

**Company Announcement 16 August 2010
(No. 12/2010)**

The Group of Sparekassen Faaborg

Interim Report 1 January – 30 June 2010

Pre-tax profit amounting to DKK 20,4 million

Expected annual results up by DKK 20 million to between DKK 140-160 million before market value adjustments, impairments and tax

Loan impairment charges reduced by DKK 39,9 million to DKK 77,2 million

Parent staff costs and administration expenses decreased by 3.4 percent

Market value adjustments positive by DKK 19,1 million

Following the strategy for lending, loans and advances down by DKK 490,6 million

Deposits inclusive of pools up by DKK 15,8 million

Liquidity surplus amounts to 237.7 percent

Solvency ratio is 17.0

Solvency surplus ratio is 7.6

Sparekassen has obtained a 3-year governmental guaranteed bond loan of DKK 1 billion

Expenses to the Financial Stability Company totals DKK 17,0 million inclusive of impairment charges of DKK 1,2 million.

The Group of Sparekassen Faaborg 5 year summary

2010 2009 2008 2007 2006

Income statement first half-year in main figures

(Amounts in million DKK)

Net interest income	146	159	156	139	119
Dividend of shares etc.	2	9	3	61	50
Net fee and commission income	42	43	44	44	51
Net interest and fee income	190	211	203	244	220
Market value adjustments	19	-25	-2	-10	-8
Other operating income	7	3	12	13	7
Staff costs and administration expenses	99	96	98	95	88
Other operating costs etc.	3	7	1	1	1
Loan impairment charges	76	107	15	-1	3
Income from equity investments in associated and affiliated companies	0	1	0	0	0
Profit before expenses to the Financial Stability Company	38	-20	99	152	127
Expenses to the Financial Stability Company	17	23	0	0	0
Pre-tax profit	21	-43	99	152	127
Tax	6	-6	17	20	23
Net profit first half-year	15	-37	82	132	104

Balance sheet by 30 June in main figures

(Amounts in million DKK)

Loans and advances	4,976	5,466	5,766	5,133	4,313
Securities and equity investments	2,904	1,132	992	1,009	797
Deposits inclusive of pool deposits	4,281	4,265	4,120	3,742	3,429
Equity	1,056	1,031	1,186	1,146	929
Total assets	8,873	7,685	7,625	6,930	5,652
Contingent liabilities and other commitments	2,476	2,970	2,707	3,727	3,532

Key figures and financial ratios

Solvency ratio	17.0	14.4	13.2	13.6	11.0
Core capital ratio	14.4	11.8	10.9	11.1	10.6
Pre-tax return on equity	1.9	-4.1	8.4	13.6	13.8
Net return on equity	1.4	-3.5	6.9	11.8	11.3
Income/cost ratio	1.11	0.81	1.86	2.59	2.39
Interest rate risk (percent)	4.0	3.1	2.3	3.1	4.8
Currency position (percent)	11.7	21.8	23.7	28.5	19.7
Currency risk (percent)	0.0	0.1	0.0	0.1	0.0
Loans and advances compared to deposits	124.8	134.6	142.8	137.2	125.8
Loans and advances compared to equity	4.7	5.3	4.9	4.5	4.6
Interim growth of loans and advances	-1.3	-1.8	4.4	3.3	10.8
Surplus proportional to legal claims on liquidity	237.7	107.4	105.5	105.8	23.7
Total of large accounts	63.1	110.5	176.2	200.2	224.2
Accumulated impairment ratio	5.2	3.4	1.5	1.4	1.8
Interim impairment ratio	0.9	1.3	0.2	0.0	0.0
Average number of employees	224	228	230	218	209

Sparekassen Faaborg 5 year summary

2010 2009 2008 2007 2006

Income statement first half-year in main figures

(Amounts in million DKK)

Net interest income	124	134	137	122	104
Dividend of shares etc.	2	9	3	61	50
Net fee and commission income	34	40	37	38	45
Net interest and fee income	160	183	177	221	199
Market value adjustments	20	-25	-5	-12	-10
Other operating income	1	2	11	11	5
Staff costs and administration expenses	84	87	84	80	74
Other operating costs etc.....	1	2	1	1	1
Loan impairment charges	48	76	11	0	2
Income from equity investments in associated and affiliated companies	-8	-11	9	10	7
Profit before expenses to the Financial Stability Company.....	40	-16	96	149	124
Expenses to the Financial Stability Company	17	23	0	0	0
Pre-tax profit	23	-39	96	149	124
Tax	8	-2	14	17	20
Net profit first half-year	15	-37	82	132	104

Balance sheet by 30 June in main figures

(Amounts in million DKK)

Loans and advances	5,030	5,438	5,644	5,004	4,174
Securities and equity investments	2,918	1,155	1,045	1,069	855
Deposits inclusive of pool deposits	4,278	4,248	4,103	3,727	3,414
Equity	1,056	1,031	1,186	1,146	929
Total assets	8,810	7,611	7,558	6,861	5,558
Contingent liabilities and other commitments	2,475	2,970	2,652	3,650	3,473

