

ANNUAL REPORT 2013

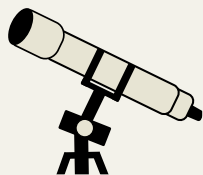
**AN
UNCOMPLICATED
BANK**



spar nord

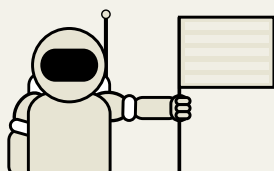
THE SPAR NORD GROUP AT A GLANCE

VISION



By giving our branches a great deal of local autonomy, we intend to create Denmark's most attractive banking chain. For the benefit of our customers, employees and shareholders.

MISSION



Together with you we create financial freedom. It starts with individual solutions based on expert advice and local knowledge.

OUR DEFINING VALUES



Active involvement
Ambition
Down-to-earth approach

STRATEGY PLAN

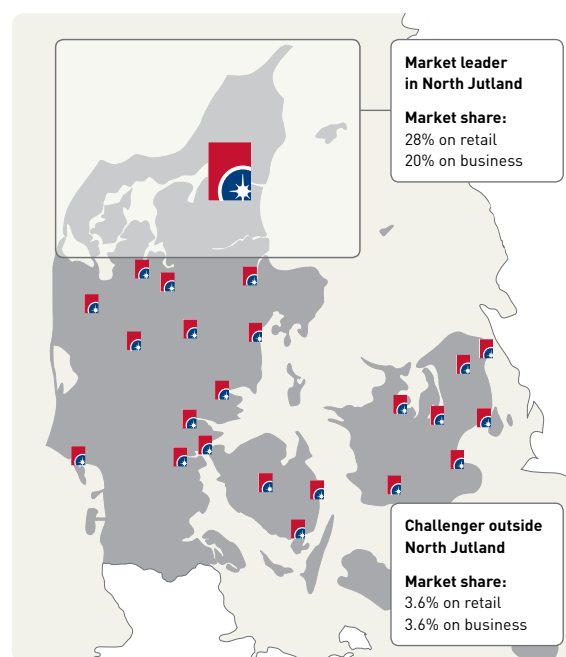
AN UNCOMPLICATED BANK

Continued growth in customer base
Business volume growth
Impairment ratio in the best third section
Cost ratio of 55%
10% post-tax return on equity

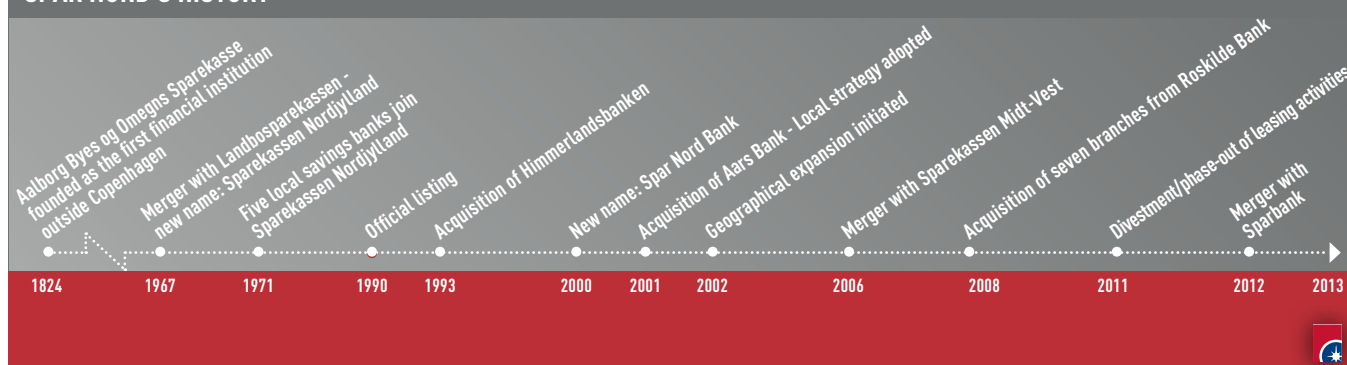
AN UNCOMPLICATED BANK

The core of Spar Nord's business model and strategy is the ambition to run an uncomplicated bank that focuses unequivocally on ordinary retail customers and small and medium-sized businesses in the local community. We are opting in to this strategic course - and thus opting out of large customers, complex business activities and development projects - because we want to deploy the core competences inherent in our personal, actively involved customer service and create a bank that delivers solid and stable results.

Thus, Spar Nord's ambition is to combine the physical and psychological proximity of a local bank with the economies of scale that flow from being a large nationwide player. And with this in mind to expand the Bank's market share within the defined target groups.



SPAR NORD'S HISTORY



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THE SPAR NORD GROUP AT A GLANCE



SPAR NORD'S LOCAL BANKS

Spar Nord's Local Banks constitute the largest business unit in the Spar Nord Group. This business area comprises 34 bank regions with 76 local banks; 1,091 employees serve about 361,000 retail and business customers. Spar Nord's Local Banks offer banking services, such as loans and credits, credit and debit cards, payment services products and a wide range of savings products, non-life insurance, life insurance and pension products. Finally, via the SparXpres division Spar Nord offers consumer financing, gift vouchers, etc.



THE TRADING, FINANCIAL MARKETS DIVISION & THE INTERNATIONAL DIVISION

This business area is composed of Markets, Asset Management, Shares, Interest & Forex and the International Division. The business area serves the Group's own retail and business customers as well as institutional customers and also supplies wholesale services to small and medium-sized financial institutions.



LEASING (DISCONTINUING ACTIVITIES)

The Spar Nord Group is active in leasing in Denmark and Sweden, primarily via its subsidiaries Spar Nord Leasing and SN Finans Nord AB. The companies mainly finance vehicles in the core areas transportation, farming and contracting. Since October 2011, leasing has been classified as a discontinuing activity, as the sustainable activities in Denmark have been transferred to the Jyske Bank Group, and the existing portfolio is being phased out.

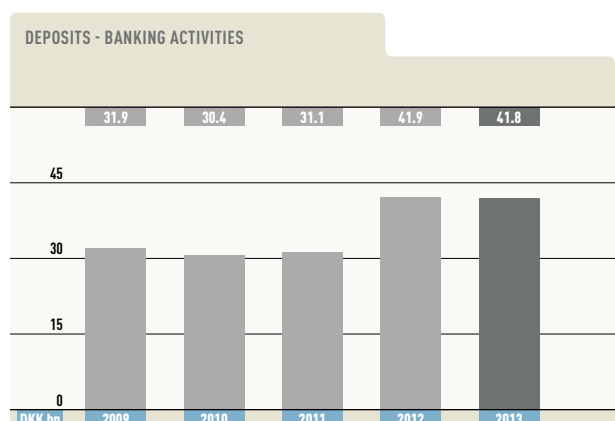
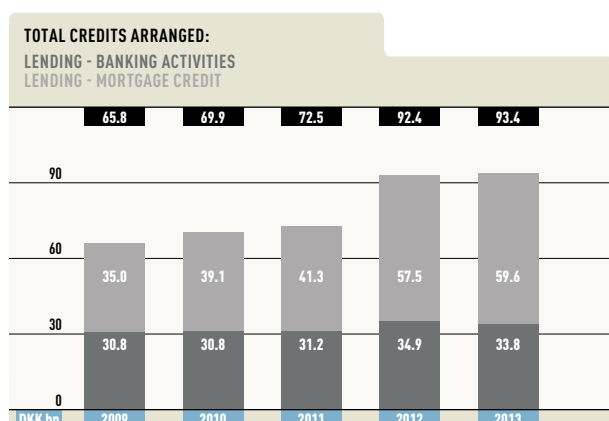
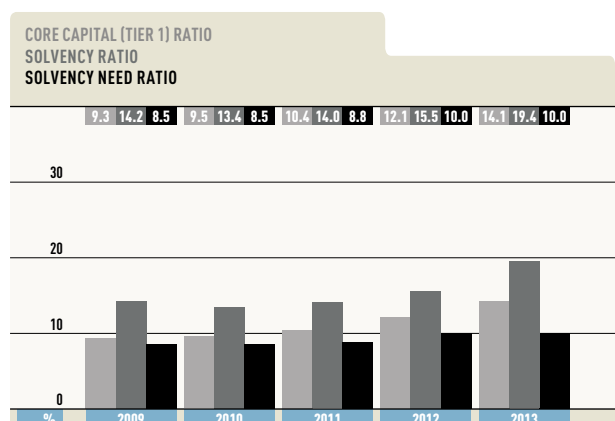
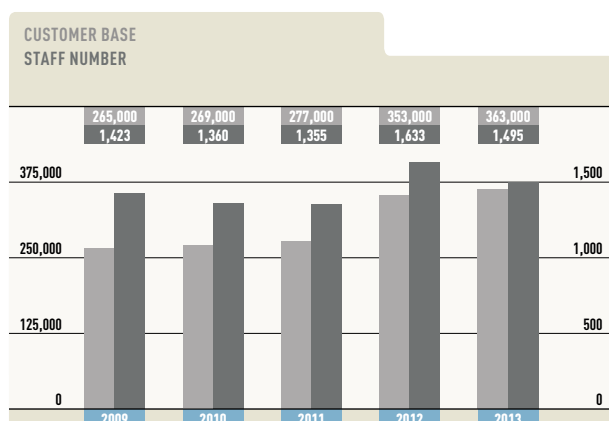
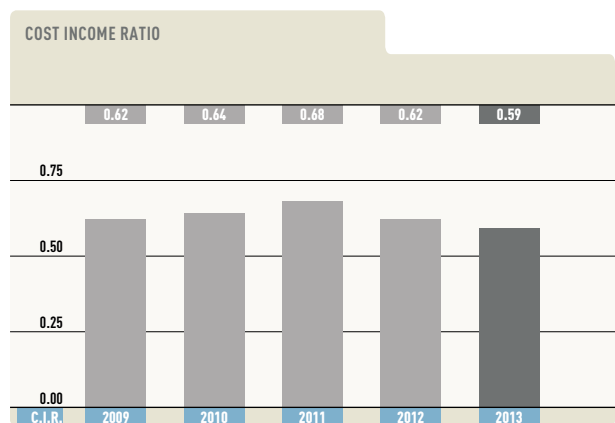
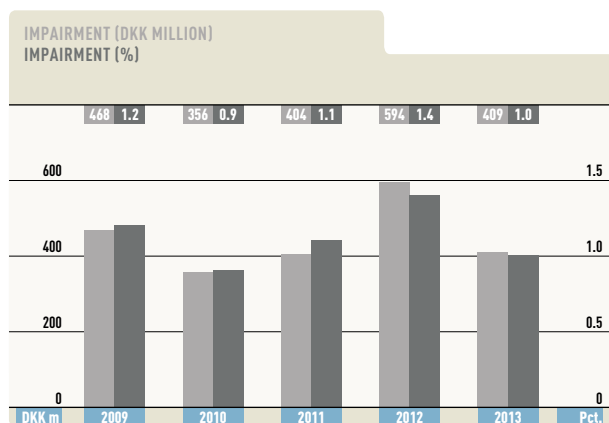
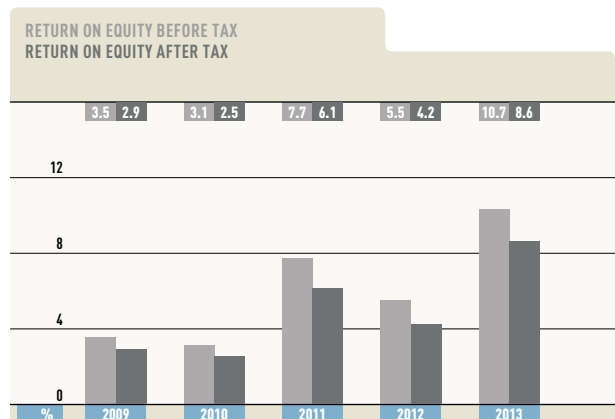
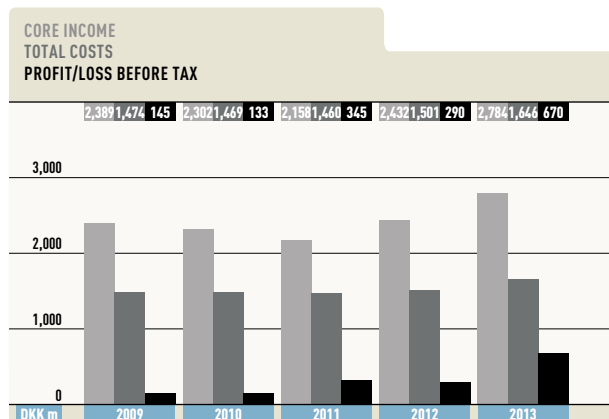
DKK 670 MILLION IN PRE-TAX PROFITS AND A 10.7% RETURN ON EQUITY DRIVEN BY RESPECTABLE GROWTH IN INCOME, SHARP COST DISCIPLINE AND LOWER IMPAIRMENT LOSSES

- The Group's core income ended at DKK 2,784 million, up 15% on 2012.
- Net interest income grew 14%, and net income from fees, charges and commissions increased 29%, driven by the wider business volume resulting from the merger with Sparbank in November 2012 and a higher activity level in the asset and pension area.
- Market-value adjustments and dividends ended at DKK 201 million, 17% down on 2012 but substantially above expectations at the beginning of the year.
- Total costs ended at DKK 1,646 million, equal to a 10% increase, which is less than expected after the merger with Sparbank.
- Accordingly, core earnings before impairment amounted to DKK 1,137 million, which is 22% up on 2012 and should be viewed in relation to the announced forecast of DKK 1,000-1,100 million.
- Loan impairments dropped to DKK 409 million, thus ending at the forecast level of 0.95% of total loans, advances and guarantees. Relative to 2012, the DKK 184 million reduction is highly satisfactory in light of the major ordinary inspection of the Bank conducted by the Danish Financial Supervisory Authority in Q2 2013.
- Despite yet another year with impressive customer inflow and growth in market share, bank lending was still under significant pressure in 2013, dropping over the year by DKK 1.1 billion. Bank deposits and deposits in pooled schemes grew 4%.
- Consolidation for the year and developments in business volume mean that both the capital and liquidity situations are excellently cushioned with a Common Equity (Tier 1) ratio of 14.1%, a total solvency ratio of 19.4% and strategic liquidity of DKK 17.3 billion.
- In light of the solid capital position, the Board of Directors recommends to the shareholders at the Annual General Meeting that a dividend of DKK 1 be paid per share, equal to a dividend payout ratio of 23%.
- For 2014, core earnings before impairment are expected to hover around the DKK 1.1 billion level, and the impairment ratio is expected to be slightly lower than in 2013.

Q4: STRONG END TO A GOOD YEAR

- Core income of DKK 717 million versus DKK 636 million in Q3 2013, and DKK 630 million in Q4 2012.
- Net interest income of DKK 432 million versus DKK 436 million in Q3 2013 and DKK 414 million in Q4 last year, and net income from fees, charges and commissions of DKK 190 million versus DKK 158 million in Q3 2013 and DKK 138 million in Q4 last year.
- Market-value adjustments and dividends of DKK 58 million - yet another quarter with impressive earnings on the Bank's bond portfolio.
- Core earnings before impairment of DKK 296 million versus DKK 270 million in Q3 2013, and DKK 203 million in Q4 2012.
- Loan impairments of DKK 104 million - in line with Q3.
- Pre-tax profits of DKK 178 million versus DKK 159 million in Q3 and DKK 5 million in Q4 2012.

KEY PERFORMANCE FEATURES



After two highly eventful years, 2013 saw greater continuity and slow, but steady progress. Moreover, the value of the strategic decisions made in previous years truly began to show.

Businesswise, our strategic decisions to sharpen customer focus and keep a sharp eye on credit granting led to sustained customer inflow and growth in our local banks' market shares nationwide - a growth we have maintained for several years without compromising on the credit quality we require of our customers.

MERGER SECURES GROWTH IN A DIFFICULT MARKET

Despite an impressive growth in both the retail and business customer base, 2013 proved to be yet another year with a low activity level in the national economy, with private households and businesses continuing to save rather than spend, thus making it extremely hard to generate organic growth in lending and a rise in net interest income.

These are the precise conditions under which mergers and acquisitions become an interesting strategy to consider in terms of securing continued growth - provided, of course, that the right strategic and business match can be found. Feeling certain that Sparbank offered just this match, we merged in autumn 2012, and our growth in 2013 has confirmed our belief.

Actually, the merger and the ensuing business volume growth are the prime reasons why we can report a 15% growth in core income at end-2013, not to mention an improved cost ratio and a boost in earnings per share.

DOWNWARD TREND IN LOAN IMPAIRMENT LOSSES

Another important reason for our higher profits is the fact that our loan impairment losses are moving in the right direction. This shift is possible because business trends are showing incipient signs of improvement - and particularly because we have a good grip on credit quality thanks to our own initiatives.

Thus, the financial crisis that has been wreaking havoc for the past five years, coupled with the general economic recession, has shown that the policies and procedures we employed before the crisis were a token of due care on our part. More specifically, our unclouded focus on everyday retail and business customers in the local areas where we do business, our cautious approach to the rather speculative segments of the property market and our relatively restrictive maximum limits regarding the exposure we want on our books have all helped us emerge from these turbulent years relatively unscathed in terms of losses compared with our competitors.

POSITIVE REPORT FROM THE DANISH FINANCIAL SUPERVISORY AUTHORITY

With respect to our relatively low impairment losses during the entire crisis, throughout 2012 and early 2013, analysts, investors and the press began paying regard to the fact that among the largest banks in Denmark, Spar Nord had gone without an inspection from the Danish Financial Supervisory Authority for the longest period of time.

For this very reason, we were highly gratified to be selected by the Danish Financial Supervisory Authority for an inspection in the second quarter of the year. We were equally gratified in late summer to receive a report from the Authority stating that after a thorough inspection of the Bank's loans and advances it found our level of impairment losses sufficient and had no comments on our solvency need ratio. Indeed, the market responded highly positively, as witnessed by analysts' highly favourable comments, an increased trading volume and a significant share price upside for the rest of the year.

AN UNCOMPLICATED BANK

In-house, 2013 efforts were focused on the work of formulating and implementing a new strategy plan. The plan, which covers the period 2014-15, has been dubbed AN UNCOMPLICATED BANK, and, as the name suggests, we will put greater focus on a number of our existing strongpoints. To this end, we will carry on being a no-frills bank for ordinary retail and business customers - and, as such, a bank that has bypassed the most advanced customer segments and product types. Not least, we will continue being a bank that maintains a sharp focus on personal and attentive advisory services.

On the financial side, our new plan contains targets for a return on equity of 10% after tax and a cost/income ratio of 0.55. We will meet these targets by proceeding on the recent years' course plotted for customers, by maintaining the recent years' focus on cutting costs, shaving impairment losses and, finally, by making determined efforts to reinforce the capital structure.

STRONG CAPITAL POSITION GIVES SCOPE FOR DIVIDEND PAYMENTS

The positive trend in our profits coupled with the absence of growth in lending has solidified our capital position during 2013. Thus, at the end of the year we had a Common Equity (Tier 1) ratio of 14.1%, a solvency ratio of 19.4% and a solvency need ratio of 10.0%, corresponding to an excess capital coverage of DKK 4.0 billion.



Our solid capital position, which grew still stronger when we issued new Tier 2 capital for an amount of DKK 700 million in December, gives Spar Nord excellent financial padding for repaying our government-provided hybrid capital in May 2014, and paves the way for us to distribute dividends to shareholders one year earlier than anticipated.

According to the new dividend policy launched when we announced our Q3 financial statements, our goal as from the 2014 financial year is to distribute 33% of our net profits if our capital targets are met. To this should be added, however, that we are prepared to distribute higher dividends or launch a share repurchase programme if we are unable to find value-creating investment options.

In light of our strong capital position at end-2013, we recommend to the Annual General Meeting that a dividend of DKK 1 per share be distributed to shareholders.

OUTLOOK FOR 2014

Looking at the business and profit growth in the year already well under way, we expect to see a natural continuation of the growth experienced in 2013. The repayment of our government-provided hybrid capital in May and the partial refinancing deploying our new Tier 2 capital will mean that interest expenses decline. We expect impairment losses to continue to slowly edge in the right direction.

Everything has its limit, however, because we are still waiting for the national economy to grow. Consequently, 2014 bodes to be another year requiring hard work to create growth in business volume, where there will be continued focus on the cost side, and where the sustained low interest level puts our earnings under pressure.

All things considered, we expect external circumstances, coupled with those more within our control, to translate into core earnings before impairment that hover around the DKK 1.1 billion level - and impairment losses that are expected to be somewhat lower than in 2013. In other words, if events unfold as we expect, 2014 will become another respectable year for Spar Nord.

Sincerely yours,

Lasse Nyby
Chief Executive Officer

Torben Fristrup
Chairman of the Board of Directors

PERFORMANCE INDICATORS AND FINANCIAL RATIOS FOR THE GROUP

CORE EARNINGS - YEAR

PERFORMANCE INDICATORS

INCOME STATEMENT DKK m	2013	2012	Change in %	2011	2010	2009
Net interest income *)	1,751.5	1,542.4	13.6	1,471.7	1,438.3	1,611.5
Net income from fees, charges and commissions	719.4	557.0	29.2	476.8	498.5	410.1
Market-value adjustments and dividends	201.4	241.9	-16.7	130.3	270.2	300.2
Other operating income	45.0	35.5	26.8	40.3	34.1	30.8
Profit/loss on equity investments in associates and group enterprises	66.4	54.8	21.2	39.0	61.0	35.9
Core income	2,783.7	2,431.6	14.5	2,158.1	2,302.1	2,388.5
Salaries	1,006.3	905.8	11.1	882.5	875.5	845.1
Operating expenses	572.8	525.9	8.9	504.2	529.4	559.8
Depreciation, amortiz. and impairment	67.3	68.8	-2.2	73.3	63.7	68.9
Costs	1,646.4	1,500.5	9.7	1,460.0	1,468.6	1,473.8
Core earnings before impairment	1,137.3	931.1	22.1	698.1	833.5	914.7
Impairment of loans, advances and receivables, etc. *)	409.2	593.6	-31.1	404.4	356.3	467.6
Core earnings	728.1	337.5	115.7	293.7	477.2	447.1
Earnings from investment portfolios	43.6	40.9	6.6	3.0	-22.2	17.1
Profit/loss on ordinary operations	771.7	378.4	103.9	296.7	455.0	464.2
Contributions to sector-wide solutions	-120.2	-58.4	105.8	6.0	-324.2	-291.2
Special merger-related items	-46.1	-66.6	-30.9	0.0	0.0	0.0
Profit/loss on continuing activities before tax	605.4	253.4	138.9	302.7	130.8	173.0
The Group's leasing activities (discontinuing activities)	64.1	36.7	74.7	42.2	2.2	-28.3
Profit/loss before tax	669.5	290.1	130.8	344.9	133.0	144.7
Tax on continuing activities	136.4	55.9	144.0	52.9	27.1	33.9
Tax on discontinuing activities	-3.0	10.4	-128.8	17.2	0.9	-6.7
Profit/loss	536.1	223.8	139.5	274.8	105.0	117.5

BALANCE SHEET DISCLOSURES

DKK m						
Total assets	74,605	79,146	-5.7	70,081	67,436	64,529
Loans and advances	37,648	39,058	-3.6	38,702	39,952	38,315
Lending, banking activities	33,772	34,916	-3.3	31,189	30,754	30,791
Lending, reverse transactions	1,786	116	-	393	1,517	0
Lending, leasing activities	2,090	4,026	-48.1	7,120	7,681	7,524
Deposits	50,883	48,923	4.0	37,415	36,882	35,998
Deposits, banking activities	41,831	41,922	-0.2	31,088	30,391	31,931
Deposits, repo transactions	0	0	-	0	813	0
Deposits in pooled schemes	9,052	7,001	29.3	6,327	5,678	4,067
Subordinated debt	3,002	2,562	17.2	2,317	2,477	2,681
Shareholders' equity	6,533	5,975	9.3	4,627	4,374	4,143
Contingent liabilities	5,380	5,767	-6.7	3,838	5,137	6,235
Risk-weighted items	42,697	46,307	-7.8	42,188	43,406	41,692
Core capital (Tier 1), incl. hybrid core capital, after deductions	7,437	6,973	6.7	5,622	5,717	5,502
Impairment account and discount on commitments taken over **)	2,117	2,742	-22.8	1,143	1,027	1,100
Contractual non-performing loans	672	1,186	-43.3	162	151	154
Business volume, continuing activities	180,297	175,320	2.8	137,087	137,080	128,605

*) In the core earnings format, an amount was reclassified between the items Net interest income, Other operating income and Impairment of loans, advances and receivables, etc., which relates to the share of the discount, recognized as income, on commitments taken over from Sparbank; see note 3.

**) Spar Nord's impairment account amounts to DKK 1,606 million (2012: DKK 1,330 million) (note 56) and the discount on commitments taken over from Sparbank amounts to DKK 511 million (2012: DKK 1,412 million).

The breakdown of earnings from investment portfolios, contributions to sector-wide solutions and special merger-related items, which have been recognized separately, appears from note 3.

Due to the phase-out of the Group's leasing activities, the individual items in the income statements for 2009 and 2010 have been reclassified, as the share of the individual items in the consolidated income statement relating to the Group's leasing activities has been reclassified to the account line, "Profit/loss on discontinuing activities", termed "The Group's leasing activities (discontinuing activities)".

PERFORMANCE INDICATORS AND FINANCIAL RATIOS FOR THE GROUP

CORE EARNINGS - YEAR

FINANCIAL RATIOS

	2013	2012	2011	2010	2009
SOLVENCY					
Solvency ratio (%)	19.4	15.5	14.0	13.4	14.2
Core capital (Tier 1) ratio, incl. hybrid capital, (%)	17.4	15.1	13.3	13.2	13.2
Common Equity (Tier 1) ratio, (%)	14.1	12.1	10.4	9.5	9.3
EARNINGS					
Return on equity before tax	10.7	5.5	7.7	3.1	3.5
Return on equity after tax	8.6	4.2	6.1	2.5	2.9
Cost share of core income, continuing activities	DKK 0.59	0.62	0.68	0.64	0.62
Cost share of core income, incl. impairment of loans and advances, etc.	DKK 0.74	0.86	0.86	0.79	0.81
MARKET RISK					
Interest-rate risk	-0.3	-1.1	-0.5	0.1	-0.3
Foreign-exchange position	3.7	1.4	6.9	2.9	2.9
Foreign-exchange risk	0.0	0.0	0.1	0.1	0.0
CREDIT RISK					
Loans and advances plus impairment account and discount hereon rel. to deposits	78.1	85.4	106.5	111.1	109.1
Loans and advances rel. to shareholders' equity	5.8	6.5	8.4	9.1	9.2
Increase in loans and advances for the year	-7.9	1.7	-3.1	4.3	-15.6
Excess coverage rel. to statutory cash ratio requirement	230.7	211.5	163.9	109.1	157.0
Large exposures as % of capital base *)	26.2	16.5	0.0	0.0	10.9
Impairment ratio, continuing activities	1.0	1.4	1.1	0.9	1.2
EMPLOYEES AND BRANCHES					
Number of employees (full-time, end of period) (continuing activities)	1,495	1,633	1,355	1,360	1,423
Number of employees (full-time, end of period) (discontinuing activities)	17	20	42	111	107
Number of branches	76	90	69	71	77
THE SPAR NORD BANK SHARE					
DKK PER SHARE OF DKK 10					
Share price, end of year	49	26	23	43	40
Net asset value (NAV)	52	48	58	54	53
Profit/loss for the year	4.3	1.9	3.4	1.3	1.5
Dividend	DKK 1	0	0	0	0
Return	88	13	-47	8	33
Price/earnings	11	14	7	33	27

*) The financial ratio "Large exposures as % of capital base" for 2009 is not fully comparable with the following years' ratios, as, based on the rules existing at that time, no adjustment was made for exposures to credit institutions below DKK 1 billion after deductions.

Share-based financial ratios have been multiplied by an adjustment factor due to the capital increase in 2012.

The Danish Financial Supervisory Authority's layout and ratio system appear from note 62.

Ratio definitions appear from note 63.

PERFORMANCE INDICATORS AND FINANCIAL RATIOS FOR THE GROUP

CORE EARNINGS - QUARTERLY

PERFORMANCE INDICATORS

INCOME STATEMENT DKK m	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4
Net interest income *)	432.0	436.3	432.4	450.8	414.1
Net income from fees, charges and commissions	189.8	157.6	175.8	196.2	138.4
Market-value adjustments and dividends	58.2	22.2	44.4	76.6	48.4
Other operating income	12.8	8.3	15.8	8.1	11.0
Profit/loss on equity investments in associates and group enterprises	24.4	11.8	14.1	16.1	18.2
Core income	717.2	636.2	682.5	747.8	630.1
Salaries	277.7	211.0	264.0	253.6	269.6
Operating expenses	128.0	137.5	151.5	155.8	140.0
Depreciation, amortiz. and impairment	15.3	17.5	17.3	17.2	17.1
Costs	421.0	366.0	432.8	426.6	426.7
Core earnings before impairment	296.2	270.2	249.7	321.2	203.4
Impairment of loans, advances and receivables, etc. *)	103.9	102.0	94.7	108.6	155.8
Core earnings	192.3	168.2	155.0	212.6	47.6
Earnings from investment portfolios	2.3	11.0	13.5	16.8	15.8
Profit/loss on ordinary operations	194.6	179.2	168.5	229.4	63.4
Contributions to sector-wide solutions	-37.1	-25.2	-26.7	-31.2	-14.4
Special merger-related items	-3.5	-3.6	-23.1	-15.9	-57.7
Profit/loss on continuing activities before tax	154.0	150.4	118.7	182.3	-8.7
The Group's leasing activities (discontinuing activities)	24.3	8.9	20.6	10.3	14.0
Profit/loss before tax	178.3	159.3	139.3	192.6	5.3
Tax on continuing activities	25.8	33.4	35.7	41.5	-4.6
Tax on discontinuing activities	-0.2	2.3	-7.5	2.4	4.8
Profit/loss	152.7	123.6	111.1	148.7	5.1

BALANCE SHEET DISCLOSURES DKK m

Total assets	74,605	75,080	75,842	78,492	79,146
Loans and advances	37,648	37,166	37,684	37,998	39,058
Lending, banking activities	33,772	34,134	34,193	34,442	34,916
Lending, reverse transactions	1,786	542	572	46	116
Lending, leasing activities	2,090	2,490	2,919	3,510	4,026
Deposits	50,883	50,463	50,359	50,147	48,923
Deposits, banking activities	41,831	41,998	42,426	42,700	41,922
Deposits, repo transactions	0	0	0	0	0
Deposits in pooled schemes	9,052	8,465	7,933	7,447	7,001
Subordinated debt	3,002	2,319	2,329	2,546	2,562
Shareholders' equity	6,533	6,377	6,249	6,143	5,975
Contingent liabilities	5,380	5,435	5,693	5,485	5,767
Risk-weighted items	42,697	43,111	43,928	45,054	46,307
Core capital (Tier 1), incl. hybrid core capital, after deductions	7,437	7,400	7,269	7,167	6,973
Impairment account and discount on commitments taken over	2,117	2,155	2,430	2,766	2,742
Contractual non-performing loans	672	761	997	1,217	1,186
Business volume, continuing activities	180,297	179,443	177,494	177,579	175,320

*) In the core earnings format, an amount was reclassified between the items Net interest income, Other operating income and Impairment of loans, advances and receivables, etc., which relates to the share of the discount, recognized as income, on commitments taken over from Sparbank.

The breakdown of earnings from investment portfolios, contributions to sector-wide solutions and special merger-related items, which have been recognized separately, appears from note 3.

PERFORMANCE INDICATORS AND FINANCIAL RATIOS FOR THE GROUP

CORE EARNINGS - QUARTERLY

FINANCIAL RATIOS

		2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4
SOLVENCY						
Solvency ratio (%)		19.4	17.4	16.8	16.2	15.5
Core capital (Tier 1) ratio, incl. hybrid capital, (%)		17.4	17.2	16.5	15.9	15.1
Common Equity (Tier 1) ratio, (%)		14.1	14.0	13.4	12.8	12.1
EARNINGS						
Return on equity before tax	%	2.9	2.6	2.3	3.2	0.1
Return on equity after tax	%	2.4	2.0	1.8	2.5	0.1
Cost share of core income, continuing activities	DKK	0.59	0.58	0.63	0.57	0.68
Cost share of core income, incl. impairment of loans and advances, etc.	DKK	0.73	0.74	0.77	0.72	0.92
MARKET RISK						
Interest-rate risk	%	-0.3	0.1	-0.7	-0.2	-1.1
Foreign-exchange position	%	3.7	3.4	5.6	2.3	1.4
Foreign-exchange risk	%	0.0	0.0	0.1	0.0	0.0
CREDIT RISK						
Loans and advances plus impairment account and discount hereon rel. to deposits	%	78.1	77.9	79.7	81.3	85.4
Loans and advances rel. to shareholders' equity		5.8	5.8	6.0	6.2	6.5
Increase in loans and advances for the period	%	-2.1	-1.3	-2.2	-2.5	13.6
Excess coverage rel. to statutory cash ratio requirement	%	230.7	211.8	209.4	222.7	211.5
Large exposures as % of capital base	%	26.2	16.8	14.3	15.7	16.5
Impairment ratio, continuing activities		0.2	0.2	0.2	0.3	0.4
EMPLOYEES AND BRANCHES						
Number of employees (full-time, end of period) (continuing activities)		1,495	1,501	1,493	1,593	1,633
Number of employees (full-time, end of period) (discontinuing activities)		17	17	18	19	20
Number of branches		76	76	78	84	90
THE SPAR NORD BANK SHARE						
DKK PER SHARE OF DKK 10						
Share price, end of period		49	42	37	32	26
Net asset value (NAV)		52	51	50	49	48
Profit/loss for the period		1.2	1.0	0.9	1.2	0.0

INTRODUCTION

In 2013, the Spar Nord Group realized pre-tax profits of DKK 670 million, equal to a return on equity of 10.7% before tax.

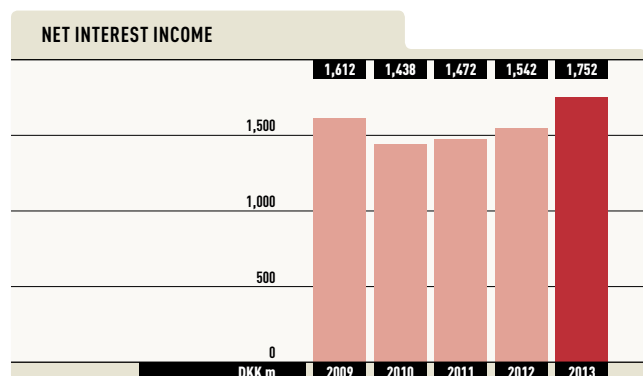
The satisfactory profits, which are DKK 379 million up on 2012, are attributable to a growth in income spurred by the merger with Sparbank in November 2012, coupled with continued tight reins on costs, a reduction in loan impairment losses and a positive result from discontinuing activities (leasing).

Core income grew 15% on 2012 after a strong hike in net interest income and net income from fees, charges and commissions. Costs and expenses were up 10%, which was less than anticipated after the merger with Sparbank. Accordingly, the cost-to-income ratio ended at a more satisfactory 0.59.

The income and cost trends mean that core earnings before impairment rose 22% to DKK 1,137 million. Loan impairment losses, etc. closed at DKK 409 million, equal to 0.95% of total loans, advances and guarantees.

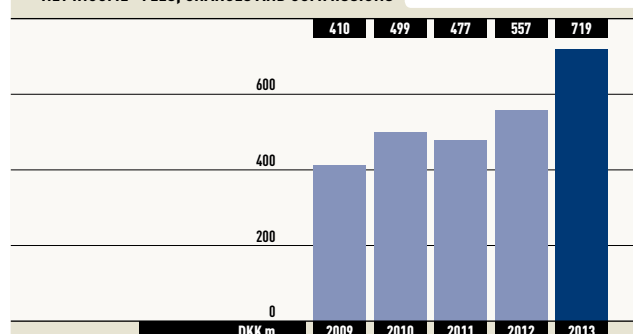
Overall, Management finds profits satisfactory, as they reflect the announced forecasts for the full year. For 2014, core earnings before impairment are expected to hover around the level of DKK 1.1 billion, whereas impairment losses are expected to be somewhat lower.

INCOME



In 2013, net interest income amounted to DKK 1,752 million, equal to an advance of DKK 210 million, or 14%, compared with 2012. The increase is attributable to a larger business volume after the merger with Sparbank combined with the ongoing optimization of the Group's funding structure. On the downside, market interest rates remained subdued with the resulting negative deposit margin and sustained pressure on the lending margin.

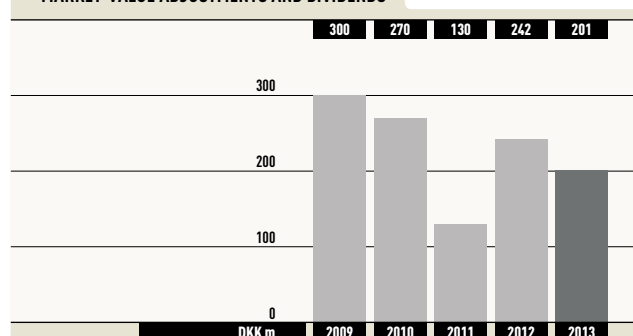
NET INCOME - FEES, CHARGES AND COMMISSIONS



Net interest income ended at DKK 719 million, equal to an advance of DKK 162 million, or 29%, compared with 2012. To some extent, the growth in fees is attributable to the expanded business volume, including mortgage credit loans arranged, as a result of the merger with Sparbank.

Securities and asset management-related income experienced highly positive growth, above all because many customers chose to pursue a more active asset management strategy rather than leave their funds idle in deposit accounts.

MARKET-VALUE ADJUSTMENTS AND DIVIDENDS

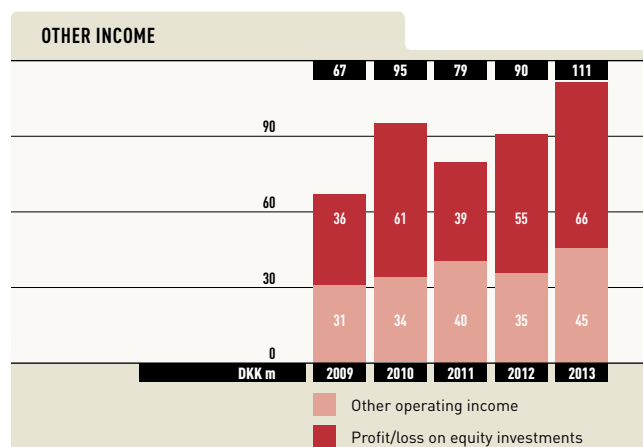


Market-value adjustments and dividends ended at DKK 201 million, which is DKK 41 million, or 17%, down on 2012, but significantly higher than anticipated at the beginning of the year.

The sustained satisfactory market-value adjustments are attributable to the gap between Danish mortgage bonds and interest swaps, which has proved favourable for Spar Nord. Particularly during the period from January to May, Spar Nord benefited from the strong performance by Danish mortgage bonds in a market that remains weakened by the debt-laden economies of southern Europe. As from June and during Q3, market-value adjustments on bonds were under pressure, but Q4 once more saw respectable positive adjustments.

Market-value adjustments and dividends on the Bank's portfolio of shares in companies in the financial sector ended DKK 37 million up on 2012, due to positive adjustments of DLR Kredit and Bankinvest, among other factors.

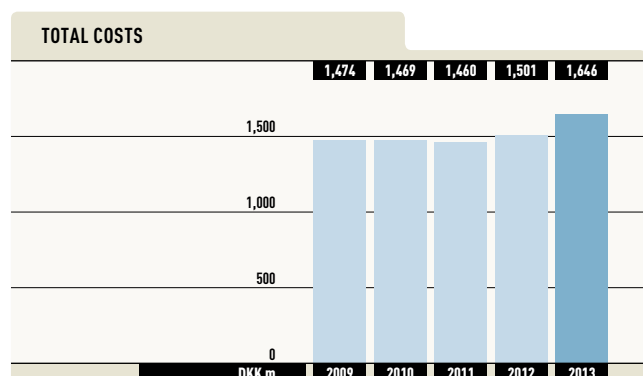
THE YEAR IN REVIEW - THE GROUP



Other operating income, which includes property management and support services provided to other financial institutions, amounted to DKK 45 million compared with DKK 35 million in 2012. The profit on equity investments in associates, which primarily relates to Nørresundby Bank and Valueinvest Asset Management, also reflected growth, ending at DKK 66 million compared with DKK 55 million in 2012.

COSTS AND EXPENSES

The Group's total costs and expenses amounted to DKK 1,646 million, which is DKK 146 million up on 2012, but lower than expected after the merger with Sparbank.



Payroll costs ended at DKK 1,006 million, which is DKK 101 million, or 11%, up on 2012. The increase is due to the general payroll costs taken over in connection with the merger. At end-2013 the Group had 163 more employees than before the merger.

Operating expenses ended at DKK 573 million, which is DKK 47 million, or 9%, up on 2012. Growth, which is slightly lower than expected, stems from an increase in IT and premises costs resulting from the merger.

During the year, 14 branches were closed down or merged, five as a result of the merger with Sparbank, seven in the North Jutland area and two in the Salling area.

The core income and costs realized correspond to a cost/income ratio of 0.59 (2012: 0.62). According to the Group's strategy, this figure needs to be reduced to around 0.55 in the coming years.

CORE EARNINGS BEFORE IMPAIRMENT

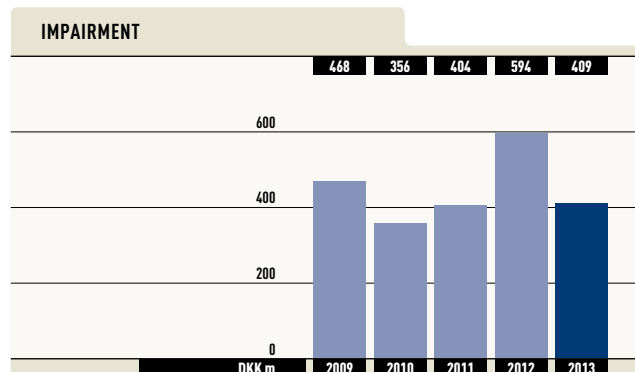
The Group's core earnings before impairment amounted to DKK 1,137 million versus DKK 931 million in 2012.

The result should be viewed in relation to the expectations regarding core earnings before impairment of DKK 1,000 -1,100 million announced at the beginning of the year, a forecast that has since been repeated.

IMPAIRMENT OF LOANS AND ADVANCES

The total impact on the income statement from loan impairment, etc. amounted to DKK 409 million in 2013, equal to 0.95% of total loans, advances and guarantees. Impairment losses recognized, which are 31% lower than in 2012, include reclassification between the items Impairment and Discount recognized as income regarding commitments taken over (see note 3).

The total net effect of impairment losses and discount recognized as income regarding commitments taken over from Sparbank represented an expense of DKK 33 million.



DKK 333 million of the total profit impact of DKK 409 million is attributable to business customers, corresponding to an impairment ratio of 1.25% for this customer category. Impairment losses of DKK 76 million were recognized on the Group's lending to private households, equal to an impairment ratio of 0.46%.

The development in impairment losses from 2012 to 2013 should be viewed in light of the ordinary inspection of the Bank conducted by the Danish Financial Supervisory Authority in Q2 2013. In the credit area, the inspection included a scrutiny of about 500 exposures, including the Bank's largest exposures in their entirety, all so-called 'section 78' exposures and a representative sample of other exposures.

Based on its inspection, the Danish Financial Supervisory Authority considered the Bank's recognized impairment losses sufficient, and it did not have any comments on the calculated solvency need ratio (the ICAAP result).

THE YEAR IN REVIEW - THE GROUP

THE GROUP'S LOANS, ADVANCES AND GUARANTEES *) - BY SECTOR

Line of business %	Bank lending and guarantees		Impairm. account/ discount on exposures taken over
	31.12.12	31.12.13	31.12.13
Agriculture, hunting and forestry	8.4	7.7	22.7
Fisheries	0.4	0.4	0.1
Industry and raw mat. extraction	3.5	3.4	2.7
Energy supply	4.2	4.2	0.3
Building and construction	3.4	3.5	5.8
Trade	8.0	7.8	4.2
Transport, hotels and restaurants	3.2	3.3	2.7
Information and communication	0.4	0.2	0.1
Financing and insurance	5.0	8.0	6.8
Real estate	13.0	11.6	22.4
Other business areas	6.5	6.9	8.3
Business customers, total	56.0	57.0	76.1
Public authorities	4.0	4.9	0.0
Retail customers	40.0	38.1	23.9
Total	100.0	100.0	100.0

*) Excl. discontinuing activities

The Group's total impairment balance (continuing activities) - incl. discount on exposures assumed in connection with the merger with Sparbank - amounted to DKK 1,966 million at the end of the year, which is DKK 559 million lower than at end-2012. The primary reason for the fall is that during the year gross exposures in the liquidation portfolio taken over from Sparbank as a result of the merger were recognized as losses.

The Group's non-accrual loans (continuing activities) amount to DKK 602 million, and the cover ratio can thus be calculated at 3.3.

EARNINGS FROM INVESTMENT PORTFOLIOS

Gains and losses on the Bank's investments in unlisted shares via Erhvervsinvest Nord A/S and Erhvervsinvest K/S and on the liquidation portfolio of securities that arose when the Group's Treasury function closed down in 2008 are recognized under earnings from investment portfolios.

In 2013, earnings from investment portfolios amounted to DKK 44 million versus DKK 41 million in 2012. This highly satisfactory performance is attributable to value adjustments connected with the divestment of portfolio companies in both Erhvervsinvest K/S and Erhvervsinvest Nord A/S.

CONTRIBUTIONS TO SECTOR-WIDE SOLUTIONS

The item "Contributions to sector-wide solutions" comprises primarily Spar Nord's payments and Spar Nord's share of Nørresundby Bank's payments to the Danish Guarantee Fund for Depositors and Investors.

In 2013, a total of DKK 120 million was expensed, which breaks down into DKK 15 million relating to post-adjustments regarding Fjordbank Mors and Sparekassen Lolland, DKK 11 million to value adjustment of claims and DKK 94 million to payments to the statutory Depositors' Guarantee Fund.

RESULTS OF DISCONTINUING ACTIVITIES

In 2013, the Spar Nord Group recorded highly satisfactory pre-tax results of DKK 64 million on its leasing activities. Please refer to the section "Business areas" for a more detailed description.

PROFITS

Accordingly, the Group's pre-tax profits amounted to DKK 670 million compared with last year's DKK 290 million. This profit performance yields a 10.7% return on equity before tax and 8.6% after tax. After DKK 133 million in estimated tax, profits amount to DKK 536 million. The tax amounts to 20% of the pre-tax profits for the year. The future slicing of the corporate tax rate has reduced corporate income tax by 2 percentage points.

In 2013 expenses for taxes and duties of DKK 283 million were incurred, of which DKK 149 million relates to payroll tax and partial VAT deductibility.

Q4 2013

Q4 profits ended at DKK 178 million - which is DKK 19 million better than the DKK 159 million recorded in Q3, and as much as DKK 173 million better than the DKK 5 million realized in Q4 last year.

Net interest income in Q4 ended at DKK 432 million, which is in line with the previous quarter and DKK 18 million up on Q4 2012. The increase relative to 2012 largely stems from the fact that the business volume taken over from Sparbank in 2013 is included for a full quarter. On the downside, there was a fall in bank lending of DKK 0.4 billion, and pressure on the lending margin continued.

Net income from fees, charges and commissions ended at DKK 190 million, which is as much as DKK 32 million higher than the previous quarter and DKK 51 million higher than in Q4 2012. The highly satisfactory growth is attributable to growth in both the asset management and mortgage credit areas.

Market-value adjustment and dividends amounted to DKK 58 million versus DKK 22 million in Q3, and DKK 48 million in Q4 2012. The highly satisfactory close to the year is attributable to strong earnings on Markets' interest-related positions in the last few months of the year.

Costs in Q4 ended at DKK 421 million, which is less than in Q4 2012 despite the merger effect. This is due primarily to the fact that, as opposed to the same period of 2012, Q4 2013 was not negatively affected by non-recurring costs relating to staff trimmings.

Shifts between wages & salaries and operating expenses in Q4 relate to VAT and payroll tax.

Loan impairment losses came to DKK 104 million - the same level as in Q3 and DKK 52 million lower than in Q4 last year.

THE YEAR IN REVIEW - THE GROUP

BUSINESS VOLUME

The Group's total business volume (deposits, loans & advances, guarantees and mortgage credits arranged plus custodianship accounts) amounted to DKK 180.3 billion at end-2013 – 3% higher than at end-2012.

Lending, banking activities, ended at DKK 33.8 billion despite a respectable inflow of new retail and business customers – DKK 1.1 billion, or 3% lower than at end-2012. The sustained decline in lending is a result of the continued moderate activity in the national economy, including private households' 'degearing' and companies' lower investment level.

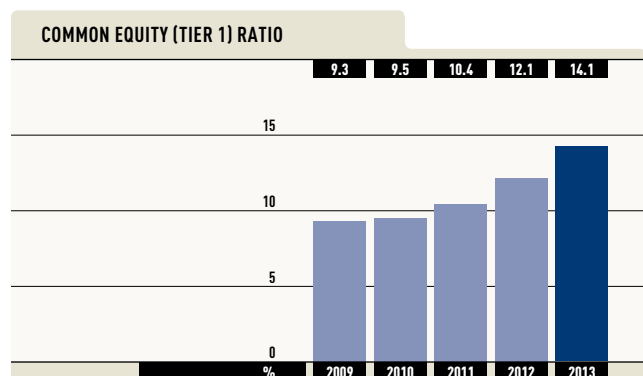
Lending, leasing activities, dropped by DKK 1.9 billion to DKK 2.1 billion during 2013, which is satisfactory when taking into consideration the plan to phase out the activity.

Deposits, banking activities, ended at DKK 41.8 billion, and thus in line with the result at end-2012. Deposits in pooled schemes amounted to DKK 9.1 billion, DKK 2.1 billion up on end-2012. The slowdown in the strong deposit growth experienced in recent years should be viewed not least against the fact that many customers have chosen to pursue a more active asset management strategy rather than leave their funds idle in deposit accounts.

Since end-2012, mortgage-credit loans arranged have increased by DKK 2.1 billion, or 4%. In total, mortgage credit loans arranged amounted to DKK 59.6 billion at end-2013. The growth in mortgage credit lending more than offsets the decline in bank lending, resulting in a combined 1% growth in total loans arranged by the Bank.

CAPITAL

Spar Nord's objectives on the capital side are to have a Common Equity (Tier 1) ratio of at least 12%, a solvency ratio of at least 15% and a difference between the solvency ratio and the solvency need ratio of at least 3 percentage points.



Thus, the Group's Common Equity (Tier 1) ratio stood at 14.1% at end-2013 (end-2012: 12.1%), while the core capital ratio, incl. hybrid core capital, was 17.4% (end-2012: 15.1%).

The solvency ratio has been calculated at 19.4% (end-2012: 15.5%), which should be viewed in relation to Spar Nord having calculated the solvency need ratio at 10.0%. Thus, the Bank has an excess capital coverage of 9.4 percentage points, equal to DKK 4.0 billion.

To prepare for the Bank's redemption in May 2014 of hybrid core capital, totalling DKK 1,265 million, injected by the Danish Government, the Bank issued new Tier 2 capital for an amount of DKK 700 million in December.

Spar Nord's capital projections show that during the phase-in of CRD IV over the next few years, the Bank will constantly be comfortably above the strategic capital targets.

LIQUIDITY

Spar Nord has defined strategic liquidity as the difference between bank lending and long-term funding (bank deposits, senior loans, issued bonds, subordinated loan capital and shareholders' equity). Subordinated loans, senior loans and issued bonds due within 12 months are not included in the Bank's strategic liquidity.

At end-Q3 2013, the strategic liquidity was calculated at DKK 17.3 billion.

STRATEGIC LIQUIDITY *)

DKK bn	2009	2010	2011	2012	2013
Deposits, banking activities	31.9	30.4	31.1	41.9	41.8
Senior loans/bond issues	10.4	9.3	10.2	9.6	3.4
Shareholders' equity & subord. debt	6.8	6.9	6.9	8.5	9.5
Generation of cash	49.1	46.6	48.2	60.0	54.7
Lending, banking activities	30.8	30.7	31.2	34.9	33.8
Lending, leasing activities	7.5	7.7	7.1	4.0	2.1
Maturity, senior, issued bonds and subord. debt < 1 year	3.4	2.3	6.0	6.3	1.5
Strategic liquidity	7.4	5.9	3.9	14.8	17.3

*) See note 58.

During the year, the Bank redeemed senior funding for a total amount of DKK 6.1 billion. At the end of 2013, Spar Nord is thus in a situation where it is independent of funding from the international capital markets.

CUSTOMER DEVELOPMENTS

2013 proved another year with high customer inflow, Spar Nord's having gained 10,000 (net) new customers during the year. The inflow breaks down into 9,000 retail customers and 1,000 business customers, and growth was positive in all parts of the country.

Because of the generally low activity level in Denmark, we did not reach the strategic target of 5% growth in the average business volume per customer in 2013 because of flat growth.

NEW STRATEGY PLAN FOR 2014-15: AN UNCOMPLICATED BANK

In autumn 2013, Spar Nord adopted and launched a new strategy plan covering the next two years (2014-15). The strategy plan is dubbed AN UNCOMPLICATED BANK, and is a natural outgrowth of the strategic course charted and executed by the Bank in recent years. This course is targeted at maintaining a focus on generating growth in business volume and earnings by winning market shares among everyday retail customers and local businesses in the geographical areas in which the Bank has a presence. The Bank intends to win these shares by focusing on highly qualified, personal advisory services and showing a strong commitment to the local area.

In pinpointing our strategic focus on everyday retail and business customers, local commitment and personal advisory services, we deliberately chose not to target a number of segments, including the most advanced and complex customer categories, projects and systems.

In the forthcoming period, we will maintain a sharp in-house focus on the development of systems and processes that underpin our ambition of running a no-frills bank with well-functioning products and services that are easy to understand for end-users. To this end, we will focus on developing systems to automate standard processes, thus opening up a window for more time for face-to-face consultations between customers and advisers.

According to the plan, the defined strategic efforts should result in a return on equity of 10% after tax and a cost ratio of 55%.

DIVIDENDS

After a number of years without distribution of dividend, the Board of Directors of Spar Nord has decided to fix the future dividend level as from 2014 and onwards at about 33% of the net profits for the year, which is based on the assumption that the Bank's targets for a Common Equity (Tier 1) ratio of at least 12% and a solvency ratio of at least 15% have been met.

If there are no value-creating investment options, the Bank will assess the potential for distributing extraordinary dividends and/or launching share repurchase programmes, keeping in mind the Company's capital structure.

