	-249
	Comprehensive income for the period	0	0	-250	0	1	0	123,872	123,623	49,754	173,377
	Additions through share issue	43,437	393,243	0	0	0	0	0	436,680	0	436,680
	New hybrid core capital	0	0	0	0	0	0	-4,076	-4,076	280,000	275,924
	Purchase of treasury shares	0	0	0	0	0	0	-1,143	-1,143	0	-1,143
	Sale of treasury shares	0	0	0	0	0	0	150	150	0	150
	Price adjustment, treasury shares	0	0	0	0	0	0	-8	-8	0	-8
	Equity at 30.09.2018	173,750	393,243	2,878	561,378	-118	0	1,542,504	2,673,634	914,592	3,588,226

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

Cash flow statement

Note	Amounts in DKK'000	Sparekassen (Group)	
		Q1-Q3 2018	Q1-Q3 2017
	Comprehensive income for the period	173,377	204,616
	Adjustment for amounts without cash flow effect		
	Market value adjustment, shares	-55,445	-15,136
	Market value adjustment, bonds	-11,210	-30,492
	Impairment losses on loans and advances etc	10,912	22,551
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	31,664	41,825
	Prepayments (net)	274	5,530
	Provisions	-3,848	-15,902
	Value adjustments of investment property	8,620	19,070
	Deferred income tax	-18,597	-19,827
	Adjustment for amounts with cash flow effect		
	Income tax paid	187	0
	Cash flows from ordinary operating activities	135,934	212,235
	Working capital changes		
	Credit institutions	78,651	-58,914
	Loans and advances adjusted for impairment losses etc for the period	-485,219	-924,911
	Other assets and liabilities (net)	66,241	59,297
	Shares etc	-95,064	-199
	Bonds at fair value	-982,030	160,265
	Bonds at amortised cost - held to maturity	99,999	-273
	Deposits and other debt	779,435	723,225
		-537,987	-41,510
	Cash flows from operating activities	-402,053	170,725

Note	Amounts in DKK'000	Sparekassen (Group)	
		Q1-Q3 2018	Q1-Q3 2017
	Investing activities		
	Additions, investments in associate	0	-6,522
	Purchase of intangible assets	-4,716	-2,665
	Sale of intangible assets	0	0
	Purchase of property, plant and equipment	-64,167	-43,967
	Sale of property, plant and equipment	39,054	26,844
	Cash flows from investing activities	-29,829	-26,310
	Financing activities		
	Subordinated loan capital	129,500	-113,000
	Hybrid core capital	275,924	0
	Indbetalt garantkapital (netto)	436,680	0
	Treasury shares etc	-993	-13,419
	Dividend paid	0	-39,138
	Cash flows from financing activities	841,111	-165,557
	Increase/decrease in cash	409,229	-21,142
	Cash and cash equivalents at beginning of period	2,187,696	1,748,514
	Cash and cash equivalents at end of period	2,596,925	1,727,372
	Cash and cash equivalents		
	Cash and balances on demand at central banks	405,721	346,726
	Amounts owed by credit institutions and central banks	2,191,204	1,380,646
	Cash and cash equivalents at end of period	2,596,925	1,727,372

Notes

Note	Sparekassen (Group)		
	Q1-Q3 2018	Q1-Q3 2017	Financial year 2017
1 Hoved- og nøgletal			
Principal items of income statement			
Net interest income	399	404	542
Net interest and fee income	752	757	999
Market value adjustments	34	37	43
Staff costs and administrative expenses	546	505	691
Amortisation, depreciation and impairment losses on assets	37	42	59
Impairment losses on loans and advances etc	11	23	33
Profit on investments in associates and group enterprises	1	-1	3
Income tax	19	20	16
Profit for the period	174	205	257
Principal items of balance sheet			
Loans and advances	12,014	11,371	11,681
Securities portfolio	6,637	6,010	5,593
Deposits including pooled deposits	18,561	17,173	17,495
Equity	3,588	2,740	2,812
Total assets	23,529	20,954	21,487
Subordinated loan capital	532	353	403

Note	Sparekassen (Group)		
	30.09. 2018	30.09. 2017	31.12. 2017
Financial ratios			
Capital ratio ¹	16.8	14.6	16.3
Core capital ratio ¹	14.4	12.6	14.0
Return on equity before tax ²	6.1	8.4	10.1
Return on equity after tax ²	5.5	7.7	9.5
Operating income over operating expenses	1.32	1.38	1.34
Interest rate risk relative to core capital net of deductions	0.0	1.1	1.1
Currency position relative to core capital net of deductions	0.5	0.3	0.7
Currency risk relative to core capital net of deductions	0.0	0.0	0.0
Loans and advances plus loan impairment losses relative to deposits	70.2	71.5	72.2
Loans and advances relative to equity	3.3	4.2	4.2
Growth in loans and advances for the period	4.1	8.6	11.5
Excess cover relative to statutory liquidity requirements	269.6	218.8	216.6
Total large exposures relative to capital resources	0.0	11.4	0.0
Impairment ratio for the period	0.1	0.1	0.2
Accumulated impairment ratio ³	5.9	5.6	5.6
Return on capital employed	0.8	1.0	1.2
Earnings per share (DKK) ⁴	7.1	12.6	15.5
Dividend per share (DKK)	0.0	0.0	0.0
Book value per share (DKK) ⁵	154.0	169.0	170.9
Price/earnings per share ⁴	14.0	10.0	7.4
Price/equity per share ⁵	0.7	0.8	0.7
Share price at end of period	100.0	126.5	114.5
Staff			
Average number of employees for the period converted into full-time employees ⁶	613	578	585

¹ The 30 September 2018 figure has been calculated exclusive of profit for the period whereas the 30 September 2017 figure has been calculated exclusive of the Q3 profit.

² Calculation according to the Danish Executive Order on Financial Reports (average equity)

³ The ratio does not include discount. Please refer to note 9 for a specification of total impairment losses, provisions and discounts.

⁴ Calculated based on the average number of shares during the period.

⁵ Calculated based on the number of outstanding shares at end of period.

⁶ Engaged in financial business.

Notes

2 Summary of significant accounting policies

The Q1-Q3 2018 Interim Report has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU and additional Danish disclosure requirements for interim reports of listed financial companies. Applying ISA 34 entails that presentation is more limited than in a complete annual report and that the measurement principles of the International Financial Reporting Standards (IFRS) have been used.