Key figures and financial ratios

Solvency ratio	17.4	14.5	13.4	13.6	11.0
Core capital ratio	14.7	11.9	11.0	11.1	10.6
Pre-tax return on equity	2.2	-3.7	8.1	13.4	13.4
Net return on equity	1.4	-3.5	6.9	11.8	11.3
Income/cost ratio	1.16	0.79	1.99	3.10	2.61
Interest rate risk (percent)	3.4	1.9	1.3	2.7	3.5
Currency position (percent).....	11.7	22.2	24.2	29.0	20.7
Currency risk (percent)	0.0	0.1	0.0	0.1	0.0
Loans and advances compared to deposits	124.5	133.5	139.9	134.3	122.3
Loans and advances compared to equity	4.8	5.3	4.8	4.4	4.5
Interim growth of loans and advances	-0.1	-0.7	4.6	3.3	10.7
Surplus proportional to legal claims on liquidity	238.5	108.1	106.5	106.3	27.3
Total of large accounts	63.1	112.2	189.2	203.3	228.0
Accumulated impairment ratio	4.3	3.0	1.3	1.4	1.7
Interim impairment ratio	0.6	1.0	0.1	0.0	0.0
Average number of employees	183	200	200	188	179
Interim pre-tax profit per share	21,6	-36,0	82,1	167,3	206,3
Interim net profit per share	13,6	-34,0	70,3	145,2	169,3
Book value per share	989	941	1,028	948	1,534
Price/book value	0.85	0.87	1.58	2.74	2.17

Management Review

The group pre-tax profit for first half-year 2010 amounts to DKK 20,4 million compared to a loss of DKK 43,6 million in the same period last year. In view of the difficult financial circumstances still applying in first half-year 2010, the boards consider the net profit satisfactory.

The pre-tax profit for first half-year 2010 before loan impairment charges and market value adjustments is better than budgeted and the expected annual results for 2010 before market value adjustments, loan impairment charges and tax are therefore upwardly adjusted to between DKK 140-160 million. The latest published expected results in the first quarter report 2010 stood between DKK 120-140 million.

In June 2010 Sparekassen Faaborg has been granted a governmental guarantee of DKK 1 billion according to the Danish Financial Stability Act. In order to secure a cash resource the guarantee has been used to raise two bond loans of DKK 500 million each. In December 2009 Sparekassen Faaborg received a governmental capital contribution in the form of hybrid core capital of DKK 200 million. It should be stressed that Sparekassen by no means has been forced to raise the bond loans and to receive the hybrid core capital and therefore Sparekassen's liquidity is extremely fine and the capital base is very large.

Interest, commission and fee income

The net interest income amounts to DKK 145,8 million, which is a decrease of DKK 13,3 million compared to first half-year 2009. A decrease was expected because we follow the group strategy on reducing loans and advances in order to gain balance between loans and deposits before mid 2013 when the governmental guarantee for the bond loans expires.

Dividend of shares amounts to DKK 1,5 million, which is a decrease of DKK 7,1 million compared to the same period in 2009, that had extraordinary dividends amounting to DKK 7,3 million.

Fee and commission income has fallen by DKK 2,6 million in first-half year 2010. This has to do with less income from group capital management and from conversion of mortgage loans, that has fallen significantly compared to first half-year 2009.

Market value adjustments

The market value adjustments are positive by DKK 19,1 million compared to a negative adjustment of DKK 25,1 million in the same period in 2009. Bonds have been adjusted by DKK 19,0 million and shares by DKK 0,5 million. Currency and derived financial instruments are adjusted by a negative net result of DKK 0,6 million.

Costs

The parent costs have fallen by 3.4 percent to DKK 83,6 million as a result of the scheduled cost saving since 2009.

The group staff costs and administration expenses have decreased slightly by DKK 0,4 million without the costs and expenses of the four Bolig Fyn companies purchased by Sparekassen Faaborg in first quarter 2010. Bolig Fyn staff costs and administration expenses amount to DKK 3,4 million and are recognised in the income statement for first half-year 2010.

The purchase of the four Bolig Fyn real estate companies took place in order to achieve a better synergy between Bolig Fyn and Sparekassen. The companies were previously owned by a subsidiary of the Foundation of Sparekassen Faaborg.

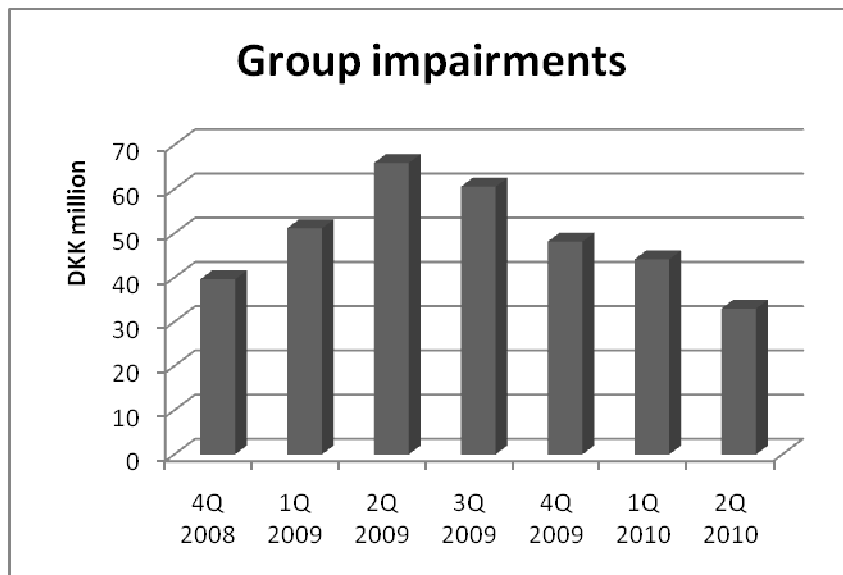
Other operating costs amount to DKK 16,9 million including expenses of DKK 15,8 million to the Financial Stability Company for participation in the governmental guarantee for deposits.