For 2013, the Board of Directors recommends to the shareholders at the Annual General Meeting that a dividend of DKK 1 be paid per share, equal to 23% of net profits.

OUTLOOK FOR 2014

Spar Nord expects 2014 to be yet another year characterized by moderate economic growth and thus continued demand for financing.

The slight improvement in business trends and sustained customer growth are expected to result in moderate growth in lending, but keener competition is also expected to put pressure on the lending margin. The redemption of hybrid loans and their partial replacement by a new Tier 2 loan will impact net interest income positively.

As for fees, charges and commissions, we envisage a certain potential for continued growth, one reason being customers' propensity to switch from maintaining low-interest deposits to pursuing a more active asset management strategy.

On account of rising IT expenses as a result of customer growth and a reduced reduction rate for VAT and payroll tax, costs are expected to be slightly higher than in 2013.

In this light, core earnings before impairment are expected to hover around DKK 1.1 billion.

Loan impairment losses, etc. are expected to be somewhat lower than in 2013, but to stay at a relatively high level as the business outlook remains challenging.

Contributions to sector-wide solutions are expected to end at an expense of around DKK 100 million in 2014.

SPAR NORD'S LOCAL BANKS



Spar Nord's Local Banks constitute the largest business unit in the Spar Nord Group. This business area comprises 76 local banks throughout the country, which employ 1,091 employees and serve about 361,000 retail and business customers. Managing Directors Lars Møller, John Lundsgaard and Bent Jensen share the general responsibility for managing Spar Nord's Local Banks.

KEY FIGURES 2013

Core income:	DKK 2,334 m (2012: DKK 1,957 m)
Costs:	DKK 1,443 m (2012: DKK 1,222 m)
Impairment:	DKK 409 m (2012: DKK 594 m)
Core earnings:	DKK 482 m (2012: DKK 141 m)

EVENTS IN 2013

- Inflow of 10,000 new retail and business customers – net
- 1% growth in total credits arranged (bank plus mortgage credit) and 3% growth in business volume
- Successful integration of Sparbank

OUTLOOK FOR 2014

- Sustained growth in customer numbers – on a par with 2013
- Continued low demand for financing – pressure on income
- Slightly lower loan impairment losses

MARKET CONDITIONS

2013 was a year characterized by the sustained low economic activity and ever-challenging business trends. The investment needs of business enterprises were subdued, and retail customers largely chose to save rather than spend. Thus, demand for financing was low in both the business and retail segments throughout the year, and the total domestic lending of Danish financial institutions dropped by 3% during the year.

Under these challenging conditions, Spar Nord's Local Banks succeeded in winning additional market shares, thus growing more than the sector average – illustrated by an intake of more than 10,000 new customers, total credit arranged that grew 1% and a total business volume that rose 3%.

FINANCIAL GROWTH

The growth in business volume, attributable in part to the merger with Sparbank in November 2012, meant that Spar Nord's Local Banks recorded a growth in net interest income of 14%. At the same time, net income from fees, charges and commissions rose 31% due to the merger and due to an increased activity level.

Total costs and expenses for the year amounted to DKK 1,443 million, which is DKK 221 million up on 2012, but lower than expected after the merger with Sparbank.

Loan impairment losses closed at DKK 409 million, equal to 0.95% of total loans, advances and guarantees. A total of DKK 333 million is attributable to business customers, corresponding to an impairment ratio of 1.25%. Agricultural exposures accounted for as much as DKK 119 million of impairment losses. The balance of DKK 76 million is attributable to retail customers, corresponding to an impairment ratio of 0.46%. Relative to the total credits arranged, this represents an impairment ratio of 0.41%.

After impairment losses, Spar Nord's Local Banks' core earnings came to DKK 482 million compared to DKK 141 million in 2012.

The total business volume (deposits, loans, advances, guarantees, custodianship accounts and mortgage credits arranged) amounted to DKK 176.6 billion at end-2013 – 3% higher than at end-2012.

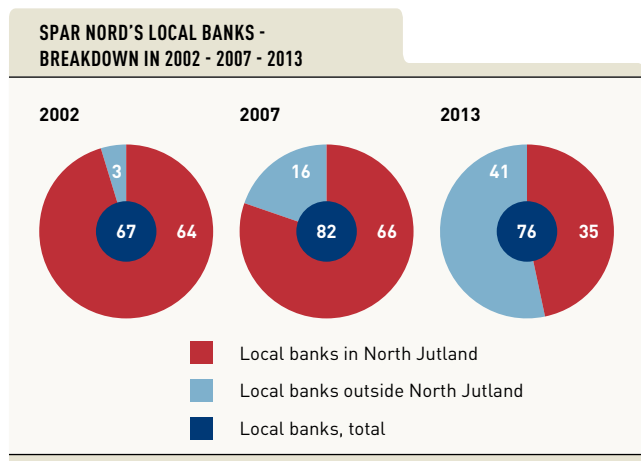
Lending, banking activities amounted to DKK 33.7 billion compared with DKK 34.5 billion a year earlier. During the year, mortgage-credit loans arranged by the local banks grew DKK 2.1 billion, with a total of DKK 59.6 billion having been arranged. Thus, the total volume of lending arranged grew DKK 1.3 billion to DKK 93.4 billion.

Bank deposits amounted to DKK 40.7 billion at end-2013 versus DKK 40.2 billion at end-2012.

BUSINESS AREAS

BUSINESS DEVELOPMENTS

Organizationally, the year's key event for Spar Nord's Local Banks was the merger with Sparbank and the integration of 23 new local banks. During the year, 14 local banks were either closed or merged in North Jutland and in areas that physically overlapped after the merger, with the Spar Nord chain now being composed of 76 local banks, 12 of which are located on the island of Zealand, four on the island of Funen and 60 in Jutland.



In terms of customers, 2013 proved yet another year characterized by highly satisfactory growth. A total of 9,000 new retail customers and 1,000 business customers (net) were added during the year. The organizational net intake breaks down into about 9,400 customers outside North Jutland and 600 in the North Jutland region.

Thus, Spar Nord's Local Banks serve a total of 28,000 business customers and 333,000 retail customers.

The Bank's advisory services and product areas recorded growth in the asset management and pension areas, in particular. In the former, the year saw a significant shift among customers, who chose to pursue a more active asset management strategy rather than leave their funds idle in deposit accounts. Thus, during the year assets under management related to the Star Invest Unlimited mandate programme rose about DKK 2.5 billion. Something similar occurred for the pension portfolio, with assets under management relating to the Bank's pension pools growing by DKK 2.1 billion.

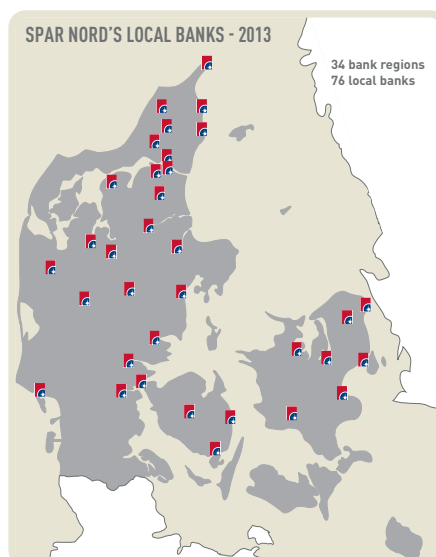
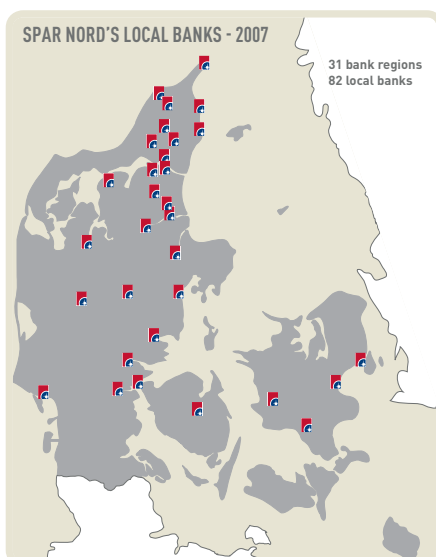
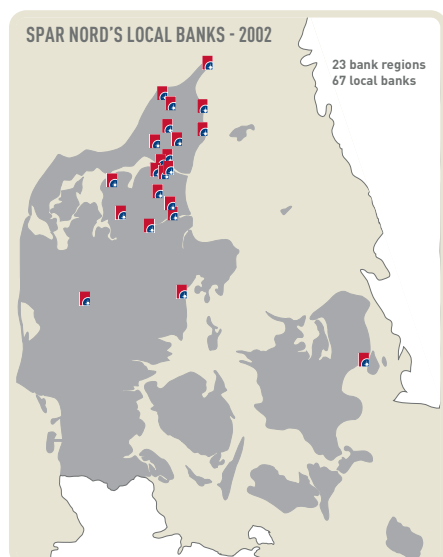
In the course of the year, there were more than 1,000 local customer events (theme meetings and other professional and social events) in the local areas in which Spar Nord is represented.

OUTLOOK

2014 is expected to be yet another year characterized by relatively tepid business trends and low demand for loans among both businesses and private households.

This puts a natural spotlight on business growth generation via market shares, and Spar Nord expects that the local banks will be able to attract new customers in numbers that make a modest increase in lending volume possible, for one thing because the Bank has expanded its distribution network in recent years. Nevertheless, the keen competition for good customers is expected to put a certain amount of pressure on the interest margin. On the fee side, income is expected to advance, still driven in part by an increase in the volume of standard products arranged.

Costs are expected to be generally stable, while impairment losses are anticipated to be somewhat lower than in 2013.



TRADING, FINANCIAL MARKETS & THE INTERNATIONAL DIVISION



This business area is composed of Markets, Interest & Forex, Shares, Asset Management and the International Division. The business area serves Spar Nord's own customers and institutional clients, and is also the nation's leading supplier of wholesale services to small and medium-sized financial institutions. Trading, Financial Markets & the International Division has a staff of 68 employees and is headed by Jan Gerhardt, General Manager.

KEY FIGURES 2013

Core income:	DKK 338 m	(2012: DKK 398 m)
Costs:	DKK 55 m	(2012: DKK 72 m)
Core earnings:	DKK 283 m	(2012: DKK 326 m)

EVENTS IN 2013

- Highly satisfactory earnings at Markets
- Rising share prices and high share trading activity
- Strong year for Asset Management

OUTLOOK FOR 2014

- Pressure on bond-related earnings
- Growth in the volume of trading in shares and corporate bonds
- Continued growth for the Star Invest Unlimited mandate programme and pension pools

Trading, Financial Markets & the International Division recorded core earnings of DKK 283 million in 2013. This represents a decline of DKK 43 million, or 13%, compared with 2012, which should be viewed in light of the fact that particularly interest rate developments were extremely favourably in 2012, whereas the main focus in 2013 was on maintaining the current level.

MARKETS DIVISION

Markets, which is responsible for managing the Bank's cash resources, reported lower core earnings than in 2012. However, earnings are still much above forecasts, which is attributable to the fact that the market for Danish mortgage-credit bonds also performed very well in 2013, both in absolute terms and relative to typical interest swap hedging. To this should be added that Markets remains successful in its active trading in the market.

BONDS

The Bonds division recorded satisfactory core earnings, albeit somewhat under the level in 2012, a record year. In general, the trading volume in the bond market was lower, due to an extremely low remortgaging activity level and the very low interest rates, both of which make this asset category less interesting for investors.

To this should be added an additional negative factor by way of a lower volume of business received from our financial institution customers, who have declined in number, and those who remain trade less.

INTEREST & FOREX

During the past few years, Spar Nord has generally seen an overall decline in customers' loans and investments denominated in foreign currency, and thus a decline in the volume of trading in interest- and currency-related products. Activity among the Bank's wholesale customers in the area has also declined. This development continued in 2013, and there are no indications of a change in that pattern, unless interest rates jump for a sustained period and/or a currency turmoil occurs. Neither of these developments seems likely in 2014.

BUSINESS AREAS

SHARES

2013 was a highly satisfactory year for Spar Nord, both as concerns shares and corporate bonds. Share prices increased respectably throughout most of the world – the C20 index rose by 23.9%, MSCI Nordic by 19.8%, MSCI Europe by 16.4%, and S&P by 24% – and the credit spreads narrowed. These developments were driven by the relaxed monetary policy, the improved macroeconomic outlook, and the growing risk appetite among investors.

In this light, the Share Division generated the best results for several years, both measured in terms of market-value adjustments and activity-related earnings.

ASSET MANAGEMENT

Overall, 2013 was yet another excellent year for Spar Nord Asset Management.

In all areas, including the Start Invest mandate programme, pension pools and bond-based mandate programmes, investment results outperformed the relevant benchmarks.

Measured in terms of assets under management, 2013 saw a growth of about 33% to DKK 13.9 billion. Above all, managed assets in pension pools and the Start Invest mandate programme grew sharply.

INTERNATIONAL DIVISION

The International Division recorded satisfactory core earnings, though less than the previous year. Trading with wholesale customers (financial institutions) has shrunk in the wake of a reduction in the number of financial institutions and a relatively low activity level among the remaining customers. In contrast, the activity level remains high in the area due to a more intensive payment flow and a mounting activity level within trade finance among the Bank's own customers.

OUTLOOK

On the interest side, no further drops in the yield on Danish mortgage bonds are expected, nor are Danish mortgage bond spreads expected to narrow further. Accordingly, earnings in the area are expected to be somewhat lower in 2014 than in 2013.

The business area, corporate bonds, is expected to continue to grow, and due to the low interest level we expect a continued shift towards actively managed savings and investment products.

Overall, core earnings for the year are expected to be somewhat down on 2013, but to remain at a satisfactory level.

LEASING



The Spar Nord Group is active in leasing in Denmark and Sweden, primarily via its subsidiary Spar Nord Leasing. The company mainly finances vehicles in the core areas transport, farming and contracting. Since October 2011, leasing has been classified as a discontinuing activity, as the sustainable activities in Denmark have been transferred to the Jyske Bank Group, and the existing portfolio is being phased out. Spar Nord Leasing has 17 staff members and is managed by Jens Peter Madsen, General Manager.

KEY FIGURES 2013

Net income:	DKK 155 m	(2012: DKK 289 m)
Costs:	DKK 95 m	(2012: DKK 184 m)
Profits before impairment:	DKK 60 m	(2012: DKK 105 m)
Impairment:	DKK -4 m	(2012: DKK 68 m)
Profit/loss before tax:	DKK 64 m	(2012: DKK 37 m)

EVENTS IN 2013

- Highly satisfactory development in impairment losses and thus profits
- Total reduction of DKK 1.9 billion - as anticipated

OUTLOOK FOR 2014

- Reduction of loans by DKK 0.8 billion
- Small, positive contribution to the Group's profits

DISCONTINUING ACTIVITY

The subsidiary Finans Nord Easyfleet A/S and the sustainable activities of Finans Nord A/S were transferred to the Jyske Bank Group at 1 October 2011. The remaining leasing portfolio, operated by Spar Nord Leasing A/S and the Swedish subsidiary SN Finans Nord AB, will be phased out as and when the appropriate lease contracts expire.

At the same time, Spar Nord concluded an agreement with Jyske Bank permitting Spar Nord's branches to continue providing advice on leasing products and to be an intermediary in arranging lease contracts.

When merging with Sparbank, Spar Nord acquired a leasing portfolio of DKK 0.3 billion, which also has the status of a discontinuing activity.

FINANCIAL GROWTH

Highly satisfactory profits of DKK 64 million were realized in 2013. The strong growth, better than expected, is attributable to lower liquidation costs and a reduction in impairment. Overall, the phase-out programme is progressing at a satisfactory pace, and the credit quality continues to be satisfactory.

In 2013, net income amounted to DKK 155 million versus DKK 289 million in 2012. The drop is due to the business volume being significantly reduced, as scheduled and anticipated. Thus, since the phasing-out process for Spar Nord Leasing started in October 2011, and when leasing activities acquired in connection with the merger are included, total assets were reduced by DKK 6.7 billion, or 75%.

Costs for the year totalled DKK 95 million versus DKK 184 million in 2012. The major reduction should be viewed in light of the extraordinary circumstances characterizing 2012, including major costs for restructuring, disestablishment and severance pay. Impairment of loans and advances, etc. amounted to DKK -4 million versus DKK 68 million in 2012. This development should be viewed to represent the outcome of individual cases and general better ability to repay loans among customers.

The 2013 profits are positively impacted by DKK 5 million relating to a successful outcome to a legal action taken over in connection with the merger, while there was a negative impact of DKK 7 million due to reduced VAT deductions for administrative expenses.

OUTLOOK

Management expects total assets relating to leasing activities to have been reduced to DKK 1.2 billion at end-2014.

As a consequence of the reduced business volume, profits before impairment are forecast to be lower than in 2013. After loan impairment losses, a marginally positive result is expected on discontinuing activities.

ESSENTIAL RISK CATEGORIES

CREDIT RISK

The risk of losses because counterparties fail to meet all or part of their payment obligations to the Group. Managed pursuant to the Bank's credit policy, which is geared to strike a balance between earnings and risks, and to ensure that the risk assumption is always quantified.

MARKET RISK

Market risk is an umbrella heading for the risk of loss caused by fluctuations in exchange rates or prices for financial instruments. Market risks are essentially managed on the basis of an instruction hierarchy having three levels: the Board of Directors, the Executive Board and the business units.

OPERATIONAL RISK

The risk of direct or indirect losses caused by deficient or erroneous internal procedures and processes, human errors, system errors or losses due to external events or incidents. Managed across the Group through a comprehensive system of business procedures and control measures.

LIQUIDITY RISK

Liquidity risk is the risk that the Group's financing costs rise disproportionately, and that the Group is prevented from entering into new transactions because it lacks adequate cash funds. On the basis of the overarching policies and strategic targets for the Group's liquidity risks set down by the Board of Directors, the Executive Board has issued operational frameworks for Trading, Financial Markets & the International Division.

Risk assumption is a key element in banking, and risk management is a central focus area throughout the Spar Nord Group. The various categories of risk the Group assumes and the initiatives taken to manage and monitor them, as well as the development of various risks are described in the Group's Risk Report, which can be accessed at www.sparnord.com/investor. This section gives a general outline of the risk area.

INCLINATION TO ASSUME RISKS

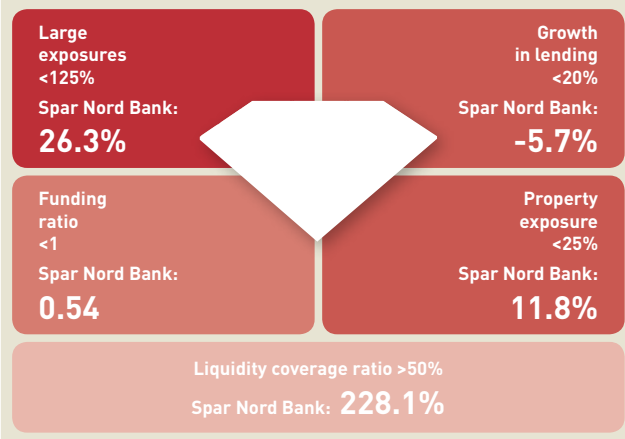
The risks assumed by Spar Nord and the proclivity for assuming risks within the individual risk categories spring from the Bank's general strategic goals. As a supplement, specific risk policies have been introduced, defining the general guidelines for handling and managing the Bank's risks. All policies are updated at least once a year.

The goal is to ensure that the connection between the Bank's vision, strategy and risk profile and day-to-day risk assumption is clear, and that the Bank has a risk profile that bears an appropriate proportion to its capital base at all times.

The core of Spar Nord's business is to run a bank for ordinary retail and business customers. Spar Nord endeavours to maintain a medium-to-low risk appetite, a policy reflected in its credit policy and dealings in the trading area.

THE SUPERVISORY AUTHORITY DIAMOND TEST MODEL

At end-2013, Spar Nord Bank was comfortably within all threshold values fixed in the "Diamond Test Model".



RISK MANAGEMENT AND CONTROL SYSTEMS

Risk management is a key focus area for Spar Nord Bank's Board of Directors, Executive Board and the individual employees. Spar Nord has a two-tier management structure, and a written agreement has been concluded (the so-called section 70 instructions) between the Board of Directors and the Executive Board, specifying the powers and authority of the latter. The Board of Directors lays down general policies, while the Executive Board is responsible for the day-to-day management of the Group. The Group's management structure reflects statutory requirements for listed Danish companies and the provisions of the Danish Financial Business Act.

RISKS

Various risk management issues and related aspects are recurrent items on the agenda of Board of Directors' meetings, and Spar Nord has implemented a number of procedures and systems intended to ensure that risks are identified and appropriate mitigation actions taken, with an eye to ensuring compliance with applicable legislation.

Risk Management and control systems in connection with financial reporting

The Board of Directors and the Executive Board of the Spar Nord Group share the high-level responsibility for the Spar Nord Group's risk management and control systems when the financial statements are prepared. The Board of Directors and the Executive Board of Spar Nord are composed so as to ensure that the appropriate internal control and risk management expertise is present to warrant appropriate financial reporting.

The Board of Directors of Spar Nord approves overarching policies, procedures and control systems, and also prepares a detailed annual plan for the internal audit and the compliance function. Policies, manuals and procedures within important areas in connection with the presentation of the financial statements are available, including a business procedure for the presentation of the financial statements, a business procedure for the finance & accounts function and other central functions, and an IT security policy.

The Board of Directors makes an annual review of the organization, its focus areas and resource allocation control systems to manage risk, and also annually assesses the risk of fraud in all business areas.

The risk management organization

The Group has a two-tier management structure with an Executive Board and a Board of Directors. The Board of Directors has formulated a set of written guidelines governing the Executive Board's actions in the risk area, clearly defining the areas of responsibility for each management echelon. The Board of Directors lays down general policies, while the Executive Board is responsible for the day-to-day management of the Group.

The Board of Directors is responsible for ensuring that the Group has an appropriate organization and that risk policies and limits are established for all important risk categories. In addition, all major credit facilities must be submitted to the Board of Directors for approval. The Board of Directors also makes decisions regarding general principles for handling and monitoring risks. Regular reporting to the Board of Directors is undertaken with a view to enabling the Board of Directors to check whether the total risk policies and the pre-defined limits are complied with.

RISK MANAGEMENT - THE MOST IMPORTANT RISKS

RISK CATEGORY	Strategic perspective	Inclination to assume risks	Organization and responsibility	Systems and processes
Credit risk exposure to retail and business customers	<p>Retail customers and small and medium-sized businesses are the Bank's target group.</p> <p>Spar Nord pursues the strategic goal of generating sharp growth in customer numbers and average business volume.</p> <p>It is imperative for the Group that these goals are not met at the cost of credit quality.</p>	<p>The Bank's credit policy is geared to strike a balance between earnings and risks, and to ensure that the risk assumption is always quantified.</p> <p>It is Spar Nord's policy that all credit must be granted based on insight into the customers' financial position and that creditworthiness is a key parameter in all customer relations.</p> <p>Spar Nord does not enter into ordinary customer exposures of more than DKK 400 million or unsecured exposures of more than DKK 150 million. Exposures to trading partners in the financial sector are not comprised by these limits.</p>	<p>Customer advisers, in consultation with local managers, handle day-to-day management of the Bank's credit risks.</p> <p>The decentralized credit authorization limit is maximized at DKK 10 million and is linked to qualifications and needs.</p> <p>Exposures that exceed the decentralized credit authorization limit is passed on for processing at Credit Rating or the Credit Committee, and all DKK 60+ million exposures and new exposures of DKK 30+ million need to be authorized by the Board of Directors.</p>	<p>Overall monitoring of the Group's credit risk exposure is managed by the Credit Quality function. This department monitors changes in the credit quality of all exposures and undertakes systematic credit quality control of the Bank's entire exposure portfolio.</p> <p>Credit rating has been introduced in all the Bank's departments, and these tools are used at the local level to grant credit facilities. Thus, customers in the risk categories accorded the least risk exposure are likelier to be given higher credit limits or extensions than those with the greatest risk exposure. In addition, the systems are used for managing overdrafts and for pricing purposes.</p>
Credit risk exposure to financial counterparties	<p>As part of its trading in and holding of securities, foreign currency and derivative financial instruments and its payment services, etc., the Bank will experience credit risk exposure to financial counterparties.</p>	<p>Spar Nord's Management allocates lines for credit risk exposure to financial counterparties, based on the particular counterparty's risk profile, rating, size and solvency. The risks and lines of financial instruments are monitored constantly.</p>	<p>Risk and settlement lines for financial counterparties are authorized based on a three-tier instruction hierarchy consisting of the Board of Directors, the Credit Committee and the General Manager of Trading, Financial Markets & the International Division, with the facility authorization rights being adopted to the individual tier.</p>	<p>The follow-up on lines will be made by Finance & Accounts, which ensures functional separation.</p> <p>All lines are subject to review at least once a year based, among other things, on the financial statements or rating of the financial counterparty.</p>

RISK MANAGEMENT - THE MOST IMPORTANT RISKS (continued)

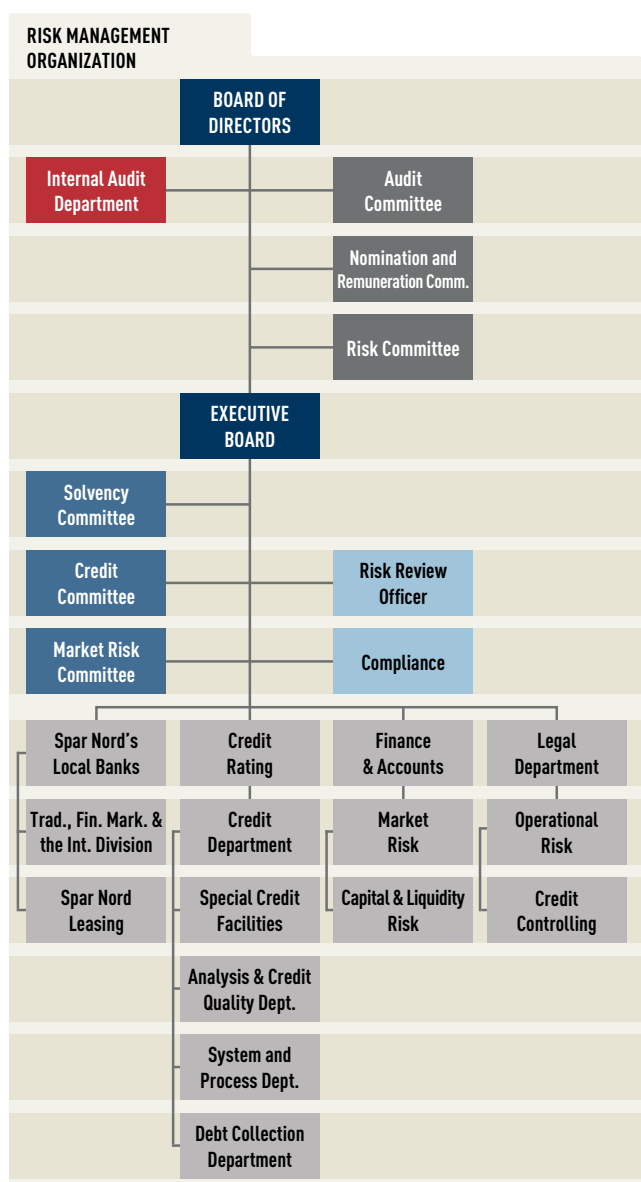
RISK CATEGORY	Strategic perspective	Inclination to assume risks	Organization and responsibility	Systems and processes
Market risk	<p>Market risks arise as an element in trading with and having portfolios of securities, foreign exchange and derivative financial instruments.</p> <p>The assumption of market risks constitutes a part of the Bank's activities that impacts greatly on overall earnings.</p>	<p>The Bank's primary market risk by way of interest risk in the trading portfolio is attached to the Bank's bond portfolio, which is related to the Bank's liquidity management.</p> <p>In addition, the Bank is also subject to an interest-rate risk attaching to the Bank's fixed-interest positions outside the trading portfolio.</p> <p>The Bank has a low level of risk as concerns shares in its trading portfolio.</p> <p>Through its ownership of a number of companies in the financial sector, the Bank has a major portfolio of other shares outside the trading portfolio.</p> <p>The risk is limited for other types of market risks.</p>	<p>Spar Nord's Board of Directors determines the overarching policies, frameworks and principles.</p> <p>The Middle Office function of the Finance & Accounts Department is responsible for monitoring and checking that the Bank's market risk does not exceed the boundaries of the instruction limits.</p>	<p>For its management of market risks, the Bank has put a three-tier instruction hierarchy in place. At the first tier-level, the Board of Directors issues the definition of the limits for the Spar Nord Group to the Executive Board. At the second tier, the Executive Board delegates limits to the other entities of the Group, with Trading, Financial Markets & the International Division being the distinctly largest entity. At the third and last tier, the executives of Trading, Financial Markets & the International Division are granted the limits within which they may operate.</p>
Operational risk	<p>Operational risks are primarily internal in nature. This is why Spar Nord focuses on having a satisfactory control environment for the Bank's activities.</p> <p>The Bank seeks to align controlling operational risk with profit management and thus supporting the Bank's decisions.</p>	<p>The Bank pursues the policy of striking a balance between the scope of operational risks and cost trimming.</p> <p>The focus is on lowering the risk by coordinating the risk-reducing activities between the local and central responsibilities.</p> <p>Focusing on a heightened reporting level creates a basis for making individual risks visible, thus permitting the appropriate mitigating action to be taken subsequently.</p>	<p>Business procedures and systems are critical areas reviewed on an ongoing basis by the audit and compliance departments with a view to assessing risks and making recommendations to limit individual risks. Spar Nord develops IT systems, business procedures and other systems on an ongoing basis. Responsibility for risk management in this connection lies with the responsible units.</p> <p>In connection with projects, a risk assessment report must be prepared, specifying risks, potential consequences and initiatives to limit such risks.</p> <p>Spar Nord's security policy, including IT security policy, is reviewed annually and approved by the Board of Directors.</p>	<p>Spar Nord has contingency plans for dealing with critical areas like capital and liquidity. In addition, the Bank has contingency plans for dealing with situations involving long-term IT outage.</p> <p>In practice, this work is organized using guidelines, business procedures and systems that cover various areas of the Bank's activities.</p>
Liquidity risk	<p>One of Spar Nord's objectives in the liquidity area is to support its strategic goal of generating growth in customer numbers and average business volume.</p>	<p>The Bank adapts its liquidity buffer to the current market situation on an ongoing basis.</p> <p>The Board of Directors has introduced a target to the effect that the Group's available cash resources must amount to at least DKK 10.0 billion, excl. assets in pooled schemes. When converted, this corresponds to 50% excess coverage relative to the statutory minimum requirement laid down in section 152 of the Danish Financial Business Act.</p>	<p>Liquidity management is divided into short-term and long-term liquidity management.</p> <p>Managing short-term liquidity is the responsibility of the Bank's Trading area. Managing long-term liquidity is the responsibility of Finance & Accounts.</p>	<p>Managing the Bank's general liquidity is subject to a number of control mechanisms.</p> <p>A fixed goal for the day-to-day liquidity buffer coupled with a stress test is used for short-term liquidity requirements.</p> <p>Long-term liquidity is managed by focusing on strategic liquidity and using liquidity projections.</p>

RISKS

At end-2013, the Board of Directors set up a risk committee tasked with monitoring the Group's risk management activities and preparing material for use of the Board of Directors in considering issues in this connection. In addition, the Board of Directors has set up an audit committee charged with monitoring and controlling accounting and auditing matters and undertaking the preparatory work concerning the Board of Directors' processing of accounting and auditing issues.

The Board of Directors oversees the activities of the Group's Internal Audit Department, which reports to both the Board of Directors and the Executive Board. The Internal Audit Department bases its activities on the annual plan adopted by the Board of Directors. These activities include test examinations of business procedures and internal control systems in key areas subject to risk, including in connection with preparing the financial statements.

The Group's independent auditors are elected at the Annual General Meeting for one year at a time. The focus of the auditing team is subject to review by the Board of Directors once a year based on the recommendations of the audit committee.



The Executive Board is responsible for the day-to-day management of the Group. To this end, the Executive Board issues specific instructions for the Group's risks and its risk management procedures. The Executive Board reports regularly to the Board of Directors on the Group's risk exposure.

The Executive Board has appointed a number of committees and working parties that contribute to the Group's risk governance in specific areas, and which prepare cases and themes for processing by the Executive Board and Board of Directors.

Credit Committee

Credit applications that exceed the Credit Rating Department's authorization limits or involve a matter of principle will be dealt with by the Credit Committee, which is composed of the Chief Credit Officer and a member of the Executive Board. Frequently, matters that have been dealt with by the Credit Committee will be prepared for subsequent discussion among all members of the Board of Directors.

Market Risk Committee

The Market Risk Committee is composed of representatives of the Executive Board, Finance & Accounts and Trading, Financial Markets & the International Division. The Committee meets every quarter and reviews developments in the Bank's positions and risks as well as the liquidity situation and expectations regarding market developments and future plans. In addition, the Committee receives input from a more operationally slanted Capital Market Committee, for example regarding any issues that may require specific discussion in terms of principles.

Solvency Committee

The Solvency Committee is composed of members of the Executive Board, Credit Rating and Finance & Accounts. The objective of the Committee is to formulate targets and principles for calculating the appropriate capital base and the solvency need ratio (the ICAAP result). The Solvency Committee prepares a recommendation for the solvency need ratio (the ICAAP result) and passes it on to the Board of Directors for approval.

Risk Review Officer

The Risk Review Officer's area of responsibility comprises the Group's risk-prone activities across various risk areas and organizational units and risks deriving from outsourced functions. The Risk Review Officer is responsible for appropriate risk management of the Bank's operations, including providing an overview of its risks and the overall risk exposure. The Risk Review Officer has general responsibility for compliance with the Group's risk policies and monitoring and reporting risks across risk types and organizational units. The Risk Review Officer is accountable to the Executive Board and reports to the Board of Directors.

Compliance

The Group's Compliance function is charged with overseeing the Bank's compliance with financial legislation, banking sector standards and the Group's internal guidelines in all areas. The Executive Board oversees this function, which reports to the Board of Directors and is manned by staff members responsible for compliance and representatives of a cross-section of the Group's business areas who are engaged in decentralized compliance tasks. The activities of the Compliance function are rooted in the annual programme adopted by the Board of Directors.

BOARD OF DIRECTORS

TORBEN FRISTRUP



CHAIRMAN OF THE BOARD OF DIRECTORS

Born 1951. Member of the Board of Directors since 2003, Chairman of the Board of Directors since 2004. Chairman of the nomination and remuneration committee and member of the risk committee.

Chief Executive Officer, CUBIC-Modulsystem A/S, Manager, Regulus ApS and Fristrup Holding Aalborg ApS.

EDUCATION

Engineer, IMD business program.

CHAIRMAN OF THE BOARD OF DIRECTORS

Brønderslev Industrielagering A/S, CUBIC Norge A/S, CUBIC-Modular System Ltd., CUBIC Svenska AB, Sjørring Maskinfabrik A/S.

MEMBER OF THE BOARD OF DIRECTORS

CUBIC-Modulsystem A/S, Erik Kauffeldt's Foundation.

SPECIAL EXPERTISE

Managing small and medium-sized businesses, including strategic development, Industry and manual trades, HR.

SHAREHOLDING

34,300

DISINTERESTED

PER NIKOLAJ BUKH



DEPUTY CHAIRMAN OF THE BOARD OF DIRECTORS

Born 1965. Member of the Board of Directors since 2007, Deputy Chairman of the Board of Directors since 2009. Member of the audit committee. Member of the nomination and remuneration committee.

Professor, Aalborg University, General Manager, Danmarksgade 28, Frederikshavn ApS, P. N. Bukh ApS, Value Spread I ApS.

EDUCATION

MSc Econ., PhD.

MEMBER OF THE BOARD OF DIRECTORS

Jurist- & Økonomforbundets Forlag A/S, Jurist- & Økonomforbundets Forlagsfond, Jurist- & Økonomforbundets Forlag Holding A/S, Padborg Ejendomme A/S.

SPECIAL EXPERTISE

Finance and risk management, Financial markets, Public enterprises.

SHAREHOLDING

16,200

DISINTERESTED

KAJ CHRISTIANSEN



Born 1955. Member of the Board of Directors since 2012. Chairman of the risk committee.

CEO of Frederikshavn Maritime Erhvervspark A/S since 1999.

EDUCATION

State-authorized Public Accountant.

CHAIRMAN OF THE BOARD OF DIRECTORS

The Arena North Foundation.

MEMBER OF THE BOARD OF DIRECTORS

Northern Offshore Services A/S, The Spar Nord Foundation, Domus Aqua ApS, Ringvejens Erhvervsinvest A/S, Frederikshavn Maritime Erhvervspark A/S, The Kattegat Silo Foundation.

SPECIAL EXPERTISE

Properties, Marketing, Finance and risk management.

SHAREHOLDING

7,800

DISINTERESTED

LAILA MORTENSEN



Born 1965. Member of the Board of Directors since 2012. Member of the risk committee.

CEO of Industripension Holding A/S, Industriens Pensionsforsikring A/S and chairman of the executive board of Industriens Pensionservice A/S, Komplementarselskabet OPP Psyk. afdeling, Vejle - Industriens Pension ApS.

EDUCATION

Graduate in insurance science; IMD business program (PED)

CHAIRMAN OF THE BOARD OF DIRECTORS

P/S OPP Psyk. Afdeling, Vejle - Industriens Pension ApS, IP Ejendomme 2013 P/S, IP Infrastruktur P/S, IP Komplementar ApS.

MEMBER OF THE BOARD OF DIRECTORS

DSEB, Forsikring & Pension, Industriens Pension Portfolio F.M.B.A., Pensionsinfo, IP Butendiek Wind Komplementar ApS, IP Finans 1 ApS.

SPECIAL EXPERTISE

Experience in managing a financial business, Risk management - incl. operational risks, IT and IT risks.

SHAREHOLDING

0

DISINTERESTED

ORGANIZATION AND CORPORATE GOVERNANCE

BOARD OF DIRECTORS

CARSTEN NORMANN



Born 1962. Member of the Board of Directors since 2004.

Partner and Man. Director of Mayday Invest A/S, CEO of CN Holding ApS.

EDUCATION

MSc (International Business Economics), Board of Directors training for financial companies, Board licence from Board Governance A/S, Top Governance from Business Institute.

CHAIRMAN OF THE BOARD OF DIRECTORS

FFV Energi & Miljø A/S, M-Sport A/S.

MEMBER OF THE BOARD OF DIRECTORS

Interfone International A/S, CaPa ApS, K/S Laboris I, Horsens.

SPECIAL EXPERTISE

Management, Retail trade, Strategy, Marketing, Competence development.

SHAREHOLDING
2,760

DISINTERESTED

FRITZ DAHL PEDERSEN



Born 1955. Member of the Board of Directors since 2012.

CEO of Fritz Dahl Pedersen Holding ApS, Bolette og Fritz Dahl Pedersen Ejendomsselskab ApS, Fritz Dahl Pedersen Biler ApS.

EDUCATION

Finances and sale.

MEMBER OF THE BOARD OF DIRECTORS

The Spar Vest Foundation, Spar Vest Tyskland A/S, Spar Vest Grønland A/S, Spar Vest Finans A/S, SVF Ejendomsservice A/S, Fritz Dahl Pedersen Holding ApS, Bolette og Fritz Dahl Pedersen Ejendomsselskab ApS, Dahl Pedersen Holding ApS.

SPECIAL EXPERTISE

Strategy and company management, Sale, Marketing, Customerservice/satisfaction.

SHAREHOLDING
1,800

DISINTERESTED

OLE SKOV



Born 1959. Employee-elected member of the Board of Directors since 2000. Member of the audit committee.

Senior workplace representative, Spar Nord Bank A/S.

EDUCATION

Financial services background, Financial continuing education, Business diploma (accounts & financing), Board of Directors training for financial companies.

CHAIRMAN OF THE BOARD OF DIRECTORS

The Financial Services Union's "Spar Nord Kreds".

MEMBER OF THE BOARD OF DIRECTORS

The Personnel Foundation at Spar Nord, The Financial Services Union's executive committee.

SPECIAL EXPERTISE

HR, Business administration, Financial markets.

SHAREHOLDING
7,054

ORGANIZATION AND CORPORATE GOVERNANCE

BOARD OF DIRECTORS

JANNIE SKOVSEN



Born 1965. Employee-elected member of the Board of Directors since 2008.

Workplace representative, Spar Nord Bank A/S.

EDUCATION

Financial services background, Financial continuing education, Business diploma (Marketing), Board of Directors training for financial companies,

MEMBER OF THE BOARD OF DIRECTORS

The Financial Services Union's "Spar Nord Kreds", (Deputy Chairman), The Spar Nord Foundation,

SPECIAL EXPERTISE

HR, Business administration.

SHAREHOLDING

7,624

GITTE HOLMGAARD SØRENSEN



Born 1965. Employee-elected member of the Board of Directors since 2012. Member of the nomination and remuneration committee.

Workplace representative, Spar Nord Bank A/S.

EDUCATION

Financial services background, Financial continuing education, Business diploma (Financing), Board of Directors training for financial companies,

MEMBER OF THE BOARD OF DIRECTORS

The Financial Services Union's "Spar Nord Kreds".

SPECIAL EXPERTISE

HR, Business administration.

SHAREHOLDING

2,486

HANS ØSTERGAARD



Born 1946. Member of the Board of Directors since 2009. Chairman of the audit committee.

Professional board member. Former State-authorized Public Accountant.

EDUCATION

State-authorized Public Accountant, BCom (Management Accounting), Board of Directors training for financial companies, Board licence from Board Governance A/S.

CHAIRMAN OF THE BOARD OF DIRECTORS

HNC Group A/S.

SPECIAL EXPERTISE

Accounting and audit, Risk management.

SHAREHOLDING

5,193

DISINTERESTED

ORGANIZATION AND CORPORATE GOVERNANCE

EXECUTIVE BOARD

LASSE NYBY



CHIEF EXECUTIVE OFFICER

Born 1960
Year of employment 1986
Joined the Executive Board 1995
CEO 2000

EDUCATION

Financial services background, BCom (Management Accounting), Executive education from Insead.

CHAIRMAN OF THE BOARD OF DIRECTORS

JSNA Holding A/S, Advizer ApS, Spar Nord Leasing A/S, SN Finans Nord AB, Erhvervsinvest Nord A/S, Spar Nord Ejendoms-selskab A/S, Aktieselskabet Skelagervej 15.

MEMBER OF THE BOARD OF DIRECTORS

Foreningen AP Pension F.M.B.A., AP Pension Livsforsikrings-aktieselskab, AP Pensionservice, AP Skadesforsikring Aktieselskab, Nykredit Holding A/S, PRAS A/S, Vækst-Invest Nordjylland A/S, The Danish Bankers' Association, Regional Bankers' Association.

SHAREHOLDING

48,064

BENT JENSEN



MANAGING DIRECTOR

Born 1960
Year of employment 2012
Joined the Executive Board 2012

EDUCATION

BCom (Marketing), IAA, MBA.

MEMBER OF THE BOARD OF DIRECTORS

Aktieselskabet Skelagervej 15.

SHAREHOLDING

8,383

JOHN LUNDGAARD



MANAGING DIRECTOR

Born 1964
Year of employment 1986
Joined the Executive Board 2000

EDUCATION

Financial services background, MBA.

CHAIRMAN OF THE BOARD OF DIRECTORS

Skandinavisk Data Center A/S, Factor Insurance Brokers A/S, Høgsberg Assurance Service A/S.

MEMBER OF THE BOARD OF DIRECTORS

Aktieselskabet Skelagervej 15, letpension Holding A/S, Spar Nord Ejendoms-selskab A/S, The Employers' Association for the Financial Sector (FA).

SHAREHOLDING

65,633

LARS MØLLER



MANAGING DIRECTOR

Born 1957
Year of employment 1984
Joined the Executive Board 2000

EDUCATION

Financial services background, Executive education from Insead.

CHAIRMAN OF THE BOARD OF DIRECTORS

BI Holding A/S (the Bank-invest Group), BI Asset Management Fondsmæglerselskab A/S, BI Management.

MEMBER OF THE BOARD OF DIRECTORS

DLR Kredit A/S, Erhvervsinvest Nord A/S, Spar Nord Ejendoms-selskab A/S.

SHAREHOLDING

62,960

For more information about the Executive Board members, please refer to the Bank's website, www.sparnord.com/investor.

On the website you will see a list of the shareholdings and other directorships of the Executive Board members. Updated each quarter.

ORGANIZATION AND CORPORATE GOVERNANCE

Spar Nord's Board of Directors and Executive Board consider corporate governance to be a fundamental requirement for maintaining a good relationship with internal and external stakeholders and for meeting the Group's financial and non-financial objectives.

Spar Nord's Management thus backs efforts to promote good corporate governance, and has chosen to follow 46 of the 47 most recent recommendations from the Danish Corporate Governance Committee and the supplementary recommendations from the Danish Bankers Association. A full overview of Spar Nord's position on the recommendations can be seen on its website at www.sparnord.com/corporategovernance.

CORPORATE GOVERNANCE 2013

Spar Nord follows 46 of 47 of the most recent recommendations from the Danish Corporate Governance Committee and the supplementary recommendations from the Danish Bankers Association. The only recommendation that we do not follow is:

Recommendation

The Committee recommends that members of the supreme governing body elected by the general meeting be up for re-election every year at the annual general meeting.

Spar Nord's position

Spar Nord's Directors are elected for a term of two years at a time. The members of the Board of Directors serve staggered terms, meaning that three or four members are up for election every year. With an electoral term of two years and the staggered terms, the Board of Directors desires to ensure the necessary continuity in its work.

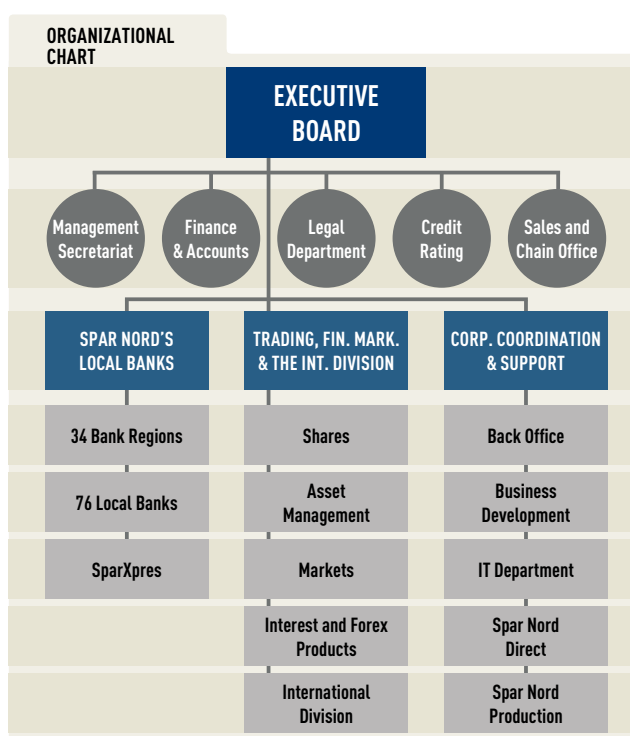
On the pages below you will see a more detailed introduction to Spar Nord's organizational and management structures, its approach to a dialogue with the Company's stakeholders, the work of the Board of Directors and Executive Board, remuneration issues, and more.

ORGANIZATIONAL AND MANAGEMENT STRUCTURE

Spar Nord's organizational and management model is based on an "outside-in" management perspective. The largest business unit, Spar Nord's Local Banks, is divided into 34 decentralized bank regions, each with a great deal of local autonomy as concerns its business profile, marketing and staff policies. All general managers of the bank regions report to the Executive Board.

Apart from Spar Nord's Local Banks, the Spar Nord Group consists of two other profit centres: Trading, Financial Markets & the International Division and Spar Nord Leasing, which has been classified as a discontinuing activity since Q4 2011.

Headquarters in Aalborg is composed of Corporate Coordination & Support and five staff functions. All executive staff members at Corporate Coordination & Support and in the staff functions also report to the Executive Board.



THE ROLE OF SHAREHOLDERS AND INTERACTION WITH COMPANY MANAGEMENT

Spar Nord's Management considers it extremely important to maintain a good, ongoing dialogue with shareholders – and for the Bank to aid both professional and private shareholders in obtaining the best possible insight into the Bank's goals and strategies.

Communication with shareholders

Spar Nord Bank holds about 40 shareholders' meetings each year throughout the country with about 20,000 shareholders participating. Spar Nord further promotes good shareholder communication by presenting information that is always thorough, updated and accessible on the Company's website, www.sparnord.com/investor. The website provides direct access to contacting both IR staff members and the Bank's Executive Board. In addition, the Bank issues the newsletter, 'Spar Nord Nyt', which presents information about the Company, the share and a broad spectrum of other topics focusing on financial and non-financial issues.

Spar Nord regularly issues press releases and company announcements and publishes interim reports and annual reports in order to give all stakeholders an adequate picture of the Bank's position and developments. The financial statements are prepared in accordance with IFRS. All company announcements are published simultaneously in Danish and English.

Annual general meeting

Basically, Spar Nord Bank follows the recommendations of the Corporate Governance Committee on preparing for annual general meetings, including the recommendations regarding the drafting of the convening notice and the issuing of proxies.

According to the Articles of Association, shareholders' rights to vote at general meetings are exercised through delegates who are members of the Bank's bank committees. However, shareholders that hold at least 20,000 shares as of the record date one week before the relevant general meeting (major shareholders) are entitled to exercise their voting rights at general meetings.

ORGANIZATION AND CORPORATE GOVERNANCE

Delegates, who are also members of the Bank's bank committees, represent the share capital listed as of the record date one week before the relevant general meeting as belonging to the relevant shareholder region. Each delegate represents equal fractions of the share capital calculated based on the number of delegates immediately before the relevant general meeting. A major shareholder represents the share capital registered, or requested to be registered, as belonging to the relevant major shareholder, one week before the relevant general meeting.

Each year the Board of Directors assesses whether the capital and share structure still serves the interests of the shareholders and the Company.

For the period until 30 April 2016, the Board of Directors is authorized to increase the Company's share capital by up to 12,552,992 shares. The increase may take place with or without a pre-emptive right for the Company's shareholders. If the increase is effected without pre-emptive rights for the Company's shareholders, the new shares must be subscribed for at market price.

Alterations to the Articles of Association that cannot be made by the Board of Directors pursuant to statutory provisions may be made at the general meeting when adopted by at least two thirds of the votes cast as well as of the voting stock represented at the relevant general meeting.

DIALOGUE WITH STAKEHOLDERS: OPENNESS AND TRANSPARENCY

In addition to having a constructive dialogue with shareholders, Spar Nord considers a good dialogue with other stakeholder groups to be crucial to positive development. A good reputation and excellent relations with customers, employees and the external environment in general are thus considered an important prerequisite for running a successful bank.

Spar Nord's Board of Directors has adopted a communication strategy for the Group, the objective of which is to create a common basis for the next few years' work strengthening the business through Spar Nord's relations with its stakeholders.

The communication strategy springs from Spar Nord's business model, the "Local Strategy". Among other things, this means that the communication strategy reflects Spar Nord's decentralized structure, and that the communication strategy shows how centrally initiated communication in the areas where this makes sense will operate as the point of departure for local communication initiatives.

THE BOARD OF DIRECTORS

Since the merger with Sparbank, Spar Nord's Board of Directors has been composed of 10 members - seven elected by the shareholders and three by employees.

The Bank's Executive Board is not part of the Board of Directors but takes part in all of its meetings. The Board of Directors is confident that the chosen size and composition will effectively contribute to ensuring a constructive dialogue and efficient decision-making processes.

New Directors are recruited through a formal, thorough and transparent process, based on a dialogue between the Board of Directors and the chairmen of the regional bank committees, and the nominees are presented at shareholder meetings prior to the Annual General Meeting.

The Board of Directors constantly strives to promote diversity, including in relation to gender, across all managerial levels in the Group. Currently, the Board of Directors is composed of three women and seven men.

The Board of Directors has adopted a policy and an objective dictating that in the period until 2017, the share of women on the Board should be increased to at least 33% of the Directors elected at the Annual General Meeting.

The number of employee-elected Directors and the electoral procedure for employee elections comply with the provisions of the Danish Companies Act. The electoral term is four years.

The members of the Board of Directors are elected for a term of two years at a time, and the age limit for members is 70 years. The members of the Board of Directors serve staggered terms, meaning that three or four members are up for election every year. Spar Nord has decided on this practice - and not the one recommended by the Danish Corporate Governance Committee, viz. an electoral period of 12 months - to ensure better continuity in the Board of Directors' activities.

At least half of the Directors elected at the annual general meeting must be disinterested in accordance with the recommendation of the Danish Corporate Governance Committee. All members of the Board of Directors elected at the general meeting are disinterested.

The Board of Directors finds it important that all members have the time and energy to actively participate in the Board's work, but believes that a simple calculation of directorships makes no sense, as the workload varies greatly from one company to another. Those of the current Directors who hold senior executive positions in other companies all hold a number of posts that the Board of Directors finds compatible with the board duties for Spar Nord.

The Spar Nord Board of Directors convenes 11 ordinary meetings a year plus a strategy seminar and four meetings with the chairmen of the regional bank committees. In 2013, the Board of Directors held a total of 19 meetings. The total Board member attendance rate was 93.7%.

Board evaluation

Each year a comprehensive evaluation process is launched, with each Director presenting an overview of the desired and actual situations as concerns a wide range of personal and professional qualifications - both at the individual level and in relation to the entire Board of Directors - and as concerns work processes and the Board's focus. The answers are discussed at Board of Directors level and subsequently among the chairmen of regional bank committees.

Since the evaluation was introduced, the preparation and processing of its results have been intended to play an integral role in the process of deciding on the composition of the Board of Directors and recruiting new board members. Thus, the objective has been to define profiles of future board members to ensure that Board members' combined competences match the needs and requirements stipulated by Spar Nord's business model.

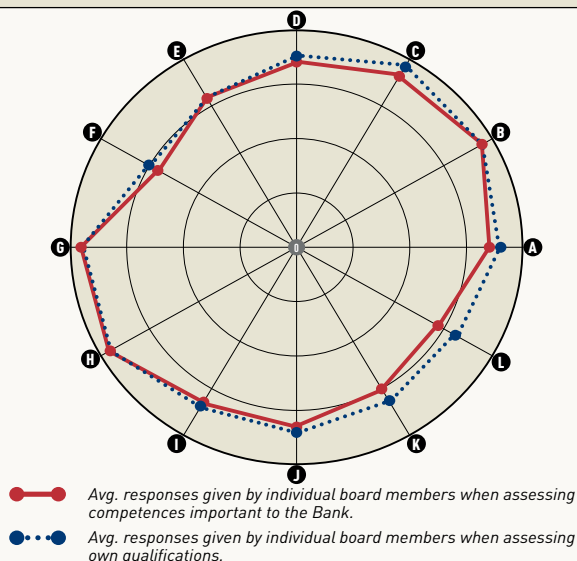
Using the business model as its stepping stone, the Board of Directors has identified a number of areas assessed to be the fundamental factors for defining the Board's need for competences. In this light, the Board of Directors assesses the competence level required in each individual area.