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

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

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

The Standard is effective from 1 January 2018.

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

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

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

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

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

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

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

Notes

Note	Amounts in DKK'000	Sparekassen (Group)	
		Q1-Q3 2018	Q1-Q3 2017
4 Interest income			
Credit institutions and central banks		536	1,197
Loans and advances and other amounts owed		424,866	429,929
Bonds		17,971	17,313
Total derivatives		6,375	3,498
Thereof:			
- Interest rate contracts		6,911	5,139
- Foreign exchange contracts		-536	-1,641
Other interest income		285	275
Total interest income		450,033	452,212
5 Interest expenses			
Credit institutions and central banks		10,702	5,194
Deposits and other debt		16,073	19,506
Subordinated loan capital		24,696	23,602
Other interest expenses		33	127
Total interest expenses		51,504	48,429
6 Fees and commission income			
Securities trading and custody accounts		71,184	82,929
Payment services		41,681	36,777
Loan fees		27,703	30,092
Guarantee commission		125,525	117,400
Other fees and commissions		77,871	73,627
Total fees and commission income		343,964	340,825

Note	Amounts in DKK'000	Sparekassen (Group)	
		Q1-Q3 2018	Q1-Q3 2017
7 Market value adjustments			
Bonds		-11,210	30,492
Shares		55,445	15,136
Investment property		-7,456	-17,982
Foreign exchange		6,424	6,532
Currency, interest rate, share, commodity and other contracts and derivatives		-9,184	3,099
Assets related to pooled plans		30,787	41,198
Deposits in pooled plans		-30,787	-41,198
Total market value adjustments		34,019	37,277
8 Staff costs and administrative expenses			
Remuneration of the Board of Directors and Executive Board			
Board of Directors and Executive Board		8,965	8,458
Resigned Executive Board member 2017		0	4,248
Total		8,965	12,706
Staff costs			
Wages and salaries		261,130	238,666
Pension contributions		29,147	26,648
Social security expenses		41,890	37,565
Total staff costs		332,167	302,879
Other administrative expenses		205,293	189,202
Total staff costs and administrative expenses		546,425	504,788

Notes

Note	Amounts in DKK'000	Sparekassen (Group)	
		30.09. 2018	30.09. 2017
9	Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account)		
	Individual impairment losses/provisions		
	Balance of impairment losses/provisions at beginning of period	935,421	1,020,037
	Change in accounting policies	-935,421	
	Impairment losses/provisions for the period (net)		41,472
	Other changes		85,229
	Value adjustment of assets acquired		-243
	Finally written off, previously written down/provided for		244,960
	Balance of impairment losses/provisions at end of period	0	901,535
	Collective impairment losses/provisions		
	Balance of impairment losses/provisions at beginning of period	75,374	81,770
	Change in accounting policies	-55,697	
	Transferred to management estimates	-19,677	
	Impairment losses/provisions for the period (net)		-8,625
	Balance of impairment losses/provisions at end of period	0	73,145

Note	Amounts in DKK'000	Sparekassen (Group)	
		30.09. 2018	30.09. 2017
9	Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account) (continued)		
	Stage 1 impairment		
	Balance of stage 1 impairment losses at beginning of period	0	
	Change in accounting policies	52,114	
	New impairment losses (net)	2,061	
	Balance of stage 1 impairment losses at end of period	54,175	
	Stage 2 impairment		
	Balance of stage 2 impairment losses at beginning of period	0	
	Change in accounting policies	156,963	
	New impairment losses (net)	-18,649	
	Balance of stage 2 impairment losses at end of period	138,314	
	Stage 3 impairment		
	Balance of stage 3 impairment losses at beginning of period	0	
	Change in accounting policies	882,587	
	New impairment losses (net)	44,807	
	Other changes	115,395	
	Value adjustment of assets acquired	-4	
	Previously written down, now finally written off	211,622	
	Balance of stage 3 impairment losses at end of period	831,163	

Notes

Note	Amounts in DKK'000	Sparekassen (Group)	
		30.09.2018	30.09.2017
9	Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account) (continued)		
	Provisions losses for guarantees and undrawn credit facilities		
	Balance of provisions at beginning of year	0	
	Change in accounting policies	58,810	
	New provisions (net)	-2,697	
	Balance of provisions at end of period	56,113	
	Total		
	Balance of impairment losses/provisions at beginning of period	1,010,795	1,101,807
	Change in accounting policies	139,679	
	Impairment losses/provisions for the period (net)	25,522	32,847
	Other changes	115,395	85,229
	Value adjustment of assets acquired	-4	-243
	Finally written off, previously written down/provided for	211,622	244,960
	Balance of impairment losses/provisions at end of period	1,079,765	974,680
	Thereof, guarantee debtors account for	56,113	60,866
	Discount regarding business acquisitions	60,830	167,422
	Balance of impairment losses/provisions and discount at end of period	1,140,595	1,142,102
	Impairment losses/provisions for the period (net)	25,522	32,847
	Value adjustment of assets acquired	-4	-243
	Written off, not previously written down/provided for	4,404	11,810
	Recovery of claims previously written off	19,011	21,863
	Total recognised in the income statement	10,912	22,551

Note	Amounts in DKK'000	Sparekassen (Group)			
		30.09.2018	31.12.2017	30.09.2017	
10	Land and buildings				
	Investment property				
	Fair value at beginning of period	124,446	144,780	144,780	
	Additions	44,355	23,330	16,414	
	Disposals	33,831	25,700	24,595	
	Fair value adjustments for the period	-8,620	-17,964	-19,070	
	Fair value at end of period	126,350	124,446	117,529	
	Rental income	7,185	9,430	7,168	
	Operating expenses	3,106	4,674	3,911	
	Thereof, operating expenses recognised for investment property not having generated rental income for the year	694	460	361	
		Quoted prices	Observable input	Non-observable input	Total
	Fair value hierarchy for investment property				
	Group at 30.09.2018	0	0	126,350	126,350
	Group at 31.12.2017	0	0	124,446	124,446
	Group at 30.09.2017	0	0	117,529	117,529

