

ANNUAL REPORT 2015



spar nord

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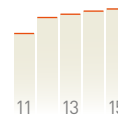
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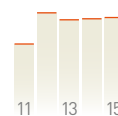
SPAR NORD AT A GLANCE



395,000
Customers



1,538
Employees



70
Branches



27.5 %
Market share in
North Jutland



CUSTOMERS

Spar Nord focuses on providing comprehensive counselling to retail customers and businesses in the local area. The Bank serves a total of about 363,000 retail customers and approx. 32,000 business customers.

EMPLOYEES

Spar Nord has 1,538 employees. Last year the number rose by about 31 due to brisker activity for leasing and digital development projects.

BRANCHES

The Spar Nord chain is composed of 70 local banks (branches), organized into 31 bank regions. Almost all major towns and cities in Denmark have a Spar Nord Bank.

MARKET SHARES

Spar Nord is a market leader in North Jutland, with a market share (calculated as the number of retail and business customers relative to the total population in the region) of 27.5%. Outside North Jutland, the Bank's market share is 3.9%.

DEPOSITS

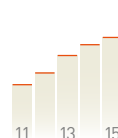
Spar Nord's total deposits amount to DKK 44.4 billion. The volume has increased by as much as 38% over the past five years.

LOANS AND ADVANCES

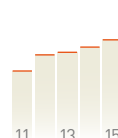
Spar Nord has bank loans for a total of DKK 33.9 billion, and mortgage-credit loans arranged through it amount to DKK 70.3 billion. Bank lending has been under pressure in recent years, while mortgage-credit lending has grown sharply.

3.9 %

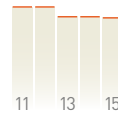
Market share outside
North Jutland



44.4 billion
Deposits



33.9 billion
Bank and
leasing loans

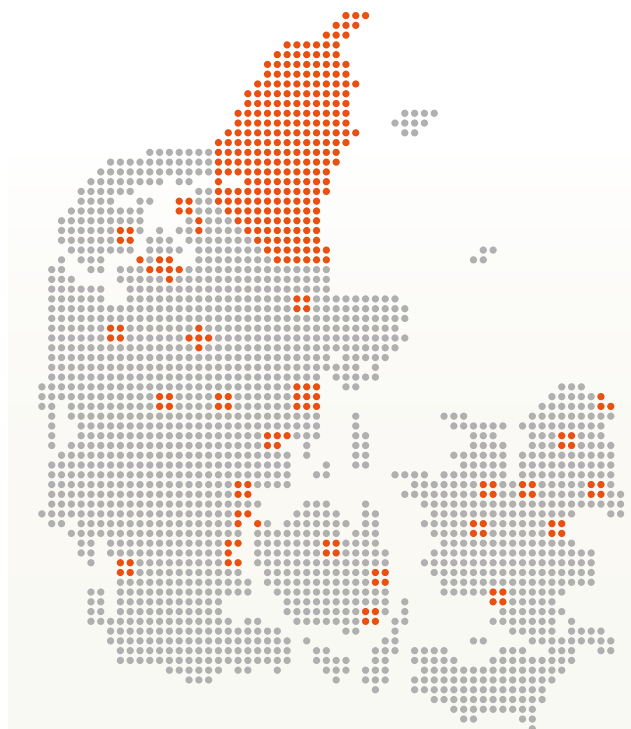


OUR STRATEGY

FROM REGIONAL TO NATIONAL

	2001	2009	2015
Number of branches	65	77	70
North Jutland	63	48	33
Outside North Jutland	2	29	37
Lending, banking activities	14.6	30.1	32.6
North Jutland	12.4	21.0	14.5
Outside North Jutland	2.2	9.1	18.1
Deposits, banking activities	14.0	29.0	42.4
North Jutland	13.2	21.8	21.4
Outside North Jutland	0.8	7.2	21.0
Customers	198,000	264,000	391,000
North Jutland	190,000	193,000	196,000
Outside North Jutland	8,000	71,000	195,000
Employees	724	995	1,076
North Jutland	668	645	504
Outside North Jutland	56	350	572

Note: Spar Nord's local banks



Spar Nord was established in Aalborg in 1824, and North Jutland remains the Bank's home turf. However, since 2001 it has been the Bank's strategy to establish a nationwide chain of local banks. Thus, under the heading "Local strategy" Spar Nord's ambition is to combine the physical and psychological proximity of a local bank with the competencies and economies of scale that flow from being a nationwide player.

During the first few years with the Local Strategy, Spar Nord saw geographical growth via the establishment of 18 new branches in key towns and cities throughout the country.

As from 2008, the Bank also followed a growth strategy via acquisitions and mergers. Initially with the takeover of branches from Roskilde Bank, and later the merger with Sparbank and acquisitions from FIH Erhvervsbank, Basisbank and Danske Andelskassers Bank. In the same period, 46 branches were closed down or merged, primarily in the North Jutland region.

At end-2015, 37 of the Bank's 70 branches and 51% of the total business volume were outside North Jutland.

TIMELINE 2014-15

Takeover of
retail customer
portfolio from
Basisbank



28.05.14

Divestment of
Swedish leasing
activities



01.07.14

Takeover of
branch from Danske
Andelskassers Bank



01.10.14



01.07.14

Takeover of
activities from FIH
Erhvervsbank



01.10.14

Leasing
activities revived
in Denmark



10.10.14

Decision to
switch from the
SDC data process-
ing centre to BEC

OUR STRENGTHS – OUR POTENTIAL

1

PROFITABLE FOCUS ON RETAIL CUSTOMERS AND BUSINESSES IN THE LOCAL AREA

We focus on the core business we know so well, that is, the service we provide to ordinary retail customers and small and medium-sized businesses in the local area. This helps to ensure a balanced risk assumption and stable earnings.

4

STRONG CREDIT QUALITY – DESPITE DIFFICULT TIMES FOR AGRICULTURE

While giving our local branches a great deal of local autonomy, we have also maintained a strong centralized management in the credit area. This has contributed to ensuring that we have emerged from the recent crisis relatively unscathed in terms of losses.

2

HIGH CUSTOMER SATISFACTION AND POTENTIAL FOR MARKET SHARE GROWTH

In every analysis we are among the top-scoring banks in Denmark when it comes to customer satisfaction and loyalty and the lowest number of customer complaints. This gives us a good platform for further increasing our market share.

5

STANDARD APPROACH TO RISK-WEIGHTING – LOW GEARING AND LOWER RISKS

We apply the so-called standard approach when calculating our risk exposure. This means that our shareholders' equity is less leveraged, and thus that we operate with lower business and regulatory risks.

3

STRATEGIC INVESTMENTS IN FUTURE-PROOF DIGITAL OFFERINGS

We go to great lengths – also by making targeted investments – to keep our value offerings up-to-date in terms of personal counselling and service, also in an increasingly digitalized age.

6

SOLID CAPITAL POSITION BOLSTERS BOTH DIVIDEND DISTRIBUTION AND ACQUISITIONS

Our strategic initiatives coupled with the relatively modest demand for financing in recent years have given us a strong capital position. As a result, we have room both for distributing a competitive dividend and the robustness to pursue interesting investment options that might appear on the horizon.

Tender offer for
Nørresundby Bank
shares



08.12.14



24.02.15

Sale of
shareholding in
Nørresundby Bank

Distribution of
DKK 251 million by way of
extraordinary dividend



22.04.15



01.10.15

New benefit
programme
launched

BEST RESULT FOR **192 YEARS** – AND PLENTY OF CHALLENGES TO TACKLE

With post-tax profits ending at DKK 897 million and a return on equity of 12.2%, 2015 stood out as a landmark for Spar Nord. This was because customer demand for our products and services – not least in the housing and asset area – was the highest seen in many years. To this should naturally be added the value we created at the beginning of the year with our value-generating divestment of the majority shareholding in Nørresundby Bank we had owned for several decades.

Although we are gratified at the outstanding performance, we must remain realistic and bear in mind that neither the extraordinarily high customer activity level nor the divestment of shares in Nørresundby Bank will recur in 2016.

IMPRESSIVE ACTIVITY LEVEL IN THE HOUSING AND ASSET AREA – PARTICULARLY IN THE FIRST HALF YEAR

Customer demand and the brisk activity it generated at the Bank were at an extremely high level in the first half of 2015. The very low interest level was undoubtedly the primary reason, giving rise to a downright remortgaging wave, with customers seizing the opportunity to lock in their housing financing at a low, fixed interest rate for years to come. Together with a generally rising activity level in the property market, this meant that in 2015 our gross new mortgage-credit loans to retail customers rose by as much as 57% compared with 2014.

The low interest rates also contributed to a very strong intake of customers and capital into our actively managed savings products, such as Star Invest Unlimited and our pension pools, which helped push up earnings impressively in this area as well. Finally, share markets – particularly the Danish one, where our primary activities are focused – experienced a gratifying spring, and this coupled with the strong performance reported by Trading, Financial Markets & the International Division helped give us an excellent start on the year.

PRESSURE ON CORE INCOME IN THE SECOND HALF THE YEAR

After a few quarters of brisk activity in continual high gear, the second half of the year saw a return to near-normality. The remortgaging wave tapered off, and across-the-board share market trends seemed less favourable.

Together with the low market interest rates and the keen competition among banks to lend out money – which naturally pressures prices – these issues will invariably make it more difficult to generate the income we want and expect.

NEW BENEFIT PROGRAM

Given these conditions, we need to be skilful in presenting relevant offerings that will spur our customers to widen their business with us. This was the precise aim of our new benefit program, Star PLUS, launched at the beginning of Q4.

The essence of the new offering – and what makes the programme relevant for customers – is that by concentrating their banking business at a single institution, they can optimize the advice they get while also saving time and money. A financial institution provider that customers already know and trust and which can meet all their needs in terms of products and services.



Given the profits for the year and in light of our strong capital position, the Board of Directors recommends the distribution of a cash dividend of DKK 3 per share. The DKK 3 dividend should be viewed in the context of the extraordinary dividend of DKK 2 per share already distributed. Thus, the total cash dividend amounted to DKK 5 per share, equal to DKK 628 million, or 70% of the net profits for the year.

In the first stage of launching the programme we focused strongly on the customers closest to qualifying for the added benefits – customers who have already made us their primary bank and have at least two core products with us. In 2016 we will broaden the programme focus to encompass all customers – plus potential new customers.

HIGH CUSTOMER SATISFACTION AND LOYALTY RATE – A GOOD PLATFORM FOR FUTURE BUSINESS

After quite a number of years where we succeeded in making our customer base grow in number, we once more saw respectable growth in 2015 – to be more precise, 10,000 new customers (net). During 2015 we did in fact also see a number of signs that suggested that Spar Nord is in excellent standing as regards customer satisfaction and loyalty. For one, the annual edition of the reputable EPSI analysis shows that, overall, only two competitors actually outrival us. Of course, our sights are set on being no. 1, but with a score well ahead of most of our closest competitors, we are nonetheless very pleased with the result.

Subsequently, we received the results from the Financial Sector Customer Benchmark analysis, prepared by the Financial Sector Training Centre. Our scoring in this analysis was also very gratifying, as in our category (the leading banks) we came out as the bank with the highest rate of customer satisfaction and loyalty. Later in the year a number of other impartial analyses were published, and they too corroborated the favourable impression from the earlier benchmarking exercises. This gives us great confidence in our ability to gain even more customers and business in the forthcoming period.

MAJOR FOCUS ON VALUE-CREATING DIGITALIZATION

Internally, 2015 was above all characterized by the work on trimming our Bank to a reality where well-functioning digital solutions play an ever more important role – as a supplement and support to the personal customer advice and the service provided to our customers on which we have made a living for the past 192 years.

Our largest standalone project is, of course, the forthcoming transformation of our entire basic IT platform from SDC to BEC – and thus all our customer data and several hundred specific IT systems. Since our decision in autumn 2014 to implement this sweeping change, we have worked intensively throughout the organization to pave the way for the migration proper and the period following afterwards – so that both customers and employees will hopefully experience the migration process as positive development.

If all goes as planned, our shareholders will also experience the migration positively, as it will bring us annual savings of DKK 55 million and almost certainly give our development efforts a momentum that will boost us in the face of tomorrow's digital challenges.

On a slightly smaller scale, 2015 has also seen exciting initiatives in the digital area. Thus, we have completed a comprehensive programme targeted at upscaling our efforts to tackle new digital issues, and during the year we launched a number of new initiatives that will go hand-in-hand towards increasing proximity to our existing customers and potential future customers – with the aid of various digital approaches.

MONEY BACK INTO SHAREHOLDERS' POCKETS

Simultaneously with the Interim Report for the first six months, we announced a new dividend policy stating that going forward we intend to distribute at least two-thirds of our profit to shareholders. This policy change comes because we still find it difficult to spot any major organic lending growth and because of the mounting evidence that acquisition prospects for investment are scarce. Given these conditions, we assess it to be in the best interest of our investors to distribute a substantial share of the value generated via our day-to-day operations by way of dividends.

Given the profits for the year and in light of our strong capital position, the Board of Directors recommends the distribution of a cash dividend of DKK 3 per share.

The DKK 3 dividend should be viewed in the context of the extraordinary dividend of DKK 2 per share already distributed. Thus, the total cash dividend will amount to DKK 5 per share, equal to DKK 628 million, or 70% of the net profits for the year.

In addition to the cash dividend a share repurchase programme worth DKK 150 million will be launched, with expected implementation in the period from mid-February to end-2016, such that the total distribution will amount to about 87% of the net profits for the year.

Thus, everything considered, 2016 will not be a year that allows us to rest on the laurels after an impressive 2015. With some hard work, however, we should nevertheless have no difficulty delivering respectable profits to our shareholders.

2016 – A YEAR WITH EXCITING CHALLENGES

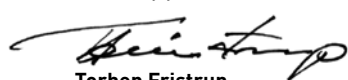
When we look ahead into 2016, there is no question that meeting the 2015 level will not be easy – even when adjusting for the extraordinary income from the sale of the Nørresundby Bank shareholding. This is because external conditions continue to pose challenges – and because our all-encompassing IT migration project also gives us ample work in-house.

Externally, the low interest level and the presumably sustained rather moderate demand for loans and financing will drive us to fight hard for the top line. Under conditions like these, it is natural to focus on expenses and efficiency – areas precisely on which we are focusing with our ongoing IT migration project, although, on the other hand, the resource-intensive migration project itself will contribute to making 2016 a year of transition in terms of implementing other concrete initiatives.

Finally, as regards credit we expect 2016 to be yet another step in the right direction. That is to say the financial soundness of all customer groups other than agriculture will be extremely good, while agriculture continues to face hardship.

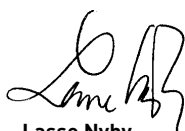
Thus, everything considered, 2016 will not be a year that allows us to rest on the laurels after an impressive 2015. With some hard work, however, we should nevertheless have no difficulty delivering respectable profits to our shareholders.

Sincerely yours,



Torben Fristrup

Chairman of
the Board of Directors



Lasse Nyby

Chief Executive Officer





PERFORMANCE INDICATORS AND FINANCIAL RATIOS FOR THE GROUP

CORE EARNINGS - YEAR

PERFORMANCE INDICATORS

INCOME STATEMENT DKK m	2015	2014	Change in %	2013	2012	2011
Net interest income *)	1,727.2	1,799.5	-4.0	1,849.4	1,676.8	1,676.1
Net income from fees, charges and commissions	1,030.3	863.3	19.3	722.6	561.6	483.3
Market-value adjustments and dividends	506.9	379.5	33.6	200.8	243.8	130.1
Other operating income	38.1	49.9	-23.6	99.2	173.9	219.8
Profit/loss on equity investments in associates and group enterprises	28.3	109.7	-74.2	66.4	54.8	39.0
Core income	3,330.8	3,201.9	4.0	2,938.4	2,710.9	2,548.3
Salaries	1,098.2	1,052.9	4.3	1,025.6	930.3	960.2
Operating expenses	679.2	798.0	-14.9	617.5	591.1	561.7
Depreciation, amortiz. and impairment	65.5	71.5	-8.4	98.3	153.5	215.4
Costs	1,842.9	1,922.4	-4.1	1,741.4	1,674.9	1,737.3
Core earnings before impairment	1,487.9	1,279.5	16.3	1,197.0	1,036.0	811.0
Impairment of loans, advances and receivables, etc. *)	315.6	493.1	-36.0	404.8	661.8	475.1
Core earnings	1,172.3	786.4	49.1	792.2	374.2	335.9
Earnings from investment portfolios	-	20.9	-	43.6	40.9	3.0
Profit/loss on ordinary operations	1,172.3	807.3	45.2	835.8	415.1	338.9
Contributions to sector-wide solutions	-98.7	-102.3	-3.5	-120.2	-58.4	6.0
Special merger-related items	-	-	-	-46.1	-66.6	-
Profit/loss before tax	1,073.6	705.0	52.3	669.5	290.1	344.9
Tax	176.8	91.4	93.4	133.4	66.3	70.1
Profit/loss	896.8	613.6	46.2	536.1	223.8	274.8
Of which, share attributable to interest expenses to holders of Additional Tier 1 (AT1) capital	13.5	-	-	-	-	-

BALANCE SHEET DISCLOSURES

DKK m						
Total assets	76,357	78,825	-3.1	74,605	79,146	70,081
Loans and advances	38,039	35,948	5.8	37,648	39,058	38,702
Lending, banking activities	32,630	34,352	-5.0	33,772	34,916	31,189
Lending, reverse transactions	4,155	464	795.5	1,786	116	393
Lending, leasing activities	1,254	1,132	10.8	2,090	4,026	7,120
Deposits	58,116	53,090	9.5	50,883	48,923	37,415
Deposits, banking activities	44,366	42,236	5.0	41,831	41,922	31,088
Deposits, repo transactions	370	0	-	0	0	0
Deposits in pooled schemes	13,380	10,854	23.3	9,052	7,001	6,327
Subordinated debt	1,089	1,708	-36.2	3,002	2,562	2,317
Holders of Additional Tier 1 (AT1) capital instruments	412	-	-	-	-	-
Shareholders' equity	7,475	7,033	6.3	6,533	5,975	4,627
Contingent liabilities	9,585	10,240	-6.4	5,380	5,767	3,838
Total risk exposure	46,500	49,005	-5.1	42,697	46,307	42,188
Core capital (Tier 1)	6,946	6,516	6.6	7,437	6,973	5,622
Impairment account and discount on commitments taken over **)	1,998	2,149	-7.0	2,117	2,742	1,143
Contractual non-performing loans	514	523	-1.7	672	1,186	162
Business volume	210,658	195,613	7.7	182,387	179,346	144,207

*) As compared to the financial part of the Annual Report, the format of core earnings includes a reclassification of the following items: Net interest income, Other operating income and Impairment of loans, advances and receivables, etc. The reclassification relates to the share of the discount, recognized as income, on commitments taken over from Sparbank and others; see note 3.

**) Spar Nord's impairment account amounts to DKK 1,837 million (2014: DKK 1,856 million) (note 55) and the discount on commitments taken over amounts to DKK 161 million (2014: DKK 293 million).

As from 1 January 2015, earnings from investment portfolios are presented as part of the Bank's core earnings, in that the remaining portfolio of securities - previously presented separately - has been reduced substantially.

The definition and breakdown of contributions to sector-wide solutions, etc., which have been recognized separately, appear from note 3.

PERFORMANCE INDICATORS AND FINANCIAL RATIOS FOR THE GROUP

CORE EARNINGS - YEAR

FINANCIAL RATIOS

		2015	2014	2013	2012	2011
OWN FUNDS						
Total capital ratio	%	17.0	15.0	19.4	15.5	14.0
Core capital (Tier 1) ratio	%	14.9	13.3	17.4	15.1	13.3
Common Equity (Tier 1) ratio	%	14.4	13.0	14.1	12.1	10.4
EARNINGS						
Return on equity before tax, excl. Additional Tier 1 (AT1) capital *)	%	14.6	10.4	10.7	5.5	7.7
Return on equity after tax, excl. Additional Tier 1 (AT1) capital *)	%	12.2	9.0	8.6	4.2	6.1
Cost share of core income	DKK	0.55	0.60	0.59	0.62	0.68
Cost share of core income, incl. impairment of loans and advances, etc.	DKK	0.65	0.75	0.73	0.86	0.87
Return on assets	%	1.2	0.8	0.7	0.3	0.4
MARKET RISK						
Interest-rate risk	%	1.8	0.6	-0.3	-1.1	-0.5
Foreign-exchange position	%	3.4	2.6	3.7	1.4	6.9
Foreign-exchange risk	%	0.1	0.0	0.0	0.0	0.1
CREDIT RISK						
Loans and advances plus impairment account and discount hereon rel. to deposits	%	68.8	71.7	78.1	85.4	106.5
Loans and advances rel. to shareholders' equity		5.1	5.1	5.8	6.5	8.4
Increase in loans and advances for the year	%	-4.5	-1.1	-7.9	1.7	-3.1
Excess coverage rel. to statutory cash ratio requirement	%	296.1	186.0	230.7	211.5	163.9
Large exposures as % of own funds	%	16.1	0.0	26.2	16.5	0.0
Impairment ratio	%	0.6	1.0	0.9	1.4	1.1
EMPLOYEES AND BRANCHES						
Number of employees (full-time, end of year)		1,538	1,507	1,512	1,653	1,397
Number of branches		70	71	76	90	69
THE SPAR NORD SHARE						
DKK PER SHARE OF DKK 10						
Share price, end of year		61	58	49	26	23
Net asset value (NAV) *)		60	56	52	48	58
Profit/loss for the year *)	DKK	7.1	4.9	4.3	1.9	3.4
Dividend	DKK	3.0	1.6	1.0	0.0	0.0
Extraordinary dividend	%	2.0	0.0	0.0	0.0	0.0
Return		11	20	88	13	-47
Price/earnings		9	12	11	14	7

*) Financial ratios have been calculated as if the Additional Tier 1 (AT1) capital were treated as a liability for accounting purposes.

The Danish Financial Supervisory Authority's layout and ratio system appear from note 61.

Ratio definitions appear from note 62.

PERFORMANCE INDICATORS AND FINANCIAL RATIOS FOR THE GROUP

CORE EARNINGS - QUARTERLY

PERFORMANCE INDICATORS

INCOME STATEMENT DKK m	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4
Net interest income *)	415.8	417.3	442.1	452.0	477.2
Net income from fees, charges and commissions	239.2	221.9	257.3	311.9	238.2
Market-value adjustments and dividends	43.4	35.5	69.0	359.0	26.5
Other operating income	8.0	13.1	7.3	9.7	13.6
Profit/loss on equity investments in associates and group enterprises	7.8	7.7	5.4	7.4	26.6
Core income	714.2	695.5	781.1	1,140.0	782.1
Salaries	290.8	232.2	298.3	276.9	280.0
Operating expenses	165.3	157.7	165.3	190.9	311.8
Depreciation, amortiz. and impairment	13.3	19.3	16.4	16.5	18.0
Costs	469.4	409.2	480.0	484.3	609.8
Core earnings before impairment	244.8	286.3	301.1	655.7	172.3
Impairment of loans, advances and receivables, etc. *)	75.5	73.8	68.7	97.6	204.8
Core earnings	169.3	212.5	232.4	558.1	-32.5
Earnings from investment portfolios	-	-	-	-	1.9
Profit/loss on ordinary operations	169.3	212.5	232.4	558.1	-30.6
Contributions to sector-wide solutions	-24.6	-24.7	-24.7	-24.7	-25.4
Profit/loss before tax	144.7	187.8	207.7	533.4	-56.0
Tax	27.3	40.7	39.5	69.3	-34.3
Profit/loss	117.4	147.1	168.2	464.1	-21.7
Of which, share attributable to interest expenses to holders of Additional Tier 1 (AT1) capital	6.1	6.0	1.4	-	-

BALANCE SHEET DISCLOSURES

DKK m					
Total assets	76,357	79,958	79,832	78,184	78,825
Loans and advances	38,039	38,223	34,413	35,089	35,948
Lending, banking activities	32,630	33,088	32,787	33,642	34,352
Lending, reverse transactions	4,155	3,923	478	352	464
Lending, leasing activities	1,254	1,212	1,148	1,095	1,132
Deposits	58,116	56,986	56,623	55,106	53,090
Deposits, banking activities	44,366	44,206	44,098	42,955	42,236
Deposits, repo transactions	370	464	0	0	0
Deposits in pooled schemes	13,380	12,316	12,525	12,151	10,854
Subordinated debt	1,089	1,154	1,351	1,352	1,708
Holders of Additional Tier 1 (AT1) capital instruments	412	406	401	0	0
Shareholders' equity	7,475	7,362	7,216	7,498	7,033
Contingent liabilities	9,585	9,426	10,349	9,270	10,240
Total risk exposure	46,500	47,507	48,372	47,601	49,005
Core capital (Tier 1)	6,946	6,865	6,847	6,463	6,516
Impairment account and discount on commitments taken over	1,998	2,080	2,048	2,133	2,149
Contractual non-performing loans	514	672	536	502	523
Business volume	210,658	205,691	204,144	200,761	195,613

*) As compared to the financial part of the Annual Report, the format of core earnings includes a reclassification of the following items: Net interest income, Other operating income and Impairment of loans, advances and receivables, etc. The reclassification relates to the share of the discount, recognized as income, on commitments taken over.

The definition and breakdown of contributions to sector-wide solutions, etc., which have been recognized separately, appear from note 3.

PERFORMANCE INDICATORS AND FINANCIAL RATIOS FOR THE GROUP

CORE EARNINGS - QUARTERLY

FINANCIAL RATIOS

		2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4
OWN FUNDS						
Total capital ratio	%	17.0	16.5	16.3	15.6	15.0
Core capital (Tier 1) ratio	%	14.9	14.5	14.2	13.6	13.3
Common Equity Tier 1 (CET1) ratio	%	14.4	13.9	13.5	13.6	13.0
EARNINGS						
Return on equity before tax, excl. Additional Tier 1 (AT1) capital *)	%	1.9	2.5	2.9	7.3	-0.8
Return on equity after tax, excl. Additional Tier 1 (AT1) capital *)	%	1.6	2.0	2.3	6.4	-0.3
Cost share of core income	DKK	0.66	0.59	0.61	0.42	0.78
Cost share of core income, incl. impairment of loans and advances, etc.	DKK	0.76	0.69	0.70	0.51	1.04
Return on assets	%	0.2	0.2	0.2	0.6	0.0
MARKET RISK						
Interest-rate risk	%	1.8	1.2	0.6	1.7	0.6
Foreign-exchange position	%	3.4	4.0	3.8	3.5	2.6
Foreign-exchange risk	%	0.1	0.1	0.1	0.1	0.0
CREDIT RISK						
Loans and advances plus impairment account and discount hereon rel. to deposits	%	68.8	70.6	64.3	67.5	71.7
Loans and advances rel. to shareholders' equity		5.1	5.2	4.8	4.7	5.1
Increase in loans and advances for the period	%	-1.2	1.1	-2.3	-2.1	-4.6
Excess coverage rel. to statutory cash ratio requirement	%	296.1	263.7	268.0	243.3	186.0
Large exposures in % of own funds	%	16.1	15.9	16.6	0.0	0.0
Impairment ratio	%	0.2	0.1	0.1	0.2	0.4
EMPLOYEES AND BRANCHES						
Number of employees (full-time, end of period)		1,538	1,522	1,508	1,514	1,507
Number of branches		70	70	70	71	71
THE SPAR NORD SHARE						
DKK PER SHARE OF DKK 10						
Share price, end of period		61	76	74	67	58
Net asset value (NAV) *)		60	59	58	60	56
Profit/loss for the period *)		0.9	1.1	1.3	3.7	-0.2

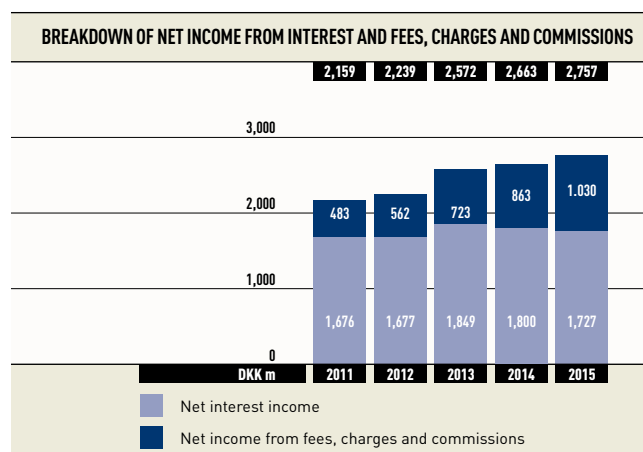
*) Financial ratios have been calculated as if the Additional Tier 1 (AT1) capital were treated as a liability for accounting purposes.

In 2015, Spar Nord recorded a pre-tax profit of DKK 1,074 million, and DKK 897 million after tax. This performance represents a 12.2% return on equity after tax, and is DKK 283 million, or 46%, up on the 2014 profit.

The profit reflects core earnings before impairment in the amount of DKK 1,488 million, which is an improvement on 2014 of DKK 208 million, or 16%, and also higher than projected at the beginning of the year. Loan impairment losses, etc. closed at DKK 316 million, representing 0.64% of total loans, advances and guarantees.

INCOME

Total core income for the year ended at DKK 3,331 million, which is significantly higher than forecast at the beginning of the year, and DKK 129 million, or 4%, up on 2014. As explained below, the improvement relative to 2014 is primarily attributable to rising income from fees, charges and commissions and higher market-value adjustments, including the effects from the sale of Spar Nord's shareholding in Nørresundby Bank.



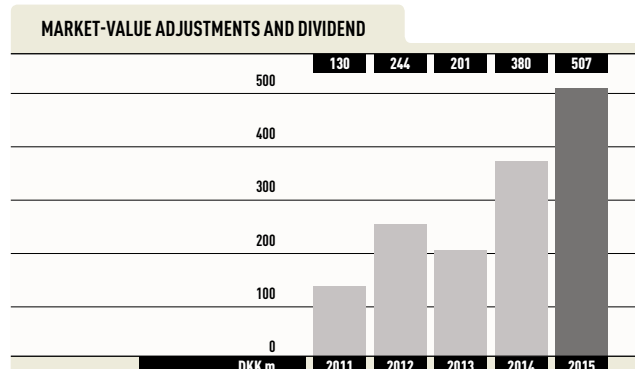
Net income from fees, charges and commissions aggregated DKK 1,727 million, corresponding to a decline of DKK 73 million, equal to 4%, compared with 2014. The decline derives partly from a downturn in interest income on the Group's bond portfolio, and partly from a fall in bank lending and a narrower interest margin. The combined interest margin was thus about 20 basis points lower in Q4 2015 than in Q4 2014, which reflects the fact, among other things, that it has no longer been possible to narrow the deposit margin to the extent that the lending margin narrowed.

Net interest income ended at DKK 1,030 million, equal to an advance of DKK 167 million, or 19%, compared with 2014. The highly satisfactory advance is ascribable to the areas of housing/mortgage credit, securities trading and asset management.

The mortgage-credit area was a significant source of the progress, with remortgaging activity being unusually brisk, particularly in the first few months of 2015, due to the low interest level and the potential for locking in an attractive long interest rate. The year's income from mortgage-credit products arranged on behalf of Totalkredit thus amounted to DKK 261 million (2014: DKK 216 million), while cooperation with DLR Kredit generated an income of DKK 41 million (2014: DKK 24 million).

At the same time, the trend within asset management and portfolio management continued on a positive trajectory, with the Bank's various offerings in the area spurring a major intake of customers and capital. At the end of the year, Spar Nord managed DKK 13.4 billion in pension pools and DKK 10.0 billion in available funds under the mandate programme, which corresponds to an overall rise in capital under management of DKK 5.2 billion, or 29%.