The areas identified appear from the figures below.

ORGANIZATION AND CORPORATE GOVERNANCE

PERSONAL QUALITIES

12 QUESTIONS REG. QUALIFICATIONS - SCALE: 0 - 4

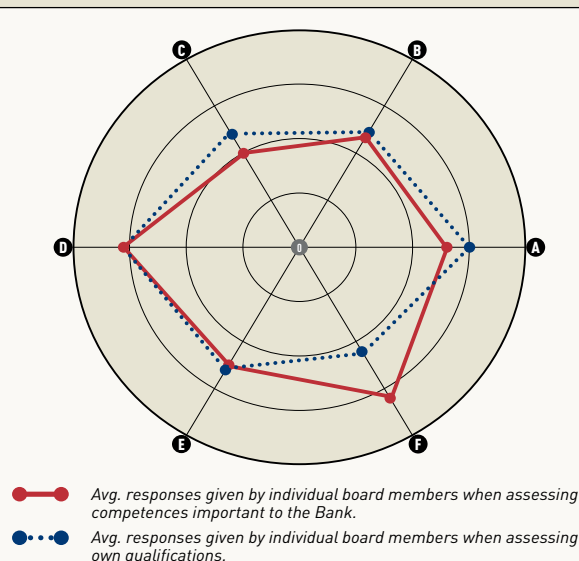


In the area **PERSONAL QUALITIES** the following qualifications are evaluated:

- A = Common sense, visions and dynamic approach
- B = Credible when communicating with stakeholders
- C = Active and committed
- D = Result-oriented
- E = Independent – must live up to the other members
- F = Network
- G = Time for board work
- H = Interested in Spar Nord
- I = Ability to listen
- J = Interpersonal skills
- K = Abstraction level
- L = Empathy and sense of humour

PROFESSIONAL EXPERTISE - BUSINESS DISCIPLINES

6 QUESTIONS REG. QUALIFICATIONS - SCALE: 0 - 4

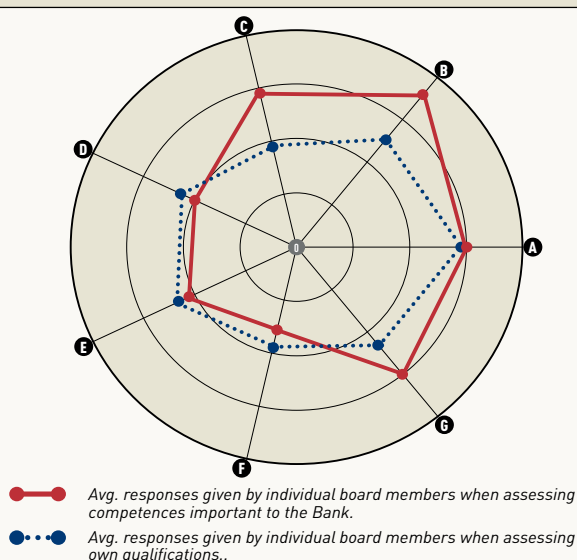


In the area **PROFESSIONAL EXPERTISE - BUSINESS DISCIPLINES** the following qualifications are evaluated:

- A = HR (staff management and development)
- B = Marketing
- C = IT
- D = Accounting
- E = IR
- F = Auditing

INDUSTRY EXPERTISE

7 QUESTIONS REG. QUALIFICATIONS - SCALE: 0 - 4

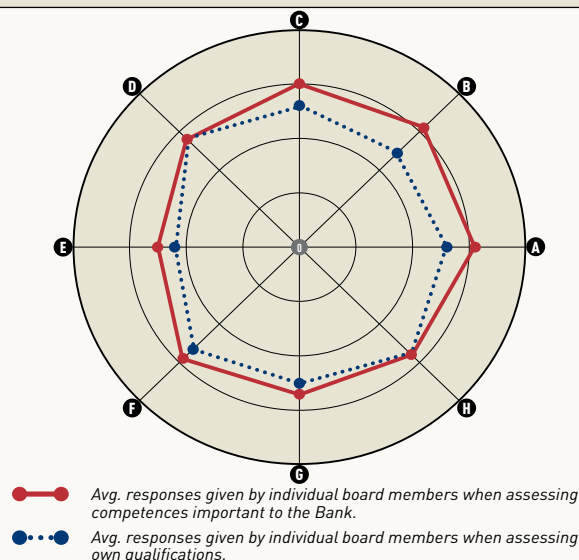


In the area **INDUSTRY EXPERTISE**, the following qualifications are evaluated:

- A = Private sector
- B = Real estate, building and construction activities
- C = Agriculture
- D = Trade
- E = Industry, raw materials and energy supply
- F = Public sector
- G = Bank customers and institutional customers at Trading, Financial Markets & the International Division

RISKS

8 QUESTIONS REG. QUALIFICATIONS - SCALE: 0 - 4



In the area **RISK**, the following qualifications are evaluated:

- A = Market risk
- B = Liquidity risk
- C = Capital risk
- D = Operational risk
- E = IT risk
- F = Earnings risk
- G = Risks related to partners
- H = Image risk

In addition to the above-mentioned areas, an evaluation is also made within the area of qualifications related to experience-based qualities.

ORGANIZATION AND CORPORATE GOVERNANCE

The next step in the evaluation process is for each Director to assess his or her own qualifications within given areas. The most recent evaluation assessed the Board of Directors' average qualifications in almost all areas to be at a higher level than assessed to be needed on average

Agriculture was the only area where the top-rated qualification was lower than the assessed need. The nomination of Kjeld Johannesen, CEO of Danish Crown, for election to the Board of Directors should be viewed in this context, as he will contribute the required agricultural expertise if elected.

The general requirement that at least one member on the Board of Directors must have special insight into the business area and managerial experience from a financial institution expertise has been met by the inclusion of Laila Mortensen, CEO of Industriens Pension, on the Board as from 2012.

Committees appointed by the Board of Directors

Spar Nord Bank's Board of Directors has set up an audit committee charged with monitoring and controlling accounting and auditing matters and undertaking the preparatory work concerning the Board of Directors' processing of accounting and auditing issues. The committee is composed of three members, one of whom is a member with special expertise in auditing and accounting matters, as required by statute, and who is also impartial.

In addition, at end-2013 a risk committee was set up. As from 2014 it will be responsible for the preparatory work leading up to the Board of Directors' decisions regarding the Group's risk management and related issues.

Finally, the Board of Directors has set up a nomination and remuneration committee with three members, of whom one has been chosen by the employees in compliance with legislation. The nomination and remuneration committee is charged with undertaking the preparatory work concerning the Board of Directors' evaluation and nomination process and the processing of issues regarding remuneration, including the Group's remuneration policy.

The terms of reference of the committees can be seen at www.spar-nord.com/investor, which also provides a presentation of the members and their qualifications.

THE BOARD OF DIRECTORS IS RESPONSIBLE FOR THE FOLLOWING:

- Approving the Group's vision, mission, values, strategies and organizational structure - and monitoring whether the day-to-day management delivers results that match plans
- Making decisions regarding the Group's proclivity for assuming risks – and monitoring whether the day-to-day management acts in accordance with instructions
- Approving capital and liquidity plans
- Approving financial and non-financial reporting
- Appointing and dismissing Executive Board members and Head of the Internal Audit Department
- Appointing and dismissing the Chief Financial Officer, Chief Credit Officer and Senior Executive Vice President of Trading, Financial Markets & the International Division at the recommendation of the Executive Board
- Making decisions regarding distribution of net profit or loss and distribution of dividend
- Nomination of auditor candidates at the Annual General Meeting
- Approving policies, business procedures, etc.
- Overseeing financial statements presentation, risk management, etc.
- Discussing and making resolutions regarding acquisition and merger opportunities
- Making decisions regarding major capital investments
- Implementing remuneration policy into remuneration packages for Management
- Reviewing all important assets
- Monitoring and authorizing of major credit facilities
- Monitoring and granting of credit facilities with respect to related parties
- Convening of General Meetings

EXECUTIVE BOARD

The Executive Board is appointed by the Board of Directors and composed of Lasse Nyby, CEO, Bent Jensen, Managing Director, John Lundsgaard, Managing Director, and Lars Møller, Managing Director.

The Executive Board is the supreme decision-making body as concerns the day-to-day affairs of the Bank, in compliance with the guidelines and directions issued by the Board of Directors. The more specific distribution of duties between the Board of Directors and the Executive Board appears from the rules of procedures under which they both operate.

REMUNERATION OF THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

The remuneration of the Board of Directors and the fees and salaries paid to the Executive Board are shown in the notes to the Annual Report. Directors are paid a fixed annual amount and do not participate in any bonus or option programmes.

The Board of Directors finds that the terms of service of Executive Board members, including severance terms, are in tune with general practice in the area and are regularly reviewed. The Board of Directors finds that the overall remuneration is competitive and fair in light of the Executive Board's performance and having regard to long-term value generation for shareholders.

According to the Group's remuneration policy, the Group does not operate with incentive schemes for the Board of Directors and the Executive Board.

The overarching objective of Spar Nord's communication to investors and analysts is to ensure good and lasting relations. Spar Nord wants to maintain a high level of information and a high degree of accessibility, and the Bank endeavours to make relevant and timely information available at all times. Together with the Senior Vice President, Corporate Communication, the Chief Executive Officer manages Spar Nord Bank's communication.

IR ACTIVITIES

The Bank provides financial reporting and information via its IR website, sparnord.com/investor, and also provides ongoing communication to investors and analysts at frequent bilateral meetings as well as at conferences and roadshows connected with the publication of the Group's annual and interim reports. In total, about 75 meetings with investors from Scandinavia, Great Britain and North America were held in 2013.

In 2013, analysts from five investment banks covered the Spar Nord share.

THE SPAR NORD SHARE

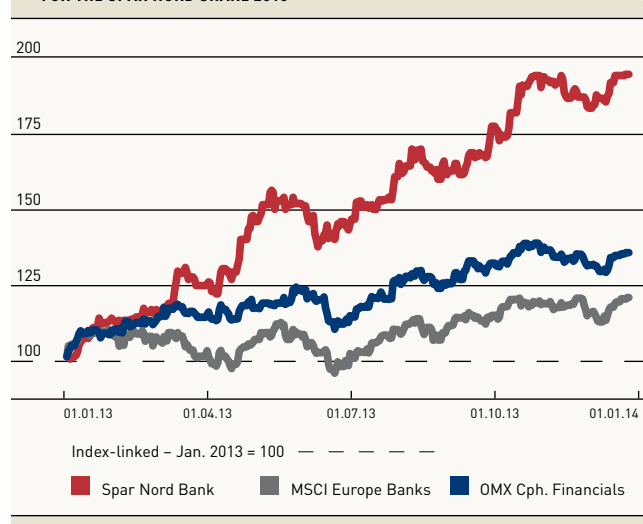
Spar Nord Bank is listed on the Nordic exchange, Nasdaq OMX Copenhagen, and ranges in the MidCap segment.

At 31 December 2013, the share capital stood at an unchanged nominal value of DKK 1,255,299,180, divided into shares in the denomination of DKK 10.

The Spar Nord share rose from a price of DKK 26 at end-2012 to a price of DKK 49 at end-2013, equal to an 88% increase. At the end of the year, the market price was thus DKK 6.2 billion compared with DKK 3.3 billion at end-2012.

In 2013, the average daily trading volume was about 150,000 shares - a sharp rise for the third year on end, which Management finds extremely satisfactory.

PRICE DEVELOPMENT FOR THE SPAR NORD SHARE 2013



THE SPAR NORD BANK SHARE

	2013	2012
Share capital (DKK '000)	1,255,299	1,255,299
Share price/year-end	49	26
Total market value (DKK m)	6,151	3,264
Earnings per share for the year (DKK)	4.3	1.9
Dividend per share (DKK)	1	0
Net asset value (NAV) per share (DKK)	52	48
Share price/NAV per share (DKK)	0.9	0.5

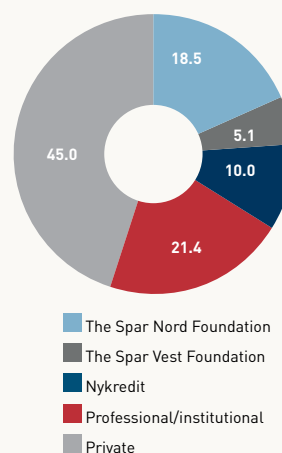
BREAKDOWN OF SHAREHOLDERS

At 31 December 2013, Spar Nord Bank had about 124,000 shareholders. Shareholders holding less than 20,000 shares each account for 37% of the share capital.

The Bank has four shareholders who have announced they hold more than 5% of the share capital. With an interest of 18.5%, the Spar Nord Foundation, Aalborg, is the largest shareholder. Nykredit Realkredit A/S, Copenhagen, ranks second with an interest of 10.0%. The Spar Vest Foundation, Skive, with an interest of 5.1%, comes third, followed by FMR LLC, Boston, MA, with 5.0%.

BREAKDOWN OF SHAREHOLDERS

End-2013 - %



DISTRIBUTION OF SHARES BEG. 2014

Distribution of shares	Number of registered shareholders	Shareholders' total shareholdings (units)
1 - 99 shares	53,030	1,440,934
100 - 999 shares	60,101	20,024,699
1,000 - 9,999 shares	10,153	22,037,856
10,000 - 19,999 shares	238	3,059,989
20,000 or more shares	193	74,139,873
Treasury shares	1	23
Shares not registered in name of shareholder		4,826,544
Total	123,716	125,529,918

ANNUAL GENERAL MEETING 2014

The Annual General Meeting will be held on 23 April 2014 in Aalborg Kongres- & Kultur Center.

DIVIDEND POLICY AND EXPECTATIONS

Spar Nord pursues the goal of generating a competitive return for its shareholders - by way of share price performance and dividends. Thus, the Bank's policy is to distribute dividends to shareholders in years when profits permit.

After a number of years without distribution of dividend, the Board of Directors of Spar Nord has decided to fix the future dividend level (as from 2014) at about 33% of the net profits for the year, which is based on the assumption that the Bank's targets for a Common Equity (Tier 1) ratio of at least 12% and a solvency ratio of at least 15% have been met.

If there are no value-creating investment options, the Bank will assess the potential for distributing extraordinary dividends and/or launching share repurchase programmes, keeping in mind the Company's capital structure.

In light of the Bank's capital situation at end-2013, the Board of Directors has resolved to recommend to the shareholders at the Annual General Meeting that a dividend of DKK 1 per share be distributed.

FINANCIAL CALENDAR 2014

23 April	Annual General Meeting
7 May	Interim Report for Q1
13 August	Interim Report for the first six months
29 October	Interim Report for Q1-Q3

SPAR NORD'S PRINCIPLES

- Our social responsibility is business-driven – the measures we implement must contribute to our business.
- Our social responsibility is the sum of local initiatives – we work to give something back to the local communities in which we operate.
- Our social responsibility is well considered – we operate and put the main emphasis on one project at a time.
- Our social responsibility is focused – we would rather do one thing with single-minded purpose than two things halfway.
- Our social responsibility is dynamic – we evolve and scale over time.

SOCIAL RESPONSIBILITY

Corporate Social Responsibility, or CSR, is something we take seriously at Spar Nord and have done for many years. However, the Bank has traditionally translated this popular term into our own language and reality, because experience shows that this generates better defined and more focused action.

From the point of view of Spar Nord, CSR stands for conduct in the true sense of the word, and not abstract principles. Our basic approach is that Spar Nord's responsibility as a company and a financial institution is anchored in our close involvement with customers and the local community. A responsibility and an involvement that are embedded as given elements in the Bank's history and culture and on which the business depends.

FOCUS AND MEASUREMENT

In order to concentrate efforts and make them explicit and measurable, we regularly single out special CSR themes. This approach is based on our firm belief that better results are obtained by focusing on one thing at a time. At the same time, this means that efforts will evolve over time. We follow up the themes highlighted one year by measuring them in subsequent years. This ensures that words and headlines are transformed into concrete actions and tangible improvements.

INTERNATIONAL INITIATIVES

Spar Nord supports the Danish Government's endeavours to put Corporate Social Responsibility at the top of the agenda, and we also support the intentions underpinning international initiatives like the UN Global Compact and UN PRI. Nevertheless, we have chosen not to formally commit ourselves to the two UN reporting initiatives, nor does the Bank have formal climate or human rights policies. This decision should be viewed in light of the fact that we already endeavour to abide by the principles, and also that our activities are very locally slanted.

2010-12: GENDER & CAREER

From 2010 to 2012, we made the theme Gender & Career our special area of focus. This particular theme was chosen because the general consensus for decades has been that gender equality leads to better business. Thus, the theme Gender & Career harmonizes with the ideal of business-driven social responsibility, its purpose being to promote gender equality, to maximize talent potential regardless of gender and to perfect the match between the Bank's customers and the staff and executives who advise them.

Spar Nord's commercial target group consists of ordinary retail customers and local businesses. It is therefore desirable for the Bank to have a broad composition of employees at both the non-executive and executive levels. In terms of gender, this means that the Bank aims to be an attractive workplace for both men and women, one where harmonious interaction exists between working life and private life.

EMPLOYEE DATA

	2012	2013
Employees (full-time)	1,653 *)	1,512
Of which women (%)	53	54
Of which men (%)	47	46
New appointments	64	66
Resignations	128	206
Average age (year)	45.2	45.5
Average seniority (year)	13.1	13.4
Female executives		
Mid-level managers (no./%)	38/24	29/21
Managing directors/executives (no./%)	8/16	7/14
Sickness absence (sector/Spar Nord)	2.9/2.1	- /2.2

*) 1,520 after dismissals decided in Q4 have become effective.

Recognizing that the current reality did not tally with the Bank's goals and intentions, Spar Nord launched a targeted action aimed at increasing the number of women in executive positions. Thus, gender and career became a joint action area for the Group as a whole, with action being taken both centrally and locally.

Highlights among the initiatives implemented:

- Launch of a job bank for employees interested in a career as an executive
- Development and launching of an experience forum/mentor programme targeted at executive talents
- Evaluation of job profiles and recruitment procedures
- Integration of gender and career in staff performance appraisals
- PhD project on gender and career

Results

In 2013, the number and proportion of female executives dropped from 8 to 7 and from 16% to 14%, respectively, while the number and proportion of female mid-level managers dropped from 38 to 29 and from 24% to 21%, respectively.

In 2013, only one vacant executive position was advertised, and there were no female applicants.

2013-14: FINANCIAL INSIGHT

As from 2013, "Understanding finance" has been our special focus area. We chose this theme topic because a number of surveys show that children and young people extensively lack basic insight into financial concepts and issues – and thus the competences required to act and make decisions affecting one's personal finances.

Precisely because this topic is so important, the inclusion of financial insight in school curricula has gained widespread interest both politically and in the educational and financial sectors. This will entail a lengthy process, but Spar Nord and other financial institutions can make a vital contribution by developing materials and making them available.

Educationally speaking, various aspects of personal finances notably constitute a highly relevant field of instruction – particularly in maths, but also in social sciences.

Spar Nord's initiatives

In step with the Bank's business model, Spar Nord has prepared initiatives based on cooperation with primary and lower secondary schools in the local community. The goal is to develop a series of educational materials jointly with experts in maths and didactics and to make them available free of charge to schools and teachers that want to cover the subject in their lessons.

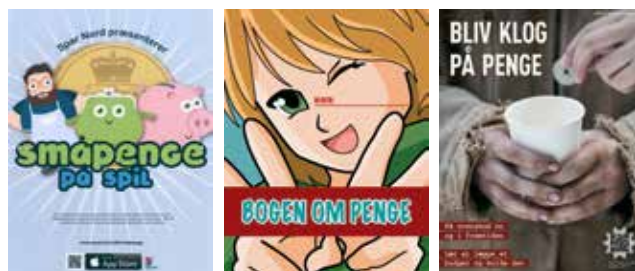
The first classroom material was a folder titled "Wising up on money", which caters to children aged 13 to 15 (classes 7 to 8) and addresses topics like interest, savings, loans and currency. This educational folder has now been distributed in 45,000 copies to schools nationwide – and has generally been received very positively.

In January 2014, we published "The Book on Money", which targets the youngest classes and deals with the basics required for understanding finances. The free material is not only aimed at maths teachers but is also available at Spar Nord's local banks for parents who want to discuss these topics with their children. Finally, Spar Nord's employees offer to give guest lectures to the relevant age brackets and to discuss the main topics contained in the material with them.

In April, the new app "Chickenfeed" will be launched, the purpose of which is to give kids aged 3-5 some basic understanding of money, coins, prices, etc., via play.

Targets and results

For 2013, the target was to hand out Spar Nord's educational material "Wising up on money" to 40,000 pupils, and for a representative cross-section of the teachers who had used the material to rate it at no less than 4 (good) on a scale from 1-5. Both targets were met, and similar targets have been set for 2014 – 40,000 copies/downloads and a quality rating of at least 4 among users – for the new material "The Book on Money" and "Chickenfeed".



MANAGEMENT'S STATEMENT ON THE ANNUAL REPORT

The Board of Directors and Executive Board have today reviewed and adopted the 2013 Annual Report of Spar Nord Bank A/S.

The Consolidated Financial Statements have been presented in accordance with International Financial Reporting Standards as adopted by the EU, and the Financial Statements for the Parent Company in accordance with the Danish Financial Business Act. Moreover, the Annual Report is presented in accordance with additional Danish disclosure requirements regarding annual reports for listed financial institutions.

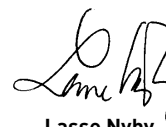
We consider the accounting policies applied to be appropriate, and in our opinion the Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2013 and of the results of the Group's and the Parent Company's operations and cash flows for the 2013 financial year.

In addition, we also consider the Management's review to give a fair presentation of the development in the Group's and Parent Company's activities and financial affairs, the results for the year and the Group's and the Parent Company's financial position as a whole, as well as a description of the significant risks and elements of uncertainty that may affect the Group or Parent Company.

We recommend the Annual Report for adoption by the shareholders at the Annual General Meeting.

Aalborg, 6 February 2014

EXECUTIVE BOARD



Lasse Nyby
Chief Executive Officer



Bent Jensen
Managing Director

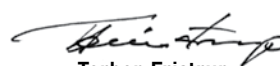


John Lundsgaard
Managing Director

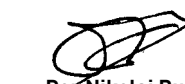


Lars Møller
Managing Director

BOARD OF DIRECTORS



Torben Fristrup
Chairman
of the Board of Directors



Per Nikolaj Bukh
Deputy Chairman
of the Board of Directors



Kaj Christiansen



Laila Mortensen



Carsten Normann



Fritz Dahl Pedersen



Ole Skov
Elected by the employees



Jannie Skovsen
Elected by the employees



Gitte Holmgaard Sørensen
Elected by the employees



Hans Østergaard

THE INTERNAL AUDIT DEPARTMENT'S STATEMENTS

We have audited the Consolidated Financial Statements and the Financial Statements of Spar Nord Bank A/S for the financial year 1 January - 31 december 2013, pp. 44-123. The Consolidated Financial Statements and the Parent Company's Financial Statements comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes for the Group and the Parent Company.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the EU, and Danish disclosure requirements for listed financial institutions. The Parent Company's Financial statements have been prepared in accordance with the Danish Financial Business Act.

In connection with the audit, we have read the Management's review and issued a statement in this regard.

Basis of opinion

We conducted our audit in compliance with the Executive Order issued by the Danish Financial Supervisory Authority on the planning and performance of audits in financial institutions, etc. and financial groups and in accordance with international auditing standards. This requires that we plan and perform our audit to obtain reasonable assurance that the Consolidated Financial Statements and the Parent Company's Financial Statements are free from material misstatement.

The audit was performed in accordance with the division of work agreed with the independent auditors and included an assessment of established procedures and internal controls, including the risk management system established by Management that is targeted at reporting procedures and significant business risks. We have examined, on a test basis, the evidence supporting the amounts and other disclosures in the Consolidated Financial Statements and the Parent Company's Financial Statements. Our audit also included assessing whether Management's choice of accounting policies is appropriate and whether Management's accounting estimates are reasonable, as well as the overall presentation of the Consolidated Financial Statements and the Parent Company's Financial Statements.

We have participated in the audit of material and risk-prone areas, and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion

In our opinion, the established procedures and internal controls function satisfactorily, including the risk management system established by Management that is targeted at the Group's and Parent Company's reporting procedures and significant business risks.

Further, in our opinion, the Consolidated Financial Statements and the Parent Company's Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2013 and of the results of the Group's and the Parent Company's operations and of the cash flows for the financial year 1 January - 31 December 2013 in accordance with International Financial Reporting Standards, as adopted by the EU, and Danish disclosure requirements for listed financial institutions in respect of the Consolidated Financial Statements, and in accordance with the Danish Financial Business Act in respect of the Parent Company's Financial Statements.

Statement on the Management's review

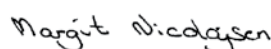
Pursuant to the Danish Financial Business Act, we have read the Management's review. We have not performed any other procedures in addition to our audit of the Consolidated Financial Statements and the Parent Company's Financial Statements.

On this basis, it is our opinion that the information given in the Management's review is consistent with the Consolidated Financial Statements and the Parent Company's Financial Statements.

Aalborg, 6 February 2014

Spar Nord Bank A/S

Internal Audit Department



Margit Nicolajsen

Head of Internal Audit Department

TO THE SHAREHOLDERS OF SPAR NORD BANK A/S

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY'S FINANCIAL STATEMENTS

We have audited the Consolidated Financial Statements and the Financial Statements of Spar Nord Bank A/S for the financial year 1 January - 31 December 2013. The Consolidated Financial Statements and the Parent Company's Financial Statements comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and the Parent Company. The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Parent Company's Financial Statements have been prepared in accordance with the Danish Financial Business Act. Further, the Consolidated Financial Statements have been prepared in accordance with Danish disclosure requirements for listed financial institutions.

Management's responsibility for the Consolidated Financial Statements and the Parent Company's Financial Statements

Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements and the Parent Company's Financial Statements in accordance with International Financial Reporting Standards as adopted by the EU (the Consolidated Financial Statements), the Danish Financial Business Act (the Parent Company's Financial Statements) and Danish disclosure requirements for listed financial institutions. Moreover, Management is responsible for the internal control considered necessary by it to prepare Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility and basis of opinion

Our responsibility is to express an opinion on the Consolidated Financial Statements and the Parent Company's Financial Statements based on our audit. We have performed our audit in accordance with international auditing standards and additional requirements pursuant to Danish legislation on accountants. This requires that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance whether the Consolidated Financial Statements and the Parent Company's Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements and the Parent Company's Financial Statements. The audit procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements and the Parent Company's Financial Statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the Consolidated Financial Statements and the Parent Company's Financial Statements. The purpose is to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Company's internal control. An audit also includes assessing whether Management's choice of accounting policies is appropriate and whether Management's accounting estimates are reasonable, as well as the overall presentation of the Consolidated Financial Statements and the Parent Company's Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company's Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2013 and of the results of the Group's and the Parent Company's operations and of the cash flows for the financial year 1 January - 31 December 2013 in accordance with International Financial Reporting Standards, as adopted by the EU, and Danish disclosure requirements for listed financial institutions in respect of the Consolidated Financial Statements, and in accordance with the Danish Financial Business Act in respect of the Parent Company's Financial Statements.

STATEMENT ON THE MANAGEMENT'S REVIEW

Pursuant to the Danish Financial Business Act, we have read the Management's review. We have not performed any other procedures in addition to our audit of the Consolidated Financial Statements and the Parent Company's Financial Statements. On this basis, it is our opinion that the information given in the Management's review is consistent with the Consolidated Financial Statements and the Parent Company's Financial Statements.

Aalborg, 6 February 2014

KPMG

Statsautoriseret Revisionspartnerselskab



Per Gunslev
State-authorized
Public Accountant



Lisbet Kragelund
State-authorized
Public Accountant

CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY'S FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY'S FINANCIAL STATEMENTS

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INCOME STATEMENT

NOTE

	Spar Nord The Group 2013 DKK m	Spar Nord The Group 2012 DKK m	Spar Nord Parent Company 2013 DKK m	Spar Nord Parent Company 2012 DKK m
4 Interest income	2,597.9	2,104.9	2,597.8	2,106.0
5 Interest expenses	578.1	557.2	588.4	557.3
Net interest income	2,019.8	1,547.7	2,009.4	1,548.7
6 Dividends on shares, etc.	36.9	16.2	22.2	16.2
7+9 Fees, charges and commissions received	784.3	612.9	784.3	612.9
8+9 Fees, charges and commissions paid	65.0	56.5	65.0	56.5
Net income from interest, fees, charges and commissions	2,776.0	2,120.3	2,750.9	2,121.3
10 Market-value adjustments	193.4	230.9	177.1	230.9
12 Other operating income	57.5	35.5	54.3	34.5
13+14+15 Staff costs and administrative expenses	1,608.5	1,493.4	1,614.2	1,495.8
16 Depreciation, amortization and impairment of intangible assets and property, plant and equipment	85.2	72.1	74.3	67.9
17 Other operating expenses	100.2	55.5	100.2	55.5
18+36+56 Impairment of loans, advances and receivables, etc.	705.2	599.0	705.2	599.0
19 Profit/loss on equity investments in associates and group enterprises	77.6	86.7	108.7	86.9
Profit/loss on continuing activities before tax	605.4	253.4	597.1	255.4
20 Tax on continuing activities	136.4	55.9	126.7	57.2
Profit/loss on continuing activities	469.0	197.5	470.4	198.2
50 Profit/loss on discontinuing activities	67.1	26.3	67.1	25.9
Profit/loss for the year	536.1	223.8	537.5	224.1

PROPOSAL FOR DISTRIBUTION OF NET PROFIT

Profit/loss for the year	537.5	224.1
Total available for distribution	537.5	224.1
Dividend distribution DKK 1 per share (2012: DKK 0 per share)	125.5	0.0
Reserve for net revaluation according to the equity method	162.7	126.1
Retained earnings	249.3	98.0
Total distribution	537.5	224.1

48 EARNINGS PER SHARE

Earnings per share (DKK)	4.3	1.9
Diluted earnings per share (DKK)	4.3	1.9
Earnings per share on continuing activities (DKK)	3.8	1.7
Diluted earnings per share on continuing activities (DKK)	3.8	1.7

STATEMENT OF COMPREHENSIVE INCOME

Profit/loss for the year	536.1	223.8	537.5	224.1
Other comprehensive income				
Items that cannot be reclassified to the income statement:				
Net revaluation of corporate properties	1.4	9.1	0.0	8.8
Other capital movements in associates	-2.9	-0.3	-2.9	-0.3
Tax on other comprehensive income	0.0	-16.0	0.0	-16.0
	-1.5	24.8	-2.9	24.5
Items that can be reclassified to the income statement:				
Exchange adjustment upon translation of foreign entity	-4.2	4.3	-4.2	4.3
	-4.2	4.3	-4.2	4.3
Other comprehensive income after tax	-5.7	29.1	-7.1	28.8
Comprehensive income, total	530.4	252.9	530.4	252.9

BALANCE SHEET

NOTE

	Spar Nord The Group 31.12.13 DKK m	Spar Nord The Group 31.12.12 DKK m	Spar Nord Parent Company 31.12.13 DKK m	Spar Nord Parent Company 31.12.12 DKK m
ASSETS				
Cash balances and demand deposits with central banks	326.5	2,341.2	326.5	2,341.2
21 Receivables from credit institutions and central banks	3,212.4	3,977.1	3,190.7	3,965.8
Lending, banking activities	33,772.9	34,916.1	34,803.3	36,802.1
Lending, reverse transactions	1,785.6	115.5	1,785.6	115.5
Lending, leasing activities	2,089.6	4,026.3	197.8	323.2
22 Loans, advances and other receivables at amortized cost	37,648.1	39,057.9	36,786.7	37,240.8
23 Bonds at fair value	18,810.4	20,249.3	18,810.4	20,249.3
24 Shares, etc.	1,215.5	1,202.4	975.6	1,189.7
25 Equity investments in associates	997.3	992.8	997.3	992.7
26 Equity investments in group enterprises	-	-	1,559.1	1,718.1
61 Assets linked to pooled schemes	9,052.3	7,001.5	9,052.3	7,001.5
27 Intangible assets	213.9	200.0	213.9	200.0
Investment properties	167.7	157.9	82.5	69.4
Corporate properties	511.7	622.4	420.9	522.1
28 Land and buildings, total	679.4	780.3	503.4	591.5
Operating lease assets	25.9	266.2	9.6	30.0
Other property, plant and equipment	120.9	131.3	119.8	129.9
29 Other property, plant and equipment, total	146.8	397.5	129.4	159.9
Current tax assets	58.4	17.5	37.2	17.8
37 Deferred tax assets	22.4	0.0	55.1	196.4
30 Temporary assets	120.3	90.9	102.8	24.9
31 Other assets	1,848.6	2,578.7	1,852.1	2,603.6
Prepayments	252.6	258.6	257.7	263.2
Total assets	74,604.9	79,145.7	74,850.2	78,756.4
SHAREHOLDERS' EQUITY AND LIABILITIES				
LIABILITIES OTHER THAN PROVISIONS				
32 Payables to credit institutions and central banks	8,102.8	8,710.8	8,070.7	8,410.0
33 Deposits and other payables	41,830.5	41,921.7	42,512.6	42,337.3
61 Deposits in pooled schemes	9,052.3	7,001.5	9,052.3	7,001.5
34 Issued bonds at amortized cost	301.6	6,093.3	301.6	6,093.3
Other non-derivative financial liabilities at fair value	1,822.1	1,682.7	1,822.1	1,682.7
Current tax liabilities	0.0	2.0	0.0	0.0
Temporary liabilities	0.1	0.2	0.1	0.2
35 Other liabilities	3,667.5	4,909.0	3,438.3	4,567.3
Deferred income	32.3	47.5	26.6	25.1
Total liabilities other than provisions	64,809.2	70,368.7	65,224.3	70,117.4
PROVISIONS FOR LIABILITIES				
37 Provisions for deferred tax	169.8	138.0	0.0	0.0
Provisions for losses on guarantees	12.2	27.3	12.2	27.3
Other provisions	78.6	74.9	78.6	74.9
Total provisions for liabilities	260.6	240.2	90.8	102.2
SUBORDINATED DEBT				
38 Subordinated debt	3,002.4	2,561.5	3,002.4	2,561.5
Total liabilities	68,072.2	73,170.4	68,317.5	72,781.1
SHAREHOLDERS' EQUITY				
Share capital	1,255.3	1,255.3	1,255.3	1,255.3
Revaluation reserves	88.8	91.6	87.3	91.5
Accumulated changes in value, total	88.8	91.6	87.3	91.5
Statutory reserves	507.4	503.1	682.6	843.2
Statutory reserves, total	507.4	503.1	682.6	843.2
Retained earnings	4,681.2	4,125.3	4,507.5	3,785.3
Total shareholders' equity	6,532.7	5,975.3	6,532.7	5,975.3
Total shareholders' equity and liabilities	74,604.9	79,145.7	74,850.2	78,756.4
OFF-BALANCE-SHEET ITEMS				
44 Contingent assets	11.0	14.5	2.0	0.0
45 Contingent liabilities	5,380.0	5,767.1	5,626.8	6,162.1
46 Other obligating agreements	633.3	596.5	677.6	647.4

STATEMENT OF CHANGES IN EQUITY

SHAREHOLDERS' EQUITY	Share capital DKK m	Revaluation reserve DKK m	Foreign-currency translation reserve DKK m	Statutory reserves DKK m	Proposed dividend DKK m	Retained earnings DKK m	Total DKK m
THE GROUP							
Shareholders' equity 01.01.13	1,255.3	83.1	8.5	503.1	0.0	4,125.3	5,975.3
<i>Comprehensive income in 2013</i>							
Profit/loss for the year	-	-	-	77.6	125.5	333.0	536.1
<i>Other comprehensive income</i>							
Exchange adjustment upon translation of foreign entity	-	-	-4.2	-	-	-	-4.2
Net revaluation of properties	-	1.4	-	-	-	-	1.4
Other capital movements in associates	-	-	-	-2.9	-	-	-2.9
Other comprehensive income, total	-	1.4	-4.2	-2.9	0.0	0.0	-5.7
Total comprehensive income	-	1.4	-4.2	74.7	125.5	333.0	530.4
<i>Transactions with owners</i>							
Disposal upon acquisition of treasury shares	-	-	-	-	-	-566.3	-566.3
Addition upon sale of treasury shares	-	-	-	-	-	593.3	593.3
Dividends received from associates recognized at net asset value	-	-	-	-70.4	-	70.4	0.0
Transactions with owners, total	0.0	0.0	0.0	-70.4	0.0	97.4	27.0
Shareholders' equity 31.12.13	1,255.3	84.5	4.3	507.4	125.5	4,555.7	6,532.7
Shareholders' equity 01.01.12							
	570.7	58.2	4.2	450.7	0.0	3,543.5	4,627.3
<i>Comprehensive income in 2012</i>							
Profit/loss for the year	-	-	-	100.5	-	123.3	223.8
<i>Other comprehensive income</i>							
Exchange adjustment upon translation of foreign entity	-	-	4.3	-	-	-	4.3
Net revaluation of properties	-	8.9	-	-	-	0.2	9.1
Tax on other comprehensive income	-	16.0	-	-	-	-	16.0
Other capital movements in associates	-	-	-	-0.3	-	-	-0.3
Dissolution of revaluation reserves, associates	-	-	-	3.7	-	-3.7	0.0
Other comprehensive income, total	-	24.9	4.3	3.4	0.0	-3.5	29.1
Total comprehensive income	-	24.9	4.3	103.9	0.0	119.8	252.9
<i>Transactions with owners</i>							
Capital increase *)	684.6	-	-	-	-	498.5	1,183.1
Costs of capital increase	-	-	-	-	-	-83.7	-83.7
Disposal upon acquisition of treasury shares	-	-	-	-	-	-695.1	-695.1
Addition upon sale of treasury shares	-	-	-	-	-	690.8	690.8
Dividends received from associates recognized at net asset value	-	-	-	-51.5	-	51.5	0.0
Transactions with owners, total	684.6	0.0	0.0	-51.5	0.0	462.0	1,095.1
Shareholders' equity 31.12.12	1,255.3	83.1	8.5	503.1	0.0	4,125.3	5,975.3

STATEMENT OF CHANGES IN EQUITY

SHAREHOLDERS' EQUITY	Share capital DKK m	Revaluation reserve DKK m	Foreign-currency translation reserve DKK m	Statutory reserves DKK m	Proposed dividend DKK m	Retained earnings DKK m	Total DKK m
PARENT COMPANY							
Shareholders' equity 01.01.13	1,255.3	83.0	8.5	843.2	0.0	3,785.3	5,975.3
<i>Comprehensive income in 2013</i>							
Profit/loss for the year	-	-	-	162.7	125.5	249.3	537.5
<i>Other comprehensive income</i>							
Exchange adjustment upon translation of foreign entity	-	-	-4.2	-	-	-	-4.2
Net revaluation of properties	-	0.0	-	-	-	-	0.0
Dissolution of revaluation reserves, group enterprises	-	-	-	-2.9	-	-	-2.9
Other comprehensive income, total	-	0.0	-4.2	-2.9	0.0	0.0	-7.1
Total comprehensive income	-	0.0	-4.2	159.8	125.5	249.3	530.4
<i>Transactions with owners</i>							
Disposal upon acquisition of treasury shares	-	-	-	-	-	-566.3	-566.3
Addition upon sale of treasury shares	-	-	-	-	-	593.3	593.3
Dividends received from associates and group enterprises	-	-	-	-320.4	-	320.4	0.0
Transactions with owners, total	0.0	0.0	0.0	-320.4	0.0	347.4	27.0
Shareholders' equity 31.12.13	1,255.3	83.0	4.3	682.6	125.5	4,382.0	6,532.7
Shareholders' equity 01.01.12	570.7	58.2	4.2	765.2	0.0	3,229.0	4,627.3
<i>Comprehensive income in 2012</i>							
Profit/loss for the year	-	-	-	126.1	-	98.0	224.1
<i>Other comprehensive income</i>							
Exchange adjustment upon translation of foreign entity	-	-	4.3	-	-	-	4.3
Net revaluation of properties	-	8.8	-	-	-	-	8.8
Tax on other comprehensive income	-	16.0	-	-	-	-	16.0
Other capital movements in associates	-	-	-	-0.3	-	-	-0.3
Dissolution of revaluation reserves, group enterprises	-	-	-	3.7	-	-3.7	0.0
Other comprehensive income, total	-	24.8	4.3	3.4	0.0	-3.7	28.8
Total comprehensive income	-	24.8	4.3	129.5	0.0	94.3	252.9
<i>Transactions with owners</i>							
Capital increase *)	684.6	-	-	-	-	498.5	1,183.1
Costs of capital increase	-	-	-	-	-	-83.7	-83.7
Disposal upon acquisition of treasury shares	-	-	-	-	-	-695.1	-695.1
Addition upon sale of treasury shares	-	-	-	-	-	690.8	690.8
Dividends received from associates recognized at net asset value	-	-	-	-51.5	-	51.5	0.0
Transactions with owners, total	684.6	0.0	0.0	-51.5	0.0	462.0	1,095.1
Shareholders' equity 31.12.12	1,255.3	83.0	8.5	843.2	0.0	3,785.3	5,975.3

*) The capital increase in 2012 breaks down as follows:

- March 2012: Capital increase of 57,068,810 shares of nominally DKK 10 each. The share capital was increased by DKK 570.7 million and Retained earnings by DKK 342.4 million (share premium).
- November 2012: Capital increase in connection with the merger with Sparbank of 11,392,298 shares of nominally DKK 10 each. The share capital was increased by DKK 113.9 million and Retained earnings by DKK 156.1 million (share premium).

Differences in accounting policies between the Parent Company's Financial Statements and the Consolidated Financial Statements

With the exception that subsidiaries are included in the Consolidated Financial Statements and recognized at net asset value in the Parent Company's Financial Statements, the accounting policies have been consistently applied. The difference between the shareholders' equity and profit or loss in the Group and in the Parent Company is due to properties being classified as investment properties in subsidiaries and as corporate properties in the Group. The difference consists of net depreciation and impairment on such properties; see below.

	Profit/loss		Shareholders' equity	
	2013	2012	2013	2012
Spar Nord Bank, the Group	536.1	223.8	6,532.7	5,975.3
Net depreciation and impairment, the Group's corporate properties	1.4	0.3	0.0	0.0
Spar Nord Bank, the Parent Company	537.5	224.1	6,532.7	5,975.3

	Number of shares		Nominal value (DKK m)	
	2013	2012	2013	2012
Issued shares				
1 January	125,529,918	57,068,810	1,255.3	570.7
Capital increase, March 2012	0	57,068,810	0	570.7
Capital increase, November 2012	0	11,392,298	0	113.9
31 December – fully paid-up	125,529,918	125,529,918	1,255.3	1,255.3

The share capital consists of 125,529,918 shares in the denomination of DKK 10. No shares have been allocated special rights. There are no restrictions in terms of transferability and no restrictions on voting rights.

The distribution of dividend is maximized at Spar Nord's current profits at any time during the period until the governmental hybrid capital has been redeemed. A dividend of DKK 125.5 million is proposed to be distributed for 2013 (2012: DKK 0.0 million).

STATEMENT OF CHANGES IN EQUITY

	Spar Nord The Group 2013	Spar Nord The Group 2012	Spar Nord Parent Company 2013	Spar Nord Parent Company 2012
NUMBER OF SHARES IN CIRCULATION				
Beginning of year	124,497,117	56,617,508	124,497,117	56,617,508
Capital increase, March 2012	0	57,068,810	0	57,068,810
Capital increase, November 2012	0	11,392,298	0	11,392,298
Acquisition/sale of treasury shares	811,728	-581,499	811,728	-581,499
End of year	125,308,845	124,497,117	125,308,845	124,497,117
Shares issued	125,529,918	57,068,810	125,529,918	57,068,810
Capital increase, March 2012	0	57,068,810	0	57,068,810
Capital increase, November 2012	0	11,392,298	0	11,392,298
The Group's treasury share portfolio	221,073	1,032,801	221,073	1,032,801
Outstanding shares in circulation	125,308,845	124,497,117	125,308,845	124,497,117
TREASURY SHARE PORTFOLIO				
Number of shares	221,073	1,032,801	221,073	1,032,801
Nominal value, DKK m	2.2	10.3	2.2	10.3
Fair value, DKK m	10.9	26.6	10.9	26.6
Percentage of share capital	0.2	0.8	0.2	0.8
TREASURY SHARE PORTFOLIO, FAIR VALUE, DKK M				
Portfolio, beginning of year	26.6	14.4	26.6	14.4
Acquisition of treasury shares	566.3	695.1	566.3	695.1
Sale of treasury shares	593.3	690.8	593.3	690.8
Market-value adjustment	11.3	7.9	11.3	7.9
Portfolio, end of year	10.9	26.6	10.9	26.6
TREASURY SHARES DEPOSITED AS COLLATERAL				
Number of shares	2,094,114	2,860,322	2,094,114	2,860,322
Nominal value, DKK m	20.9	28.6	20.9	28.6
Fair value, DKK m	103.0	74.4	103.0	74.4
Percentage of share capital	1.7	2.3	1.7	2.3
<i>Treasury shares deposited as collateral comprise collateral provided by customers in the form of Spar Nord shares.</i>				
<i>The Bank uses treasury shares for trading with customers and shareholders.</i>				
<i>Until the next Annual General Meeting, the Board of Directors is authorized to let the Bank acquire treasury shares of a nominal value of up to 10% of the share capital based on the listed price at the date of acquisition subject to a deviation of up to 10%.</i>				
	Spar Nord The Group 2013 DKK m	Spar Nord The Group 2012 DKK m	Spar Nord Parent Company 2013 DKK m	Spar Nord Parent Company 2012 DKK m
CAPITAL BASE AND SOLVENCY RATIO				
Shareholders' equity	6,532.7	5,975.3	6,532.7	5,975.3
Proposed dividend	125.5	0.0	125.5	0.0
Intangible assets, incl. share recognized in investments in associates	250.9	237.0	250.9	237.0
Deferred tax assets *)	22.4	27.6	55.1	196.4
Other primary deductions	4.0	6.4	4.0	6.5
Revaluation reserves	88.8	91.6	87.3	91.5
Common Equity (Tier 1) after primary deductions	6,041.1	5,612.7	6,009.9	5,443.9
Hybrid core capital **)	1,813.7	1,812.9	1,813.7	1,813.0
Other deductions	417.9	452.7	416.8	461.6
Core capital (Tier 1) incl. hybrid core capital after deductions	7,436.9	6,972.9	7,406.8	6,795.3
Subordinated debt (excl. hybrid core capital **)	1,150.4	553.8	1,150.4	553.8
Revaluation reserves	88.8	91.6	87.3	91.5
Other deductions	413.2	452.7	412.1	461.6
Capital base after deductions	8,262.9	7,165.6	8,232.4	6,979.0
Risk-weighted items	42,696.7	46,307.4	43,188.2	46,414.3
Common Equity (Tier 1) ratio (%)	14.1	12.1	13.9	11.7
Core capital (Tier 1) ratio incl. hybrid core capital after deductions (%)	17.4	15.1	17.2	14.6
Solvency ratio (%)	19.4	15.5	19.1	15.0

*) The Group figure relates to a separate loss in a subsidiary; see note 37.

**) Including portfolio of own bonds.

For a specification of the unaudited solvency need (the ICAAP result), please see the section on capital in the group annual review.

CASH FLOW STATEMENT

NOTE

		Spar Nord The Group 31.12.13 DKK m	Spar Nord The Group 31.12.12 DKK m	Spar Nord Parent Company 31.12.13 DKK m	Spar Nord Parent Company 31.12.12 DKK m
OPERATIONS					
	Profit/loss on continuing activities before tax	605.4	253.4	597.1	255.4
50	Profit/loss on discontinuing activities before tax	64.1	36.7	71.5	26.1
26	Foreign-currency translation, subsidiaries	-4.1	4.3	0.0	0.0
28	Fair-value changes, investment properties	4.8	1.1	1.5	1.1
	Depreciation, amortization and impairment of intangible assets and property, plant and equipment	116.2	156.8	89.9	69.6
	Gains and losses on the sale of intangible assets and property, plant and equipment	-1.0	-0.4	-1.0	-0.4
36+56	Adjustment of impairment of loans and advances, etc.	276.0	187.2	324.6	173.0
36	Provisions for liabilities	-11.4	10.6	-11.4	10.7
19	Profit/loss on equity investments in associates and group enterprises	-77.6	-86.7	-162.7	-112.1
	Corporate income tax paid	-157.0	-48.9	-21.0	-48.6
	Operations, total	815.4	514.1	888.5	374.8
WORKING CAPITAL					
21+32	Movement in credit institutions and central banks, net	-207.7	-2,771.0	60.7	-2,622.1
22	Movement in loans, advances and other receivables at amortized cost	1,133.8	6,431.1	129.5	7,058.9
23	Movement in bonds at fair value	1,438.9	582.4	1,438.9	582.4
24	Movement in equity portfolio	-13.1	-45.5	214.1	-45.6
34	Movement in issued bonds at amortized cost	-5,791.7	-5,032.3	-5,791.7	-5,032.3
	Movement in other assets and other liabilities, net	-647.7	1,105.1	-476.2	1,133.3
33	Movement in deposits and other payables	-91.2	2,565.6	175.3	2,962.7
	Working capital, total	-4,178.7	2,835.4	-4,249.4	4,037.3
	Cash generated from operations, total	-3,363.3	3,349.5	-3,360.9	4,412.1
INVESTMENTS					
25+26	Net investment in associates and group enterprises	-0.2	-0.8	-10.3	-1,009.8
27	Net investment in intangible assets	-25.6	-9.0	-25.6	-9.0
28+29+30	Net investment in other property, plant and equipment	214.5	-104.9	-38.5	-137.0
	Net investment in treasury shares	27.0	-4.3	27.0	-4.3
25+26	Dividends from associates and group enterprises	70.4	51.9	320.4	51.5
	Investments, total	286.1	-67.1	273.0	-1,108.6
FINANCING					
38	Subordinated debt	440.9	-707.1	440.9	-707.1
	Capital increase	0.0	913.0	0.0	913.1
	Costs of capital increase	0.0	-83.7	0.0	-83.7
	Financing, total	440.9	122.2	440.9	122.3
	Movement in cash and cash equivalents for the year	-2,636.3	3,404.6	-2,647.0	3,425.8
	Cash and cash equivalents, beginning of year	6,119.7	2,715.1	6,108.7	2,682.9
	Movement in cash and cash equivalents for the year	-2,636.3	3,404.6	-2,647.0	3,425.8
	Cash and cash equivalents, end of year	3,483.4	6,119.7	3,461.7	6,108.7
	<i>Cash and cash equivalents, end of year</i>				
	Cash, cash equivalents and demand deposits with central banks	326.5	2,136.0	326.5	2,136.0
	Cash, cash equivalents and demand deposits with central banks, additions relating to merger	0.0	205.2	0.0	205.2
21	Receivables from credit institutions and central banks with less than 3 mths to maturity	3,156.9	3,521.3	3,135.2	3,510.3
	Receivables from credit institutions and central banks with less than 3 mths to maturity, additions relating to merger	0.0	257.2	0.0	257.2
	Total	3,483.4	6,119.7	3,461.7	6,108.7

Information about cash flows for discontinuing activities appears from note 50, Discontinuing activities.

**LIST OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AND THE PARENT COMPANY'S FINANCIAL STATEMENTS**

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NOTE 1 ACCOUNTING POLICIES

BASIS FOR PREPARING THE ANNUAL REPORT

Spar Nord Bank A/S is a public limited company with its registered office in Denmark. The Annual Report for the period from 1 January to 31 December 2013 comprises the Consolidated Financial Statements of Spar Nord Bank and its subsidiaries as well as the Financial Statements of the Parent Company.

The Consolidated Financial Statements are presented in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The Financial Statements of the Parent Company are presented in accordance with the Danish Financial Business Act, including the Danish Executive Order on the Presentation of Financial Statements by Credit Institutions and Stockbrokers, etc.

Moreover, the Annual Report is presented in accordance with additional Danish disclosure requirements for annual reports prepared by listed financial institutions; see the Danish Financial Business Act and the Executive Order regarding the application of IFRS standards in financial institutions issued pursuant to the Danish Financial Business Act.

On 6 February 2014, the Board of Directors and Executive Board reviewed and adopted the 2013 Annual Report of the Spar Nord Group. The Annual Report will be submitted for adoption by the shareholders at the Annual General Meeting on 23 April 2014.

Recognition and measurement generally

The Annual Report is presented in Danish kroner (DKK) and rounded to the nearest million DKK with one decimal.

Assets are recognized in the balance sheet if it is probable that future economic benefits will flow to the Group and the value of the assets can be measured reliably. Liabilities are recognized in the balance sheet when they are probable and can be measured reliably.

Upon initial recognition, assets and liabilities are measured at fair value. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Gains, losses and risks arising before the date of presentation of the Annual Report and the facts that confirm or rebut circumstances and conditions existing at the reporting date are taken into consideration upon recognition and measurement.

Income is recognized in the income statement as it is earned. Costs defrayed to generate earnings are recognized in the income statement. Value adjustments of financial assets, financial liabilities and derivative instruments are recognized in the income statement.

The policies regarding recognition and measurement in the Parent Company are compatible with IFRS. There is a difference between profit or loss and shareholders' equity in the Parent Company and the Group, which is due to properties being classified as investment properties in subsidiaries and as corporate properties in the Group. The difference consists of net depreciation and impairment on such properties.

The accounting policies, which are set out below, have been applied consistently for the financial year, also with regard to comparative figures, and are thus unchanged compared with last year, with the exception of the implemented new financial reporting standards mentioned below. The comparative figures are not restated for financial reporting standards to be implemented in future reporting periods.

Implementation of new financial reporting standards

Effective 1 January 2013, the Spar Nord Group has implemented Amendments to IAS 1, Amendments to IFRS 7, Offsetting financial assets and financial liabilities, IFRS 13 and Annual improvements to IFRSs 2009-2011.

IFRS 13 regarding fair-value measurement changes the principles for determining the fair value of financial and non-financial assets and liabilities and introduces a range of new disclosure requirements.

The implementation of the adopted amendments and new standards did not materially affect recognition and measurement in 2013, thus not impacting earnings per share, diluted earnings per share and shareholders' equity.

DESCRIPTION OF ACCOUNTING POLICIES

Consolidated Financial Statements

The Consolidated Financial Statements cover the Parent Company, Spar Nord Bank, and group enterprises in which the Group controls financial and operational decisions. Spar Nord Bank is considered to exercise control when it holds more than half the voting rights in a company, whether directly or indirectly, or otherwise controls managerial or operational decisions.