Notes

		Sparekassen (Group)		
Note	Amounts in DKK'000	30.09.2018	31.12.2017	30.09.2017
10	Land and buildings (continued)			
	Owner-occupied property			
	Cost at beginning of period	337,803	340,409	340,409
	Additions	0	32,652	10,189
	Disposals	0	35,258	0
	Cost at end of period	337,803	337,803	350,598
	Accumulated depreciation/impairment losses at beginning of period	65,926	49,595	49,595
	Depreciation for the period	1,484	2,057	1,315
	Impairment losses for the period	5,644	17,729	11,100
	Disposals for the period	1,164	3,455	0
	Accumulated depreciation/impairment losses at end of period	71,890	65,926	62,010
	Accumulated revaluation at beginning of period	3,176	3,694	3,694
	Additions for the period	0	0	0
	Disposals for the period	-250	-518	0
	Accumulated revaluation at end of period	2,926	3,176	3,694
	Revalued amount at end of period	268,839	275,053	292,282
	If no revaluation had been made, the carrying amount of owner-occupied property would have been:	265,913	271,877	288,588

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

		Sparekassen (Group)			
Note	Amounts in DKK'000	Quoted prices	Observable input	Non-observable input	Total
10	Land and buildings (continued)				
	Fair value hierarchy for owner-occupied property				
	Group at 30.09.2018	0	0	268,839	268,839
	Group at 31.12.2017	0	0	275,053	275,053
	Group at 30.09.2017	0	0	292,282	292,282

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

Notes

Sparekassen (Group)

Note	Amounts in DKK'000	Current interest rate	30.09.2018	31.12.2017	30.09.2017
11 Subordinated loan capital					
Supplementary capital					
Floating interest rate, maturing Oct. 2023, redeemable in 2018. ²	8,38 % ¹	118,000*	118,000	118,000	
From 2018 to 2023, the interest rate will be 3 months CIBOR + 6.8% with quarterly adjustment.					
Floating interest rate, maturing July 2024, redeemable in 2019. ²	7,81 % ¹	82,000	82,000	82,000	
From 2019 to 2024, the interest rate will be 3 months CIBOR + 6.75% with quarterly adjustment.					
Floating interest rate, maturing July 2025, redeemable in 2020. ²	7,66 % ¹	105,000	105,000	105,000	
From 2020 to 2025, the interest rate will be 6 months CIBOR + 6.9% with half-yearly adjustment.					
Floating interest rate, maturing Feb. 2027, redeemable in 2022. ²	5,94 % ¹	50,000	50,000	50,000	
From 2022 to 2027, the interest rate will be 6 months CIBOR + 5.5% with half-yearly adjustment.					
Floating interest rate, maturing in Dec. 2027, redeemable in 2022. ²	4,75 % ¹	50,000	50,000		
From 2022 to 2027, the interest rate will be six months' CIBOR + 4.39% with half-yearly adjustment.					
Floating interest rate, maturing in June 2028, redeemable in 2023. ²	4,50 % ¹	130,000			
From 2023 to 2028, the interest rate will be six months' CIBOR + 4.11% with half-yearly adjustment.					

Sparekassen (Group)

Note	Amounts in DKK'000	Current interest rate	30.09.2018	31.12.2017	30.09.2017
11 Subordinated loan capital (continued)					
Other ³			20	520	520
Total supplementary capital			535,020	405,520	355,520
Total subordinated loan capital			535,020	405,520	355,520
Allowance account			3,400	2,672	2,346
Total subordinated loan capital according to balance sheet			531,620	402,848	353,174
Hybrid capital reclassified to equity					
Floating interest rate, perpetual, redeemable in 2018. ²	10,83 % ¹	520,000*	520,000	520,000	
From 2018, the interest rate will be a five-year SWAP rate + 9.25% with adjustment every five years.					
Floating interest rate, perpetual, redeemable in 2022. ²	6,75 % ¹	55,000	55,000		
From 2022, the interest rate will be six months' CIBOR + 6.39% with half-yearly adjustment.					
Floating interest rate, perpetual, redeemable in 2023. ²	6,50 % ¹	280,000			
From 2023, the interest rate will be six months' CIBOR + 6.11% with half-yearly adjustment.					
Total hybrid capital reclassified to equity		855,000	575,000	520,000	
Subordinated loan capital included in the calculation of capital resources			748,600	977,328	872,654

* Will be repaid October 2018

¹ Fixed interest rate for the first 5 years.

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

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

Notes

Note	Amounts in DKK'000	Sparekassen (Group)		
		30.09.2018	31.12.2017	30.09.2017

11 Subordinated loan capital (continued)

The Sparekassen Sjælland-Fyn A/S Group

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

Interest etc on subordinated loan capital

	30.09.2018	31.12.2017	30.09.2017
Interest (excluding interest on reclassified hybrid core capital recognised as equity)	24,696	30,821	23,602
Extraordinary repayments/redemptions/remortgaging	500	163,000	163,000
Expenses for raising subordinated loan capital	1,653	1,176	600
Expenses for redeeming subordinated loan capital	0	0	0

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

Note	Number of shares		Nominal value (DKK'000)	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
12 Share capital				
Share capital, Sparekassen Sjælland-Fyn A/S	13,031,230	13,031,230	130,312	130,312
Increase of share capital	4,343,743	0	43,437	0
Total	17,374,973	13,031,230	173,750	130,312

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

12 Share capital (continued)

Treasury shares

Treasury shares at 31.12.2016	92,970	930	0.7
Purchased	106,300	1,063	0.8
Sold	0	0	0.0
Treasury shares at 30.09.2017	199,270	1,993	1.5
Treasury shares at 31.12.2017	0	0	0.0
Purchased	11,000	110	0.1
Sold	1,500	15	0.0
Treasury shares at 30.09.2018	9,500	95	0.1

Total purchase price DKK 1,142k (Q1-Q3 2017: DKK 13,419k)

Total selling price DKK 150k (Q1-Q3 2017: DKK 0k)

The share capital consists of 17,374,973 shares of a nominal value of DKK 10. The shares have been fully paid up. The shares have not been divided into classes and carry no special rights. Sparekassen's treasury share portfolio consists of 9,500 shares, corresponding to 0,06% of the share capital. The shares were acquired as part of ordinary trading.