Impairments

The group loan impairment charges amount to DKK 77,2 million, which is a decrease of DKK 39,9 million compared to first half-year 2009. The impairment charges consist of DKK 48,6 million in Sparekassen Faaborg, DKK 19,0 million in Finansieringsselskabet Faaborg Formueforvaltning and DKK 9,6 million in Leasing Fyn Faaborg and Leasing Fyn Bank. The impairment charges include Sparekassen Faaborg's share of losses in the Financial Stability Company amounting to DKK 1,2 million in first half-year 2010.

To a large extent the group loan impairment charges come from corporate customers, and among these mainly from loan arrangements with property investors, whereas agricultural customers and household customers only constitute a minor part of the total impairments.

The need for loan impairment charges has fallen steadily since second quarter 2009 and has now come down to a level that is lower than in fourth quarter 2008, when the financial crisis really took hold. Therefore we soon expect to reach a more normal level for group loan impairment charges. Our expectations are confirmed by indications that the economy is improving and that we will see fewer bankruptcies and compulsory sales in future.



Balance sheet

The group balance sheet has increased from DKK 7,7 billion to DKK 8,9 billion corresponding to DKK 1,2 billion or 15.5 percent. The main reason for the balance increase is the aforementioned bond loans amounting to total DKK 1 billion. The proceeds from the loans were used for purchasing bonds, and thereby the bond portfolio has increased by DKK 1,7 billion to DKK 2,4 billion.

Loans and advances have decreased by DKK 490,6 million to approx. DKK 5.0 billion. The reduction of the loan portfolio is, as mentioned, done as part of the strategy that the group's lending, to a greater extent, shall be funded by deposits.

Deposits inclusive of pool deposits have increased by DKK 15,8 million corresponding to 0.4 percent.

Liquidity

The group liquidity surplus by 30 June 2010 is 237.7 percent. The requirement of the Danish Financial Business Act, section 152, is 10 percent of the reduced payables and guarantee liabilities.

The improved cash flow is a result of the two governmental guaranteed bond loans of each DKK 500 million with a life of 3 years. The proceeds from the loans are placed in bonds, which are kept as a liquidity buffer in connection with the expiry of the governmental guarantee on deposits by 30 September 2010.

Capital structure

The equity by 30 June 2010 amounts to DKK 1,055,5 million corresponding to an increase of DKK 24,3 million compared to the same period in 2009.

The solvency ratio has increased from 14.4 by 30 June 2009 to 17.0 by 30 June 2010. The core capital ratio has increased from 11.8 to 14.4 in the same period.

The individual solvency need of the group is calculated on basis of a model developed by the Danish trade association Lokale Pengeinstitutter. This model stresses the income statement, and in addition hereto a number of factors, which in an unlikely, but not quite inconceivable situation may affect the group's future results.

The individual solvency need is calculated at 9.4 percent, which means, that the group has a significant solvency surplus of 7.6 percent.

The share and the shareholders

The number of shareholders is approximately 10,400 compared to approximately 10,600 by 30 June 2009. The share price by 30 June 2010 is DKK 845 and has fallen by 5.3 percent since 1 January 2010. Dividend for the accounting year 2009 has not been paid in 2010 because of Sparekassen Faaborg's participation in the governmental guarantee plan for deposits, which forbids payment of dividend in the financial years 2008 and 2009.

Outlook

The pre-tax profit for second quarter 2010 before market value adjustments and loan impairment charges is better than budgeted and the expected annual results for 2010 before market value adjustments, loan impairment charges and tax are therefore upwardly adjusted to between DKK 140-160 million. The latest published expected results in the first quarter report 2010 stood between DKK 120-140 million.

The group expectations are still subject to some uncertainty, because so far there are no certain signs that the financial problems originating from the economic crisis are over and dealt with.

Other information

In order to be prepared for a coming upturn in the economy, the organisational structure of Sparekassen Faaborg has been changed. To reinforce managerial focus on servicing the customers, the market area has been divided into 2 geographical areas which service both household and corporate customers. On the internal lines a new department for organisational development and communication has been established in order to keep up with a greater demand for communication and training/education of the employees. Also on the internal lines a new business area, which shall meet the need for cost savings by focussing on processes and business operations in the organisation, has been established.

Nothing, which can affect the interim report, has occurred since closing of the accounts.

Financial calendar

First to third quarter report 2010 will be published on 25 October 2010.

Contacts

Questions, if any, please contact Mr Claus Sejling, managing director, or Mr Karsten Jakobsen, chief financial officer, on phone no. +45 6361 1800.

Statement by the supervisory board and the executive board

Today the supervisory board and the executive board have approved the interim report 2010.

The interim report is presented in accordance with IAS 34 as adopted by EU with respect to the consolidated financial statements, and in accordance with the Danish Financial Business Act including the Executive Order on Financial Statements for Credit Institutions and Investment Companies and Others with respect to the parent's interim report. The interim report is also presented in accordance with the additional Danish disclosure requirements imposed on listed financial companies.