Associates are companies that are not group enterprises but in which the Group holds equity investments and has significant influence, but not a controlling interest. Significant influence is typically obtained when a company, directly or indirectly, owns or holds more than 20% of the voting rights, but less than 50%.

In assessing whether the Group has a controlling interest or significant influence, the voting rights that can be exercised on the reporting date are taken into account.

The following group enterprises are included by means of full consolidation:

- Erhvervsinvest Nord A/S
- Aktieselskabet Skelagervej 15
- Spar Nord Ejendomsselskab A/S
- Spar Nord Leasing A/S (being discontinued)
- SN Finans Nord AB (being discontinued)

The Consolidated Financial Statements are prepared by adding together items of a uniform nature. Intercompany income and expenses, gains and losses, shareholdings as well as intercompany balances are eliminated in consolidation. The financial statements used in preparing the Consolidated Financial Statements are drawn up in accordance with the Group's accounting policies.

Business combinations

Extra-group business combinations

Newly acquired (merged) companies are recognized in the Consolidated Financial Statements as from the date of acquisition. The date of acquisition is the date on which the Spar Nord Group obtains actual control of the acquired company.

Comparative figures are not adjusted for newly acquired, sold or wound-up companies. However, discontinued activities are presented separately.

The acquisition method is used for company acquisitions where the Spar Nord Group gains control of the acquired company. The identified assets, liabilities and contingent liabilities of the acquired companies are measured at their fair value as of the date of acquisition. Identifiable intangible assets are recognized if they are separable or arise from a contractual right. Allowance is made for the tax impact of the revaluations made.

Positive differences between the acquisition cost and the fair value of acquired, identified assets and liabilities (goodwill) are recognized under intangible assets. Goodwill is not amortized, but tested for impairment at least once a year. The initial impairment test is made before the end of the year of acquisition. On acquisition, goodwill is allocated to the cash-generating units that are subsequently subjected to impairment tests. Negative differences (negative goodwill) are recognized in profit or loss for the year at the date of acquisition.

The purchase sum paid for a company consists of the fair value of the agreed consideration in the form of transferred assets, assumed liabilities and issued equity instruments. Costs allocable to business combinations are recognized directly in profit or loss for the year when incurred.

In case of any uncertainty at the date of acquisition about the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the purchase sum, initial recognition is based on amounts preliminarily determined. If the identification or measurement of the purchase sum, acquired assets, liabilities or contingent liabilities proves to be incorrect on initial recognition, the determination is adjusted with retroactive effect, including goodwill, within 12 months after the acquisition, and comparative figures are restated. Subsequently goodwill is not adjusted. Changes to estimates of conditional purchase sums are recognized in profit or loss for the year.

Companies sold or wound up are recognized in the Consolidated Financial Statements until the date of divestment or the date of winding-up. Gains or losses upon the divestment or winding-up of group enterprises and associates are recognized as the difference between the selling price or the winding-up proceeds and the carrying amount of net assets, including goodwill, at the time of sale plus the defrayed and expected costs of divestment or winding-up.

Foreign-currency translation

The Consolidated Financial Statements and the Parent Company's Financial Statements are presented in DKK, which is the Spar Nord Group's functional currency. Transactions denominated in a foreign currency are translated at the rate of exchange ruling at the date of the transaction. Exchange differences that arise between the exchange rate at the date of the transaction and the exchange rate at the payment date are recognized in the income statement under market-value adjustments.

Monetary items in foreign currencies are translated at the exchange rate prevailing at the reporting date. The difference between the exchange rate at the reporting date and the exchange rate at the time the balance arose is recognized in the income statement under market-value adjustments. Rates of exchange are assessed for illiquid currencies.

For the purpose of recognizing companies in currencies other than DKK in the Consolidated Financial Statements, income-statement items are translated at the exchange rate at the transaction date, and balance-sheet items are translated at the exchange rate at the reporting date. The exchange rate at the transaction date is calculated on the basis of the average rate for the individual months, to the extent this does not present a result differing significantly from that based on the exchange rate prevailing at the transaction date. Translation differences arising on the translation of these companies' beginning-of-year equity at the exchange rate on the reporting date, and on the translation of income statements from the exchange rate at the transaction date to the exchange rate at the reporting date, are recognized in shareholders' equity under a special reserve for translation adjustments via other comprehensive income.

Offsetting

Receivables and liabilities are offset when the Group has a legal right to set off the recognized amounts, while at the same time intending to make a net settlement or realize the asset and redeem the liability at the same time.

Financial instruments generally

Financial assets are classified in the following categories at the date of recognition:

- trading portfolio, which is valued at fair value
- loans, advances and receivables, which are valued at amortized cost
- held-to-maturity investments, which are valued at amortized cost
- financial assets designated at fair value, with value adjustments being recognized in the income statement (fair-value option)

Financial liabilities are classified in the following categories at the date of recognition:

- trading portfolio, which is valued at fair value
- other financial liabilities, which are valued at amortized cost

The Spar Nord Group does not have held-to-maturity investments.

Derivative instruments

Derivative instruments and unsettled spot transactions are recognized and measured at fair value at the trade date. Value adjustments are recognized in the income statement.

Positive fair values are recognized under Other assets and negative fair values under Other liabilities. In calculating the fair value, the listed bid/offer price is used to value listed instruments, while a valuation model based on recognized methods and current market data is used for unlisted instruments. Gains or losses at inception ("day-1 profit/loss") are not recognized for unlisted derivative instruments.

Interest from forward securities transactions, forward exchange contracts and interest and currency swaps is recognized net under Interest income. Positive market values are recognized under "Other assets". Negative market values are recognized under "Other liabilities".

The fair value of derivative instruments for which there is no active market is fixed, for simple products such as interest and currency swaps, according to generally accepted valuation principles. The parameters of valuation are all market-based, such as yield curves with illiquidity and credit risk premiums. To the greatest extent possible, such premiums are identified on the basis of external sources.

For more complex financial instruments that contain an option element and which are unlisted, i.e. OTC products, internally developed models are used, typically based on valuation techniques and methods that are generally accepted within the sector. At the reporting date, Spar Nord had swaptions, interest caps and floors and currency options that had been valued on the basis of more complex models. As far as possible, the parameters of valuation are market-based.

The values generated by valuation models are frequently estimates of values that cannot be determined unequivocally on the basis of market observations. Thus, in some cases, the valuation is made by including risk factors (liquidity and counterparty risks) as additional parameters.

Certain contracts include conditions that correspond to those for derivative instruments. Such embedded derivatives are segregated, recognized separately and measured at fair value on a recurring basis if they differ significantly from the relevant contract, unless the full contract is recognized and measured at fair value on an ongoing basis.

Bonds and shares, etc.

Bonds and shares, etc. are valued according to the following methods:

The portfolio of listed shares is measured at the listed prices quoted at the reporting date. Shares included in the trading portfolio are recognized on the settlement day at their fair value. Shares that are not included in the trading portfolio are recognized on the settlement day and measured at fair value with the ensuing changes in value in the income statement using the fair-value option.

The fair-value option makes it possible to account for securities outside the trading portfolio at fair value, as if they were part of the trading portfolio. It is a condition that such assets are managed on a fair-value basis, thus involving recognition of value adjustments in the income statement.

Unlisted unit trust certificates are measured at the price calculated by the unit trust.

The portfolio of listed bonds that are traded on a stock exchange is measured at the listed closing market price on the reporting date.

For illiquid and unlisted bonds with no current listed prices, estimated prices are used. Such estimated prices are calculated using the Bank's own valuation models, which are based on a yield curve plus a credit spread. The estimated prices are extensively calculated on the basis of observable inputs that are used to calculate the fair value.

Where observable inputs are not available, the fair value is calculated based on a basket of reference bonds and an assessment of the likelihood of loss on the underlying assets or based on an external assessment of the price.

If a reliable fair value cannot be identified, the investment will be measured at cost less any writedowns for impairment.

Securities are removed from the balance sheet on the settlement day.

Repo and reverse transactions

If the sale is made subject to a repurchase agreement, securities sold are recognized in the balance sheet on the settlement day as if the securities were still part of the Group's portfolio. The amount received is recognized as a liability, and the difference between the offered price and the bid price is recognized as interest in the income statement over the term of the relevant instrument. The yield on the securities is recognized in the income statement.

Bought securities are not recognized in the balance sheet and the yield on such securities is not recognized in the income statement if a resale agreement is made simultaneously with the purchase. The purchase sum paid is recognized as a receivable, and the difference between the bid and offered price is recognized as interest in the income statement over the term of the relevant instrument.

Repo and reverse transactions are recognized and measured at amortized cost.

Hedge accounting

The Group uses derivative instruments to hedge interest risks attaching to fixed-interest assets and liabilities, which are measured at amortized cost. Such hedging instruments are measured at fair value and any changes in value are recognized in the income statement. When the criteria for the application of hedge accounting have been met, the carrying amount of the hedged assets and liabilities is adjusted for changes in fair value regarding the hedged risks (fair-value hedging). If the criteria for hedging are no longer met, the accumulated value adjustment of the hedged item is amortized over the remaining term to maturity.

INCOME STATEMENT

Interest income and expenses

Interest income and expenses relating to interest-bearing financial instruments that are measured at amortized cost are recognized in the income statement according to the effective interest method, based on the cost of the financial instrument. Interest includes amortization of fees that are an integral part of the effective yield on a financial instrument, including upfront fees and the amortization of any further difference between the cost and redemption price.

Interest income and expenses also include interest on financial instruments valued at fair value, with the exception of interest relating to assets and deposits in pools, which is recognized under market-value adjustments.

Interest on loans and advances individually written down for impairment is recognized as income on the basis of the written-down value.

Interest income and expenses comprise interest income on finance leases and purchase contracts. Interest income is calculated based on the agreed effective interest rate.

Fees, etc. from operating and finance leases are accrued over the remaining term of the leases and are recognized on an ongoing basis under Interest income [the Spar Nord Group's leasing activities are being phased out, for which reason the amount is recognized under Profit/loss on discontinuing activities].

Net fees, charges and commissions received

Fees, charges and commissions relating to loans, advances and receivables that are considered an integral part of such loans, etc. are recognized as part of the carrying amount of loans, advances and receivables and are recognized in the income statement over the term of the loans and advances as part of the effective interest rate. Commissions relating to guarantees are carried to income over the term of the guarantees. Income generated upon performing a given transaction, including securities and custodianship fees plus payment services fees, is recognized as income when the transaction has been performed.

Consideration for arranging mortgage-credit loans for Totalkredit and DLR is calculated on the basis of the offset model. Loan origination fees are recognized at the date of loan origination, and consideration for continuous services to the borrower is recognized in step with the Bank rendering such services and thus earning an entitlement to the consideration. Recognized losses that can be offset are treated as an income reduction during the period in which losses are offset.

Market-value adjustments

Market-value adjustments include realized and unrealized market-value adjustments of items in the trading portfolio of securities and derivative instruments as well as other shares at fair value (the fair-value option). In addition, the impact on profits/losses from exchange adjustments and fair-value hedge accounting is also recognized under market-value adjustments.

Other operating income

Other operating income includes items that are secondary to the Group's activities, including gains and losses on the sale of acquired investment and corporate properties, the sale of leased assets, the adjustment of guarantees taken over, etc.

Other operating income also includes rental income from operating leases and from properties after deducting operating expenses. (The Spar Nord Group's leasing activities are being phased out, for which reason the amount is recognized under Profit/loss on discontinuing activities).

Gains and losses on sales are calculated as the difference between the selling price less selling costs and the carrying amount at the date of the sale.

Staff costs and administrative expenses

Staff costs and administrative expenses comprise salaries, bonuses, the cost of employee bonds and equity-settled share options granted (management incentive schemes), holiday pay, anniversary lump sums, pension costs, etc.

Share-option scheme

The fair value of equity-settled share options granted (management incentive schemes) at the time of allocation is recognized in the income statement as a staff cost during the period when the employee provides the services that correspond to the options granted. The offsetting item is recognized in equity via other comprehensive income. In connection with recognition over the service period, an estimate is made of the number of share options granted, and the fair value is calculated based on an option model. In connection with a final statement of allocation, previously expensed amounts are adjusted based on the actual allocation of options. The share options may be exercised no sooner than three years after allocation. Options granted will not be affected by the employee's resignation. For a more detailed description of the option model, reference is made to note 14, share-based payment.

Other operating expenses

Other operating expenses contain items of a secondary nature relative to the Group's activities, including contributions to the statutory depositors' guarantee fund (insurance premium) and guarantee commissions regarding the government-backed guarantee scheme.

Profit/loss on equity investments in associates and group enterprises

Profits or losses on equity investments in associates and group enterprises comprise the proportionate share of the individual companies' results after tax.

Presentation of discontinuing activities

Discontinuing activities are shown as a separate item in the income statement termed "Profit/loss on discontinuing activities" and are supplemented by a note with more details about the discontinuing activities, including the type of income, costs, etc. Cash flows from operating, investing and financing activities for the discontinuing activities are also specified in a note.

Assets and liabilities relating to the discontinuing activities are recognized in unchanged form in the balance sheet items to which they belong.

Assets and liabilities relating to discontinuing activities intended for sale are recognized in Temporary assets and Temporary liabilities.

The comparative figures, including the five-year overview, have been restated to reflect the discontinuing activities.

The item "Profit/loss on discontinuing activities" in the income statement includes the post-tax profit/loss on the Spar Nord Group's leasing activities.

Tax

Spar Nord Bank A/S is taxed jointly with its Danish and foreign subsidiaries. The current Danish corporation tax is allocated to the jointly taxed Danish companies in proportion to their respective taxable incomes. Companies that utilize tax losses in other companies pay joint taxation contributions to the Parent Company equivalent to the tax base of the utilized losses, while companies whose tax losses are utilized by other companies receive joint taxation contributions from the Parent Company equivalent to the tax base of the utilized losses (full allocation). The jointly taxed Danish companies are included in the Danish tax prepayment scheme. Spar Nord Bank A/S recognizes a deferred tax liability in respect of the retaxation balance related to international joint taxation.

Tax for the year, which comprises current tax for the year and any change in deferred tax, is recognized in the income statement with the portion attributable to the profit/loss for the year and in other comprehensive income with the portion attributable to other comprehensive income items, and in equity with the portion attributable to items recognized directly in equity.

Tax on discontinuing activities is recognized together with the other income and cost items relating to discontinuing activities in the line Profit/loss on discontinuing activities. The disclosures in the note regarding the discontinuing activities show the tax expense.

To the extent that deductions are allowed for the consequences of share-based payment schemes in the determination of taxable income in Denmark, the tax effect of the schemes is recognized within tax on profit/loss for the year. If the combined tax deductions exceed the total cost for accounting purposes, the tax effect of the excess deduction is recognized in equity via other comprehensive income.

BALANCE SHEET

Receivables from credit institutions and central banks

Receivables from credit institutions and central banks comprise receivables from other credit institutions and time deposits with central banks. Reverse transactions, which involve buying securities to be resold at a later date, and where the counterparty is a credit institution or a central bank, are recognized as Receivables from credit institutions and central banks. The valuation of Receivables from credit institutions and central banks is made as stated under Loans, advances and receivables at amortized cost.

Loans, advances and other receivables at amortized cost

This item comprises loans, advances and receivables, including mortgage deeds, receivables under finance leases, reverse transactions where the counterparty is not a credit institution or a central bank, and bonds for which no price was quoted in an active market at the time of acquisition.

Initial recognition is based on fair value plus transaction costs and less fees, charges and commissions received in connection with loan origination. Subsequently, loans, advances and receivables that are not reverse transactions are periodically remeasured at amortized cost using the effective interest method, less impairment provisions for bad and doubtful debts. The measurement of reverse transactions is described in the section Repo/reverse transactions.

Impairment

Loans, advances and receivables are monitored continuously to assess whether there is any objective indication of impairment and whether an impairment test shows any losses. This is done by individually assessing all significant and credit-quality flagged loans, advances and receivables. For minor loan facilities of less than DKK 250,000, credit-quality flagged customers are automatically assessed based on the customer data and characteristics recorded. Loans, advances and receivables that are not individually impaired are divided into groups with uniform characteristics with respect to credit risk and assessed on a portfolio basis.

Individual impairment

Impairment is based on an individual assessment of facilities when there is an objective indication of impairment of an individual facility.

There is an objective indication of impairment of loans and advances if one or more of the following events have occurred:

- the borrower is in considerable financial difficulty
- the borrower is in breach of his contract, e.g. in the form of non-payment of loan repayments and interest
- the Group grants the borrower special terms that would not have been granted in the absence of the borrower's financial difficulty
- the borrower is likely to become insolvent or subject to any other financial restructuring

Impairment is calculated as the difference between the carrying amount and the discounted value of the expected cash flows. The collateral is deducted at fair value, excluding the costs of realization. Any subsequent increase of the discounted value of the expected cash flows results in full or partial reversal of impairment. For fixed-interest loans and advances, the original effective interest rate is used to calculate the discounted value, while the current effective interest rate is used for floating-rate loans and advances.

If a borrower is in considerable financial difficulty, the loan will be written down to an amount that the borrower is expected to be able to service in future based on a financial restructuring. If restructuring proves impossible, the impairment will be based on the expected proceeds of insolvency proceedings.

Groups of impairment losses

Individually assessed loans and advances that are not subject to impairment and other loans and advances are classified into categories to assess the need for impairment by group. A portfolio assessment is made on the basis of groups of loans with uniform characteristics with respect to credit risk. Among other things, the portfolio impairment is intended to cover deterioration in the payment behaviour for the relevant portfolio and changes in other conditions that, based on experience, are related to the extent of non-payment in the relevant groups of loans, advances and receivables.

The portfolio assessment is based on the Bank's rating systems, which divide the customers into nine rating classes.

The calculation of groups of impairment losses is based on gross migration. Thus, following a gross addition, the total groups of impairment losses are composed of the sum total of the individual borrowers' deterioration in rating, without taking into account that other borrowers improved their rating during the period.

The groups of impairment losses in Spar Nord Bank are calculated as the difference between the carrying amount of the loans and advances and the present value of expected future payments. Expected future payments are calculated by setting up series of expected future payments and discounting them. The discount rate used is the weighted average of the agreed-upon effective interest rates on the individual loans and advances.

In Spar Nord Leasing, groups of impairment losses are based on a writedown of the portfolio of customers regarding which no individual impairment has been made. The groups of impairment losses are calculated separately for the industries Transport, Construction, Agriculture, Industry and other areas, as these groups have uniform characteristics with respect to credit risk.

The groups of impairment losses are based on a statistical model that incorporates external economic indicators in the form of unemployment rate and an index of consumer sentiment. Moreover, the model incorporates developments in the ratio of down payments and deposits, as a higher ratio of down payments or deposits will reduce group-based impairment losses.

Impairment losses, etc.

Impairment losses on loans and advances are charged to an impairment account, which is deducted from loans and advances. Any movement in the impairment account is recognized in the income statement under Impairment of loans, advances and receivables, etc. In case of any subsequent events that show that the impairment was not permanent, the impairment is reversed via Impairment of loans, advances and receivables, etc.

Loans and advances considered to be uncollectible are written off via the impairment account. Loans and advances are written off when established collection procedures have been observed as follows:

- the debtor has filed an insolvency petition and the liquidator has indicated the probable financial result of the insolvency proceedings
- the Spar Nord Group cancels debts either following a compulsory or private arrangement with creditors
- the Spar Nord Group considers collection of the debt completely unlikely for other reasons

No interest on the written-down portion of the individual loans and advances is carried to income.

Leasing

Lease contracts are classified as finance leases when all significant risks and returns associated with the title to an asset are transferred to the lessee. All other lease contracts are classified as operating leases.

Finance lease assets, with the Group as lessor, are recognized under loans and advances at the net investment in the leases less depreciation (repayments), calculated according to the annuity method over the term of the lease.

Income from leased assets is recognized based on the agreed effective interest rate in the lease, and is booked in the income statement under Interest income (the Spar Nord Group's leasing activities are being phased out, for which reason the amount is recognized under Profit/loss on discontinuing activities). Gains and losses on the sale of leased assets are booked as Other operating income (the Spar Nord Group's leasing activities are being phased out, for which reason the amount is recognized in Profit/loss on discontinuing activities).

Operating lease assets, with the Group as lessor, are recognized under Operating equipment and depreciated like the Group's other operating equipment. Rental income from operating leases is recognized on a straight-line basis over the relevant term of the lease, under Other operating income. (The Spar Nord Group's leasing activities are being phased out, for which reason the amount is recognized under Profit/loss on discontinuing activities).

Equity investments in group enterprises and associates

Equity investments in associates are recognized at the proportionate share of the net asset value (NAV) on the reporting date plus the carrying amount of goodwill acquired.

Equity investments in group enterprises in the Parent Company are recognized at the proportionate share of the net asset value (NAV) on the reporting date plus the carrying amount of goodwill acquired.

Goodwill is calculated and measured as described above under Business combinations.

The share of profit/loss for the year after tax is recognized in the income statement of the Parent Company under Profit/loss on equity investments in associates and group enterprises. In connection with the purchase or sale of group enterprises or associates, the results of such group enterprises or associates are included in the income statement from or until the takeover date, as the case may be. (The Parent Company's share of Spar Nord Leasing is recognized under Profit/loss on discontinuing activities because Spar Nord Leasing is being phased out).

Any gain or loss upon sale is calculated as the difference between the selling price and the carrying amount at the transfer date, including the carrying amount of goodwill, and is recognized under Other operating income/Other operating expenses.

Pension pools

Assets forming part of pension pools and customers' contributions to pension pools are presented in separate balance-sheet items. The return on pooled assets and contributions are presented together under market-value adjustments and are specified in Notes to income statement disclosures.

Intangible assets

Goodwill

Goodwill acquired is recognized at cost less accumulated writedowns for impairment, as described under Business combinations. The carrying amount is not systematically amortized.

Goodwill relating to associates is recognized under equity investments in associates.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the acquisition date. The identification of cash-generating units is based on the management structure and internal financial management.

Goodwill is not amortized, but a goodwill impairment test is made at least once a year for each cash-generating unit. Goodwill is written down to the recoverable amount via the income statement if the carrying amount of the cash-generating unit's net assets exceeds the higher of the net selling price and the value in use that corresponds to the present value of expected future cash flows from the unit.

Customer relations

Customer relations taken over in connection with company acquisitions are recognized at cost and are amortized on a straight-line basis over the expected useful life, which does not exceed ten years. The expected useful life depends on customer loyalty.

The useful life is reassessed annually. Any changes in amortization as a result of changes in useful life are recognized in future reporting periods as a change in accounting estimates.

Software

Software acquired is recognized at cost, including installation expenses, and amortized according to the straight-line method over the expected useful life of a maximum of five years.

Customer relationships and software that are amortized are subjected to an impairment test when there are indications of impairment. Where impairment is indicated, they are written down to the value in use.

Land and buildings

Properties are recognized at cost upon acquisition and subsequently measured at fair value. Borrowing costs from general borrowing or loans that are directly attributable to the acquisition and construction of qualifying assets (properties) are attributed to the cost of the specific individual asset.

The fair value is calculated on the basis of current market data according to an asset return model that includes the property's rental income, operating expenses, as well as management and maintenance, etc. Operating expenses and maintenance costs are calculated on the basis of the condition of the individual property, construction year, materials used, etc. The fair value of the property is determined based on the calculated return on its operation and the individually determined rate of return. The return rate is fixed on the basis of the location of the individual property, potential use, the state of maintenance, quality, etc. The fair value of the individual property is reassessed annually based on the current market and the interest level.

Corporate properties are properties used by the Group for administrative purposes, as a branch or for other service activities. The carrying amount of corporate properties is systematically depreciated over the expected useful life of 50 years for buildings. Special installations in buildings are depreciated according to the straight-line method over a useful life of 20 years. Allowance is made for the expected residual value when calculating depreciation. The revaluation of corporate properties to fair value is recognized in Other comprehensive income and allocated to a special reserve under shareholders' equity. Revaluation reserves, while depreciation and impairment are recognized in the income statement under Depreciation, amortization and impairment of intangible assets and property, plant and equipment.

Corporate properties expected to be sold within a 12-month period according to a publicized plan are treated as Temporary assets.

Land is not depreciated.

Investment properties are properties held to obtain rental income and/or capital gains, including properties let under operating leases and properties taken over. Investment properties are not depreciated. Changes in fair values are recognized in the Parent Company under Market-value adjustments, while the fair value changes in the Group are recognized under Other operating income. Rental income is recognized in the income statement under Other operating income.

Other property, plant and equipment

Operating equipment in the form of IT equipment, cars, furniture and fixtures and leasehold improvements are recognized at cost less accumulated depreciation and impairment. The basis of depreciation for property, plant and equipment is the difference between cost and residual value at the end of its useful life, and the residual value is assessed regularly. Leasehold improvements are depreciated over the term of the lease, however maximum ten years. For other operating equipment, depreciation is made on a straight-line basis over the expected useful life of a maximum of five years.

Impairment

Property, plant and equipment are subjected to an impairment test when there are indications of impairment, and they are written down to the recoverable amount, which is the higher of the net selling price and the value in use. The impairment losses are recognized in the income statement.

Temporary assets

Temporary assets comprise property, plant and equipment, including assets taken over as a result of the liquidation of customer exposures, the intention being to sell the assets within 12 months. Assets taken over are recognized at the lower of carrying amount and fair value, less any selling costs.

The assets are not depreciated as from the time when they are classified as temporary.

Losses on impairment arising upon initial classification as temporary assets and any gains or losses arising on subsequent measurement at the lower of carrying amount and fair value, less any selling costs, are recognized in the income statement under the items to which they relate. Gains and losses are disclosed in the notes.

Assets and related liabilities are presented in separate lines in the balance sheet.

Payable and deferred taxes

Current tax payable and current tax receivable are recognized in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax on taxable incomes relating to prior years, and tax paid on account.

Deferred tax is measured in accordance with the balance sheet liability method on all temporary differences between the carrying amount and tax base of assets and liabilities. However, deferred tax is not recognized in respect of temporary differences regarding goodwill that is not amortizable for tax purposes and other items for which temporary differences have arisen at the time of acquisition without this having an impact on the profit/loss or the taxable income. Where the tax base may be calculated according to different taxation rules, deferred tax is measured based on Management's planned use of the assets, or, as the case may be, the planned repayment of the liability.

Deferred tax is recognized in the balance sheet within the balance sheet headings Deferred tax assets and Deferred tax liabilities and is recognized on the basis of the applicable tax rate.

Deferred tax assets, including the tax base of losses qualifying for carryforward trade loss relief, are recognized within Other non-current assets at the amount at which they are expected to be realized, either by set-off against taxes on future earnings, or through set-off against deferred tax liabilities within the same taxable entity and jurisdiction.

Deferred tax assets and liabilities are set off if the company has a legal right to set off current tax liabilities and tax assets or intends to either settle current tax liabilities and tax assets on a net basis, or realize the assets and the liabilities at the same time.

Deferred tax is adjusted to reflect eliminations of unrealized intercompany gains and losses.

Deferred tax is measured on the basis of the tax rules and tax rates applicable in the respective countries at the time when the deferred tax is expected to crystallize in the form of current tax, based on the legislation in force at the reporting date. Any changes in deferred tax resulting from changed tax rates are recognized in the income statement.

Other assets

Other assets include interest and commissions receivable as well as the positive market value of derivative instruments.

Financial liabilities

Payables to credit institutions and central banks as well as deposits include amounts received in connection with repo transactions, which involve selling securities to be repurchased at a later date. Payables to credit institutions and central banks as well as deposits are recognized initially at the proceeds received net of transaction costs incurred. Payables to credit institutions and central banks as well as deposits not classified as repo transactions are subsequently measured at amortized cost using "the effective interest method". Thus, the difference between net proceeds and nominal value is recognized in the income statement under Interest expenses over the loan term.

Miscellaneous commitments are measured at net realizable value.

Other liabilities

Other liabilities include interest payable, the negative market value of financial instruments and employee benefits payable.

Provisions for liabilities

Provisions for liabilities include mainly guarantee commitments, provisions for losses on irrevocable credit commitments, legal actions and restructuring costs, etc.

Restructuring costs are recognized as liabilities, provided that a detailed, formal restructuring plan has been made public to the persons affected by the plan on or before the reporting date.

A provision is recognized when a legal or constructive obligation exists and when it is probable that the obligation will become effective and can be measured reliably.

Provisions are based on Management's best estimate of the amount of the commitments. In measuring provisions for liabilities, the provisions are discounted to net present value where the impact on the financial statements is material.

Bonds issued / Subordinated debt

Bonds issued comprise the Group's issued bonds. Subordinated debt consists of liabilities in the form of subordinated loan capital and other capital contributions which, in case of voluntary or compulsory liquidation, whether solvent or insolvent, will not be repaid until the claims of ordinary creditors have been met.

Bonds issued and subordinated debt are recognized at the issue date or the date of borrowing, as the case may be, at the proceeds received less directly attributable transaction costs. Subsequently issued bonds and subordinated debt are measured at amortized cost, using the effective interest method.

Shareholders' equity

Revaluation reserves

Revaluation reserves comprise revaluations of the Group's corporate properties after the recognition of deferred tax. The reserve is dissolved when properties are impaired, sold or otherwise disposed of.

Foreign-currency translation reserve

The foreign-currency translation reserve includes translation differences arising on the translation of profits/losses and net investments in foreign entities from their functional currencies into DKK. In addition, the reserve includes exchange adjustments of financial liabilities that hedge the net investment in foreign entities.

Upon full or partial realization of the net investment in a foreign entity, the translation difference relating to the relevant entity is recognized in the income statement.

Statutory reserves

Statutory reserves comprise value adjustments of equity investments in associates and group enterprises according to the equity method. The reserves are reduced by the dividends distributed to the Parent Company and other movements in the shareholders' equity of group enterprises and associates, or if the equity investments are realized in whole or in part.

Proposed dividend

Proposed dividend is recognized as a liability at the time of adoption at the Annual General Meeting (time of declaration). Dividend proposed to be distributed for the year is included under Shareholders' equity until adoption of the dividend proposal.

Treasury shares and own bonds

Treasury shares and own bonds are not recognized as assets. The acquisition cost and selling price for treasury shares as well as dividends on such shares are recognized directly in Retained earnings under shareholders' equity. The proceeds on the sale of treasury shares on the exercising of share options or employee shares are posted directly to shareholders' equity.

The portfolio and sales of own bonds are recognized directly in Issued bonds. Upon the acquisition of own bonds, any loss or gain is recognized as the difference between the acquisition cost and the carrying amount of the liability.

Contingent assets and contingent liabilities

Contingent assets and contingent liabilities comprise potential assets and liabilities deriving from past events, and whose existence is dependent on the occurrence of future, uncertain events that are beyond the Spar Nord Group's full control.

Contingent assets are disclosed where an inflow of economic benefits is probable.

Contingent liabilities are disclosed if they may, but most probably will not, result in an outflow of resources. In addition, the Group discloses information about current liabilities that have not been recognized because they are unlikely to result in an outflow of resources from the Group or cannot be reliably measured.

Fair-value measurement

The Spar Nord Group uses the fair-value concept in connection with certain disclosure requirements and for the recognition of financial instruments. The fair value is defined as the price obtainable by selling an asset or the price payable to transfer a liability in an orderly transaction between market participants ("exit price").

The fair value is market-based and is not an entity-specific valuation. The company uses the assumptions that market participants would apply to price the asset or liability based on current market conditions, including assumptions relating to risks. Thus, the company's purpose of holding the asset or settling the liability is not taken into account when calculating the fair value.

The fair-value measurement is based on the principal market. In the absence of a principal market, the most advantageous market is used as the basis, i.e. the market that maximizes the amount that would be received for the asset or minimizes the amount that would be paid to transfer the liability, after deduction of transaction and transport costs.

To the extent possible, the fair-value measurement is based on market values in active markets (level 1) or, in the alternative, on values derived from observable market data (level 2).

Where such observable data is not available or cannot be used without significant modifications, generally accepted valuation methods and reasonable estimates are used as the basis for making fair-value measurements (level 3).

Cash flow statement

The cash flow statement shows cash flows for the year, broken down by operating, investing and financing activities, the year's movements in cash and cash equivalents and the cash and cash equivalents at the beginning and end of the year. Cash generated from operations is calculated according to the indirect method as the profit/loss before tax, adjusted for non-cash operating items and any changes in working capital

Cash generated from investments comprises payments associated with the purchase and sale of intangible assets and property, plant and equipment, associates and group enterprises as well as treasury shares. Cash generated from financing comprises dividends paid and movements in the shareholders' equity and subordinated debt.

Cash and cash equivalents comprise cash balances, demand deposits with central banks and receivables from credit institutions and central banks with less than three months to maturity.

Segment information

Segment information is reported in accordance with the Spar Nord Group's accounting policies and follows the organizational structure as reflected in its internal management reporting.

Transactions between segments are settled on an arm's length basis. Centrally incurred expenses, such as salaries, rent, depreciation, etc. are allocated to the individual segments based on an assessment of the proportionate share of the overall activity level. Segment assets and liabilities are the operating assets and operating liabilities that are used or have arisen in connection with the operation of a segment and which are directly associated with or can be reasonably allocated to the segment. The individual segment includes a calculated share of equity. The item Earnings from investment portfolios, etc. is regarded as an intra-organizational activity and comprises income from the Bank's trading portfolio and earnings from Erhvervsinvest Nord A/S and Erhvervsinvest K/S limited partnerships, etc. Other income and expenses are charged to Other areas, and this item also includes the subsidiaries Spar Nord Ejendomsselskab A/S and Aktieselskabet Skelagervej 15.

Calculation of performance indicators and financial ratios (Core earnings)

The Group's performance indicators and financial ratios (Core earnings) appearing from the Management's review differ from the Consolidated Financial Statements format. The relationship between Core earnings and the Consolidated Financial Statements format is shown in note 3, Business segments.

The profit/loss on discontinuing activities is presented in performance figures and financial ratios (Core earnings) in the line The Group's leasing activities (discontinuing activities) and shown before tax on profit or loss. The disclosures in the note regarding the profit/loss on discontinuing activities show the tax expense relating to discontinuing activities.

Ratio definitions appear from note 63.

Disclosures regarding standards and rules that have not yet entered into force

The International Accounting Standards Board (IASB) has published a number of new financial reporting standards (IAS and IFRS) and interpretations (IFRIC), which Spar Nord is not required to observe in preparing the 2013 Annual Report.

The standards and interpretations that have been endorsed by the EU and having effective dates that differ from the effective dates required by the standards or interpretations issued by the IASB will be implemented prematurely, if allowed, as of the IASB effective dates for financial years commencing 1 January 2014 or later. Other than stated below, none of the new standards and interpretations are expected to have any major impact on the financial reporting for the Spar Nord Group:

- IFRS 9 changes the classification and measurement of financial assets and liabilities (the current IAS 39). In future, financial assets will be divided into two main classifications – those measured at amortized cost and those measured at fair value – to be presented in either profit or loss or in other comprehensive income. The existing measurement classifications are fair value presented in profit or loss, available-for-sale, held-to-maturity, and loans, advances and receivables. The provisions applying to financial liabilities will be amended so that changes to own credit risk will no longer impact profit or loss, but will be recognized in other comprehensive income only. The standard has not yet been approved by the EU. The standard is expected to become effective from 1 January 2017, at the earliest.
- IFRS 10 changes the rules for including an entity in the Consolidated Financial Statements. IFRS 10 provides that an investor must include another entity in its consolidated financial statements when it has de facto control over it, even though the investor does not hold the majority of shares or voting rights. Moreover, the potential voting rights and rights of conversion must be assessed, as – combined with other rights – they may lead to a requirement for consolidation before they become exercisable. Presently, the Spar Nord Group does not expect the standard to have significance for the Group, but has not yet determined the impact. According to IFRS, the standard applies to financial years commencing on 1 January 2013 and beyond. The effective date in the EU applies to financial years commencing on 1 January 2014 and beyond.
- IFRS 12 contains disclosure requirements for both consolidated and non-consolidated enterprises, joint ventures and associates. The objective is to disclose information that makes it possible for financial statement users to assess the basis for control, risks associated with interests in non-consolidated enterprises, any restrictions relating to consolidated assets and liabilities and the involvement of non-controlling interests in the Group's activities. The standard will exclusively have relevance for the disclosure requirements in Spar Nord Bank. According to IFRS, the standard applies to financial years commencing on 1 January 2013 and beyond. The effective date in the EU applies to financial years commencing on 1 January 2014 and beyond.

NOTE 2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

In order to determine the carrying amount of certain assets and liabilities, Management has to make a number of estimates and judgments of future circumstances that significantly affect the carrying amount of assets and liabilities.

Management's estimates and judgments are based on assumptions that Management considers appropriate but which are uncertain and unpredictable by their nature. The assumptions may be incomplete or inaccurate, and unexpected future events or circumstances may arise. Consequently, making estimates and judgments is difficult by nature, and when they also involve customer relationships and other counterparties, they will be subject to uncertainty. It may be necessary to change previous estimates as a result of changes in the circumstances forming the basis of such estimates, or due to new knowledge or subsequent events.

Critical estimates and judgments have the most substantial impact on the financial statements in the following areas:

- business combinations
- impairment of loans
- fair value of financial instruments
- classification of equity investments

Business combinations

On the acquisition (merger) of companies, the identifiable assets, liabilities and contingent liabilities of the acquired company must be recognized at fair value according to the acquisition method. The most significant assets usually consist of goodwill, loans and advances, investment assets and properties, and the most significant liabilities usually consist of deposits, issued bonds and subordinated debt. For a large number of the acquired assets and liabilities, there are no effective markets that can be used to determine the fair value. This applies in particular to loans and advances acquired. Consequently, Management makes estimates in connection with determining the fair value of the acquired assets, liabilities and contingent liabilities. Depending on the nature of the item, the determination of fair value may be subject to uncertainty and may possibly have to be adjusted subsequently.

The fair value of the identifiable assets, liabilities and contingent liabilities appears from note 49, Business combinations. This note also outlines the methods used for determining the fair values of the acquisitions made in 2012. No adjustments were made in this policy area in 2013.

Impairment of loans

Testing the impairment of individual loans and advances requires estimates of factors subject to great uncertainty. The test involves estimates of the most probable future cash flows that the customer can generate. For loan facilities of less than DKK 250,000, credit-quality flagged customers are automatically assessed based on the customer data and characteristics recorded. Loans, advances and receivables that are not individually impaired are divided into groups with uniform characteristics with respect to credit risk and assessed on a portfolio basis.

Loans for which there is no objective indication of impairment, or for which an indication of impairment has not been individually identified, are included in a group that is subjected to an impairment test at portfolio level.

In connection with testing a group of loans and advances for impairment, it is essential to identify the events that give an objective indication of losses on the group. The valuation of the present value of cash flows generated by customers in the group is subject to uncertainty when historical data and empirical assessments are used to adjust the assumptions and for the purpose of reflecting the current situation.

Loans and advances are assigned to groups having uniform credit risk exposure using the Bank's ratingsystem. Customers are subjected to ongoing rating, and if calculations show that customers have changed credit risk properties, they will be transferred to new rating groups on an ongoing basis. Thus, the downgrading of a customer to a weaker group serves as an indicator of the deterioration.

If the Group is aware at the reporting date that circumstances have occurred that have either worsened or improved the expected future payment pattern, and these changes have not been taken into account in the models, the appropriate action will be taken to correct this, based on a qualified management estimate.

Spar Nord Bank uses a credit system with statistically based rating models for both retail and business customers. In addition, the rating is based on the flagging of customers that show signs of default risk.

Credit-quality flagging is based on important Management estimates, particularly affected by such factors as property prices, unemployment rates and demand for various products and services. In these areas, 2013 generally saw sound development, which is also reflected in a general improvement of the credit quality of the Bank's loan portfolio. In spite of this favourable development, however, the trend at individual customer level is for more customers to come under financial pressure, which has resulted in the number of credit-quality flagged customers increasing over the year.

To reduce the risk attaching to individual exposures in the Group, Spar Nord accepts collateral consisting mainly of mortgages and charges over physical assets, securities and vehicles, of which mortgages on real property are the most common type of collateral. The valuation of such collateral is based on significant estimates made by Management.

Loans and advances amounted to DKK 37,648 million, equal to about 50% of the Group's assets at end-2013. Reference is made to note 22, Loans, advances and other receivables at amortized cost, and to note 56, Credit risk, for further details.

Fair value of financial instruments

Spar Nord Bank measures a number of financial instruments at fair value, including all derivative instruments as well as shares and bonds.

Assessments are made in connection with determining the fair value of financial instruments in the following areas:

- choosing valuation method
- determining when available listed prices do not reflect the fair value
- calculating fair-value adjustments to provide for relevant risk factors, such as credit, model and liquidity risks
- assessing which market parameters are to be monitored
- making estimates of future cash flows and return requirements for unlisted shares

In these situations, the decisions are based on an opinion in accordance with the Group's accounting policies. All such decisions are approved by the relevant group functions.

As part of its day-to-day operations, Spar Nord Bank has acquired strategic equity investments in sector supplier companies. Strategic equity investments are measured at fair value based on the information available about trading in the relevant company's equity investments or, in the alternative, by using a valuation model based on generally accepted methods and current market data, including an assessment of expected future earnings and cash flows. The valuation will also be affected by co-ownership, trading with the relevant company and shareholders' agreements, etc. If a reliable fair value cannot be identified, the investment will be valued at cost less any writedowns for impairment.

Measurements of financial instruments that are based on observable market data to a limited extent only - such as the measurement of unlisted shares and certain bonds for which there is no active market - are subject to estimates. More details are provided in the applicable paragraphs of note 1, Accounting policies, and in note 54, Fair-value information, including a sensitivity analysis.

Financial instruments measured on the basis of non-observable input accounted for DKK 151 million, equal to about 0.2% of the Group's assets at end-2013.

Classification of equity investments

Equity investments are recognized and measured differently, depending on their classification. Estimates are required to determine whether the assumptions for making the relevant classification have been observed. Particularly the distinction between associates (significant influence) and other investments, as well as determining whether the criteria for using the fair-value option have been met, is of major importance.

Assets measured according to the fair-value option amounted to DKK 1,057 million, equal to about 1% of the Group's assets at end-2013.

The dividing line between associates and shares relates mainly to the classification of the equity investment in Nørresundby Bank, recognized at the share of net asset value, equal to DKK 733 million. The share of the listed price amounts to DKK 476 million.

NOTE 3 BUSINESS SEGMENTS

The Group is organized into different business areas and resource and support functions, according to product and service characteristics. The reporting segments correspond to the Group's organizational units based on customer affiliation, and an internal follow-up is carried on in this regard.

Spar Nord's Local Banks cater to all types of retail and business customers. Corporate Banking provides services to large business customers and high-net-worth personal customers. Spar Nord's Local Banks (the retail bank unit) constitute the largest organizational unit in the Spar Nord Group, consisting of 76 local banks throughout the country

Trading, Financial Markets & the International Division is composed of Markets, Shares, Interest & Forex, Asset Management and the International Division. The activities of Trading, Financial Markets & the International Division centre on forex and securities, including hedging and managing the transactions made by the local banks' customers. Moreover, Trading, Financial Markets & the International Division cooperates with a number of the Bank's largest business customers and retail customers, as well as managing some of the Bank's own positions. The International Division offers products and advice associated with export and import.

Other areas comprise Corporate Coordination & Support, Staff Functions, Unallocated and Eliminations.

Corporate Coordination & Support and Staff Functions perform support functions and related services for the Group.

Unallocated consists of other income and expenses, including the subsidiaries Spar Nord Ejendomsselskab and Aktieselskabet Skelagervej 15.

Reclassifications and areas eliminated in the calculation of core earnings in the Group's annual review:

Reklassifications comprise the share of the discount, recognized as income, on commitments taken over from Sparbank in connection with the merger.

In its internal follow-up and control, Spar Nord includes this item in Impairment of loans and advances and also presents it as such in the core earnings format in the Group's annual review.

According to the Group's accounting policies, adjustments of the discount on commitments taken over from Sparbank are included under Interest income in the income statement. The item is included under Other interest income in the note relating to interest income.

Other items after core earnings comprise Contributions to sector-wide solutions, Special merger-related items and Earnings from investment portfolios, etc.

Contributions to sector-wide solutions consist of Spar Nord's payments to and Spar Nord's share of Nørresundby Bank's payments to the Depositors' and Investors' Guarantee Fund and the value adjustment of claims.

Special merger-related items consist of net items relating to the merger with Sparbank. The merger-related items comprise the costs of valuers, financial advisers, attorneys, accountants and other consultants, as well as non-recurring costs in the form of severance pay, etc.

Earnings from investment portfolios, etc. consist of earnings from the Bank's trading portfolio, Erhvervsinvest Nord A/S and companies from which investment in unlisted shares is carried on.

The Group's leasing activities (discontinuing activities) consist of the Spar Nord Leasing Group and the leasing activities acquired as a result of the merger with Sparbank in mid-November 2012. Organizationally, the leasing activities acquired in the merger with Sparbank are placed in the Spar Nord Bank Parent Company. The results for the Spar Nord Group's leasing activities are presented in a separate line, Profit/loss on discontinuing activities (The Group's leasing activities (discontinuing activities)). The balance-sheet items regarding the discontinuing activities are recognized in unchanged form in the respective items. The Group's leasing activities are being phased out in step with the expiry of the lease contracts.

Other matters

An internal interest rate is calculated for all business segments. The internal interest rate is used to equalize differences between assets and liabilities (surplus/deficit of liquidity) among the business segments. The internal interest rate is calculated per currency on the basis of market rates plus a liquidity premium.

Centrally incurred costs and a few income items are basically allocated between the individual business segments on the basis of cost. An allocation is made from the unit paying the costs based on an assessment of each individual unit's proportionate share of the overall activity level.

Other income and costs are allocated to the business segments to whose operation they are directly related or can reasonably be allocated.

The assets and liabilities of the business segments are the operating assets and operating liabilities that are employed by a segment for its operations and that are either directly attributable to the segment or can reasonably be allocated to the segment. The individual business segment has allocated capital equal to 12% of the average risk-weighted items of the business area (2012: 8%). In the business segment Other areas the difference between allocated capital and shareholders' equity is presented.

As in previous years, the Group uses core earnings as its profit target.

Information about income broken down by products and services

The Group's business areas are organized according to differences in products and services, and products and services are uniform within the individual business areas.

Income from the business area Local Banks mainly comprises income from interest, fees, charges and commissions related to products within lending and deposits. The customers consist of retail, business and public customers.

Income from the business area Trading, Financial Markets & the International Division comprises interest and market-value adjustments on forex and trading products as well as interest income and market-value adjustments on the Bank's portfolio of securities.

Income from the business area The Group's leasing activities (Spar Nord Leasing and the leasing activities acquired as a result of the merger with Sparbank) comprises income related to both finance and operating leases. The income is recognized under Profit/loss on discontinuing activities.

As a consequence of IFRS requirements, the Bank must disclose whether 10% or more of its income derives from a single customer. The Spar Nord Group has no such customers.

SEGMENT INFORMATION

BUSINESS SEGMENTS 2013

DKK m	Spar Nord's Local Banks	Trading, Financial Markets & the Intern. Division	Other areas	Core earnings*)	Reclas. and other items after core earnings**)	The Group's leasing activities (discontinuing activities)***)	The Group, total
INCOME STATEMENT							
Net interest income	1,538.6	226.7	-13.8	1,751.5	268.3	-	2,019.8
Net income from fees, charges and commissions	695.6	17.3	6.5	719.4	-0.1	-	719.3
Market-value adjustments and dividends	88.5	92.4	20.5	201.4	28.9	-	230.3
Other operating income	11.3	2.0	31.7	45.0	12.5	-	57.5
Profit/loss on equity investments in associates and group enterprises	0.0	0.0	66.4	66.4	11.2	-	77.6
Core income/revenue, total	2,334.0	338.4	111.3	2,783.7	320.8	-	3,104.5
Operating expenses, depreciation and amortization	1,442.5	55.4	148.5	1,646.4	147.5	-	1,793.9
Core earnings before impairment	891.5	283.0	-37.2	1,137.3	173.3	-	1,310.6
Impairment of loans, advances and receivables, etc.	409.4	0.0	-0.2	409.2	296.0	-	705.2
Core earnings / profit/loss on ordinary operations	482.1	283.0	-37.0	728.1	-122.7	-	605.4
Contributions to sector-wide solutions	-	-	-120.2	-120.2	120.2	-	0.0
Special merger-related items	-	-	-46.1	-46.1	46.1	-	0.0
Profit/loss on continuing activities before tax	482.1	283.0	-203.3	561.8	43.6	-	605.4
The Group's leasing activities (discontinuing activities) ***)	-	-	-	-	-	64.1	64.1
Profit/loss before tax	482.1	283.0	-203.3	561.8	43.6	64.1	669.5

*) The core earnings column corresponds to the Group figures in the Management's review.

**) The relation to the Group is specified in the columns Reclassifications and Other items after core earnings and Leasing activities (discontinuing activities). Reclassifications and Other items after core earnings of DKK -122.7 million consist of: Earnings from investment portfolios, DKK 43.6 million, Contributions to sector-wide solutions, DKK -120.2 million, and Special merger-related items, DKK -46.1 million. Reclassifications have impacted the items Net interest income, Other operating income and Impairment of loans, advances and receivables, etc. with an amount of DKK 296.0 million. Contributions to sector-wide solutions and Special merger-related items have primarily impacted the items Operating expenses, Depreciation and amortization and Impairment, with a total of DKK 166.3 million.

***) For further information about discontinuing activities, please see note 50.

	Spar Nord's Local Banks	Trading, Financial Markets & the Intern. Division	Other areas	Earnings from investment portfolios, etc.	The Group's leasing activities (discontinuing activities)**)	The Group, total
BALANCE SHEET						
Loans, advances and other receivables at amortized cost	33,708.0	2,025.7	-175.2	0.0	2,089.6	37,648.1
Equity investments in associates and group enterprises	0.0	0.0	995.6	1.7	0.0	997.3
Intangible assets and property, plant and equipment *)	233.8	1.3	758.1	0.0	46.9	1,040.1
Miscellaneous assets **)	9,351.9	22,996.9	2,396.5	126.1	48.0	34,919.4
Total assets						74,604.9
Deposits and other payables	40,703.3	1,413.6	-486.4	0.0	200.0	41,830.5
Shareholders' equity (allocated capital)	3,777.6	660.7	1,887.2	17.0	190.2	6,532.7
Miscellaneous liabilities	8,474.7	5,066.8	11,362.1	1.8	1,336.3	26,241.7
Total shareholders' equity and liabilities						74,604.9

DISCLOSURES - TOTAL INCOME/REVENUE

Internal income/revenue	-77.8	11.8	551.2	-0.1	0.0	485.1
Internal income and eliminations offset against costs	0.0	-33.8	-451.3	0.0	0.0	-485.1
Income/revenue, external customers, Denmark	2,411.8	360.4	11.4	320.9	0.0	3,104.5
Income/revenue, total	2,334.0	338.4	111.3	320.8	0.0	3,104.5

DISCLOSURES, CASH FLOW STATEMENT

Depreciation, amortization and impairment ***)	22.7	0.5	62.0	0.0	31.0	116.2
Additions, intangible assets and property, plant & equipment *)	1.5	0.1	68.5	8.3	-267.3	-188.9
Non-cash oper. items excl. depr., amort. and imp. of int. assets and prop., plant & equipm.	0.0	0.0	-242.2	0.0	-4.1	-246.3
Impairment and reversal of impairment losses on loans and advances, etc.	314.1	0.0	0.0	0.0	-38.1	276.0

FINANCIAL RATIOS

Return on equity [%] ****)	12.9	44.1	-	-	-	
Cost share of core income	0.61	0.16	-	-	-	
Risk-weighted items, end of year	31,480	5,506	3,985	141	1,585	42,697
Number of employees (full-time, end of year)	1,091	68	336	0	17	1,512

*) Assets located in countries other than Denmark amounted to DKK 0.9 million at 31 December 2013.

**) Temporary assets amount to DKK 120.3 million, of which DKK 18.2 million relates to the Group's leasing activities and DKK 102.1 million relates to Other areas.

***) No significant writedowns for impairment have been made on assets forming part of the continuing activities.

****) The rate of return on equity per annum has been calculated on allocated capital, which amounts to 12% of the average risk-weighted items.

SEGMENT INFORMATION

BUSINESS SEGMENTS 2012

DKK m	Spar Nord's Local Banks	Trading, Financial Markets & the Intern. Division	Other areas	Core earnings*)	Reclas. and other items after core earnings**)	The Group's leasing activities (discontinuing activities)***)	The Group, total
INCOME STATEMENT							
Net interest income	1,345.9	200.1	-3.6	1,542.4	5.3	-	1,547.7
Net income from fees, charges and commissions	529.1	17.1	10.8	557.0	-0.6	-	556.4
Market-value adjustments and dividends	72.3	179.3	-9.7	241.9	5.2	-	247.1
Other operating income	9.4	1.2	24.9	35.5	0.0	-	35.5
Profit/loss on equity investments in associates and group enterprises	0.0	0.0	54.8	54.8	31.9	-	86.7
Core income/revenue, total	1,956.7	397.7	77.2	2,431.6	41.8	-	2,473.4
Operating expenses, depreciation and amortization	1,222.0	71.8	206.7	1,500.5	120.5	-	1,621.0
Core earnings before impairment	734.7	325.9	-129.5	931.1	-78.7	-	852.4
Impairment of loans, advances and receivables, etc.	593.7	0.3	-0.4	593.6	5.4	-	599.0
Core earnings / profit/loss on ordinary operations	141.0	325.6	-129.1	337.5	-84.1	-	253.4
Contributions to sector-wide solutions	-	-	-58.4	-58.4	58.4	-	0.0
Special merger-related items	-	-	-66.6	-66.6	66.6	-	0.0
Profit/loss on continuing activities before tax	141.0	325.6	-254.1	212.5	40.9	-	253.4
The Group's leasing activities (discontinuing activities) ***)	-	-	-	-	-	36.7	36.7
Profit/loss before tax	141.0	325.6	-254.1	212.5	40.9	36.7	290.1

*) The core earnings column corresponds to the Group figures in the Management's review.

**) The relation to the Group is specified in the columns Reclassifications and Other items after core earnings and Leasing activities (discontinuing activities). Reclassifications and Other items after core earnings of DKK -84.1 million consist of: Earnings from investment portfolios, DKK 40.9 million, Contributions to sector-wide solutions, DKK -58.4 million, and Special merger-related items, DKK -66.6 million. Reclassifications have impacted the items Net interest income and Impairment of loans, advances and receivables, etc. with an amount of DKK 5.3 million. Contributions to sector-wide solutions and Special merger-related items have primarily impacted the item Operating expenses, depreciation and amortization, with a total of DKK 120.5 million.