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

Notes

Note	Amounts in DKK'000	Sparekassen (Group)	
		30.09.2018	30.09.2017
12 Share capital (continued)			
Earnings per share			
Earnings of shareholders of the Parent Sparekassen Sjælland-Fyn A/S		123,872	162,444
Average number of shares		15,203,102	13,031,230
Average number of treasury shares		4,750	146,120
Average number of shares outstanding		15,198,352	12,885,110
Average dilution effect of outstanding share options		0	0
Average number of outstanding shares (diluted)		15,198,352	12,885,110
Earnings per share (DKK)		8.2	12.6
Diluted earnings per shares (DKK)		8.2	12.6

Note	Amounts in DKK'000	Sparekassen (Group)		
		30.09.2018	31.12.2017	30.09.2017
13 Assets provided as collateral				
Bonds deposited with Danmarks Nationalbank, clearing centres etc		433,095	554,400	576,352
Cash deposited with credit institutions, CSA agreements		26,627	28,780	20,463
Loss limit towards the Danish Growth Fund		291	291	291
Total		460,013	583,471	597,106

Unencumbered deposited securities may be released at call.

Note	Amounts in DKK'000	Sparekassen (Group)		
		30.09.2018	31.12.2017	30.09.2017
14 Related party transactions				
Sparekassen serves as bank to the Group's group enterprises, and intra-group transactions primarily comprise interest payments, settlement of rent and administration fee. All transactions have been conducted at arm's length.				
There have been no unusual related party transactions in Q1-Q3 2017 or Q1-Q3 2018.				
15 Contingent liabilities and assets				
Financial guarantees		1,074,952	1,502,821	1,455,378
Mortgage finance guarantees		2,318,702	2,167,326	2,069,139
Registration and remortgaging guarantees		88,675	40,378	59,556
Other contingent liabilities		1,602,907	1,502,599	1,562,989
Total		5,085,236	5,213,124	5,147,062

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

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

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

Notes

Sparekassen (Group)

Note Amounts in DKK'000 30.09.2018 31.12.2017 30.09.2017

15 Contingent liabilities and assets (continued)

The Group has entered into a number of leases on premises used for bank operations or other activities. If the leases entered into are terminated, a maximum amount of DKK 72,2m (31 December 2017: DKK 79.4m; 30 September 2017: DKK 70,4m) will have to be paid.

The Group has lease commitments amounting to DKK 4,6m (31 December 2017: DKK 1.3m; 30 September 2017: DKK 1.5m).

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

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

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

Contingent assets

Note	Amounts in DKK'000	30.09.2018	31.12.2017	30.09.2017
Deferred tax assets, written down		115,284	115,579	145,307

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

Sparekassen (Group)

Note Amounts in DKK'000 30.09.2018 31.12.2017 30.09.2017

16 Capital resources ¹

Equity excluding hybrid core capital	2,673,634	2,227,576	2,167,992
Intangible assets	-128,299	-137,658	-141,406
Tax assets	-177,658	-162,718	-164,846
Proposed dividend	0	0	0
Deduction, capital instruments exceeding 10%	-180,128	-114,400	-148,720
Other deductions etc	-45,033	5,675	-86,174
Common Equity Tier 1 capital	2,142,516	1,818,475	1,626,846
Hybrid core capital	335,000	575,000	520,000
Deduction, investments exceeding 10%	0	-14,300	-18,590
Core capital (including hybrid core capital) net of primary deductions	2,477,516	2,379,175	2,128,256
Supplementary capital	413,600	402,328	352,654
Deduction, investments exceeding 10%	0	-14,300	-18,590
Supplementary investments	0	0	0
Capital resources	2,891,116	2,767,203	2,462,320
Risk exposures			
Credit risk	14,410,118	14,170,225	13,635,606
Market risk	967,852	1,015,417	1,429,227
Operational risk	1,814,764	1,787,720	1,787,720
Total risk exposures	17,192,734	16,973,362	16,852,553
Capital ratio	16.8	16.3	14.6
Core capital ratio	14.4	14.0	12.6
Common Equity Tier 1 capital ratio	12.5	10.7	9.7
Capital resources, requirement under Section 124(2) of the Danish Financial Business Act	1,375,419	1,357,869	1,348,204

¹ Sparekassen's capital resources and capital ratios calculated inclusive of transitional scheme and exclusive of net profit for the period at 30.09.2018 (30.09.2017: exclusive of profit for Q3 2017). Had net profit for the period, reduced by the maximum dividend paid in accordance with the dividend policy, been included in capital resources, the capital ratio, the core capital ratio and the common equity tier 1 capital ratio would have been 0.9 percentage points higher (30.09.2017: 0.3 percentage points higher).

Notes

Sparekassen (Group)

Note	Amounts in DKK'000	30.09.2018
16 Capital resources (continued)		
Sparekassen applies the transitional scheme in the implementation of IFRS 9.		
Under the transitional scheme, Sparekassen may phase in the negative consequences of IFRS 9 into the capital resources over a five-year period.		
Solvency capital elements calculated exclusive of transitional scheme²		
Common Equity Tier 1 capital		2,030,918
Core capital (including hybrid core capital) net of primary deductions		2,365,918
Capital resources		2,779,518
Total risk exposures		17,188,927
Capital ratio		16.2
Core capital ratio		13.8
Common Equity Tier 1 capital ratio		11.8

² Sparekassen's capital resources and capital ratios calculated exclusive of transitional scheme and exclusive of net profit for the period at 30.09.2018 (30.09.2017: exclusive of profit for Q3 2017). Had net profit for the period, reduced by the maximum dividend paid in accordance with the dividend policy, been included in capital resources, the capital ratio, the core capital ratio and the common equity tier 1 capital ratio would have been 0.9 percentage points higher (30.09.2017: 0.3 percentage points higher).