The interim report has not been audited or reviewed.

We consider the accounting policies selected to be appropriate so that the interim report presents a true and fair view of the group and the parent assets, liabilities and financial position by 30 June 2010 as well as of the result of the activities of the group and the parent and of the cash flows of the group for the first half-year 2010.

We also consider the management review to present a true and fair view of the development of the activities and financial position of the group and the parent and a description of the most significant risks and uncertainties, which the group and the parent may be influenced by.

Faaborg 16 August 2010

Claus Sejling
 Managing Director

Faaborg 16 August 2010

Christian Ermoose
 Chairman of the supervisory board

Sten Grønved Nielsen
 Vice chairman of the supervisory board

Michael Agergaard
 Board member (employee board member)

Birgit Vinther Bavngaard
 Board member (employee board member)

Niels Jørgen Ellegaard
 Board member (employee board member)

Helge Rosendahl Hansen
 Board member

Hugo Skov Jakobsen
 Board member

Niels Erik Jørgensen
 Board member

Ole Madsen
 Board member

Helle Bonde Povlsen
 Board member (employee board member)

Søren Westerskov
 Board member

Income Statement First Half-Year

Amounts in thousand DKK

The Group of Sparekassen Faaborg

Note	Second Quarter		First half-year	
	2010	2009	2010	2009
2 Interest income	100,710	123,820	203,018	254,704
3 Interest expenses	28,237	42,465	57,266	95,610
Net interest income	72,473	81,355	145,752	159,094
Dividend of shares etc.	1,158	3,799	1,535	8,678
4 Fee and commission income	20,652	27,076	42,729	45,350
Fee and commission expense	484	1,345	1,201	2,299
Net interest and fee income	93,799	110,885	188,815	210,823
5 Market value adjustments	8,928	-31,124	19,142	-25,078
6 Other operating income	6,148	1,459	7,310	3,137
7 Staff costs and administration expenses	51,328	47,568	99,158	96,183
Depreciations, amortisation and impairment of intangible and tangible assets	849	805	1,600	1,615
8 Other operating costs	8,260	12,497	16,912	18,770
9 Loan impairment charges	33,000	65,933	77,162	117,088
10 Income from equity investments in associated and affiliated companies	-7	1,140	-7	1,140
Pre-tax profit	15,431	-44,443	20,428	-43,634
11 Tax	3,774	-4,844	5,878	-6,278
Net profit first half-year	11,657	-39,599	14,550	-37,356
Net profit per share, DKK	10,9	-36,0	13,6	-34,0
Net profit per share diluted, DKK	10,9	-36,0	13,6	-34,0

Statement of comprehensive income first half-year

Interim profit/loss	11,657	-39,599	14,550	-37,356
Fair value adjustment of financial instruments entered to hedge future cash flows.....	-2,054	2,758	-5,811	-7,342
Tax on entries on shareholders' equity.....	514	-690	1,453	1,835
Other comprehensive income after tax.....	-1,540	2,068	-4,358	-5,507
Total comprehensive income.....	10,117	-37,531	10,192	-42,863

Income Statement First Half-Year

Amounts in thousand DKK

Sparekassen Faaborg Parent

Note	Second Quarter		First half-year	
	2010	2009	2010	2009
2 Interest income	89,779	109,384	180,728	229,241
3 Interest expenses	27,924	41,673	56,706	95,040
Net interest income	61,855	67,711	124,022	134,201
Dividend of shares etc.	1,158	3,799	1,535	8,678
4 Fee and commission income	16,838	25,763	35,725	42,921
Fee and commission expenses	1,006	1,221	1,625	2,065
Net interest and fee income	78,845	96,052	159,657	183,735
5 Market value adjustments	9,676	-31,311	20,165	-25,397
6 Other operating income	897	616	1,362	1,719
7 Staff costs and administration expenses	42,053	42,860	83,635	86,547
Depreciations, amortisation and impairment of intangible and tangible assets	608	676	1,224	1,356
8 Other operating costs	8,261	8,413	16,580	14,686
9 Loan impairment charges	18,772	52,908	48,595	85,944
10 Income from equity investments in associated and affiliated companies	-3,279	-3,423	-8,101	-11,087
Pre-tax profit	16,445	-42,923	23,049	-39,563
11 Tax	4,788	-3,324	8,499	-2,207
Net profit first half-year	11,657	-39,599	14,550	-37,356