***) For further information about discontinuing activities, please see note 50.

	Spar Nord's Local Banks	Trading, Financial Markets & the Intern. Division	Other areas	Earnings from investment portfolios, etc.	The Group's leasing activities (discontinuing activities)**)	The Group, total
BALANCE SHEET						
Loans, advances and other receivables at amortized cost	34,537.3	557.4	-63.1	0.0	4,026.3	39,057.9
Equity investments in associates and group enterprises	0.0	0.0	956.8	36.0	0.0	992.8
Intangible assets and property, plant and equipment *)	254.8	1.7	833.7	0.0	287.6	1,377.8
Miscellaneous assets **)	7,696.1	26,781.0	2,986.3	145.4	108.4	37,717.2
Total assets						79,145.7
Deposits and other payables	40,154.4	1,859.8	-692.5	0.0	600.0	41,921.7
Shareholders' equity (allocated capital)	2,659.0	463.7	2,559.9	13.7	279.0	5,975.3
Miscellaneous liabilities	6,613.7	4,807.4	16,855.3	8.1	2,964.2	31,248.7
Total shareholders' equity and liabilities						79,145.7

DISCLOSURES - TOTAL INCOME/REVENUE

Internal income/revenue	-72.5	33.9	632.3	-0.2	0.0	593.5
Internal income and eliminations offset against costs	0.0	-20.8	-572.5	-0.2	0.0	-593.5
Income/revenue, external customers, Denmark	2,029.2	384.6	17.4	42.2	0.0	2,473.4
Income/revenue, total	1,956.7	397.7	77.2	41.8	0.0	2,473.4

DISCLOSURES, CASH FLOW STATEMENT

Depreciation, amortization and impairment ***)	19.8	0.6	51.7	0.0	84.7	156.8
Additions, intangible assets and property, plant & equipment *)	-2.1	-0.4	-216.0	0.0	104.6	-113.9
Non-cash oper. items excl. depr., amort. and imp. of int. assets and prop., plant & equipm.	0.0	0.0	-121.4	0.0	1.4	-120.0
Impairment and reversal of impairment losses on loans and advances, etc.	173.0	0.0	0.0	-0.3	14.5	187.2

FINANCIAL RATIOS

Return on equity [%] ****)	6.4	84.7	-	-	-	
Cost share of core income	0.62	0.18	-	-	-	
Risk-weighted items, end of year	33,236	5,796	3,616	172	3,487	46,307
Number of employees (full-time, end of year)	1,099	67	467	-	20	1,653

*) Assets located in countries other than Denmark amounted to DKK 12.0 million at 31 December 2012.

**) Temporary assets amount to DKK 90.9 million, of which DKK 76.2 million relates to Spar Nord Leasing and DKK 14.7 million relates to Other areas.

***) No significant writedowns for impairment have been made on assets forming part of the continuing activities.

****) The rate of return on equity per annum has been calculated on allocated capital, which amounts to 8% of the average risk-weighted items.

NOTES

NOTE

	Spar Nord The Group 2013 DKK m	Spar Nord The Group 2012 DKK m	Spar Nord Parent Company 2013 DKK m	Spar Nord Parent Company 2012 DKK m
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4 INTEREST INCOME

Receivables from credit institutions and central banks	5.4	17.2	5.3	17.1
Loans, advances and other receivables	2,085.1	1,933.2	2,076.6	1,934.3
Interest income, discontinuing activities *)	-68.7	-148.6	-60.2	-148.6
Bonds	353.3	350.5	353.3	350.6
Foreign-exchange contracts	-6.8	-10.9	-6.8	-10.9
Interest-rate contracts	-41.2	-41.8	-41.2	-41.8
Derivative instruments, total	-48.0	-52.7	-48.0	-52.7
Other interest income	270.8	5.3	270.8	5.3
Total interest income	2,597.9	2,104.9	2,597.8	2,106.0

Of which, income from genuine purchase and resale transactions booked under

Receivables from credit institutions and central banks	-3.0	-0.4	-3.0	-0.4
Loans, advances and other receivables	0.4	0.4	0.4	0.4

*) Discontinuing activities are described in more detail in note 50

5 INTEREST EXPENSES

Credit institutions and central banks	13.8	34.9	13.6	35.0
Deposits and other payables	392.4	351.7	394.4	351.4
Issued bonds	61.4	163.8	61.4	163.8
Interest expenses, discontinuing activities *)	-68.7	-149.0	-60.2	-148.6
Subordinated debt	179.2	155.6	179.2	155.6
Other interest expenses	0.0	0.2	0.0	0.1
Total interest expenses	578.1	557.2	588.4	557.3

Of which, interest expenses from genuine sale and repo transactions booked under

Payables to credit institutions and central banks	2.8	14.7	2.8	14.7
Deposits and other payables	0.0	0.0	0.0	0.0

*) Discontinuing activities are described in more detail in note 50

6 DIVIDENDS ON SHARES, ETC.

Shares, etc. in the Bank's trading portfolio	3.2	1.8	3.2	1.8
Shares at fair value (the fair-value option)	33.7	14.4	19.0	14.4
Dividends on shares, etc., total	36.9	16.2	22.2	16.2

7 FEES, CHARGES AND COMMISSIONS RECEIVED

Securities trading and custody accounts	137.7	113.9	137.7	113.9
Asset management	163.1	99.6	163.1	99.6
Payment services	76.4	63.6	76.4	63.6
Loan transaction fees	313.6	238.7	313.6	238.7
of which, mortgage credit institutions	205.2	152.7	205.2	152.7
Guarantee commissions	41.0	41.9	41.0	41.9
Other fees, charges and commissions	52.5	55.2	52.5	55.2
Total fees, charges and commissions received	784.3	612.9	784.3	612.9

8 FEES, CHARGES AND COMMISSIONS PAID

Securities trading and custody accounts	22.5	23.5	22.5	23.5
Asset management	2.5	3.5	2.5	3.5
Guarantee commissions	0.3	0.2	0.3	0.2
Other fees, charges and commissions	39.7	29.3	39.7	29.3
Total fees, charges and commissions paid	65.0	56.5	65.0	56.5

9 NET FEES, CHARGES AND COMMISSIONS RECEIVED

Securities trading and custody accounts	115.2	90.4	115.2	90.4
Asset management	160.6	96.1	160.6	96.1
Payment services	76.4	63.6	76.4	63.6
Loan transaction fees	313.6	238.7	313.6	238.7
of which, mortgage credit institutions	205.2	152.7	205.2	152.7
Guarantee commissions	40.7	41.7	40.7	41.7
Other fees, charges and commissions	12.8	25.9	12.8	25.9
Total net fees, charges and commissions received	719.3	556.4	719.3	556.4

NOTES

NOTE

10 MARKET-VALUE ADJUSTMENTS

	Spar Nord The Group 2013 DKK m	Spar Nord The Group 2012 DKK m	Spar Nord Parent Company 2013 DKK m	Spar Nord Parent Company 2012 DKK m
Other loans, advances and receivables at fair value	-8.6	4.0	-8.6	4.0
Bonds	-55.0	160.6	-55.0	160.6
Shares, etc.	90.8	21.5	76.1	21.5
Investment properties	-	-	-1.5	-1.1
Currency	-35.2	25.6	-35.2	25.6
Foreign-exchange, interest, share, commodity and other contracts and derivative instruments	144.7	-12.4	144.7	-12.4
Assets linked to pooled schemes	745.2	444.4	745.2	444.4
Deposits in pooled schemes	-745.2	-444.4	-745.2	-444.4
Miscellaneous commitments	56.7	31.6	56.6	32.7
Total market-value adjustments	193.4	230.9	177.1	230.9
Trading portfolio	166.2	225.1	149.9	225.1
Other shares at fair value (the fair-value option)	27.2	5.8	27.2	5.8
Total market-value adjustments	193.4	230.9	177.1	230.9

11 NET FINANCIALS, THE SPAR NORD GROUP

2013	Interest income DKK m	Interest expenses DKK m	Net interest DKK m	Market-value adjustments DKK m	Dividend DKK m	Total DKK m
<i>Net financials at amortized cost</i>						
Receivables from and payables to credit institutions and central banks	8.4	11.0	-2.6	0.0	0.0	-2.6
Lending and deposits, banking activities	2,084.7	392.4	1,692.3	0.0	0.0	1,692.3
Repo and reverse transactions	-2.6	2.8	-5.4	0.0	0.0	-5.4
Other issued bonds	0.0	61.4	-61.4	0.0	0.0	-61.4
Subordinated debt	0.0	179.2	-179.2	56.7	0.0	-122.5
Net interest, discontinuing activities	-68.7	-68.7	0.0	0.0	0.0	0.0
Other interest	270.8	0.0	270.8	0.0	0.0	270.8
Total	2,292.6	578.1	1,714.5	56.7	0.0	1,771.2
<i>Net financials at fair value</i>						
Trading portfolio	305.3	0.0	305.3	109.5	3.2	418.0
Other financial investment assets	0.0	0.0	0.0	27.2	33.7	60.9
Total	305.3	0.0	305.3	136.7	36.9	478.9
Total net income from financials	2,597.9	578.1	2,019.8	193.4	36.9	2,250.1

2012	Interest income DKK m	Interest expenses DKK m	Net interest DKK m	Market-value adjustments DKK m	Dividend DKK m	Total DKK m
<i>Net financials at amortized cost</i>						
Receivables from and payables to credit institutions and central banks	17.5	20.2	-2.7	0.0	0.0	-2.7
Lending and deposits, banking activities	1,932.8	351.7	1,581.1	0.0	0.0	1,581.1
Repo and reverse transactions	0.0	14.7	-14.7	0.0	0.0	-14.7
Other issued bonds	0.0	163.8	-163.8	0.0	0.0	-163.8
Subordinated debt	0.0	155.6	-155.6	31.6	0.0	-124.0
Net interest, discontinuing activities	-148.6	-149.0	0.4	0.0	0.0	0.4
Other interest	5.3	0.2	5.1	0.0	0.0	5.1
Total	1,807.0	557.2	1,249.8	31.6	0.0	1,281.4
<i>Net financials at fair value</i>						
Trading portfolio	297.9	0.0	297.9	193.5	1.8	493.2
Other financial investment assets	0.0	0.0	0.0	5.8	14.4	20.2
Total	297.9	0.0	297.9	199.3	16.2	513.4
Total net income from financials	2,104.9	557.2	1,547.7	230.9	16.2	1,794.8

The Spar Nord Group does not have held-to-maturity investments.

NOTES

NOTE

	Spar Nord The Group 2013 DKK m	Spar Nord The Group 2012 DKK m	Spar Nord Parent Company 2013 DKK m	Spar Nord Parent Company 2012 DKK m
12 OTHER OPERATING INCOME				
Gain on sale of properties	1.5	0.2	1.5	0.2
Gain on sale of operating equipment	1.0	0.2	1.0	0.2
Other income	47.1	29.5	47.1	29.5
<i>Operation of investment properties</i>				
Rental income	15.9	8.5	7.2	6.2
Operating expenses	2.9	1.5	2.3	1.4
Maintenance	0.3	0.3	0.2	0.2
Changes in value, investment properties	-4.8	-1.1	-	-
Other operating income, total	57.5	35.5	54.3	34.5

13 STAFF COSTS AND ADMINISTRATIVE EXPENSES

Staff costs	1,011.2	938.9	1,010.9	938.6
Administrative expenses	597.3	554.5	603.3	557.2
Total staff costs and administrative expenses	1,608.5	1,493.4	1,614.2	1,495.8

Staff costs:

Salaries	798.6	784.2	798.3	783.9
Share-based payment	-	-	-	-
Pensions	105.2	90.3	105.2	90.3
Social security costs	107.4	64.4	107.4	64.4
Total staff costs	1,011.2	938.9	1,010.9	938.6

Of which, remuneration to present and previous members of the Executive Board and Board of Directors and material risk takers amounts to:

The Board of Directors

Number	10	10	10	10
Fixed pay	2.7	2.4	2.7	2.4
Pension	0.0	0.0	0.0	0.0
Total remuneration	2.7	2.4	2.7	2.4

Breakdown of remuneration to Board of Directors

Torben Frstrup	0.5	0.5	0.5	0.5
Per Nikolaj Bukh	0.4	0.4	0.4	0.4
Kaj Christiansen (took office on 18 April 2012)	0.2	0.1	0.2	0.1
Jan Høholt Jensen (retired on 18 April 2012)	0.0	0.1	0.0	0.1
Niels Kristian Kirketerp (retired on 18 April 2012)	0.0	0.1	0.0	0.1
Laila Mortensen (took office on 18 April 2012)	0.2	0.1	0.2	0.1
Carsten Normann	0.2	0.2	0.2	0.2
Fritz Dahl Pedersen (took office on 15 November 2012 in connection with the merger with Sparbank)	0.2	0.0	0.2	0.0
Ole Skov	0.3	0.3	0.3	0.3
Jannie Skovsen	0.2	0.2	0.2	0.2
Gitte Holmgaard Sørensen (took office on 18 April 2012)	0.2	0.1	0.2	0.1
Hans Østergaard	0.3	0.3	0.3	0.3
Total fees earned and paid	2.7	2.4	2.7	2.4
- Of which, committee fees	0.3	0.3	0.3	0.3

The Board of Directors' remuneration in the Parent Company and the Group is identical.

The subsidiaries' boards of directors are composed of persons employed by Spar Nord Bank, the Parent Company, and none of them have received remuneration as members of the subsidiaries' boards of directors.

The remuneration of the Board of Directors is based on intragroup management agreements.

The members of the Board of Directors receive a fixed fee. In addition, a fixed fee is paid to members of the audit committee.

The Board of Directors receives no variable pay

The members of the Board of Directors are not covered by the corporate pension schemes.

Material risk takers

Number	13	13	13	13
Fixed pay	15.0	15.2	15.0	15.2
Variable pay (lower threshold limit)	0.1	0.0	0.1	0.0
Pension	2.2	1.9	2.2	1.9
Total remuneration earned and paid	17.3	17.1	17.3	17.1

NOTES

In accordance with the Danish Financial Business Act, Spar Nord Bank's remuneration policy defines the group of persons who are material risk takers. No variable remuneration components over and above the statutorily allowed lower threshold limit (DKK 100,000 per year) are paid to material risk takers and internal control functions.

The remuneration paid to Group Management (Board of Directors and Executive Board) does not include any variable components or discretionary pension benefits. The remuneration policy was adopted at the Annual General Meeting on 24 April 2013. The remuneration policy is available at the website www.sparnord.com/corporategovernance.

According to the remuneration policy, the Board of Directors and the Executive Board are included in the group of material risk takers. The Board of Directors' and Executive Board's remuneration and number of members, etc. are not included in the above specification. The specifications of the Board of Directors' and Executive Board's remuneration etc. must be included in the total calculation and specification of the Bank's material risk takers.

	Spar Nord The Group 2013 DKK m	Spar Nord The Group 2012 DKK m	Spar Nord Parent Company 2013 DKK m	Spar Nord Parent Company 2012 DKK m
<i>Executive Board</i>				
Number	4	4 **]	4	4 **]
Base salary	12.6	9.9	12.6	9.9
- less fees received from directorships	1.6	1.7	1.6	1.7
The Bank's expense, base salary	11.0	8.2	11.0	8.2
Pension, ordinary contribution	1.6	1.1	1.6	1.1
Pension, ekstraordinært indskud	0.9	0.0	0.9	0.0
Total remuneration earned and paid	13.5	9.3	13.5	9.3

Breakdown of remuneration to Executive Board

Lasse Nyby *)

Base salary	3.5	3.5	3.5	3.5
- less fees received from directorships	0.5	0.6	0.5	0.6
The Bank's expense, base salary	3.0	2.9	3.0	2.9
Pension, ordinary contribution	0.5	0.4	0.5	0.4
Pension, extraordinary single payment	0.3	0.0	0.3	0.0
Total remuneration earned and paid	3.8	3.3	3.8	3.3

Bent Jensen *)**]

Base salary	3.0	0.3	3.0	0.3
- less fees received from directorships	0.0	0.0	0.0	0.0
The Bank's expense, base salary	3.0	0.3	3.0	0.3
Pension, ordinary contribution	0.3	0.1	0.3	0.1
Total remuneration earned and paid	3.3	0.4	3.3	0.4

John Lundsgaard

Base salary	3.1	3.1	3.1	3.1
- less fees received from directorships	0.6	0.6	0.6	0.6
The Bank's expense, base salary	2.5	2.5	2.5	2.5
Pension, ordinary contribution	0.4	0.3	0.4	0.3
Total remuneration earned and paid	2.9	2.8	2.9	2.8

Lars Møller *)

Base salary	3.0	3.0	3.0	3.0
- less fees received from directorships	0.5	0.5	0.5	0.5
The Bank's expense, base salary	2.5	2.5	2.5	2.5
Pension, ordinary contribution	0.4	0.3	0.4	0.3
Pension, extraordinary single payment	0.6	0.0	0.6	0.0
Total remuneration earned and paid	3.5	2.8	3.5	2.8

*) To which must be added employer-paid car

**) Bent Jensen took office in connection with the merger with Sparbank on 15 November 2012.

The Executive Board receives no variable pay.

The Parent Company and the Group have the same Executive Board. The Executive Board receives remuneration for its Group executive board duties based on the management agreements with the individual subsidiaries.

Termination rules:

The members of the Executive Board have a term of notice of 12 months and will receive compensation on termination of employment corresponding to two years' pay.

Pension obligation:

Like the other employees, members of the Executive Board and material risk takers are comprised by defined-contribution pension plans.

The contractual provisions upon resignation in connection with transition to a retirement plan between age 60 and 64 previously applying to Lasse Nyby, Lars Møller and John Lundsgaard were removed as at 30 April 2013 and replaced by a higher regular pension contribution coupled with a higher extraordinary single pension payment. In this connection, provisions of DKK 1.1 million previously made were reversed

Incentive schemes:

No new share-option schemes were established for any of the Bank's staff groups.

NOTES

	Spar Nord The Group 2013 DKK m	Spar Nord The Group 2012 DKK m	Spar Nord Parent Company 2013 DKK m	Spar Nord Parent Company 2012 DKK m
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The amount of loans, mortgages, pledges, sureties or guarantees and the associated collateral provided on behalf of the below-mentioned board members:

Loans, advances and loan commitments, etc.	Interest rates 2013	Interest rates 2012				
Executive Board	2.49-2.60	2.53-5.38	4.8	4.9	4.8	4.9
Board of Directors	0.49-7.75	0.53-7.75	42.1	56.8	42.1	56.8
Of which, unutilized loan commitments and guarantees, Executive Board			4.0	3.9	4.0	3.9
Of which, unutilized loan commitments and guarantees, Board of Directors			13.9	31.4	13.9	31.4

Employee-elected Directors are eligible for bank staff loans/credits.

Mastercard debit balances are interest free for the Bank's customers, as well as for the Executive Board and Board of Directors.

Deposits:

Executive Board	6.0	4.1	6.0	4.1
Board of Directors	9.5	7.9	9.5	7.9

Collateral provided:

Executive Board	0.0	0.0	0.0	0.0
Board of Directors	19.1	28.3	19.1	28.3

Tax deduction for salaries to the Executive Board:

Pursuant to the Act on State-Funded Capital Injections to Credit Institutions, only 50% of the Executive Board salaries may be deducted for tax purposes until the governmental hybrid capital has been repaid.

In 2013 tax deductions of DKK 6.7 million were made (2012: DKK 4.7 million).

Number of employees:

The average number of employees during the financial year in terms of full-time employees:

- continuing activities	1,535.7	1,377.9	1,535.7	1,377.9
- discontinuing activities	17.9	25.0	-	0.4

Administrative expenses:

IT expenses	299.3	256.1	299.3	256.0
Marketing costs	90.1	85.8	90.1	85.8
Cost of premises	92.7	82.4	99.0	85.3
Staff costs and travelling expenses	54.1	53.7	54.1	53.7
Office expenses	34.5	30.7	34.5	30.7
Other administrative expenses	26.6	45.8	26.3	45.7
Total	597.3	554.5	603.3	557.2

NOTE 14 SHARE-BASED PAYMENT

Share-option scheme

No new share-option schemes were established in 2013. The only schemes consist of the Spar Nord Bank share-option scheme under which shares were allocated in 2005-2007, as well as the share-option scheme under which shares were allocated in 2008, taken over in connection with the merger with Sparbank in November 2012.

The two share-option schemes are outlined below.

Share-option scheme established within the framework of Sparbank:

In the period 2005-2007, Spar Nord Bank had a share-option scheme for the Executive Board and executive staff members. The share-option scheme has expired. The share-option scheme comprised 50,000 shares at 31 December 2013 (2012: 50,000 shares).

The share-option scheme merely comprises executive staff, as the Executive Board members of Sparbank waived the right to participate. The exercise period expires on 1 April 2015.

The share-option scheme established within the framework of Spar Nord Bank (expired in 2012):

In the period 2005-2007, Spar Nord Bank had a share-option scheme for the Executive Board and executive staff members. The share-option scheme has expired. The share-option scheme comprised a total of 664,371 shares at 31 December 2012. Each share option entitled the option holder to buy one issued share of nom. DKK 10 in Spar Nord Bank.

The share option scheme ran until 2007 with an annual allocation of max. 930,000 options. The Board of Directors made an annual decision on the number of share options to be allocated to each of the above-mentioned persons.

The options were issued at an exercise price that corresponds to a simple average of "price [all trades]" five days before and five days after the publishing of the annual report for the relevant allocation period. Options granted will not be affected by the employee's resignation. As a main rule, the options granted are not transferable. Special provisions apply in case of the option holder's death.

The options may be exercised after at least three years and a max. of five years as from the respective dates of allocation. The options may only be exercised during a period of six weeks after the publishing of annual reports or interim financial reports. The last exercise period of the share-option scheme ran six weeks from the publication of the Annual Report for 2012.

The options can only be settled by way of shares.

Specification of outstanding share options:

Share options	Executive Board, the Group	Number Other executive staff members	Total	Average exercise price, DKK	Fair value per option *], DKK	Total fair value *], DKK m
Allocated 2005-2007						
Beginning of 2012	201,231	1,181,070	1,382,301	92.5-98.4	11.6-27.2	8.3-18.1
Additions relating to merger	0	50,000	50,000	141.0	29.7	1.5
Lapsed	0	0	0			
Exercised	0	0	0			
Expired	108,837	609,093	717,930			
End-2012	92,394	621,977	714,371	98.4-141.0	27.2-29.7	1.5-18.1
Additions relating to merger	0	0	0			
Lapsed	0	0	0			
Exercised	0	0	0			
Expired	92,394	571,977	664,371			
End-2013	0	50,000	50,000	141.0	29.7	1.5
Number of options that may be exercised at the end of 2012	92,394	621,977	714,371			
Number of options that may be exercised at the end of 2013	0	50,000	50,000			

*) At the time of allocation.

The outstanding options correspond to 0.04% (2012: 0.6%) of the share capital if all share options are exercised.

The average share price for **exercised options** at the time of exercise is of no relevance, as no options were exercised in 2012 and 2013.

For **outstanding options** at 31 December 2013, the average remaining term was 1.3 years (2012: 2.0 years), and the exercise price for each option is DKK 141.0. (2012: DKK 98.4-141.0 per option).

Employee shares

Currently, the Spar Nord Group has no established bonus schemes for any employees by way of allocation of shares qualifying for special tax privileges, based on certain performance-contingent assumptions.

15 AUDIT FEES *)

	Spar Nord The Group 2013 DKK m	Spar Nord The Group 2012 DKK m	Spar Nord Parent Company 2013 DKK m	Spar Nord Parent Company 2012 DKK m
Fees to the audit firm elected at the General Meeting	3.0	3.8	2.3	3.5
Fees to other audit firms for services other than audit	0.3	0.2	0.3	0.1
Total audit fees	3.3	4.0	2.6	3.6

Total fees to the audit firm elected at the General Meeting break down as follows:

	Spar Nord The Group 2013 DKK m	Spar Nord The Group 2012 DKK m	Spar Nord Parent Company 2013 DKK m	Spar Nord Parent Company 2012 DKK m
Statutory audit	1.5	1.1	0.8	0.8
Other assurance engagements	0.3	1.4 **)	0.3	1.4 **)
Tax and VAT advice	0.6	0.8 ***)	0.6	0.8 ***)
Other services	0.6	0.5 ****)	0.6	0.5 ****)
Total fees to the audit firm elected at the General Meeting	3.0	3.8	2.3	3.5

*) Including discontinuing activities

**) Of which fees for merger-related services, DKK 1.3 million

***) Of which fees for merger-related services, DKK 0.5 million

****) Of which fees for merger-related services, DKK 0.5 million

NOTES

NOTE

	Spar Nord The Group 2013 DKK m	Spar Nord The Group 2012 DKK m	Spar Nord Parent Company 2013 DKK m	Spar Nord Parent Company 2012 DKK m
16 DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT				
<i>Intangible assets</i>				
Customer relations, amortization	6.2	3.4	6.2	3.4
Other intangible assets, amortization	5.5	4.5	5.5	4.5
<i>Property, plant and equipment</i>				
Corporate properties, depreciation	14.4	12.8	13.0	12.3
Corporate properties, net revaluations and impairment	10.2	9.2	0.7	5.4
Other property, plant and equipment, depreciation	4.5	0.0	4.5	0.0
Temporary property portfolio, depreciation and impairment	44.4	42.2	44.4	42.3
Total depreciation, amortization and impairment of intangible assets and property, plant and equipment	85.2	72.1	74.3	67.9

17 OTHER OPERATING EXPENSES				
Contributions to sector-wide solutions	103.8	54.4	103.8	54.4
Miscellaneous operating expenses	-3.6	1.1	-3.6	1.1
Other operating expenses, total	100.2	55.5	100.2	55.5

Contributions to sector-wide solutions primarily consisted of contributions to the statutory depositors' guarantee fund in Denmark under which the participating institutions pay a fixed annual contribution of 2.5‰ of the guaranteed deposits ("insurance-based model").

18 IMPAIRMENT OF LOANS, ADVANCES AND RECEIVABLES, ETC.				
Receivables from credit institutions and central banks	10.5	0.0	10.5	0.0
Loans and advances	694.6	597.3	694.6	597.3
Guarantees	0.1	1.7	0.1	1.7
Total impairment of loans, advances and receivables, etc.	705.2	599.0	705.2	599.0

The impairment accounts for loans & advances and guarantees, respectively, are shown in notes 36 and 56.

19 PROFIT/LOSS ON EQUITY INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES				
Profit/loss on equity investments in associates	77.6	86.7	77.6	86.7
Profit/loss on equity investments in group enterprises	0.0	0.0	31.1	0.2
Total profit/loss on equity investments in associates and group enterprises	77.6	86.7	108.7	86.9

20 TAX				
<i>Tax for the year can be broken down as follows:</i>				
Tax on profit/loss on continuing activities	136.4	55.9	126.7	57.2
Tax on profit/loss on discontinuing activities	-3.0	10.4	4.4	0.2
Tax on other comprehensive income	0.0	-16.0	0.0	-16.0
Total tax	133.4	50.3	131.1	41.4

Tax on the profit/loss on continuing activities breaks down as follows:

Current tax	0.9	0.3	-3.4	0.0
Deferred tax for the year	135.2	59.5	126.3	59.2
Deferred tax, effect after reduction of Danish corporate tax rate	3.1	0.0	1.8	0.0
Deferred tax, effect of tax loss not recognized for prior years	-4.7	0.0	0.0	0.0
Deferred tax, prior year(s)	15.4	-3.0	13.2	-3.2
Post-adjustment of current tax for prior years	-13.5	-0.9	-11.2	1.2
Tax on profit/loss for the year on continuing activities	136.4	55.9	126.7	57.2

The effective tax rate on continuing activities results as follows:

Current Danish tax rate, %	25.0	25.0	25.0	25.0
Reduction of Danish corporate tax rate from 25% to 22% over the period until 2016, %	0.5	0.0	0.3	0.0
Effect of tax loss not recognized for prior years, %	-0.8	0.0	0.0	0.0
Profit/loss on equity investments and market-value adjustment of shares, %	-6.5	-1.3	-6.7	-1.3
Non-deductible costs and non-taxable income, %	4.0	-0.8	2.3	-1.2
Adjustment of taxes relating to prior years, %	0.3	-0.8	0.3	-0.1
Total effective tax rate, %	22.5	22.1	21.2	22.4

Tax on other comprehensive income The Group	Before tax	2013 Tax income/ expense	After tax	Before tax	2012 Tax income/ expense	After tax
Adjustment relating to associates	-2.9	0.0	-2.9	-0.3	0.0	-0.3
Exchange-rate adjustments upon translation of foreign entity	-4.2	0.0	-4.2	4.3	0.0	4.3
Net revaluation of properties	1.4	0.0	1.4	9.1	16.0	25.1
Tax on other comprehensive income, total	-5.7	0.0	-5.7	13.1	16.0	29.1

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NOTE

21 RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS

	Spar Nord The Group 31.12.13 DKK m	Spar Nord The Group 31.12.12 DKK m	Spar Nord Parent Company 31.12.13 DKK m	Spar Nord Parent Company 31.12.12 DKK m
Receivables from central banks, subject to notice	0.0	0.0	0.0	0.0
Receivables from credit institutions	3,212.4	3,977.1	3,190.7	3,965.8
Total receivables from credit institutions and central banks	3,212.4	3,977.1	3,190.7	3,965.8
Of which, subordinated receivables	5.5	18.1	5.5	18.1
<i>Shown by term to maturity</i>				
Demand deposits	112.3	207.4	112.3	196.4
Up to 3 months	3,044.6	3,571.1	3,022.9	3,571.1
Over 3 months and up to 1 year	0.0	141.7	0.0	141.6
Over 1 year and up to 5 years	0.0	38.8	0.0	38.6
Over 5 years	55.5	18.1	55.5	18.1
Total	3,212.4	3,977.1	3,190.7	3,965.8
<i>Of which, genuine purchase and resale transactions</i>				
Reverse transactions	1,865.0	1,730.5	1,865.0	1,730.5

22 LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTIZED COST

Loans and advances, banking activities *)	33,772.9	34,916.1	34,803.3	36,802.1
Loans and advances, reverse transactions	1,785.6	115.5	1,785.6	115.5
Loans and advances, leasing activities	2,089.6	4,026.3	197.8	323.2
Loans, advances and other receivables at amortized cost, total	37,648.1	39,057.9	36,786.7	37,240.8
<i>*) The item "Loans and advances, banking activities" comprises all loans and advances except those classified as reverse transactions and leasing activities and mainly includes loans and advances in the business areas Spar Nord's Local Banks and Trading, Financial Markets & the International Division.</i>				
<i>Broken down by category</i>				
Overdraft facilities	21,722.3	22,967.9	22,390.2	24,033.1
Lease contracts	1,899.8	3,699.3	181.9	323.2
Mortgage deeds	37.7	43.0	37.7	43.0
Other loans and advances	13,988.3	12,347.7	14,176.9	12,841.5
Total	37,648.1	39,057.9	36,786.7	37,240.8
Of which, subordinated receivables	14.7	11.2	14.7	11.2
<i>Shown by term to maturity</i>				
Demand deposits	4,167.6	4,146.7	4,167.6	4,184.1
Up to 3 months	3,755.9	3,245.3	4,185.6	3,506.9
Over 3 months and up to 1 year	11,512.0	9,620.7	11,396.6	9,857.6
Over 1 year and up to 5 years	7,560.4	10,543.4	6,427.1	8,419.7
Over 5 years	10,652.2	11,501.8	10,609.8	11,272.5
Total	37,648.1	39,057.9	36,786.7	37,240.8
<i>Loans and advances, leasing activities</i>				
Lease contracts, etc.	1,899.8	3,699.3	181.9	323.2
Sales contracts	189.8	327.0	15.9	0.0
Total loans and advances, leasing activities	2,089.6	4,026.3	197.8	323.2

Finance lease assets, with the Group as lessor, comprise agricultural equipment, passenger cars and trucks, industrial machinery, contractor's equipment, etc.

The lease contracts are entered into for a term of zero to eight years, with individually agreed lease payments. The leases are floating-rate and fixed-rate contracts in foreign and Danish currency.

The contracts can be terminated during the lease term. The Spar Nord Group is phasing out the leasing activities.

NOTES

	Spar Nord The Group 31.12.13 DKK m	Spar Nord The Group 31.12.12 DKK m	Spar Nord Parent Company 31.12.13 DKK m	Spar Nord Parent Company 31.12.12 DKK m
Lease payments broken down according to contractual term to maturity *)				
<i>Gross investments in finance leases</i>				
Up to 1 year	723.2	1,271.1	16.4	55.4
1 – 5 years	1,282.4	2,571.3	173.9	275.8
Over 5 years	37.2	207.4	4.2	27.6
Total	2,042.8	4,049.8	194.5	358.8
Of which, unearned, future financial income	143.0	350.5	12.6	35.6
Net investments in finance leases	1,899.8	3,699.3	181.9	323.2
<i>Net investments in finance leases</i>				
Up to 1 year	672.3	1,161.9	15.4	49.9
1 – 5 years	1,193.0	2,348.1	162.6	248.4
Over 5 years	34.5	189.3	3.9	24.9
Total	1,899.8	3,699.3	181.9	323.2
*) The Group's lease contracts consist mainly of finance leases and are recognized in the balance sheet under lending, leasing activities.				
Accumulated impairment of uncollectible minimum lease payments receivable	41.4	46.3	16.6	0.0
Lease payments recognized in the income statement under the item Interest income in note 50, Discontinuing activities	144.0	260.2	15.6	16.1
Average remaining term of the lease contracts (years)	1.5	1.8	1.5	1.6
Gross loans, advances and guarantees broken down by sectors and industries (%)				
Public authorities	4.7	3.8	4.8	3.9
<i>Business customers</i>				
Agriculture, hunting, forestry and fisheries	9.1	10.6	7.9	8.6
Industry and raw materials extraction	4.0	4.2	3.4	3.3
Energy supply	4.2	4.1	4.2	4.1
Building and construction	3.8	4.3	3.3	3.2
Trade	7.9	8.2	7.7	7.8
Transport, hotels and restaurants	4.1	4.6	3.2	2.9
Information and communication	0.3	0.4	0.3	0.4
Financing and insurance	7.6	4.7	10.6	9.8
Real estate	10.9	11.8	11.0	12.1
Other business areas	7.0	6.5	6.6	5.8
Business customers, total	58.9	59.4	58.2	58.0
Retail customers	36.4	36.8	37.0	38.1
Total credit risks	100.0	100.0	100.0	100.0

NOTES

NOTE

	Spar Nord The Group 31.12.13 DKK m	Spar Nord The Group 31.12.12 DKK m	Spar Nord Parent Company 31.12.13 DKK m	Spar Nord Parent Company 31.12.12 DKK m
23 BONDS AT FAIR VALUE				
Mortgage-credit bonds	15,073.1	17,155.2	15,073.1	17,155.2
Government bonds	465.4	271.4	465.4	271.4
Other bonds	3,271.9	2,822.7	3,271.9	2,822.7
Bonds at fair value, total	18,810.4	20,249.3	18,810.4	20,249.3
Of which, subordinated receivables	124.8	11.2	124.8	11.2

All bonds form part of the Bank's trading portfolio.

24 SHARES, ETC.				
Shares/unit trust certificates listed on Nasdaq OMX Copenhagen A/S	116.7	102.2	116.7	102.2
Shares/unit trust certificates listed on other stock exchanges	23.4	17.3	23.4	17.3
Unlisted shares at fair value	1,075.4	1,082.9	835.5	1,070.2
Total shares, etc.	1,215.5	1,202.4	975.6	1,189.7
Trading portfolio	158.4	160.8	158.4	148.1
Other shares at fair value using the fair-value option	1,057.1	1,041.6	817.2	1,041.6
Total shares	1,215.5	1,202.4	975.6	1,189.7

Securities that are not included in the Group's trading portfolio are measured at fair value with the ensuing changes in value in the income statement using the fair-value option.

The securities form part of a portfolio that is managed – and on which the returns are measured on the basis of fair value – in accordance with a documented risk management and investment strategy.

25 EQUITY INVESTMENTS IN ASSOCIATES				
Total purchase price, beginning of year	496.4	327.9	489.6	310.2
Reclassified from shares, etc.	0.0	144.1	0.0	144.1
Additions relating to merger	0.0	35.1	0.0	35.1
Additions	0.3	0.2	0.3	0.2
Disposals	6.7	10.9	0.0	0.0
Total purchase price, end of year	496.4	496.4	489.9	489.6
Revaluations and impairment, beginning of year	496.4	437.2	503.1	454.4
Reclassified from shares, etc.	0.0	13.8	0.0	13.8
Profit/loss	77.6	86.7	77.6	86.7
Dividend	70.4	51.9	70.4	51.5
Other capital movements recognized in other comprehensive income	-2.9	-0.3	-2.9	-0.3
Reversal of revaluations and impairment losses	-6.6	-10.9	0.0	0.0
Revaluations and impairment, end of year	507.3	496.4	507.4	503.1
Book portfolio, end of year	997.3	992.8	997.3	992.7
Of which, credit institutions	732.9	695.6	732.9	695.6
Value of the portfolio of listed shares at the official year-end prices	476.1	347.8	476.1	347.8

NOTES

ASSOCIATES

2013

	Registered office	Revenue DKK m	Profit/loss for the year DKK m	Assets DKK m	Liabilities DKK m	Ownership interest					
						Spar Nord The Group Ownership interest %	Spar Nord Parent Company Ownership interest %	Spar Nord The Group Shareholders' equity DKK m	Spar Nord The Group Profit/loss for the year DKK m	Spar Nord Parent Company Shareholders' equity DKK m	Spar Nord Parent Company Profit/loss for the year DKK m
Core Property Management A/S	Copenhagen	-	7.9	27.6	4.6	20.0	20.0	4.6	1.6	4.6	1.6
Fjerritslev Gruppen ApS	Fjerritslev	-	0.0	0.2	0.0	33.3	33.3	0.1	0.0	0.1	0.0
Høgsberg Assurance Service A/S	Hørsholm	-	0.5	6.7	0.6	36.8	36.8	2.2	0.2	2.2	0.2
JSNA Holding A/S	Aalborg	-	0.2	4.3	0.0	33.3	33.3	1.4	0.1	1.4	0.1
Nørresundby Bank A/S (1)	Nørresundby	424.2	73.0	9,352.4	8,009.8	50.2	50.2	674.0	36.6	674.0	36.6
Skandinavisk Data Center A/S	Ballerup	1,233.6	-265.8	1,616.7	868.4	23.5	23.5	175.9	-62.5	175.9	-62.5
ValueInvest Asset Management S.A.	Luxembourg	-	43.4	99.7	12.2	24.3	24.3	21.3	10.5	21.3	10.5

Other significant equity investments

Erhvervsinvest K/S	Aalborg	-	194.4	223.8	1.9	22.0	22.0	48.8	42.8	48.8	42.8
Nørager Industrihuse I/S	Nørager	0.1	0.1	0.9	0.0	34.9	34.9	0.3	0.0	0.3	0.0
K/S IRMTRAUT plejehjem	Randers	-	-2.6	46.4	55.5	20.0	20.0	-1.8	-0.5	-1.8	-0.5

The above accounting figures were sourced from the annual reports most recently published.

- 1) The voting rights in Nørresundby Bank A/S are restricted. Significant influence is considered to exist due to other factors.

ASSOCIATES

2012

	Registered office	Revenue DKK m	Profit/loss for the year DKK m	Assets DKK m	Liabilities DKK m	Ownership interest					
						Spar Nord The Group Ownership interest %	Spar Nord Parent Company Ownership interest %	Spar Nord The Group Shareholders' equity DKK m	Spar Nord The Group Profit/loss for the year DKK m	Spar Nord Parent Company Shareholders' equity DKK m	Spar Nord Parent Company Profit/loss for the year DKK m
Core Property Management A/S	Copenhagen	-	7.5	26.9	2.9	20.0	20.0	4.8	1.5	4.8	1.5
Fjerritslev Gruppen ApS (1)	Fjerritslev	-	0.0	0.3	0.0	33.3	0.0	0.1	0.0	-	-
Høgsberg Assurance Service A/S	Hørsholm	-	-3.2	6.5	0.5	36.8	36.8	2.2	-1.2	2.2	-1.2
JSNA Holding A/S	Aalborg	-	-0.4	4.1	0.0	33.3	33.3	1.4	-0.1	1.4	-0.1
Nørresundby Bank A/S (2)	Nørresundby	421.4	40.8	9,358.7	8,077.0	50.2	50.2	643.4	20.5	643.4	20.5
Skandinavisk Data Center A/S	Ballerup	1,294.9	20.1	1,310.7	465.3	23.5	23.5	198.8	4.7	198.8	4.7
ValueInvest Asset Management S.A.	Luxembourg	-	43.0	83.4	12.8	24.3	24.3	17.1	10.4	17.1	10.4

Other significant equity investments

Erhvervsinvest K/S	Aalborg	-	21.0	203.6	0.6	22.0	22.0	44.6	4.6	44.6	4.6
Nørager Industrihuse I/S	Nørager	0.1	0.1	0.9	0.0	33.3	33.3	0.3	0.0	0.3	0.0
K/S IRMTRAUT plejehjem	Randers	3.6	-9.9	46.6	58.2	20.0	20.0	-2.3	-2.0	-2.3	-2.0

- 1) Owned by Erhvervsinvest Nord A/S, Aalborg.
1) The voting rights in Nørresundby Bank A/S are restricted. Significant influence is considered to exist due to other factors.

NOTES

NOTE

Spar Nord
The Group
31.12.13
DKK m

Spar Nord
The Group
31.12.12
DKK m

Spar Nord
Parent Company
31.12.13
DKK m

Spar Nord
Parent Company
31.12.12
DKK m

26 EQUITY INVESTMENTS IN GROUP ENTERPRISES

Total purchase price, beginning of year	0.0	3.7	1,369.7	175.9
Additions relating to merger	0.0	0.0	0.0	188.5
Additions *)	0.0	0.0	10.0	1,009.0
Disposals	0.0	3.7	0.0	3.7
Total purchase price, end of year	0.0	0.0	1,379.7	1,369.7
Revaluations and impairment, beginning of year	0.0	-3.7	348.4	315.0
Profit/loss	0.0	0.0	85.1	25.4
Dividend	0.0	0.0	250.0	0.0
Other capital movements	0.0	0.0	-4.1	4.3
Reversal of revaluations and impairment losses	0.0	-3.7	0.0	-3.7
Revaluations and impairment, end of year	0.0	0.0	179.4	348.4
Book portfolio, end of year	0.0	0.0	1,559.1	1,718.1

*) Additions in 2013 relate to a capital increase of DKK 10.0 million in Spar Nord Ejendomsselskab A/S.

Additions in 2012 relate to a capital increase of DKK 1,000.0 million in Aktieselskabet Skelagervej 15 and a contribution of DKK 9.0 million to Spar Nord Ejendomsselskab A/S.

GROUP ENTERPRISES

	Share capital End of year DKK m	Shareholders' equity End of year DKK m	Profit/loss for the year DKK m	Spar Nord The Group 2013 %	Spar Nord The Group 2012 %	Spar Nord Parent Company 2013 %	Spar Nord Parent Company 2012 %
<i>Consolidated companies</i>							
Erhvervsinvest Nord A/S, Aalborg	30.0	52.8	10.9	100.0	100.0	100.0	100.0
Aktieselskabet Skelagervej 15, Aalborg [1]	27.0	1,219.0	27.5	100.0	100.0	100.0	100.0
Spar Nord Ejendomsselskab A/S, Aalborg	12.0	12.7	-7.3	100.0	100.0	100.0	100.0
Spar Nord Leasing A/S, Aalborg [2]	10.0	274.6	54.0	100.0	100.0	100.0	100.0
SN Finans Nord AB, Sweden [2]	74.6	95.8	6.8	100.0	100.0	-	-

1) Previously Skive Erhvervsinvest A/S. Acquired in connection with the merger with Sparbank A/S as at 15 November 2012.

2) The company's activities are being phased out.

All companies are subsidiaries that are wholly owned, directly or indirectly, by Spar Nord Bank A/S.

NOTES

NOTE

27 INTANGIBLE ASSETS

Goodwill

	Spar Nord The Group 31.12.13 DKK m	Spar Nord The Group 31.12.12 DKK m	Spar Nord Parent Company 31.12.13 DKK m	Spar Nord Parent Company 31.12.12 DKK m
Total purchase price, beginning of year	170.6	135.4	141.6	106.4
Additions relating to merger	0.0	35.2	0.0	35.2
Disposals	29.0	0.0	0.0	0.0
Total purchase price, end of year	141.6	170.6	141.6	141.6
Amortization and impairment, beginning of year	30.7	30.7	1.7	1.7
Impairment for the year	0.0	0.0	0.0	0.0
Reversal of impairment on disposals	29.0	0.0	0.0	0.0
Amortization and impairment, end of year	1.7	30.7	1.7	1.7
Book portfolio, end of year	139.9	139.9	139.9	139.9

Customer relations

Total purchase price, beginning of year	61.6	29.3	61.6	29.3
Additions relating to merger	0.0	32.3	0.0	32.3
Additions	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0
Total purchase price, end of year	61.6	61.6	61.6	61.6
Amortization and impairment, beginning of year	12.5	9.1	12.5	9.1
Amortization for the year	6.2	3.4	6.2	3.4
Amortization and impairment, end of year	18.7	12.5	18.7	12.5
Book portfolio, end of year	42.9	49.1	42.9	49.1

Other intangible assets

Total purchase price, beginning of year	41.4	32.4	41.4	32.4
Additions	25.6	9.0	25.6	9.0
Disposals	10.1	0.0	10.1	0.0
Total purchase price, end of year	56.9	41.4	56.9	41.4
Amortization and impairment, beginning of year	30.4	25.9	30.4	25.9
Amortization for the year	5.5	4.5	5.5	4.5
Reversal of amortization on disposals	10.1	0.0	10.1	0.0
Amortization and impairment, end of year	25.8	30.4	25.8	30.4
Book portfolio, end of year	31.1	11.0	31.1	11.0

The remaining amortization periods are 4-9 years (2012: 6-10 years) for customer relations and 1-5 years (2012: 1-5 years) for other intangible assets, and goodwill had an indefinite useful life in both 2013 and 2012.

The Spar Nord Group	Purchase price	Additions/ disposals	Purchase price	Amort. and impairment	Amort. and impairment	Amort. and impairment on disposals	Amort. and impairment	Book portfolio
Goodwill - 2013	01.01.13	2013	31.12.13	01.01.13	2013	2013	31.12.13	31.12.13
DKK m								
Banking activities, Roskilde Bank branches	86.8	0.0	86.6	0.0	0.0	0.0	0.0	86.8
Banking activities, Sparbank	35.2	0.0	35.2	0.0	0.0	0.0	0.0	35.2
Banking activities, branches, Other	19.6	0.0	19.6	1.7	0.0	0.0	1.7	17.9
Banking activities, Spar Nord's Local Banks	141.6	0.0	141.6	1.7	0.0	0.0	1.7	139.9
Spar Nord Leasing (discontinuing activities)	29.0	-29.0	0.0	29.0	0.0	-29.0	0.0	0.0
Goodwill, total	170.6	-29.0	141.6	30.7	0.0	-29.0	1.7	139.9

Goodwill - 2012	Purchase price	Additions/ disposals	Purchase price	Amort. and impairment	Amort. and impairment	Amort. and impairment on disposals	Amort. and impairment	Book portfolio
DKK m	01.01.12	2013	31.12.12	01.01.12	2012	2013	31.12.12	31.12.12
Banking activities, Roskilde Bank branches	86.8	0.0	86.8	0.0	0.0	0.0	0.0	86.8
Banking activities, Sparbank	-	35.2	35.2	-	0.0	0.0	0.0	35.2
Banking activities, branches, Other	19.6	0.0	19.6	1.7	0.0	0.0	1.7	17.9
Banking activities, Spar Nord's Local Banks	106.4	35.2	141.6	1.7	0.0	0.0	1.7	139.9
Spar Nord Leasing (discontinuing activities)	29.0	0.0	29.0	29.0	0.0	0.0	29.0	0.0
Goodwill, total	135.4	35.2	170.6	30.7	0.0	0.0	30.7	139.9

IMPAIRMENT TEST

In recent years, the Group's markets have developed negatively, with increasing unemployment, falling property prices and low growth rates.

The impairment test compares the carrying amount with the estimated present value of the anticipated future cash flows. The special debt structure in financial groups means that the calculation basis for the present value of future cash flows is based on a simplified equity model. The equity model is based on approved strategies and earnings estimates for the cash-generating business areas for the next five years.

The share of equity has been fixed at 8% of risk-weighted items.

The impairment test in 2013 did not give rise to any writedowns for impairment of goodwill or other intangible assets.

Goodwill

The Spar Nord Group's goodwill with an indefinite useful life is tested annually for impairment. The activities are tested on the identified cash-generating unit to which the assets have been allocated.

Goodwill is allocated to the cash-generating business area - Spar Nord's Local Banks - which is the business area comprising the branch network. For a more detailed description of Spar Nord's Local Banks, reference is made to the Management's review under "Business areas".

In 2013, goodwill related to Spar Nord Leasing was booked under disposals, as the activity is being discontinued and the goodwill was written down in 2011.

In the preliminary cost allocation, see note 49, the merger with Sparbank on 15 November 2012 resulted in goodwill being determined at DKK 35.2 million. No changes were made to the cost allocation in 2013. For more detailed descriptions of the activities taken over and the determination of goodwill in 2012, reference is made to note 49. The goodwill is attributable to synergies in Spar Nord's Local Banks.

Combined with low money-market rates and fairly high lending losses, the low economic growth expected in the near future is expected to result in reduced earnings. Earnings are expected to normalize gradually in the current budget period.

The most significant parameter for projection of future cash flows is developments in balance-sheet items. An average growth of 2.0% has been assumed in the budget period (1 to 5 years) and an average growth of 1.5% in the terminal period.

The estimated cash flows are discounted by a pre-tax required rate of return, conservatively fixed at 13.3% (2012: 13.3%).

The level of growth does not exceed the forecast for the general economic growth in the markets in question.

In addition, the projection of cash flows has been impacted by developments in the interest margin, cost ratio and impairment of loans and advances, etc.

The projection has been based on experience and expectations.

Customer relations

The carrying amount of customer relations in connection with the merger with Sparbank amounts to DKK million 28.7 at 31 December 2013 (2012: DKK million 31.9).

The carrying amount of customer relations recognized in Holbæk Bank Region is DKK million 14.2 mio. kr. (2012: DKK million 17.2).

The assumptions for recognizing customer relations have been compared with the corresponding realized results - primarily income in excess of net interest income and the cost rate.

The realized results are in line with the expectations, for which reason there are no indications of impairment.

Other intangible assets

Management has not identified factors showing any need for carrying out an impairment test in respect of other intangible assets.

Other intangible assets comprise software used by the Bank and are amortized at the rates stated in the accounting policies.

Sensitivity analyses

Management assesses that probable changes in basic assumptions will not lead the carrying amount of goodwill to exceed its recoverable amount.

The share of equity used has been fixed at 8% of the risk-weighted items of Spar Nord's Local Banks.

Sensitivity analyses show that the goodwill relating to Spar Nord's Local Banks is robust to changes in assumptions - even an increase in the discount rate of more than 90% (2012: more than 40%) or a reduction of pre-tax results of more than 50% (2012: more than 30%) or negative growth in balance-sheet items would not lead to impairment.

Projections for the budget period mean that about 69% of the present value of expected cash flows in Spar Nord's Local Banks relates to the terminal period (2012: 67%).

NOTES

NOTE 28 LAND AND BUILDINGS

	Spar Nord The Group 31.12.13 DKK m	Spar Nord The Group 31.12.12 DKK m	Spar Nord Parent Company 31.12.13 DKK m	Spar Nord Parent Company 31.12.12 DKK m
<i>Investment properties</i>				
Fair value, beginning of year	157.9	48.5	69.4	48.5
Additions relating to merger	0.0	108.5	0.0	20.0
Additions, including improvements	19.1	2.6	19.1	2.6
Disposals	4.5	0.6	4.5	0.6
Unrealized fair-value adjustment	-4.8	-1.1	-1.5	-1.1
Fair value, end of year	167.7	157.9	82.5	69.4

Required rate of return used in calculating the fair value (%)	6.0-14.5	6.8-14.5	6.0-14.5	7.5-14.5
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The unrealized fair-value adjustment is recognized in the item Market-value adjustments in the Parent Company's Financial Statements and in Other operating income in the Consolidated Financial Statements.

The fair value method (level 3 in the fair-value hierarchy) has been chosen for measuring investment properties. Investment properties consist mainly of business rental units. The periods of non-terminability for Spar Nord Bank in the leases do not exceed 20 years. As concerns information regarding return on investment properties, please refer to note 12.

Note 12 includes operating expenses relating to investment properties that did not generate any rental income during the year for:	0.3	0.2	0.3	0.2
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<i>Corporate properties</i>				
Total purchase price, beginning of year	732.9	554.2	617.3	512.8
Transferred to acquired properties	-60.7	0.0	-60.7	0.0
Additions	5.0	178.7	5.0	104.5
Disposals	45.1	0.0	45.1	0.0
Total purchase price, end of year	632.1	732.9	516.5	617.3
Depreciation and impairment, beginning of year	110.5	97.6	95.2	86.3
Transferred to acquired properties	-7.8	0.0	-7.8	0.0
Depreciation for the year	14.4	12.8	13.0	12.3
Net revaluations and impairment via the income statement	10.2	9.2	0.7	5.4
Changes in value recognized in other comprehensive income	-1.0	-9.1	0.4	-8.8
Depreciation and impairment on disposals	5.9	0.0	5.9	0.0
Depreciation and impairment, end of year	120.4	110.5	95.6	95.2
Fair value, end of year	511.7	622.4	420.9	522.1
Most recent official property valuation	475.4	593.4	374.2	519.3
Required rate of return used in calculating the fair value (%)	6.0 - 10.0	5.8 - 10.0	6.0 - 10.0	5.8 - 10.0
Carrying amount if corporate properties were measured according to the cost method	432.3	552.1	341.4	451.8

Net revaluations and impairment losses via other comprehensive income are included under depreciation and amortization at the end of the year in the notes detailing movements in intangible assets and property, plant and equipment (fixed-asset movement schedules).

An amount of DKK 0.0 million was recognized in 2013 (2012: DKK 0.0 million) in the Spar Nord Group under additions, corporate properties, regarding improvements to properties in the subsidiary Spar Nord Ejendomsselskab A/S. No borrowing costs were recognized in 2013 and 2012.

The valuation of corporate properties has been determined based on observable prices and other valuation methods. An expected residual value of 20-40% of the purchase price is recognized in the depreciation base of properties acquired.

In November 2013, an external valuation of all major properties was obtained from a real estate agent to support the calculation of fair value, including the rental rates and rates of return used. Management is of the opinion that no changes in value occurred during the period ending on 31 December 2013.