Sparekassen (Group)

Note	Amounts in DKK'000	30.09.2018	30.09.2017
17 Financial assets and liabilities, Sparekassen Sjælland-Fyn A/S Group			
Financial assets and liabilities are recognised in the balance sheet either at fair value through profit or loss or at amortised cost.			
Below, the valuation method is stated for each financial statement item.			
		Fair value	Amortised costs
		Fair value	Amortised costs
Financial assets			
Cash and balances on demand at central banks			346,726
Amounts owed by credit institutions and central banks		2,191,204	1,380,646
Loans and advances and other amounts owed at amortised cost		12,014,188	11,371,107
Bonds at fair value	5,832,982		5,231,507
Bonds at amortised cost		0	99,907
Shares etc	804,084		678,622
Assets related to pooled plans	1,192,245		802,252
Positive market value of derivatives	26,506		27,856
Total financial assets	7,855,817	14,611,113	6,740,237
Financial liabilities			
Amounts owed to credit institutions and central banks		517,880	369,932
Deposits and other debt		17,368,767	16,370,269
Deposits in pooled plans		1,192,245	802,252
Subordinated loan capital		531,620	353,174
Negative market value of derivatives	29,875		32,076
Total financial liabilities	29,875	19,610,512	32,076
			17,895,627

Notes

Note

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

Financial instruments recognised at fair value

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

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

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

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

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

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

Sparekassen (Group)

Note	Amounts in DKK'000	Quoted prices (Level 1)	Observable input (Level 2)	Non-observable input (Level 3)	Total
17	Financial assets and liabilities, Sparekassen Sjælland-Fyn A/S Group (continued)				
	Fair value hierarchy of financial instruments measured at fair value in balance sheet				
	30.09.2018				
	Financial assets				
	Bonds at fair value	5,807,982	25,000	0	5,832,982
	Shares etc	78,927	245,036	480,121	804,084
	Assets related to pooled plans	1,162,181	30,064	0	1,192,245
	Derivatives	0	26,506	0	26,506
	Total financial assets	7,049,090	326,606	480,121	7,855,817
	Financial liabilities				
	Derivative financial liabilities	0	29,875	0	29,875
	Total financial liabilities	0	29,875	0	29,875
	30.09.2017				
	Financial assets				
	Bonds at fair value	5,186,671	44,836	0	5,231,507
	Shares etc	40,436	225,343	412,843	678,622
	Assets related to pooled plans	775,617	26,635	0	802,252
	Derivatives	0	27,856	0	27,856
	Total financial assets	6,002,724	324,670	412,843	6,740,237
	Financial liabilities				
	Derivative financial liabilities	0	32,076	0	32,076
	Total financial liabilities	0	32,076	0	32,076

Notes

Sparekassen (Group)

Note Amounts in DKK'000 30.09.2018 30.09.2017

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

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

Carrying amount at beginning of period	410,826	346,717
Market value adjustment in profit or loss, under market value adjustments	1,395	15,605
Purchased	169,457	155,404
Sold	101,557	104,883
Carrying amount at end of period	480,121	412,843

Sparekassen's key investment in shares based on Level 3 is the investment in PRAS A/S amounting to DKK 117.3m (30 September 2017: DKK 120.9m), equivalent to 24% (30 September 2017: 29%) of the total fair value of financial instruments in Level 3. The fair value of the investment in PRAS A/S is based on the company's equity value. A change in the company's equity by DKK 100m would affect the fair value of Sparekassen by DKK 4.8m (30 September 2017: DKK 5.0m).

Sparekassen does not have data to make a sensitivity analysis of the investment fund certificates that are measured at fair value in the balance sheet based on Level 3. The investment fund certificates amount to DKK 353.5m (30 September 2017: DKK 289.0m).

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

Note

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

Financial instruments recognised at amortised cost

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

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

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

Notes

Sparekassen (Group)

Note	Amounts in DKK'000	30.09.2018	30.09.2017
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17 Financial assets and liabilities, Sparekassen Sjælland-Fyn A/S Group (continued)

Financial instruments recognised at amortised cost,
disclosures on fair value

	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and balances on demand at central banks	405,721	405,721	346,726	346,726
Amounts owed by credit institutions and central banks	2,191,204	2,191,204	1,380,646	1,380,646
Loans and advances and other amounts owed at amortised cost	12,014,188	12,069,756	11,371,107	11,424,467
Bonds at amortised cost	0	0	99,907	100,090
Total financial assets	14,611,113	14,666,681	13,198,386	13,251,929
Financial liabilities				
Amounts owed to credit institutions and central banks	517,880	517,880	369,932	369,932
Deposits and other debt	17,368,767	17,368,767	16,370,269	16,370,269
Deposits in pooled plans	1,192,245	1,192,245	802,252	802,252
Subordinated loan capital	531,620	531,620	353,174	353,174
Total financial liabilities	19,610,512	19,610,512	17,895,627	17,895,627

Income statement

		Sparekassen (Parent)			
Note	Amounts in DKK'000	Q1-Q3 2018	Q1-Q3 2017	Q3 2018	Q3 2017
4	Interest income	431,964	432,265	145,500	145,952
5	Interest expenses	51,287	48,410	18,029	14,848
	Net interest income	380,677	383,855	127,471	131,104
	Dividends on shares etc	23,565	26,135	2,270	14,959
6	Fees and commission income	343,898	340,612	106,897	107,766
	Fees and commission expenses	13,661	13,734	4,473	4,852
	Net interest and fee income	734,479	736,868	232,165	248,977
7	Market value adjustments	40,278	54,468	25,086	10,382
	Other operating income	4,534	5,349	1,781	1,500
8	Staff costs and administrative expenses	546,936	506,419	185,219	171,200
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	30,500	30,288	9,951	11,257
	Other operating expenses	8,265	9,701	2,650	2,057
9	Impairment losses on loans and advances etc	11,037	21,129	6,357	1,783
	Profit/loss on investments in associates and group enterprises	6,332	-8,788	5,809	-1,877
	Profit before tax	188,885	220,360	60,664	72,685
	Income tax	15,259	15,776	2,859	4,822
	Profit after tax	173,626	204,584	57,805	67,863
	Earnings per share				
	Earnings per share (DKK)	8.2	12.6	2.5	4.2
	Diluted earnings per share (DKK)	8.2	12.6	2.5	4.2
	Distributed as follows:				
	Retained earnings	123,872	162,444	38,081	53,662
	Interest, hybrid core capital	49,754	42,140	19,724	14,201
	Total	173,626	204,584	57,805	67,863

Statement of comprehensive income

		Sparekassen (Parent)			
Note	Amounts in DKK'000	Q1-Q3 2018	Q1-Q3 2017	Q3 2018	Q3 2017
	Profit for the period	173,626	204,584	57,805	67,863
	Other comprehensive income that may not be reclassified to profit or loss				
	Fair value adjustment of properties	-250	0	0	0
	Tax related to fair value adjustment of properties	0	0	0	0
	Other comprehensive income that may be reclassified to profit or loss				
	Fair value adjustment of financial instruments entered into to hedge future cash flows ¹				
	- Value adjustment for the period	1	41	63	-49
	- Tax on other comprehensive income	0	-9	-14	11
	Total other comprehensive income	-249	32	49	-38
	Total comprehensive income	173,377	204,616	57,854	67,825