Thus, the heavier pressure on lending volume and lending margin seen in recent years has meant that net income from fees, charges and commissions, which continues to grow, has come to represent a steadily increasing share of the Group's core income.



Market-value adjustments and dividends ended at DKK 507 million, which is DKK 127 million, or 34%, up on 2014. The advance is attributable to a gain of DKK 226 million on the sale of shares in Nørresundby Bank. However, it should be noted that in Q1 2014 the Bank recorded a positive adjustment of DKK 178 million on its Nets shareholding.

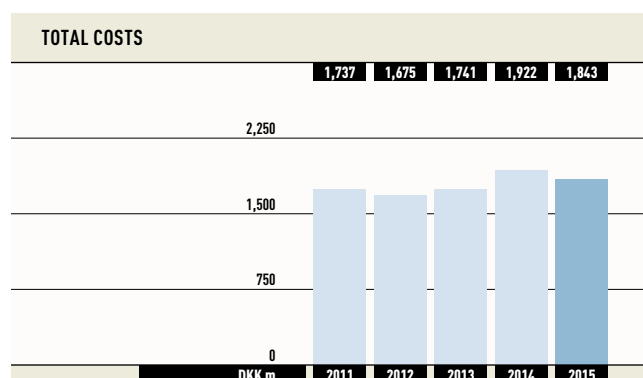
In addition, the advance is attributable to highly satisfactory earnings on the Bank's share portfolio, one reason being the generally strong performance of Danish shares. Finally, market value adjustments on the Bank's bond portfolio were satisfactory, especially in the first half of the year.

Other operating income, which includes income from operating leases and support services provided to other financial institutions, amounted to DKK 38 million compared with DKK 50 million in 2014. The profit on equity investments in associates, which since the divestment of Nørresundby Bank primarily relates to Valueinvest Asset Management, amounted to DKK 28 million compared with DKK 110 million in 2014.

THE YEAR IN REVIEW – THE GROUP

COSTS AND EXPENSES

The Group's total costs and expenses ended at DKK 1,843 million, which is DKK 79 million, or 4%, down on 2014. Adjusted for non-recurring expenses relating to the migration to a new data processing centre (DKK 23 million in 2015 against DKK 139 million in 2014), this represents an increase of DKK 37 million, or 2%.



Wages and salaries accounted for DKK 1,098 million of the total expenses. The realized payroll costs amounted to DKK 45 million, 4% up on 2014, due to the takeover of employees from FIH Erhvervsbank, new appointments targeted at the relaunch of leasing activities and the IT migration programme, among others, ordinary pay increases under collective agreements and severance pay to a member of the Executive Board. At the end of the year, the Group had a staff of 1,538 people (in terms of full-time employees), which is 31 more than at end-2014.

Other operating expenses came to DKK 679 million, which is DKK 119 million, or 15%, down on last year's level. Adjusted for non-recurring expenses relating to the migration to a new data processing centre, operating expenses were in line with 2014.

DKK 8.5 million of this growth is attributable to non-recurring expenses in connection with the sale of a shareholding in Nørresundby Bank and non-recurring expenses in the amount of DKK 19 million in connection with preparations for the scheduled IT changeover from SDC to BEC in 2016. Finally, ordinary operating expenses included the contributions to the new Resolution Fund – an expense that will be included in core costs in future.

The core income and costs realized correspond to a cost/income ratio of 0.55 (2014: 0.60). Adjusted for the divestment of the Nørresundby Bank shareholding in 2015 and the sale of Nets in 2014, this represents a development from 0.64 to 0.59.

CORE EARNINGS BEFORE IMPAIRMENT

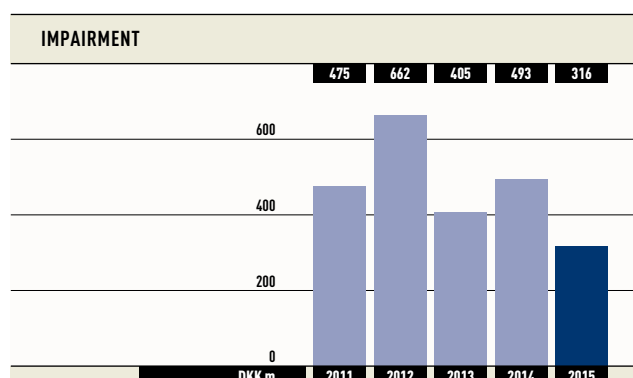
Thus, the Group's core earnings before impairment amounted to DKK 1,488 million versus DKK 1,280 million in 2014.

The realized result should be viewed in relation to the original projection that core earnings before impairment for all of 2015 would end at "around the same level as 2014 when adjusted for extraordinary issues in 2014 (the sale of Nets shares and change of data processing centre)". When the shares in Nørresundby Bank were

sold, this projection was more precisely formulated as "around DKK 1.4 billion", and in the Q1 Interim Report revised upwards to "around DKK 1.5 billion".

IMPAIRMENT OF LOANS AND ADVANCES

The total impact on profits from loan impairment etc. amounted to DKK 316 million in 2015, equal to 0.64% of total loans, advances and guarantees. The realized impairment was DKK 177 million, or 36%, down on 2014.



DKK 310 million, or 98%, of the total DKK 316 million impact on profits for the period is attributable to agricultural customers. When broken down by segment, DKK 43 million is attributable to retail customers, equal to an impairment ratio of 0.2% per annum. DKK -37 million is attributable to business customers, excl. agricultural customers, equal to an impairment ratio of -0.1% per annum. The DKK 310 million impact on agriculture corresponds to an impairment ratio for this customer category of 9.0% per annum.

THE GROUP'S LOANS, ADVANCES AND GUARANTEES BY SECTOR

Line of business	Bank lending and guarantees		Impairm. account/ discount on exposures taken over
	31.12.14	31.12.15	31.12.15
Agriculture, hunting and forestry	8.0	7.0	41.9
Fisheries	0.3	0.2	0.1
Industry and raw mat. extraction	5.7	5.1	2.9
Energy supply	3.8	4.0	0.7
Building and construction	3.3	3.1	3.0
Trade	8.0	7.1	4.6
Transport, hotels and restaurants	3.6	3.1	2.3
Information and communication	0.2	0.2	0.0
Financing and insurance	5.8	13.4	3.1
Real estate	11.4	11.3	16.2
Other business areas	6.1	5.1	3.7
Business customers, total	56.2	59.6	78.5
Public authorities	1.9	0.5	0.0
Retail customers	41.9	39.9	21.5
Total	100.0	100.0	100.0

At end-2015, the accumulated impairment ratio stood at 24.1% for the Group's agricultural exposures. The impairment loss ratio for milk producers was 33.3% and 39.8% for pig producers. Despite this, substantial impairment losses on agricultural exposures must be expected in the coming quarters. This is due to the very low prices

THE YEAR IN REVIEW – THE GROUP

that farmers are fetching for pork and milk, which means that a substantial share of the Bank's agricultural customers currently have negative consolidation and cash flow – a situation that is not expected to improve until 2017.

The figure below shows Spar Nord's exposure to agricultural customers and impairment losses related to production lines.

AGRICULTURAL EXPOSURE BY PRODUCTION LINE 2015			
DKK m	Loans, advances and guarantees	Of which impaired	Share impaired
Cattle producers	1,136.9	685.9	60.3
Pig producers	900.9	601.5	66.8
Plant cultivation	531.0	119.3	22.5
Mink farmers	92.2	24.9	27.0
Leasing	278.3	11.1	4.0
Other production lines	512.0	39.3	7.7
Total	3,451.3	1,482.0	42.9

AGRICULTURAL EXPOSURE BY PRODUCTION LINE 2015				
DKK m / %	Impair- ment balance	Impair- ment for the year	Impairment ratio on exposure	Percent- age impaired
Cattle producers	379.0	139.9	33.3	55.3
Pig producers	358.9	131.5	39.8	59.7
Plant cultivation	58.2	38.9	11.0	48.8
Mink farmers	8.5	5.0	9.2	34.1
Leasing	5.3	-4.1	1.9	47.7
Other production lines	22.7	-0.8	4.4	57.8
Total	832.6	310.4	24.1	56.2

The Group's total impairment balance amounted to DKK 1,987 million at the end of the year, which is DKK 151 million lower than at end-2014. The Group's non-accrual loans amount to DKK 514 million, and the cover ratio can thus be calculated at 3.9%.

CONTRIBUTIONS TO SECTOR-WIDE SOLUTIONS

In 2015, a total of DKK 99 million was expensed on the accounting item Contributions to sector-wide solutions, which comprises Spar Nord's payments to the Guarantee Fund for Depositors and Investors (2014: DKK 102 million). This accounting item will be deleted as from 2016, with the expenses for the new Resolution Fund to be booked under core earnings in future.

PROFIT FOR THE YEAR

The profit for the year before tax amounted to DKK 1,074 million compared with last year's DKK 705 million. The Group's effective tax rate stood at 16% in 2015, and, accordingly, post-tax profits can be calculated at DKK 897 million. The low tax rate stems from the fact that the market-value gain from the sale of shares in Nørresundby Bank is tax-exempt, among other things.

Q4 2015

The pre-tax profit for Q4 ended at DKK 145 million – which should be compared with a DKK 188 million profit in Q3 2015 and DKK -56 million in Q4 the previous year.

Net interest income in Q4 came to DKK 416 million, which is in line with the previous quarter but 13% down on Q4 2014. The decline compared with the previous quarter is attributable to a decline in loans and advances, pressure on the interest margin and lower interest income from the Bank's bond portfolio.

Net income from fees, charges and commissions ended at DKK 239 million, which is 8% up on the previous quarter and in line with Q4 2014. One of the explanations for the positive growth is the general growth in volume in areas such as mortgage-credit arrangement and asset management.

Costs and expenses came to DKK 469 million in Q4 against DKK 610 million in Q4 2014. Adjusted for non-recurring expenses relating to the migration to a new data processing centre, this represents a drop of DKK 11 million, or 2%.

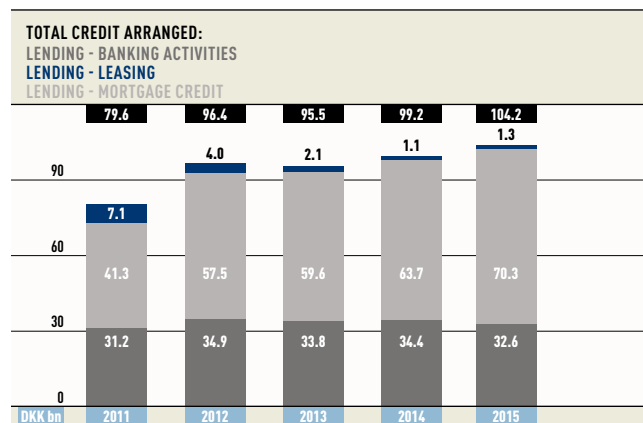
Impairment losses amounted to DKK 76 million, which is in line with the previous quarter and DKK 129 million lower than Q4 the previous year. In Q4 2015, an impairment loss of DKK 100 million was recognized on the agricultural customers portfolio. The development reflects the fact that retail and business customers both account for very limited losses, whereas agricultural customers continue to pose significant challenges.

THE YEAR IN REVIEW – THE GROUP

BUSINESS VOLUME

The Group's total business volume (deposits, loans, advances and guarantees, mortgage credits arranged and customers' custodian-ship accounts) amounted to DKK 210.7 billion at end-2015 – 8% up on the volume at end-2014.

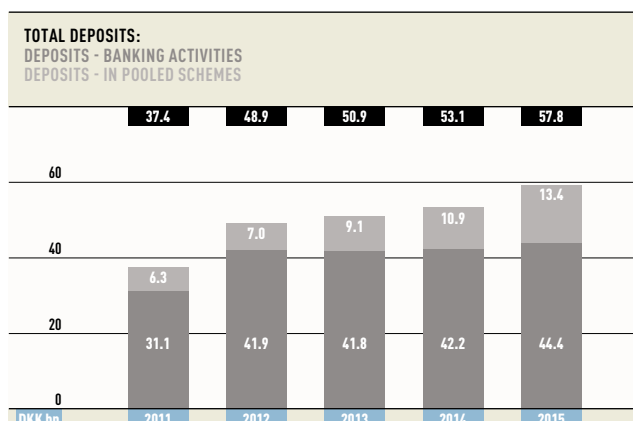
Compared with end-2014, bank lending shrank DKK 1.7 billion, or 5%, to DKK 32.6 billion. The decline is attributable to an anticipated reduction in lending to public customers (DKK 0.7 billion), larger-than-expected repayments on the portfolio taken over from FIH Erhvervsbank (DKK 0.7 billion) and a reduction of the liquidation portfolio that arose in connection with the merger with Sparbank (DKK 0.3 billion). During the year, lending to retail customers dropped by 1%.



The item Leasing lending amounted to DKK 1.3 billion at end-2015, up 11% on end-2014. Thus, volume figures are now beginning to show that leasing has re-emerged as a focus area for Spar Nord.

During 2015, the volume of mortgage-credit loans arranged grew DKK 6.6 billion to DKK 70.3 billion, equal to 10%. In total, the volume of mortgage-credit loans arranged on behalf of retail customers [Totalkredit] amounted to DKK 59.3 billion and to DKK 11.0 billion for business customers [DLR Kredit] at end-2015.

Thus, total credit arranged for retail customers (bank lending plus mortgage-credit lending) rose by 7%, while mortgage credit arranged on behalf of business customers (bank and leasing loans + mortgage-credit loans) rose by 2%.



Deposits, banking activities, rose by about DKK 2.2 billion, or 5%, compared with end-2014, amounting to DKK 44.4 billion at end-2015. At the same time, customers' deposits in pooled schemes grew DKK 2.5 billion, or 23%, and customers' custodianship account balances increased DKK 6.1 billion, or 18%.

CAPITAL

Spar Nord's objective on the capital side is to have a Common Equity Tier 1 ratio (CET1) of 12.0%, a total capital ratio of 15.5% and an excess coverage relative to the statutory requirement of at least 1 percentage point at all times.

At end-2015, the Common Equity Tier 1 (CET1) ratio stood at 14.4% (end-2014: 13.0%).

The total capital ratio ended at 17.0% (end-2014: 15.0%), which should be viewed in relation to Spar Nord's having calculated the individual solvency need ratio at 9.5%. Thus, the excess capital coverage amounted to 7.5 percentage points, equal to DKK 3.5 billion.

Spar Nord's capital projections show that during the phase-in of CRD IV over the next few years, the Bank will stay comfortably above the strategic capital targets, and that the Bank's Common Equity Tier 1 (CET1) ratio at end-2015 would have been 13.9% had CRD IV been fully phased in.

LIQUIDITY

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

THE YEAR IN REVIEW – THE GROUP

STRATEGIC LIQUIDITY *)

DKK bn	Year-end 2015	Year-end 2014	Year-end 2013	Year-end 2012	Year-end 2011
Deposits, banking activities	44.4	42.2	41.8	41.9	31.1
Senior loans/bond issues	0.0	0.1	3.4	9.6	10.2
Shareholders' equity & subord. debt	9.0	8.8	9.5	8.5	6.9
Generation of cash	53.4	51.1	54.7	60.0	48.2
Lending, banking activities	32.6	34.4	33.8	34.9	31.2
Lending, leasing activities	1.3	1.1	2.1	4.0	7.1
Maturity, senior, issued bonds and subord. debt < 1 year	0.0	0.6	1.5	6.3	6.0
Strategic liquidity, total	19.5	15.0	17.3	14.8	3.9

*) See note 57.

At the end of 2015, Spar Nord's strategic liquidity amounted to DKK 19.5 billion, up DKK 4.5 billion on end-2014. This increase is attributable to a decline in loans and advances coupled with rising deposits.

At end-2015, Spar Nord calculated its LCR ratio at 145%.

DIVESTMENT OF THE SHAREHOLDING IN NØRRESUNDBY BANK

After a lengthy process, during which Spar Nord had made a tender offer to buy the shares in Nørresundby Bank that Spar Nord did not already own, Spar Nord chose in February 2015 to accept a tender offer made by Nordjyske Bank and subsequently to sell the shares in the merged Nordjyske Bank that formed part of the payment for the shareholding that Spar Nord sold.

In total, the transaction and the payment of DKK 335 and 1 share in Nordjyske Bank for each share held by Spar Nord in Nørresundby Bank meant that Spar Nord could carry DKK 226 million to income in Q1 2015. From an overall perspective, the divestment entailed a capital relief, which would have amounted to about DKK 750 million, had CRD IV been fully phased in.

Naturally, in terms of future earnings the divestment means that Spar Nord will no longer be able to carry its pro-rata share of Nørresundby Bank's earnings to income.

PREPARATIONS FOR THE MIGRATION TO A NEW DATA PROCESSING CENTRE

In October 2014, Spar Nord concluded an agreement with the BEC data processing centre regarding future cooperation in the IT area. The migration from Spar Nord's existing SDC platform to the new BEC platform is expected to be completed in May 2016, and preparations are proceeding according to plans.

The total migration expenses are still expected to amount to DKK 40 million, of which DKK 23 million will be defrayed in 2015 and DKK 17 million in 2016. As a result of the migration, Spar Nord is expected to realize annual savings of some DKK 35 million in 2016 and around DKK 55 million in the following years.

The practical preparations mean that Spar Nord will not be able to launch major strategic initiatives dealing with branch structure or administrative processes until the migration to the new platform has been completed. Once the migration process has been completed, the new systems are expected to pave the way for a number of process improvements and thus boost efficiency.

NEW BENEFIT PROGRAMME LAUNCHED

In October 2015, Spar Nord launched a new benefit programme called Star PLUS, which will be a keystone of the Bank's dialogue with its retail customers. The programme is intended to encourage customers to concentrate more of their banking business with Spar Nord, and accordingly rewards customers who increase their business volume with the Bank (defined as concentrating three or more core products) by offering them lower prices plus a variety of free service options in the payment card and insurance areas, among others.

Since the launch, about 8,000 households have chosen to join the Star PLUS program.

DIVIDENDS

Since August 2015, Spar Nord has pursued the policy of distributing at least two-thirds of the net profits for the year by way of dividend, provided that no value-generating investment options can be identified, and assuming that the Bank's objective of a Common Equity Tier 1 (CET1) ratio of at least 12.0% and a total capital ratio of at least 15.5% has been met.

Given the profits for the year and in light of the Bank's strong capital position, the Board of Directors recommends the distribution of a cash dividend of DKK 3 per share.

The DKK 3 dividend should be viewed in the context of the extraordinary dividend of DKK 2 per share already distributed. Thus, the total cash dividend will amount to DKK 5 per share, equal to DKK 628 million, or 70% of the net profits for the year.

In addition to the cash dividend a share repurchase programme worth DKK 150 million will be launched, expected to be implemented in the period from mid-February to end-2016, such that the total distribution will amount to about 87% of the net profits for the year.

THE YEAR IN REVIEW – THE GROUP

OUTLOOK FOR 2016

Spar Nord's general expectation is that the economy will edge up slowly in 2016 as it did in 2015.

For Spar Nord this growth is expected to crystallize into a moderate, albeit positive growth in lending, although the low interest level and the keen competition on the market will prevent this from impacting net interest income positively.

The fact that refinancing activity can hardly be expected to parallel that of 2015 will have a negative impact on fees, charges and commissions. In contrast, earnings from fees, charges and commissions will generally remain at a satisfactory level on account of Spar Nord's growth in business volume and market share in the areas of mortgage-credit arrangement and asset management, among others.

Payroll and staff expenses will edge up marginally as a result of pay increases under collective agreements and the continued rise in payroll taxes, while operating expenses will be positively impacted by a reduction in fixed IT expenses after the migration to the new data processing centre in May.

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

The loan impairment trend we saw in 2015 is expected to continue. Credit quality in all areas but agriculture is thus expected to improve satisfactorily, while low settlement prices and a high debt level will continue to pose great challenges to the agricultural area. Together, these opposite issues are expected to be reflected in loan impairment provisions that will be in line with 2015.

If core earnings are left out of the equation, it is worth noting that starting from 2016 the Bank will no longer be making payments to the Guarantee Fund for Depositors and Investors, which will save Spar Nord around DKK 100 million.

In strategic terms, 2016 will be characterized by the move to a new data processing centre and the migration to a new IT platform, as well as by the work on a new strategy plan.

During the first few months of the year, major resources will thus be invested in preparing and implementing the May migration from SDC to BEC. After completion of the migration process, the Bank will focus on completing and implementing a new strategy plan and new objectives for the next few years.

Risk assumption is pivotal to banking, and risk management is a key focus area across the Spar Nord organization. The various risk types the Bank assumes and the initiatives taken to manage and monitor them, as well as the development of various risks are described in Spar Nord's Risk Report, which can be accessed at <https://www.sparnord.com/riskreport>.

This section gives a general outline of the risk area.

ESSENTIAL RISK CATEGORIES

CREDIT RISK

The risk of losses because counterparties fail to meet all or part of their payment obligations. 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 term for the risk of loss caused by fluctuations in exchange rates, share prices or prices of 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 goals for the Group's liquidity risks set by the Board of Directors, it has issued operational frameworks for the Executive Board.

RISK APPETITE

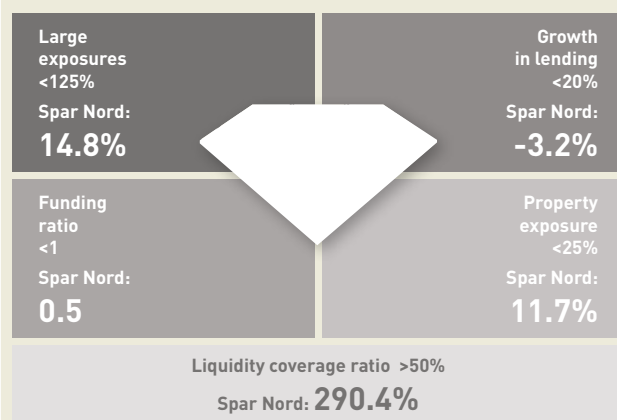
The risks assumed by Spar Nord and the proclivity for assuming risks within the individual risk categories spring from the Bank's general strategic goals. As a supplement, specific risk policies have been introduced, defining the general guidelines for handling and managing the Bank's risks. All policies are reviewed 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 own funds 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-2015, the Bank was comfortably within all threshold values in the Supervisory Authority Diamond Test Model.



With reference to the forthcoming new calculation method for the reference point "Large exposures" announced by the Danish Financial Supervisory Authority, with the benchmark for the 20 largest exposures being fixed at 175% of the Common Equity Tier 1 (CET1), it can be stated that at end-September the Bank's largest exposures amounted to 62.7%.

RISK MANAGEMENT AND CONTROL SYSTEMS

Risk management is a key focus area for Spar Nord's Board of Directors, Executive Board and the individual employees. Spar Nord has a two-tier management structure, with the Board of Directors having drafted written guidelines for the Executive Board, specifying clearly the areas of responsibility and scope of action for each management tier.

RISKS

The Board of Directors lays down general policies, while the Executive Board is responsible for the day-to-day management. The management structure reflects statutory requirements for listed Danish companies and the provisions of the Danish Financial Business Act.

Risk management of the most important risks, including cross-organizational risks, is a recurrent item 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 share overall responsibility for Spar Nord's risk management and control systems when the financial statements are prepared. The Board of Directors and the Executive Board 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 approves the overarching policies, procedures and control systems, and also prepares a detailed annual plan for the internal audit and compliance functions and for the Risk Review Officer. 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, business procedures for the finance 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 Board of Directors is responsible for ensuring that Spar Nord 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 overarching 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 assumes ordinary customer exposures of up to DKK 500 million and unsecured exposures of up to DKK 175 million. Exposures to trading partners in the financial sector and repo and reverse transactions 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>High-level 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 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-level, 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>The Group records and categorizes loss-making events in excess of DKK 10,000.</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> <p>Identified risks are recorded on an ongoing basis and reported to the Executive Board and the Board of Directors.</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 set a target for the Bank's cash resources, excl. assets in pooled schemes, which corresponds to a 50% excess liquidity coverage pursuant to the minimum requirement stated in section 152 of the Danish Financial Business Act.</p> <p>In addition, the Board of Directors has set a min. target of 100% for LCR.</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

The Board of Directors has set up a risk committee tasked with monitoring the Bank's risk management activities and preparing material for use by 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.

Spar Nord's Internal Audit Department submits reports to both the Board of Directors and the Executive Board and answers to the Board of Directors. 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 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 Bank. 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 Bank'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

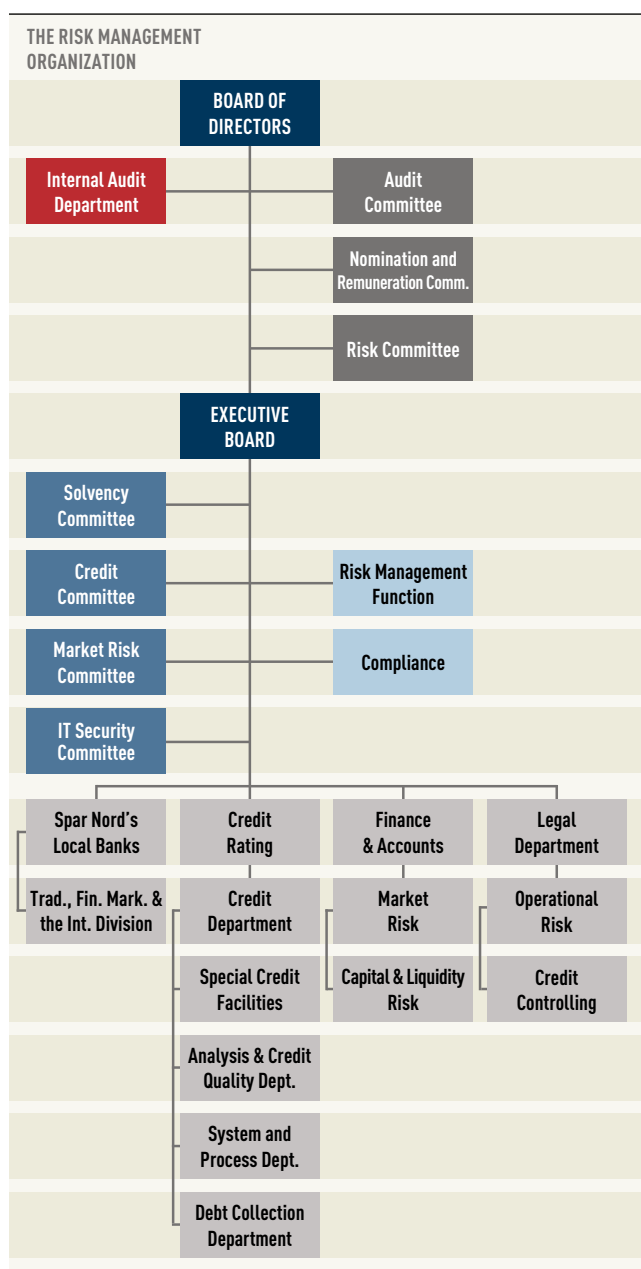
The Solvency Committee is composed of members of the Executive Board, Credit Rating and Finance & Accounts. The objective of the Committee is to formulate targets and principles for calculating adequate own funds and the individual solvency need. The Solvency Committee prepares a recommendation for the individual solvency need ratio and passes it on to the Board of Directors for approval.

Risk management function

A risk management function has been put in place, and an officer has been appointed to head it, with specific responsibility to the Risk Review Officer. The risk management function'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 function is responsible for appropriate risk management of the Group's operations, including providing an overview of its risks and the overall risk exposure. The Risk Review Officer is responsible to the Executive Board, submits reports to the Board of Directors, and assists the Board of Directors' risk committee in its work. The activities of the risk management function are rooted in the annual plan adopted by the Board of Directors.

Compliance

The 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 plan adopted by the Board of Directors.



BOARD OF DIRECTORS

TORBEN FRISTRUP



CHAIRMAN OF THE BOARD OF DIRECTORS

2004 - Chairman of the Board of Directors
2003 - Member of the Board of Directors of Spar Nord Bank A/S
1951 - Year of birth

Chairman of the nomination and remuneration committee and member of the risk committee

CEO, CUBIC-Modulsystem A/S, Fristrup Holding Aalborg ApS
Regulus ApS

EDUCATION

Engineer
IMD business programme

CHAIRMAN OF THE BOARD OF DIRECTORS

CUBIC Norge A/S
CUBIC-Modular System Ltd
CUBIC Svenska AB
Stanfo A/S

MEMBER OF THE BOARD OF DIRECTORS

CUBIC-Modulsystem A/S

SPECIAL EXPERTISE

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

SHAREHOLDING

38,300

KJELD JOHANNESSEN



DEPUTY CHAIRMAN OF THE BOARD OF DIRECTORS

2015 - Deputy Chairman of the Board of Directors
2014 - Member of the Board of Directors of Spar Nord Bank A/S
1953 - Year of birth

Member of the nomination and remuneration committee

CEO, Danish Crown A/S
CEO, Leverandørselskabet
Danish Crown a.m.b.a.