Balance Sheet

Amounts in thousand DKK

Note	The Group			Sparekassen		
	30.06 2010	30.06 2009	31.12 2009	30.06 2010	30.06 2009	31.12 2009
Assets						
Cash in hand and demand deposits with central banks	261,468	170,843	309,445	261,468	170,843	309,445
12 Due from credit institutions and central banks	182,775	434,996	193,880	186,186	450,343	207,059
Loans and advances at amortised cost ..	4,975,804	5,466,453	5,043,409	5,030,002	5,438,144	5,032,681
Bonds at fair value	2,412,608	708,240	1,453,353	2,412,608	708,240	1,453,353
Bonds at amortised cost.....	262,922	281,550	275,130	262,922	274,778	268,316
Shares etc.	224,372	137,297	211,706	224,372	137,297	211,706
Equity investments in associated companies	4,448	4,455	4,455	4,448	4,455	4,455
Equity investments in affiliated companies	0	0	0	13,267	30,199	20,800
Assets related to pool schemes	224,579	202,412	211,677	224,579	202,412	211,677
Intangible assets	590	517	489	0	0	0
Other tangible assets	8,064	9,118	8,908	7,347	8,304	8,255
Current tax assets	13,695	59,211	13,306	12,599	50,948	15,052
Deferred tax assets	0	4,110	0	0	23,013	5,338
Provisional acquired assets	140,276	72,564	98,574	34,739	12,122	26,538
Other assets	154,300	125,291	128,120	129,189	93,624	104,268
Prepayments	7,395	7,661	5,979	6,293	6,508	4,603
Total assets	8,873,296	7,684,718	7,958,431	8,810,019	7,611,230	7,883,546
Liabilities						
Debt						
Due to credit institutions and central banks	1,506,952	1,798,938	1,623,360	1,483,072	1,767,341	1,591,551
Deposits and other debt	4,056,095	4,062,479	4,114,364	4,053,758	4,046,047	4,108,398
Deposits in pool schemes	224,579	202,412	211,677	224,579	202,412	211,677
Issued bonds at amortised cost	1,351,967	152,860	352,589	1,351,813	152,706	352,435
Other liabilities	186,254	169,479	133,442	168,768	158,224	112,685
Deferred income	13,194	14,542	14,966	649	492	505
Total debt	7,339,041	6,400,710	6,450,398	7,282,639	6,327,222	6,377,251
Provisions						
Provisions for deferred tax.....	8,556	0	1,738	1,681	0	0
Provisions for loss on guarantees	42,260	23,077	33,097	42,260	23,077	33,097
Total provisions	50,816	23,077	34,835	43,941	23,077	33,097
Subordinated debt						
13 Subordinated debt	427,924	229,750	428,220	427,924	229,750	428,220
Equity						
Share capital	112,000	112,000	112,000	112,000	112,000	112,000
Accumulated change in value.....	-23,667	-17,970	-19,309	-23,667	-17,970	-19,309
Other reserves	0	14,577	0	0	14,577	0
Retained earnings	967,182	922,574	952,287	967,182	922,574	952,287
Total equity	1,055,515	1,031,181	1,044,978	1,055,515	1,031,181	1,044,978
Total liabilities	8,873,296	7,684,718	7,958,431	8,810,019	7,611,230	7,883,546
14 Contingent liabilities and other commitments	2,475,776	2,969,684	2,364,355	2,474,832	2,969,569	2,360,399

Statement of changes in equity

Amounts in thousand DKK

	Share capital	Acc. change in value	Other reserves	Retained earnings	Total
Equity by 1 January 2010	112,000	- 19,309	0	952,287	1,044,978
Interim comprehensive income	0	-4,358	0	14,550	10,192
Purchase of own shares				-22,250	-22,250
Sale of own shares				22,595	22,595
Total change in equity	0	-4,358	0	14,895	10,537
Equity by 30 June 2010	112,000	-23,667	0	967,182	1,055,515
Equity by 1 January 2009	120,000	-12,405	14,577	985,090	1,107,262
Interim comprehensive income	0	-5,507	0	-37,356	-42,863
Capital reduction	-8,000			8,000	0
Employee shares				2,944	2,944
Purchase of own shares				-48,756	-48,756
Sale of own shares				27,090	27,090
Tax on entries on shareholders' equity				-14,496	-14,496
Total change in equity	-8,000	-5,507	0	-62,574	-76,081
Equity by 30 June 2009	112,000	-17,912	14,577	922,516	1,031,181

Notes

1. Accounting policies

The group interim report 2010 is presented in accordance with the IAS 34 Interim Financial Reporting as approved by the EU and additional Danish disclosure requirements imposed on interim financial reports for listed companies. The application of IAS 34 results in a more limited presentation than the presentation of a complete annual report and in following the value assessment principles of the international accounting standards (IFRS).

The parent financial report is presented in accordance with the Executive Order on Financial Reporting by Credit Institutions, Investment Firms and Others.

The accounting policies are unchanged compared to the annual report 2009 which contains a complete specification of the accounting policies followed.

The measurement of certain assets and liabilities requires that the management assesses and estimates future circumstances in order to see how they affect the value of these assets and liabilities. Among others significant estimates are made in connection with loan impairment charges and provisions. The assessments and estimates made by the management rest on proper assumptions, but naturally these assumptions can prove to be uncertain.

The most significant estimates made by the management by applying the group accounting policies and the most significant uncertainty in this respect are the same when preparing the interim report as when the financial statements by 31 December 2009 were prepared.