Due to developments in the real property market, the required rates of return used for some investment and corporate properties were slightly higher in 2013 than in 2012. Overall, the required rates of return remained within the 6.0-10.0% range (2012: 5.8-10.0%) for corporate properties and the 6.0-14.5% range (2012: 6.8-14.5%) for investment properties.

Security furnished to mortgage-credit institutions in the form of mortgages on land and properties has a carrying amount of:	129.9	0.0	64.4	0.0
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Sensitivity analyses

The most important assumptions used in calculating the fair value of corporate and investment properties are the required rate of return and the rental level.

All other things being equal, a 0.5 percentage point increase in the required rate of return will reduce the fair value by DKK 43.8 million (2012: DKK 50.9 million).

NOTES

NOTE 29 OTHER PROPERTY, PLANT AND EQUIPMENT, TOTAL

	Spar Nord The Group 31.12.13 DKK m	Spar Nord The Group 31.12.12 DKK m	Spar Nord Parent Company 31.12.13 DKK m	Spar Nord Parent Company 31.12.12 DKK m
Total purchase price, beginning of year	829.9	928.6	387.2	334.9
Transferred to finance leases	-2.6	-24.9	0.0	0.0
Additions relating to merger	0.0	40.1	0.0	40.1
Additions	54.9	51.4	38.4	28.4
Disposals	441.1	165.3	32.6	16.2
Total purchase price, end of year	441.1	829.9	393.0	387.2
Depreciation and impairment, beginning of year	432.4	385.0	227.3	198.5
Depreciation and impairment for the year	75.4	126.9	60.0	44.0
Reversal of depreciation and impairment for the year	213.5	79.5	23.7	15.2
Depreciation and impairment, end of year	294.3	432.4	263.6	227.3
Carrying amount, end of year	146.8	397.5	129.4	159.9

The figures at end-2013 include various fully written-off assets used for the Bank's and the Group's operations.

The initial cost of these assets was DKK 130.9 million (2012: DKK 105.7 million) in the Parent Company and DKK 132.4 million (2012: DKK 106.1 million) in the Group.

Lease contracts

Operating lease assets are recognized at	25.9	266.2	9.6	30.0
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The lease contracts were entered into for a term of zero to eight years, with individually agreed lease payments.

The contracts can be terminated during the lease term.

The Spar Nord Group is phasing out the leasing activities.

Operating leases

Up to 1 year	13.1	136.7	5.0	17.0
1 – 5 years	12.8	128.1	4.6	13.0
Over 5 years	0.0	1.4	0.0	0.0
Total	25.9	266.2	9.6	30.0

Lease payments relating to operating lease assets are recognized in the income statement under Profit/loss on discontinuing activities. In note 50, which specifies the profit or loss on discontinuing activities, the lease payments are included under Other operating income at an amount of

	27.3	121.1	9.8	18.1
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Average remaining term of the lease contracts (years)	1.0	1.0	0.8	1.0
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30 TEMPORARY ASSETS

Total purchase price, beginning of year	149.7	149.3	37.4	14.3
Transferred from corporate properties	60.7	0.0	60.7	0.0
Additions relating to merger	0.0	24.1	0.0	24.1
Additions	67.3	160.2	44.9	0.8
Disposals	108.2	183.9	15.8	1.8
Total purchase price, end of year	169.5	149.7	127.2	37.4
Depreciation and impairment, beginning of year	58.8	61.8	12.5	12.5
Transferred from corporate properties	7.8	0.0	7.8	0.0
Movements for the year	-17.4	-3.0	4.1	0.0
Depreciation and impairment, end of year	49.2	58.8	24.4	12.5
Carrying amount, end of year	120.3	90.9	102.8	24.9

Temporary assets comprise properties taken over in connection with the Bank's non-accrual loans.

Corporate properties expected to be sold within a 12-month period according to a publicized plan are treated as Temporary assets.

In the Group, this item also includes assets repossessed under non-performing leases in the form of trucks, agricultural machinery and heavy construction machinery.

Both properties and leased assets are expected to be disposed of within 12 months.

Properties are sold through estate agents, while leased assets are sold on the usual marketplace for the individual types of assets - primarily by auction or through dealers.

If, contrary to expectation, the assets are not sold within 12 months, they are reclassified to investment properties or, as the case may be, other property, plant and equipment.

NOTES

NOTE

	Spar Nord The Group 31.12.13 DKK m	Spar Nord The Group 31.12.12 DKK m	Spar Nord Parent Company 31.12.13 DKK m	Spar Nord Parent Company 31.12.12 DKK m
31 OTHER ASSETS				
Positive fair value of derivative instruments, etc.	1,393.9	2,067.5	1,393.9	2,067.5
Miscellaneous receivables	50.5	82.9	49.1	97.6
Interest and commissions receivable	330.1	380.9	335.1	391.2
Miscellaneous assets	74.1	47.4	74.0	47.3
Other assets, total	1,848.6	2,578.7	1,852.1	2,603.6

32 PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS

Payables to central banks	3,042.7	3,224.0	3,042.7	3,224.0
Payables to credit institutions	5,060.1	5,486.8	5,028.0	5,186.0
Total payables to credit institutions and central banks	8,102.8	8,710.8	8,070.7	8,410.0

Shown by term to maturity

On demand	862.6	1,020.2	862.3	1,020.2
Up to 3 months	4,161.0	4,498.7	4,161.0	4,197.9
Over 3 months and up to 1 year	0.0	0.0	0.0	0.0
Over 1 year and up to 5 years	3,000.0	3,000.0	3,000.0	3,000.0
Over 5 years	79.2	191.9	47.4	191.9
Total	8,102.8	8,710.8	8,070.7	8,410.0

Of which, genuine sale and repo transactions

Repo transactions	3,397.7	2,945.0	3,397.7	2,945.0
Mortgage debt on real property	67.7	0.6	35.9	0.6
The carrying amount of the mortgaged properties amounts to	130.7	0.7	65.1	0.7

33 DEPOSITS AND OTHER PAYABLES

On demand	28,453.4	27,252.5	29,135.5	27,668.1
Subject to notice	5,561.6	4,065.0	5,561.6	4,065.0
Time deposits	2,891.3	5,328.9	2,891.3	5,328.9
Special types of deposit	4,924.2	5,275.3	4,924.2	5,275.3
Deposits and other payables, total	41,830.5	41,921.7	42,512.6	42,337.3

Shown by term to maturity

On demand	28,453.4	27,252.5	29,135.5	27,668.1
Up to 3 months	3,199.2	2,502.3	3,199.2	2,502.3
Over 3 months and up to 1 year	2,500.6	2,606.3	2,500.6	2,606.3
Over 1 year and up to 5 years	4,226.0	5,801.2	4,226.0	5,801.2
Over 5 years	3,451.3	3,759.4	3,451.3	3,759.4
Total	41,830.5	41,921.7	42,512.6	42,337.3

Of which, genuine sale and repo transactions

Repo transactions	0.0	0.0	0.0	0.0
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34 ISSUED BONDS AT AMORTIZED COST

Shown by term to maturity

On demand	0.0	0.0	0.0	0.0
Up to 3 months	28.5	1,269.9	28.5	1,269.9
Over 3 months and up to 1 year	250.0	4,520.0	250.0	4,520.0
Over 1 year and up to 5 years	23.1	303.4	23.1	303.4
Over 5 years	0.0	0.0	0.0	0.0
Issued bonds at amortized cost, total	301.6	6,093.3	301.6	6,093.3

In 2012, issued bonds acquired in connection with the merger with Sparbank amounted to a total of DKK 3,104.3 million.

NOTES

NOTE

35 OTHER LIABILITIES

	Spar Nord The Group 31.12.13 DKK m	Spar Nord The Group 31.12.12 DKK m	Spar Nord Parent Company 31.12.13 DKK m	Spar Nord Parent Company 31.12.12 DKK m
Miscellaneous payables	1,524.1	1,758.0	1,506.7	1,718.4
Negative fair value of derivative instruments, etc.	1,362.0	2,173.6	1,362.0	2,173.6
Interest and commissions payable	206.4	230.2	168.8	182.3
Miscellaneous liabilities	575.0	747.2	400.8	493.0
Other liabilities, total	3,667.5	4,909.0	3,438.3	4,567.3

36 PROVISIONS FOR LIABILITIES

Provisions for deferred tax [see separate note 37]	169.8	138.0	0.0	0.0
Provisions for losses on guarantees	12.2	27.3	12.2	27.3
Provisions for losses in connection with legal proceedings	3.8	13.4	3.8	13.4
Other provisions for liabilities	64.9	55.2	64.9	55.2
Provisions for unutilized credit lines	9.9	6.3	9.9	6.3
Total provisions for liabilities	260.6	240.2	90.8	102.2

Provisions for losses on guarantees

Beginning of year	27.3	1.8	27.3	1.8
Additions relating to merger	0.0	25.0	0.0	25.0
New provisions	0.9	1.9	0.9	1.9
Reversal of provisions	0.8	1.4	0.8	1.4
Reversal of provisions taken over in connection with the merger with Sparbank	15.2	0.0	15.2	0.0
Provisions for losses on guarantees, end of year	12.2	27.3	12.2	27.3

The share of provisions for losses on guarantees taken over in connection with the merger with Sparbank in 2012 amounted to DKK 9.8 million (2012: DKK 25.0 million) [not included in note 56].

Losses on guarantees recognized in the income statement

New provisions	0.9	1.9	0.9	1.9
Reversal of provisions	0.8	1.4	0.8	1.4
Losses without prior provisions	0.0	1.2	0.0	1.2
Recognized in the income statement	0.1	1.7	0.1	1.7

Provisions for losses in connection with legal proceedings

Beginning of year	13.4	11.5	13.4	11.5
Additions relating to merger	0.0	6.2	0.0	6.2
New provisions	5.8	3.4	5.8	3.4
Reversal of provisions	15.4	7.7	15.4	7.7
End of year	3.8	13.4	3.8	13.4

Other provisions for liabilities

Beginning of year	55.2	40.4	55.2	40.3
Additions relating to merger	0.0	1.8	0.0	1.8
New provisions	15.1	15.5	15.1	15.5
Reversal of provisions	5.4	2.5	5.4	2.4
End of year	64.9	55.2	64.9	55.2

Provisions for unutilized credit lines

Beginning of year	6.3	4.9	6.3	4.9
New provisions	9.9	6.3	9.9	6.3
Reversal of provisions	6.3	4.9	6.3	4.9
End of year	9.9	6.3	9.9	6.3

Provisions for unutilized credit lines recognized in the income statement

New provisions	9.9	6.3	9.9	6.3
Reversal of provisions	6.3	4.9	6.3	4.9
Recognized in the income statement	3.6	1.4	3.6	1.4

NOTES

Broken down by term to maturity, shown by category for the Spar Nord Group

	Up to 3 months DKK m	3 months and up to 1 year DKK m	Over 1 year and up to 5 years DKK m	Over 5 years DKK m	Total DKK m
2013					
Provisions for deferred tax	0.0	38.6	131.2	0.0	169.8
Provisions for losses on guarantees	12.2	0.0	0.0	0.0	12.2
Provisions for losses in connection with legal proceedings	0.0	3.4	0.4	0.0	3.8
Other provisions for liabilities	0.8	52.1	6.8	5.2	64.9
Provisions for unutilized credit lines	9.9	0.0	0.0	0.0	9.9
Total provisions for liabilities	22.9	94.1	138.4	5.2	260.6

	Up to 3 months DKK m	3 months and up to 1 year DKK m	Over 1 year and up to 5 years DKK m	Over 5 years DKK m	Total DKK m
2012					
Provisions for deferred tax	0.0	0.0	138.0	0.0	138.0
Provisions for losses on guarantees	27.3	0.0	0.0	0.0	27.3
Provisions for losses in connection with legal proceedings	0.0	13.1	0.0	0.3	13.4
Other provisions for liabilities	0.8	24.8	21.4	8.2	55.2
Provisions for unutilized credit lines	6.3	0.0	0.0	0.0	6.3
Total provisions for liabilities	34.4	37.9	159.4	8.5	240.2

Uncertainty attaches to the due dates of liabilities for which provision has been made.

Provisions for deferred tax are specified in note 37.

Provisions for losses on guarantees have been made based on an individual assessment.

Provisions for losses in connection with legal proceedings have been made based on an individual assessment.

Other provisions for liabilities include provisions for rent commitments and anniversary lump sums.

Moreover, issues not relating to customer relations are recognized under this item.
Further information is not provided due to the nature of the issues involved.

Provisions for unutilized credit lines relate to provisions for losses on unutilized credit lines.

NOTES

NOTE 37 PROVISIONS FOR DEFERRED TAX

	Spar Nord The Group 31.12.13 DKK m	Spar Nord The Group 31.12.12 DKK m	Spar Nord Parent Company 31.12.13 DKK m	Spar Nord Parent Company 31.12.12 DKK m
Beginning of year	138.0	394.9	-196.4	2.4
Additions relating to merger	0.0	-267.2	0.0	-239.0
Deferred tax for the year recognized in the profit/loss for the year on continuing activities	149.0	56.5	141.3	56.0
Deferred tax for the year recognized in the profit/loss on discontinuing activities	-139.6	-24.5	0.0	0.2
Adjustment, payment of joint taxation contributions	0.0	-5.7	0.0	0.0
Deferred tax for the year recognized in other comprehensive income	0.0	-16.0	0.0	-16.0
End of year	147.4	138.0	-55.1	-196.4
Deferred tax assets	-22.4	0.0	-55.1	-196.4
Provisions for deferred tax	169.8	138.0	0.0	0.0
Deferred tax, net (liability)	147.4	138.0	-55.1	-196.4

Spar Nord Bank, the Group

Changes in deferred tax in 2013

	Beginning of year	Recognized in the profit/loss for the year	Recognized in other comprehensive income	End of year
Intangible assets	23.9	9.8	0.0	33.7
Property, plant and equipment	6.9	-48.2	0.0	-41.3
Loans, advances and other receivables at amortized cost	178.8	-12.7	0.0	166.1
Receivables from credit institutions and central banks	10.7	-4.1	0.0	6.6
Provisions for liabilities	-26.0	8.8	0.0	-17.2
Retaxation balance	0.0	1.4	0.0	1.4
Tax loss *)	-27.6	5.2	0.0	-22.4
Miscellaneous	-28.7	49.2	0.0	20.5
Total	138.0	9.4	0.0	147.4

Changes in deferred tax in 2012

	Beginning of year	Recognized in the profit/loss for the year	Recognized in other comprehensive income and additions relating to merger	End of year
Intangible assets	20.1	6.2	-2.4	23.9
Property, plant and equipment	99.6	0.9	-93.6	6.9
Loans, advances and other receivables at amortized cost	328.4	-35.7	-113.9	178.8
Shares	-0.9	6.0	-5.1	0.0
Receivables from credit institutions and central banks	29.3	-20.7	2.1	10.7
Provisions for liabilities	-12.9	-11.0	-2.1	-26.0
Tax loss *)	-50.2	50.8	-28.2	-27.6
Miscellaneous	-18.5	29.8	-40.0	-28.7
Total	394.9	26.3	-283.2	138.0

DKK 16.0 million, which has been recognized in other comprehensive income, relates to the item Property, plant and equipment.

Spar Nord Bank, Parent Company

Changes in deferred tax in 2013

	Beginning of year	Recognized in the profit/loss for the year	Recognized in other comprehensive income	End of year
Intangible assets	23.9	9.8	0.0	33.7
Property, plant and equipment	-51.7	6.7	0.0	-45.0
Loans, advances and other receivables at amortized cost	-127.0	71.8	0.0	-55.2
Receivables from credit institutions and central banks	10.6	-4.0	0.0	6.6
Provisions for liabilities	-26.0	8.8	0.0	-17.2
Retaxation balance	0.0	1.4	0.0	1.4
Tax loss	-14.9	14.9	0.0	0.0
Miscellaneous	-11.3	31.9	0.0	20.6
Total	-196.4	141.3	0.0	-55.1

Changes in deferred tax in 2012

	Beginning of year	Recognized in the profit/loss for the year	Recognized in other comprehensive income and additions relating to merger	End of year
Intangible assets	20.1	6.2	-2.4	23.9
Property, plant and equipment	-0.9	42.8	-93.6	-51.7
Loans, advances and other receivables at amortized cost	-13.6	0.5	-113.9	-127.0
Shares	-0.9	6.0	-5.1	0.0
Receivables from credit institutions and central banks	29.1	-20.6	2.1	10.6
Provisions for liabilities	-12.9	-11.0	-2.1	-26.0
Tax loss *)	0.0	-14.9	0.0	-14.9
Miscellaneous	-18.5	47.2	-40.0	-11.3
Total	2.4	56.2	-255.0	-196.4

DKK 16.0 million, which has been recognized in other comprehensive income, relates to the item Property, plant and equipment.

*) The tax loss of DKK 22.4 million (2012: DKK 27.6 million) recognized in the Spar Nord Group relates to the joint taxation loss that can be utilized by the subsidiary Aktieselskabet Skelagervej 15 (previously Skive Erhvervsinvest).

NOTES

NOTE

Deferred tax assets not recognized in the balance sheet in 2013

	Beginning of year	Recognized in the profit/loss for the year	Reduction of tax rate	Additions and disposals	End of year
<i>Deferred tax assets not recognized relate to:</i>					
Ring fence losses on properties	0.0	0.0	0.0	2.0	2.0
Tax loss abroad *)	0.0	-1.5	0.0	2.4	0.9
Tax loss in Denmark **)	14.5	-4.7	-1.7	0.0	8.1
Deferred tax assets not recognized, total	14.5	-6.2	-1.7	4.4	11.0

*) Discontinuing activities.

**) The tax loss not recognized in the balance sheet relates to the subgroup joint taxation income in Aktieselskabet Skelagervej 15 of DKK 36.6 million (2012: DKK 58.0 million), equal to a tax base of DKK 8.1 million (2012: DKK 14.5 million).

As the time horizon for utilizing this tax base is long, it has not been recognized in the balance sheet.

Deferred tax assets not recognized in the balance sheet in 2012

	Beginning of year	Recognized in the profit/loss for the year	Recognized in other comprehensive income	Additions and disposals relating to merger	End of year
<i>Deferred tax assets not recognized relate to:</i>					
Ring fence losses on properties	3.1	0.0	0.0	-3.1	0.0
Tax loss	0.0	0.0	0.0	14.5	14.5
Deferred tax assets not recognized, total	3.1	0.0	0.0	11.4	14.5

All deferred tax liabilities are recognized in the balance sheet.

The temporary differences in 2013 relating to ring fence losses on properties arose on the realization of properties. The temporary differences in 2012 arose on the realization of properties.

The right to utilize ring fence losses on properties was lost in 2012 in connection with the merger with Sparbank.

38 SUBORDINATED DEBT

Subordinated debt consists of liabilities in the form of subordinated loan capital and hybrid core capital which, in case of the Bank's voluntary or compulsory liquidation, whether solvent or insolvent, will not be repaid until the claims of the ordinary creditors have been met. Hybrid core capital ranks junior to subordinated loan capital. Premature redemption of subordinated debt is subject to the approval of the Danish Financial Supervisory Authority. Subordinated debt is included in the capital base, etc. pursuant to the Danish Financial Business Act.

Spar Nord Bank A/S is the borrower with respect to all loans.

						Spar Nord The Group 31.12.13 DKK m	Spar Nord The Group 31.12.12 DKK m	Spar Nord Parent Company 31.12.13 DKK m	Spar Nord Parent Company 31.12.12 DKK m
Currency	Note	Principal DKK m	Interest rate	Received	Maturity				
DKK	a	200.0	3.070%	2006	14.11.2014	0.0	200.0	0.0	200.0
DKK	b	58.0	8.000%	2010	25.11.2020	57.8	57.7	57.8	57.7
DKK	c	400.0	6.043%	2012	28.11.2022	394.0	397.6	394.0	397.6
DKK	d	700.0	4.165%	2013	18.12.2023	696.7	0.0	696.7	0.0
Supplementary capital contributions, total						1,148.5	655.3	1,148.5	655.3

Hybrid core capital

Currency	Note	Principal DKK m	Interest rate	Received	Maturity				
DKK	e	350.0	5.250%	2005	Perpetual	363.8	375.1	363.8	375.1
DKK	f	200.0	4.804%	2005	Perpetual	208.9	214.2	208.9	214.2
DKK	g	1,265.0	9.690%	2009	Perpetual	1,282.7	1,317.0	1,282.7	1,317.0
Portfolio of own bonds						-1.5	-0.1	-1.5	-0.1
Subordinated debt, total						3,002.4	2,561.5	3,002.4	2,561.5
Interest on subordinated debt						176.9	153.9	176.9	153.9
Costs of raising subordinated debt						2.3	1.7	2.3	1.7

a Redeemed on 15.05.2013.

b Redeemable as from 25.11.2015, after which date interest is fixed at Danmarks Nationalbank's 5-year swap rate + a 5.416% margin.

c Redeemable as from 28.11.2017, after which date interest is fixed at DKKC3M + a 5.00% margin.

d Redeemable as from 18.12.2018.

e Redeemable as from 16.03.2015, after which date interest is fixed at DKKC3M + a 2.33% margin.

f Redeemable as from 09.09.2015, after which date interest is fixed at DKKC3M + a 2.60% margin.

g Redeemable as from 30.05.2014 - 30.06.2014 at par, from 01.07.2014 - 30.06.2015 at a price of 105 and after that at a price of 110.

NOTES

NOTE 39 TRANSFER OF FINANCIAL ASSETS

The Group has transferred the following financial assets that continue to be recognized in the balance sheet

	Spar Nord The Group 31.12.13 DKK m	Spar Nord The Group 31.12.12 DKK m	Spar Nord Parent Company 31.12.13 DKK m	Spar Nord Parent Company 31.12.12 DKK m
<i>Fair value, with value adjustments via results in the trading portfolio</i>				
Carrying amount of transferred financial assets	3,397.7	2,943.3	3,397.7	2,943.3
Carrying amount of related liability	3,397.7	2,943.3	3,397.7	2,943.3
Fair value of transferred bonds	3,475.9	2,990.8	3,475.9	2,990.8
Fair value of related liability	3,399.0	2,943.4	3,399.0	2,943.4

The Bank has entered into agreements regarding the sale of securities as genuine sale and repo transactions. When it lends or sells securities subject to a repurchase agreement, the Bank receives cash or other financial assets upon the transfer of the securities to the counterparty. The counterparty is entitled to sell or repledge the securities lent or sold according to the repurchase agreements, but the counterparty is obliged to return the securities upon expiry of the contract. Such transactions are carried out on terms and conditions fixed on the basis of the applicable ISDA Collateral Guidelines. If the value of the securities increases or decreases, the Bank may make or receive a demand for payment of additional cash collateral in specific circumstances. The Bank has decided that it will essentially retain all the risks and benefits attaching to these securities, and therefore it has not ceased recognizing them. In addition, the Bank recognizes a financial liability for the cash received as collateral.

The carrying amount and fair value of the securities lent and sold subject to a repurchase agreement amounted to DKK 3,397.7 million at 31 December 2013 (2012: DKK 2,943.3 million). Bonds are classified as Trading portfolio.

40 COLLATERAL PROVIDED

Securities sold as an element in genuine sale and repurchase agreements (repo transactions) remain on the balance sheet, and the amount received is recognized under payables to credit institutions and central banks or deposits. Securities forming part of repo transactions are treated as assets provided as collateral for liabilities. The counterparty is entitled to sell the securities or deposit them as collateral for other loans.

Securities bought as an element in genuine purchase and resale agreements (reverse transactions) are not recognized on the balance sheet, and the amount paid is recognized as receivables from credit institutions and central banks or as loans and advances. In connection with reverse transactions, Spar Nord Bank is entitled to sell the securities or deposit them as collateral for other loans.

At the end of the year, the following securities were deposited in connection with margining and securities settlement, etc.

	Spar Nord The Group 31.12.13 DKK m	Spar Nord The Group 31.12.12 DKK m	Spar Nord Parent Company 31.12.13 DKK m	Spar Nord Parent Company 31.12.12 DKK m
<i>With Danmarks Nationalbank (the central bank), the Royal Bank of Scotland (RBS) and foreign clearing centres</i>				
Bonds included in the trading portfolio	7,101.7	6,044.7	7,101.7	6,044.7
Shares outside the trading portfolio	341.7	894.6	341.7	894.6
Deposits, futures clearing	4.1	10.0	4.1	10.0
<i>In credit institutions</i>				
Provided under CSA agreements, etc. for derivatives trades	913.6	1,391.0	913.6	1,391.0
Received under CSA agreements, etc. for derivatives trades	8.5	159.6	8.5	159.6
Bonds sold as an element in genuine sale and repo transactions	3,397.7	2,943.3	3,397.7	2,943.3
Bonds bought as an element in genuine purchase and resale transactions	1,865.0	1,730.5	1,865.0	1,730.5
<i>Vis-à-vis customers</i>				
Provided under CSA agreements, etc. for derivatives trades	0.9	0.0	0.9	0.0
Received under CSA agreements, etc. for derivatives trades	0.0	8.0	0.0	8.0
Bonds sold as an element in genuine sale and repo transactions	0.0	0.0	0.0	0.0
Bonds bought as an element in genuine purchase and resale transactions	1,785.6	115.5	1,785.6	115.5

Uncollateralized securities deposited may be released on demand.

Assets deposited as collateral for own liabilities towards Danmarks Nationalbank (the central bank), Danish and foreign clearing centres and banks with which the Bank has concluded CSA agreements are all based on standard agreements customarily used by financial market participants. Apart from cash, the collateral consists of government bonds and mortgage-credit bonds with varying terms to maturity.

Collateral provided to Danmarks Nationalbank is to cover any overdrafts associated with sum clearing and usual borrowing against collateral. Collateral provided to Danish and foreign clearing centres is exclusively related to margining. Collateral deposited under CSA agreements relating to ISDA agreements has in all cases been provided in complete accordance with the standard terms and conditions of the CSA agreements, which are governed by English law.

The minimum value of collateral required to be provided with Danmarks Nationalbank amounted to DKK 3,000.0 million at end-2013 (2012: DKK 3,350.0 million).

NOTES

NOTE 41 COLLATERAL ACCEPTED

In connection with reverse transactions and agreements regarding securities-based loans, collateral that can be sold or repledged pursuant to the terms of the appropriate agreement is accepted.

	Spar Nord The Group 31.12.13 DKK m	Spar Nord The Group 31.12.12 DKK m	Spar Nord Parent Company 31.12.13 DKK m	Spar Nord Parent Company 31.12.12 DKK m
Reverse transactions				
Collateral accepted that can be repledged or sold	3,628.7	1,840.1	3,628.7	1,840.1
Of which, repledged or sold	1,813.1	1,678.8	1,813.1	1,678.8
Agreements regarding securities-based loans				
Collateral accepted that can be repledged or sold	18.4	16.2	18.4	16.2
Of which, repledged or sold	8.7	3.8	8.7	3.8

42 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Spar Nord Group

	Gross recognized assets	Liabilities offset in the balance sheet	Net amount of financial liabilities presented in the balance sheet 1)	Related amounts not offset in the balance sheet		
				Financial collateral	Cash collateral	Net amount
Financial assets						
Derivative instruments	1,393.9	0.0	1,393.9	-	-8.5	1,385.4
Reverse transactions	3,650.6	0.0	3,650.6	-3,628.7	-	21.9
Total	5,044.5	0.0	5,044.5	-3,628.7	-8.5	1,407.3

	Gross recognized liabilities	Assets offset in the balance sheet	Net amount of financial liabilities presented in the balance sheet 1)	Related amounts not offset in the balance sheet		
				Financial collateral	Cash collateral	Net amount
Financial liabilities						
Derivative instruments	1,362.0	0.0	1,362.0	-	-914.5	447.5
Repo transactions	3,397.7	0.0	3,397.7	-3,475.9	-	-78.2
Total	4,759.7	0.0	4,759.7	-3,475.9	-914.5	369.3

	Gross recognized assets	Liabilities offset in the balance sheet	Net amount of financial liabilities presented in the balance sheet 1)	Related amounts not offset in the balance sheet		
				Financial collateral	Cash collateral	Net amount
Financial assets						
Derivative instruments	2,067.5	0.0	2,067.5	-	-167.6	1,899.9
Reverse transactions	1,846.0	0.0	1,846.0	-1,840.1	-	5.9
Total	3,913.5	0.0	3,913.5	-1,840.1	-167.6	1,905.8

	Gross recognized liabilities	Assets offset in the balance sheet	Net amount of financial liabilities presented in the balance sheet 1)	Related amounts not offset in the balance sheet		
				Financial collateral	Cash collateral	Net amount
Financial liabilities						
Derivative instruments	2,173.6	0.0	2,173.6	-	-1,391.0	782.6
Repo transactions	2,943.3	0.0	2,943.3	-2,990.8	-	-47.5
Total	5,116.9	0.0	5,116.9	-2,990.8	-1,391.0	735.1

1) Reverse transactions are classified as Receivables from credit institutions and central banks or as Loans, advances and other receivables at amortized cost in the balance sheet.
Repo transactions are classified as Payables to credit institutions and central banks or as Deposits and other payables in the balance sheet.

Repo and reverse transactions are recognized in the balance sheet on a gross basis; see note 40.

Derivative instruments are recognized in the balance sheet on a gross basis, but this should not be taken to mean that financial instruments are not covered by master netting agreements or similar agreements. Generally, derivative instruments will be comprised by master netting agreements, and as part of its normal business with or default by derivative counterparties, Spar Nord can consequently offset amounts against any balance involving a counterparty risk. Exposures that can be offset are not presented on a net basis under assets and liabilities in the balance sheet, which, in most cases, is due to the limited use of net settlement of financial transactions, including the fact that financial collateral provided by customers is not singular to derivative instruments, but extends to all debt.

NOTES

NOTE 43 HEDGE ACCOUNTING

Spar Nord Group	Carrying amount	Purchase price	Fair value	Nominal value
2013	DKK m	DKK m	DKK m	DKK m
Assets				
Loans and advances	85.7	75.0	85.7	75.0
Interest-risk-hedged financial instruments				
Derivatives (swap contracts)	-10.7	-	-10.7	75.0
Liabilities				
Subordinated debt	2,253.3	2,215.0	2,253.3	2,215.0
Interest-risk-hedged financial instruments				
Derivatives (swap contracts)	37.7	-	37.7	2,215.0
2012				
Assets				
Loans and advances	89.6	75.0	89.6	75.0
Interest-risk-hedged financial instruments				
Derivatives (swap contracts)	-14.6	-	-14.6	75.0
Liabilities				
Subordinated debt	2,309.8	2,215.0	2,309.8	2,215.0
Interest-risk-hedged financial instruments				
Derivatives (swap contracts)	94.2	-	94.2	2,215.0

The Spar Nord Group hedges the interest-rate risk attaching to selected fixed-interest assets and liabilities.

The effectiveness of such hedging is measured on a continuing basis.

The table below shows the value adjustment of hedged assets and liabilities as well as hedging derivatives recognized under market-value adjustments.

	Spar Nord The Group 31.12.13 DKK m	Spar Nord The Group 31.12.12 DKK m	Spar Nord Parent Company 31.12.13 DKK m	Spar Nord Parent Company 31.12.12 DKK m
Hedging of fixed-interest assets				
Hedged loans and advances	-3.9	1.9	-3.9	1.9
Hedging derivatives	3.9	-1.9	3.9	-1.9
Impact on profit/loss	0.0	0.0	0.0	0.0
Hedging of fixed-interest liabilities				
Hedged deposits	56.5	17.5	56.5	17.5
Hedging derivatives	-56.5	-17.6	-56.5	-17.6
Impact on profit/loss	0.0	-0.1	0.0	-0.1

44 CONTINGENT ASSETS

The Group has an unutilized tax loss of DKK 36.6 million (2012: DKK 58.0 million), equal to a tax base of DKK 8.1 million (2012: DKK 14.5 million), which has not been recognized in the balance sheet as the time horizon for utilizing it is long.

The unutilized tax loss has arisen as a result of the merger between Spar Nord Bank A/S and Sparbank A/S, but is a separate loss specifically relating to Aktieselskabet Skelagervej 15 (a previous, jointly taxed subsidiary of Sparbank A/S), which means that only Aktieselskabet Skelagervej 15 can utilize the tax loss.

The subgroup joint taxation loss arose during the period of joint taxation between Aktieselskabet Skelagervej 15 and Sparbank A/S, during which period tax losses were realized.

For details about other deferred tax assets not recognized of DKK 2.9 million (2012: DKK 0.0 million), please see note 37.

NOTES

NOTE

45 CONTINGENT LIABILITIES

	Spar Nord The Group 31.12.13 DKK m	Spar Nord The Group 31.12.12 DKK m	Spar Nord Parent Company 31.12.13 DKK m	Spar Nord Parent Company 31.12.12 DKK m
Financial guarantees	1,995.1	2,044.8	2,241.9	2,439.7
Loss guarantees for mortgage-credit loans	1,946.5	1,709.9	1,946.5	1,709.9
Registration and refinancing guarantees	757.5	1,362.6	757.5	1,362.6
Other contingent liabilities	680.9	649.8	680.9	649.9
Total contingent liabilities	5,380.0	5,767.1	5,626.8	6,162.1

Financial guarantees largely consist of payment guarantees.

Loss guarantees for mortgage-credit loans have been granted for the highest-risk portion of mortgage-credit loans to personal customers and on business properties. The guarantee lies within 80% of the property value for personal customers, and within 60-80% of the value of business properties.

Registration and refinancing guarantees are furnished in connection with Land Registry processing upon the arrangement and refinancing of mortgage-credit loans.

Other contingent liabilities relate mainly to performance bonds and letters of credit. This item also includes the liabilities set out below.

Reference is made to note 13 regarding the Executive Board's notice of termination and the associated compensation.

In addition, the Spar Nord Group has contingent liabilities and other obligating agreements corresponding to the relative ownership interest in associates. These contingent liabilities do not differ by type from the Spar Nord Group's contingent liabilities.

Spar Nord Bank A/S is taxed jointly with other Danish and foreign subsidiaries in the Spar Nord Group. As the management company, Spar Nord Bank has unlimited, joint and several liability together with the other jointly taxed companies for the Danish corporate income tax payable. Due to the payment of tax on account, no tax was payable at 31 December 2013 and 31 December 2012. The corporate income taxes receivable within the group of jointly taxed companies amounted to DKK 58.4 million at 31 December 2013 (2012: DKK 17.5 million). Any adjustments to the taxable income subject to joint taxation might entail an increase in the Parent Company's liability.

Spar Nord Bank has made provisions for a deferred tax liability in respect of the retaxation balance related to international joint taxation.

Participation in the statutory depositors' guarantee fund in Denmark requires the participating institutions to pay a fixed annual contribution of 2.5‰ of the guaranteed net deposits ("insurance-based model"). Payments to the Financial Institutions Department must continue until the amounts in the fund exceed 1% of the guaranteed net deposits. The Financial Institutions Department covers the direct losses associated with the winding-up of Danish financial institutions in accordance with Bank Packages 3 and 4, where such losses can be attributed to the guaranteed net deposits. Any losses in connection with the final winding-up will be covered by the guarantee fund via the Winding-up and Restructuring Department in which Spar Nord guarantees about 4.5% of any losses.

Uncertainty attaches to the amount of the contingent liabilities and the possible due dates.

46 OTHER OBLIGATING AGREEMENTS

	Spar Nord The Group 31.12.13 DKK m	Spar Nord The Group 31.12.12 DKK m	Spar Nord Parent Company 31.12.13 DKK m	Spar Nord Parent Company 31.12.12 DKK m
Irrevocable credit commitments	0.0	0.0	0.0	0.0
Miscellaneous	633.3	596.5	677.6	647.4
Other obligating agreements, total	633.3	596.5	677.6	647.4

Miscellaneous is composed of:

Lease obligations, with the Group as lessee

Spar Nord Bank is the lessee under a number of operating leases. Operating leases are lease agreements under which Spar Nord Bank has the right to use an asset for an agreed term against the payment of rental, without taking over the most significant risks and gains associated with the asset. The lease agreements concern the rental of properties and operating equipment. The lease agreements are not recognized in the balance sheet. The minimum lease payments are broken down by lease term below:

Operating lease obligations

Up to 1 year	27.2	25.8	33.6	32.1
1 – 5 years	49.5	44.2	77.2	71.7
Over 5 years	15.2	14.5	25.4	31.6
Total	91.9	84.5	136.2	135.4

Lease payments of DKK 27.4 million (2012: DKK 21.9 million) have been recognized for the Group under Staff costs and administrative expenses.

The Group has not entered into finance leases as a lessee.

Data-processing centre

The Bank has concluded an agreement with the data-processing centre Skandinavisk Data Center A/S regarding provision of services in the IT area. Early cancellation of this agreement within the agreed notice period would result in the Bank incurring a maximum cost of DKK 541 million (2012: DKK 512 million), corresponding to 36 times the current average monthly payment.

The Spar Nord Group has no other significant obligating agreements.

NOTES

NOTE 47 LEGAL PROCEEDINGS, ETC.

The Group is party to several legal proceedings. The cases are assessed continuously and the necessary provisions are made based on the estimated risk of loss.
The pending legal proceedings are not expected to materially affect the Group's financial position.

48 EARNINGS PER SHARE

	Spar Nord The Group 31.12.13 DKK m	Spar Nord The Group 31.12.12 DKK m
Profit/loss for the year	536.1	223.8
Average number of shares	125,529,918	117,901,764
Average number of treasury shares	626,937	742,052
Average number of shares in circulation	124,902,981	117,159,712
Average dilutive effect of outstanding share options	0	0
Average number of outstanding shares (diluted)	124,902,981	117,159,712
Earnings per share (DKK)	4.3	1.9
Diluted earnings per share (DKK)	4.3	1.9
Earnings per share on continuing activities (DKK)	3.8	1.7
Diluted earnings per share on continuing activities (DKK)	3.8	1.7

The issued share capital is divided into shares in the denomination of DKK 10. The Bank has only one share class.

Earnings and diluted earnings per share on discontinuing activities appear from note 50.

The calculation of earnings per share for continuing and discontinuing activities, respectively, is based on the same performance indicators as Earnings per share.

Profit/loss on discontinuing activities	67.1	26.3
Profit/loss on continuing activities	469.0	197.5
Profit/loss for the year	536.1	223.8

In calculating the diluted earnings per share, 50,000 share options have not been taken into account (2012: 714,371).

These share options are out-of-the-money, but potentially they may dilute earnings per share in future.

49 BUSINESS COMBINATIONS

There were no business combinations in 2013.

The calculation of fair values at 31 December 2012 in connection with the merger with Sparbank was made on a provisional basis. No changes occurred in the fair values recognized in 2013.

On 18 September 2012 Spar Nord published the merger agreement with Sparbank A/S, with Spar Nord Bank as the continuing company.

The objective of the merger was to create a bank with nation-wide coverage and a strong market position in the North, Central and West Jutland regions as well as in a number of major cities in other parts of Denmark. Moreover, the Spar Nord Group expected to realize cost cuts through economies of scale in connection with the merger.

The merger was adopted at General Meetings on 12 November 2012 and 13 November 2012, respectively. The Danish Financial Supervisory Authority approved the merger on 14 November 2012. The acquisition date was 15 November 2012, from which time the companies were merged. The results of the Sparbank activities were recognized together with those of Spar Nord Bank as from the acquisition date.

The income and results for the period following the acquisition of Sparbank were estimated as it was not possible to segregate the returns on shares, bonds and derivative instruments from those on Spar Nord Bank's other corresponding assets, in that the acquired shares, bonds and derivative instruments as at the acquisition date were recognized together with Spar Nord Bank's corresponding assets. Based on the records available and a qualified estimate, the income amounted to about DKK 70 million and the pre-tax results for the year on the continuing activities ranged from DKK -30 to DKK -40 million. The pre-tax results for the period following the acquisition date were negatively impacted by merger-related costs of DKK 67 million. Income was calculated as net income from interest, fees, charges and commissions, market-value adjustments, other operating income and profit/loss on equity investments in associates and group enterprises. No other items, apart from the profit or loss for the year, were recognized in the statement of comprehensive income.

The Spar Nord Group's income for 2012 for continuing activities, determined on a pro-forma basis as if Sparbank A/S had been acquired as from 1 January 2012, was also estimated. Based on the records available and a qualified estimate, the Spar Nord Group's income determined pro forma as if Sparbank A/S had been acquired on 1 January 2012 amounted to about DKK 2,950 million.

NOTES

Specification of acquired assets and liabilities recognized at the acquisition date

	Fair value at the acquisition date DKK m
Cash balances and demand deposits with central banks	205.2
Receivables from credit institutions and central banks	265.7
Lending, banking activities	6,551.7
Lending, leasing activities	348.6
Loans, advances and other receivables	6,900.3
Bonds	4,410.5
Shares, etc.	295.6
Equity investments in group enterprises	188.5
Intangible assets	32.3
Investment properties	20.0
Corporate properties	0.0
Land and buildings, total	20.0
Operating lease assets	32.6
Other property, plant and equipment	7.5
Other property, plant and equipment, total	40.1
Current tax assets	1.4
Deferred tax assets	239.0
Temporary assets	24.1
Other assets	319.2
Prepayments	13.6
Total assets	12,955.5
Payables to credit institutions and central banks	17.5
Deposits and other payables	8,268.5
Issued bonds	3,104.3
Temporary liabilities	0.5
Other liabilities	337.4
Deferred income	7.7
Provisions for losses on guarantees	25.0
Other provisions	8.0
Subordinated debt	951.8
Total liabilities	12,720.7
Net assets acquired	234.8
Goodwill	35.2
Consideration paid	270.0
Consideration in the form of shares in Spar Nord Bank A/S	270.0
Cash consideration paid	0.0
Consideration paid	270.0

Consideration paid

The merger was effected at the ratio of 1:2, meaning that shareholders of Sparbank received two new shares in Spar Nord Bank A/S for each share they held in Sparbank A/S. The treasury shares of Sparbank A/S were not exchanged in connection with the merger.

The total purchase sum amounted to DKK 270.0 million, determined as 11,392,298 shares at a listed price of Spar Nord Bank A/S' shares of DKK 23.7 at 14 November 2012. Spar Nord Bank A/S was under no obligation to pay any additional consideration.

Spar Nord Bank A/S incurred transaction costs associated with the acquisition of DKK 14.1 million for advisers, which were recognized in the item Staff costs and administrative expenses in the income statement for the 2012 financial year.

After recognizing identifiable assets, liabilities and contingent liabilities at fair value, goodwill relating to the acquisition was calculated at DKK 35.2 million. Goodwill represented the value of the existing staff and know-how as well as expected synergies from the merger with the Spar Nord Group. The goodwill recognized is not amortizable for tax purposes.

NOTE

Determination of fair values of acquired assets and liabilities

The fair value of loans and advances was based on an assessment of the market value of Sparbank's loan portfolio.

The fair value of loans and advances was determined at the present value of the expected future cash flows, less expected transaction costs.

The gross amount of contractual receivables totalled DKK 8,248.4 million. The net value of loans and advances before fair-value adjustments amounted to DKK 7,321.5 million, of which DKK 348.6 million related to finance leases. The fair-value adjustments of loans and advances amounted to DKK 428.9 million. In addition, adjustments of fixed-interest loans to the market rate represented DKK 7.7 million. Moreover, the fair-value adjustment of guarantees amounted to DKK 5.5 million out of the total acquired guarantees of DKK 1,982.1 million.

The fair value of bonds and shares was based on the listed closing market price, where possible. The fair value of unlisted bonds and shares was the amount at which an asset could be traded between knowledgeable, willing parties in an arm's length transaction. For the purpose of assessing the fair value at the acquisition date, valuation parameters for comparable assets traded in active markets were used, as well as suitable, generally accepted valuation models.

In connection with the acquisition of Sparbank A/S, Spar Nord Bank A/S has calculated identifiable intangible assets in the form of customers relations, recognized in the pre-acquisition balance sheet at fair value. The fair value of customer relations reflected the value of the customer base taken over from Sparbank A/S. The fair value of customer relations was determined by means of the Multi-Period Excess Earnings method (MEEM). Thus, customer relations were calculated at the present value of the net cash flows generated through sales to customers after deducting a reasonable return on all other assets that contributed to generating the relevant cash flows.

The fair value of investment properties at the acquisition date was assessed by using a combination of valuations made by external estate agents and discounted cash-flow models (DCF).

The fair value of other property, plant and equipment was assessed on the basis of the depreciated recoverable amount, as such property, plant and equipment were not traded in an active market.

The value of deferred tax assets was based on Spar Nord Bank A/S' expected utilization of such deferred tax assets. The deferred tax assets recognized related mainly to property, plant and equipment and finance lease assets that had been recognized under loans and advances in respect of which the Spar Nord Group could make use of future depreciation for tax purposes. Moreover, deferred tax on fair-value adjustments in connection with the opening balance sheet was recognized, with the deferred tax related to fair-value adjustment of loans of advances accounting for the largest share. In connection with the preparation of the Consolidated Financial Statements in the Spar Nord Group, deferred tax assets were offset against deferred tax liabilities from other group companies. Spar Nord Bank A/S lost the right to utilize Sparbank's tax loss as a result of the merger. The tax loss can be utilized by the acquired subsidiary, Aktieselskabet Skel-agervej 15, as a separate loss and was recognized directly in the subsidiary. See note 37 for further details.

The fair value of deposits was calculated by increasing the deposits by the market value (excess interest) relating to fixed-interest deposits. The fair value was calculated by discounting the cash flows from fixed-interest deposits by the current market rates for similar fixed-interest loans in Spar Nord Bank A/S.

The fair value of pending lawsuits, appeals and complaints against Sparbank was determined based on the weighted probabilities of the assessed possible outcomes of the relevant lawsuits, appeals and complaints. The fair value of pending lawsuits against the acquired company was determined based on the weighted probabilities of the assessed possible outcomes of the relevant lawsuits.

Recognized contingent liabilities related to lawsuits, appeals and complaints and amounted to DKK 6.2 million, which was included in the item Other provisions. Due to the uncertainty attaching to the pending cases, it was not possible to indicate an expected repayment date.

The fair value of issued bonds and subordinated debt is based on the present value of the amounts required to repay the liabilities. Current liabilities are not discounted when the effect is insignificant.

50 DISCONTINUING ACTIVITIES

Discontinuing activities comprise activities in Spar Nord Leasing and the leasing activities acquired in connection with the merger with Sparbank.

In connection with the merger with Sparbank at 15 November 2012, the leasing activities from Sparbank were classified as discontinuing assets, which means that the Spar Nord Group's total leasing activities at the end of 2013 were classified as discontinuing activities.

Total leasing activities

Income statement and cash flow statement disclosures include discontinuing activities.

The information disclosed below under "Spar Nord Bank A/S, the Group" is the income and expenses, etc. that will no longer accrue once the leasing activities have been discontinued completely. The items shown under "Spar Nord Bank A/S, Parent Company" are the items that will likewise cease to accrue in the Parent Company once Spar Nord Leasing's activities have been discontinued completely.

NOTES

	Spar Nord The Group 31.12.13 DKK m	Spar Nord The Group 31.12.12 DKK m	Spar Nord Parent Company 31.12.13 DKK m	Spar Nord Parent Company 31.12.12 DKK m
Income statement disclosures – discontinuing activities				
Interest income	192.2	293.4	93.2	149.0
Interest expenses	68.7	159.0	60.2	148.6
Net interest income	123.5	134.4	33.0	0.4
Fees, charges and commissions received	3.5	5.1	0.2	0.6
Fees, charges and commissions paid	0.3	0.5	0.3	0.5
Net income from interest, fees, charges and commissions	126.7	139.0	32.9	0.5
Market-value adjustments	-0.6	1.9	0.1	0.0
Other operating income	54.2	148.3	18.2	6.8
Staff costs and administrative expenses	58.7	88.9	6.1	4.3
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	31.0	84.7	15.6	1.7
Other operating expenses	5.3	10.7	0.9	0.4
Impairment of loans, advances and receivables, etc.	21.2	68.2	11.1	0.0
Profit/loss on equity investments in associates and group enterprises	0.0	0.0	54.0	25.2
Profit/loss before tax	64.1	36.7	71.5	26.1
Tax	-3.0	10.4	4.4	0.2
Profit/loss	67.1	26.3	67.1	25.9
Profit/loss on discontinuing activities	67.1	26.3	67.1	25.9
Total profit/loss on discontinuing activities	67.1	26.3	67.1	25.9
Cash flow statement disclosures – discontinuing activities				
Cash generated from operations	-102.2	127.4	-52.7	-6.1
Cash generated from investments	267.3	106.2	14.3	6.1
Cash generated from financing	-250.0	0.0	0.0	0.0
Total cash flows	-84.9	233.6	-38.4	0.0
Earnings per share on discontinuing activities (DKK)	0.5	0.2		
Diluted earnings per share on discontinuing activities (DKK)	0.5	0.2		
Tax on profit/loss on discontinuing activities breaks down as follows:				
Current tax	123.6	35.0	4.4	0.0
Deferred tax for the year	-109.4	-24.5	0.0	0.2
Deferred tax, prior years	-11.6	0.0	0.0	0.0
Reduction of Danish corporate tax rate from 25% to 22% over the period until 2016	-17.1	0.0	0.0	0.0
Recognized deferred tax asset, not previously recognized	-1.5	0.0	0.0	0.0
Post-adjustment of tax calculated for prior years	13.0	-0.1	0.0	0.0
Tax on profit/loss for the year on discontinuing activities	-3.0	10.4	4.4	0.2

NOTES

NOTE 51 RELATED PARTIES

Spar Nord Group	Parties with significant influence		Associates		Group enterprises		Board of Directors		Executive Board	
	2013 DKK m	2012 DKK m	2013 DKK m	2012 DKK m	2013 DKK m	2012 DKK m	2013 DKK m	2012 DKK m	2013 DKK m	2012 DKK m
Assets										
Loans, advances and loan commitments	-	-	188.2	160.5	-	-	41.5	56.2	4.8	4.9
Prepayments	-	-	153.4	154.2	-	-	-	-	-	-
Total	-	-	341.6	314.7	-	-	41.5	56.2	4.8	4.9
Liabilities										
Deposits	20.6	23.7	48.5	42.4	-	-	9.5	7.9	6.0	4.1
Total	20.6	23.7	48.5	42.4	-	-	9.5	7.9	6.0	4.1
Off-balance-sheet items										
Guarantees issued	-	-	-	-	-	-	0.6	0.6	-	-
Other obligating agreements	-	-	541.4	512.0	-	-	-	-	-	-
Collateral accepted	-	-	-	-	-	-	19.1	28.3	-	-
Total	-	-	541.4	512.0	-	-	19.7	28.9	-	-
Income statement										
Interest income	-	-	3.4	4.5	-	-	0.7	0.9	-	-
Interest expenses	-	0.2	0.1	0.2	-	-	0.1	0.1	0.1	-
Fees, charges and commissions received	-	-	0.3	-	-	-	0.2	-	0.1	-
Dividends received	-	-	70.4	51.9	-	-	-	-	-	-
Other income	2.8	2.8	13.0	8.0	-	-	-	-	-	-
Other expenses	-	-	192.7	172.1	-	-	-	-	-	-
Total	2.8	2.6	-105.7	-107.9	-	-	0.8	0.8	0.0	-

Spar Nord Parent Company	Parties with significant influence		Associates		Group enterprises		Board of Directors		Executive Board	
	2013 DKK m	2012 DKK m	2013 DKK m	2012 DKK m	2013 DKK m	2012 DKK m	2013 DKK m	2012 DKK m	2013 DKK m	2012 DKK m
Assets										
Loans, advances and loan commitments	-	-	188.2	160.5	1,239.3	1,886.1	41.5	56.2	4.8	4.9
Prepayments	-	-	153.4	154.2	-	-	-	-	-	-
Total	-	-	341.6	314.7	1,239.3	1,886.1	41.5	56.2	4.8	4.9
Liabilities										
Deposits	20.6	23.7	48.5	42.4	945.8	341.1	9.5	7.9	6.0	4.1
Total	20.6	23.7	48.5	42.4	945.8	341.1	9.5	7.9	6.0	4.1
Off-balance-sheet items										
Guarantees issued	-	-	-	-	246.8	394.9	0.6	0.6	-	-
Other obligating agreements	-	-	541.4	512.0	-	-	-	-	-	-
Collateral accepted	-	-	-	-	-	-	19.1	28.3	-	-
Total	-	-	541.4	512.0	246.8	394.9	19.7	28.9	-	-
Income statement										
Interest income	-	-	3.4	4.5	2.0	1.1	0.7	0.9	-	-
Interest expenses	-	0.2	0.1	0.2	3.2	0.1	0.1	0.1	0.1	-
Fees, charges and commissions received	-	-	0.3	-	-	-	0.2	-	0.1	-
Dividends received	-	-	70.4	51.5	250.0	-	-	-	-	-
Other income	2.8	2.8	13.0	8.0	-	-	-	-	-	-
Other expenses	-	-	192.7	172.1	5.6	2.9	-	-	-	-
Total	2.8	2.6	-105.7	-108.3	243.2	-1.9	0.8	0.8	0.0	-
Profit/loss on discontinuing activities (intercompany)	-	-	-	-	51.6	145.7	-	-	-	-
Total, including profit/loss on discontinuing activities	2.8	2.6	-105.7	-108.3	294.8	143.8	0.8	0.8	0.0	-

Related parties with significant influence are shareholders with holdings exceeding 20% of Spar Nord Bank A/S, or where significant influence is considered to exist due to other factors. Notes 25 and 26 contain a list of group enterprises and associates.

The Danish and foreign companies in the Group are jointly taxed, which means that the Parent Company is liable for the payment of Danish corporate income tax. In 2013, joint tax contributions in the amount of DKK 186.1 million (2012: DKK 37.3 million) were transferred between the companies.

The interest rate for loans and advances to associates ranged from 3.99 to 6.72% in 2013 (2012: 4.03-6.66%) and from 1.62 to 5.45% (2012: 2.06-5.57%) for loans and advances to group enterprises. Moreover, for the subsidiary Spar Nord Leasing A/S, interest rates for the cost of funds + a premium have been agreed. Thus, the interest rate ranged between 1.62 and 5.45% in 2013 (2012: 2.06-5.57%).

Commitments and transactions with members of the Board of Directors and Executive Board comprise personal commitments of such parties and of their related parties. Commitments and transactions with retired and new members of the Board of Directors and Executive Board have been recognized up to and including the date of retirement and as from the date of appointment, as the case may be. The interest rate for loans and advances to Directors ranged from 0.49-7.75% in 2013 (2012: 0.53-7.75%) and from 2.49-2.60% (2012: 2.53-5.38%) for loans and advances to Executive Board members.