EDUCATION

BCom (Marketing)

CHAIRMAN OF THE BOARD OF DIRECTORS

DAT-Schaub A/S
KLS Ugglarps, Sweden
The Industry Policy Committee,
Confederation of Danish Industry (DI)

MEMBER OF THE BOARD OF DIRECTORS

Daka Denmark A/S - Deputy Chairman
Sokolow SA, Poland - Deputy Chairman
Aktieselskabet Schouw & Co
Plumrose USA
Tulip Ltd, UK
Tulip Food Company A/S
Member of the Board of Directors of Danmarks Nationalbank

SPECIAL EXPERTISE

Management
Production and marketing
Strategy
Business Development
International business affairs
Agriculture and foodstuffs

SHAREHOLDING

30,000

DISINTERESTED

PER NIKOLAJ BUKH



MEMBER OF THE BOARD OF DIRECTORS

2007 - Member of the Board of Directors of Spar Nord Bank A/S
1965 - Year of birth

Chairman of the audit committee

Professor, Aalborg University
CEO, P. N. Bukh ApS
Value Spread 1 ApS

EDUCATION

MSc Econ
PhD
Board of Directors training from
Bestyrelsesakademiet

MEMBER OF THE BOARD OF DIRECTORS

Jurist- & Økonomforbundets
Forlag A/S
Jurist- & Økonomforbundets
Forlagsfond
Padborg Ejendomme ApS

SPECIAL EXPERTISE

Finance and risk management
Financial markets
Public enterprises
Utilities

SHAREHOLDING

27,200

DISINTERESTED

KAJ CHRISTIANSEN



MEMBER OF THE BOARD OF DIRECTORS

2012 - Member of the Board of Directors of Spar Nord Bank A/S
1955 - Year of birth

Chairman of the risk committee

CEO of Frederikshavn
Maritime Erhvervspark A/S

EDUCATION

State-Authorized Public
Accountant

MEMBER OF THE BOARD OF DIRECTORS

Dokøen A/S
Frederikshavn Maritime
Erhvervspark A/S
The Spar Nord Foundation

SPECIAL EXPERTISE

Properties
Marketing
Finance and risk management

SHAREHOLDING

7,800

DISINTERESTED

BOARD OF DIRECTORS

LAILA MORTENSEN



MEMBER OF THE BOARD OF DIRECTORS

2012 - Member of the Board of Directors of Spar Nord Bank A/S
1965 - Year of birth

Member of the risk committee

CEO of IndustriPension Holding A/S, Industriens Pensionsforsikring A/S and chairman of the executive board of Industriens Pension Service A/S

EDUCATION

Graduate in insurance science
IMD business programme (PED)

CHAIRMAN OF THE BOARD OF DIRECTORS

IP Ejendomme 2013 P/S
IP Infrastruktur P/S
IP Komplementar ApS
IP Infrastruktur Komplementar ApS
IP OPP P/S
IP Sankt Petri Komplementar ApS
IP Sankt Petri P/S
IP Næstved Stråleterapi P/S
IP Næstved Stråleterapi Komplementar ApS

MEMBER OF THE BOARD OF DIRECTORS

IP Alternative Investments Komplementar ApS
IP Finans 1 ApS
DSEB, Forsikring & Pension Kapitalforeningen Industriens Pension Portfolio - Deputy Chairman

SPECIAL EXPERTISE

Experience in managing a financial business
Risk management - including operational risks
IT and IT risks

SHAREHOLDING

0

DISINTERESTED

OLE SKOV



MEMBER OF THE BOARD OF DIRECTORS

2000 - Employee-elected member of the Board of Directors of Spar Nord Bank A/S
1959 - Year of birth

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

JANNIE SKOVSEN



MEMBER OF THE BOARD OF DIRECTORS

2008 - Employee-elected member of the Board of Directors of Spar Nord Bank A/S
1965 - Year of birth

Workplace representative, Spar Nord Bank A/S

EDUCATION

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

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

7,404

BOARD OF DIRECTORS

GITTE HOLMGAARD SØRENSEN



MEMBER OF THE BOARD OF DIRECTORS

2012 – Employee-elected member of the Board of Directors of Spar Nord Bank A/S
1965 – Year of birth

Member of the nomination and remuneration committee

Workplace representative, Spar Nord Bank A/S

EDUCATION

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

CHAIRMAN OF THE BOARD OF DIRECTORS

The Personnel Foundation of Spar Nord Bank

MEMBER OF THE BOARD OF DIRECTORS

The Financial Services Union's "Spar Nord Kreds"

SPECIAL EXPERTISE

HR
Business administration

SHAREHOLDING

2,486

JOHN SØRENSEN



MEMBER OF THE BOARD OF DIRECTORS

2015 – Member of the Board of Directors of Spar Nord Bank A/S
1957 – Year of birth

Member of the audit committee

Director General of the Ministry of Defence Accounting Agency

EDUCATION

State-Authorized Public Accountant

SPECIAL EXPERTISE

Accounting and auditing

SHAREHOLDING

5,160

DISINTERESTED

ORGANIZATION AND CORPORATE GOVERNANCE

EXECUTIVE BOARD

LASSE NYBY



CHIEF EXECUTIVE OFFICER

2000 - Chief Executive Officer
1995 - Joined the Executive Board
1986 - Year of employment
1960 - Year of birth

EDUCATION

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

CHAIRMAN OF THE BOARD OF DIRECTORS

JSNA Holding A/S
Aktieselskabet Skelagervej 15

MEMBER OF THE BOARD OF DIRECTORS:

AP Pension Livsforsikringsaktieselskab
AP Pensionsservice A/S
Foreningen AP Pension f.m.b.a.
FR I af 16 september 2015 A/S
Nykredit Holding A/S
PRAS A/S
Vækst-Invest Nordjylland A/S
Regional Bankers' Association
The Danish Bankers Association

SHAREHOLDING

47,784

JOHN LUNDGAARD



MANAGING DIRECTOR

2000 - Joined the Executive Board
1986 - Year of employment
1964 - Year of birth

EDUCATION

Financial services background
MBA

CHAIRMAN OF THE BOARD OF DIRECTORS

Factor Insurance Brokers A/S

MEMBER OF THE BOARD OF DIRECTORS

Aktieselskabet Skelagervej 15 –
Deputy Chairman
Bankernes EDB Central a.m.b.a.
Bolighed A/S
Letpension A/S
Swipp Holding ApS
Swipp ApS

SHAREHOLDING

69,133

LARS MØLLER



MANAGING DIRECTOR

2000 - Joined the Executive Board
1984 - Year of employment
1957 - Year of birth

EDUCATION

Financial services background
Executive education from Insead

CHAIRMAN OF THE BOARD OF DIRECTORS

BI Asset Management Fonds-
mæglerelskab A/S
BI Holding A/S
BI Management A/S

MEMBER OF THE BOARD OF DIRECTORS

Aktieselskabet Skelagervej 15
DLR Kredit A/S

SHAREHOLDING

65,460

For more information about the members of the Board of Directors and Executive Board, please refer to the Bank's website, <https://www.sparnord.com/executiveboard>. On the website you will see a list of the shareholdings and other directorships and executive functions of the members of the Board of Directors and Executive Board, which is 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.

Consequently, Spar Nord's Management backs efforts to promote good corporate governance, and has chosen to comply with 46 of the 47 most recent recommendations from the Danish Corporate Governance Committee. A full overview of Spar Nord's position on the recommendations can be seen on its website at <https://www.sparnord.com/corporategovernance>.

CORPORATE GOVERNANCE 2015

Spar Nord complies with 46 of the 47 most recent recommendations from the Danish Corporate Governance Committee. The only recommendation that we do not follow is:

Recommendation	Spar Nord's position
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 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 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.

In addition, Spar Nord's Management has considered its position on the management code issued by the Danish Bankers Association and has chosen to comply with all 12 recommendations. In addition to Spar Nord's position on the general recommendations on corporate governance, the Bank's position on the Danish Bankers Association's management code can also be viewed in its entirety on the website <https://www.sparnord.com/corporategovernance>.

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 that the Bank aids both professional and private shareholders in obtaining the best possible insight into the Bank's goals and strategies.

COMMUNICATION WITH SHAREHOLDERS

Each year Spar Nord holds about 30 shareholders' meetings across the nation, and thus the Bank's Management is in direct contact with a significant portion of its private shareholders. Spar Nord further promotes good shareholder communication by presenting information that is always thorough, updated and accessible on the Bank's website, sparnord.com. The website provides direct access to contacting both IR staff members and the Bank's Executive Board.

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

GENERAL MEETING

Spar Nord Bank follows the recommendations of the Corporate Governance Committee on preparing for 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.

Delegates that 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 shareholders' equity 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, one week before the relevant general meeting as belonging to the relevant major shareholder.

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 125,529,918 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.

THE BOARD OF DIRECTORS

Spar Nord's Board of Directors is composed of nine members, six of whom are elected by the shareholders and the remainder by the 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.

ORGANIZATION AND CORPORATE GOVERNANCE

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 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 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 one year – to ensure better continuity in the Board of Directors' activities.

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

The Board of Directors finds it important that all members have the time and energy to actively participate in the Board's work, and believes that a simple calculation of executive positions and directorships makes no sense, as the workload varies greatly from one company to another. Those of the current Directors who hold senior executive positions or directorships 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 2015, the Board of Directors held a total of 19 physical meetings and telephone conferences. The total Board member attendance rate was 93%. In accordance with the Danish Bankers Association's code of conduct, the attendance by each member of the Board of Directors is published on the Bank's website.

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 overall 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 composing 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 of Spar Nord's business model.

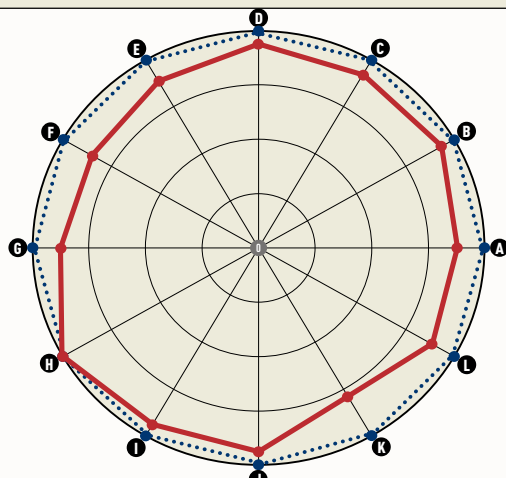
Using the business model as its stepping stone, the Board of Directors has identified a number of areas assessed to be fundamental for defining the Board's need for competences. In this light, the Board of Directors assesses the competence level required in each individual area.

The areas identified appear from the figure on the next page.

ORGANIZATION AND CORPORATE GOVERNANCE

PERSONAL QUALITIES

12 QUESTIONS REG. QUALIFICATIONS - SCALE: 0 - 4



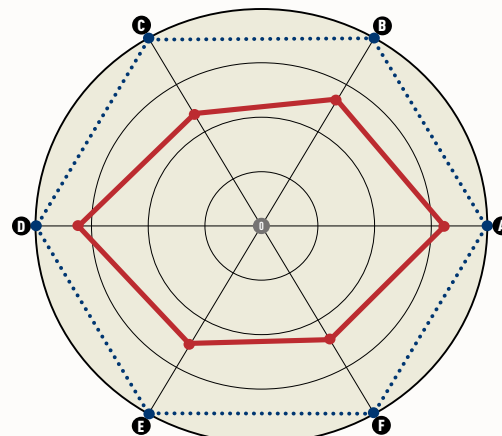
— Avg. responses given by individual board members when assessing competences important to the Bank.
 Responses given by individual board members when assessing own qualifications. The maximum score has been used.

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



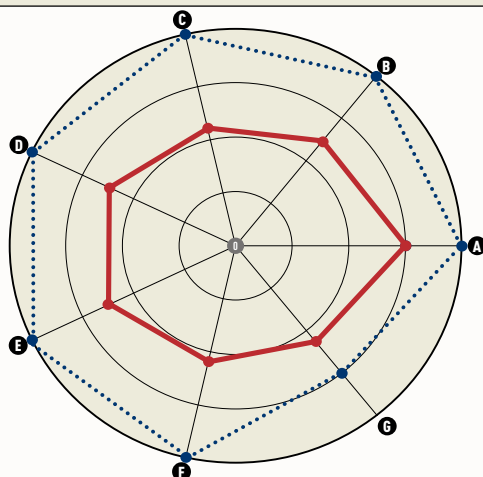
— Avg. responses given by individual board members when assessing competences important to the Bank.
 Responses given by individual board members when assessing own qualifications. The maximum score has been used.

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



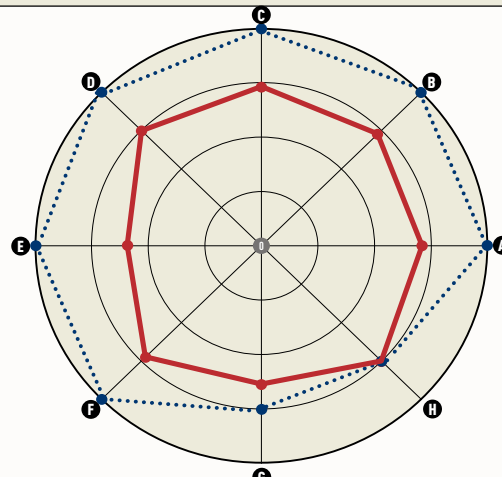
— Avg. responses given by individual board members when assessing competences important to the Bank.
 Responses given by individual board members when assessing own qualifications. The maximum score has been used.

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



— Avg. responses given by individual board members when assessing competences important to the Bank.
 Responses given by individual board members when assessing own qualifications. The maximum score has been used.

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 competences within given areas. The most recent evaluation assessed the Board of Directors' average qualifications in all areas to be at a higher level than assessed to be needed on average.

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 has been met by the inclusion of Laila Mortensen, CEO of Industriens Pension, who has served on the Board as from 2012.

COMMITTEES APPOINTED BY THE BOARD OF DIRECTORS

Spar Nord'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 disinterested (John Sørensen).

In addition, a risk committee has been set up, charged with responsibility for arranging the preparatory work leading up to the Board of Directors' decisions regarding the Group's risk management and related issues. The committee is composed of three members.

Finally, the Board of Directors has set up a nomination and remuneration committee with three members, one of whom has been selected 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 <https://www.sparnord.com/committees>, which also provides a presentation of the members and their qualifications.

In 2015, the audit committee held 6 meetings, while the risk committee held 4 and the nomination and remuneration committee also held 4.

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, liquidity and turnaround plans
- Approving financial and non-financial reporting
- Appointing and dismissing Executive Board members and the Head of the Internal Audit Department
- Appointing and dismissing the Chief Financial Officer, Chief Credit Officer and Senior 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 distributions
- Nomination of auditor candidates at the 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 general meetings

ORGANIZATION AND CORPORATE GOVERNANCE

ELECTION TO THE BOARD OF DIRECTORS

Torben Fristrup, Laila Mortensen and Kjeld Johannesen are up for election to the Board of Directors in 2016. Laila Mortensen and Kjeld Johannesen are recommended for re-election, while Torben Fristrup has chosen to step down from the Board of Directors after 13 years, 12 of which as its chairman. To take his seat, the Board of Directors nominates Morten Gaardboe, CEO for election at the Annual General Meeting.

Policy and target figure for the underrepresented gender

The Board of Directors is constantly working on promoting diversity, including in relation to gender, across all managerial levels in the Group. At end-2015, the Board of Directors is composed of three women and six men, and among the six members elected by the shareholders there are one woman and five men.

Consequently, Spar Nord's Board of Directors has decided to introduce a policy to lift the share of the underrepresented gender on both the Board of Directors and at other management echelons in the Group.

The policy includes some concrete objectives to the effect that the share of female Directors elected by the shareholders is to amount to at least 33% by 2017. At end-2014, the share was unchanged at 17%.

The number of female Directors was unchanged in 2015 because a male candidate was considered as best matching the defined profile for the single seat to be filled at the Annual General Meeting.

As concerns the Group's other management echelons, the goal is that there should be at least five qualified applicants to managerial positions in the Bank, and that at least two of these should be women. In the long term, the gender breakdown at executive and mid-level executive level is desired to change towards a more equal distribution between men and women – from currently about 21% women in the Bank's executive team to 25% women by 2017.

EXECUTIVE BOARD

The Executive Board is appointed by the Board of Directors and is composed of Lasse Nyby, CEO, 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 procedure under which they both operate.

REMUNERATION OF THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

The remuneration of the Board of Directors and the salaries and benefits 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 they 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.

For more information, please refer to the Bank's Corporate Governance Report, which is downloadable from the website, <https://www.sparnord.com/corporategovernance>.

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 & IR, the Chief Executive Officer primarily 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 annual and interim reports. In total, about 50 meetings with investors from Scandinavia, Great Britain and North America were held in 2015.

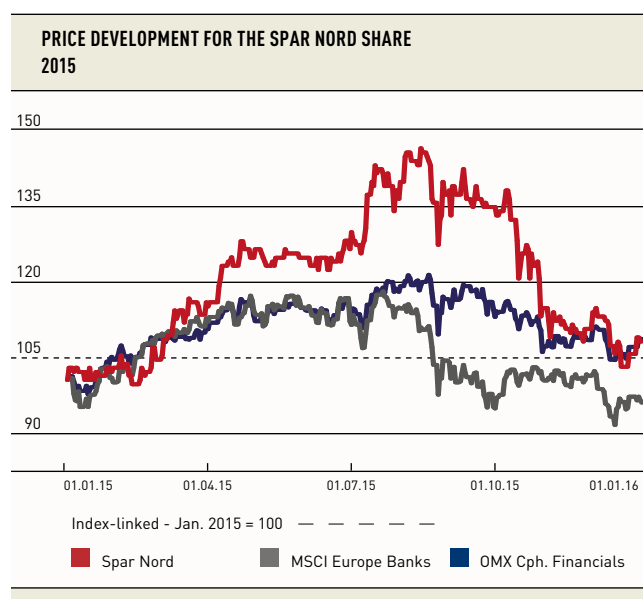
In 2015, analysts from 5 investment banks covered the Spar Nord share (2014: 3).

THE SPAR NORD SHARE

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

In 2015, the share capital was unchanged at DKK 1,255,299,180, divided into shares in the denomination of DKK 10.

The Spar Nord Bank share rose from a price of DKK 58 at end-2014 to a price of DKK 61 at end-2015, equal to 5%. At the end of the year, the market value was thus DKK 7.7 billion compared with DKK 7.3 billion at end-2014. However, developments from end-2014 to end-2015 show that the share price rose to a price of DKK 83 from January to September, after which it dropped to the year-end level.



THE SPAR NORD BANK SHARE

	2015	2014
Share capital (DKK '000)	1,255,299	1,255,299
Share price/year-end	61	58
Total market value (DKK m)	7,657	7,281
Earnings per share for the year (DKK *)	7.1	4.9
Dividend per share (DKK)	5.0	1.6
Net asset value (NAV) per share (DKK)	60	56
Share price/NAV per share (DKK)	1.0	1.0

*) Financial ratios have been calculated as if the Additional Tier1 (AT1) capital were treated as a liability for accounting purposes.

In 2015, the average daily trading volume amounted to about 110,000 shares compared with 128,000 in 2014. The trend reflects the fact that in recent years Spar Nord has had a more diversified shareholder composition, with professional and institutional investors in Denmark and abroad representing a larger share.

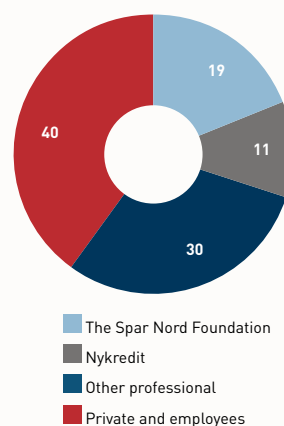
BREAKDOWN OF SHAREHOLDERS

At end-2015, Spar Nord Bank had about 117,000 shareholders. About 60% of the share capital is held by professional and institutional investors, of whom 20 percentage points are foreign, while 36% of the capital is held by shareholders who each own fewer than 20,000 shares.

The Bank has two shareholders who have announced that 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 11.1%.

BREAKDOWN OF SHAREHOLDERS

End-2015 - %



INVESTOR RELATIONS

DISTRIBUTION OF SHARES BEG. 2016

Distribution of shares	Number of registered shareholders	Shareholders' total shareholdings (units)
1 - 99 shares	51,337	1,381,005
100 - 999 shares	55,686	18,530,084
1,000 - 9,999 shares	9,312	20,260,564
10,000 - 19,999 shares	254	3,288,045
20,000 or more shares	264	79,948,116
Treasury shares	1	23
Shares not registered in name of shareholder		2,122,081
Total	116,854	125,529,918

ANNUAL GENERAL MEETING 2016

The Annual General Meeting will be held on 20 April 2016 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.

Since mid-2015, it has been Spar Nord's policy to distribute at least two thirds of the net profits for the year by way of dividend, provided that the Bank's objective of a Common Equity Tier 1 (CET) ratio of 12.0% and a total capital ratio of at least 15.5% has been met.

If value-generating investment options are not available, the potential for distributing extraordinary dividends and/or implementing share repurchase programmes will be considered, with due regard to the Company's capital structure.

Given the profits for the year and in light of our strong capital position, the Board of Directors recommends the distribution of a cash dividend of DKK 3 per share.

The DKK 3 dividend should be viewed in the context of the extraordinary dividend of DKK 2 per share already distributed. Thus, the total cash dividend amounted to DKK 5 per share, equal to DKK 628 million, or 70% of the net profit for the year.

In addition to the cash dividend a share repurchase programme worth DKK 150 million will be launched, with expected implementation in the period from mid-February to end-2016, such that the total distribution will amount to about 87% of the net profits for the year.

FINANCIAL CALENDAR 2016

20 April	Annual General Meeting
27 April	Interim Report for Q1
24 August	Interim Report for the first six months
2 November	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.

CORPORATE 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 FOLLOW-UP

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 on 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 underlying 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.

FINANCIAL INSIGHT

Since 2013, 'Understanding finance' has been our special focus area. We chose this particular 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 education 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 keeping 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 entitled "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 so far been distributed in 50,000 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 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 2014, the new app "Chickenfeed" was launched, the purpose of which is to give kids aged 3-5 some basic understanding of money, coins, prices, etc., via play. In the period since it was launched and until end-2014, the app was downloaded more than 50,000 times.

CORPORATE SOCIAL RESPONSIBILITY

In 2015, Spar Nord entered into formalized cooperation with the local primary and lower secondary schools in the Municipality of Aalborg, which meant that the Bank's employees will dedicate a total of 100 working days to introducing pupils in the final class to a variety of topics that are related to their personal finances.

ACTIVITIES IN THE LOCAL COMMUNITIES

It is a central element of Spar Nord's strategy and business model that the Bank is heavily involved in local community life in the areas in which the Bank is active. This commitment crystallizes in the way that the Bank participates in and contributes to activities targeting sports and cultural events plus association activities, and by the Bank and the Spar Nord Foundation granting funding to worthy causes in the local community. In total, the Bank made contributions of some DKK 20 million towards the causes mentioned, and the Spar Nord Foundation distributed about 800 grants totalling approx. DKK 21 million.

*For more information, please refer to the Bank's CSR Report,
which is downloadable from the website,
<https://www.sparnord.com/csr>*

MANAGEMENT'S STATEMENT ON THE ANNUAL REPORT

The Board of Directors and Executive Board have today reviewed and adopted the 2015 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.

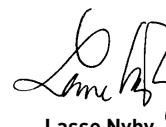
We consider the accounting policies applied to be appropriate, and in our opinion the Consolidated Financial Statements and the Parent Company's Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2015 and of the results of the Group's and the Parent Company's operations and cash flows for the 2015 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, 10 February 2016



EXECUTIVE BOARD



Lasse Nyby
Chief Executive Officer


John Lundsgaard
Managing Director
Lars Møller
Managing Director

BOARD OF DIRECTORS


Torben Fristrup
Chairman of the Board of Directors
Kjeld Johannesen
Deputy Chairman of the Board of Directors
Per Nikolaj Bukh
Kaj Christiansen
Laila Mortensen
Ole Skov
Elected by the employees
Jannie Skovsen
Elected by the employees
Gitte Holmgaard Sørensen
Elected by the employees
John Sørensen

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 2015, pp. 42-120. 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 2015 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 2015 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

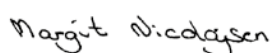
Pursuant to the Danish Financial Business Act, we have read the Management's review. We have not performed any other procedures in addition to our audit of the Consolidated Financial Statements and the Parent Company's Financial Statements.

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, 10 February 2016

Spar Nord Bank A/S

Internal Audit Department



Margit Nicolajsen

Head of Internal Audit Department

TO THE SHAREHOLDERS OF SPAR NORD BANK A/S

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

We have audited the consolidated financial statements and the parent company financial statements of Spar Nord Bank A/S for the financial year 1 January – 31 December 2015, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as for the parent company. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the parent company financial statements are prepared in accordance with the Danish Financial Business Act. The consolidated financial statements are prepared in accordance with Danish disclosure requirements for listed financial institutions.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU (the consolidated financial statements), the Danish Financial Business Act (the parent company financial statements) and Danish disclosure requirements for listed financial institutions. Management has the responsibility for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2015 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January – 31 December 2015 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 financial statements.

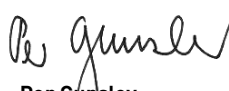
Statement on the Management's review

Pursuant to the Danish Financial Business Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

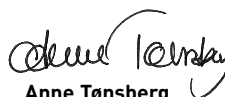
Aalborg, 10 February 2016

ERNST & YOUNG

Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Per Günslev
State-authorized Public Accountant



Anne Tønsberg
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 2015 DKK m	Spar Nord The Group 2014 DKK m	Spar Nord Parent Company 2015 DKK m	Spar Nord Parent Company 2014 DKK m
4 Interest income	1,975.8	2,360.7	1,967.1	2,352.6
5 Interest expenses	200.5	453.3	221.1	468.6
Net interest income	1,775.3	1,907.4	1,746.0	1,884.0
6 Dividends on shares, etc.	54.9	39.2	34.0	22.3
7+9 Fees, charges and commissions received	1,125.9	930.3	1,125.9	930.3
8+9 Fees, charges and commissions paid	95.6	67.0	95.6	67.0
Net income from interest, fees, charges and commissions	2,860.5	2,809.9	2,810.3	2,769.6
10 Market-value adjustments	452.0	363.1	449.6	183.4
12 Other operating income	47.8	50.1	43.7	44.6
13+14+15 Staff costs and administrative expenses	1,768.2	1,837.9	1,775.7	1,844.1
16 Depreciation, amortization and impairment of intangible assets and property, plant and equipment	65.5	71.5	64.9	71.8
17 Other operating expenses	107.9	109.9	107.9	109.9
18+36+55 Impairment of loans, advances and receivables, etc.	373.4	602.9	373.4	602.9
19 Profit/loss on equity investments in associates and group enterprises	28.3	104.1	78.9	332.1
Profit/loss before tax	1,073.6	705.0	1,060.6	701.0
20 Tax	176.8	91.4	163.2	87.7
Profit/loss for the year	896.8	613.6	897.4	613.3

ALLOCATED TO:

The shareholders of the Parent Company, Spar Nord Bank A/S	883.3	613.6	883.9	613.3
Holders of Additional Tier 1 (AT1) capital instruments	13.5	0.0	13.5	0.0
Profit/loss for the year	896.8	613.6	897.4	613.3

Dividend distribution DKK 3.00 per share (2014: DKK 1.60 per share)			376.6	200.8
Extraordinary dividend distribution DKK 2.00 per share (paid at end-April 2015)			251.1	0.0
Reserve for net revaluation according to the equity method			78.9	332.1
Retained earnings			177.3	80.4
Total distribution			883.9	613.3

48 EARNINGS PER SHARE

Earnings per share (DKK)	7.2	4.9		
Diluted earnings per share (DKK)	7.2	4.9		

STATEMENT OF COMPREHENSIVE INCOME

Profit/loss for the year	896.8	613.6	897.4	613.3
Other comprehensive income				
Items that cannot be reclassified to the income statement:				
Net revaluation of corporate properties	6.9	8.3	6.3	8.6
Other capital movements in associates	-0.8	1.4	-0.8	1.4
Other comprehensive income after tax	6.1	9.7	5.5	10.0
Comprehensive income, total	902.9	623.3	902.9	623.3

Allocated to:

The shareholders of the Parent Company, Spar Nord Bank A/S	889.4	623.3	889.4	623.3
Holders of Additional Tier 1 (AT1) capital instruments	13.5	0.0	13.5	0.0
Profit/loss for the year	902.9	623.3	902.9	623.3

BALANCE SHEET

NOTE

	Spar Nord The Group 2015 DKK m	Spar Nord The Group 2014 DKK m	Spar Nord Parent Company 2015 DKK m	Spar Nord Parent Company 2014 DKK m
ASSETS				
Cash balances and demand deposits with central banks	610.4	985.7	610.4	985.7
21 Receivables from credit institutions and central banks	2,741.3	3,970.6	2,744.7	3,974.6
Lending, banking activities	32,630.5	34,351.4	32,503.5	34,224.4
Lending, reverse transactions	4,155.1	463.8	4,155.1	463.8
Lending, leasing activities	1,253.7	1,132.4	1,253.7	1,132.4
22 Loans, advances and other receivables at amortized cost	38,039.3	35,947.6	37,912.3	35,820.6
23 Bonds at fair value	16,053.6	20,234.0	16,053.6	20,234.0
24 Shares, etc.	1,658.3	1,416.8	1,601.1	1,359.6
25 Equity investments in associates	82.4	941.3	82.4	941.3
26 Equity investments in group enterprises	-	-	1,508.8	1,512.4
60 Assets linked to pooled schemes	13,380.0	10,853.8	13,380.0	10,853.8
27 Intangible assets	214.5	224.4	214.5	224.4
Investment properties	144.6	147.7	70.6	64.7
Corporate properties	547.0	537.3	443.5	434.5
28 Land and buildings, total	691.6	685.0	514.1	499.2
29 Other property, plant and equipment	99.6	120.0	99.6	120.0
Current tax assets	91.0	92.6	86.4	89.1
37 Deferred tax assets	6.0	19.4	0.0	0.0
30 Temporary assets	27.4	41.2	27.4	41.2
31 Other assets	2,483.7	3,020.1	2,478.7	3,015.4
Prepayments	178.1	272.9	184.2	279.1
Total assets	76,357.2	78,825.4	77,498.2	79,950.4
SHAREHOLDERS' EQUITY AND LIABILITIES				
LIABILITIES OTHER THAN PROVISIONS				
32 Payables to credit institutions and central banks	3,739.5	10,337.4	3,708.5	10,305.9
33 Deposits and other payables	44,736.3	42,235.8	45,912.1	43,395.4
60 Deposits in pooled schemes	13,380.0	10,853.8	13,380.0	10,853.8
34 Issued bonds at amortized cost	0.0	22.6	0.0	22.6
23+24 Other non-derivative financial liabilities at fair value	1,219.7	1,758.4	1,219.7	1,758.4
35 Other liabilities	4,081.4	4,651.6	4,077.6	4,648.5
Deferred income	25.7	27.8	25.7	27.8
Total liabilities other than provisions	67,182.6	69,887.4	68,323.6	71,012.4
PROVISIONS FOR LIABILITIES				
37 Provisions for deferred tax	122.8	125.7	122.8	125.7
Provisions for losses on guarantees	42.9	43.7	42.9	43.7
Other provisions	33.1	27.3	33.1	27.3
Total provisions for liabilities	198.8	196.7	198.8	196.7
SUBORDINATED DEBT				
38 Subordinated debt	1,088.8	1,708.3	1,088.8	1,708.3
Total liabilities	68,470.2	71,792.4	69,611.2	72,917.4
SHAREHOLDERS' EQUITY				
Share capital	1,255.3	1,255.3	1,255.3	1,255.3
Revaluation reserves	96.3	89.4	94.4	88.1
Statutory reserves	23.2	571.4	312.2	746.0
Proposed dividend	376.6	200.8	376.6	200.8
Retained earnings	5,723.3	4,916.1	5,436.2	4,742.8
Shareholders' equity	7,474.7	7,033.0	7,474.7	7,033.0
Holders of Additional Tier 1 (AT1) capital instruments	412.3	0.0	412.3	0.0
Total shareholders' equity	7,887.0	7,033.0	7,887.0	7,033.0
Total shareholders' equity and liabilities	76,357.2	78,825.4	77,498.2	79,950.4
OFF-BALANCE-SHEET ITEMS				
44 Contingent assets	5.2	6.8	3.4	6.8
45 Contingent liabilities	9,585.2	10,239.9	9,585.2	10,239.9
46 Other obligating agreements	540.5	751.7	576.8	795.7

STATEMENT OF CHANGES IN EQUITY

SHAREHOLDERS' EQUITY	The shareholders of the Parent Company, Spar Nord Bank A/S								
	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	Hybrid *) core capital DKK m	Total DKK m
THE GROUP									
Shareholders' equity 01.01.15	1,255.3	89.4	0.0	571.4	200.8	4,916.1	7,033.0	-	7,033.0
<i>Comprehensive income in 2015</i>									
Profit/loss for the year	-	-	-	28.3	627.7	227.3	883.3	13.5	896.8
<i>Other comprehensive income</i>									
Net revaluation of properties	-	6.9	-	-	-	-	6.9	-	6.9
Other capital movements in associates	-	-	-	-0.8	-	-	-0.8	-	-0.8
Other comprehensive income, total	0.0	6.9	0.0	-0.8	0.0	0.0	6.1	0.0	6.1
Comprehensive income, total	0.0	6.9	0.0	27.5	627.7	227.3	889.4	13.5	902.9
<i>Transactions with owners</i>									
Issue of Additional Tier 1 (AT1) capital, net of transaction costs	-	-	-	-	-	-2.9	-2.9	400.0	397.1
Dividends paid	-	-	-	-	-451.9	-	-451.9	-	-451.9
Dividends received, treasury shares	-	-	-	-	-	0.3	0.3	-	0.3
Disposal upon acquisition of treasury shares and Additional Tier 1 (AT1) capital	-	-	-	-	-	-636.3	-636.3	-1.2	-637.5
Addition upon sale of treasury shares and Additional Tier 1 (AT1) capital	-	-	-	-	-	639.2	639.2	-	639.2
Dividends received from associates recognized at net asset value	-	-	-	-864.3	-	864.3	0.0	-	0.0
Dissolution of revaluation reserves in associates	-	-	-	288.6	-	-288.6	0.0	-	0.0
Tax	-	-	-	-	-	3.9	3.9	-	3.9
Transactions with owners, total	0.0	0.0	0.0	-575.7	-451.9	579.9	-447.7	398.8	-48.9
Shareholders' equity 31.12.15	1,255.3	96.3	0.0	23.2	376.6	5,723.3	7,474.7	412.3	7,887.0
Shareholders' equity 01.01.14	1,255.3	84.5	4.3	507.4	125.5	4,555.7	6,532.7	-	6,532.7
Additions relating to merger	-	-	-4.3	-	-	1.8	-2.5	-	-2.5
Adjusted shareholders' equity 01.01.14	1,255.3	84.5	0.0	507.4	125.5	4,557.5	6,530.2	0.0	6,530.2
<i>Comprehensive income in 2014</i>									
Profit/loss for the year	-	-	-	104.1	200.8	308.7	613.6	-	613.6
<i>Other comprehensive income</i>									
Net revaluation of properties	-	4.9	-	-	-	3.4	8.3	-	8.3
Other capital movements in associates	-	-	-	1.4	-	-	1.4	-	1.4
Other comprehensive income, total	0.0	4.9	0.0	1.4	0.0	3.4	9.7	0.0	9.7
Comprehensive income, total	0.0	4.9	0.0	105.5	200.8	312.1	623.3	0.0	623.3
<i>Transactions with owners</i>									
Dividends paid	-	-	-	-	-125.5	-	-125.5	-	-125.5
Dividends received, treasury shares	-	-	-	-	-	0.1	0.1	-	0.1
Disposal upon acquisition of treasury shares	-	-	-	-	-	-544.9	-544.9	-	-544.9
Addition upon sale of treasury shares	-	-	-	-	-	549.8	549.8	-	549.8
Dividends received from associates recognized at net asset value	-	-	-	-25.6	-	25.6	0.0	-	0.0
Dissolution of revaluation reserves in associates	-	-	-	-15.9	-	15.9	0.0	-	0.0
Transactions with owners, total	0.0	0.0	0.0	-41.5	-125.5	46.5	-120.5	0.0	-120.5
Shareholders' equity 31.12.14	1,255.3	89.4	0.0	571.4	200.8	4,916.1	7,033.0	0.0	7,033.0

*) See description in the footnote on page 45.