Notes

Amounts in thousand DKK

	The Group		Sparekassen	
	30.06 2010	30.06 2009	30.06 2010	30.06 2009
2 Interest income				
Due from credit institutions and central banks	3,653	6,401	3,679	6,863
Loans and advances	170,419	218,885	146,794	193,171
Bonds	34,193	28,989	34,174	28,779
Total derivative financial instruments	-5,455	268	-3,919	428
Being: Currency contracts	-5,832	277	-4,296	437
Being: Interest contracts	377	-9	377	-9
Other interest income	208	161	0	0
Total interest income	203,018	254,704	180,728	229,241
3 Interest expenses				
Credit institutions and central banks	11,080	30,565	10,528	30,065
Deposits and other debt	26,686	55,665	26,680	55,597
Issued bonds	3,863	3,587	3,861	3,585
Subordinated debt	15,587	5,788	15,587	5,788
Other interest expenses	50	5	50	5
Total interest expenses	57,266	95,610	56,706	95,040
4 Fee and commission income				
Securities trading and custody accounts	2,171	2,476	2,171	2,476
Transaction of payments	6,372	6,020	6,372	6,020
Loan fees	4,455	5,332	4,455	5,332
Guarantee commission	3,774	3,817	3,774	3,817
Other fees and commissions	25,957	27,705	18,953	25,276
Total fee and commission income	42,729	45,350	35,725	42,921
4 Market value adjustments				
Other loans and advances at fair value	266	619	0	0
Bonds at fair value	21,759	8,913	21,759	8,913
Bonds at amortised cost	-2,767	-9,122	-2,767	-9,122
Shares	525	-26,996	664	-26,996
Currency	21,083	2,240	20,866	2,316
Derivative financial instruments	-21,682	-519	-20,357	-518
Assets related to pool schemes	14,021	15,172	14,021	15,172
Deposits in pool schemes	-14,021	-15,172	-14,021	-15,172
Other assets	0	-213	0	10
Other liabilities	-42	0	0	0
Total market value adjustments	19,142	-25,078	20,165	-25,397

Notes

Amounts in thousand DKK

	<u>The Group</u>		<u>Sparekassen</u>	
	30.06	30.06	30.06	30.06
	2010	2009	2010	2009
6 Other operating income				
Other operating income	7,310	3,137	1,362	1,719
Total other operating income	7,310	3,137	1,362	1,719
7 Staff costs and administration expenses				
Fees and salaries to the supervisory and executive board and the committee of shareholders				
Executive board	1,604	1,816	1,604	1,816
Supervisory board	269	238	269	238
Total	1,873	2,054	1,873	2,054
Staff costs				
Salaries	49,012	47,569	39,935	41,035
Pensions	5,213	5,383	4,597	4,721
Payroll tax etc.	2,709	1,875	2,709	2,778
Social security costs.	430	530	270	435
Total	57,364	55,357	47,511	48,969
Other administration expenses	39,921	38,772	34,251	35,524
Total staff costs and administration expenses	99,158	96,183	83,635	86,547
8 Other operating costs				
Guarantee commission for governmental guarantee	15,807	13,835	15,807	13,835
Running acquired real property	874	0	542	0
Other operating expenses	231	4,935	231	851
Total other operating costs	16,912	18,770	16,580	14,686

Notes

Amounts in thousand DKK

	The Group		Sparekassen	
	30.06 2010	30.06 2009	30.06 2010	30.06 2009
9 Loan impairment charges and provisions for guarantees				
Loans and advances individual impairments				
Impairment balance beginning of period	301,656	159,448	243,978	142,896
Impairments for the period	75,551	118,407	45,405	92,361
Reversal of impairments	-23,617	-19,809	-11,646	-16,627
Other changes	-3,211	2,569	3,799	4,074
Value adjustment of acquired assets.....	7,235	1,505	225	0
Final loss, previously written down	-16,011	-10,371	-2,526	-2,050
Impairment balance end of period	341,603	251,749	279,235	220,654
Loans and advances collective impairments				
Impairment balance beginning of period	16,708	15,788	12,093	15,041
Impairments for the period	8,460	2,585	7,807	0
Reversal of impairments	-1,404	-1,959	-1,218	-1,869
Impairment balance end of period	23,764	16,414	18,682	13,172
Guarantees individual provisions				
Provision balance beginning of period	30,642	7,072	30,642	7,072
Provisions for the period	10,570	12,768	10,570	12,768
Reversal of provisions	-929	-553	-929	-553
Provision balance end of period	40,283	19,287	40,283	19,287
Guarantees collective provisions				
Provision balance beginning of period	2,455	3,334	2,455	3,334
Provisions for the period	309	535	309	535
Reversal of provisions.....	-787	-79	-787	-79
Provision balance end of period	1,977	3,790	1,977	3,790
Total				
Impairment and provision balance beginning of period	351,461	185,642	289,168	168,343
Impairments/provisions for the period	94,890	134,295	64,091	105,664
Reversal of impairments/provisions	-26,737	-22,400	-14,580	-19,128
Other changes	-3,211	2,569	3,799	4,074
Value adjustment of acquired assets.....	7,235	1,505	225	0
Final loss, previously written down	-16,011	-10,371	-2,526	-2,050
Impairment/provision balance end of period	407,627	291,240	340,177	256,903
Impairments/provisions for the period	94,890	134,295	64,091	105,664
Reversal of impairments/provisions	-26,737	-22,400	-14,580	-19,128
Value adjustment of acquired assets	7,235	1,505	225	0
Lost, not previously written down	3,359	5,174	87	197
Paid in on previously written off debts	-1,585	-1,486	-1,228	-789
Net effect on the income statement	77,162	117,088	48,595	85,944