The Group and the Parent Company	Executive Board		Board of Directors	
	2013	2012	2013	2012
Loans and advances	0.8	1.0	27.6	24.8
Unutilized loan and guarantee commitments	4.0	3.9	13.9	31.4
Guarantees issued	0.0	0.0	0.6	0.6
Total loans and advances, loan commitments and guarantees	4.8	4.9	42.1	56.8

No transactions were concluded during the year with members of the Board of Directors, the Executive Board or executive staff members, other than transactions involving salary, emoluments, etc., securities trading and loans and provision of collateral. More details regarding the remuneration of the Board of Directors, the Executive Board and executive staff members appear from notes 13 and 14.

The respective shareholdings of the Executive Board and the Board of Directors appear from note 52.

Transactions between related parties, including credit facilities, are concluded on an arm's length basis.

Related parties holding at least 5% of the Bank's share capital at the end of 2013 comprised the Spar Nord Foundation, Aalborg, with a holding of 18.5% (2012: 18.5%), Nykredit Realkredit A/S, Copenhagen, with a holding of 10.0% (2012: 8.5%), the Sparvest Foundation, Skive, with a holding of 5.1% (2012: 5.6%), and FMR LLC, USA with a holding of more than 5.0%.

The figures above do not include debt to related parties in the form of issued bonds. Such bonds are bearer securities, which means that Spar Nord Bank does not know the identity of the holders. Spar Nord Bank shares may be registered in the name of the holder.

NOTES

NOTE 52 MANAGEMENT'S HOLDINGS OF SPAR NORD BANK SHARES *)

	2013 Number of shares	2012 Number of shares
Board of Directors		
Torben Fristrup	34,300	31,500
Per Nikolaj Bukh	16,200	16,200
Kaj Christiansen (took office on 18 April 2012)	7,800	7,801
Laila Mortensen (took office on 18 April 2012)	0	0
Carsten Normann	2,760	2,760
Fritz Dahl Pedersen (took office on 15 November 2012 in connection with the merger with Sparbank)	1,800	1,800
Ole Skov	7,054	7,054
Jannie Skovsen	7,624	4,938
Gitte Holmgaard Sørensen (took office on 18 April 2012)	2,486	2,708
Hans Østergaard	5,193	4,000
Executive Board		
Lasse Nyby	48,064	48,064
Bent Jensen (took office on 15 November 2012 in connection with the merger with Sparbank)	8,383	1,348
John Lundsgaard	65,633	61,600
Lars Møller	62,960	60,960

*) The holdings include all shares held by all members of the household

53 POST-BALANCE-SHEET EVENTS

No significant events have occurred after 31 December 2013.

54 FAIR-VALUE INFORMATION FOR FINANCIAL INSTRUMENTS

The Group

Financial instruments are recognized in the balance sheet either at fair value or amortized cost. The table below breaks down the individual financial instruments by valuation method.

	2013 Fair value DKK m	2013 Amortized cost DKK m	2012 Fair value DKK m	2012 Amortized cost DKK m
<i>Financial assets</i>				
Cash balances and demand deposits with central banks	0.0	326.5	0.0	2,341.2
Receivables from credit institutions and central banks	0.0	3,212.4	0.0	3,977.1
Loans, advances and other receivables at amortized cost	0.0	37,648.1	0.0	39,057.9
Bonds at fair value	18,810.4	0.0	20,249.3	0.0
Shares, etc.	1,215.5	0.0	1,202.4	0.0
Assets linked to pooled schemes	9,052.3	0.0	7,001.5	0.0
Positive market value of derivative instruments	1,393.9	0.0	2,067.5	0.0
Total	30,472.1	41,187.0	30,520.7	45,376.2
<i>Financial liabilities</i>				
Payables to credit institutions and central banks	0.0	8,102.8	0.0	8,710.8
Deposits and other payables	0.0	41,830.5	0.0	41,912.7
Deposits in pooled schemes	9,052.3	0.0	7,001.5	0.0
Issued bonds at amortized cost	0.0	301.6	0.0	6,093.3
Subordinated debt	0.0	3,002.4	0.0	2,561.5
Negative market value of derivative instruments	1,362.0	0.0	2,173.6	0.0
Total	10,414.3	53,237.3	9,175.1	59,278.3

Financial instruments recognized at fair value

The fair value is the amount at which a financial asset may be traded between knowledgeable, willing parties in an arm's length transaction. If there is an active market, the market price is used by way of a listed price or price quotation. If a financial instrument is quoted in a market that is not active, the Bank bases its valuation on the most recent transaction price. Adjustment is made for subsequent changes in market conditions, for instance, by including transactions in similar financial instruments that are assumed to be motivated by normal business considerations. For a number of financial assets and liabilities, no effective market exists. In this case, the Group uses an estimated value, taking into account recent transactions in similar instruments and using discounted cash flows or generally accepted estimation and valuation techniques based on market conditions at the reporting date.

Where possible, bonds are valued on the basis of listed prices. Otherwise estimated prices are used, calculated by using the Bank's own valuation models, which are based on a yield curve plus a credit spread. The estimated prices are extensively calculated on the basis of observable inputs.

A small portfolio of bonds has been valued using a basket of reference bonds combined with an assessment of the probability of loss on the underlying asset portfolio, or prices determined by third-party valuers.

The most frequently used valuation models and estimation and valuation techniques include the pricing of transactions with future settlement and swap models that apply present value calculations, credit pricing models as well as options models, such as Black & Scholes models. In most cases, valuation is based substantially on observable inputs.

When valuing derivatives, the initial customer margin is amortized over the remaining term to maturity. At the end of 2013, the customer margin not yet amortized amounted to DKK 62.7 million (2012: DKK 54.7 million).

Day-1 gains or losses

Gains or losses upon inception ("day 1-profit/loss") are not recognized for unlisted derivative instruments, but are recognized over the term of the relevant instrument.

	2013	2012
	DKK m	DKK m
Unamortized customer margin at 1 January	54.7	46.2
Net development in amortization of customer margin at 1 January	8.0	8.5
Unamortized customer margin at 31 December	62.7	54.7

Unlisted shares recorded at fair value, see note 24, comprise unlisted shares that are not included in the Group's trading portfolio.

These unlisted shares are recognized at fair value, using the Fair-Value Option (FVO), and are measured in accordance with provisions in shareholders' agreements and generally accepted valuation methods, etc.

2013	Listed prices Level 1 DKK m	Observable prices Level 2 DKK m	Non-observable prices Level 3 DKK m	Total DKK m
<i>Financial assets</i>				
Bonds at fair value	8,392.2	10,346.4	71.8	18,810.4
Shares, etc.	140.1	996.1	79.3	1,215.5
Assets linked to pooled schemes	7,706.9	1,345.4	0.0	9,052.3
Positive market value of derivative instruments	0.0	1,393.9	0.0	1,393.9
Total	16,239.2	14,081.8	151.1	30,472.1

<i>Financial liabilities</i>				
Deposits in pooled schemes	0.0	9,052.3	0.0	9,052.3
Negative market value of derivative instruments	0.0	1,362.0	0.0	1,362.0
Total	0.0	10,414.3	0.0	10,414.3

2012	Listed prices Level 1 DKK m	Observable prices Level 2 DKK m	Non-observable prices Level 3 DKK m	Total DKK m
<i>Financial assets</i>				
Bonds at fair value	7,159.7	12,989.7	99.9	20,249.3
Shares, etc.	119.5	988.3	94.6	1,202.4
Assets linked to pooled schemes	5,449.2	1,552.3	0.0	7,001.5
Positive market value of derivative instruments	0.0	2,067.5	0.0	2,067.5
Total	12,728.4	17,597.8	194.5	30,520.7

<i>Financial liabilities</i>				
Deposits in pooled schemes	0.0	7,001.5	0.0	7,001.5
Negative market value of derivative instruments	0.0	2,173.6	0.0	2,173.6
Total	0.0	9,175.1	0.0	9,175.1

Bonds, assets linked to pooled schemes and derivative instruments are valued according to the following principles:

- In case of listed prices, the fair value is fixed at the listed price or the price quoted by arecognized exchange or another external party.
- In case of pricing based on observable inputs, the fair value is calculated by means of a market-based yield curve plus/minus a credit spread, which is also calculated based on market prices.
- In case of pricing based on non-observable inputs, the calculation includes inputs based on the Bank's own valuations of individual elements, and also market data in some cases.

Shares are valued according to the following principles:

- In case of listed prices, the fair value is fixed at the price quoted by arecognized exchange or another external party.
- In case of pricing based on observable inputs, the fair value is calculated in accordance with the provisions of shareholders' agreements, etc. or inputs based on actual trades. Shares are priced on the basis of the prices recommended by Lokale Pengeinstitutter (the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark) as observable inputs, reclassified from level 1 to level 2.
- In case of pricing based on non-observable inputs, the calculation includes shares valued according to generally accepted valuation principles, e.g., the discounting of future expected cash flows.
- The fair value has been determined reliably for all shares, and accordingly no shares have been recognized at cost.

Financial instruments measured at fair value based on non-observable prices (Level 3)

In 2013, the Bank recognized unrealized market-value adjustments of DKK -0.3 million (2012: DKK -2.0 million) in respect of unlisted shares and bonds valued on the basis of non-observable inputs.

	2013 Mio. kr.	2012 Mio. kr.
Carrying amount at 1 January	194.5	74.7
Market-value adjustments in the income statement	19.1	-2.0
Market-value adjustments in other comprehensive income	0.0	0.0
Purchase	26.4	121.7
Sale	93.1	42.1
Transferred to/from Level 3	4.2	42.2
Carrying amount at 31 December	151.1	194.5
Market-value adjustments in the income statement of assets held at the reporting date	-0.3	-2.0

Market-value adjustments in the income statement are recognized under the item Market-value adjustments.

Interest income on interest-based assets is recognized in the income statement under Interest income and is not included in the above statement.

Dividends on shares are recognized in the income statement under Dividends on shares, etc. and are not included in the above statement.

NOTES

NOTE

Financial instruments recognized at amortized cost – fair value information

	2013 Carrying amount DKK m	2013 Fair value DKK m	2012 Carrying amount DKK m	2012 Fair value DKK m
<i>Financial assets</i>				
Cash balances and demand deposits with central banks *)	326.5	326.5	2,341.2	2,341.2
Receivables from credit institutions and central banks *)	3,212.4	3,212.4	3,977.1	3,977.1
Loans, advances and other receivables at amortized cost *)	37,648.1	37,755.0	39,057.9	39,184.0
Total	41,187.0	41,293.9	45,376.2	45,502.3
<i>Financial liabilities</i>				
Payables to credit institutions and central banks *)	8,102.8	8,102.8	8,710.8	8,710.8
Deposits and other payables *)	41,830.5	41,926.3	41,921.7	42,016.5
Issued bonds at amortized cost *)	301.6	301.6	6,093.3	6,099.2
Subordinated debt *)	3,002.4	2,987.1	2,561.5	2,492.6
Total	53,237.3	53,317.8	59,287.3	59,319.1

*) Level 3 in the fair-value hierarchy

The vast majority of amounts due to the Group, loans and advances, and deposits may not be assigned without the prior consent of customers, and an active market does not exist for such financial instruments. Consequently, the Group bases its fair-value estimates on data showing changes in market conditions after the initial recognition of the individual instrument that affect the price that would have been fixed if the terms had been agreed at the reporting date. Other parties may make other estimates.

The Group discloses information about the fair value of financial instruments at amortized cost on the basis of the following assumptions:

- For a number of the Group's deposits, loans and advances, the interest rate depends on interest developments.
- The fair value of loans and advances is calculated on the basis of a qualified estimate, taking into account that the Bank continuously adapts its loan terms to existing market conditions. The impairment recognized is assessed to correspond to the fair-value adjustment for the specific credit risk, based on an assessment of the Bank's total individual and group-based impairment.
- The fair value of fixed-rate deposits is calculated based on the interest rate for similar deposits.
- The fair value of issued bonds and subordinated debt is adjusted for listed debt at the most recent transaction price, while unlisted debt is recorded at amortized cost based on a qualified estimate.

55 RISK MANAGEMENT

The Spar Nord Group is exposed to a number of risks in various categories.

The most important categories of risks are as follows:

- Credit risk: The risk of loss due to the fact that counterparties are in full or partial breach of their payment obligations.
- Market risk: The risk of loss because the fair value of the Group's assets and liabilities varies with changes in market conditions.
- Liquidity risk: The risk of loss because the Group cannot meet its payment obligations via the ordinary liquidity reserves.
- Operational risk: The risk of financial loss owing to deficient or erroneous internal procedures and processes, human or system errors, or losses as a result of external events.

The following notes to the Annual Report contain the quantitative information regarding the Group's credit, market, liquidity and operational risks. For more details, please refer to the unaudited Risk Report at www.sparnord.com/riskreports.

NOTE 56 CREDIT RISK

Credit risk is the risk of loss as a result of borrowers or other counterparties defaulting on their payment obligations, including the risks attaching to customers having financial difficulties, large facilities, concentration risks and risks attaching to granted, unutilized credit lines.

In 2013, Spar Nord made no major changes in assumptions, objectives, policies, exposures and calculation methods, etc. as compared to the year before.

Credit policy

Spar Nord's overall credit risk is controlled on the basis of the Group's credit policy, which the Board of Directors determines in conjunction with the overarching policies and frameworks for the Group's risk assumption. The pivotal objective of Spar Nord's credit policy is to ensure that earnings and risks are balanced, and that the assumption of risk is always quantified.

It is the Group's policy that all credit must be granted on the basis of insight into the customers' financial position and that creditworthiness – the customer's ability and will to meet current and future obligations – is a key parameter in all customer relations.

Spar Nord aims to develop long-term relationships with customers and does not want to use risk appetite as a competitive parameter. Spar Nord only wants to conclude transactions that conform to good banking practice and do not jeopardize the Group's reputation and professional profile.

As a basic rule, the Group does not grant loans and credit facilities based on collateral alone. Thus, the customer should show the will and have the ability to repay loans without the Group having to realize the collateral.

In its endeavours to ensure sound risk diversification of its credit exposure, Spar Nord has introduced a number of internal targets. The Group does not want to be exposed to individual customers or industries that might solely and separately jeopardize the Bank's independence. Consequently, Spar Nord has introduced a cap on credit facilities at DKK 400 million, of which the unsecured share of credit exposure may not exceed DKK 150 million in respect of any facility.

In determining the amount of exposure, due provision is made for the so-called "particularly secure claims", which are stated in the Danish Financial Supervisory Authority's Executive Order on Large Exposures. The DKK 400 million cap does not apply to trading partners in the financial sector.

In addition, the Group has introduced some trade and industry limitations. One of them is a long-term objective specifying that agricultural facilities may not exceed 10% of the Group's loans, advances and guarantees, and that property exposures must amount to a lower share of the Group's loans, advances and guarantees than the average for Danish financial institutions. Finally, Spar Nord also strives to maintain the share of retail customers at a level that is higher than the sector average and which amounts to more than 30% of the Group's total loans, advances and guarantees.

Credit control and credit risk monitoring

The credit facility process at Spar Nord is centrally managed. The decentralized credit authorization limits go up to DKK 10 million for existing customers. As concerns new customers, the facility authorization rights are typically half of that for existing customers. The powers of authority in the credit area are governed by two factors: the individual local managers' ability and requirements and the wish that a certain share of authorizations from the local banks is to be dealt with by Credit Rating.

Customer advisers, in consultation with local managers, handle day-to-day management of the Bank's credit risks. If a credit facility exceeds the local loan approval limits, it will be passed on and dealt with by Credit Rating, the Credit Committee (General Manager of Credit Rating and an Executive Board member) or the Board of Directors.

Credit Rating may authorize facilities up to DKK 20 million for existing customers and DKK 10 million for new customers. The Credit Committee may authorize all facilities up to DKK 60 million, and up to DKK 30 million for new customers. All credit facilities in excess of DKK 60 million and all credit facilities exceeding DKK 30 million for new customers must be authorized by the Board of Directors.

Overall monitoring of the Group's credit risk exposure is managed by the Credit Quality function. This department oversees changes in the credit quality of all exposures and undertakes systematic credit quality control of the entire exposure portfolio.

The Credit Quality function reviews all new retail customer facilities above DKK 100,000 and all new business customer facilities above DKK 300,000. New customers with weak credit quality are registered on an ongoing basis.

The Group has developed IT tools for controlling and monitoring credit risks. The Bank's credit analysis system is used for monitoring purposes, and key data regarding credit facilities and customers' financial affairs are recorded in it. This is done to detect danger signals at an early stage as well as to monitor changes in the credit quality of portfolios and organizational units.

Every month a statistically-based rating of both retail and business customers is performed. Rating systems have been introduced in all the Bank's departments, and these tools are used at the local level to grant credit facilities. Thus, customers in the rating groups accorded the least risk exposure are likelier to be given higher credit limits or extensions than those with the greatest risk exposure. In addition, the systems are used for managing overdrafts and for pricing purposes.

No rating models have been developed for Spar Nord Leasing's customers to manage existing agreements.

Whenever a credit rating is made, it is essential to ensure that the customer can pay interest and repay the debt without collateral having to be realized. Based on this approach, loan and credit facilities are granted primarily on the basis of ability and willingness to pay interest and repay the debt, and secondarily on the basis of the collateral provided. Mortgages and charges on real property, securities and vehicles make up the most common type of collateral. Spar Nord continuously monitors the value of the collateral provided.

Impairment

Spar Nord has defined a long list of risks that constitute an objective indication of impairment. Some risks are registered automatically in the systems, while others are registered manually by customer advisers and credit staff members.

All significant loans and advances and those slated for credit quality review are re-evaluated individually, and other loans are reviewed on a group basis. All loans and advances not impaired on an individual basis are assigned to groups having uniform credit risk exposure. If the review discloses objective indications of impairment, an impairment loss is recognized. Impairment is calculated as the difference between the carrying amount of loans and advances and the present value of anticipated future repayments on the loan. A credit facility need not be in default before impairment is recognized, and approval procedures regarding any new extension of credit are then automatically tightened.

As an important element in its risk management procedures, the Bank flags all credit facilities showing any signs of default risk. Steps are taken to normalize or wind up flagged credit facilities. Credit facilities are primarily flagged as a result of local initiatives, but action may also be taken at central level. Lists with candidates for flagging are sent to the individual advisers twice a year.

Groups of impairment losses are recognized when objective indications show that expected future losses exceed the loss expected upon loan establishment. Accordingly, in addition to objective indications of impairment for a group, group impairment losses are basically recognized when customers are transferred to other risk groups.

Customers are divided into groups on the basis of the Bank's rating systems.

Interim impairment takes place on all facilities handed over to the Bank's internal debt-collection department, but the portion of a facility covered by sound, easily realizable collateral is not subjected to interim impairment.

Doubtful loans – loans for which interest accruals have been suspended because full collection of the principal is unlikely or because no interest has been paid for an extensive period of time – are subject to special scrutiny, and if repayment is considered doubtful and loss unavoidable, the loan is categorized as partially or fully impaired and uncollectible. Interest on the parts of facilities that have been written down for impairment is not recognized as income. If lenient terms are granted to customers in financial difficulty, this will be considered an objective indication of impairment, and individual impairment will be recognized in respect of that facility.

For more details, please refer to the unaudited Risk Report at www.sparnord.com/riskreports.

NOTES

**Spar Nord
The Group
31.12.13
DKK m**

**Spar Nord
The Group
31.12.12
DKK m**

Credit exposure (carrying amounts)

The Group's credit exposure (carrying amounts) is composed of the following balance-sheet items and off-balance-sheet items

Credit risk, loans, advances and guarantees

Balance-sheet items

Loans, advances and other receivables at amortized cost	37,648.1	39,057.9
Impairment account for loans, advances and other receivables	1,593.1	1,327.7

Off-balance-sheet items

Contingent liabilities	5,380.0	5,767.1
Impairment account for guarantees	2.4	2.3

Credit exposure (carrying amounts), loans, advances and guarantees, total

44,623.6 **46,155.0**

Financial credit risk

Bonds at fair value	18,810.4	20,249.3
Receivables from credit institutions and central banks	3,212.4	3,977.1
Positive market value of derivative instruments, financial companies	482.3	740.0

Credit exposure (carrying amounts), financial credit risk, total

22,505.1 **24,966.4**

Breakdown of the Group's exposures by business area

The customer portfolio is divided into four groups as part of the ongoing risk monitoring.

As appears from figure 1, bank lending to retail customers dropped by about DKK 0.8 billion in 2013.

During the same period, the arrangement of mortgage-credit loans to the same customer group increased by DKK 1.7 billion, which means that total credits granted to retail customers rose by about 1.4% in 2013.

Business customers' facilities dropped by DKK 0.2 billion, equal to a decrease of 0.8%.

The decrease breaks down on all lines of business and is mainly attributable to customers' low level of investment.

Financial customers' facilities have grown primarily because of an increase in reverse lending.

The Group's total loans, advances and guarantees before offsetting of impairment amounted to DKK 44.6 billion (2012: DKK 46.2 billion). The development appears from figure 1.

THE GROUP'S EXPOSURE BY CATEGORY

DKK bn

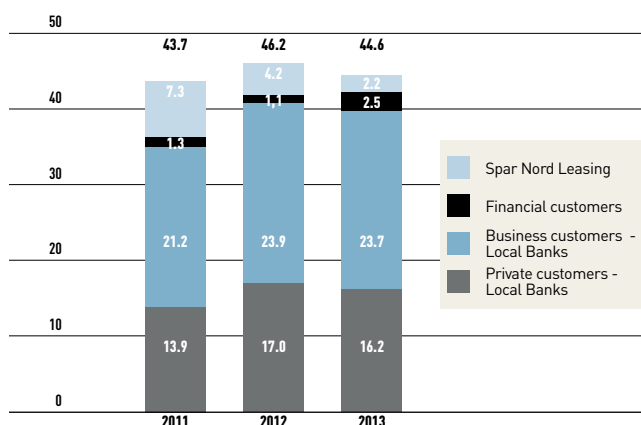


Figure 1

Classification of customers

Spar Nord Bank has developed methods and IT tools for controlling and monitoring credit risks. One tool used for monitoring purposes is the Bank's credit analysis system, in which key data regarding credit commitments and customers' financial affairs is recorded. This is done to detect danger signals from exposures at an early stage, while also monitoring portfolios and organizational units.

Rating systems have been introduced in all the Bank's departments and are also used for credit granting at the local level, in the sense that customers in the best rating groups can be given higher credit limits than those with the poorest rating. In addition, the systems are used for managing overdrafts and serve as a guide for pricing purposes.

Customers are classified according to risk as an element in the Group's processing of credit applications, with customers being divided into 11 risk categories. Two risk categories are reserved for loan default customers, defined as exposures that are subject to writedowns, impairment or for which interest accruals have been suspended. The other borrowing customers are classified into categories 1 to 9 based on various rating models. These models are used to measure the probability that the customer will default within a time horizon of 12 months.

The model applied to business customers employs four components: An accounting component used to risk classify the customer based on his most recent financial statements. A behavioural component that classifies the customer based on his account behaviour and credit authorization history. A component based on a business profile, with the classification of the customer being based on a qualitative assessment of significant key areas, such as management, market, etc. The fourth component is a cyclical element that is used to adjust the classification based on cyclical trends.

For retail customers, the model is exclusively based on a behavioural component and a cyclical component.

New retail customers are risk-classified according to an application scoring model that is based on classical credit performance indicators, such as assets, pay, disposable income, etc. This model is based on a combination of statistical/expert data. After six months, customers are subjected to a behavioural scoring scrutiny, and the results obtained using these two models are co-weighted in the transitional period until the twelfth month. Subsequently, the customer is rated based on the behavioural component exclusively.

New business customers are classified based on the accounting component, the business profile and the cyclical component until the sixth month, at which time the behavioural component is also applied.

Moreover, Spar Nord applies a qualitative risk classification, credit watchlists, in which the Spar Nord adviser flags any credit facility showing signs of default risk. For retail customers, these signs of default risk may for instance be divorce, unemployment, etc., and for business customers they could be marketing difficulties, the loss of key employees or suppliers, etc. If a customer is flagged in the credit watchlist and is not in default, the customer will be downgraded by one rating category; it should be noted that a customer flagged in the credit watchlist does not qualify for rating in the best categories (one and two).

Public-sector customers and financial customers are not included in the risk classification described above.

New business customers with no available financial statements (primarily newly established companies) are not rated for the first six months. Likewise, some new retail customers will not be subjected to application scoring, and thus not rated, for the first six months.

RETAIL CUSTOMERS' FACILITIES BY RATING GROUP *)

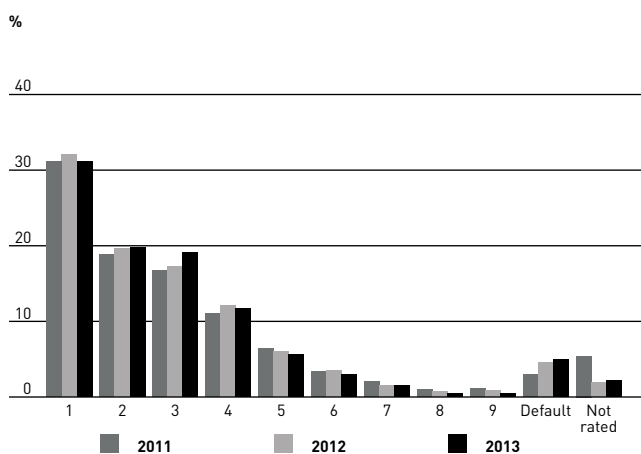


Figure 2 *) Sparbank is included from 2013

AVERAGE RATING GROUP

	2011	2012	2013
Average rating group	3.0	3.0	3.0

As appears from figure 2 above, the average credit quality of retail customers remained unchanged from end-2012 to end-2013, with the average rating remaining unchanged at 3.0.

Figure 3 shows that the average credit quality of business customers improved from end-2012 to end-2013, with the average rating group dropping from 4.9 to 4.8.

BUSINESS CUSTOMERS' FACILITIES BY RATING GROUP *)

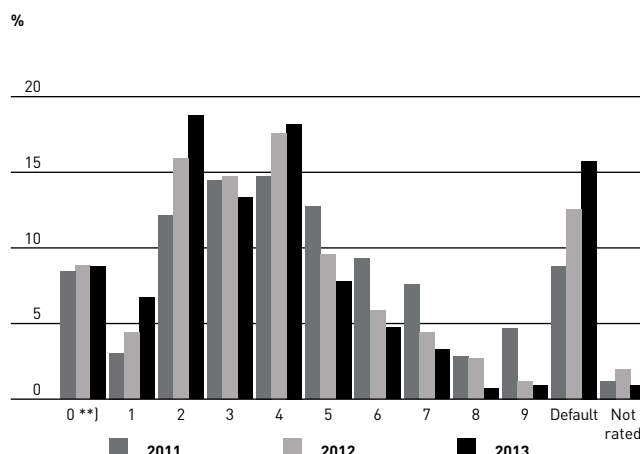


Figure 3 *) Sparbank is included from 2013 **) Facilities with public-sector customers

AVERAGE RATING GROUP

	2011	2012	2013
Average rating group	5.1	4.9	4.8

Properties

The real property sector has proved to be highly risky in recent years on account of the adverse price developments on the market. For a number of years, Spar Nord has been reluctant to assume exposures to property sector customers, and the Group's exposure in this regard extensively consists of customers with long-term relations with the Bank and wide experience in the sector.

At end-2013, the Group had a total exposure to customers in the real property sector of DKK 4.8 billion. The exposure represents 10.9% of total loans, advances and guarantees. The impairment balance for this sector amounted to DKK 266.4 million at end-2013, compared to DKK 180.6 million at end-2012.

Agriculture

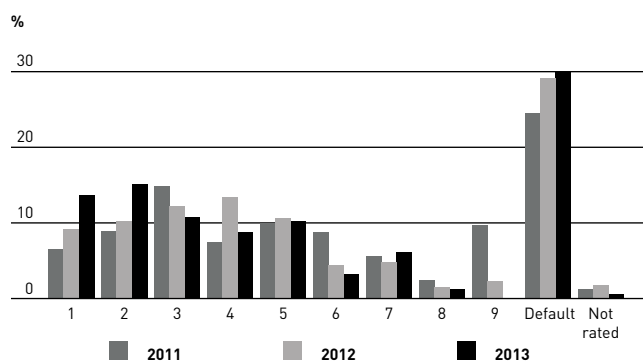
The agricultural sector accounted for 8.7% of the Group's total loans and advances at end-2013, compared to 10.2% at end-2012. For continuing activities, loans and advances to the agricultural sector amounted to DKK 3.3 billion, equal to 7.8%.

SHARE OF CREDIT EXPOSURE TO AGRICULTURE, HUNTING AND FORESTRY

%	2013	2012
Spar Nord Bank	7.4	7.9
Spar Nord Leasing	1.3	2.3
The Group, total	8.7	10.2
Continuing activities	7.8	8.6

Figure 4

AGRICULTURAL EXPOSURE BY RATING GROUP CONTINUING ACTIVITIES



AVERAGE RATING GROUP - AGRICULTURE

	2011	2012	2013
Average rating group	6.2	5.5	5.7

Figure 5

As appears from developments in the rating of agricultural customers, there was a slight deterioration in the average credit quality of the agricultural portfolio in the period from 2012 to 2013, following a minor improvement in 2012.

Spar Nord operates on the principle that when farmers cannot live up to the predetermined breakeven prices for milk and pork, respectively, this will be defined as an objective indication of impairment. No matter which financing has actually been chosen for a specific facility, the calculation of the breakeven prices is based on a financing rate of 4% interest for each farmer on the entire interest-bearing debt. If a particular farming property that meets these requirements cannot present a realistic budget, impairment calculation procedures will be implemented. The anticipated value of the land is a crucial factor in determining the amount of impairment, and the price calculation is based on the price indicators published by the Danish Financial Supervisory Authority.

Total impairment on the Bank's agricultural exposure amounted to DKK 456.7 million at end-2013, equal to 11.7% of the exposure. Of this amount, DKK 438.4 million relates to continuing activities, equal to 13.3%. During 2013, DKK 82.4 million was recognized as losses, of which DKK 69.8 million relates to continuing activities.

Despite the fact that the difficulties of the agricultural sector have been and continue to be significant and that losses have increased as a result, the Group's portfolio of agricultural exposures is assessed to be slightly better at end-2013 than at the beginning of the year. The number of defaulting customers has increased substantially, but many customers have also been shifted to better rating classes.

The portfolio is characterized by satisfactory diversification in terms of production lines.

NOTES

The Group's leasing activities

The Group's leasing activities account for 5.0% (2012: 9.1%) of the Group's total credit exposure and break down as follows by industry.

THE GROUP'S LEASING ACTIVITIES

Line of business %	Loans, advances and guarantees		Total impairment	
	2013	2012	2013	2012
Public authorities	0.3	0.2	0.0	0.0
Agriculture, hunting and forestry	27.4	26.0	15.2	11.7
Fisheries	0.0	0.0	0.2	0.2
Industry and raw materials extraction	15.5	14.6	14.7	13.5
Energy supply	1.5	1.7	1.8	4.5
Building and construction	12.2	13.1	7.6	10.1
Trade	7.7	7.6	16.6	20.9
Transport, hotels and restaurants	18.6	20.6	19.0	22.8
Information and communication	1.5	1.3	0.0	0.2
Financing and insurance	2.6	2.0	1.1	0.8
Real estate	1.3	1.5	0.3	0.3
Other business areas	11.0	11.3	20.3	14.9
Business customers, total	99.6	99.9	96.8	99.9
Retail customers, total	0.4	0.1	3.2	0.1
Total	100.0	100.0	100.0	100.0

Figure 6

Leasing activities

The leasing activities are being phased out. The phase-out is proceeding completely as expected, and the business volume has now dropped below 25% of the highest business volume ever recorded.

In 2013, this business area had a net positive impact on the income statement.

Total equipment repossessed merely amounted to an all-time low of DKK 18.2 million.

Concentration risk

Under section 145 of the Danish Financial Business Act, exposure to a single customer or a group of related customers, after deduction of particularly secure claims, may not exceed 25% of the capital base. Moreover, after deduction of particularly secure claims, the sum of all exposures that constitute 10% or more of the capital base may not exceed 800% of the capital base. According to the Danish Financial Supervisory Authority's "Guidelines on the reporting of financial statements", the financial ratio "Large exposures as % of capital base" has been corrected in respect of exposures to credit institutions, etc. below DKK 1 billion after deductions. The Group submits quarterly reports to the Danish Financial Supervisory Authority on its compliance with these rules.

The Bank has internally introduced a more conservative cap on facilities of DKK 400 million. Exposures to trading partners in the financial sector are not included for the purpose of calculating the Group's cap of DKK 400 million.

The Spar Nord Group has not had exposures to non-financial businesses or groups that exceed these limits.

The table below shows credit exposures to groups totalling 10% or more of the Group's capital base after particularly secure claims.

Credit exposure The Group	2013 No.	2013 DKK m	2013 %	2012 No.	2012 DKK m	2012 %
	Number of groups	Total exposure	Exposure excl. part. secure claims	Number of groups	Total exposure	Exposure excl. part. secure claims
DKK m						
Exposure > 10% of the capital base calculated pursuant to section 145	3	3,142.2	38.0	3	3,074.7	42.9
Exposure > 10% of the capital base calculated pursuant to section 145, after correcting for exposures to credit institutions, etc. below DKK 1 billion after deductions in accordance with the Danish Financial Supervisory Authority's "Guidelines on the reporting of financial statements".	2	2,166.2	26.2	1	1,181.6	16.5

Exposure > 10% of the capital base calculated pursuant to section 145 comprises credit exposures to trading partners in the financial sector exclusively.

THE GROUP'S LOANS, ADVANCES AND GUARANTEES BROKEN DOWN BY SIZE OF FACILITY *)

DKK m	Number 2013	Number 2012	Share in % 2013	Share in % 2012
0 - 0.1	52,596	55,748	1.5	1.5
0.1 - 0.5	34,069	33,381	12.9	12.4
0.5 - 1.0	10,114	10,090	11.1	10.9
1.0 - 5.0	6,073	6,797	21.2	23.2
5.0 - 10.0	738	800	8.9	9.2
10.0 - 20.0	332	363	8.0	8.6
20.0 - 50.0	208	208	11.5	10.7
50.0 - 100.0	57	61	7.3	7.1
100.0 -	44	48	17.6	16.4
Total	104,231	107,496	100.0	100.0

*) Excl. reverse transactions and SparXpres

Figure 7

A breakdown by facility size shows that the Group's portfolio of loans, advances and guarantees is well-diversified, as 55.6% (2012: 57.2%) is attributable to facilities of less than DKK 10 million, and as the Group only has 44 exposures (2012: 48) of more than DKK 100 million.

COLLATERAL ACCEPTED

The Group wants to reduce the risk attaching to individual exposures by accepting collateral, such as mortgages and charges over physical assets, securities and guarantees, etc. whenever possible. Mortgages and charges on real property, securities and vehicles make up the most common type of collateral. Mortgages on real property make up by far the most important collateral type provided to the Bank. Even though the properties have a wide geographical spread throughout Denmark, only a minor number of them are located in the Capital Region, where the 2009 price drop was most pronounced. Mortgages on real property consist mainly of mortgages on private housing.

MORTGAGES WITH POSITIVE EQUITY

	2013		2012	
	DKK bn	Share in %	DKK bn	Share in %
Private housing	9.4	58.7	9.5	57.0
Summer cottages	0.9	5.6	0.9	5.4
Agriculture	2.7	16.9	2.0	11.9
Offices and businesses	1.9	11.9	3.1	18.3
Other	1.1	6.9	1.2	7.4
Total	16.0	100.0	16.7	100.0

Figure 8

GEOGRAPHICAL BREAKDOWN OF MORTGAGES

	% 2013	% 2012
The Capital Region	10.7	10.6
Mid-Jutland Region	18.6	21.0
North Jutland Region	51.1	50.6
Region Zealand	7.7	7.0
Region South Denmark	9.1	8.6
International activities	2.8	2.2
Total	100.0	100.0

Figure 9

The Group monitors the value of the collateral furnished on an ongoing basis. If the risk attaching to a counterparty increases, the collateral is subjected to a particularly critical scrutiny. The value is assessed based on the expected price to be fetched in a compulsory sale of the collateral less any expenses arising from its realization.

The valuation of collateral, etc. for the agricultural sector has been described above under the classification of customers.

The Bank's evaluation of mortgages on rental properties is based on the capacity of the properties to generate a return. Various requirements are made with regard to the rate of return, depending on the use of the property, the condition of the buildings and the physical location in Denmark. Residential rental property is valued on the basis of a required rate of return in the 5.5-10% range.

THE GROUP'S CREDIT EXPOSURE SHOWN BY UNSECURED SHARE OF CREDIT EXPOSURE

	Spar Nord The Group 2013	Spar Nord The Group 2012
Unsecured share of credit exposure, %		
< 10%	25.4	28.3
10 - 50%	15.3	16.4
50 - 75%	12.4	16.2
> 75%	46.9	39.2
Average unsecured share of credit exposure, %	53.9	51.7

Excess coverage by mortgages and other charges in respect of any facilities is not included.

The unsecured share of the Group's credit exposure rose from 51.7% to 53.9% in 2013. The increase in the unsecured share is attributable to the decline in Spar Nord's leasing activities, for which the unsecured share is generally very low.

THE GROUP'S UNSECURED SHARE OF CREDIT EXPOSURE IN DKK M AND %

Line of business	2013		2012	
	DKK m	%	DKK m	%
Public authorities	2,091.5	99.9	1,745.0	99.6
Agriculture, hunting and forestry	1,265.9	32.4	1,249.2	26.5
Fisheries	94.6	56.8	97.1	53.9
Industry and raw mat. extraction	1,177.2	66.3	998.6	50.6
Energy supply	1,074.4	57.8	956.5	51.0
Building and construction	921.1	53.7	966.0	49.0
Trade	2,614.9	74.0	2,710.8	71.6
Transport, hotels and restaurants	648.7	35.8	752.7	35.4
Information and communication	113.8	81.9	126.1	65.1
Financing and insurance	841.9	24.7	1,687.9	78.6
Real estate	2,807.8	58.0	3,033.3	55.9
Other business areas	2,148.2	68.8	1,672.5	55.1
Business customers, total	15,800.0	55.7	15,995.7	54.8
Retail customers, total	8,262.4	50.9	7,863.3	46.3
Total	24,062.4	53.9	23,859.0	51.7

Figure 10

In the event that Spar Nord Bank calls up collateral that cannot easily be converted to cash, the Bank pursues the policy of disposing of such assets as soon as possible. As concerns properties, their sale will be entrusted to a real estate agent. Repossessed leasing equipment will be sold as soon as possible.

In 2013, the Group repossessed equipment and properties worth DKK 67.5 million (2012: DKK 90.9 million) in connection with non-performing loans.

The leased assets are valued and depreciated on an ongoing basis. Thus, in periods of declining prices for leased assets, the collateral calculated for the Group's leasing activities is reduced.

THE SPAR NORD GROUP COLLATERAL AND CATEGORY

Collateral accepted	2013	2012
	DKK m	DKK m
Credit exposure, carrying amount	44,623,6	46,155,0
Value of collateral	20,561,2	22,296,0
Unsecured, total	24,062,4	23,859,0
Type of collateral		
Properties	10,359,6	10,083,0
Custody accounts / securities	2,998,8	1,125,0
Guarantees / suretyships	303,9	579,2
Vehicles	1,357,8	1,075,2
Cash	833,6	660,7
Other collateral	577,8	2,048,4
Collateral used, total	16,431,5	15,571,5
Spec. secured trans. (mortgage-credit inst. guarantees)	2,305,2	3,087,0
Total collateral accepted, excl. Spar Nord Leasing	18,736,7	18,658,5
Collateral accepted, leasing activities	1,824,5	3,637,5
Total	20,561,2	22,296,0

Figure 11

The reason that the property value under mortgages broken down by property type is calculated at DKK 16.0 billion (2012: DKK 16.7 billion) and that only DKK 10.4 billion (2012: DKK 10.1 billion) is recorded as collateral on the properties in the table above is that the DKK 16.0 billion (2012: DKK 16.7 billion) is the amount mortgaged to the Bank and recorded as collateral, while the DKK 10.4 billion (2012: DKK 10.1 billion) is the share actually used for calculating collateral regarding a facility. Some facilities are smaller than the collateral value, and collateral has also been provided by customers who do not currently have any facilities.

NOTES

	Spar Nord The Group 31.12.13 DKK m	Spar Nord The Group 31.12.12 DKK m	Spar Nord Parent Company 31.12.13 DKK m	Spar Nord Parent Company 31.12.12 DKK m
Impairment account				
<i>Individual impairment of loans and advances</i>				
Individual impairment, beginning of year	1,230.3	1,050.4	1,086.9	916.4
New individual impairment	811.0	642.9	763.3	568.5
Reversal of individual impairment losses	281.2	233.1	210.5	185.8
Previously written down, now definitively lost	317.7	318.8	295.4	294.1
Interest on impaired loans and advances taken to income	92.9	88.9	88.0	81.9
Individual impairment, end of year	1,535.3	1,230.3	1,432.3	1,086.9
<i>Groups of impairment losses, loans and advances</i>				
Groups of impairment losses, beginning of year	97.4	90.6	81.9	79.9
New groups of impairment losses	0.8	6.8	0.8	2.0
Reversal of groups of impairment losses	40.4	0.0	32.2	0.0
Groups of impairment losses, end of year	57.8	97.4	50.5	81.9
<i>Total impairment of loans and advances</i>				
Impairment, beginning of year	1,327.7	1,141.0	1,168.8	996.3
New impairment	811.8	649.7	764.1	570.5
Reversal of impairment losses	321.6	233.1	242.7	185.8
Previously written down, now definitively lost	317.7	318.8	295.4	294.1
Interest on impaired loans and advances taken to income	92.9	88.9	88.0	81.9
Impairment, end of year	1,593.1	1,327.7	1,482.8	1,168.8
<i>Impairment recognized in the income statement</i>				
New impairment	811.8	649.7	764.1	570.5
Reversal of impairment losses	321.6	233.1	242.7	185.8
Losses without prior impairment	229.7	238.4	229.7	238.4
Carried to income, previously written off	46.2	25.8	46.2	25.8
Recognized in the income statement	673.7	629.2	704.9	597.3
<i>Provisions for guarantees</i>				
Provisions, beginning of year	2.3	1.8	2.3	1.8
New provisions	0.9	1.9	0.9	1.9
Reversal of provisions	0.8	1.4	0.8	1.4
Provisions for losses on guarantees, end of year	2.4	2.3	2.4	2.3
<i>Provisions for losses on guarantees recognized in the income statement</i>				
New provisions	0.9	1.9	0.9	1.9
Reversal of provisions	0.8	1.4	0.8	1.4
Losses without prior provisions	0.0	1.2	0.0	1.2
Recognized in the income statement	0.1	1.7	0.1	1.7
Impairment account for loans, advances and provisions for guarantees, total	1,595.5	1,330.0	1,485.2	1,171.1
Impairment, other credit risks, total	10.5	0.0	10.5	0.0
Impairment account for loans, advances, provisions for guarantees and other credit risks, total	1,606.0	1,330.0	1,495.7	1,171.1
Impairment of loans, advances and receivables, etc.				
<i>The total recognition in the income statement under impairment of loans, advances and receivables, etc. can be broken down as follows:</i>				
Receivables from credit institutions	10.5	0.0	10.5	0.0
Impairment of loans, advances and receivables	673.7	629.2	704.9	597.3
Provisions for losses on guarantees	0.1	1.7	0.1	1.7
Total impairment of loans, advances and receivables, etc.	684.3	630.9	715.5	599.0
Recognized in profit/loss on discontinuing activities	-20.9	31.9	10.3	0.0
Recognized in impairment of loans, advances and receivables, etc.	705.2	599.0	705.2	599.0
Total impairment recognized under profit/loss on discontinuing activities				
New impairment losses and reversal of impairment losses	-20.9	31.9	10.3	0.0
Losses without prior impairment	55.7	40.3	0.8	0.0
Carried to income, previously written off	13.6	4.0	0.0	0.0
Recognized in the income statement	21.2	68.2	11.1	0.0
<i>Non-accrual loans amount to:</i>				
Continuing activities	399.1	391.6	399.1	391.6
Discontinuing activities	33.3	11.6	17.5	0.0
Total non-accrual loans	432.4	403.2	416.6	391.6
Interest on impaired receivables is calculated on the impaired balance only.				
<i>Interest on impaired loans and advances taken to income</i>				
Continuing activities	87.8	81.9	87.8	81.9
Discontinuing activities	5.1	7.0	0.2	0.0
Total interest on impaired loans and advances taken to income	92.9	88.9	88.0	81.9

NOTES

Credit facilities and impairment by industry

	2013				2012			
	Exposure The Group		Total impairment		Exposure The Group		Total impairment	
%	DKK m	%	DKK m	%	DKK m	%	DKK m	%
<i>Business customers</i>								
Public authorities	2,094.6	4.7	0.0	0.0	1,752.1	3.8	0.0	0.0
Agriculture, hunting, forestry and fisheries	4,073.3	9.1	459.2	28.8	4,898.1	10.6	375.4	28.2
Industry and raw materials extraction	1,775.3	4.0	56.1	3.5	1,972.7	4.2	45.6	3.4
Energy supply	1,857.7	4.2	7.9	0.5	1,877.0	4.1	12.7	1.0
Building and construction	1,717.0	3.8	87.4	5.5	1,970.4	4.3	64.5	4.8
Trade	3,532.9	7.9	99.3	6.2	3,785.0	8.2	121.9	9.2
Transport, hotels and restaurants	1,812.3	4.1	60.3	3.8	2,126.6	4.6	61.8	4.6
Information and communication	138.9	0.3	1.4	0.1	193.7	0.4	10.8	0.8
Financing and insurance	3,408.1	7.6	76.1	4.8	2,148.4	4.7	55.7	4.2
Real estate	4,844.4	10.9	266.4	16.6	5,428.2	11.8	180.6	13.6
Other business areas	3,123.6	7.0	119.8	7.5	3,037.6	6.5	87.5	6.6
Business customers, total	28,378.1	63.6	1,233.9	77.3	29,189.8	63.2	1,016.5	76.4
<i>Retail customers, total</i>	16,245.5	36.4	361.6	22.7	16,965.2	36.8	313.5	23.6
Loans, advances and guarantees, total	44,623.6	100.0	1,595.5	100.0	46,155.0	100.0	1,330.0	100.0

Of which groups of impairment losses

Retail customers		31.7	54.7		55.9	57.4
Business customers		26.1	45.3		41.5	42.6
Groups of impairment losses		57.8	100.0		97.4	100.0

In connection with the Group's ongoing credit risk management, groups of impairment losses are not allocated to various industries but instead recognized as a combined item, broken down by retail and business customers, as groups of impairment losses have been calculated based on rating models.

	Spar Nord The Group 31.12.13 DKK m	Spar Nord The Group 31.12.12 DKK m	Spar Nord Parent Company 31.12.13 DKK m	Spar Nord Parent Company 31.12.12 DKK m
Individually impaired loans, etc.				
<i>Loans, advances and receivables</i>				
Sum total of individually impaired loans, advances and receivables	3,490.2	2,934.1	3,202.2	2,521.7
Impairment of loans, advances and receivables	1,535.3	1,230.3	1,432.3	1,086.9
Carrying amount of loans, advances and receivables	1,954.9	1,703.8	1,769.9	1,434.8
<i>Guarantees</i>				
Sum total of individual provisions for guarantees	146.9	117.3	146.9	117.3
Provisions for guarantees	2.4	2.3	2.4	2.3
Carrying amount of guarantees	144.5	115.0	144.5	115.0

The impairment account for individual impairment shown by cause of impairment

	2013		2012	
	Credit exposure before impairment DKK m	Impairment DKK m	Credit exposure before impairment DKK m	Impairment DKK m
The Group				
<i>Individual impairment of loans, advances, receivables and guarantees</i>				
Insolvent liquidation	192.9	90.4	103.3	71.3
Collection or suspension of payments	124.9	40.4	143.0	61.2
Other financial difficulties	3,319.3	1,406.9	2,805.1	1,100.1
Individual impairment of loans, advances, receivables and guarantees, total	3,637.1	1,537.7	3,051.4	1,232.6

NOTES

The impairment account for individual impairment shown by cause of impairment Parent Company

Individual impairment of loans, advances, receivables and guarantees

	2013		2012	
	Credit exposure before impairment DKK m	Impairment DKK m	Credit exposure before impairment DKK m	Impairment DKK m
Insolvent liquidation	163.1	72.7	47.6	26.0
Collection or suspension of payments	108.3	36.3	90.7	47.6
Other financial difficulties	3,077.7	1,325.7	2,500.7	1,015.6
Individual impairment of loans, advances, receivables and guarantees, total	3,349.1	1,434.7	2,639.0	1,089.2

Virtually all cases of insolvent liquidation, suspension of payments and collection proceedings are attributable to business customers. The customers are widely distributed on all sectors, with a slight overweight on trade exposures.

The collateral for individually impaired loans and for past-due loans that have not been individually impaired does not differ significantly from the Bank's other collateral.

CLAIMS DUE, BUT NOT IMPAIRED

The Group

DKK m	Spar Nord The Group 31.12.13	Spar Nord The Group 31.12.12
0 - 30 days	155.7	194.1
31 - 60 days	9.1	10.5
61 - 90 days	4.6	3.8
> 90 days	24.3	29.1
Total	193.7	237.5

CLAIMS DUE, BUT NOT IMPAIRED

Parent Company

DKK m	Total			
	Over-drawn 2013	Secured 2013	Over-drawn 2012	Secured 2012
0 - 30 days	147.9	115.2	188.6	103.3
31 - 60 days	6.7	5.2	7.0	5.7
61 - 90 days	4.6	2.5	3.5	3.0
> 90 days	17.2	11.6	23.6	10.0
Total	176.4	134.5	222.7	122.0

The collateral has been calculated using the Bank's collateral registration system, in which all collateral is recorded on the basis of a conservative valuation.

Unauthorized overdrafts

Developments in unauthorized overdrafts are monitored on an ongoing basis at the Bank. During the past few years, this monitoring has been tightened up as a result of economic trends. The development can be seen from figures 12 and 13 below, which include a trendline for developments from month to month in the past two years. Throughout the period, unauthorized overdrafts for both retail and business customers remained at a low level, averaging about 0.6% and 0.3%, respectively, of loans and advances granted by Spar Nord's Local Banks. This is considered satisfactory in light of economic trends.

RETAIL CUSTOMERS – DEVELOPMENT IN UNAUTHORIZED OVERDRAFTS/EXP. PAST DUE

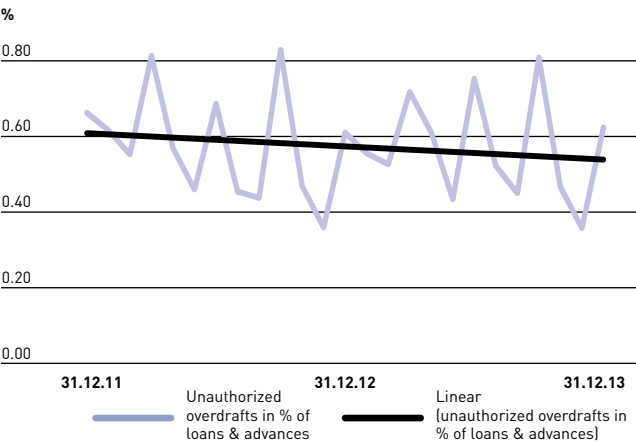


Figure 12

BUSINESS CUSTOMERS - DEVELOPMENT IN UNAUTHORIZED OVERDRAFTS/EXP. PAST DUE

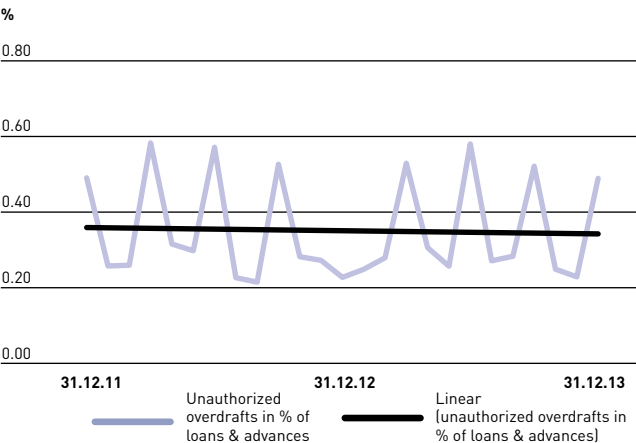


Figure 13

NOTES

Financial credit risk

As part of its trading in and holding of securities, foreign currency and derivative instruments and its payment services, etc., the Bank will experience credit risk exposure to financial counterparties.

Spar Nord's Management allocates lines for credit risk exposure to financial counterparties, based on the particular counterparty's risk profile, rating, amount of exposure and solvency.

The risks and lines of financial instruments are monitored constantly

FINANCIAL CREDIT RISK THE GROUP	2013 Carrying amount DKK m	2012 Carrying amount DKK m	2013 Risk portfolio DKK m	2012 Risk portfolio DKK m
AAA	17,053.9	18,898.1	14,530.1	16,156.8
AA	672.9	983.4	672.8	983.4
A	2,680.0	3,280.3	2,680.1	3,278.0
BBB	1,695.0	1,279.1	1,692.4	1,276.6
BB	12.2	7.5	12.2	3.6
B	31.5	29.7	31.5	29.8
CCC	0.8	0.1	0.8	0.2
CC	1.7	5.5	1.7	5.5
Unrated	346.2	460.9	346.7	459.1
Unallocated	10.9	21.8	10.9	21.8
Total financial credit risk	22,505.1	24,966.4	19,979.2	22,214.8

Overall, Management's assessment is that Spar Nord's credit exposure to financial counterparties remains at a moderate level, as 89.5% (2012: 91.9%) of the financial credit risk is attributable to counterparties with a rating of A or higher.

Bond portfolio

The Group's bond portfolio is the most significant source of financial credit risk.

BOND PORTFOLIO BY ISSUER TYPE *)

THE GROUP	2013 Carrying amount DKK m	2012 Carrying amount DKK m	2013 Risk portfolio DKK m	2012 Risk portfolio DKK m
Mortgage-credit bonds	15,073.1	17,155.2	12,813.8	14,747.6
Financial issuers	3,091.0	2,701.7	3,089.2	2,698.4
Other issuers	180.9	121.0	180.9	113.2
Government bonds	465.4	271.4	200.5	-61.5
Total	18,810.4	20,249.3	16,284.4	17,497.7

*) The bond portfolio plus spot and forward transactions (purchase + sale)

BOND PORTFOLIO BY RATING *)

THE GROUP	2013 Carrying amount DKK m	2012 Carrying amount DKK m	2013 Risk portfolio DKK m	2012 Risk portfolio DKK m
AAA	15,188.9	17,163.5	12,665.1	14,422.2
AA	211.7	211.3	211.6	211.3
A	1,761.8	1,730.7	1,761.8	1,728.4
BBB	1,592.8	1,113.4	1,590.2	1,110.9
BB	12.2	6.7	12.2	2.8
B	12.7	9.4	12.7	9.5
CCC	0.8	0.1	0.8	0.2
CC	1.7	5.5	1.7	5.5
Unrated	27.8	8.7	28.3	6.9
Total	18,810.4	20,249.3	16,284.4	17,497.7

*) The bond portfolio plus spot and forward transactions (purchase + sale)

Spar Nord's bond portfolio is composed of 78.7% mortgage-credit bonds (2012: 84.3%), 19.0% bonds from financial issuers (2012: 15.5%) and 2.3% from other issuers (2012: 0.2%).