STATEMENT OF CHANGES IN EQUITY

	The shareholders of the Parent Company, Spar Nord Bank A/S								
	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	Hybrid *) core capital DKK m	Total DKK m
SPAR NORD PARENT COMPANY									
Shareholders' equity 01.01.15	1,255.3	88.1	0.0	746.0	200.8	4,742.8	7,033.0	-	7,033.0
<i>Comprehensive income in 2015</i>									
Profit/loss for the year	-	-	-	78.9	627.7	177.3	883.9	13.5	897.4
<i>Other comprehensive income</i>									
Net revaluation of properties	-	6.3	-	-	-	-	6.3	-	6.3
Other capital movements in associates	-	-	-	-0.8	-	-	-0.8	-	-0.8
Other comprehensive income, total	0.0	6.3	0.0	-0.8	0.0	0.0	5.5	0.0	5.5
Comprehensive income, total	0.0	6.3	0.0	78.1	627.7	177.3	889.4	13.5	902.9
<i>Transactions with owners</i>									
Issue of Additional Tier 1 (AT1) capital, net of transaction costs	-	-	-	-	-	-2.9	-2.9	400.0	397.1
Dividends paid	-	-	-	-	-451.9	-	-451.9	-	-451.9
Dividends received, treasury shares	-	-	-	-	-	0.3	0.3	-	0.3
Disposal upon acquisition of treasury shares and Additional Tier 1 (AT1) capital	-	-	-	-	-	-636.3	-636.3	-1.2	-637.5
Addition upon sale of treasury shares and Additional Tier 1 (AT1) capital	-	-	-	-	-	639.2	639.2	-	639.2
Dividends received from associates recognized at net asset value	-	-	-	-864.3	-	864.3	0.0	-	0.0
Dissolution of revaluation reserves in group enterprises	-	-	-	63.8	-	-63.8	0.0	-	0.0
Dissolution of revaluation reserves in associates	-	-	-	288.6	-	-288.6	0.0	-	0.0
Tax	-	-	-	-	-	3.9	3.9	-	3.9
Transactions with owners, total	0.0	0.0	0.0	-511.9	-451.9	516.1	-447.7	398.8	-48.9
Shareholders' equity 31.12.15	1,255.3	94.4	0.0	312.2	376.6	5,436.2	7,474.7	412.3	7,887.0
Shareholders' equity 01.01.14									
1,255.3	83.0	4.3	682.6	125.5	4,382.0	6,532.7	-	6,532.7	
Additions relating to merger	-	-	-4.3	-228.4	-	230.2	-2.5	-	-2.5
Adjusted shareholders' equity 01.01.14	1,255.3	83.0	0.0	454.2	125.5	4,612.2	6,530.2	0.0	6,530.2
<i>Comprehensive income in 2014</i>									
Profit/loss for the year	-	-	-	332.1	200.8	80.4	613.3	-	613.3
<i>Other comprehensive income</i>									
Net revaluation of properties	-	5.1	-	-	-	3.5	8.6	-	8.6
Other capital movements in associates	-	-	-	1.2	-	0.2	1.4	-	1.4
Other comprehensive income, total	0.0	5.1	0.0	1.2	0.0	3.7	10.0	0.0	10.0
Comprehensive income, total	0.0	5.1	0.0	333.3	200.8	84.1	623.3	0.0	623.3
<i>Transactions with owners</i>									
Dividends paid	-	-	-	-	-125.5	-	-125.5	-	-125.5
Dividends received, treasury shares	-	-	-	-	-	0.1	0.1	-	0.1
Disposal upon acquisition of treasury shares	-	-	-	-	-	-544.9	-544.9	-	-544.9
Addition upon sale of treasury shares	-	-	-	-	-	549.8	549.8	-	549.8
Dividends received from associates recognized at net asset value	-	-	-	-25.6	-	25.6	0.0	-	0.0
Dissolution of revaluation reserves in associates	-	-	-	-15.9	-	15.9	0.0	-	0.0
Transactions with owners, total	0.0	0.0	0.0	-41.5	-125.5	46.5	-120.5	0.0	-120.5
Shareholders' equity 31.12.14	1,255.3	88.1	0.0	746.0	200.8	4,742.8	7,033.0	0.0	7,033.0
*) The Additional Tier 1 (AT1) capital has a perpetual term, with voluntary payment of interest and repayments of principal, for which reason it is treated as shareholders' equity for accounting purposes. On 10 June 2015, Spar Nord issued bonds for DKK 400 million, with an option for early redemption as from 10 June 2020. Interest is paid on the loan at the rate of 6.052% per annum until 10 June 2020, after which date interest will be fixed at CIBOR6 + a 5.4% margin. If Spar Nord's Common Equity Tier 1 (CET1) ratio falls below 5 1/8%, the loan will be written down. The loan can be written up again based on the rules laid down in CRR.									
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						
	2015	2014	2015	2014					
Spar Nord, the Group	896.8	613.6	7,887.0	7,033.0					
Net depreciation and impairment, the Group's corporate properties	0.6	-0.3	0.0	0.0					
Spar Nord, the Parent Company	897.4	613.3	7,887.0	7,033.0					
	Number of shares		Nominal value (DKK m)						
	2015	2014	2015	2014					
Issued shares									
1 January	125,529,918	125,529,918	1,255.3	1,255.3					
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.

During the period until the State Additional Tier 1 (AT1) capital was redeemed at end-May 2014, the distribution of dividend was maximized at Spar Nord's current profits. A dividend of DKK 627.7 million is proposed to be distributed for 2015 (2014: DKK 200.8 million), of which DKK 251.1 million was proposed to be distributed as extraordinary dividend in March 2015, based on the sale of shares in Nørresundby Bank.

Dividends paid in 2015 of DKK 451.9 million are composed of the DKK 200.8 million dividend proposed in the 2014 Annual Report and extraordinary dividend of DKK 251.1 million proposed in March 2015 after the sale of shares in Nørresundby Bank.

The distribution of dividend to Spar Nord's shareholders has no tax consequences for Spar Nord.

STATEMENT OF CHANGES IN EQUITY

	Spar Nord The Group 2015	Spar Nord The Group 2014	Spar Nord Parent Company 2015	Spar Nord Parent Company 2014
NUMBER OF SHARES IN CIRCULATION				
Beginning of year	125,366,131	125,308,845	125,366,131	125,308,845
Acquisition/sale of treasury shares	24,386	57,286	24,386	57,286
End of year	125,390,517	125,366,131	125,390,517	125,366,131
Shares issued	125,529,918	125,529,918	125,529,918	125,529,918
The Group's treasury share portfolio	139,401	163,787	139,401	163,787
Outstanding shares in circulation	125,390,517	125,366,131	125,390,517	125,366,131

TREASURY SHARE PORTFOLIO

Number of shares	139,401	163,787	139,401	163,787
Nominal value, DKK m	1.4	1.6	1.4	1.6
Fair value, DKK m	8.5	9.5	8.5	9.5
Percentage of share capital	0.1	0.1	0.1	0.1

TREASURY SHARE PORTFOLIO, FAIR VALUE, DKK M

Portfolio, beginning of year	9.5	10.9	9.5	10.9
Acquisition of treasury shares	636.3	544.9	636.3	544.9
Sale of treasury shares	639.2	549.8	639.2	549.8
Market-value adjustment	1.9	3.5	1.9	3.5
Portfolio, end of year	8.5	9.5	8.5	9.5

TREASURY SHARES DEPOSITED AS COLLATERAL

Number of shares	1,491,977	1,801,760	1,491,977	1,801,760
Nominal value, DKK m	14.9	18.0	14.9	18.0
Fair value, DKK m	91.0	104.5	91.0	104.5
Percentage of share capital	1.2	1.4	1.2	1.4

Treasury shares deposited as collateral comprise collateral provided by customers in the form of Spar Nord shares.

The Bank uses treasury shares for trading with customers.

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%.

	Spar Nord The Group 2015 DKK m	Spar Nord The Group 2014 DKK m	Spar Nord Parent Company 2015 DKK m	Spar Nord Parent Company 2014 DKK m
OWN FUNDS				
Shareholders' equity	7,887.0	7,033.0	7,887.0	7,033.0
Additional Tier 1 (AT1) capital included in shareholders' equity	412.3	0.0	412.3	0.0
Proposed dividend	376.6	200.8	376.6	200.8
Intangible assets, incl. share recognized in investments in associates	212.0	219.8	212.0	219.8
Deferred tax assets *)	6.0	19.4	0.0	0.0
Other primary deductions	45.7	59.8	45.7	59.8
Deductions, equity investments	161.1	149.3	138.0	136.9
Common Equity Tier 1 (CET1)	6,673.3	6,383.9	6,702.4	6,415.7
Additional Tier 1 (AT1) capital **)	393.0	430.7	393.0	430.7
Other deductions	120.8	298.6	103.5	273.7
Core capital	6,945.5	6,516.0	6,991.9	6,572.7
Subordinated debt (excl. Additional Tier 1 (AT1) capital **)	1,078.0	1,148.8	1,078.0	1,148.8
Other deductions	120.8	298.6	103.5	273.7
Own funds	7,902.7	7,366.2	7,966.4	7,447.8
Weighted risk exposure, credit risk, etc.	36,550.1	39,454.2	37,770.4	40,721.3
Weighted risk exposure, market risk	4,162.6	3,834.3	4,176.1	3,840.5
Weighted risk exposure, operational risk	5,787.2	5,716.0	5,444.7	5,722.1
Total risk exposure	46,499.9	49,004.5	47,391.2	50,283.9
Common Equity Tier 1 (CET1) ratio (%)	14.4	13.0	14.1	12.8
Core capital (Tier 1) ratio (%)	14.9	13.3	14.8	13.1
Total capital ratio (%)	17.0	15.0	16.8	14.8

*) The Group figure relates to a separate loss in a subsidiary.

**) Incl. portfolio of own bonds.

CASH FLOW STATEMENT

NOTE

		Spar Nord The Group 2015 DKK m	Spar Nord The Group 2014 DKK m	Spar Nord Parent Company 2015 DKK m	Spar Nord Parent Company 2014 DKK m
OPERATIONS					
	Profit/loss before tax	1,073.6	705.0	1,060.6	701.0
28+30	Fair-value changes, investment properties and temporary assets	4.0	1.8	3.0	-0.4
46	Depreciation, amortization and impairment of intangible assets and property, plant and equipment	65.5	71.5	64.9	71.8
	Gains and losses on the sale of intangible assets and property, plant and equipment	0.2	2.8	0.2	2.8
36+55	Adjustment of impairment of loans and advances, etc.	-19.0	249.5	-19.0	249.5
36	Provisions for liabilities	5.0	-20.2	5.0	-20.2
19	Profit/loss on equity investments in associates and group enterprises	-28.3	-104.1	-78.9	-332.1
	Corporate income tax paid	-153.6	-167.4	-156.9	-170.4
	Operations, total	947.4	738.9	878.9	502.0
WORKING CAPITAL					
21+32	Movement in credit institutions and central banks, net	-6,598.5	2,234.2	-6,601.4	2,256.4
22	Movement in loans, advances and other receivables at amortized cost	-2,072.7	3,814.3	-2,072.7	3,941.3
23	Movement in bonds at fair value	4,180.4	-1,423.6	4,180.4	-1,423.6
24	Movement in equity portfolio	-241.5	-6.8	-241.5	-189.5
34	Movement in issued bonds at amortized cost	-22.6	-279.0	-22.6	-279.0
	Movement in other assets and other liabilities, net	-484.4	-279.4	-480.0	-273.0
33	Movement in deposits and other payables	2,500.5	368.6	2,516.7	646.1
	Working capital, total	-2,738.8	4,428.3	-2,721.1	4,678.7
	Cash generated from operations, total	-1,791.4	5,167.2	-1,842.2	5,180.7
INVESTMENTS					
49	Acquisition of activities from FIH Erhvervsbank	0.0	-2,349.2	0.0	-2,349.2
25+26	Acquisition of associates and group enterprises	-0.1	-58.6	-0.1	-58.6
25+26	Sale of associates and group enterprises	22.2	0.0	76.4	0.0
27	Acquisition of intangible assets	-6.0	-0.2	-6.0	-0.2
27	Sale of intangible assets	0.0	0.1	0.0	0.1
28+29+30	Acquisition of property, plant and equipment	-50.5	-59.5	-49.9	-47.3
28+29+30	Sale of property, plant and equipment	28.6	106.2	20.6	106.2
25+26	Dividends from associates and group enterprises	864.3	25.6	864.3	25.6
	Investments, total	858.5	-2,335.6	905.3	-2,323.4
FINANCING					
38	Subordinated debt	-619.5	-1,294.1	-619.5	-1,294.1
	Additional Tier 1 (AT1) capital recognized as shareholders' equity	395.9	0.0	395.9	0.0
	Dividends paid, excl. dividends on treasury shares	-451.6	-125.4	-451.6	-125.4
	Acquisition of treasury shares	-636.3	-544.9	-636.3	-544.9
	Sale of treasury shares	639.2	549.8	639.2	549.8
	Financing, total	-672.3	-1,414.6	-672.3	-1,414.6
	Movement in cash and cash equivalents for the year	-1,605.2	1,417.0	-1,609.2	1,442.7
	Cash and cash equivalents, beginning of year	4,900.4	3,483.4	4,904.4	3,461.7
	Movement in cash and cash equivalents for the year	-1,605.2	1,417.0	-1,609.2	1,442.7
	Cash and cash equivalents, end of year	3,295.2	4,900.4	3,295.2	4,904.4
<i>Cash and cash equivalents, end of year</i>					
	Cash, cash equivalents and demand deposits with central banks	610.4	985.7	610.4	985.7
21	Receivables from credit institutions and central banks with less than 3 mths to maturity	2,684.8	3,914.7	2,684.8	3,918.7
	Total	3,295.2	4,900.4	3,295.2	4,904.4

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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 2015 comprises the Consolidated Financial Statements of Spar Nord and its subsidiary 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 10 February 2016, the Board of Directors and Executive Board reviewed and adopted the 2015 Annual Report of the Spar Nord Group. The Annual Report will be submitted for adoption by the shareholders at the Annual General Meeting on 20 April 2016.

Spar Nord Bank A/S merged with its subsidiary Spar Nord Leasing A/S as of 1 January 2015, with Spar Nord Bank A/S as the continuing company. Reference is made to the section about the uniting-of-interests method under the heading Business combinations. The comparative figures in the income statement, balance sheet and notes as well as the performance indicators and financial ratios have been restated.

Recognition and measurement generally

The policies regarding recognition and measurement in the Parent Company are compatible with IFRS. There is a difference between profit or loss 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. The comparative figures have been restated in connection with the merger referred to above.

For more details regarding the implementation of new financial reporting standards, please see below. These new standards did not give rise to changes in recognition and measurement in 2015. 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 2015, Spar Nord implemented the standards and interpretations entering into force for the EU for 2015.

The implementation of the adopted amendments and new standards did not materially affect recognition and measurement in 2015, 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. The Group has a controlling interest in an investee when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing whether the Group has a controlling interest, it is considered whether the Group has de facto control and potential voting rights that exist and are substantive at the reporting date.

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 per cent of the voting rights, but less than 50 per cent.

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:

- Aktieselskabet Skelagervej 15

The Consolidated Financial Statements are prepared as a condensed version of the financial statements of the Parent Company and the subsidiary, drawn up in accordance with the Group's accounting policies. Intercompany income and expenses, shareholdings, intercompany balances and realized and unrealized gains and losses on transactions between the consolidated enterprises are eliminated in consolidation.

Business combinations

Acquisitions

The acquisition of parts of another company is recognized in the Consolidated Financial Statements from the date of acquisition. The date of acquisition is the date on which the Spar Nord Group obtains actual control of the acquired assets and liabilities.

Comparative figures are not adjusted for newly acquired, sold or wound-up companies.

The acquired, identified assets, liabilities and contingent liabilities are measured at their fair value as of the acquisition date. 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.

The purchase sum paid 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.

The uniting-of-interests method

Spar Nord Bank A/S merged with its wholly owned subsidiary Spar Nord Leasing A/S with effect from 1 January 2015.

The uniting-of-interests method is used for mergers between consolidated companies. When using the uniting-of-interests method, fair-value adjustments are not made in the discontinuing company, and goodwill is not determined. The merging companies' assets and liabilities are basically combined by adding together the carrying amounts on a line-by-line basis, adjusted for any differences in the accounting policies applied. Intercompany balances have been eliminated.

Comparative figures have been restated. The restatement of the comparative figures for 2014 has impacted Spar Nord Bank A/S' income statement in the amount of DKK 0 and balance sheet in the amount of DKK 259 million.

The merger has no impact on the Consolidated Financial Statements, for which reason the comparative figures for the Spar Nord Group are unchanged.

Foreign-currency translation

The Consolidated Financial Statements and the Parent Company's Financial Statements are presented in Danish kroner (DKK), rounded to the nearest million DKK with one decimal, which is the functional currency of Spar Nord Bank A/S and the subsidiary Aktieselskabet Skelagervej 15. 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.

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.

Fair-value measurement of financial instruments

The fair value is the amount at which a financial asset or liability may be traded between market participants at the time of measurement on the principal market, or, in its absence, the most advantageous market to which the Group has access at such time.

In the Group, the fair value is measured based on the following fair-value hierarchy, which reflects the parameters included in the measurement:

- **Level 1 - Quoted market price:**
Quoted prices (unadjusted) in active markets for identical financial assets or liabilities.
- **Level 2 - Observable inputs:**
Valuation techniques based on inputs, apart from quoted prices at level 1, observable either directly (prices) or indirectly (determined on the basis of prices).
- **Level 3 - Unobservable inputs:**
Valuation techniques based on inputs for assets or liabilities not based on observable market data. The valuation is based primarily on generally accepted valuation principles.

At the end of the accounting period, the Group recognizes transfers between levels in the fair-value hierarchy for the whole financial year.

Financial instruments generally

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

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

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

Bonds and shares, etc.

On initial recognition at the settlement date, bonds and shares, etc. are measured at fair value, excluding transaction costs. Subsequently, bonds and shares etc. are measured at fair value. Realized and unrealized gains and losses as well as dividends are recognized in market-value adjustments and in dividends on shares in the income statement.

When an active market exists, the Group measures the fair value of bonds and shares, etc. on the basis of quoted market prices for the relevant financial instruments. A market is considered active when the instrument is traded with sufficient frequency and in sufficient volume to provide a valid pricing basis. The fair value of such instruments is determined on the basis of the most recently observed closing prices on the reporting date (level 1). In the alternative, accepted models and observable market data for corresponding assets are used to measure the fair value (level 2).

The Group's acquired strategic shares, which are not included in the trading portfolio, are measured at fair value on the basis of available trading information or accepted valuation principles and current market data, including an assessment of future earnings and cash flows (level 3). The fair value is also affected by co-ownership, trading with the relevant company and shareholders' agreements.

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

Derivative instruments

Derivative instruments and unsettled spot transactions are recognized and measured at fair value at the trade date. Positive market values are recognized under Other assets. Negative market values are recognized under Other liabilities.

On initial recognition, derivative instruments and unsettled spot transactions are measured at fair value, excluding transaction costs. Subsequently, derivative instruments and unsettled spot transactions are measured at fair value. Realized and unrealized gains and losses are recognized in market-value adjustments in the income statement. Gains or losses on initial recognition ("day 1 profit/loss") are not recognized for selected derivative instruments, but are amortized over the term of the relevant instrument.

The fair value of derivative instruments with a positive fair value is adjusted for credit risks attaching to counterparties – CVA.

The calculation of fair value is based on accepted models and observable market data (level 2), including yield curves, exchange rates and volatility curves, for measuring the fair value. The valuation models used comprise swap models, credit pricing models as well as option models, such as Black & Scholes models.

Repo/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 as deposits/loans and advances or receivables/payables from/to credit institutions and are measured at amortized cost.

Hedge accounting

The Group uses derivative instruments to hedge interest-rate risks attaching to fixed-interest assets and liabilities (fair-value hedging), which are measured at amortized cost. Such hedging instruments are measured at fair value and any changes in value are recognized in market-value adjustments 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 comprise:

- Interest-bearing financial instruments that are measured at amortized cost and recognized in the income statement according to the effective interest method, based on the cost of the financial instrument.
- 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 on financial instruments measured at fair value, with the exception of interest relating to assets and deposits in pools, which are recognized under market-value adjustments.
- Interest on loans and advances individually written down for impairment that is recognized as income on the basis of the written-down value.
- Interest income on finance leases and purchase contracts that is recognized based on the agreed effective interest rate.
- Fees, etc. from operating and finance leases that are accrued over the remaining term of the leases and recognized on an ongoing basis under interest income.

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 an 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 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 lease payments from operating leases and from properties after deducting operating expenses.

Gains 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, 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), the Resolution Fund and guarantee commissions regarding the government-backed guarantee scheme.

Profits or losses 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.

Tax

Spar Nord Bank is jointly taxed with its Danish subsidiary. 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 recognizes a deferred tax liability in respect of the retaxation balance related to international joint taxation in respect of previous activities abroad, where the deducted tax loss on foreign activities continues to be subject to the ten-year period of commitment to the international joint taxation scheme.

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.

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, finance leasing loans (see the separate section below) and reverse transactions where the counterparty is not a credit institution or a central bank.

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, calculated exclusively for the customers whose rating has deteriorated, with a resulting increase in risk compared to the risk originally expected, where this heightened risk has not been offset by a corresponding increase in the

customer's interest rate. Thus, it is not taken into account that other borrowers improved their rating during the period, with a resulting decrease in risk compared to the risk originally expected.

Spar Nord calculates groups of impairment losses as the difference between the present value of the originally expected future losses and the present value of expected future losses after the deterioration in rating for the individual customer. The discount rate used is the weighted average of the agreed-upon effective interest rates on the individual loans and advances.

Groups of impairment losses on leasing loans are based on a writedown of the portfolio that is 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 following either 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 effective interest rate in the lease, and is booked in the income statement under interest income. Profit and loss on the sale of leased assets are booked as Other operating income and Other operating expenses.

Operating lease assets, with the Group as lessor, are recognized under Other property, plant and equipment and are depreciated like the Group's other property, plant and equipment. Rental income from operating leases is recognized on a straight-line basis over the relevant term of the lease, under Other operating income.

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 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.

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 is presented together under market-value adjustments and is 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 and software

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.

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.

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.

Customer relationships and software that are amortized are subjected to an impairment test when there is evidence 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 net 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. Operating lease assets, with the Spar Nord Group as lessor, are also recognized under other property, plant and equipment. 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 is evidence 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 liabilities and current tax receivables 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 expected tax rate.

Deferred tax assets, including the tax base of losses qualifying for carry-forward trade loss relief, are recognized within Deferred tax 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 offset if the company has a legal right to offset 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 that will apply when the deferred tax is expected to crystallize as current tax, given the legislation prevailing 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 capital contributions to Foreningen Bankernes EDB Central ("BEC"), interest and commissions receivable as well as the positive fair value of derivative instruments. Fair-value measurement of the positive fair value of derivative instruments is described in more detail in the section Derivative instruments. Other items are measured at amortized cost.

Prepayments and deferred income

Prepayments and deferred income are measured at amortized cost and are recognized under assets (prepayments) and liabilities (deferred income), respectively.

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 fair value net of the 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 fair value of financial instruments and employee benefits payable. Fair-value measurement of the negative fair value of derivative instruments is described in more detail in the section Derivative instruments. Other items are measured at amortized cost.

Provisions for liabilities

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

Restructuring costs are recognized as liabilities, provided that a detailed, formal restructuring plan is available at 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 fair value 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.

Additional Tier 1 (AT1) capital

Additional Tier 1 (AT1) capital issued with a perpetual term and without a contractual obligation to make repayments of principal and pay interest (Additional Tier 1 capital under CRR) does not fulfil the conditions for being classified as a financial liability according to IAS 32. Therefore, any such issue of Additional Tier 1 (AT1) capital is considered shareholders' equity.

The net amount at the time of issue is recognized as an increase in shareholders' equity. The payment of interest is treated as dividend and recognized directly in shareholders' equity at the time when the liability arises.

Upon Spar Nord' redemption of the bonds, the shareholders' equity will be reduced by the redemption amount at the time of redemption. The acquisition cost and selling price on the purchase and sale of Additional Tier 1 (AT1) capital under CRR are recognized directly in shareholders' equity in the same way as the portfolio of treasury shares.

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. According to the Bank's dividend policy, proposed dividend may be fixed at two-thirds or more of the net profit for the year (2014: 33%), provided that the Bank has met its capital targets and that it has no current value-generating investment options.

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 recognized directly in shareholders' equity.

The acquisition of own bonds is recognized directly in Issued bonds. Upon the acquisition of own bonds, any loss or gain is recognized in the income statement 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 that derive 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.

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 as well as associates and group enterprises. Cash generated from financing activities comprises dividends paid and movements in the shareholders' equity, subordinated debt and treasury shares.

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. These assets can be readily converted into cash and carry only minimal risk of change in value.

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.

Other income and expenses are charged to Other areas, and this item also includes the activities of the subsidiary Aktieselskabet Skelagervej 15.

The item Earnings from investment portfolios, etc., which was regarded as an intra-organizational activity in 2014, comprises income from the Bank's trading portfolio and earnings from Erhvervsinvest Nord A/S in liquidation and Erhvervsinvest K/S limited partnerships, etc. As from 1 January 2015, earnings from investment portfolios are no longer presented as a separate segment, in that the remaining portfolio of securities has been reduced substantially.

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.

Ratio definitions appear from note 62.

Disclosures regarding standards 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 2015 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 2016 or later. Other than stated below, none of the new standards or interpretations are expected to have any major impact on the financial reporting for the Spar Nord Group:

- IFRS 9 "Financial Instruments", which replaces IAS 39, changes the classification and thus the measurement of financial assets and liabilities. IFRS 9 introduces a more logical approach to the classification of financial assets that reflects the business model in which they are managed and their cash flow characteristics. At the same time, the standard introduces a new impairment model for all financial assets. The so-called expected credit loss model will result in more timely recognition of expected losses, both on initial recognition and subsequently. According to the incurred loss model currently used, credit losses are not recognized until there is evidence of a credit loss event. Finally, the standard introduces new rules for hedge accounting. Compared to the existing rules, the new model will provide a better link between an entity's accounting treatment and risk management strategy. The analysis of the impact on transition to the expected loss model has not been completed, for which reason the impact cannot be estimated as yet. The standard has not yet been approved by the EU, and is expected to become effective from 1 January 2018, at the earliest.
- IFRS 16 "Leases" was issued in January 2016. The standard, which will enter into force for financial years beginning on 1 January 2019 or later, substantially changes the accounting for leases that are today treated as operating leases. Thus, the standard requires the lessee to recognize all types of leases, with a few exceptions, in the lessee's balance sheet as an asset together with the associated lease liability. At the same time, the lessee's income statement will be impacted because annual lease payments will consist of two elements in future - a depreciation charge and an interest expense - unlike today where the annual payments for operating leases are recognized as one amount under operating expenses. An in-depth analysis of the significance of the new standard for the Spar Nord Group is yet to be made. At end-2015, the Spar Nord Group had operating leases with lease obligations corresponding to at least about 1% of the balance sheet total, potentially to be recognized in the balance sheet in future.

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:

- impairment of loans
- fair value of financial instruments.

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 exposures 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 evidence of impairment, or for which evidence 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 objective evidence 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 are assigned to groups having uniform credit risk properties by using the Bank's rating system. 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 operates with a credit system using 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. 2015 has seen a development that can best be described as a status quo situation for retail customers, whereas the business customer portfolio – apart from agriculture – is showing improvements in both credit quality and impairment ratio. Agriculture is under particularly heavy pressure, resulting in an overall deterioration, both as concerns the volume of customers with financial difficulties (objective evidence of impairment) and credit-quality flagged customers.

To reduce the risk attaching to individual exposures, 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 38,039 million, equal to about 50% of the Group's assets at end-2015. Reference is made to note 22, Loans, advances and other receivables at amortized cost, and to note 55, Credit risk, for further details.

Fair value of financial instruments

Spar Nord 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 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 53, Fair-value information, including a sensitivity analysis.

Financial instruments valued on the basis of unobservable inputs amounted to DKK 1,526 million, equal to 2.0% of the Group's assets at end-2015.

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 70 local banks throughout the country. Spar Nord Bank's leasing activities form an integral part of Spar Nord's Local Banks.

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 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 subsidiary Aktieselskabet Skelagervej 15.

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

Reclassifications 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 comprised Contributions to sector-wide solutions and Earnings from investment portfolios, etc. in 2014. In 2015 Other items comprised Contributions to sector-wide solutions, as Earnings from investment portfolios are no longer calculated separately.

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. The figures for 2014 included Spar Nord's share of Nørresundby Bank's contribution.

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.

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 internally 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 includes allocated capital equal to 12% of the average risk-weighted items of the business area. 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 and fees related to products within lending and deposits as well as leasing activities. The customers consist of retail, business and public-sector 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.