1 The fair value adjustment concerns a jointly controlled enterprise.

Balance sheet

Sparekassen (Parent)

Note	Amounts in DKK'000	Opening balance sheet at			
		30.09.2018	01.01.2018	31.12.2017	30.09.2017
Assets					
	Cash and balances on demand at central banks	405,721	356,906	356,906	346,726
	Amounts owed by credit institutions and central banks	2,184,345	1,822,445	1,822,445	1,377,770
	Loans and other amounts owed at amortised cost	12,037,198	11,534,789	11,671,702	11,353,821
	Bonds at fair value	5,832,982	4,839,742	4,839,742	5,231,507
	Bonds at amortised cost	0	99,999	99,999	99,907
	Shares etc	804,084	653,583	653,583	678,622
	Investments in associates	33,089	33,801	33,801	31,301
	Investments in group enterprises	346,382	379,184	381,559	377,646
	Assets related to pooled plans	1,192,245	905,222	905,222	802,252
	Intangible assets	128,299	137,658	137,658	141,406
	Total land and buildings	58,169	59,807	59,807	87,890
	<i>Investment property</i>	7,269	8,337	8,337	2,420
	<i>Owner-occupied property</i>	50,900	51,470	51,470	85,470
	Other property, plant and equipment	51,044	47,830	47,830	43,885
	Current tax assets	18,754	15,647	15,647	6,741
	Deferred tax assets	167,107	182,281	152,160	151,988
	Temporarily held assets	0	0	0	5,640
	Other assets	202,371	246,370	246,370	171,349
	Prepayments	24,422	18,675	18,675	18,008
	Total assets	23,486,212	21,333,939	21,443,106	20,926,459

Sparekassen (Parent)

Note	Amounts in DKK'000	Opening balance sheet at			
		30.09.2018	01.01.2018	31.12.2017	30.09.2017
Equity and liabilities					
Liabilities other than provisions					
	Amounts owed to credit institutions and central banks	516,444	437,892	437,892	368,350
	Deposits and other debt	17,375,690	16,591,918	16,591,918	16,370,015
	Deposits in pooled plans	1,192,245	905,222	905,222	802,252
	Current tax liabilities	0	0	0	0
	Other liabilities	205,881	216,286	216,286	215,904
	Deferred income	9,255	5,828	5,828	4,082
	Total liabilities other than provisions	19,299,515	18,157,146	18,157,146	17,760,603
Provisions					
	Provisions for losses on guarantees etc	56,113	55,905	55,905	60,866
	Other provisions	10,738	14,794	14,794	11,986
	Total provisions	66,851	70,699	70,699	72,852
	Subordinated loan capital	531,620	402,848	402,848	353,174
Equity					
	Share capital	173,750	130,312	130,312	130,312
	Share premium	393,243	0	0	0
	Revaluation reserves	2,878	3,128	3,128	3,642
	Undistributable savings bank reserve, other reserves	561,378	561,378	561,378	561,378
	Retained earnings	1,542,385	1,423,591	1,532,758	1,472,659
	Total equity excluding hybrid core capital	2,673,634	2,118,409	2,227,576	2,167,992
	Hybrid core capital	914,592	584,837	584,837	571,838
	Total equity	3,588,226	2,703,246	2,812,413	2,739,830
	Total equity and liabilities	23,486,212	21,333,939	21,443,106	20,926,459

Statement of changes in equity

Sparekassen (Parent)

Note	Amounts in DKK'000	Share capital	Share premium	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument ¹	Dividend	Retained earnings	Total equity exclusive of hybrid core capital	Hybrid core capital	Total equity
	Equity at 1.1.2017	130,312	0	3,642	561,378	-170	39,745	1,323,167	2,058,073	529,698	2,587,771
	Profit for the period	0	0	0	0	0	0	162,444	162,444	42,140	204,584
	Other comprehensive income										
	Fair value adjustment of financial instruments entered into to hedge future cash flows:										
	Value adjustment for the period	0	0	0	0	41	0	0	41	0	41
	Tax on other comprehensive income	0	0	0	0	-9	0	0	-9	0	-9
	Total other comprehensive income	0	0	0	0	32	0	0	32	0	32
	Comprehensive income for the period	0	0	0	0	32	0	162,444	162,476	42,140	204,616
	Purchase of treasury shares	0	0	0	0	0	0	-13,419	-13,419	0	-13,419
	Sale of treasury shares	0	0	0	0	0	0	0	0	0	0
	Dividend paid	0	0	0	0	0	-39,745	607	-39,138	0	-39,138
	Equity at 30.09.2017	130,312	0	3,642	561,378	-138	0	1,472,798	2,167,992	571,838	2,739,830

Statement of changes in equity

Sparekassen (Parent)

Note	Amounts in DKK'000	Share capital	Share premium	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument ¹	Dividend	Retained earnings	Total equity exclusive of hybrid core capital	Hybrid core capital	Total equity
	Equity at 1.1.2018	130,312	0	3,128	561,378	-119	0	1,532,878	2,227,576	584,837	2,812,413
	Change in accounting policies	0	0	0	0	0	0	-109,167	-109,167	0	-109,167
	Equity at 01.01.2018, following this	130,312	0	3,128	561,378	-119	0	1,423,711	2,118,409	584,837	2,703,246
	Profit for the period	0	0	0	0	0	0	123,872	123,872	49,754	173,626
	Other comprehensive income										
	Fair value adjustment of owner-occupied property	0	0	-250	0	0	0	0	-250	0	-250
	Fair value adjustment of financial instruments entered into to hedge future cash flows:										
	Value adjustment for the period	0	0	0	0	1	0	0	1	0	1
	Tax on other comprehensive income	0	0	0	0	0	0	0	0	0	0
	Total other comprehensive income	0	0	-250	0	1	0	0	-249	0	-249
	Comprehensive income for the period	0	0	-250	0	1	0	123,872	123,623	49,754	173,377
	Additions through share issue	43,437	393,243	0	0	0	0	0	436,680	0	436,680
	New hybrid core capital	0	0	0	0	0	0	-4,076	-4,076	280,000	275,924
	Purchase of treasury shares	0	0	0	0	0	0	-1,143	-1,143	0	-1,143
	Sale of treasury shares	0	0	0	0	0	0	150	150	0	150
	Price adjustment, treasury shares	0	0	0	0	0	0	-8	-8	0	-8
	Equity at 30.06.2018	173,750	393,243	2,878	561,378	-118	0	1,542,504	2,673,634	914,592	3,588,226