Notes

Amounts in thousand DKK

	<u>The Group</u>		<u>Sparekassen</u>	
	30.06	30.06	30.06	30.06
	2010	2009	2010	2009
10 Income from equity investments in associated and affiliated companies				
Net income from equity investments in associated companies	-7	1,140	-7	1,140
Net income from equity investments in affiliated companies	0	0	-8,094	-12,227
Total.....	-7	1,140	-8,101	-11,087
11 Tax				
Effective tax rate				
Corporate income tax rate in Denmark	25.0	25.0	25.0	25.0
Permanent differences	3.8	-10.6	11.9	-19.4
Total	28.8	14.4	36.9	5.6

Notes

Amounts in thousand DKK

	The Group			Sparekassen		
	30.06 2010	30.06 2009	31.12 2009	30.06 2010	30.06 2009	31.12 2009
12 Due from credit institutions and central banks						
Due at notice from central banks	0	300,000	100,000	0	300,000	100,000
Due from credit institutions	182,775	134,996	93,880	186,186	150,343	107,059
Total	182,775	434,996	193,880	186,186	450,343	207,059
13 Subordinated debt						
Supplementary capital	229,143	229,750	229,575	229,143	229,750	229,575
Hybrid core capital	198,781	0	198,645	198,781	0	198,645
Total subordinated debt	427,924	229,750	428,220	427,924	229,750	428,220
Being included in the capital base.....	421,289	226,123	422,672	421,289	226,123	422,672
Conditions for subordinated debt:						
Loans at fixed interest-rate	14,655	15,280	213,805	14,655	15,280	213,805
Loans at floating interest-rate	214,488	214,470	214,415	214,488	214,470	214,415
The loans cannot be terminated or converted until after maturity						
Subordinated debt exceeding 10 percent of the total subordinated debt:						
DKK floating interest-rate maturity 30 June 2015	40,000	40,000	40,000	40,000	40,000	40,000
DKK floating interest-rate maturity 1 May 2015	100,000	100,000	100,000	100,000	100,000	100,000
EUR 10 million floating interest-rate maturity 1 May 2015	74,488	74,470	74,415	74,488	74,470	74,415
DKK fixed interest-rate 11.01 percent no maturity	198,781	0	198,645	198,781	0	198,645
14 Contingent liabilities and other commitments						
Contingent liabilities						
Financial guarantees	1,445,147	2,039,260	1,407,124	1,444,320	2,039,260	1,403,285
Loss guarantees for mortgage loans .	774,267	679,658	718,761	774,267	679,658	718,761
Registration and conversion guarantees	3,810	0	0	3,810	0	0
Other contingent liabilities	252,435	250,651	238,470	252,435	250,651	238,353
Total	2,475,659	2,969,569	2,364,355	2,474,832	2,969,569	2,360,399
Other commitments						
Other commitments.....	117	115	0	0	0	0
Total.....	117	115	0	0	0	0
Total.....	2,475,776	2,969,684	2,364,355	2,474,832	2,969,569	2,360,399

Notes

Amounts in thousand DKK

	The Group			Sparekassen		
	30.06 2010	30.06 2009	31.12 2009	30.06 2010	30.06 2009	31.12 2009
15 Solvency statement						
Calculated in accordance with the Executive Order on Capital Adequacy issued by The Danish Financial Supervisory Authority.						
Equity	1,055,515	1,031,181	1,044,978	1,055,515	1,031,181	1,044,978
Profit year to date	-14,550	0	0	-14,550	0	0
Intangible assets.....	-590	-517	-489	0	0	0
Deferred tax assets	0	-4,110	0	0	-23,013	-5,338
Hybrid core capital	198,781	198,645	198,781	0	198,645	
Core capital after deduction	1,239,156	1,026,554	1,243,134	1,239,746	1,008,168	1,238,285
Subordinated loan capital.....	222,508	226,123	224,027	222,508	226,123	224,027
Other addition/deduction in capital base	0	0	0	0	0	0
Capital base after deduction.....	1,461,664	1,252,677	1,467,161	1,462,254	1,234,291	1,462,312
Weighted items with credit risk etc. ...	6,852,552	7,058,210	6,732,928	6,763,828	6,912,043	6,591,875
Weighted items with market risk	975,179	863,621	769,898	975,179	863,622	769,898
Weighted items with operational risk	806,897	820,862	820,862	699,244	725,659	725,659
Collective impairments (standard method)	-25,742	-20,203	-19,163	-20,659	-16,962	-14,548
Risk-weighted items	8,608,886	8,722,490	8,304,525	8,417,592	8,484,362	8,072,884
Core capital ratio exclusive of hybrid core capital	12.1	11.8	12.6	12.4	11.9	12.9
Core capital ratio.....	14.4	11.8	15.0	14.7	11.9	15.3
Solvency ratio	17.0	14.4	17.7	17.4	14.5	18.1
Solvency requirement according to FBA section 124, subsection 2, no. 1	688,711	697,799	664,362	673,407	678,749	645,831

16 Reclassification

Sparekassen Faaborg's holding of corporate bonds has been reclassified from the trading portfolio to the class "hold-to-maturity" with effect from 1 July 2008.

Amortised cost at the end, reclassified bonds.....	262,922	274,778	268,316	262,922	274,778	268,316
Fair value at the end, reclassified bonds.....	260,167	229,924	258,386	260,167	229,924	258,386
Value adjustment to fair value recognised in the income statement if reclassification had not taken place	8,743	19,402	66,183	8,743	19,402	66,183

17 Security

By 30 June 2010 securities at a market value of DKK 458,278,000 have been deposited with Danmarks National Bank and Nykredit as security for loans, settlement and clearing etc.