SEGMENT INFORMATION

BUSINESS SEGMENTS 2015

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, total
INCOME STATEMENT						
Net interest income	1,530.0	132.1	65.1	1,727.2	48.1	1,775.3
Net income from fees, charges and commissions	1,000.9	13.4	16.0	1,030.3	0.0	1,030.3
Market-value adjustments and dividends	139.1	94.7	273.1	506.9	0.0	506.9
Other operating income	22.4	0.2	15.5	38.1	9.7	47.8
Profit/loss on equity investments in associates and group enterprises	0.0	0.0	28.3	28.3	0.0	28.3
Core income/revenue, total	2,692.4	240.4	398.0	3,330.8	57.8	3,388.6
Operating expenses, depreciation and amortization	1,540.3	42.2	260.4	1,842.9	98.7	1,941.6
Core earnings before impairment	1,152.1	198.2	137.6	1,487.9	-40.9	1,447.0
Impairment of loans, advances and receivables, etc.	318.5	0.0	-2.9	315.6	57.8	373.4
Core earnings / profit/loss on ordinary operations	833.6	198.2	140.5	1,172.3	-98.7	1,073.6
Contributions to sector-wide solutions	-	-	-98.7	-98.7	98.7	0.0
Profit/loss before tax	833.6	198.2	41.8	1,073.6	0.0	1,073.6

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

**) The relation to the Group is specified in the column Reclassifications and Other items after core earnings. Reclassifications and Other items after core earnings of DKK 98.7 million consist of contributions to sector-wide solutions. Reclassifications have impacted the items Net interest income, Other operating income and Impairment of loans, advances and receivables, etc. with an amount of DKK 57.8 million.

	Spar Nord's Local Banks	Trading, Financial Markets & the Intern. Division	Other areas	The Group, total
BALANCE SHEET				
Loans, advances and other receivables at amortized cost	33,859.6	4,191.2	-11.5	38,039.3
Equity investments in associates and group enterprises	0.0	0.0	82.4	82.4
Intangible assets and property, plant and equipment *)	253.1	0.5	752.1	1,005.7
Miscellaneous assets **)	13,604.0	20,561.0	3,064.8	37,229.8
Total allocated assets	47,716.7	24,752.7	3,887.8	76,357.2
Deposits and other payables	44,700.2	763.9	-727.8	44,736.3
Shareholders' equity (allocated capital)	4,217.3	735.9	2,933.8	7,887.0
Miscellaneous liabilities	11,996.5	3,664.4	8,073.0	23,733.9
Total shareholders' equity and liabilities	60,914.0	5,164.2	10,279.0	76,357.2

DISCLOSURES - TOTAL INCOME/REVENUE

Internal income/revenue	-125.3	63.4	618.3	556.4
Internal income and eliminations offset against costs	0.0	-56.6	-499.8	-556.4
Income/revenue, external customers	2,817.7	233.6	337.3	3,388.6
Income/revenue, total	2,692.4	240.4	455.8	3,388.6

DISCLOSURES, CASH FLOW STATEMENT

Depreciation, amortization and impairment ***)	20.7	0.4	44.4	65.5
Additions, intangible assets and property, plant & equipment *)	4.9	0.1	51.5	56.5
Non-cash oper. items excl. depr., amort. and imp. of int. assets and prop., plant & equipm.	0.0	0.0	-172.9	-172.9
Impairment and reversal of impairment losses on loans and advances, etc.	-19.0	0.0	0.0	-19.0

FINANCIAL RATIOS

Return on equity [%] ****)	19.1	25.7	-	-
Cost share of core income	0.57	0.18	-	-
Total risk exposure, end of year	35,144	6,133	5,223	46,500
Number of employees (full-time, end of year)	1,100	64	374	1,538

*) All assets are located in Denmark.

**) Temporary assets amount to DKK 27.4 million, of which DKK 1.7 million relates to leasing activities and DKK 25.7 million relates to Other areas.

***) No significant writedowns for impairment have been made.

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

SEGMENT INFORMATION

BUSINESS SEGMENTS 2014

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, total
INCOME STATEMENT						
Net interest income	1,589.7	176.5	33.3	1,799.5	107.9	1,907.4
Net income from fees, charges and commissions	833.3	15.8	14.2	863.3	0.0	863.3
Market-value adjustments and dividends	128.8	64.5	186.2	379.5	22.8	402.3
Other operating income	24.7	1.2	24.0	49.9	0.2	50.1
Profit/loss on equity investments in associates and group enterprises	0.0	0.0	109.7	109.7	-5.6	104.1
Core income/revenue, total	2,576.5	258.0	367.4	3,201.9	125.3	3,327.2
Operating expenses, depreciation and amortization	1,517.2	51.3	353.9	1,922.4	96.9	2,019.3
Core earnings before impairment	1,059.3	206.7	13.5	1,279.5	28.4	1,307.9
Impairment of loans, advances and receivables, etc.	495.2	0.0	-2.1	493.1	109.8	602.9
Core earnings / profit/loss on ordinary operations	564.1	206.7	15.6	786.4	-81.4	705.0
Contributions to sector-wide solutions	-	-	-102.3	-102.3	102.3	0.0
Profit/loss before tax	564.1	206.7	-86.7	684.1	20.9	705.0

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

**) The relation to the Group is specified in the column Reclassifications and Other items after core earnings. Reclassifications and Other items after core earnings of DKK -81.4 million consist of: Earnings from investment portfolios, DKK 20.9 million, and Contributions to sector-wide solutions, DKK -102.3 million. Contributions to sector-wide solutions have primarily impacted the item Operating expenses, depreciation and amortization, with a total of DKK 96.9 million. Reclassifications have impacted the items Net interest income and Impairment of loans, advances and receivables, etc. with an amount of DKK 109.8 million.

	Spar Nord's Local Banks	Trading, Financial Markets & the Intern. Division	Other areas	Earnings from investment portfolios, etc.	The Group, total
BALANCE SHEET					
Loans, advances and other receivables at amortized cost	35,391.0	594.5	-37.9	0.0	35,947.6
Equity investments in associates and group enterprises	0.0	0.0	940.7	0.6	941.3
Intangible assets and property, plant and equipment *)	274.6	0.8	754.0	0.0	1,029.4
Miscellaneous assets **)	11,245.3	26,209.5	3,307.3	145.0	40,907.1
Total allocated assets	46,910.9	26,804.8	4,964.1	145.6	78,825.4
Deposits and other payables	42,155.5	780.6	-700.3	0.0	42,235.8
Shareholders' equity (allocated capital)	4,318.1	821.1	1,879.4	14.4	7,033.0
Miscellaneous liabilities **)	10,682.7	10,265.6	8,607.8	0.5	29,556.6
Allocated shareholders' equity and liabilities, total	57,156.3	11,867.3	9,786.9	14.9	78,825.4

DISCLOSURES - TOTAL INCOME/REVENUE

Internal income/revenue	-73.0	2.3	584.1	-0.2	513.2
Internal income and eliminations offset against costs	0.0	-42.4	-470.8	0.0	-513.2
Income/revenue, external customers	2,649.5	298.1	254.1	125.5	3,327.2
Income/revenue, total	2,576.5	258.0	367.4	125.3	3,327.2

DISCLOSURES, CASH FLOW STATEMENT

Depreciation, amortization and impairment ***)	24.7	0.5	46.3	0.0	71.5
Additions, intangible assets and property, plant & equipment *)	-31.8	0.0	-35.5	-17.5	-84.9
Non-cash oper. items excl. depr., amort. and imp. of int. assets and prop., plant & equipm.	0.0	0.0	-289.9	0.0	-289.9
Impairment and reversal of impairment losses on loans and advances, etc.	249.5	0.0	0.0	0.0	249.5

FINANCIAL RATIOS

Return on equity (%) ****)	13.7	25.5	-	-	-
Cost share of core income	0.59	0.20	-	-	-
Total risk exposure, end of year	35,984	6,843	6,058	120	49,005
Number of employees (full-time, end of year)	1,100	68	339	0	1,507

*) All assets are located in Denmark. Assets include additions from FIH Erhvervsbank in the amount of DKK 25.1 million.

**) Temporary assets amount to DKK 41.2 million, of which DKK 5.3 million relates to leasing activities and DKK 35.9 million relates to Other areas.

***) No significant writedowns for impairment have been made.

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

NOTES

	Spar Nord The Group 2015 DKK m	Spar Nord The Group 2014 DKK m	Spar Nord Parent Company 2015 DKK m	Spar Nord Parent Company 2014 DKK m
4 INTEREST INCOME				
Receivables from credit institutions and central banks	6.4	5.1	6.4	5.1
Loans, advances and other receivables	1,798.4	1,984.7	1,789.7	1,976.9
Bonds	195.6	295.0	195.6	295.0
Foreign-exchange contracts	-22.9	1.0	-22.9	1.0
Interest-rate contracts	-51.8	-36.4	-51.8	-36.4
Derivative instruments, total	-74.7	-35.4	-74.7	-35.4
Other interest income	50.1	111.3	50.1	111.0
Total interest income	1,975.8	2,360.7	1,967.1	2,352.6
<i>Of which, income from genuine purchase and resale transactions booked under</i>				
Receivables from credit institutions and central banks	-14.9	-2.1	-14.9	-2.1
Loans, advances and other receivables	-3.7	1.5	-3.7	1.5
5 INTEREST EXPENSES				
Credit institutions and central banks	-10.7	14.2	-10.9	13.8
Deposits and other payables	142.8	294.6	163.6	310.3
Issued bonds	0.0	3.4	0.0	3.4
Subordinated debt	67.8	140.2	67.8	140.2
Other interest expenses	0.6	0.9	0.6	0.9
Total interest expenses	200.5	453.3	221.1	468.6
<i>Of which, interest expenses from genuine sale and repo transactions booked under</i>				
Payables to credit institutions and central banks	16.9	6.1	16.9	6.1
Deposits and other payables	0.2	0.0	0.2	0.0
6 DIVIDENDS ON SHARES, ETC.				
Shares, etc. in the trading portfolio	11.3	4.5	11.3	4.5
Shares at fair value (the fair-value option)	43.6	34.7	22.7	17.8
Dividends on shares, etc., total	54.9	39.2	34.0	22.3
7 FEES, CHARGES AND COMMISSIONS RECEIVED				
Securities trading and custody accounts	209.5	167.2	209.5	167.2
Asset management	241.3	182.8	241.3	182.8
Payment services	90.2	90.1	90.2	90.1
Loan transaction fees	485.1	385.7	485.1	385.7
of which, mortgage credit institutions	310.4	245.3	310.4	245.3
Guarantee commissions	31.9	38.5	31.9	38.5
Other fees, charges and commissions	67.9	66.0	67.9	66.0
Total fees, charges and commissions received	1,125.9	930.3	1,125.9	930.3
8 FEES, CHARGES AND COMMISSIONS PAID				
Securities trading and custody accounts	31.7	26.0	31.7	26.0
Asset management	0.3	0.3	0.3	0.3
Guarantee commissions	0.4	0.4	0.4	0.4
Other fees, charges and commissions	63.2	40.3	63.2	40.3
Total fees, charges and commissions paid	95.6	67.0	95.6	67.0
9 NET FEES, CHARGES AND COMMISSIONS RECEIVED				
Securities trading and custody accounts	177.8	141.2	177.8	141.2
Asset management	241.0	182.5	241.0	182.5
Payment services	90.2	90.1	90.2	90.1
Loan transaction fees	485.1	385.7	485.1	385.7
of which, mortgage credit institutions	310.4	245.3	310.4	245.3
Guarantee commissions	31.5	38.1	31.5	38.1
Other fees, charges and commissions	4.7	25.7	4.7	25.7
Total net fees, charges and commissions received	1,030.3	863.3	1,030.3	863.3

10 MARKET-VALUE ADJUSTMENTS

	Spar Nord The Group 2015 DKK m	Spar Nord The Group 2014 DKK m	Spar Nord Parent Company 2015 DKK m	Spar Nord Parent Company 2014 DKK m
Other loans, advances and receivables at fair value	0.1	0.7	0.1	0.7
Bonds	-68.1	123.7	-68.1	123.7
Shares, etc.	355.1	266.8	355.1	86.7
Investment properties	-	-	-2.4	0.4
Currency	113.9	78.6	113.9	78.6
Foreign-exchange, interest, share, commodity and other contracts and derivative instruments	44.2	-132.1	44.2	-132.1
Assets linked to pooled schemes	1,107.4	953.3	1,107.4	953.3
Deposits in pooled schemes	-1,107.4	-953.3	-1,107.4	-953.3
Miscellaneous commitments	6.8	25.4	6.8	25.4
Total market-value adjustments	452.0	363.1	449.6	183.4
Trading portfolio	136.9	128.4	134.5	126.6
Other shares at fair value (the fair-value option)	315.1	234.7	315.1	56.8
Total market-value adjustments	452.0	363.1	449.6	183.4

11 NET FINANCIALS, THE SPAR NORD GROUP

2015	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	25.0	-27.8	52.8	0.0	0.0	52.8
Lending and deposits, banking activities	1,798.4	142.8	1,655.6	0.0	0.0	1,655.6
Repo and reverse transactions	-18.6	17.1	-35.7	0.0	0.0	-35.7
Subordinated debt	0.0	67.8	-67.8	6.8	0.0	-61.0
Other interest	50.1	0.6	49.5	0.0	0.0	49.5
Total	1,854.9	200.5	1,654.4	6.8	0.0	1,661.2
<i>Net financials at fair value</i>						
Trading portfolio	120.9	0.0	120.9	130.1	11.3	262.3
Other financial investment assets	0.0	0.0	0.0	315.1	43.6	358.7
Total	120.9	0.0	120.9	445.2	54.9	621.0
Total net income from financials	1,975.8	200.5	1,775.3	452.0	54.9	2,282.2

2014	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	5.7	8.1	-2.4	0.0	0.0	-2.4
Lending and deposits, banking activities	1,984.7	294.6	1,690.1	0.0	0.0	1,690.1
Repo and reverse transactions	-0.6	6.1	-6.7	0.0	0.0	-6.7
Other issued bonds	0.0	3.4	-3.4	0.0	0.0	-3.4
Subordinated debt	0.0	140.2	-140.2	25.4	0.0	-114.8
Other interest	111.3	0.9	110.4	0.0	0.0	110.4
Total	2,101.1	453.3	1,647.8	25.4	0.0	1,673.2
<i>Net financials at fair value</i>						
Trading portfolio	259.6	0.0	259.6	103.0	4.5	367.1
Other financial investment assets	0.0	0.0	0.0	234.7	34.7	269.4
Total	259.6	0.0	259.6	337.7	39.2	636.5
Total net income from financials	2,360.7	453.3	1,907.4	363.1	39.2	2,309.7

The Spar Nord Group had no held-to-maturity investments in 2014 and 2015.

	Spar Nord The Group 2015 DKK m	Spar Nord The Group 2014 DKK m	Spar Nord Parent Company 2015 DKK m	Spar Nord Parent Company 2014 DKK m
12 OTHER OPERATING INCOME				
Gain on sale of properties	0.0	2.1	0.0	2.1
Gain on sale of other property, plant and equipment	0.3	0.3	0.3	0.3
Payments under operating leases and other rental income	13.9	7.5	13.9	7.5
Other income	25.9	30.9	26.0	30.9
<i>Operation of investment properties</i>				
Rental income	14.8	22.0	6.7	6.9
Operating expenses	3.1	3.3	2.6	2.9
Maintenance	0.7	0.4	0.6	0.2
Changes in value, investment properties	-3.3	-9.0	-	-
Other operating income, total	47.8	50.1	43.7	44.6

13 STAFF COSTS AND ADMINISTRATIVE EXPENSES				
Staff costs	1,098.2	1,052.9	1,098.1	1,052.8
Administrative expenses	670.0	785.0	677.6	791.3
Total staff costs and administrative expenses	1,768.2	1,837.9	1,775.7	1,844.1
<i>Staff costs:</i>				
Salaries	876.0	853.7	875.9	853.6
Share-based payment	-	-	-	-
Pensions	98.8	98.0	98.8	98.0
Social security costs	123.4	101.2	123.4	101.2
Total staff costs	1,098.2	1,052.9	1,098.1	1,052.8

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	9	10	9	10
Fixed pay	3.1	3.0	3.1	3.0
Pension	-	-	-	-
Total remuneration	3.1	3.0	3.1	3.0

Breakdown of remuneration to Board of Directors

Torben Fristrup	0.6	0.6	0.6	0.6
Per Nikolaj Bukh	0.4	0.4	0.4	0.4
Kaj Christiansen	0.3	0.3	0.3	0.3
Kjeld Johannesen (took office on 23 April 2014)	0.3	0.1	0.3	0.1
Laila Mortensen	0.3	0.3	0.3	0.3
Carsten Normann (retired on 23 April 2014)	-	0.1	-	0.1
Fritz Dahl Pedersen (retired on 22 April 2015)	0.1	0.2	0.1	0.2
Ole Skov	0.3	0.3	0.3	0.3
Jannie Skovsen	0.2	0.2	0.2	0.2
Gitte Holmgaard Sørensen	0.3	0.2	0.3	0.2
John Sørensen (took office on 22 April 2015)	0.2	-	0.2	-
Hans Østergaard (retired on 22 April 2015)	0.1	0.3	0.1	0.3
Total fees earned and paid	3.1	3.0	3.1	3.0
- Of which, committee fees	0.6	0.5	0.6	0.5

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

The subsidiary's board of directors is composed of persons employed by Spar Nord Bank, the Parent Company, and none of them have received remuneration as members of the subsidiary's board 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 risk committee and the nomination and remuneration 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	14	13	14	13
Fixed pay	15.3	14.2	15.3	14.2
Variable pay (lower threshold limit)	0.8	0.1	0.8	0.1
Pension	2.3	2.2	2.3	2.2
Total remuneration earned and paid	18.4	16.5	18.4	16.5

NOTES

In accordance with the Danish Financial Business Act, Spar Nord'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 22 April 2015. The remuneration policy is available at the website <https://www.sparnord.com/remunerationpolicy>

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 2015 DKK m	Spar Nord The Group 2014 DKK m	Spar Nord Parent Company 2015 DKK m	Spar Nord Parent Company 2014 DKK m
<i>Executive Board</i>				
Number	3	4	3	4
Base salary	10.4	13.1	10.4	13.1
- less fees received from directorships	1.3	1.4	1.3	1.4
The Bank's expense, base salary	9.1	11.7	9.1	11.7
Pension, ordinary contribution	1.6	1.8	1.6	1.8
Total remuneration earned and paid	10.7	13.5	10.7	13.5
<i>Breakdown of remuneration to Executive Board</i>				
Lasse Nyby *)				
Base salary	3.8	3.7	3.8	3.7
- less fees received from directorships	0.5	0.4	0.5	0.4
The Bank's expense, base salary	3.3	3.3	3.3	3.3
Pension, ordinary contribution	0.6	0.5	0.6	0.5
Total remuneration earned and paid	3.9	3.8	3.9	3.8
John Lundsgaard				
Base salary	3.4	3.2	3.4	3.2
- less fees received from directorships	0.2	0.5	0.2	0.5
The Bank's expense, base salary	3.2	2.7	3.2	2.7
Pension, ordinary contribution	0.5	0.5	0.5	0.5
Total remuneration earned and paid	3.7	3.2	3.7	3.2
Lars Møller *)				
Base salary	3.2	3.1	3.2	3.1
- less fees received from directorships	0.6	0.5	0.6	0.5
The Bank's expense, base salary	2.6	2.6	2.6	2.6
Pension, ordinary contribution	0.5	0.5	0.5	0.5
Total remuneration earned and paid	3.1	3.1	3.1	3.1
Bent Jensen				
Base salary	-	3.1 *)	-	3.1 *)
- less fees received from directorships	-	0.0	-	0.0
The Bank's expense, base salary	-	3.1	-	3.1
Pension, ordinary contribution	-	0.3	-	0.3
Total remuneration earned and paid	-	3.4	-	3.4

Bent Jensen stepped down from his position on 20 May 2015. [The expense in 2015 amounts to DKK 12.5 million, including remuneration of DKK 11.9 million. Out of the DKK 12.5 million, DKK 8.5 million represents a liability recognized at 31 December 2015 for later payment. At 31 December 2015, DKK 4.0 million had been paid, of which remuneration accounted for DKK 3.6 million].

*) To which must be added employer-paid car

The Executive Board receives no variable pay.

The Executive Board receives remuneration for its Group executive board duties based on the management agreement with the subsidiary.

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.

Incentive schemes:

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

NOTES

The amount of loans, mortgages, pledges, sureties or guarantees and the associated collateral provided on behalf of the below-mentioned board members:

			Spar Nord The Group 2015 DKK m	Spar Nord The Group 2014 DKK m	Spar Nord Parent Company 2015 DKK m	Spar Nord Parent Company 2014 DKK m
<i>Loans, advances and loan commitments, etc.:</i>	Interest rates 2015	Interest rates 2014				
Executive Board	2.03 - 2.40	2.51 - 2.63	8.7	8.8	8.7	8.8
Board of Directors	0.01 - 8.88	0.51 - 8.51	41.3	50.1	41.3	50.1
Of which, unutilized loan commitments and sureties, Executive Board			7.6	8.3	7.6	8.3
Of which, unutilized loan commitments and sureties, Board of Directors			22.7	27.3	22.7	27.3

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	4.3	5.5	4.3	5.5
Board of Directors	18.5	10.7	18.5	10.7

Collateral provided:

Executive Board	5.4	4.1	5.4	4.1
Board of Directors	22.6	22.4	22.6	22.4

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 State Additional Tier 1 (AT1) capital has been repaid. Executive Board salaries were fully deducted in 2015 because Spar Nord repaid State Additional Tier 1 (AT1) capital in 2014 (2014: the tax deductibility was reduced by DKK 6.8 million).

Number of employees:

The average number of employees during the financial year in terms of full-time employees	1,518.0	1,495.8	1,518.0	1,495.8
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Administrative expenses:

IT expenses *)	338.6	448.4	338.6	448.3
Marketing costs	95.0	93.6	95.0	93.7
Cost of premises	83.8	90.4	91.5	97.3
Staff costs and travelling expenses	54.2	48.8	54.2	48.8
Office expenses	30.6	32.9	30.6	32.9
Other administrative expenses	67.8	70.9	67.7	70.3
Total	670.0	785.0	677.6	791.3

*) Of which the exit fee to SDC amounted to DKK 139 million in 2014.

14 SHARE-BASED PAYMENT

Share-option scheme

No new share-option schemes were established in 2015.

The exercise period for the share-option scheme established within the framework of Sparbank for executive staff members, under which share options were allocated in 2008, expired on 1 April 2015. This share-option scheme was taken over in connection with the merger with Sparbank in November 2012. The share-option scheme comprised 0 share options at 31 December 2015 (2014: 50,000 share options).

The share-option scheme comprised other executive staff, as the Executive Board members of Sparbank waived the right to participate.

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
Beginning of 2014	0	50,000	50,000	141.0	29.7	1.5
Lapsed	0	0	0			
Exercised	0	0	0			
Expired	0	0	0			
End-2014	0	50,000	50,000	141.0	29.7	1.5
Lapsed	0	0	0			
Exercised	0	0	0			
Expired	0	50,000	50,000			
End-2015	0	0	0	-	-	-
Number of options that may be exercised at the end of 2014	0	50,000	50,000			
Number of options that may be exercised at the end of 2015	0	0	0			

*) At the time of allocation.

15 AUDIT FEES

	Spar Nord The Group 2015 DKK m	Spar Nord The Group 2014 DKK m	Spar Nord Parent Company 2015 DKK m	Spar Nord Parent Company 2014 DKK m
Fees to the audit firm elected at the General Meeting	1.9	2.4	1.8	2.3
Fees to other audit firms for services other than audit	1.1	0.4	1.1	0.4
Total audit fees	3.0	2.8	2.9	2.7

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

Statutory audit	1.0	1.3	0.9	1.2
Other assurance engagements	0.3	0.1	0.3	0.1
Tax and VAT advice	0.4	0.3	0.4	0.3
Other services	0.2	0.7	0.2	0.7
Total fees to the audit firm elected at the General Meeting	1.9	2.4	1.8	2.3

NOTES

16 DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

	Spar Nord The Group 2015 DKK m	Spar Nord The Group 2014 DKK m	Spar Nord Parent Company 2015 DKK m	Spar Nord Parent Company 2014 DKK m
<i>Intangible assets</i>				
Customer relations, amortization	6.8	6.5	6.8	6.5
Other intangible assets, amortization	9.1	8.2	9.1	8.2
<i>Property, plant and equipment</i>				
Corporate properties, depreciation	15.1	13.9	13.5	12.6
Corporate properties, net impairment	-3.5	-2.6	-2.5	-1.0
Temporary property portfolio, impairment	1.0	4.6	1.0	4.6
Other property, plant and equipment, depreciation	37.0	40.9	37.0	40.9
Total depreciation, amortization and impairment of intangible assets and property, plant and equipment	65.5	71.5	64.9	71.8

17 OTHER OPERATING EXPENSES

Contributions to sector-wide solutions	102.3	96.9	102.3	96.9
Miscellaneous operating expenses	5.6	13.0	5.6	13.0
Other operating expenses, total	107.9	109.9	107.9	109.9

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"). They also included contributions to the new Resolution Fund in the amount of DKK 3.6 million.

18 IMPAIRMENT OF LOANS, ADVANCES AND RECEIVABLES, ETC.

Loans and advances	364.4	571.4	364.4	571.4
Guarantees	9.0	31.5	9.0	31.5
Total impairment of loans, advances and receivables, etc.	373.4	602.9	373.4	602.9

The impairment accounts for loans & advances and guarantees, respectively, are shown in note 55.

19 PROFIT/LOSS ON EQUITY INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES

Profit/loss on equity investments in associates	28.3	104.1	28.3	104.1
Profit/loss on equity investments in group enterprises	0.0	0.0	50.6	228.0
Total profit/loss on equity investments in associates and group enterprises	28.3	104.1	78.9	332.1

20 TAX

Tax for the year can be broken down as follows:

Tax on profit/loss for the year	176.8	91.4	163.2	87.7
Tax on other comprehensive income	0.0	0.0	0.0	0.0
Tax on changes in shareholders' equity	-3.9	0.0	-3.9	0.0
Total tax	172.9	91.4	159.3	87.7

Tax on the profit/loss for the year breaks down as follows:

Current tax	215.3	132.0	215.3	131.9
Deferred tax for the year	-39.2	-33.2	-52.9	-45.4
Deferred tax, effect after reduction of Danish corporate tax rate	-0.7	-1.6	-0.6	-1.3
Deferred tax, effect of tax loss not recognized for prior years	0.0	-8.3	0.0	0.0
Post-adjustment of deferred tax, prior years	50.4	1.6	50.6	1.6
Post-adjustment of current tax for prior years	-49.0	0.9	-49.2	0.9
Tax on profit/loss for the year	176.8	91.4	163.2	87.7

The effective tax rate results as follows:

Current Danish tax rate, %	23.5	24.5	23.5	24.5
Reduction of Danish corporate tax rate to 22.0% over the period until 2016, %	-0.1	-0.2	-0.1	-0.2
Effect of tax loss not recognized for prior years, %	0.0	-1.2	0.0	0.0
Profit/loss on equity investments and market-value adjustment of shares, %	-7.1	-10.8	-8.3	-12.6
Non-deductible costs and non-taxable income, %	0.1	0.3	0.2	0.4
Adjustment of taxes relating to prior years, %	0.1	0.4	0.1	0.4
Total effective tax rate, %	16.5	13.0	15.4	12.5

Tax on other comprehensive income The Group	Before tax	2015 Tax income/ expense	After tax	Before tax	2014 Tax income/ expense	After tax
Adjustment relating to associates	-0.8	0.0	-0.8	1.4	0.0	1.4
Net revaluation of properties	6.9	0.0	6.9	8.3	0.0	8.3
Tax on other comprehensive income, total	6.1	0.0	6.1	9.7	0.0	9.7

Tax on changes in shareholders' equity – the Group

Interest, Additional Tier 1 (AT1) capital	-13.5	3.2	-10.3	0.0	0.0	0.0
Expenses for issue of Additional Tier 1 (AT1) capital	-2.9	0.7	-2.2	0.0	0.0	0.0
Tax on changes in shareholders' equity	-16.4	3.9	-12.5	0.0	0.0	0.0

NOTES

21 RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS

	Spar Nord The Group 31.12.15 DKK m	Spar Nord The Group 31.12.14 DKK m	Spar Nord Parent Company 31.12.15 DKK m	Spar Nord Parent Company 31.12.14 DKK m
Receivables from central banks, subject to notice	0.0	0.0	0.0	0.0
Receivables from credit institutions	2,741.3	3,970.6	2,744.7	3,974.6
Total receivables from credit institutions and central banks	2,741.3	3,970.6	2,744.7	3,974.6
Of which, subordinated receivables	6.5	5.9	6.5	5.9
<i>Shown by term to maturity</i>				
Demand deposits	303.7	113.6	307.1	117.6
Up to 3 months	2,381.1	3,801.1	2,381.1	3,801.1
Over 3 months and up to 1 year	50.0	0.0	50.0	0.0
Over 1 year and up to 5 years	0.0	0.0	0.0	0.0
Over 5 years	6.5	55.9	6.5	55.9
Total	2,741.3	3,970.6	2,744.7	3,974.6
<i>Of which, genuine purchase and resale transactions</i>				
Reverse transactions	1,340.6	1,797.3	1,340.6	1,797.3

22 LOANS, ADVANCES AND OTHER RECEIVABLES

Loans and advances, banking activities *)	32,630.5	34,351.4	32,503.5	34,224.4
Loans and advances, reverse transactions	4,155.1	463.8	4,155.1	463.8
Loans and advances, leasing activities	1,253.7	1,132.4	1,253.7	1,132.4
Loans, advances and other receivables at amortized cost, total	38,039.3	35,947.6	37,912.3	35,820.6

*) The item "Loans and advances, banking activities" comprises all loans and advances except those classified as reverse transactions and leasing activities and includes loans and advances in the business areas Spar Nord's Local Banks and Trading, Financial Markets & the International Division.

Broken down by category

Overdraft facilities	19,908.7	20,630.2	19,908.7	20,630.2
Lease contracts	1,233.8	1,106.6	1,233.8	1,106.6
Mortgage deeds	25.7	31.6	25.7	31.6
Other loans and advances	16,871.1	14,179.2	16,744.1	14,052.2
Total	38,039.3	35,947.6	37,912.3	35,820.6

Of which, subordinated receivables	0.0	8.1	0.0	8.1
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Shown by term to maturity

Demand deposits	3,847.6	4,532.1	3,847.6	4,532.1
Up to 3 months	5,720.8	2,603.0	5,720.8	2,603.0
Over 3 months and up to 1 year	9,786.8	9,876.2	9,659.8	9,749.2
Over 1 year and up to 5 years	7,077.1	6,933.6	7,077.1	6,933.6
Over 5 years	11,607.0	12,002.7	11,607.0	12,002.7
Total	38,039.3	35,947.6	37,912.3	35,820.6

Loans and advances, leasing activities

Lease contracts, etc.	1,233.8	1,106.6	1,233.8	1,106.6
Sales contracts	19.9	25.8	19.9	25.8
Total loans and advances, leasing activities	1,253.7	1,132.4	1,253.7	1,132.4

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 lease contracts are in Danish and foreign currency.

The contracts can be terminated during the lease term.