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

Notes

Note	Sparekassen (Parent)		
	Q1-Q3 2018	Q1-Q3 2017	Financial year 2017
1 Financial highlights			
Principal items of income statement			
Net interest income	381	384	606
Net interest and fee income	734	737	999
Market value adjustments	40	54	43
Staff costs and administrative expenses	547	506	691
Amortisation, depreciation and impairment losses on assets	31	30	59
Impairment losses on loans and advances etc	11	21	33
Profit on investments in associates and group enterprises	6	-9	3
Income tax	15	16	16
Profit for the period	174	205	257
Principal items of balance sheet			
Loans and advances	12,037	11,354	11,681
Securities portfolio	6,637	6,010	5,594
Deposits including pooled deposits	18,568	17,172	17,494
Equity	3,588	2,740	2,812
Total assets	23,486	20,926	21,487
Subordinated loan capital	532	353	403

Note	Sparekassen (Parent)		
	Q1-Q3 2018	Q1-Q3 2017	Financial year 2017
Financial ratios			
Capital ratio ¹	16.8	14.6	16.4
Core capital ratio ¹	14.4	12.7	14.1
Return on equity before tax ²	6.0	8.3	10.0
Return on equity after tax ²	5.5	7.7	9.5
Operating income over operating expenses	1.32	1.39	1.35
Interest rate risk relative to core capital net of deductions	-0.3	0.8	0.8
Currency position relative to core capital net of deductions	0.5	0.3	0.7
Currency risk relative to core capital net of deductions	0.0	0.0	0.0
Loans and advances plus loan impairment losses relative to deposits	70.1	71.2	71.9
Loans and advances relative to equity	3.4	4.1	4.2
Growth in loans and advances for the period	4.4	8.9	11.9
Excess cover relative to statutory liquidity requirements	270.1	218.9	216.8
Total large exposures relative to capital resources	0.0	11.1	0.0
Impairment ratio for the period	0.1	0.1	0.2
Accumulated impairment ratio ³	5.7	5.3	5.4
Return on capital employed	0.8	1.0	1.2
Earnings per share (DKK) ⁴	7.1	12.6	15.5
Dividend per share (DKK)	0.0	0.0	0.0
Book value per share (DKK) ⁵	154.0	169.0	170.9
Price/earnings per share ⁴	14.0	10.0	7.4
Price/equity per share ⁵	0.7	0.8	0.7
Share price at end of period	100.0	126.5	114.5
Staff			
Average number of employees for the period converted into full-time employees ⁶	613	578	585

¹ The 30 September 2018 figure has been calculated exclusive of profit for the period whereas the 30 September 2017 figure has been calculated exclusive of the Q3 profit.

² Calculation according to the Danish Executive Order on Financial Reports (average equity)

³ The ratio does not include discount. Please refer to note 9 for a specification of total impairment losses, provisions and discounts.

⁴ Calculated based on the average number of shares during the period.

⁵ Calculated based on the number of outstanding shares at end of period.

⁶ Engaged in financial business.

Notes

2 Summary of significant accounting policies

The Q1-Q3 2018 financial statements of Sparekassen (Parent) have been prepared in accordance with the Danish Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc, as well as additional Danish disclosure requirements for interim reports for listed financial companies.

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

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

The Standard is effective from 1 January 2018.

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

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

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

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

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

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

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

Notes

Note	Amounts in DKK'000	Sparekassen (Parent)	
		Q1-Q3 2018	Q1-Q3 2017
4 Interest income			
Credit institutions and central banks		394	1,092
Loans and advances and other amounts owed		407,059	410,279
Bonds		17,971	17,313
Total derivatives		6,375	3,498
Thereof:			
- Interest rate contracts		-536	5,139
- Foreign exchange contracts		6,911	-1,641
Other interest income		165	83
Total interest income		431,964	432,265
5 Interest expenses			
Credit institutions and central banks		10,535	5,194
Deposits and other debt		16,023	19,506
Bonds issued		0	0
Subordinated loan capital		24,696	23,602
Other interest expenses		33	108
Total interest expenses		51,287	48,410
6 Fees and commission income			
Securities trading and custody accounts		71,184	82,929
Payment services		41,681	36,777
Loan fees		27,703	30,092
Guarantee commission		125,525	117,400
Other fees and commissions		77,805	73,414
Total fees and commission income		343,898	340,612

Note	Amounts in DKK'000	Sparekassen (Parent)	
		Q1-Q3 2018	Q1-Q3 2017
7 Market value adjustments			
Bonds		-11,752	30,481
Shares		55,445	15,136
Investment property		-655	-780
Foreign exchange		6,424	6,532
Currency, interest rate, share, commodity and other contracts and derivatives		-9,184	3,099
Assets related to pooled plans		30,787	41,198
Deposits in pooled plans		-30,787	-41,198
Total market value adjustments		40,278	54,468
8 Staff costs and administrative expenses			
Remuneration of the Board of Directors and Executive Board			
Board of Directors and Executive Board		8,904	8,458
Resigned Executive Board member 2017		0	4,248
Total		8,904	12,706
Staff costs			
Wages and salaries		261,130	238,667
Pension contributions		29,147	26,648
Social security expenses		41,889	37,565
Total staff costs		332,166	302,880
Other administrative expenses		205,866	190,833
Total staff costs and administrative expenses		546,936	506,419

Notes

Note	Amounts in DKK'000	Sparekassen (Parent)	
		30.09. 2018	30.09. 2017
9	Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account)		
	Individual impairment losses/provisions		
	Balance of impairment losses/provisions at beginning of period	893,100	975,342
	Change in accounting policies	-893,100	
	Impairment losses/provisions for the period (net)		35,504
	Other changes		85,319
	Value adjustment of assets acquired		-243
	Finally written off, previously written down/provided for		237,631
	Balance of impairment losses/provisions at end of period	0	858,291
	Collective impairment losses/provisions		
	Balance of impairment losses/provisions at beginning of period	74,514	80,442
	Change in accounting policies	-55,389	
	Transferred to management estimates	-19,125	
	Impairment losses/provisions for the period (net)		-8,251
	Balance of impairment losses/provisions at end of period	0	72,191