NOTES

Receivables from credit institutions

The other major source of financial credit risk is receivables from credit institutions and central banks. In this area, Spar Nord's exposure is typically to central banks with a triple A rating or Danish banks with which the Bank's Trading, Financial Markets & the International Division has a customer relationship.

RECEIVABLES FROM CREDIT INSTITUTIONS BY PRODUCT TYPE

THE GROUP	2013 Carrying amount DKK m	2012 Carrying amount DKK m	2013 Risk portfolio DKK m	2012 Risk portfolio DKK m
Reverse transactions	1,865.0	1,730.5	1,865.0	1,730.5
Deposits and unlisted bonds	257.1	550.9	257.1	550.9
Subordinated loans	5.5	18.1	5.5	18.1
Current accounts	112.3	186.0	112.3	186.0
CSA accounts, etc.	913.6	1,391.0	913.6	1,391.0
Commercial foreign business	32.5	26.0	32.5	26.0
Undisclosed	26.4	74.6	26.4	74.6
Receivables from credit institutions	3,212.4	3,977.1	3,212.4	3,977.1
Positive market value of derivative instruments, financial institutions	482.3	740.0	482.3	740.0
Total	3,694.7	4,717.1	3,694.7	4,717.1

RECEIVABLES FROM CREDIT INSTITUTIONS BY RATING

THE GROUP	2013 Carrying amount DKK m	2012 Carrying amount DKK m	2013 Risk portfolio DKK m	2012 Risk portfolio DKK m
AAA	1,865.0	1,734.6	1,865.0	1,734.6
AA	461.2	772.1	461.2	772.1
A	918.2	1,549.6	918.2	1,549.6
BBB	102.2	165.7	102.2	165.7
BB	0.0	0.8	0.0	0.8
B	18.8	20.3	18.8	20.3
Unrated	318.4	452.2	318.4	452.2
Unallocated	10.9	21.8	10.9	21.8
Total	3,694.7	4,717.1	3,694.7	4,717.1

87.8% (2012: 86.1%) of Spar Nord's receivables from credit institutions concerns institutions with an A rating or higher. Of the total receivables from credit institutions of DKK 3.7 billion (2012: DKK 4.7 billion), 50.5% (2012: 36.8%) is attributable to institutions with an AAA rating, 12.5% (2012: 16.4%) to institutions with an AA rating, and 24.8% (2012: 32.9%) to institutions with an A rating.

Receivables from credit institutions with no rating are mainly attributable to the Danish financial institutions that perform their clearing through Spar Nord Bank.

NOTE 57 MARKET RISK

Market risk is defined as the risk that volatility in market conditions will change the market value of the Bank's assets and liabilities. Market risks are a consequence of the Bank's open positions in the financial markets and may be categorized as interest-rate risk, equity risk, exchange-rate risk, commodity risk and liquidity risk. Market risks are managed and hedged primarily by Spar Nord's Trading, Financial Markets & the International Division.

In 2013, Spar Nord made no major changes in assumptions, objectives, policies, exposures and calculation methods, etc. as compared to the year before.

Spar Nord's Board of Directors determines the overarching policies, frameworks and principles for risk management. The policies are concerned with identifying and estimating various types of market risk. The frameworks indicate specific limits on the extent of risk the Bank is ready to assume. The principles establish the methods to be used in calculating the various risk targets. The Board of Directors receives continuous reporting on risk developments and the utilization of allocated risk limits.

The aim of the Bank's market risk policy is to ensure that Spar Nord Bank has a market risk that at all times bears an appropriate relation to its capital base. Moreover, the market risk policy must ensure that the Bank continuously handles and manages its market risks on the basis of appropriate and updated procedures.

For its management of market risks, the Bank has established a three-tier instruction hierarchy. At the first tier, the Board of Directors issues the definition of the limits for the Spar Nord Group to the Executive Board. At the second tier, the Executive Board delegates limits to the other entities of the Group, with the Trading, Financial Markets & the International Division being the distinctly largest entity. At the third and last tier, the executives of the Trading, Financial Markets & the International Division are granted the limits within which they may operate.

The Middle Office function of the Finance & Accounts Department is responsible for estimating, monitoring, controlling and reporting market risks to the Board of Directors and the Executive Board. Market risks are controlled and monitored through an integrated risk management system. Procedures for ongoing follow-up on all types of market risk are in place for all entities that are subject to the instructions and any failure to adhere to these instructions is reported further up in the hierarchy. To ensure independence, the Middle Office function has no position-taking authority. All trades are settled by Spar Nord's Back Office Department according to the guidelines issued by the Danish Financial Supervisory Authority regarding functional separation.

As part of the instruction hierarchy, a number of limits have been set that are used to manage risks. In the long term, these limits are influenced by the Bank's business development. The most important limits applicable at the end of 2013 allow the Bank to:

- have a net interest-rate risk of 2.3% measured in relation to the Bank's core capital (Tier 1) incl. hybrid core capital after deductions, in case of a 1% increase in the interest rate;
- acquire bonds, measured in terms of the risk portfolio, for DKK 22 billion;
- acquire listed shares for DKK 250 million.

Interest-rate risk

The interest-rate risk is the risk of loss due to fluctuating interest rates. The majority of Spar Nord's interest-rate risks derive from activities involving ordinary banking transactions, such as deposits and lending, as well as trade and position-taking in a number of interest-related products. Most of these activities incorporate simple interest-rate products such as interest swaps, bonds, futures and standard interest-rate options.

The interest-rate risk is calculated on the basis of the target duration and agreed cash flow. For managing the portfolio of Danish mortgage-credit bonds, the Bank uses model-based key risk indicators that provide for the inherent option element. For interest-rate options, the above-mentioned key indicators are supplemented by the most important risk factors expressing the sensitivity of the option premium based on the underlying parameters.

The interest-rate risk is assessed on a daily basis and decisions are made in light of expectations for the macroeconomic situation and market developments. The Bank converts the interest-rate risk in foreign currencies into Danish kroner and offsets the negative interest-rate risk against the positive one to calculate the net interest-rate risk.

The interest-rate risk broken down by currency and duration is shown below, where the interest-rate risk denotes the expected loss on interest-rate positions due to a change in the interest rate of 1 percentage point.

INTEREST-RATE RISK SHOWN BY TERM TO MATURITY AND CURRENCY (DKK M)

2013	Less than 3 mths	3 mths - 1 year	1 year - 3 years	3 years - 7 years	Over 7 years	Total
DKK	13.6	-25.8	-25.5	8.3	23.4	-6.0
EUR	3.6	-9.8	-6.5	-5.0	5.9	-11.8
USD	1.3	0.5	0.4	-3.8	0.0	-1.6
GBP	0.0	-0.1	0.0	0.0	0.0	-0.1
NOK	-0.1	0.3	-0.1	0.0	0.0	0.1
CHF	-1.2	-0.6	-0.8	0.2	0.0	-2.4
JPY	0.0	-0.4	-0.3	0.0	0.0	-0.7
SEK	1.3	0.1	-0.1	0.4	0.0	1.7
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
Total	18.5	-35.8	-32.9	0.1	29.3	-20.8

2012	Less than 3 mths	3 mths - 1 year	1 year - 3 years	3 years - 7 years	Over 7 years	Total
DKK	5.8	-6.2	-75.6	-2.3	15.6	-62.7
EUR	4.1	-1.9	-11.6	-5.2	2.6	-12.0
USD	1.0	-0.1	-0.3	0.3	0.0	0.9
GBP	0.0	0.0	0.0	0.0	0.0	0.0
NOK	0.0	-0.1	0.0	0.0	0.0	-0.1
CHF	-1.5	-0.2	0.0	-0.3	0.0	-2.0
JPY	0.0	0.0	0.1	0.0	0.0	0.1
SEK	1.5	0.0	-1.0	-0.2	0.0	0.3
Miscellaneous	-0.2	0.0	0.0	0.0	0.0	-0.2
Total	10.7	-8.5	-88.4	-7.7	18.2	-75.7

As appears from the table, the Group is mainly exposed to DKK and EUR (2012: DKK and EUR). It also appears that since end-2012, the interest-rate risk has gone from being negative in the amount of DKK 75.7 million to being negative in the amount of DKK 20.8 million at end-2013.

If the yield curves are displaced parallel to each other upwards by one percentage point, a negative interest-rate risk would impact the shareholders' equity positively. In 2013, the interest-rate risk would have impacted the shareholders' equity positively by just under 1.6% (2012: 1.6%) as a maximum and negatively by 0.4% (2012: -0.4%) if interest rates were to increase by one percentage point.

Foreign-exchange risk

The foreign-exchange risk is the risk of loss on currency positions due to exchange-rate fluctuations. Spar Nord calculates the foreign-exchange risk in two ways: The first calculation is based on the assumption that all exchange rates develop unfavourably for the Bank by 2%. The other calculation is based on a foreign-exchange indicator, which is computed based on the sum of all currencies in which the Bank has placed orders to sell ('gone short') and all the currencies in which the Bank has placed orders to buy ('gone long'). Foreign-exchange indicator 1 is calculated by correlating the higher of the two sums to the Bank's core capital (Tier 1) incl. hybrid core capital after deductions. Foreign-exchange indicator 2 denotes that if the Bank does not change foreign-exchange positions the next ten days, there is 1% probability that the Group will incur a loss that exceeds the value of the indicator.

	Spar Nord The Group 31.12.13 DKK m	Spar Nord The Group 31.12.12 DKK m	Spar Nord Parent Company 31.12.13 DKK m	Spar Nord Parent Company 31.12.12 DKK m
FOREIGN-EXCHANGE RISK				
Assets denominated in foreign currencies, total	8,542.8	10,996.6	8,442.1	10,894.7
Liabilities denominated in foreign currencies, total	3,686.5	8,561.1	3,675.4	8,551.2
Foreign-exchange indicator 1	276.0	94.3	326.1	134.8
Foreign-exchange indicator 1 in % of core capital (Tier 1) (incl. hybrid core capital) after deductions	3.7	1.4	4.4	2.0
Foreign-exchange indicator 2 in % of core capital (Tier 1) (incl. hybrid core capital) after deductions	0.0	0.0	0.0	0.0
<i>Foreign-exchange risk broken down by currency:</i>				
EUR	-1.6	-0.1	-1.6	-0.2
SEK	-2.2	-1.8	-0.5	0.0
USD	-2.2	-0.1	-2.2	-0.1
GBP	-0.1	0.0	-0.1	0.0
CHF	0.0	-0.2	0.0	-0.2
NOK	-0.5	0.0	-0.5	0.0
JPY	-1.4	0.0	-1.4	0.0
Other currencies	-0.5	-0.1	-0.4	0.0
Foreign-exchange risk regarding financial instruments, etc., total	-8.5	-2.3	-6.7	-0.5

The foreign-exchange risk denotes the loss in million DKK that the Spar Nord Group would incur if the exchange rate developed negatively by 2% relative to the Bank's exposure.

As appears from the table, the overall foreign-exchange risk for the Group in 2013 was DKK 6.2 million lower than at end-2012, totalling DKK -8.5 million at end-2013.

The foreign-exchange risk has increased for most currencies.

EQUITY RISK

The equity risk is the risk of loss due to fluctuating share prices, calculated as the net value of long and short positions in shares and share-related instruments.

The equity positions have been determined depending on whether they are included in the trading portfolio or not.

	Spar Nord The Group 31.12.13 DKK m	Spar Nord The Group 31.12.12 DKK m
<i>Equity risk in the trading portfolio:</i>		
Listed shares in the trading portfolio	140.1	119.5
Unlisted shares in the trading portfolio	18.3	41.3
Total shares in the trading portfolio	158.4	160.8

The shares in the trading portfolio are shares acquired with a view to trading. This includes shares acquired through the wholly-owned subsidiary Erhvervsinvest Nord A/S.

Shares outside the trading portfolio:

Shares in credit and financing institutions	709.6	684.2
Shares in unit trust management companies	82.1	90.5
Shares in pension institutions	19.2	20.1
Shares in payment services business	182.7	182.7
Other shares	63.5	64.1
Shares in strategic partners, total	1,057.1	1,041.6
Realized gains	2.0	0.0
Unrealized gains	25.2	5.8
Total associates	997.3	992.8
Total shares outside the trading portfolio	2,054.4	2,034.4

NOTE

Shares outside the trading portfolio are characterized in that they have not been acquired with a view to trading. In addition, a distinction is made between shares in associates and shares in strategic partners.

Shares in associates include Nørresundby Bank A/S in which Spar Nord has a 50.2% interest, but due to voting right restrictions this interest is considered to give significant influence only, and not control.

Shares in strategic partners in the financial sector are shares in companies whose purpose is to support bank transactions in the fields of mortgage credit, payment services, unit trusts, etc. Participation in the companies in question is considered a prerequisite for the Bank's operations.

In several of the sector companies, the shares are reallocated such that the ownership interest of the banks will reflect the business volume of the relevant bank with the sector company. Typically, this reallocation is made based on the net asset value of the sector company in question. The recognized value of these shares is changed when new information is available that supports a change of valuation. In other sector companies, the shares are not reallocated, but instead measured based on a recognized valuation method. The adjustments of the values of the shares in these companies are also recognized in the income statement.

	Spar Nord The Group 31.12.13 DKK m	Spar Nord The Group 31.12.12 DKK m	Spar Nord Parent Company 31.12.13 DKK m	Spar Nord Parent Company 31.12.12 DKK m
<i>Shares included in the trading portfolio:</i>				
Long positions	158.4	160.8	158.4	148.1
Short positions	9.1	4.0	9.1	4.0
Gross portfolio	167.5	164.8	167.5	152.1

Reference is made to note 24 regarding the amount of shares recognized according to the fair-value option.

SENSITIVITY ANALYSIS

The sensitivity information shows the impact of isolated changes in interest rates and prices of shares in the trading portfolio, while the impact of changes in exchange rates is shown for positions both in and outside the trading portfolio.

	Impact on equity		Impact on the income statement	
	End-2013 %	End-2012 %	End-2013 DKK m	End-2012 DKK m
- Interest increase of 1 percentage point	-0.8	-0.7	-53.1	-40.2
- Interest decrease of 1 percentage point	0.8	0.7	53.1	40.2
- Share price decrease of 10%	-0.2	-0.2	-11.9	-12.1
- Exchange-rate fluctuation of 2% in unfavourable direction	-0.1	0.0	-6.4	-1.7

The impact on the income statement has been calculated after tax.

The impact on shareholders' equity is equal to the impact on profit or loss, calculated after tax. There is no direct impact on the shareholders' equity, as there are no held-to-maturity investments.

The percentage changes in interest rate, share prices and foreign-exchange rates shown in the sensitivity analysis have been calculated in relation to the shareholders' equity at the end of the year.

The sensitivity analysis shows the impact of changes in the interest rate, share prices and foreign-exchange rates.

The sensitivity to interest-rate changes has been calculated based on changes in the net interest-rate risk relative to shareholders' equity.

The sensitivity to share price decreases has been calculated based on the Bank's equity portfolio.

58 LIQUIDITY RISK

In 2013, Spar Nord made no major changes in calculation methods, policies and exposures, etc. as compared to the year before. Liquidity risk is the risk that the Group's financings costs rise disproportionately, that the Group is prevented from entering into new transactions because it lacks adequate cash funds, and – ultimately – that the Group cannot honour its payment obligations on account of insufficient cash resources.

The Group performs cash management by currently monitoring and controlling the Bank's short-term and long-term liquidity risks, based on four elements:

- Strategic liquidity
- Cash resources
- Contingency liquidity plan
- Stress test

Other elements are:

- Funding structure
- Moody's "12-month scenario with no access to funding"

Based on the policies and strategic targets for the Group's liquidity risk determined by the Board of Directors, viz.:

1. liquidity policy,
2. liquidity plan, including an emergency plan in case of insufficient or lacking cash resources,

the Executive Board has defined operational frameworks and specific limits for the Finance & Accounts Department and for Trading, Financial Markets & the International Division. Trading, Financial Markets & the International Division is responsible for managing the Group's short-term liquidity, while the Finance & Accounts Department is responsible for managing the Group's long-term funding.

The objective of the Group's cash management is thus to ensure suitable cash funds to allow the Bank to honour its payment obligations as and when they fall due, and to ensure reasonable funding costs. This work is carried out at several levels:

1. Strategic liquidity, which is calculated as deposits, excluding repo transactions, senior loans, issued bonds, subordinated debt and shareholders' equity, must exceed lending, excluding reverse transactions. Subordinated debt, senior loans and issued bonds due within 12 months are not included in the calculation.
2. The liquidity coverage ratio according to the statutory requirement must be minimum 50%, corresponding to the threshold value applied in the Danish Financial Supervisory Authority's Diamond Test Model, and the funding structure must meet the threshold value for the funding ratio in the Diamond Test Model.

The Finance & Accounts Department is responsible for determining, monitoring and controlling that the Bank's liquidity risk lies within the limits set. It regularly reports to the Board of Directors, the Executive Board, the Danish Financial Supervisory Authority and Danmarks Nationalbank.

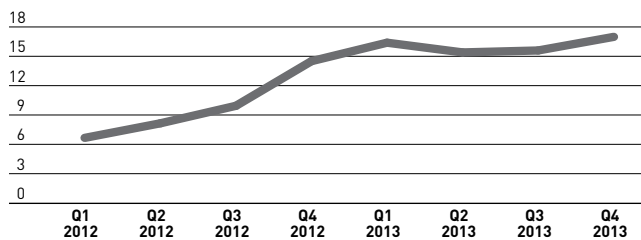
Strategic liquidity

Spar Nord's strategic liquidity target indicates the Bank's objective for deposits excl. repo transactions, senior loans, issued bonds, subordinated debt and shareholders' equity to exceed lending, excl. reverse transactions. Subordinated debt, senior loans and issued bonds due within 12 months are not included in the calculation.

NOTES

STRATEGIC LIQUIDITY

DKK bn



At end-2013, the Bank had strategic liquidity of DKK 17.3 billion, a DKK 2.5 billion increase on end-2012 when strategic liquidity was determined at DKK 14.8 billion.

The main reason for the increase is a drop in both lending and leasing activities, which have declined by DKK 3.1 billion in total compared to 2012.

Subsequently, the strategic liquidity has been specified for the individual constituent parts for end-2013 and -2012, respectively.

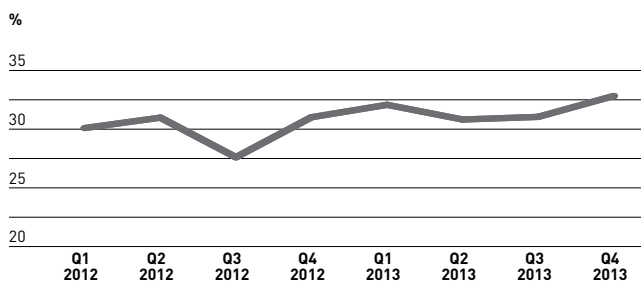
STRATEGIC LIQUIDITY	Spar Nord The Group 31.12.13 DKK m	Spar Nord The Group 31.12.12 DKK m
Deposits, banking activities	41,830.5	41,921.7
Senior loans	3,079.2	3,491.9
Issued bonds	301.6	6,093.3
Subordinated debt	3,002.4	2,561.5
Shareholders' equity	6,532.7	5,975.3
Generation of cash	54,746.4	60,043.7
Loans and advances, banking activities	33,772.9	34,916.1
Loans and advances, leasing activities	2,089.6	4,026.3
Loans and advances (bank and leasing activities)	35,862.5	38,942.4
Senior loans, issued bonds and subordinated debt having a term to maturity of less than 12 months	1,537.8	6,299.9
Strategic liquidity	17,346.1	14,801.4

Cash resources

Spar Nord's management of short-term liquidity is intended to ensure adequate, free liquidity to ensure that at all times the Bank lives up to the minimum liquidity requirement pursuant to section 152 of the Danish Financial Business Act and complies with the 50% limit determined in the Danish Financial Supervisory Authority's Diamond Test Model. Free liquidity is defined as uncollateralized liquid securities, deposits on demand with credit institutions, certificates of deposit and cash balances. To this should be added binding credit commitments from other credit institutions.

Pursuant to section 152 of the Danish Financial Business Act, a bank's free liquidity must amount to at least 15% of its on-demand payables and at least 10% of the reduced liabilities (other than provisions) and guarantee commitments. As concerns Spar Nord, the excess coverage relative to the requirement that the free liquidity must at least amount to 15% of the Bank's on-demand payables has always been somewhat larger than the excess coverage relative to the 10% requirement. The compliance ratio relative to the requirement that the free liquidity must amount to at least 10% of the reduced liabilities (other than provisions) and guarantee commitments constituted 33.1% at end-2013 (2012: 31.2%).

COMPLIANCE RATIO RELATIVE TO THE 10% REQUIREMENT (SECTION 152(2))



Contingency liquidity plan

Spar Nord has prepared an emergency liquidity plan pursuant to section 71 of the Danish Financial Business Act. This plan contains a catalogue of possible courses of action to strengthen the Bank's liquidity in a critical situation. The catalogue contains a more detailed description of the expected impact and time span of the individual actions. The emergency liquidity plan enters into force if the Group can only meet the predetermined liquidity instructions with difficulty and with resulting sharply increased funding costs.

Stress test

In addition to the Bank's liquidity management models, the Bank prepares internal stress tests. The stress tests span a 12-month period and are calculated using three permanently defined scenarios: A business-specific, a market-specific and a mixed scenario.

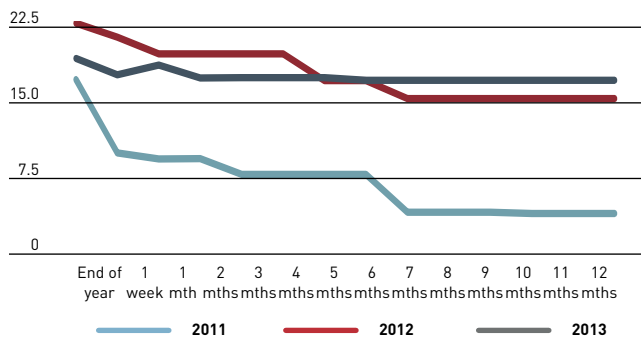
In addition, the Bank performs stress tests based on Moody's "12-month scenario with no access to funding". This scenario operates on the assumption that the Bank has no access to capital markets during the period of calculation, for which reason senior loans, issued bonds and subordinated debt cannot be refinanced on maturity. On the other hand, the stable deposits base remains an accessible financing source, while only a moderate reduction in the Bank's assets is assumed.

NOTES

As appears from the figure below, the Group has positive liquidity for the full 12-month period.

MOODY'S 12-MTH SCENARIO WITH NO ACCESS TO FUNDING

DKK bn



Funding structure

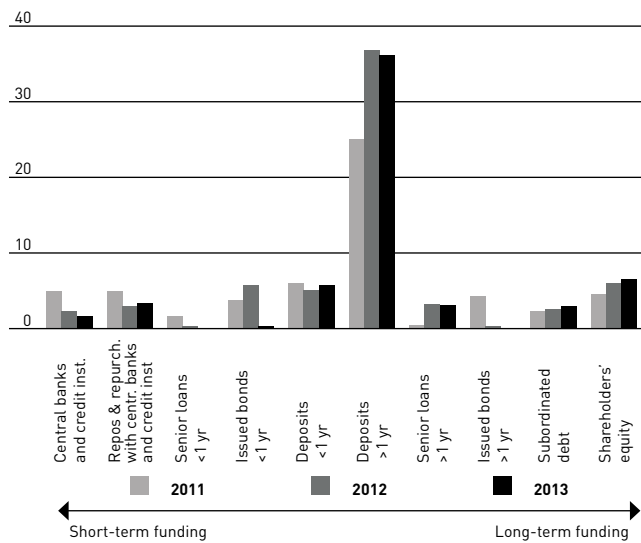
The Group's assets are funded through four funding sources:

- Customer deposits
- Loans from or repo transactions with other credit institutions and Danmarks Nationalbank (the central bank)
- Issued bonds and senior loans
- Subordinated debt and shareholders' equity.

Customer deposits remain the Bank's largest funding source, at end-2013 amounting to 70.0% (2012: 64.2%) of the Bank's total funding, which is 5.8 percentage points up on end-2012. At end-2013, the sum of the Bank's subordinated debt and shareholders' equity aggregated DKK 9.5 billion, equal to 15.9%, representing an increase of 2.8 percentage points relative to end-2012. In total, the Bank's long-term funding (funding with a term to maturity of more than one year) amounts to 81.6%, which is 6.8 percentage points up on end-2012.

FUNDING STRUCTURE

DKK bn



FUNDING

DKK m / %	2013	2012	2011	2013	2012	2011
Centr. banks and credit inst.	1,625.9	2,273.9	4,965.2	2.7	3.5	8.5
Repos and repurchases w/ centr. banks and credit inst.	3,397.7	2,945.0	5,010.8	5.7	4.5	8.6
Senior loans < 1 year	0.0	300.0	1,636.8	0.0	0.5	2.8
Issued bonds < 1 year	278.5	5,789.9	3,731.1	0.5	8.9	6.4
Deposits < 1 year	5,699.8	5,108.6	6,057.1	9.5	7.8	10.4
Deposits > 1 year	36,130.7	36,813.1	25,030.5	60.5	56.4	43.1
Senior loans > 1 year	3,079.2	3,191.9	478.1	5.2	4.9	0.8
Issued bonds > 1 year	23.1	303.4	4,290.2	0.0	0.4	7.4
Subord. debt	3,002.4	2,561.5	2,316.8	5.0	3.9	4.0
Shareholders' equity	6,532.7	5,975.3	4,627.3	10.9	9.2	8.0
Total	59,770.0	65,262.6	58,143.9	100.0	100.0	100.0

During 2013, Spar Nord redeemed senior loans and bonds for a total of DKK 6.2 billion. At end-2013, the Bank had senior funding totalling DKK 3.4 billion, of which Danmarks Nationalbank's LTRO facility with securities used as collateral represented DKK 3.0 billion.

NOTES

Moody's

Spar Nord was rated by Moody's in the period from 2007 to 2014. In May 2012, the Bank terminated its cooperation with Moody's. The Bank based its decision mainly on its comfortable liquidity situation, which frees the Bank from having to issue bonds on the international capital market.

Moody's has announced that it has withdrawn its rating of Spar Nord, and, accordingly, the Bank is no longer rated by Moody's as from the beginning of February 2014.

The Bank's historical ratings appear from the table below:

OFFICIAL RATING

	2013	2012	2011	2010	2009
Long-term debt	Ba1	Baa3	Baa2	A2	A2
Short-term debt	NP	P-3	P-2	P-1	P-1
Financial strength	D+	C-	C-	C-	C-

	2013	2013	2012	2012
	<1 year DKK m	>1 year DKK m	<1 year DKK m	>1 year DKK m
Balance-sheet items broken down by expected time to maturity				
Assets				
Cash balances and demand deposits with central banks	326.5	0.0	2,341.2	0.0
Receivables from credit institutions and central banks	3,156.9	55.5	3,920.2	56.9
Loans, advances and other receivables at amortized cost	19,435.5	18,212.6	17,012.7	22,045.2
Bonds at fair value	9,986.9	8,823.5	12,991.0	7,258.3
Shares, etc.	140.1	1,075.4	119.5	1,082.9
Equity investments in associates	0.0	997.3	0.0	992.8
Assets linked to pooled schemes	1,325.9	7,726.4	1,028.4	5,973.1
Intangible assets	12.1	201.8	12.3	187.7
- Investment properties	167.7	0.0	157.9	0.0
- Corporate properties	13.5	498.2	13.4	609.0
Land and buildings, total	181.2	498.2	171.3	609.0
- Operating lease assets	13.1	12.8	32.1	234.1
- Other property, plant and equipment	46.1	74.8	49.2	82.1
Other property, plant and equipment, total	59.2	87.6	81.3	316.2
Current tax assets	58.4	0.0	17.5	0.0
Deferred tax assets	8.5	13.9	0.0	0.0
Temporary assets	120.3	0.0	90.9	0.0
Other assets	892.6	956.0	1,198.3	1,380.4
Prepayments	252.6	0.0	258.6	0.0
Total	35,956.7	38,648.2	39,243.2	39,902.5
Liabilities				
Payables to credit institutions and central banks	5,023.6	3,079.2	5,518.9	3,191.9
Deposits and other payables	5,699.8	36,130.7	5,108.6	36,813.1
Deposits in pooled schemes	1,325.9	7,726.4	1,028.4	5,973.1
Issued bonds at amortized cost	278.5	23.1	5,789.9	303.4
Other non-derivative financial liabilities at fair value	1,822.1	0.0	1,682.7	0.0
Current tax liabilities	0.0	0.0	2.0	0.0
Temporary liabilities	0.1	0.0	0.2	0.0
Other liabilities	2,671.0	996.5	3,462.6	1,446.4
Deferred income	32.3	0.0	47.5	0.0
Total liabilities other than provisions	16,853.3	47,955.9	22,640.8	47,727.9
Provisions for deferred tax	38.6	131.2	0.0	138.0
Provisions for losses on guarantees	12.2	0.0	27.3	0.0
Other provisions	66.2	12.4	45.0	29.9
Subordinated debt	1,265.0	1,737.4	200.0	2,361.5
Total	18,235.3	49,836.9	22,913.1	50,257.3

Deposits comprise fixed-term deposits and demand deposits, etc. Fixed-term deposits are recognized at the maturity date. Contractually, demand deposits have ultra-short maturity, but are considered a stable funding source with an expected time to maturity of more than one year.

Bonds are broken down by duration.

NOTES

Contractual term to maturity of financial liabilities

2013	Carrying amount DKK m	Contractual cash flows DKK m	Within 1 year DKK m	1 - 5 years DKK m	More than 5 years DKK m
<i>Non-derivative instruments</i>					
Payables to credit institutions and central banks	8,102.8	8,123.2	5,030.8	3,008.6	83.8
Deposits and other payables	41,830.5	42,742.9	34,338.5	4,513.4	3,891.0
Deposits in pooled schemes	9,052.3	9,052.3	1,325.9	2,243.1	5,483.3
Issued bonds at amortized cost	301.6	304.3	281.8	22.5	0.0
Other liabilities, excl. derivative instruments	2,305.5	2,305.5	2,305.5	0.0	0.0
Subordinated debt	3,002.4	3,319.4	1,411.3	1,908.1	0.0
Irrevocable credit commitments and contingent liabilities	5,380.0	5,380.0	2,257.3	1,840.2	1,282.5
<i>Derivative instruments</i>					
Market value of derivative instruments	1,362.0	1,313.7	356.0	590.3	367.4
31 December before liabilities intended for sale	71,337.1	72,541.3	47,307.1	14,126.2	11,108.0
Liabilities intended for sale	0.1	0.1	0.1	0.0	0.0
31 December adjusted for liabilities for sale	71,337.2	72,541.4	47,307.2	14,126.2	11,108.0

2012	Carrying amount DKK m	Contractual cash flows DKK m	Within 1 year DKK m	1 - 5 years DKK m	More than 5 years DKK m
<i>Non-derivative instruments</i>					
Payables to credit institutions and central banks	8,710.8	8,740.2	5,527.5	3,020.8	191.9
Deposits and other payables	41,921.7	43,100.9	32,591.2	6,219.7	4,290.0
Deposits in pooled schemes	7,001.5	7,001.5	1,028.4	1,808.2	4,164.9
Issued bonds at amortized cost	6,093.3	6,141.7	5,837.1	304.6	0.0
Other liabilities, excl. derivative instruments	2,735.4	2,735.4	2,735.4	0.0	0.0
Subordinated debt	2,561.5	2,856.6	381.6	2,475.0	0.0
Irrevocable credit commitments and contingent liabilities	5,767.1	5,767.1	3,133.3	1,553.9	1,079.9
<i>Derivative instruments</i>					
Market value of derivative instruments	2,173.6	2,118.9	711.4	625.4	782.1
31 December before liabilities intended for sale	76,964.9	78,462.3	51,945.9	16,007.6	10,508.8
Liabilities intended for sale	0.2	0.2	0.2	0.0	0.0
31 December adjusted for liabilities for sale	76,965.1	78,462.5	51,946.1	16,007.6	10,508.8

The maturity analysis shows the contractual, undiscounted cash flows and comprises agreed payments, including principal and interest.

As concerns liabilities with variable cash flow, such as floating-rate financial liabilities, the information is based on the conditions existing on the reporting date.

Issued bonds at amortized cost and subordinated debt are deemed to fall due at the time when the Spar Nord Group may choose between redeeming the debt or paying an increased interest rate/increased redemption price. If, instead, the Spar Nord Group opts for extending the loans, interest only of DKK 208.5 million (2012: DKK 185.4 million) falls due for payment within one year, DKK 833.9 million (2012: DKK 922.8 million including repayments of DKK 200.0 million) within one to five years and DKK 3,220.6 million including repayments of DKK 2,973.0 million (2012: DKK 2,405.1 million including repayments of DKK 2,273.0 million) after five years. Combined, the Spar Nord Group has subordinated debt with a perpetual term totalling DKK 1,815.0 million (2012: DKK 1,815.0 million). For loans with a perpetual term, no interest has been calculated for the period after five years in the supplementary information shown above. The annual interest on loans with a perpetual term amounts to DKK 150.6 million (2012: DKK 150.6 million).

As regards deposits in pension pools, only the customers' deposits in the pension pools are allocated, as future yields for pension pool participants depend on the return on pooled assets. The dates when the obligations fall due are correlated to the assets in the pension pools.

Payments regarding irrevocable credit commitments and guarantees fall due if a number of predetermined conditions have been met. Such payment obligations have been recognized at the time when the agreements expire.

Under the agreements made, customers can usually demand repayment of their deposits at short notice. However, in practice they are considered a stable funding source, as amounts disbursed largely equal deposits received.

The above-mentioned breakdown by term to maturity has been based on the earliest date when a demand for payment can be made.

NOTE 59 OPERATIONAL RISK

Operational risk is understood as the risk of loss that results from inefficient or deficient internal procedures, from human or systemic errors or from external events, including legal risks.

All activities in the organization are subject to operational risks.

Operational risk policy

Spar Nord's Board of Directors has introduced a policy for operational risk, the aim of which is to provide an overview of the Group's operational risks, minimize the number of errors and thus reduce the Group's losses incurred from operational errors.

Management, monitoring and reporting

Operational risk is managed across the Group through a comprehensive system of business procedures and control measures developed to ensure an optimum process environment. Efforts to minimize operational risks include separating the execution and the control of activities.

Responsibility for dealing with risks lies with the unit responsible for the relevant business activities, the risk owners.

Throughout the Group, events that result in a loss of more than DKK 5,000 are recorded and categorized, and identified risks are recorded on an ongoing basis, followed up by reporting to the Risk Review Officer, the Executive Board and the Board of Directors.

The Group's Legal Department is charged with handling operational risks, a responsibility that includes the role as risk facilitator.

Compliance

Operational risks include compliance risks, which means the risk that the Bank is not being operated according to legal and statutory requirements, standards in the market and good business ethics.

Spar Nord has an independent compliance function charged with assisting Management in ensuring that the Group complies with applicable legislation, market standards and internal rules and procedures. This serves to identify and reduce the risk that sanctions are imposed on the Bank, that its reputation is compromised, or that the Bank or its customers suffer significant financial losses.

The Compliance Department regularly reviews critical business procedures with a view to assessing risks and making recommendations to limit individual risks.

The Compliance function is managed by a Head of Compliance (a law graduate), who answers to the Executive Board and submits reports to the Board of Directors. This function is manned by representatives from a cross-section of the Bank's business areas. An overall policy and annual programme for the function's activity have been approved by the Board of Directors.

Fraud

In view of the regular reporting provided to the Bank's Board of Directors and Executive Board, it is Management's opinion that the Bank has a satisfactory level of measures to counter the risk of being exposed to fraud.

IT security

Information and information systems are vital to Spar Nord, and IT security is therefore decisive for the Bank's credibility and continued existence. An IT security function has been established, and Spar Nord's Executive Board and Board of Directors regularly check up on IT security.

Spar Nord's activity in the area of IT security is based on regulatory requirements as well as consideration for day-to-day operations. All IT installations running at Spar Nord and its service providers must operate according to documented running schedules and guidelines. Operation must be safe and stable, which will be ensured through the highest possible degree of automation and continual capacity adjustments. For service providers, this must be ensured by means of written agreements. The Bank's IT security work includes the preparation of emergency plans and recovery procedures aimed to ensure continued operation at a satisfactory level, in the case of extraordinary events.

Capital requirements

The capital needed to cover Spar Nord's operational risks is calculated using the basic indicator approach. In 2013, the operational risk amounted to 13.0% of total risk-weighted assets, ending at DKK 5,557.5 million at the reporting date, which results in a capital requirement of DKK 444.6 million.

NOTE 60 CAPITAL MANAGEMENT

The Bank's objectives of capital management are:

- to comply with the capital requirements laid down in Part 10 of the Danish Financial Business Act and the Danish Executive Order on Statement of Capital Base;
- to ensure that the Bank will at all times have adequate capital to support future activities and growth;
- to maintain a relatively high core capital (Tier 1) ratio and thus keep the dependency on subordinated loan capital at a moderate level.

In 2013, Spar Nord made no major changes in assumptions, objectives and policies as compared to the year before. In connection with the entry into force of the CRR Regulation on 1 January 2014 and the amendments to the Danish Financial Business Act at the beginning of 2014 as part of the implementation of the CRD IV Directive into Danish legislation, the Bank's capital targets have been reassessed, which has not resulted in any changes. The Bank's capital targets, most recently adjusted in Q3 2012, are thus considered to harmonize with the new capital adequacy rules.

During the year under review, the Bank met all statutory capital adequacy ratios.

Since Q3 2012, the Bank's internal targets have been:

- to have a minimum Common Equity (Tier 1) ratio of 12.0%
- to have a minimum solvency ratio of 15.0%

Moreover, the Bank intends to have a solvency ratio that is at least 3 percentage points higher than the Bank's solvency need ratio (the ICAAP result). The capital targets have been fixed to ensure that any deep cyclical recession, unexpectedly heavy credit losses or major interest-rate fluctuations will not cause the solvency ratio to drop below the statutory minimum requirement.

During the year under review, the Bank's Common Equity (Tier 1) ratio ranged from 12.8 to 14.1% (2012: 12.1-14.3%) and thus exceeded the Bank's current internal target of minimum 12.0%. Correspondingly, the internal target of a solvency ratio of minimum 15.0% has been met, as it remained within the 16.2-19.4% band during the year (2012: 15.5-16.8%).

Capital management is based on the methods of accounting and financial ratios developed by the Basel Committee, which have been incorporated into Part 10 of the Danish Financial Business Act and the Capital Adequacy Order. Management currently monitors the Bank's capital adequacy. The figures calculated at the end of each quarter for the Bank's core capital (Tier 1), capital base, risk-weighted items and solvency ratios, including the calculation of the Bank's solvency need ratio (the ICAAP result), are reported to the Danish Financial Supervisory Authority in accordance with existing rules.

In addition to the targets set out above, the Bank has calculated the solvency need ratio (the ICAAP result) in accordance with the Danish Financial Business Act. The Bank's solvency need is an expression of the Bank's own assessment as to how high the solvency ratio should be to safeguard depositors against losses. As from the end of 2012, the Bank has based the calculation of its solvency need ratio on the so-called 8+ method. This method is based on the statutory minimum requirement of 8.0% of the risk-weighted items (Pillar I) plus add-ons for risks and matters not fully reflected in the calculation of risk-weighted items. Thus, it is assumed that ordinary risks are covered by the 8% requirement, and that it must therefore be determined which additional risks the Bank may have that warrant an add-on to the solvency need (Pillar II); see the guidelines from the Danish Financial Supervisory Authority in this respect.

The Bank's core capital (Tier 1) consists of its share capital, proposed dividend and retained earnings. Hybrid core capital and supplementary capital in the form of subordinated debt are included in the calculation of the Bank's capital base. A number of deductions are made in connection with calculating the Bank's Common Equity (Tier 1) and core capital, incl. hybrid core capital, and capital base. Such deductions consist primarily of proposed dividend, intangible assets and equity investments in other credit institutions as well as subordinated loan capital provided to other credit institutions.

Risk-weighted items are the calculated risks associated with the Bank's business areas. Risk-weighted items are calculated as follows: assets, items subject to a market risk, and exposures in the form of guarantees are weighted on the basis of standard weights that depend on the type of the individual items and counterparty, with due provision being made for any collateral provided. To this should be added a supplement to cover the Bank's operational risks.

The maturity profile for the Bank's subordinated debt appears from note 38.

The Group continuously assesses the need for adapting the capital structure, including the Bank's goals, policies and processes.

For more details, please refer to the unaudited Risk Report at www.sparnord.com/riskreports.

	Spar Nord The Group 31.12.13 DKK m	Spar Nord The Group 31.12.12 DKK m	Spar Nord Parent Company 31.12.13 DKK m	Spar Nord Parent Company 31.12.12 DKK m
Solvency information				
Core capital (Tier 1) (incl. hybrid capital) after deductions	7,436.9	6,972.9	7,406.8	6,795.3
Supplementary capital and revaluation reserves included	1,239.2	645.4	1,237.7	645.3
Deductions from capital base	413.2	452.7	412.1	461.6
Capital base after deductions	8,262.9	7,165.6	8,232.4	6,979.0
Risk-weighted items not included in the trading portfolio	33,349.5	37,198.5	34,362.5	37,827.9
Risk-weighted items subject to a market risk, etc.	3,789.7	3,269.8	3,848.9	3,284.7
Risk-weighted items subject to operational risk	5,557.5	5,839.1	4,976.8	5,301.7
Risk-weighted items, total	42,696.7	46,307.4	43,188.2	46,414.3
Common Equity (Tier 1) ratio, %	14.1	12.1	13.9	11.7
Core capital (Tier 1) ratio (incl. hybrid core capital) after deductions, %	17.4	15.1	17.2	14.6
Solvency ratio, %	19.4	15.5	19.1	15.0

NOTES

NOTE 61 POOLED SCHEMES

	Pension pools DKK m	Other pools DKK m	Spar Nord The Group 2013 DKK m	Spar Nord The Group 2012 DKK m	Spar Nord Parent Company 2013 DKK m	Spar Nord Parent Company 2012 DKK m
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INCOME STATEMENT

Interest income/premium on forward transactions:

Cash deposits	2.3	0.1	2.4	6.4	2.4	6.4
Other bonds	108.2	1.3	109.5	99.0	109.5	99.0
Total interest income	110.5	1.4	111.9	105.4	111.9	105.4

Dividends on:

Shares, etc.	49.6	0.5	50.1	40.6	50.1	40.6
Total dividends	49.6	0.5	50.1	40.6	50.1	40.6

Market-value adjustments of:

Other bonds, etc.	-72.3	-0.9	-73.2	44.9	-73.2	44.9
Shares, etc.	854.4	8.9	863.3	339.7	863.3	339.7
Unit trust certificates	-47.7	-0.6	-48.3	0.0	-48.3	0.0
Currency	-62.9	-0.7	-63.6	-15.1	-63.6	-15.1
Total market-value adjustments	671.5	6.7	678.2	369.5	678.2	369.5

Fees, charges and commissions paid	94.0	1.0	95.0	71.1	95.0	71.1
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Profit/loss for the pools	737.6	7.6	745.2	444.4	745.2	444.4
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BALANCE SHEET DISCLOSURES

Assets

Cash deposits	592.6	6.4	599.0	420.0	599.0	420.0
Other bonds	4,215.2	51.4	4,266.6	3,911.5	4,266.6	3,911.5
Other shares, etc.	3,448.5	36.4	3,484.9	2,627.8	3,484.9	2,627.8
Unit trust certificates	659.4	8.9	668.3	0.0	668.3	0.0
Other assets	33.1	0.4	33.5	42.2	33.5	42.2
Total assets	8,948.8	103.5	9,052.3	7,001.5	9,052.3	7,001.5

Liabilities

Total deposits	8,267.2	96.5	8,363.7	6,535.0	8,363.7	6,535.0
Other liabilities	681.6	7.0	688.6	466.5	688.6	466.5
Total liabilities	8,948.8	103.5	9,052.3	7,001.5	9,052.3	7,001.5

NOTES

NOTE 62 PERFORMANCE INDICATORS AND FINANCIAL RATIOS

The Danish Financial Supervisory Authority's layout and ratio system

THE SPAR NORD GROUP

PERFORMANCE INDICATORS

DKK m

INCOME STATEMENT

	2013	2012	2011	2010	2009
Net income from interest, fees, charges and commissions	2,776.0	2,120.3	1,958.6	1,949.6	2,039.5
Market-value adjustments	193.4	230.9	115.5	236.9	301.3
Staff costs and administrative expenses	1,608.5	1,493.4	1,380.7	1,402.6	1,403.5
Impairment of loans, advances and receivables, etc.	705.2	599.0	402.9	452.9	575.4
Profit/loss on equity investments in associates and group enterprises	77.6	86.7	44.9	40.5	17.1
Profit/loss for the year	536.1	223.8	274.8	105.0	117.5

BALANCE SHEET

Loans and advances	37,648	39,058	38,702	39,952	38,315
Shareholders' equity	6,533	5,975	4,627	4,374	4,143
Total assets	74,605	79,146	70,081	67,436	64,529

FINANCIAL RATIOS

Solvency

Solvency ratio, %	19.4	15.5	14.0	13.4	14.2
Core capital (Tier 1) ratio, %	17.4	15.1	13.3	13.2	13.2

Earnings

Return on equity before tax	%	10.7	5.5	7.7	3.1	3.5
Return on equity after tax	%	8.6	4.2	6.1	2.5	2.9
Income/cost ratio		1.24	1.11	1.16	1.06	1.08

Market risk

Interest-rate risk	%	-0.3	-1.1	-0.5	0.1	-0.3
Foreign-exchange position	%	3.7	1.4	6.9	2.9	2.9
Foreign-exchange risk	%	0.0	0.0	0.1	0.1	0.0

Credit risk

Loans and advances relative to deposits	%	74.0	79.8	103.4	108.3	106.4
Loans and advances plus impairment rel. to deposits	%	77.1	82.5	106.5	111.1	109.1
Loans and advances rel. to shareholders' equity		5.8	6.5	8.4	9.1	9.2
Increase in loans and advances for the year	%	-7.9	0.9	-3.1	4.3	-15.6
Excess coverage rel. to statutory cash ratio requirement	%	230.7	211.5	163.9	109.1	157.0
Large exposures as % of capital base *)	%	26.2	16.5	0.0	0.0	10.9
Impairment ratio for the year		1.5	1.4	1.1	1.2	1.5
Impairment ratio for the year, continuing activities		1.6	1.4	1.1	1.2	1.5

THE SPAR NORD BANK - SHARE

DKK per share of DKK 10

Earnings per share for the year	DKK	4.3	2.5	3.4	1.3	1.5
Net asset value (NAV) per share	DKK	52	48	58	54	53
Dividend per share	DKK	1	0	0	0	0
Share price/earnings per share for the year		11.4	10.4	6.8	33.1	26.7
Share price/NAV per share		0.9	0.5	0.4	0.8	0.8

*) The financial ratio "Large exposures as % of capital base" for 2009 is not fully comparable with the following years' ratios, as, based on the rules existing at that time, no adjustment was made for exposures to credit institutions below DKK 1 billion after deductions.

Share-based financial ratios have been multiplied by an adjustment factor due to the capital increase in 2012.

Ratio definitions appear from note 63.

NOTES

PERFORMANCE INDICATORS AND FINANCIAL RATIOS

The Danish Financial Supervisory Authority's layout and ratio system

SPAR NORD BANK, THE PARENT COMPANY

PERFORMANCE INDICATORS

DKK m

INCOME STATEMENT

	2013	2012	2011	2010	2009
Net income from interest, fees, charges and commissions	2,750.9	2,121.3	1,959.5	1,950.3	2,039.9
Market-value adjustments	177.1	230.9	114.1	237.7	318.3
Staff costs and administrative expenses	1,614.2	1,495.8	1,382.9	1,404.1	1,402.8
Impairment of loans, advances and receivables, etc.	705.2	599.0	404.4	449.9	575.1
Profit/loss on equity investments in associates and group enterprises	108.7	86.9	44.8	36.5	-3.0
Profit/loss for the year	537.5	224.1	273.8	106.0	117.5

BALANCE SHEET

Loans and advances	36,787	37,241	37,572	39,051	37,272
Shareholders' equity	6,533	5,975	4,627	4,375	4,143
Total assets	74,850	78,756	68,822	66,414	63,571

FINANCIAL RATIOS

Solvency

Solvency ratio, %	19.1	15.0	13.8	13.2	14.0
Core capital (Tier 1) ratio, %	17.2	14.6	13.2	13.0	13.1

Earnings

Return on equity before tax	%	10.7	5.3	7.2	3.1	3.9
Return on equity after tax	%	8.6	4.2	6.1	2.5	2.9
Income/cost ratio		1.24	1.12	1.16	1.06	1.08

Market risk

Interest-rate risk	%	-0.3	-1.1	-0.5	0.1	-0.4
Foreign-exchange position	%	4.4	2.0	7.8	2.8	2.2
Foreign-exchange risk	%	0.0	0.0	0.0	0.1	0.0

Credit risk

Loans and advances relative to deposits	%	71.3	75.5	100.4	105.8	103.1
Loans and advances plus impairment rel. to deposits	%	74.2	77.9	103.0	108.2	105.4
Loans and advances rel. to shareholders' equity		5.6	6.2	8.1	8.9	9.0
Increase in loans and advances for the year	%	-5.7	-0.9	-3.8	4.8	-15.6
Excess coverage rel. to statutory cash ratio requirement	%	228.1	211.5	166.3	111.9	157.8
Large exposures as % of capital base *)	%	26.3	16.6	0.0	0.0	10.9
Impairment ratio for the year		1.6	1.3	0.9	1.0	1.3
Impairment ratio for the year, continuing activities		1.6	1.4	-	-	-

THE SPAR NORD BANK - SHARE

DKK per share of DKK 10

Earnings per share for the year	DKK	4.3	2.5	3.4	1.3	1.5
Net asset value (NAV) per share	DKK	52	48	58	54	53
Dividend per share	DKK	1	0	0	0	0
Share price/earnings per share for the year		11.4	10.4	6.8	33.1	26.7
Share price/NAV per share.		0.9	0.5	0.4	0.8	0.8

*) The financial ratio "Large exposures as % of capital base" for 2009 is not fully comparable with the following years' ratios, as, based on the rules existing at that time, no adjustment was made for exposures to credit institutions below DKK 1 billion after deductions.

Share-based financial ratios have been multiplied by an adjustment factor due to the capital increase in 2012.

Ratio definitions appear from note 63.

NOTE 63 RATIO DEFINITIONS

Solvency ratio

Capital base in per cent of risk-weighted assets.

Core capital (Tier 1) ratio

Core capital (Tier 1) after deduction in per cent of risk-weighted assets.

Return on equity before tax

Profit/loss before tax in per cent of average shareholders' equity. The average shareholders' equity is calculated as a simple average of the shareholders' equity at the beginning of the year and at the end of the year.

Return on equity after tax

Profit/loss after tax in per cent of average shareholders' equity. The average shareholders' equity is calculated as a simple average of the shareholders' equity at the beginning of the year and at the end of the year.

Income/cost ratio (the Danish Financial Supervisory Authority's definition)

Net income from interest, fees, charges and commissions, Market-value adjustments, Other operating income and Profit/loss on equity investments in associates and group enterprises in per cent of Staff costs and administrative expenses, Depreciation, amortization and impairment of intangible assets and property, plant and equipment, Other operating expenses and Impairment of loans, advances and receivables.

Interest-rate risk

Interest-rate risk in per cent of core capital (Tier 1) after deductions.

Foreign-exchange position

Foreign-exchange indicator 1 in per cent of core capital (Tier 1) after deductions.

Foreign-exchange risk

Foreign-exchange indicator 2 in per cent of core capital (Tier 1) after deductions.

Loans and advances plus impairment rel. to deposits

Loans and advances + impairment in per cent of deposits.

Loans and advances relative to deposits

Loans and advances in per cent of deposits.

Excess coverage rel. to statutory cash ratio requirement

Cash balances, Demand deposits with Danmarks Nationalbank (the central bank), Absolutely secure and liquid demand deposits with credit institutions and insurance companies, Uncollateralized certificates of deposit issued by Danmarks Nationalbank and Secure and liquid (listed) uncollateralized securities in per cent of 10% of Reduced liabilities (other than provisions) and guarantee commitments.

Large exposures as per cent of capital base

Total large exposures in per cent of the capital base, adjusted for exposures to credit institutions, etc. below DKK 1 billion after deducting specially secured amounts and accepted collateral, guarantees, etc.

Share of receivables with reduced interest rate

Receivables at a reduced interest rate (before impairment) in per cent of loans and advances + guarantees + impairment.

Impairment ratio for the year

Impairment for the year in per cent of loans and advances + guarantees + impairment.

Increase in loans and advances for the year

Increase in loans and advances from the beginning of the year to the end of the year, excl. repos, in per cent.

Loans and advances rel. to shareholders' equity

Loans and advances/shareholders' equity.

Earnings per share for the year

The profit/loss for the year after tax/average number of shares. The average number of shares is calculated as a simple average of the shares at the beginning of the year and at the end of the year.

Net asset value (NAV) per share

Shareholders' equity/number of shares, excl. treasury shares.

Dividend per share

Proposed dividend/number of shares.

Share price relative to earnings per share for the year

Share price/earnings per share for the year.

Share price relative to net asset value (NAV)

Share price/NAV per share.

Cost share of core income

Operating expenses, depreciation and amortization/Core income.

Cost share of core income, incl. impairment of loans and advances

Operating expenses, depreciation and amortization + Impairment of loans and advances, etc./Core income.

Rate of return, %

Year-end price – year-end price the year before + dividend the year before in per cent of the year-end price the year before.

Price/earnings

Year-end price/Earnings per share for the year.

Earnings per share

The profit/loss for the year after tax/average number of shares in circulation, excl. treasury shares. The average number of shares is calculated as a simple average of the shares at the beginning of the year and at the end of the year.

Diluted earnings per share

Profit/loss for the year after tax/average number of shares in circulation, incl. dilutive effect of share options and contingently issuable shares.

The Annual Report has been prepared in a Danish and an English version.
In case of discrepancy between the Danish-language original text
and the English-language translation, the Danish text shall prevail.

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