NOTES

	Spar Nord The Group 31.12.15 DKK m	Spar Nord The Group 31.12.14 DKK m	Spar Nord Parent Company 31.12.15 DKK m	Spar Nord Parent Company 31.12.14 DKK m
Lease payments broken down according to contractual term to maturity *)				
<i>Gross investments in finance leases</i>				
Up to 1 year	430.6	371.2	430.6	371.2
1 – 5 years	798.0	765.1	798.0	765.1
Over 5 years	92.9	41.0	92.9	41.0
Total	1,321.5	1,177.3	1,321.5	1,177.3
Of which, unearned, future financial income	87.7	70.7	87.7	70.7
Net investments in finance leases	1,233.8	1,106.6	1,233.8	1,106.6
<i>Net investments in finance leases</i>				
Up to 1 year	397.1	349.1	397.1	349.1
1 – 5 years	746.0	719.7	746.0	719.7
Over 5 years	90.7	37.8	90.7	37.8
Total	1,233.8	1,106.6	1,233.8	1,106.6
*) 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	27.6	19.4	27.6	19.4
Rental income recognized in the income statement under the item "Interest income".	47.0	64.9	47.0	64.9
Average remaining term of the lease contracts (years)	2.7 years	1.3 years	2.7 years	1.3 years
Gross loans, advances and guarantees broken down by sectors and industries (%)				
Public authorities	0.5	1.9	0.5	1.9
<i>Business customers</i>				
Agriculture, hunting, forestry and fisheries	7.2	8.3	7.2	8.3
Industry and raw materials extraction	5.1	5.7	5.1	5.7
Energy supply	4.0	3.9	4.1	3.9
Building and construction	3.1	3.3	3.1	3.3
Trade	7.2	8.1	7.2	8.1
Transport, hotels and restaurants	3.1	3.6	3.1	3.6
Information and communication	0.2	0.2	0.2	0.2
Financing and insurance	13.4	5.8	13.2	5.5
Real estate	11.1	11.2	11.1	11.3
Other business areas	5.1	6.0	5.1	6.0
Business customers, total	59.5	56.1	59.4	55.9
Retail customers	40.0	42.0	40.1	42.2
Total	100.0	100.0	100.0	100.0

NOTES

23 BONDS AT FAIR VALUE

	Spar Nord The Group 31.12.15 DKK m	Spar Nord The Group 31.12.14 DKK m	Spar Nord Parent Company 31.12.15 DKK m	Spar Nord Parent Company 31.12.14 DKK m
Mortgage-credit bonds	13,683.0	17,137.1	13,683.0	17,137.1
Government bonds	366.0	262.3	366.0	262.3
Other bonds	2,004.6	2,834.6	2,004.6	2,834.6
Bonds at fair value, total	16,053.6	20,234.0	16,053.6	20,234.0
Of which, subordinated receivables	45.6	34.1	45.6	34.1

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

Other non-derivative financial liabilities at fair value	1,217.4	1,756.0	1,217.4	1,756.0
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24 SHARES, ETC.

Shares/unit trust certificates listed on Nasdaq OMX Copenhagen A/S	121.1	99.4	121.1	99.4
Shares/unit trust certificates listed on other stock exchanges	10.7	7.3	10.7	7.3
Unlisted shares at fair value	1,526.5	1,310.1	1,469.3	1,252.9
Total shares, etc.	1,658.3	1,416.8	1,601.1	1,359.6
Trading portfolio	142.3	119.9	142.3	119.9
Other shares at fair value using the fair-value option	1,516.0	1,296.9	1,458.8	1,239.7
Total shares	1,658.3	1,416.8	1,601.1	1,359.6
Other non-derivative financial liabilities at fair value	2.3	2.4	2.3	2.4

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	369.9	490.0	369.9	489.9
Reclassified to shares, etc.	0.0	178.6	0.0	178.6
Additions	0.1	58.6	0.1	58.6
Disposals	310.8	0.1	310.8	0.0
Total purchase price, end of year	59.2	369.9	59.2	369.9
Revaluations and impairment, beginning of year	571.4	507.3	571.4	507.4
Reclassified to shares, etc.	0.0	15.9	0.0	15.9
Profit/loss	28.3	104.1	28.3	104.1
Dividend	864.3	25.6	864.3	25.6
Other capital movements recognized in other comprehensive income	-0.8	1.4	-0.8	1.4
Reversal of revaluations and impairment losses	-288.6	-0.1	-288.6	0.0
Revaluations and impairment, end of year	23.2	571.4	23.2	571.4
Book portfolio, end of year	82.4	941.3	82.4	941.3
Of which, credit institutions	0.0	866.2	0.0	866.2

NOTES

In 2015 Spar Nord sold its shares in Nørresundby Bank A/S, and accordingly no equity investments in associates were individually significant for the Spar Nord Group in 2015.

Financial information for all associates in 2015 that are not individually significant and are recognized according to the equity method:

THE GROUP/SPAR NORD PARENT COMPANY

DKK m

2015

The Spar Nord Group's share of:

Profit/loss for the year	28.3
Other comprehensive income	-0.8
Comprehensive income, total	27.5

Financial information for the Group's individually significant associates in 2014, adjusted for differences in the accounting policies applied:

THE GROUP / SPAR NORD PARENT COMPANY

DKK m

2014

Nørresundby
Bank A/S

Registered office	
Ownership interest (%) *)	54.8
Voting share (%) **)	0.0

Statement of comprehensive income

Revenue	448.8
Profit/loss for the year	89.3
Other comprehensive income	1.5
Total	90.8

Dividends received	11.6
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Balance sheet

Loans, advances and receivables, etc.	5,513.7
Miscellaneous assets	3,739.4
Total assets	9,253.1

Deposits and other payables	6,146.6
Miscellaneous commitments	1,673.7
Total liabilities	7,820.3

Shareholders' equity	1,432.8
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The Spar Nord Group's share of equity in significant associates	866.2
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*) Moreover, 0.1% was recognized in 2014 under the item Shares as part of the Bank's trading portfolio.

**) The voting rights in Nørresundby Bank A/S were restricted in 2014. Significant influence was considered to exist due to other factors.

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

The Group's associates are measured according to the equity method.

Based on the listed price, the fair value of Nørresundby Bank A/S (level 1 in the fair-value hierarchy) was determined at DKK 1,052.4 million in 2014.

Reconciliation of carrying amount at 31 December

DKK m

31.12.15

31.12.14

The Spar Nord Group's share of equity in significant associates	0.0	866.2
Goodwill relating to associates	37.0	37.0
Carrying amount of equity investments in individually insignificant associates	45.4	38.1
Total	82.4	941.3

NOTES

26 EQUITY INVESTMENTS IN GROUP ENTERPRISES

	Spar Nord The Group 31.12.15 DKK m	Spar Nord The Group 31.12.14 DKK m	Spar Nord Parent Company 31.12.15 DKK m	Spar Nord Parent Company 31.12.14 DKK m
Total purchase price, beginning of year	-	-	1,337.8	1,379.7
Disposals relating to merger	-	-	0.0	41.9
Additions	-	-	0.0	0.0
Disposals	-	-	118.0	0.0
Total purchase price, end of year	-	-	1,219.8	1,337.8
Revaluations and impairment, beginning of year	-	-	174.6	179.4
Disposals relating to merger	-	-	0.0	232.8
Profit/loss	-	-	50.6	228.0
Dividend	-	-	0.0	0.0
Other capital movements	-	-	0.0	0.0
Reversal of revaluations and impairment losses	-	-	-63.8	0.0
Revaluations and impairment, end of year	-	-	289.0	174.6
Book portfolio, end of year	-	-	1,508.8	1,512.4

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 Parent Company 2015 %	Spar Nord Parent Company 2014 %
<i>Consolidated companies</i>					
Aktieselskabet Skelagervej 15, Aalborg	27.0	1,508.8	50.6	100.0	100.0
Spar Nord Leasing A/S, Aalborg [1]	-	-	-	-	100.0
Erhvervsinvest Nord A/S in liquidation, Aalborg [2]	-	-	-	-	100.0

All companies are wholly owned subsidiaries.

- 1) In Q3 2015, Spar Nord Leasing A/S and Spar Nord Bank A/S merged with accounting effect from 1 January 2015, with Spar Nord Bank A/S as the continuing company.
- 2) The company was liquidated on 15 March 2015.

NOTES

27 INTANGIBLE ASSETS

Goodwill

	Spar Nord The Group 31.12.15 DKK m	Spar Nord The Group 31.12.14 DKK m	Spar Nord Parent Company 31.12.15 DKK m	Spar Nord Parent Company 31.12.14 DKK m
Total purchase price, beginning of year	160.4	141.6	160.4	141.6
Additions	0.0	18.8	0.0	18.8
Disposals	0.0	0.0	0.0	0.0
Total purchase price, end of year	160.4	160.4	160.4	160.4
Impairment, beginning of year	1.7	1.7	1.7	1.7
Impairment for the year	0.0	0.0	0.0	0.0
Reversal of impairment on disposals	0.0	0.0	0.0	0.0
Impairment, end of year	1.7	1.7	1.7	1.7
Book portfolio, end of year	158.7	158.7	158.7	158.7

Customer relations

Total purchase price, beginning of year	64.6	61.6	64.6	61.6
Additions	0.0	3.0	0.0	3.0
Disposals	0.0	0.0	0.0	0.0
Total purchase price, end of year	64.6	64.6	64.6	64.6
Amortization and impairment, beginning of year	25.2	18.7	25.2	18.7
Amortization for the year	6.8	6.5	6.8	6.5
Amortization and impairment, end of year	32.0	25.2	32.0	25.2
Book portfolio, end of year	32.6	39.4	32.6	39.4

Other intangible assets

Total purchase price, beginning of year	56.8	56.9	56.8	56.9
Additions	6.0	3.5	6.0	3.5
Disposals	0.0	3.6	0.0	3.6
Total purchase price, end of year	62.8	56.8	62.8	56.8
Amortization and impairment, beginning of year	30.5	25.8	30.5	25.8
Amortization for the year	9.1	8.2	9.1	8.2
Reversal of amortization on disposals	0.0	3.5	0.0	3.5
Amortization and impairment, end of year	39.6	30.5	39.6	30.5
Book portfolio, end of year	23.2	26.3	23.2	26.3

Total intangible assets	214.5	224.4	214.5	224.4
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The remaining amortization periods are 2-7 years (2014: 3-8 years) for customer relations and 1-5 years (2014: 1-5 years) for other intangible assets. Goodwill had an indefinite useful life in both 2015 and 2014.

The Spar Nord Group Goodwill - 2015 DKK m	Purchase price 01.01.15	Additions/ disposals 2015	Purchase price 31.12.15	Impairment 01.01.15	Impairment 2015	Impairment on disposals 2015	Impairment 31.12.15	Book portfolio 31.12.15
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	0.0	35.2	0.0	0.0	0.0	0.0	35.2
Banking activities, branches, Other	38.4	0.0	38.4	1.7	0.0	0.0	1.7	36.7
Goodwill, total	160.4	0.0	160.4	1.7	0.0	0.0	1.7	158.7

Goodwill - 2014 DKK m	Purchase price 01.01.14	Additions/ disposals 2014	Purchase price 31.12.14	Impairment 01.01.14	Impairment 2014	Impairment on disposals 2014	Impairment 31.12.14	Book portfolio 31.12.14
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	0.0	35.2	0.0	0.0	0.0	0.0	35.2
Banking activities, branches, Other	19.6	18.8	38.4	1.7	0.0	0.0	1.7	36.7
Goodwill, total	141.6	18.8	160.4	1.7	0.0	0.0	1.7	158.7

IMPAIRMENT TEST

The impairment test compares the carrying amount with the estimated present value of the anticipated future cash flows (value in use). 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 impairment test in 2015 did not give rise to any writedowns for impairment of 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 included in 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 note 3.

In the preliminary cost allocation, see note 49, the acquisition of assets and liabilities from FIH Erhvervsbank at 1 July 2014 resulted in goodwill being determined at DKK 18.8 million.

For more detailed descriptions of the activities taken over and the determination of goodwill in 2014, reference is made to note 49. The goodwill is attributable to synergies in Spar Nord's Local Banks.

PRINCIPAL ASSUMPTIONS

Cash flow during the budget period

Cash flow during the budget period (five years) is impacted by the expected interest level and the impact on the lending and deposit margins at Spar Nord's Local Banks. Growth during the budget period is projected at 1.0% (2014: 2.0%). The average annual growth reflects the targets incorporated into the Bank's outlook for the future.

Net interest income

The deposit and lending margins reflect the earnings margin, which is calculated as the difference between the interest rate towards the customers of Spar Nord's Local Banks and an internal funding rate based on the Bank's funding costs.

The interest margin is estimated on the basis of current lending rates and Management's expectations for future competition. The interest margin is expected to decline slightly.

The expectations for the development in deposits and lending reflect the Bank's estimate for the next few years. Lending is expected to increase marginally and deposits to remain unchanged.

Net income from fees, charges and commissions

The expectations for income from fees, charges and commissions are based on historical data, adjusted to reflect the current situation. Income from fees, charges and commissions is expected to reach a slightly lower (normalized) level than in 2015.

Costs and expenses

Expectations as to costs and expenses are based on a projection of the cost base and anticipated changes in activities as well as pay increases according to collective agreements, changes in taxes and duties, etc.

Impairment of loans and advances

Expectations as to the impairment of loans and advances are based on the Bank's estimate for the next few years. These expectations are based on historical data, adjusted to reflect the current situation. The impairment of loans and advances is not expected to deviate significantly from the 2015 level.

Cash flow during the terminal period

Cash flow during the terminal period represents earnings in the preceding years, growing at a constant rate. Growth is projected at 1.0% (2014: 1.5%).

Growth has been projected on the basis of the expectations for macroeconomic growth.

Discount rate

The discount rate used to calculate the discounted value of future cash flows is 11.5% before tax based on a tax rate of 22% (2014: 13.3%).

After tax, the discount rate is 9.0% (2014: 10.0%).

The discount rate has been fixed on the basis of a CAPM model. The discount rate has been reduced from 2014 to 2015, in part to reflect a decline in the risk-free interest.

Primary assumptions; see above:

	2015	2014
Goodwill acquired, DKK m	158.7	158.7
Budget period	5 years	5 years
Average annual growth during the budget period	1.0 %	2.0 %
Average annual growth during the terminal period	1.0 %	1.5 %
Discount rate before tax	11.5 %	13.3 %
Discount rate after tax	9.0 %	10.0 %
Share of equity in total risk exposure	12.0 %	8.0 %

Sensitivity analyses

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

Sensitivity analyses show that the goodwill relating to Spar Nord's Local Banks is robust to changes in assumptions.

The following matters do not lead to impairment:

	31.12.15	31.12.14
Increase in the discount rate (pre-tax) up to	15 %	20 %
Reduction in pre-tax profit/loss (change in net interest income, fee income, cost ratio or impairment) up to	25 %	50 %
Negative growth in balance-sheet items possible	Yes	Yes

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 (2014: 72%).

Customer relations

The carrying amount of customer relations recognized in connection with:

- the acquisition of assets and liabilities from FIH Erhvervsbank amounted to DKK 2.1 million (2014: DKK 2.7 million);
- the acquisition of banking activities from Roskilde Bank amounted to DKK 8.3 million (2014: DKK 11.3 million);
- the merger with Sparbank amounted to DKK 22.2 million (2014: DKK 25.4 million).

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

The realized results are in line with expectations, for which reason there is no evidence 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.

NOTES

28 LAND AND BUILDINGS

	Spar Nord The Group 31.12.15 DKK m	Spar Nord The Group 31.12.14 DKK m	Spar Nord Parent Company 31.12.15 DKK m	Spar Nord Parent Company 31.12.14 DKK m
<i>Investment properties</i>				
Fair value, beginning of year	147.7	167.7	64.7	82.5
Reclassifications from temporary assets	7.6	-18.4	7.6	-18.4
Additions, incl. improvements	0.6	1.0	0.7	1.0
Additions, reclassifications	0.0	0.6	0.0	0.6
Disposals	8.0	1.4	0.0	1.4
Unrealized fair-value adjustment	-3.3	-1.8	-2.4	0.4
Fair value, end of year	144.6	147.7	70.6	64.7
Required rate of return used in calculating the fair value (%)	5.8 - 9.0	5.8 - 9.0	5.8 - 9.0	5.8 - 9.0

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 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:

	0.0	0.0	0.0	0.0
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Corporate properties

Total purchase price, beginning of year	659.8	632.1	531.9	516.5
Transferred to temporary assets	0.0	-3.2	0.0	-3.2
Transferred from investment properties	0.0	14.8	0.0	14.8
Additions	14.3	18.0	13.7	5.7
Disposals	0.0	1.9	0.0	1.9
Total purchase price, end of year	674.1	659.8	545.6	531.9
Value adjustment, beginning of year	122.5	120.4	97.4	95.6
Transferred to temporary assets	0.0	-0.5	0.0	-0.5
Depreciation for the year	15.1	13.9	13.5	12.6
Net impairment via the income statement	-3.5	-1.0	-2.5	-1.0
Changes in value recognized in other comprehensive income	-6.3	-9.6	-6.3	-8.6
Depreciation and impairment on disposals	0.7	0.7	0.0	0.7
Value adjustment, end of year	127.1	122.5	102.1	97.4
Fair value, end of year	547.0	537.3	443.5	434.5
Most recent official property valuation	499.6	482.6	382.6	377.9

Required rate of return used in calculating the fair value (%)	5.8 - 10.0	5.8 - 10.0	5.8 - 10.0	5.8 - 10.0
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Carrying amount if corporate properties were measured according to the depreciated cost method	451.6	449.2	349.1	346.5
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An amount of DKK 0.6 million was recognized in 2015 (2014: DKK 12.3 million) in the Spar Nord Group under additions, corporate properties, regarding improvements to properties in the subsidiary Aktieselskabet Skelagervej 15.

No borrowing costs were recognized in 2015 and 2014.

The fair value method (level 3 in the fair-value hierarchy) is used for measuring corporate properties. The fair value has been determined based on observable prices and other valuation methods. An external valuation of all properties has been obtained from a real estate agent to support the calculation of fair value, including the rental rates and rates of return used.

An expected residual value of 20-40% of the purchase price is recognized in the depreciation base of properties acquired.

Due to developments in the real property market, the required rates of return used for some investment and corporate properties were slightly lower in 2015 than in 2014.

Overall, the required rates of return remained within the 5.8-10.0% range (2014: 5.8-10.0%) for corporate properties and the 5.8-9.0% range (2014: 5.8-9.0%) for investment properties.

Breakdown of required rates of return

Spar Nord, the Group	31.12.15				31.12.14			
	Corporate properties		Investment properties		Corporate properties		Investment properties	
	No. of properties	Fair value, end of year	No. of properties	Fair value, end of year	No. of properties	Fair value, end of year	No. of properties	Fair value, end of year
Required rates of return in %								
-> 7.00	9	143.3	3	95.7	9	133.9	3	98.5
7.00 - 8.00	17	272.1	1	20.1	17	272.3	1	20.1
8.00 - 9.00	14	129.0	4	28.0	14	128.5	3	28.0
9.00 ->	2	2.6	3	0.8	2	2.6	3	1.1
Total	42	547.0	11	144.6	42	537.3	10	147.7
Required rates of return	Property characteristics							
-> 7.00	Properties in major towns with a good location, making the properties attractive to tenants and buyers.							
7.00 - 8.00	Properties on the outskirts of attractive towns and properties with a good location in smaller towns.							
8.00 - 9.00	Properties located in small towns and villages.							
9.00 ->	Properties in towns where they are expected to be difficult to sell.							

	Spar Nord The Group 31.12.15 DKK m	Spar Nord The Group 31.12.14 DKK m	Spar Nord Parent Company 31.12.15 DKK m	Spar Nord Parent Company 31.12.14 DKK m
Security furnished to mortgage-credit institutions in the form of mortgages on land and properties has a carrying amount of:	89.9	84.6	24.4	19.1

NOTES

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, an 0.5 percentage point increase in the required rate of return will reduce the fair value by DKK 45.4 million (2014: DKK 44.9 million).

Everything else being equal, a decrease of the rental level of 5% reduce the fair value by DKK 30.8 million (2014: DKK 30.1 million).

29 OTHER PROPERTY, PLANT AND EQUIPMENT

	Spar Nord The Group 31.12.15 DKK m	Spar Nord The Group 31.12.14 DKK m	Spar Nord Parent Company 31.12.15 DKK m	Spar Nord Parent Company 31.12.14 DKK m
Total purchase price, beginning of year	419.0	441.1	419.0	393.0
Additions relating to merger	0.0	0.0	0.0	48.1
Transferred from/to finance leases	-4.9	0.9	-4.9	0.9
Additions	22.9	25.5	22.9	25.5
Disposals	49.5	48.5	49.5	48.5
Total purchase price, end of year	387.5	419.0	387.5	419.0
Depreciation and impairment, beginning of year	299.0	294.3	299.0	263.6
Additions relating to merger	0.0	0.0	0.0	30.7
Transferred from/to finance leases	-3.7	0.0	-3.7	0.0
Depreciation and impairment for the year	37.0	40.9	37.0	40.9
Reversal of depreciation and impairment for the year	44.4	36.2	44.4	36.2
Depreciation and impairment, end of year	287.9	299.0	287.9	299.0
Carrying amount, end of year	99.6	120.0	99.6	120.0

The figures at end-2015 include various fully written-off assets used for the Spar Nord Group's and Parent Company's operations.

The original purchase price of these assets amounts to DKK 147.4 million (2014: DKK 148.6 million).

Lease contracts

Operating lease assets are recognized at	6.5	14.6	6.5	14.6
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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.

Operating leases

Up to 1 year	5.8	10.8	5.8	10.8
1 – 5 years	0.7	3.8	0.7	3.8
Over 5 years	0.0	0.0	0.0	0.0
Total	6.5	14.6	6.5	14.6

Lease payments relating to operating lease assets recognized in the income statement under Other operating income	4.0	5.0	4.0	5.0
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Average remaining term of the lease contracts (years)	0.7	0.7	0.7	0.7
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30 TEMPORARY ASSETS

Total purchase price, beginning of year	87.6	169.5	87.6	127.2
Additions relating to merger	0.0	0.0	0.0	42.3
Transferred from corporate properties	0.0	3.2	0.0	3.2
Transferred from investment properties	-10.7	3.6	-10.7	3.6
Additions	12.7	15.6	12.7	15.6
Disposals	25.0	104.3	25.0	104.3
Total purchase price, end of year	64.6	87.6	64.6	87.6
Depreciation and impairment, beginning of year	46.4	49.2	46.4	24.4
Additions relating to merger	0.0	0.0	0.0	24.8
Transferred from corporate properties	0.0	0.5	0.0	0.5
Transferred from investment properties	-3.1	0.6	-3.1	0.6
Movements for the year	-6.1	-3.9	-6.1	-3.9
Depreciation and impairment, end of year	37.2	46.4	37.2	46.4
Carrying amount, end of year	27.4	41.2	27.4	41.2

Temporary assets comprise properties taken over and leased assets in connection with non-performing loans held by Spar Nord.

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

Leased assets include 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

	Spar Nord The Group 31.12.15 DKK m	Spar Nord The Group 31.12.14 DKK m	Spar Nord Parent Company 31.12.15 DKK m	Spar Nord Parent Company 31.12.14 DKK m
31 OTHER ASSETS				
Positive fair value of derivative instruments, etc.	1,423.6	2,005.3	1,423.6	2,005.3
Miscellaneous receivables	420.7	354.6	419.7	354.6
Interest and commissions receivable	250.3	274.7	246.3	270.3
Capital contribution to Foreningen Bankernes EDB Central ("BEC")	316.0	316.0	316.0	316.0
Miscellaneous assets	73.1	69.5	73.1	69.2
Other assets, total	2,483.7	3,020.1	2,478.7	3,015.4
32 PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS				
Payables to central banks	50.5	6,944.8	50.5	6,944.8
Payables to credit institutions	3,689.0	3,392.6	3,658.0	3,361.1
Total payables to credit institutions and central banks	3,739.5	10,337.4	3,708.5	10,305.9
<i>Shown by term to maturity</i>				
On demand	685.9	962.5	685.9	962.5
Up to 3 months	2,990.0	9,306.0	2,990.0	9,306.0
Over 3 months and up to 1 year	0.0	0.0	0.0	0.0
Over 1 year and up to 5 years	7.5	10.5	7.5	10.5
Over 5 years	56.1	58.4	25.1	26.9
Total	3,739.5	10,337.4	3,708.5	10,305.9
<i>Of which, genuine sale and repo transactions</i>				
Repo transactions	2,197.5	1,696.0	2,197.5	1,696.0
Mortgage debt on real property	47.3	47.9	16.3	16.5
The carrying amount of the mortgaged properties amounts to	89.9	91.6	24.4	26.1
33 DEPOSITS AND OTHER PAYABLES				
On demand	36,807.4	31,692.9	36,983.2	31,852.5
Subject to notice	2,111.8	3,947.0	2,111.8	3,947.0
Time deposits	2,104.0	2,493.1	3,104.0	3,493.1
Special types of deposit	3,713.1	4,102.8	3,713.1	4,102.8
Deposits and other payables, total	44,736.3	42,235.8	45,912.1	43,395.4
<i>Shown by term to maturity</i>				
On demand	36,807.4	31,692.9	36,983.2	31,852.5
Up to 3 months	2,268.3	2,559.7	2,268.3	2,559.7
Over 3 months and up to 1 year	1,242.9	3,007.7	2,242.9	3,007.7
Over 1 year and up to 5 years	1,628.3	1,931.0	1,628.3	2,931.0
Over 5 years	2,789.4	3,044.5	2,789.4	3,044.5
Total	44,736.3	42,235.8	45,912.1	43,395.4
<i>Of which, genuine sale and repo transactions</i>				
Repo transactions	369.6	0.0	369.6	0.0
34 ISSUED BONDS AT AMORTIZED COST				
<i>Shown by term to maturity</i>				
On demand	0.0	0.0	0.0	0.0
Up to 3 months	0.0	22.6	0.0	22.6
Over 3 months and up to 1 year	0.0	0.0	0.0	0.0
Over 1 year and up to 5 years	0.0	0.0	0.0	0.0
Over 5 years	0.0	0.0	0.0	0.0
Issued bonds at amortized cost, total	0.0	22.6	0.0	22.6

NOTES

	Spar Nord The Group 31.12.15 DKK m	Spar Nord The Group 31.12.14 DKK m	Spar Nord Parent Company 31.12.15 DKK m	Spar Nord Parent Company 31.12.14 DKK m
35 OTHER LIABILITIES				
Miscellaneous payables	2,234.5	2,046.2	2,231.3	2,043.6
Negative fair value of derivative instruments, etc.	1,476.5	2,077.6	1,476.5	2,077.6
Interest and commissions payable	45.1	124.1	45.1	124.0
Miscellaneous liabilities	325.3	403.7	324.7	403.3
Other liabilities, total	4,081.4	4,651.6	4,077.6	4,648.5
36 PROVISIONS FOR LIABILITIES				
Provisions for deferred tax [see separate note 37]	122.8	125.7	122.8	125.7
Provisions for losses on guarantees	42.9	43.7	42.9	43.7
Provisions for losses in connection with legal proceedings	2.9	0.9	2.9	0.9
Other provisions for liabilities	18.1	15.2	18.1	15.2
Provisions for unutilized credit lines	12.1	11.2	12.1	11.2
Total provisions for liabilities	198.8	196.7	198.8	196.7
<i>Provisions for losses on guarantees</i>				
Beginning of year	43.7	12.2	43.7	12.2
New provisions	22.6	33.9	22.6	33.9
Reversal of provisions	13.6	2.4	13.6	2.4
Reversal of provisions taken over in connection with the merger with Sparbank	9.8	0.0	9.8	0.0
Provisions for losses on guarantees, end of year	42.9	43.7	42.9	43.7
The share of provisions for losses on guarantees taken over in connection with the merger with Sparbank amounts to DKK 0.0 million (2014: DKK 9.8 million), (not included in note 55).				
<i>Losses on guarantees recognized in the income statement</i>				
New provisions	22.6	33.9	22.6	33.9
Reversal of provisions	13.6	2.4	13.6	2.4
Recognized in the income statement	9.0	31.5	9.0	31.5
<i>Provisions for losses in connection with legal proceedings</i>				
Beginning of year	0.9	3.8	0.9	3.8
New provisions	2.4	0.5	2.4	0.5
Reversal of provisions	0.3	2.2	0.3	2.2
Definitively lost	0.1	1.2	0.1	1.2
End of year	2.9	0.9	2.9	0.9
<i>Provisions for losses in connection with legal proceedings recognized in the income statement</i>				
New provisions	2.4	0.5	2.4	0.5
Reversal of provisions	0.3	2.2	0.3	2.2
Recognized in the income statement	2.1	-1.7	2.1	-1.7
<i>Other provisions for liabilities</i>				
Beginning of year	15.2	64.9	15.2	64.9
New provisions	6.5	2.0	6.5	2.0
Reversal of provisions	2.2	3.2	2.2	3.2
Applied to cover liabilities	1.4	48.5	1.4	48.5
End of year	18.1	15.2	18.1	15.2
<i>Other provisions for liabilities recognized in the income statement</i>				
New provisions	6.5	2.0	6.5	2.0
Reversal of provisions	2.2	3.2	2.2	3.2
Recognized in the income statement	4.3	-1.2	4.3	-1.2
<i>Provisions for unutilized credit lines</i>				
Beginning of year	11.2	9.9	11.2	9.9
New provisions	12.1	11.2	12.1	11.2
Reversal of provisions	11.2	9.9	11.2	9.9
End of year	12.1	11.2	12.1	11.2
<i>Provisions for unutilized credit lines recognized in the income statement</i>				
New provisions	12.1	11.2	12.1	11.2
Reversal of provisions	11.2	9.9	11.2	9.9
Recognized in the income statement	0.9	1.3	0.9	1.3
<i>Provisions for liabilities recognized in the income statement</i>				
New provisions	43.6	47.6	43.6	47.6
Reversal of provisions	27.3	17.7	27.3	17.7
Provisions for liabilities recognized in the income statement, total	16.3	29.9	16.3	29.9

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
31.12.15					
Provisions for deferred tax	0.0	6.8	2.7	113.3	122.8
Provisions for losses on guarantees	6.1	0.6	22.5	13.7	42.9
Provisions for losses in connection with legal proceedings	0.0	2.9	0.0	0.0	2.9
Other provisions for liabilities	6.5	1.9	7.0	2.7	18.1
Provisions for unutilized credit lines	12.1	0.0	0.0	0.0	12.1
Total provisions for liabilities	24.7	12.2	32.2	129.7	198.8

	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
31.12.14					
Provisions for deferred tax	0.0	20.7	0.0	105.0	125.7
Provisions for losses on guarantees	8.8	9.6	13.3	12.0	43.7
Provisions for losses in connection with legal proceedings	0.0	0.9	0.0	0.0	0.9
Other provisions for liabilities	0.8	1.8	8.2	4.4	15.2
Provisions for unutilized credit lines	11.2	0.0	0.0	0.0	11.2
Total provisions for liabilities	20.8	33.0	21.5	121.4	196.7

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.

Provisions for unutilized credit lines relate to provisions for losses on unutilized credit lines.