Note	Amounts in DKK'000	Sparekassen (Parent)	
		30.09. 2018	30.09. 2017
9	Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account) (continued)		
	Stage 1 impairment		
	Balance of stage 1 impairment losses at beginning of period	0	
	Change in accounting policies	52,114	
	New impairment losses (net)	2,061	
	Balance of stage 1 impairment losses at end of period	54,175	
	Stage 2 impairment		
	Balance of stage 2 impairment losses at beginning of period	0	
	Change in accounting policies	153,337	
	New impairment losses (net)	-18,201	
	Balance of stage 2 impairment losses at end of period	135,136	
	Stage 3 impairment		
	Balance of stage 3 impairment losses at beginning of period	0	
	Change in accounting policies	840,266	
	New impairment losses (net)	42,523	
	Other changes	115,395	
	Value adjustment of assets acquired	-4	
	Previously written down, now finally written off	203,032	
	Balance of stage 3 impairment losses at end of period	795,148	

Notes

Note	Amounts in DKK'000	Sparekassen (Parent)	
		30.09.2018	30.09.2017
9	Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account) (continued)		
	Provisions losses for guarantees and undrawn credit facilities		
	Balance of provisions at beginning of year	0	
	Change in accounting policies	58,810	
	New provisions (net)	-2,697	
	Balance of provisions at end of period	56,113	
	Total		
	Balance of impairment losses/provisions at beginning of period	967,614	1,055,784
	Change in accounting policies	136,913	
	Impairment losses/provisions for the period (net)	23,686	27,253
	Other changes	115,395	85,319
	Value adjustment of assets acquired	-4	-243
	Finally written off, previously written down/provided for	203,032	237,631
	Balance of impairment losses/provisions at end of period	1,040,572	930,482
	Thereof, guarantee debtors account for	56,113	60,866
	Discount regarding business acquisitions	25,300	167,422
	Balance of impairment losses/provisions and discount at end of period	1,065,872	1,097,904
	Impairment losses/provisions for the period (net)	23,686	27,253
	Value adjustment of assets acquired	-4	-243
	Written off, not previously written down/provided for	3,753	11,016
	Recovery of claims previously written off	16,399	16,897
	Total recognised in the income statement	11,037	21,129

Note	Amounts in DKK'000	Sparekassen (Parent)		
		30.09.2018	31.12.2017	30.09.2017
10	Assets provided as collateral			
	Bonds deposited with Danmarks Nationalbank, clearing centres etc	433,095	554,400	576,352
	Cash deposited with credit institutions, CSA agreements	26,627	28,780	20,463
	Loss limit towards the Danish Growth Fund	291	291	291
	Total	460,013	583,471	597,106
	Unencumbered deposited securities may be released at call.			
11	Capital resources ¹			
	Equity excluding hybrid core capital	2,673,634	2,227,576	2,167,992
	Intangible assets	-128,299	-137,658	-141,406
	Tax assets	-167,107	-152,160	-151,988
	Proposed dividend	0	0	0
	Deduction, capital instruments exceeding 10%	-179,092	-113,226	-147,606
	Other deductions etc	-45,224	9,799	-85,096
	Common Equity Tier 1 capital	2,153,912	1,834,331	1,641,896
	Hybrid core capital	335,000	575,000	520,000
	Deduction, investments exceeding 10%	0	-14,153	-18,451
	Core capital (including hybrid core capital) net of primary deductions	2,488,912	2,395,178	2,143,445
	Supplementary capital	413,600	402,328	352,654
	Deduction, investments exceeding 10%	0	-14,153	-18,451
	Supplementary investments	0	0	0
	Capital resources	2,902,512	2,783,353	2,477,648

Notes

Sparekassen (Parent)				
Note	Amounts in DKK'000	30.09.2018	31.12.2017	30.09.2017
11	Capital resources ¹ (continued)			
	Risk exposures			
	Credit risk	14,519,338	14,237,951	13,749,572
	Market risk	968,169	1,015,022	1,429,464
	Operational risk	1,764,583	1,737,859	1,737,859
	Total risk exposures	17,252,090	16,990,832	16,916,895
	Capital ratio	16.8	16.4	14.6
	Core capital ratio	14.4	14.1	12.7
	Common Equity Tier 1 capital ratio	12.5	10.8	9.7
	Capital resources, requirement under Section 124(2) of the Danish Financial Business Act	1,380,167	1,359,267	1,353,352

¹ Sparekassen's capital resources and capital ratios calculated inclusive of transitional scheme and exclusive of net profit for the period at 30.09.2018 (30.09.2017: exclusive of profit for Q3 2017). Had net profit for the period, reduced by the maximum dividend paid in accordance with the dividend policy, been included in capital resources, the capital ratio, the core capital ratio and the common equity tier 1 capital ratio would have been 0.9 percentage points higher (30.09.2017: 0.3 percentage points higher).

Sparekassen (Parent)		
Note	Amounts in DKK'000	30.09.2018
11	Capital resources ¹ (continued)	
	Sparekassen applies the transitional scheme in the implementation of IFRS 9.	
	Under the transitional scheme, Sparekassen may phase in the negative consequences of IFRS 9 into the capital resources over a five-year period.	
	Solvency capital elements calculated exclusive of transitional scheme²	
	Common Equity Tier 1 capital	2,042,314
	Core capital (including hybrid core capital) net of primary deductions	2,377,314
	Capital resources	2,790,914
	Total risk exposures	17,248,283
	Capital ratio	16.2
	Core capital ratio	13.8
	Common Equity Tier 1 capital ratio	11.8

² Sparekassen's capital resources and capital ratios calculated exclusive of transitional scheme and exclusive of net profit for the period at 30.09.2018 (30.09.2017: exclusive of profit for Q3 2017). Had net profit for the period, reduced by the maximum dividend paid in accordance with the dividend policy, been included in capital resources, the capital ratio, the core capital ratio and the common equity tier 1 capital ratio would have been 0.9 percentage points higher (30.09.2017: 0.3 percentage points higher).