Non-pledged deposited securities can be released at notice.

By 30 June 2010 the group and Sparekassen have pledged acquired real property at a carrying value of DKK 23,783,000 and 57,280,000 respectively as security for acquired liabilities in connection with settlement of failing loan arrangements.

18 Transactions with related parties

Sparekassen Faaborg is the banking connection for related parties and transactions are made on market conditions.

There were no unusual related party transactions in first half-year 2010.

Group overview

Name and domicile	Share capital (DKK 1,000)	Share of ownership in percent	Equity end 2009 (DKK 1,000)	Results 2009 (DKK 1,000)
Consolidated subsidiaries:				
Faaborg Finans A/S	5,000	100	5,000	6,107
Finansieringsselskabet Faaborg Formueforvaltning A/S	19,470	100	12,883	-22,373
Bolig Fyn A/S – the group	4,500	100	2,975	-187
Leasing Fyn Faaborg A/S	5,000	100	2,417	-9,666
SPF Ejendomme, Jylland A/S.....	500	100		

The subsidiaries are registered in Faaborg-Midtfyn Kommune.

Associated pro rata consolidated companies:

Leasing Fyn Bank A/S, Faaborg-Midtfyn Kommune ...	51,000	33.33	96,978	3,756
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Associated non-consolidated companies:

Alutec Holding ApS, Middelfart Kommune	200	49.5	8,985	-14
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Cash flow statement

Amounts in thousand DKK

The Group

	First half-year 2010	First half-year 2009
Operating activities:		
Net profit for first half-year	14,550	-37,356
Adjustment for amounts without cash flow effect:		
Loan impairments charges	77,162	117,088
Depreciation, amortisation, and impairment of intangible and tangible assets	1,600	1,615
Net prepayments	-3,188	2,732
Change in value of hedging instruments.....	-4,358	-5,507
Provisions	9,163	12,671
Tax	5,878	-6,278
Adjustment for amounts with cash flow effect:		
Paid tax	551	-182
Liquidity contribution of the operating activities	101,358	84,783
Change of working capital:		
Credit institutions (net)	-116,408	25,321
Loans and advances adjusted for periodical impairment etc.	-9,557	-15,023
Financial current assets	-9,179	-216
Other assets and liabilities (net).....	-15,070	-30,226
Deposits and other debt	-58,269	368,977
.....	-208,483	348,833
Cash flow from operating activities	-107,125	433,616
Investment activities:		
Financial assets.....	-950,527	-156,688
Intangible and tangible assets	-857	-831
Cash flow from investment activities	-951,384	-157,519
Financing activities:		
Issued bonds	999,378	1,434
Subordinated debt	-296	-239
Purchase/sale own shares and other capital changes	345	-33,218
Cash flow from financing activities	999,427	-32,023
Change in liquidity	-59,082	244,074
Cash and cash equivalents beginning of period ..	503,325	361,765
Cash and cash equivalents end of period.....	444,243	605,839
Cash and cash equivalents:		
Cash balance and demand deposits with central banks	261,468	170,843
Due from credit institutions and central banks	182,775	434,996
Cash and cash equivalents end of period.....	444,243	605,839

Segmental financial statements

Amounts in thousand DKK

	Banking	Leasing	Mort- gages	Other	Group total
Business segments first half-year 2010					
Income statement					
Net interest income	124,022	10,846	10,875	9	145,752
Dividend of shares etc.....	1,535	0	0	0	1,535
Net fee income.....	34,100	5,534	299	1,595	41,528
Market value adjustments.....	20,165	-1,108	147	-62	19,142
Other operating income.....	0	1,040	0	6,270	7,310
Operating costs	99,296	8,183	4,595	4,003	116,077
Depreciation, amortisation and impairment of intangible and tangible assets	1,224	250	0	126	1,600
Loan impairment charges	48,595	9,598	18,969	0	77,162
Pre-tax profit	30,707	-1,719	-12,243	3,683	20,428

Balance sheet

Loans and advances at amortised cost.....	3,982,897	451,385	541,522	0	4,975,804
Total assets	7,707,991	485,013	674,224	6,068	8,873,296
Deposits and other debt.....	4,268,784	11,890	0	0	4,280,674

Business segments first half-year 2009

Income statement

Net interest income	134,201	10,282	14,391	220	159,094
Dividend of shares etc.....	8,678	0	0	0	8,678
Net fee income.....	40,856	668	81	1,446	43,051
Market value adjustments.....	-25,397	-77	277	119	-25,078
Other operating income.....	0	1,101	0	3,176	4,277
Operating costs	98,995	10,619	5,339	0	114,953
Depreciation, amortisation and impairment of intangible and tangible assets	1,356	208	0	51	1,615
Loan impairment charges	85,944	6,206	24,938	0	117,088
Pre-tax profit	-27,957	-5,059	-15,528	4,910	-43,634

Balance sheet

Loans and advances at amortised cost.....	4,230,010	548,087	688,356	0	5,466,453
Total assets	6,299,419	617,274	768,025	0	7,684,718
Deposits and other debt.....	4,247,586	17,305	0	0	4,264,891