NOTES

37 PROVISIONS FOR DEFERRED TAX

	Spar Nord The Group 31.12.15 DKK m	Spar Nord The Group 31.12.14 DKK m	Spar Nord Parent Company 31.12.15 DKK m	Spar Nord Parent Company 31.12.14 DKK m
Beginning of year	106.3	147.4	125.7	170.4
Additions, acquisition of FIH Erhvervsbank assets	0.0	0.4	0.0	0.4
Deferred tax for the year recognized in the profit/loss for the year	10.5	-41.5	-2.9	-45.1
Deferred tax for the year recognized in other comprehensive income	0.0	0.0	0.0	0.0
End of year	116.8	106.3	122.8	125.7
Deferred tax assets	-6.0	-19.4	0.0	0.0
Provisions for deferred tax	122.8	125.7	122.8	125.7
Deferred tax, net (liability)	116.8	106.3	122.8	125.7

Spar Nord, the Group

Changes in deferred tax in 2015

	Beginning of year	Recognized in the profit/loss for the year	Recognized in other compre- hensive income	End of year
Intangible assets	35.3	-4.1	0.0	31.2
Property, plant and equipment	115.4	-17.9	0.0	97.5
Loans, advances and other receivables at amortized cost	-42.1	23.6	0.0	-18.5
Receivables from credit institutions and central banks	3.3	-3.3	0.0	0.0
Miscellaneous assets	74.1	-7.6	0.0	66.5
Payables and subordinated debt	0.0	14.3	0.0	14.3
Provisions for liabilities	-95.6	9.4	0.0	-86.2
Retaxation balance	3.2	-0.3	0.0	2.9
Tax loss *)	-19.4	13.4	0.0	-6.0
Miscellaneous	32.1	-17.0	0.0	15.1
Total	106.3	10.5	0.0	116.8

Changes in deferred tax in 2014

	Beginning of year	Recognized in the profit/loss for the year	Recognized in other compre- hensive income	End of year
Intangible assets	33.7	0.9	0.7	35.3
Property, plant and equipment	180.0	-64.6	0.0	115.4
Loans, advances and other receivables at amortized cost	-55.1	13.0	0.0	-42.1
Receivables from credit institutions and central banks	6.6	-3.3	0.0	3.3
Miscellaneous assets	0.0	74.1	0.0	74.1
Payables and subordinated debt	0.0	0.0	0.0	0.0
Provisions for liabilities	-17.2	-78.4	0.0	-95.6
Retaxation balance	1.4	1.8	0.0	3.2
Tax loss *)	-22.4	3.0	0.0	-19.4
Miscellaneous	20.4	12.0	-0.3	32.1
Total	147.4	-41.5	0.4	106.3

Spar Nord, Parent Company

Changes in deferred tax in 2015

	Beginning of year	Recognized in the profit/loss for the year	Recognized in other compre- hensive income	End of year
Intangible assets	35.3	-4.1	0.0	31.2
Property, plant and equipment, incl. leased assets	115.4	-17.9	0.0	97.5
Loans, advances and other receivables at amortized cost	-42.1	23.6	0.0	-18.5
Receivables from credit institutions and central banks	3.3	-3.3	0.0	0.0
Miscellaneous assets	74.1	-7.6	0.0	66.5
Payables and subordinated debt	0.0	14.3	0.0	14.3
Provisions for liabilities	-95.6	9.4	0.0	-86.2
Retaxation balance	3.2	-0.3	0.0	2.9
Miscellaneous	32.1	-17.0	0.0	15.1
Total	125.7	-2.9	0.0	122.8

Changes in deferred tax in 2014

	Beginning of year	Recognized in the profit/loss for the year	Recognized in other compre- hensive income	End of year
Intangible assets	33.7	0.9	0.7	35.3
Property, plant and equipment, incl. leased assets	180.4	-65.0	0.0	115.4
Loans, advances and other receivables at amortized cost	-55.1	13.0	0.0	-42.1
Receivables from credit institutions and central banks	6.6	-3.3	0.0	3.3
Miscellaneous assets	0.0	74.1	0.0	74.1
Payables and subordinated debt	0.0	0.0	0.0	0.0
Provisions for liabilities	-17.2	-78.4	0.0	-95.6
Retaxation balance	1.4	1.8	0.0	3.2
Miscellaneous	20.6	11.8	-0.3	32.1
Total	170.4	-45.1	0.4	125.7

*) The tax loss of DKK 6.0 million in the Spar Nord Group (2014: DKK 19.4 million) relates to the joint taxation loss expected to be utilized by the subsidiary Aktieselskabet Skelagervej 15 within the next three years.

NOTES

Deferred tax assets not recognized in the balance sheet in 2015

	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	4.0	0.0	0.0	-1.7	2.3
Tax loss abroad	2.8	0.0	0.0	0.1	2.9
Deferred tax assets not recognized, total	6.8	0.0	0.0	-1.6	5.2

Deferred tax assets not recognized in the balance sheet in 2014

	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	2.0	0.0	0.0	2.0	4.0
Tax loss abroad	0.9	0.0	0.0	1.9	2.8
Tax loss in Denmark	8.1	-8.3	0.2	0.0	0.0
Deferred tax assets not recognized, total	11.0	-8.3	0.2	3.9	6.8

All deferred tax liabilities are recognized in the balance sheet.

The temporary differences in 2015 and 2014 relating to ring fence losses on properties arose on the realization of properties.

38 SUBORDINATED DEBT

Subordinated debt consists of liabilities in the form of subordinated loan capital and Additional Tier 1 (AT1) 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. Additional Tier 1 (AT1) 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 own funds, etc. pursuant to the Danish Financial Business Act.

In 2015, Spar Nord issued Additional Tier 1 (AT1) capital under CRR with a perpetual term and with voluntary payment of interest and repayments of principal, for which reason it is treated as shareholders' equity for accounting purposes.

For further details, please see the statement of changes in equity.

Spar Nord is the borrower with respect to all loans.

					Spar Nord The Group 31.12.15 DKK m	Spar Nord The Group 31.12.14 DKK m	Spar Nord Parent Company 31.12.15	Spar Nord Parent Company 31.12.14
Principal								
Currency	Note	DKK m	Interest rate	Received	Maturity			
DKK	a	58.0	8.000%	2010	25.11.2020	0.0	57.9	0.0
DKK	b	400.0	6.043%	2012	28.11.2022	404.5	403.9	404.5
DKK	c	700.0	3.800%	2013	18.12.2023	697.6	696.8	697.6
Tier 2 capital (T2) contributions, total					1,102.1	1,158.6	1,102.1	1,158.6

Additional Tier 1 (AT1) capital

Principal								
Currency	Note	DKK m	Interest rate	Received	Maturity			
DKK	d	350.0	5.250%	2005	Perpetual	0.0	352.6	0.0
DKK	e	200.0	4.804%	2005	Perpetual	0.0	203.9	0.0

Portfolio of own bonds relating to subordinated debt	-13.3	-6.8	-13.3	-6.8
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Subordinated debt, total	1,088.8	1,708.3	1,088.8	1,708.3
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Interest on subordinated debt	66.0	137.8	66.0	137.8
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Costs of raising subordinated debt	1.8	2.4	1.8	2.4
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a Redeemed on 25.11.2015.

b Redeemable as from 28.11.2017, after which date interest is fixed at CIBOR3 + a 5.00% margin.

c Redeemable as from 18.12.2018.

d Redeemed on 16.03.2015.

e Redeemed on 09.09.2015.

39 TRANSFER OF FINANCIAL ASSETS

Spar Nord has transferred the following financial assets that continue to be recognized in the balance sheet

	Spar Nord The Group 31.12.15 DKK m	Spar Nord The Group 31.12.14 DKK m	Spar Nord Parent Company 31.12.15 DKK m	Spar Nord Parent Company 31.12.14 DKK m
<i>Carrying amount of transferred financial assets</i>				
Bonds in repo transactions	2,609.8	1,733.0	2,609.8	1,733.0
<i>Carrying amount of transferred financial liabilities</i>				
Payables to credit institutions, repo transactions	2,567.1	1,696.0	2,567.1	1,696.0
Interest payable	-10.9	0.2	-10.9	0.2
Total	2,556.2	1,696.2	2,556.2	1,696.2
Net position	-53.6	-36.8	-53.6	-36.8

Spar Nord has entered into agreements regarding the sale of securities as genuine sale and repo transactions. When Spar Nord lends or sells securities subject to a repurchase agreement, Spar Nord 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. If the value of the securities increases or decreases, Spar Nord may make or receive a demand for payment of additional cash collateral in specific circumstances. Spar Nord 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, Spar Nord recognizes a financial liability for the cash received as collateral.

Spar Nord has not entered into agreements regarding the sale of assets where such assets cease to be recognized in the balance sheet, but where the seller has continued involvement after the sale.

40 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 31.12.15 DKK m	Spar Nord The Group 31.12.14 DKK m	Spar Nord Parent Company 31.12.15 DKK m	Spar Nord Parent Company 31.12.14 DKK m
Reverse transactions				
Collateral accepted that can be repledged or sold	5,488.2	2,249.1	5,488.2	2,249.1
Of which, repledged or sold	1,348.7	1,755.8	1,348.7	1,755.8
Agreements regarding securities-based loans				
Collateral accepted that can be repledged or sold	19.9	21.5	19.9	21.5
Of which, repledged or sold	2.3	1.7	2.3	1.7

41 COLLATERAL PROVIDED AND ENCUMBERED ASSETS

Collateral provided through clearing systems, with central counterparties and other infrastructure institutions:

	Spar Nord The Group 31.12.15 DKK m	Spar Nord The Group 31.12.14 DKK m	Spar Nord Parent Company 31.12.15 DKK m	Spar Nord Parent Company 31.12.14 DKK m
Bonds	0.0	7,169.3 *)	0.0	7,169.3 *)
Deposits, clearing	91.1	124.5	91.1	124.5
Collateral provided for the market value of derivatives transactions	990.0	1,502.7	990.0	1,502.7
Positive market value of derivative contracts subject to netting	387.9	555.3	387.9	555.3
Collateral provided as part of sale and repo transactions	2,609.8	1,733.0	2,609.8	1,733.0
Other collateral provided	47.3	47.9	16.3	16.5
Total	4,126.1	11,132.7	4,095.1	11,101.3

Assets are treated as encumbered if they have been provided as collateral or if they are subject to any agreement to secure, act as collateral for or improve the credit quality of any on- or off-balance-sheet transaction from which they cannot be freely withdrawn. Assets that have been provided as collateral and are subject to restrictions as concerns withdrawal, e.g. assets for which prior approval is required to withdraw or replace them with other assets, are considered to be encumbered.

Assets placed in unutilized facilities and which can be freely withdrawn are not considered to be encumbered.

Securities sold as an element in sale and repurchase agreements (repo transactions) remain on the balance sheet. The counterparty is entitled to sell the securities or deposit them as collateral for other loans.

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.

*) Equal to the collateral value of a monetary-policy loan of DKK 6,900.0 million. The loan was repaid in 2015.

42 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Spar Nord Group

Assets and liabilities are offset when Spar Nord and the counterparty have a legal right to offset, while at the same time having agreed to make a net settlement or realize the asset and redeem the liability at the same time. Positive and negative fair values of derivatives with the same counterparty are offset if it has been agreed to make a net settlement of the contractual payments, and if cash payment or provision of collateral for changes in the fair value takes place on a daily basis. Master netting agreements and corresponding agreements provide a further right to offset when a counterparty is in default, which additionally reduces the exposure to a counterparty in default, but this does not meet the criteria for offsetting for accounting purposes according to IFRS.

31.12.15

	Gross recognized assets	Liabilities offset in the balance sheet	Net amount of financial liabilities presented in the balance sheet	Related amounts not offset in the balance sheet		
				Financial collateral	Cash collateral	Net amount
Financial assets						
Derivative instruments	1,433.0	9.4	1,423.6	387.9	0.0	1,035.7
Reverse transactions	5,495.7	0.0	5,495.7	5,484.7	-	11.0
Total	6,928.7	9.4	6,919.3	5,872.6	0.0	1,046.7

	Gross recognized liabilities	Assets offset in the balance sheet	Net amount of financial liabilities presented in the balance sheet	Related amounts not offset in the balance sheet		
				Financial collateral	Cash collateral	Net amount
Financial liabilities						
Derivative instruments	1,682.6	206.1	1,476.5	387.9	880.6	208.0
Repo transactions	2,567.1	0.0	2,567.1	2,565.8	-	1.3
Total	4,249.7	206.1	4,043.6	2,953.7	880.6	209.3

31.12.14

	Gross recognized assets	Liabilities offset in the balance sheet	Net amount of financial liabilities presented in the balance sheet	Related amounts not offset in the balance sheet		
				Financial collateral	Cash collateral	Net amount
Financial assets						
Derivative instruments	2,005.3	0.0	2,005.3	555.3	33.0	1,417.0
Reverse transactions	2,261.1	0.0	2,261.1	2,259.2	-	1.9
Total	4,266.4	0.0	4,266.4	2,814.5	33.0	1,418.9

	Gross recognized liabilities	Assets offset in the balance sheet	Net amount of financial liabilities presented in the balance sheet	Related amounts not offset in the balance sheet		
				Financial collateral	Cash collateral	Net amount
Financial liabilities						
Derivative instruments	2,077.6	0.0	2,077.6	555.3	1,325.3	197.0
Repo transactions	1,696.0	0.0	1,696.0	1,693.1	-	2.9
Total	3,773.6	0.0	3,773.6	2,248.4	1,325.3	199.9

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 notes 39 and 40.

NOTES

43 HEDGE ACCOUNTING

Spar Nord Group

31.12.15

Assets

	Carrying amount DKK m	Purchase price DKK m	Fair value DKK m	Nominal value DKK m
Loans and advances	83.2	75.0	83.2	75.0
Interest-risk-hedged financial instruments				
Derivatives (swap contracts)	-8.3	-	-8.3	75.0

Liabilities

Subordinated debt	406.0	400.0	406.0	400.0
Interest-risk-hedged financial instruments				
Derivatives (swap contracts)	6.2	-	6.2	400.0

31.12.14

Assets

Loans and advances	85.8	75.0	85.8	75.0
Interest-risk-hedged financial instruments				
Derivatives (swap contracts)	-10.8	-	-10.8	75.0

Liabilities

Subordinated debt	962.9	950.0	962.9	950.0
Interest-risk-hedged financial instruments				
Derivatives (swap contracts)	12.7	-	12.7	950.0

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 31.12.15 DKK m	Spar Nord The Group 31.12.14 DKK m	Spar Nord Parent Company 31.12.15 DKK m	Spar Nord Parent Company 31.12.14 DKK m
<i>Hedging of fixed-interest assets</i>				
Hedged loans and advances	-2.5	0.0	-2.5	0.0
Hedging derivatives	2.5	0.0	2.5	0.0
Impact on profit/loss	0.0	0.0	0.0	0.0
<i>Hedging of fixed-interest liabilities</i>				
Hedged deposits	6.9	25.4	6.9	25.4
Hedging derivatives	-6.5	-25.0	-6.5	-25.0
Impact on profit/loss	0.4	0.4	0.4	0.4

44 CONTINGENT ASSETS

At 31 December 2015, the Group had unrecognized deferred tax assets of DKK 5.2 million (2014: DKK 6.8 million).

For more details, please see note 37.

45 CONTINGENT LIABILITIES

	Spar Nord The Group 31.12.15 DKK m	Spar Nord The Group 31.12.14 DKK m	Spar Nord Parent Company 31.12.15 DKK m	Spar Nord Parent Company 31.12.14 DKK m
Financial guarantees	3,456.4	2,458.3	3,456.4	2,458.3
Loss guarantees for mortgage-credit loans	3,978.4	2,985.9	3,978.4	2,985.9
Registration and refinancing guarantees	1,514.8	4,204.4	1,514.8	4,204.4
Other contingent liabilities	635.6	591.3	635.6	591.3
Total contingent liabilities	9,585.2	10,239.9	9,585.2	10,239.9

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, in 2014 the Spar Nord Group had contingent liabilities and other obligating agreements corresponding to the relative ownership interest in associates. These contingent liabilities did not differ by type from the Spar Nord Group's contingent liabilities. After selling its shares in Nørresundby Bank A/S, Spar Nord had no such contingent liabilities in 2015.

Spar Nord is taxed jointly with its Danish subsidiary in the Spar Nord Group. As the management company, Spar Nord has unlimited, joint and several liability together with its subsidiary for the Danish corporate income tax payable. Due to the payment of tax on account, no tax was payable at 31 December 2015 and 31 December 2014. The corporate income tax receivable within the group of jointly taxed companies amounted to DKK 91.0 million at 31 December 2015 (2014: DKK 92.6 million). Any adjustments to the taxable income subject to joint taxation might entail an increase in the Parent Company's liability.

Spar Nord has made provisions for a deferred tax liability in respect of the retaxation balance related to international joint taxation.

Spar Nord participates in the national restructuring and resolution scheme, with separate contributions being paid to the Guarantee Fund and the Resolution Fund. For both funds, separate target levels have been set, based on the sector's total deposits that are covered by the guarantee limit of EUR 100,000 [section 9(1) of the Act on a Depositor and Investor Guarantee Scheme. The target level for the Guarantee Fund is 0.8%, and the target level for the Resolution Fund is 1.0%. The payments towards the two funds will continue until the target levels have been reached. The target levels must be achieved by 31 December 2024.

The Guarantee Fund covers customers' deposits and securities pursuant to the Act on a Depositor and Investor Guarantee Scheme. The Resolution Fund is to be used pursuant to the Act on Restructuring and Resolution of Certain Financial Enterprises for the purpose of covering the associated costs.

Spar Nord's contributions to the Guarantee Fund are calculated based on the Bank's pro-rata share. In future, the amount of the contribution will be adjusted by an individual risk factor.

Spar Nord's contributions to the Resolution Fund are calculated based on the Bank's pro-rata share of the sector's total equity and liabilities less own funds and covered deposits. This contribution will also be adjusted by an individually determined risk factor.

Spar Nord has not made any additional contributions to the Guarantee Fund for 2015 as its contributions are covered by the Bank's payments to the previous Depositors' and Investors' Guarantee Fund. Spar Nord's share has so far amounted to about 4.7%. Spar Nord is not expected to have to contribute to the Guarantee Fund for 2016 and onwards, as the Fund has sufficient assets at present. However, Spar Nord will have to pay contributions if the Guarantee Fund's assets fall below the target of 0.8% on account of disbursements being made out of the Guarantee Fund or as a consequence of an increase in the financial institutions' guaranteed deposits.

Spar Nord paid DKK 3.6 million in 2015 towards establishing the Resolution Fund, equal to half the annual contribution.

Uncertainty attaches to the amount of the contingent liabilities and the possible due dates, for which reason this information has not been disclosed.

46 OTHER OBLIGATING AGREEMENTS

	Spar Nord The Group 31.12.15 DKK m	Spar Nord The Group 31.12.14 DKK m	Spar Nord Parent Company 31.12.15 DKK m	Spar Nord Parent Company 31.12.14 DKK m
Irrevocable credit commitments	0.0	0.0	0.0	0.0
Miscellaneous	540.5	751.7	576.8	795.7
Other obligating agreements, total	540.5	751.7	576.8	795.7

Miscellaneous is composed of:

Lease obligations, with the Group as lessee

Spar Nord is the lessee under a number of operating leases. Operating leases are lease agreements under which Spar Nord 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	24.2	25.1	32.2	33.1
1 – 5 years	45.1	50.7	73.5	81.0
Over 5 years	14.2	19.2	14.1	24.9
Total	83.5	95.0	119.8	139.0

Lease payments of DKK 25.6 million (2014: DKK 29.2 million) are recognized for the Group under Staff costs and administrative expenses.

The Group has not entered into finance leases as a lessee.

Data-processing centre

In 2014, Spar Nord gave notice terminating its agreement with Skandinavisk Data Center A/S regarding the future provision of services in the IT area. At the same time as giving notice, Spar Nord entered into an agreement with BEC a.m.b.a. regarding the future provision of IT services. The practical transfer from the platform of Skandinavisk Data Center A/S to that of BEC a.m.b.a. is expected to take place in May 2016. The cost of withdrawal (exit fee) from the agreement with Skandinavisk Data Center A/S was expensed in 2014 for the period from the decision to change platform until the expiry of the notice period. The amount is included under Other liabilities. BEC a.m.b.a. will pay a contribution towards covering the exit fee, which has been offset against the expenses for the year. The amount is included under Other assets.

The IT expenses for the period from 1 January 2015 until the expected time of changing platform will be expensed continuously in the income statement. The expected IT expenses payable for the period until the change of IT platform are included under Miscellaneous above.

Spar Nord's membership of BEC a.m.b.a. means that in case of termination of the Bank's membership, it is liable to pay an exit fee. This liability is included under Miscellaneous above. In addition, a capital contribution to BEC a.m.b.a. has been included under Other assets.

The Spar Nord Group has no other significant obligating agreements.

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 2015 DKK m	Spar Nord The Group 2014 DKK m
Profit/loss for the year	896.8	613.6
Average number of shares	125,529,918	125,529,918
Average number of treasury shares	151,594	192,430
Average number of shares in circulation	125,378,324	125,337,488
Average dilutive effect of outstanding share options	0	0
Average number of outstanding shares (diluted)	125,378,324	125,337,488
Earnings per share (DKK)	7.2	4.9
Diluted earnings per share (DKK)	7.2	4.9

The issued share capital is divided into shares in the denomination of DKK 10. The Bank has only one share class.

49 BUSINESS COMBINATIONS

No business combinations were completed in 2015.

ACQUISITION OF BUSINESSES AND CUSTOMER PORTFOLIOS IN 2014

Basisbank

On 28 April 2014, Spar Nord entered into an agreement with Basisbank regarding the acquisition of Basisbank's customers in the residential and cooperative housing market. Spar Nord took over about 1,000 customers with loans of DKK 212 million and deposits of DKK 61 million.

The acquisition of the portfolio has been recognized in accordance with the rules stipulated in IAS 39, according to which the loans and deposits acquired have been recognized at the agreed acquisition cost, equal to the fair value, which corresponds to an average price of the assets taken over of 103% of face value.

The difference between the acquisition cost and face value amounts to DKK 6.9 million, which is amortized as part of the effective interest rate over the expected term to maturity of the loans.

Danske Andelskassers Bank, branch in Holstebro

On 26 August 2014, Spar Nord entered into an agreement regarding its acquisition of the Holstebro branch of Danske Andelskassers Bank with effect from 1 October 2014. Spar Nord took over about 1,300 customers with loans of DKK 87 million and deposits of DKK 140 million.

The acquisition of the portfolio has been recognized in accordance with the rules stipulated in IAS 39, according to which the loans and deposits acquired have been recognized at the agreed acquisition cost, equal to the fair value, which corresponds to an average price of the assets taken over of 100% of face value.

FIH Erhvervsbank

On 21 May 2014, Spar Nord and FIH Erhvervsbank (FIH) entered into a conditional agreement regarding the transfer from FIH to Spar Nord of the facilities of about 900 FIH group customers, as well as the takeover of 29 employees and two branches.

The conditions for finalization of the agreement were met, and the completion date was 1 July 2014.

For Spar Nord, the strategic rationale behind conclusion of the agreement was the Bank's plans to strengthen its position in the market for services to small and medium-sized businesses nationwide. Moreover, the acquisition is intended to exploit the potential for efficiency enhancement and improved earning power arising from the ability to serve a greater number of customers on the same production and support platform.

The income and results of the acquired facilities, etc. for the period from 1 July 2014 to 31 December 2014 are estimated, as it is not possible to segregate the returns on derivative instruments and interest expenses from those on Spar Nord's other corresponding assets and liabilities.

Based on the records available and a qualified estimate, the income amounted to about DKK 55 million and the pre-tax results for the year amounted to about DKK 5 million. The pre-tax results for the period since the acquisition date have been negatively impacted by transaction-related costs of DKK 19 million.

Income has been calculated as net income from interest, fees, charges and commissions, market-value adjustments and other operating income. No other items, apart from the profit or loss for the year, are recognized in the statement of comprehensive income.

The Spar Nord Group's income for the period from 1 January 2014 to 31 December 2014, determined on a pro-forma basis as if the FIH Erhvervsbank facilities had been acquired as from 1 January 2014, has also been estimated. Based on the records available and a qualified estimate, the Spar Nord Group's income, determined on a pro-forma basis as if the customer portfolio and employees had been acquired on 1 January 2014, amounts to about DKK 3,410 million. Income has been calculated as net income from interest, fees, charges and commissions, market-value adjustments, other operating income and profit/loss on equity investments in associates.

NOTES

Specification of acquired assets and liabilities recognized at the acquisition date

Fair value
at the acquisition date
DKK m

Lending, banking activities	2,291.5
Lending, leasing activities	71.8
Loans, advances and other receivables, total	2,363.3
Intangible assets	6.3
Other assets	234.7
Total assets	2,604.3
Deposits and other payables	36.7
Provisions for deferred tax	0.4
Other liabilities	236.8
Total liabilities	273.9
Net assets acquired	2,330.4
Goodwill	18.8
Consideration paid	2,349.2
Cash consideration paid	2,349.2
Consideration paid	2,349.2

The total cash consideration paid amounts to DKK 2,349.2 million. Spar Nord is under no obligation to pay any additional consideration.

In connection with the acquisition, Spar Nord has incurred costs for advisers and conversion, etc. of DKK 18.8 million. These costs have been recognized in the item Staff costs and administrative expenses in the income statement.

No further significant costs associated with the acquisition of customer facilities are anticipated.

After recognizing identifiable assets, liabilities and contingent liabilities at fair value, goodwill relating to the acquisition has been calculated at DKK 18.8 million. Goodwill represents the value of the existing staff and know-how as well as expected synergies from the merger with the Spar Nord Group. The goodwill paid to FIH Erhvervsbank is amortizable for tax purposes.

Determination of values acquired

The fair value of loans and advances has been based on an assessment of the market value of FIH Erhvervsbank's loan portfolio.

The fair value of loans and advances is determined at the present value of the expected future cash flows, less expected transaction costs.

The gross amount of contractual receivables totals DKK 2,299.1 million plus accrued interest of DKK 5.3 million, and the market-value adjustment of fixed-rate loans amounts to DKK 69.8 million.

The fair value of loans and advances amounts to DKK 2,363.3 million, of which DKK 71.8 million relates to finance leases.

No fair-value adjustment has been made of the gross guarantees acquired, which amount to DKK 1,252.3 million, equal to net guarantees of DKK 255.5 million.

The fair value of intangible assets acquired, consisting of software, totals DKK 3.3 million. In connection with the acquisition of the facilities, Spar Nord has calculated identifiable intangible assets in the form of customer relations at DKK 3.0 million, which amount has been recognized in the pre-acquisition balance sheet at fair value.

The fair value of the calculated customer relations reflects the value of the customer base taken over from FIH Erhvervsbank. The fair value of customer relations is determined by means of the Multi-Period Excess Earnings method (MEEM). Thus, customer relations are 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 contribute to generating the relevant cash flows.

The value of deferred tax liabilities relates to fair-value adjustments in connection with the opening balance sheet.

The fair value of deposits reflects the corresponding contractual obligation, in that all deposits have short maturity and are subject to variable interest.

Current liabilities are not discounted when the effect is insignificant.

NOTES

50 RELATED PARTIES

	Parties with significant influence		Associates		Group enterprises		Board of Directors		Executive Board	
	2015 DKK m	2014 DKK m	2015 DKK m	2014 DKK m	2015 DKK m	2014 DKK m	2015 DKK m	2014 DKK m	2015 DKK m	2014 DKK m
Spar Nord Group										
Loans, advances and loan commitments	-	-	10.6	11.2	-	-	34.0	42.3	7.5	8.7
Deposits	23.8	23.8	76.9	60.4	-	-	18.5	10.7	4.3	5.5
Guarantees issued	-	-	-	-	-	-	0.1	0.6	1.1	0.0
Other obligating agreements	-	-	-	-	-	-	7.2	7.2	0.1	0.1
Collateral accepted	-	-	-	-	-	-	22.6	22.4	5.4	4.1
Interest income	-	-	0.5	4.1	-	-	0.5	0.7	-	-
Interest expenses	0.0	0.0	0.1	0.1	-	-	0.1	0.1	0.0	0.1
Fees, charges and commissions received	-	-	0.0	0.3	-	-	0.3	0.3	0.0	0.1
Dividends received recognized under associates	-	-	864.3	25.6	-	-	-	-	-	-
Other income	3.4	2.9	0.1	16.0	-	-	-	-	-	-
Other expenses	-	-	0.0	201.0	-	-	-	-	-	-
Spar Nord Parent Company										
Loans, advances and loan commitments	-	-	10.6	11.2	-	-	34.0	42.3	7.5	8.7
Deposits	23.8	23.8	76.9	60.4	1,175.8	1,104.9	18.5	10.7	4.3	5.5
Guarantees issued	-	-	-	-	-	-	0.1	0.6	1.1	0.0
Other obligating agreements	-	-	-	-	-	-	7.2	7.2	0.1	0.1
Collateral accepted	-	-	-	-	-	-	22.6	22.4	5.4	4.1
Interest income	-	-	0.5	4.1	-	-	0.5	0.7	-	-
Interest expenses	0.0	0.0	0.1	0.1	20.8	14.2	0.1	0.1	0.0	0.1
Fees, charges and commissions received	-	-	0.0	0.3	-	-	0.3	0.3	0.0	0.1
Dividends received recognized under associates	-	-	864.3	25.6	-	-	-	-	-	-
Other income	3.4	2.9	0.1	16.0	-	-	-	-	-	-
Other expenses	-	-	0.0	201.0	6.5	5.9	-	-	-	-

NOTES

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. Note 26 contains a list of group enterprises.

The Danish companies in the Group are jointly taxed, which means that the Parent Company is liable for the payment of Danish corporate income tax. In 2015, joint tax contributions in the amount of DKK 3.3 million (2014: DKK 3.1 million) were transferred between the companies.

In 2015, the interest rate for loans and advances to associates ranged from 4.13-5.86% (2014: 3.78-6.76%).

A demand balance and a fixed-term deposit exist between Aktieselskabet Skelagervej and the Spar Nord Parent Company, both carrying interest at the market rate.

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 the Board of Directors ranged from 0.01-8.88% in 2015 (2014: 0.51-8.51%) and from 2.03-2.40% (2014: 2.51-2.63%) for loans and advances to the Executive Board.

The Group and the Parent Company	Executive Board		Board of Directors	
	2015	2014	2015	2014
Loans and advances	0.0	0.5	18.5	22.2
Unutilized loan and surety commitments	7.6	8.3	22.7	27.3
Guarantees issued	1.1	0.0	0.1	0.6
Total loans and advances, loan commitments and guarantees	8.7	8.8	41.3	50.1

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 51.

Transactions between related parties, including credit facilities, are concluded on an arm's length basis.

Related parties that held at least 5% of the Bank's share capital at end-2015 comprised the Spar Nord Foundation, Aalborg, with a holding of 18.5% (2014: 18.5%) and Nykredit Realkredit A/S, Copenhagen, with a holding of 11.1% (2014: 10.0%). Moreover, Wellington Management Company LLP, Boston, MA, and FMR LLC, Boston, MA, both had a holding of more than 5.0% in 2014.

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.

51 MANAGEMENT'S HOLDINGS OF SPAR NORD SHARES *)

	31.12.15 Number of shares	31.12.14 Number of shares
Board of Directors		
Torben Fristrup	38,300	34,300
Per Nikolaj Bukh	27,200	16,200
Kaj Christiansen	7,800	7,800
Kjeld Johannesen	30,000	8,000
Laila Mortensen	0	0
Fritz Dahl Pedersen (retired on 22 April 2015)	-	1,800
Ole Skov	7,054	7,054
Jannie Skovsen	7,404	7,404
Gitte Holmgaard Sørensen	2,486	2,486
John Sørensen (took office on 22 April 2015)	5,160	-
Hans Østergaard (retired on 22 April 2015)	-	5,193
Executive Board		
Lasse Nyby	47,784	48,064
John Lundsgaard	69,133	65,633
Lars Møller	65,460	62,960
Bent Jensen (retired on 20 May 2015)	-	8,383

*) The holdings include all shares held by all members of the household

52 POST-BALANCE-SHEET EVENTS

No significant events have occurred after 31 December 2015.

53 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.

	31.12.15 Fair value DKK m	31.12.15 Amortized cost DKK m	31.12.14 Fair value DKK m	31.12.14 Amortized cost DKK m
<i>Financial assets</i>				
Cash balances and demand deposits with central banks	-	610.4	-	985.7
Receivables from credit institutions and central banks	-	2,741.3	-	3,970.6
Loans, advances and other receivables at amortized cost	-	38,039.3	-	35,947.6
Bonds at fair value	16,053.6	-	20,234.0	-
Shares, etc.	1,658.3	-	1,416.8	-
Assets linked to pooled schemes	13,380.0	-	10,853.8	-
Positive fair value of derivative instruments	1,423.6	-	2,005.3	-
Total	32,515.5	41,391.0	34,509.9	40,903.9
<i>Financial liabilities</i>				
Payables to credit institutions and central banks	-	3,739.5	-	10,337.4
Deposits and other payables	-	44,736.3	-	42,235.8
Deposits in pooled schemes	13,380.0	-	10,853.8	-
Issued bonds at amortized cost	-	0.0	-	22.6
Other non-derivative financial liabilities at fair value	1,219.7	-	1,758.4	-
Subordinated debt	-	1,088.8	-	1,708.3
Negative fair value of derivative instruments	1,476.5	-	2,077.6	-
Total	16,076.2	49,564.6	14,689.8	54,304.1

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.

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. 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.

As regards derivative instruments with a positive fair value, the Bank makes a credit valuation adjustment (CVA) to allow for changes in the associated credit risk. The calculation of CVA is based on the customer's PD (Probability-of-Default), LGD (Loss-Given-Default) and EPE (Expected Positive Exposure). In the event that the customer has no external rating, the customer's PD is based on the Bank's own credit models.

The CVA amounted to DKK 18.6 million at end-2015 against DKK 16.9 million at end-2014.

When valuing unlisted derivative instruments, the initial customer margin, etc. is amortized over the remaining term to maturity. At the end of 2015, the customer margin, etc. not yet amortized amounted to DKK 61.2 million (2014: DKK 63.1 million).

Day-1 gains or losses

	2015 DKK m	2014 DKK m
Unamortized customer margin at 1 January	63.1	48.4
Net development in amortization of customer margin	-1.9	14.7
Unamortized customer margin at 31 December	61.2	63.1

NOTES

	Listed prices Level 1 DKK m	Observable prices Level 2 DKK m	Non-observable prices Level 3 DKK m	Total DKK m
31.12.15				
<i>Financial assets</i>				
Bonds at fair value	11,234.8	4,818.8	0.0	16,053.6
Shares, etc.	131.8	0.3	1,526.2	1,658.3
Assets linked to pooled schemes	10,685.7	2,694.3	0.0	13,380.0
Positive fair value of derivative instruments	0.0	1,423.6	0.0	1,423.6
Financial assets, total	22,052.3	8,937.0	1,526.2	32,515.5
<i>Financial liabilities</i>				
Deposits in pooled schemes	0.0	13,380.0	0.0	13,380.0
Other non-derivative financial liabilities at fair value	1,055.6	164.1	0.0	1,219.7
Negative fair value of derivative instruments	0.0	1,476.5	0.0	1,476.5
Financial liabilities, total	1,055.6	15,020.6	0.0	16,076.2

31.12.14

<i>Financial assets</i>				
Bonds at fair value	8,404.4	11,829.6	0.0	20,234.0
Shares, etc.	106.7	5.2	1,304.9	1,416.8
Assets linked to pooled schemes	9,228.3	1,625.5	0.0	10,853.8
Positive fair value of derivative instruments	0.0	2,005.3	0.0	2,005.3
Financial assets, total	17,739.4	15,465.6	1,304.9	34,509.9
<i>Financial liabilities</i>				
Deposits in pooled schemes	0.0	10,853.8	0.0	10,853.8
Other non-derivative financial liabilities at fair value	1,478.9	279.5	0.0	1,758.4
Negative fair value of derivative instruments	0.0	2,077.6	0.0	2,077.6
Financial liabilities, total	1,478.9	13,210.9	0.0	14,689.8

Bonds, assets linked to pooled schemes, derivative instruments and other non-derivative financial liabilities 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 a recognized 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 a recognized 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.
- 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. Shares that are priced on the basis of the prices recommended by Lokale Pengeinstitutter (the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark) are included as non-observable inputs.

The fair value has been determined reliably for all shares, and accordingly no shares have been recognized at cost.

A transfer is made between the categories in the valuation hierarchy if an instrument is classified differently on the reporting date as compared to the beginning of the financial year. Any reclassification is considered to have been made as of the reporting date. In 2015, some types of bonds were transferred from a valuation category based on yield curves (level 2) to a valuation category based on price quotation (level 1). In 2014, Skandinavisk Data Center A/S was reclassified from Equity investments in associates to Shares. Skandinavisk Data Center A/S is measured at fair value, equal to the discounted value of the selling price. The adjustment to fair value is included in market-value adjustments for the year.

The fair values recommended by Lokale Pengeinstitutter (Lopi) (the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark) are based on shareholders' agreements for the individual companies and share trades completed. The fair value is often based on the companies' book equity (net asset value), which is used as a basis for the transaction price between shareholders. Spar Nord makes an independent assessment of the prices recommended, and verifies their consistency with the transactions made and financial statements as presented.

	31.12.15 DKK m			31.12.14 DKK m		
Level 3	Fair value based on net asset value from Lopi	Fair value based on other value from Lopi	Other	Fair value based on net asset value from Lopi	Fair value based on other value from Lopi	Other
Shares	1,182.5	5.8	337.9	961.1	5.8	338.0
Sensitivities						
Change of fair value if the results of the companies change by 10%	5.7	-	-	5.0	-	-

A substantial portion of the shares included under Other are valued based on the discounting of future expected cash flows from dividends or selling prices.

NOTES

Financial instruments measured at fair value based on non-observable prices (Level 3)

In 2015, the Bank recognized unrealized market-value adjustments of DKK 69.4 million (2014 DKK 55.7 million) in respect of unlisted shares valued on the basis of non-observable inputs.

	2015 DKK m	2014 DKK m
Carrying amount at 1 January	1,304.9	1,140.0
Market-value adjustments in the income statement	88.1	237.6
Market-value adjustments in other comprehensive income	0.0	0.0
Purchase	211.6	201.6
Sale	83.2	468.8
Transferred to/from Level 3	4.8	194.5
Carrying amount at 31 December	1,526.2	1,304.9
Market-value adjustments in the income statement of assets held at the reporting date	69.4	55.7

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.

Financial instruments recognized at amortized cost – fair value information

	31.12.15 Carrying amount DKK m	31.12.15 Fair value DKK m	31.12.14 Carrying amount DKK m	31.12.14 Fair value DKK m
<i>Financial assets</i>				
Cash balances and demand deposits with central banks *)	610.4	610.4	985.7	985.7
Receivables from credit institutions and central banks *)	2,741.3	2,741.3	3,970.6	3,970.6
Loans, advances and other receivables at amortized cost *)	38,039.3	38,157.9	35,947.6	36,051.4
Total	41,391.0	41,509.6	40,903.9	41,007.7
<i>Financial liabilities</i>				
Payables to credit institutions and central banks *)	3,739.5	3,740.7	10,337.4	10,338.5
Deposits and other payables *)	44,736.3	44,738.3	42,235.8	42,226.0
Issued bonds at amortized cost *)	0.0	0.0	22.6	22.6
Subordinated debt **)	1,088.8	1,152.9	1,708.3	1,797.0
Total	49,564.6	49,631.9	54,304.1	54,384.1

*) Level 3 in the fair-value hierarchy

**) Level 1 in the fair-value hierarchy amounts to DKK 719.9 million (2014: DKK 1,290.9 million), and level 3 in the fair-value hierarchy amounts to DKK 433.0 million (2014: DKK 506.1 million).

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 fair value of fixed-rate deposits is calculated by using the interest rate for similar deposits, based on an estimated yield curve.
- 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 an estimated transaction price.

54 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 Spar Nord's assets and liabilities varies with changes in market conditions.
- Liquidity risk: The risk of loss because Spar Nord 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 Spar Nord's credit, market, liquidity and operational risks.

For more details, please refer to the unaudited Risk Report at www.sparnord.com/riskreports.

55 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 exposures, concentration risks and risks attaching to granted, unutilized credit facilities.

In 2015, 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 its credit policy, which the Board of Directors determines in conjunction with the overarching policies and frameworks for 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.

Spar Nord's policy is to have full insight into the customers' financial health and paying behaviour before granting credit facilities. Also, creditworthiness – the customers' ability and willingness 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. Moreover, it is Spar Nord's principle not to grant loans and credit facilities based on collateral alone. Thus, the customer should show the will and have the ability to repay loans and credits without Spar Nord 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 500 million, of which the unsecured share of credit exposure may not exceed DKK 175 million in respect of any facility.

Exposures to financial institutions under supervision and repo and reverse transactions are not comprised by this restriction.

In determining the amount of exposure, generally accepted credit risk adjustments are made, as appears from the section regarding Large exposures in the CRR Regulation. The statutory limitations apply to trading partners in the financial sector with an external credit rating at investment grade level, and a DKK 700 million cap has been fixed internally for other trading partners in the financial sector.

Spar Nord has set targets for the industry diversification of the Bank's loans, advances and guarantees, which means that brackets have been fixed for the desired share of total exposure that significant industries may represent.

Line of business	Share of total exposure*) (%)
Agricultural customers	5 - 10
Real estate	10 - 15
Financing and insurance	5 - 10
Industry and raw materials development	5 - 10
Trade	5 - 15
Energy supply	4 - 8
Retail customers	30 - 40

*) Excl. reverse transactions

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 Spar Nord's credit risks. If an exposure credit facility exceeds the local loan approval limits, it will be passed on and dealt with by Credit Rating, the Credit Committee (Chief Credit Officer and an Executive Board member) or the Board of Directors.

Credit Rating may authorize credit lines up to DKK 40 million for existing customers and DKK 15 million for new customers. The Credit Committee may authorize credit lines 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 Spar Nord's credit risk exposure is managed by the Credit Quality Department. This department oversees changes in the credit quality of all exposures and undertakes systematic credit quality control of the entire portfolio.

The Credit Quality Department reviews all exposures to retail customers above DKK 100,000 and to business customers above DKK 300,000. New customers with weak credit quality are registered on an ongoing basis.

Spar Nord 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, and this tool is used at the local level to grant credit facilities. Thus, customers in the risk groups accorded the least risk exposure are likelier to be given higher credit lines 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 leasing arrangements.

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 on real property, securities and vehicles make up the most common type of collateral.

Impairment

Spar Nord has defined a long list of risks that constitute objective evidence of impairment. Some risks are registered automatically in the systems, while others are registered manually by customer advisers and credit staff members.

All significant exposures and those slated for credit quality review are re-evaluated individually. Credit-flagged exposures of less than DKK 250,000 are automatically reviewed using an algorithm based on the customer's financial key figures and Spar Nord's rating systems. All exposures that have not been impaired on an individual basis are assigned to groups having uniform credit risk exposure. If the review discloses objective evidence of impairment, an impairment loss is recognized. Impairment is calculated as the difference between the expected loss on the exposure at the time of establishment and the present value of expected future losses on the exposure. An exposure need not be in default before impairment is recognized and approval procedures regarding any new extension of credit are tightened.

As an important element in its risk management procedures, Spar Nord 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 evidence show that expected future losses exceed the loss expected upon loan establishment. It means that, in addition to objective evidence for a group, impairment on a group basis is basically triggered when customers are transferred to other groups with a higher credit risk exposure.

Customers are divided into groups on the basis of the Bank's rating systems. In 2015, a new rating model for business customers was introduced, and the parameters included in the calculation of groups of impairment losses have been re-evaluated so that they can be used in the new model. In the same connection, a new model has been developed for the impairment of production farms on a group basis, and thus these customers are placed in a separate group, regardless of their rating.

Interim impairment takes place on all exposures handed over to the Bank's internal debt-collection department, but the portion of an exposure 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 objective evidence of impairment, and it will be determined whether individual impairment is necessary.

For more details, please refer to the unaudited Risk Report at www.sparnord.com/riskreports.

NOTES

**Spar Nord
The Group
31.12.15
DKK m**

**Spar Nord
The Group
31.12.14
DKK m**

Credit exposure (carrying amount)

The Group's credit exposure (carrying amount) 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	38,039.3	35,947.6
Impairment account for loans, advances and other receivables	1,783.1	1,811.1

Off-balance-sheet items

Guarantees, etc.	9,585.2	10,239.9
Impairment account for guarantees	42.9	33.9

Credit exposure (carrying amount), loans, advances and guarantees, total

49,450.5 **48,032.5**

Financial credit risk

Bonds at fair value	16,053.6	20,234.0
Receivables from credit institutions and central banks	2,741.3	3,970.6
Positive fair value of derivative instruments, financial institutions	427.3	729.2

Credit exposure (carrying amount), financial credit risk, total

19,222.2 **24,933.8**

Breakdown of Spar Nord's exposures by business area

The customer portfolio is divided into five groups as part of the ongoing risk monitoring:

- 1) Banking activities - retail
- 2) Banking activities - corporates
- 3) Public-sector entities
- 4) Financial customers
- 5) Leasing activities.

The Group's total loans, advances and guarantees before offsetting of impairment amounted to DKK 49.5 billion (2014: DKK 48.0 billion). The development appears from figure 1.

As appears from figure 1, exposures to retail customers declined by DKK 0.5 billion in 2015, or 2.5%. The decline breaks down into DKK 0.3 billion attributable to guarantees and DKK 0.2 billion attributable to lending. During the same period, the amount of mortgage-credit loans arranged through Totalkredit increased by DKK 5.2 billion. Thus, the overall growth in exposures to retail customers amounted to DKK 4.7 billion in 2015, equal to 6.3%.

Exposures to business customers dropped by DKK 1.0 billion in 2015, breaking down into a DKK 0.7 billion decrease in lending and a DKK 0.3 billion decrease in guarantees.

Lending to public-sector customers decreased by DKK 0.7 billion in 2015.

SPAR NORD'S EXPOSURE BY CATEGORY

DKK bn

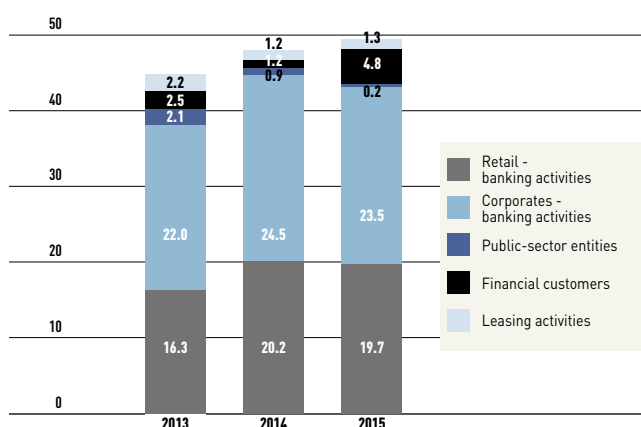


Figure 1

Classification of customers

Spar Nord 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 are recorded. The aim is to detect danger signals from individual exposures at an early stage, while also monitoring portfolios and organizational units.

Rating systems have been introduced at the local level to grant credit facilities. Thus, customers in the risk 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.

As an element in Spar Nord's credit processing, all non-defaulting customers are risk classified according to the probability that the individual customer defaults within the next 12 months. Customers are divided into groups 1 to 9, with group 9 containing customers subject to the highest risk. The probability of default is estimated statistically by means of the Bank's rating systems which are based on various models for the different customer segments.

The model applied to business customers employs three 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. The third 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 a statistical and an expert model. After six months, customers are subjected to a behavioural scoring scrutiny, and the results obtained using the two models are co-weighted in the transitional period until the twelfth month, after which the rating is based on the behavioural component exclusively.

New business customers are classified based on the accounting component and the cyclical component until the sixth month, at which time the behavioural component is also applied.

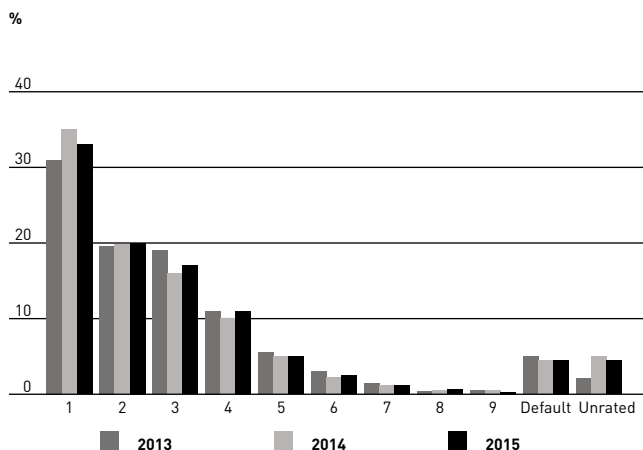
Moreover, Spar Nord applies a qualitative risk classification, credit watchlists, in which the Spar Nord adviser flags any credit facility showing signs of default risk. For retail customers, these signs of default risk may for instance be divorce, unemployment, etc., and for business customers they could be marketing difficulties, the loss of key employees or suppliers, etc.

If a retail customer is flagged in the credit-watchlist and is not in default, the customer will be downgraded by one rating group; it should be noted that a customer flagged in the credit-watchlist does not qualify for rating in the best rating groups (one and two). In 2015, Spar Nord introduced a new rating approach for business customers that rates flagged customers and non-flagged customers on the basis of two different models. However, both models are based on the same components. The new rating approach has also been applied to the comparative figures for 2013 and 2014.

Public-sector customers and financial customers are not subject to risk classification.

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.

EXPOSURES TO RETAIL CUSTOMERS BY RATING GROUP *)



*) Excl. SparXpres

Figure 2

AVERAGE RISK GROUP *)

	2013	2014	2015
Average risk group	2.8	2.7	2.8

*) Exposure after impairment

Figure 4

EXPOSURES TO BUSINESS CUSTOMERS BY RATING GROUP

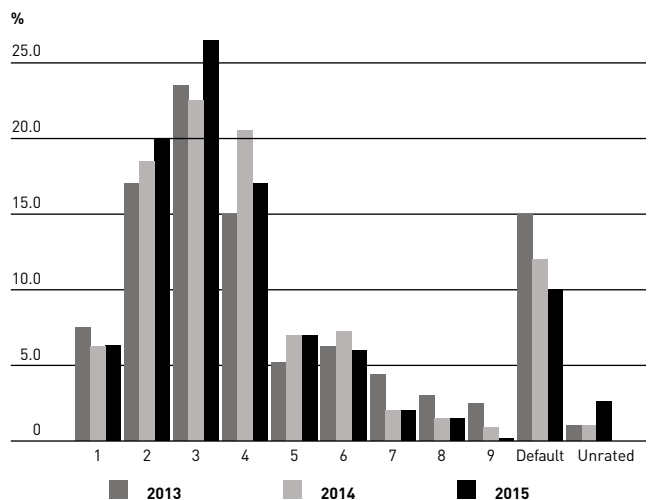


Figure 3

AVERAGE RATING GROUP *)

	2013	2014	2015
Average rating group	4.5	4.1	4.0

*) Exposure after impairment

Figure 5

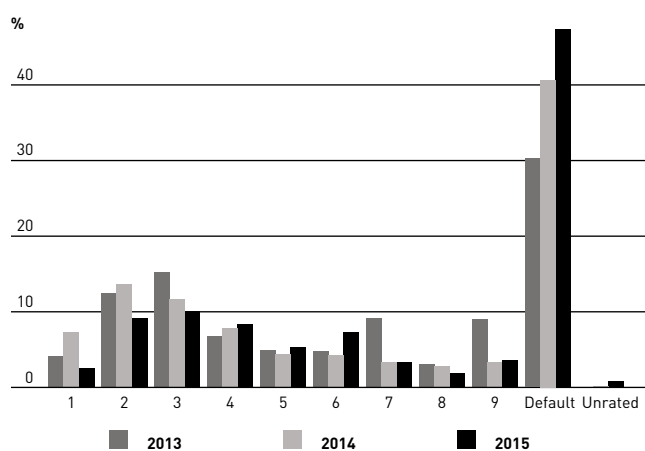
As appears from figure 4, the average credit quality deteriorated slightly from 2014 to 2015. The average rating has been calculated at 2.8, a minor increase on 2014.

Figure 5 shows that the average credit quality has improved continuously in the past two years. The average rating group was calculated at 4.0 at end-2015.

Agriculture

Loans, advances and guarantees to the agricultural sector totalled DKK 3.5 billion at end-2015, equal to 7.0%. At end-2014, the exposure to the sector was DKK 3.9 billion, equal to 8.0%. Thus, the overall exposure to the agricultural sector diminished from end-2014 to end-2015. The development reflects a decrease in guarantees of DKK 0.3 billion and a decline in lending of DKK 0.1 billion.

AGRICULTURAL EXPOSURE BY RATING GROUP *)



*) Banking activities excl. leasing

Figure 6

AVERAGE RISK LEVEL AGRICULTURE *)

	2013	2014	2015
Average rating group	5.8	6.0	6.6

*) Banking activities (exposure after impairment)

Figure 7

As appears from the figure, the average credit quality worsened in 2014 and 2015.

Spar Nord pursues the principle that if agricultural customers fail to deliver positive returns at the breakeven prices fixed by the Bank of DKK 9.50/kg (without supplementary payment) for pork, and DKK 2.20/kg (without supplementary payment) for milk, this is defined as OEI. Breakeven prices are calculated based on financing at a 4% fixed interest rate for all the interest-bearing debt, regardless of the concrete financing chosen for a specific exposure. If realistic budgets cannot be drawn up on these conditions, the exposure will be subjected to an impairment calculation. Spar Nord anticipates that in 2016 the settlement prices for milk and pork will be on a par with the prices fetched in 2015.

Spar Nord's calculation of collateral values of agricultural properties is in accordance with the Danish Financial Supervisory Authority's most recent guidelines, i.e. that the land values in Spar Nord's market area range between DKK 125,000 and DKK 160,000 per hectare. Farm buildings are assessed in relation to their age, condition, etc. Farm buildings are measured at their fair value, which means that obsolete buildings are measured at DKK 0. Other agricultural assets such as livestock, stocks, equipment, etc. are recognized at 80% of their carrying amount. A 5% haircut is applied to all of the above-mentioned values.

Spar Nord's total impairment of agricultural loans amounted to DKK 831.5 million, compared to DKK 610.8 million at end-2014, equal to 24.1% for 2015 and 15.8% for 2014.

Losses of DKK 130.9 million were recognized in 2015 against DKK 114.5 million in 2014.

The agricultural sector has been operating under harsh conditions in recent years, which has necessitated major writedowns for impairment. The sector was still considered to face major problems at end-2015.

Overall, the portfolio of agricultural customers is still considered to be spread satisfactorily across production lines.

Concentration risk

Exposure to individual customers or a group of related customers, after adjusting for the impact of credit risk reduction and exceptions, etc., may not exceed 25% of the adjusted own funds according to CRR. Based on the Danish Financial Supervisory Authority's Diamond Test Model, the sum total of exposures amounting to 10% or more of the adjusted own funds after deductions may not exceed 125% of own funds. However, this calculation may exclude exposures to financial institutions that do not exceed EUR 150 million after deductions.

Spar Nord reports Large exposures to the Danish Financial Supervisory Authority and the EBA on a quarterly basis to comply with these rules.

Spar Nord has internally introduced a more conservative cap on exposures of DKK 500 million. Exposures to trading partners in the financial sector and repo and reverse transactions are not included for the purpose of calculating the Group's cap of DKK 500 million.

The table below shows credit exposures to groups totalling 10% or more of adjusted own funds calculated according to CRR, adjusted for the impact of credit reduction and exceptions, etc.

Credit exposure *)

The Spar Nord Group

	2015 No.	2015 DKK m	2015 %	2014 No.	2014 DKK m	2014 %
DKK m	Number of groups	Exposure	Exposure	Number of groups	Exposure	Exposure
Exposures > 10% of adjusted own funds calculated according to CRR	1	1,273.1	16.1	0	0.0	0.0

*) Total exposure has been calculated in accordance with the Danish Financial Supervisory Authority's guidelines on the reporting of financial statements.

Exposures > 10% consist of exposures to trading partners in the financial sector.

LOANS, ADVANCES AND GUARANTEES

BROKEN DOWN BY EXPOSURE *)

DKK m	Number 2015	Number 2014	Share in % 2015	Share in % 2014
0 - 0.1	51,827	53,357	1.5	1.4
0.1 - 0.5	34,920	32,813	12.3	11.1
0.5 - 1.0	11,490	10,375	11.9	10.3
1.0 - 5.0	6,985	7,800	23.7	25.5
5.0 - 10.0	851	827	8.9	8.8
10.0 - 20.0	406	403	8.9	8.4
20.0 - 50.0	233	246	11.5	12.1
50.0 - 100.0	73	69	8.3	7.5
100.0 -	46	47	13.0	14.9
Total	106,831	105,937	100.0	100.0

*) Excl. reverse transactions and SparXpres

Figure 8

A breakdown by exposure size shows that Spar Nord's portfolio of loans, advances and guarantees is well-diversified, as 58.3% (2014: 57.0%) is attributable to exposures of less than DKK 10 million, and as Spar Nord only has 46 exposures (2014: 47) of more than DKK 100 million.

NOTES

COLLATERAL ACCEPTED

Spar Nord 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 on real property, securities and vehicles make up the most common type of collateral, of which mortgages on real property are by far the most important collateral type provided to Spar Nord. Mortgages on real property consist mainly of mortgages on private housing.

MORTGAGES WITH POSITIVE EQUITY

	2015		2014	
	DKK m	Share in %	DKK m	Share in %
Private housing	12,166.2	54.3	9,312.9	51.9
Summer cottages	922.5	4.1	842.6	4.7
Agriculture	2,874.1	12.9	2,725.2	15.4
Offices and businesses	3,498.1	15.6	2,770.3	15.2
Other	2,934.6	13.1	2,291.9	12.8
Total	22,395.5	100.0	17,942.9	100.0

Figure 9

GEOGRAPHICAL BREAKDOWN OF MORTGAGES

	% 2015	% 2014
The Capital Region	14.0	12.0
Mid-Jutland Region	20.3	20.3
North Jutland Region	42.0	45.1
Region Zealand	9.2	8.0
Region South Denmark	11.6	11.7
International activities	2.9	2.9
Total	100.0	100.0

Figure 10

Spar Nord monitors the value of the collateral furnished on an ongoing basis. If the risk attaching to a counterparty increases, the collateral is subjected to 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.

Spar Nord'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 4.5-10.0% range (2014: 5.5%-10.0%).

THE GROUP'S UNSECURED SHARE OF CREDIT EXPOSURE

	Spar Nord The Group 2015	Spar Nord The Group 2014
Unsecured share of credit exposure, %		
< 10 %	38.7	30.2
10 - 50 %	21.5	20.2
50 - 75 %	10.7	12.1
> 75 %	29.1	37.5
Average unsecured share of credit exposure, %	41.2	50.1

THE GROUP'S UNSECURED SHARE OF CREDIT EXPOSURE

Line of business	2015		2014	
	DKK m	%	DKK m	%
Public authorities	259.9	99.8	925.2	99.8
Agriculture, hunting and forestry	1,130.6	32.8	1,172.7	30.4
Fisheries	53.8	52.9	64.9	50.4
Industry and raw mat. extraction	878.3	35.0	1,339.4	49.1
Energy supply	636.7	31.8	811.0	43.8
Building and construction	627.6	41.0	764.5	48.8
Trade	1,766.2	49.9	2,480.3	64.0
Transport, hotels and restaurants	485.9	31.8	742.0	43.1
Information and communication	61.4	49.8	73.6	64.3
Financing and insurance	1,656.7	25.1	1,613.3	58.3
Real estate	2,548.1	46.4	2,818.4	52.1
Other business areas	1,374.2	54.5	1,888.8	65.4
Business customers, total	11,479.4	38.7	14,694.1	52.8
Retail customers, total	8,877.2	44.9	9,381.8	46.5
Total	20,356.6	41.2	24,075.9	50.1

Figure 11

In the event that Spar Nord calls up collateral that cannot easily be converted to cash, Spar Nord pursues the policy of attempting to dispose of such assets as soon as possible.

In 2015, Spar Nord repossessed equipment and properties worth DKK 15.9 million [2014: DKK 20.0 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 Bank's leasing activities is reduced.

THE SPAR NORD GROUP COLLATERAL AND CATEGORY

Collateral accepted	2015	2014
	DKK m	DKK m
Credit exposure, carrying amount	49,450.5	48,032.5
Value of collateral	29,093.9	23,956.6
Unsecured, total	20,356.6	24,075.9
Type of collateral		
Properties	13,771.2	11,368.4
Custody accounts / securities	5,042.2	1,473.2
Guarantees / suretyships	370.7	294.6
Vehicles	708.8	718.6
Cash	511.1	629.8
Other collateral	3,687.0	2,668.9
Collateral used, total	24,091.0	17,153.5
Spec. secured trans. (mortgage-credit inst. guarantees)	3,785.9	5,705.7
Total collateral accepted, excl. Spar Nord Leasing	27,876.9	22,859.2
Collateral accepted, leasing activities	1,217.0	1,097.4
Total	29,093.9	23,956.6

Figure 12

The reason that the property value under mortgages broken down by property type is calculated at DKK 22.4 billion [2014: DKK 17.9 billion] and that only DKK 13.8 billion [2014: DKK 11.4 billion] is recorded as collateral on the properties in the table above is that DKK 22.4 billion [2014: DKK 17.9 billion] is the amount mortgaged to the Bank and recorded as collateral, while DKK 13.8 billion [2014: DKK 11.4 billion] is the share actually used for calculating collateral regarding a facility. Some exposures are smaller than the collateral value, and collateral has also been provided by customers who do not currently have any loans and credit facilities.

NOTES

Impairment account	Spar Nord The Group 31.12.15 DKK m	Spar Nord The Group 31.12.14 DKK m	Spar Nord Parent Company 31.12.15 DKK m	Spar Nord Parent Company 31.12.14 DKK m
<i>Individual impairment of loans and advances</i>				
Individual impairment, beginning of year	1,648.5	1,535.3	1,648.5	1,535.3
New individual impairment	623.0	641.9	623.0	641.9
Reversal of individual impairment losses	334.6	296.6	334.6	296.6
Previously written down, now definitively lost	374.7	324.3	374.7	324.3
Interest on impaired loans and advances taken to income	83.4	92.2	83.4	92.2
Individual impairment, end of year	1,645.6	1,648.5	1,645.6	1,648.5
<i>Groups of impairment losses, loans and advances</i>				
Groups of impairment losses, beginning of year	162.6	57.8	162.6	57.8
New groups of impairment losses	9.6	109.8	9.6	109.8
Reversal of groups of impairment losses	34.7	5.0	34.7	5.0
Groups of impairment losses, end of year	137.5	162.6	137.5	162.6
<i>Total impairment of loans and advances</i>				
Impairment, beginning of year	1,811.1	1,593.1	1,811.1	1,593.1
New impairment	632.6	751.7	632.6	751.7
Reversal of impairment losses	369.3	301.6	369.3	301.6
Previously written down, now definitively lost	374.7	324.3	374.7	324.3
Interest on impaired loans and advances taken to income	83.4	92.2	83.4	92.2
Impairment, end of year	1,783.1	1,811.1	1,783.1	1,811.1
<i>Impairment recognized in the income statement</i>				
New impairment	632.6	751.7	632.6	751.7
Reversal of impairment losses	369.3	301.6	369.3	301.6
Losses without prior impairment	168.3	187.5	168.3	187.5
Carried to income, previously written off	67.2	66.2	67.2	66.2
Recognized in the income statement	364.4	571.4	364.4	571.4
<i>Provisions for losses on guarantees</i>				
Provisions, beginning of year	33.9	2.4	33.9	2.4
New provisions	22.6	33.9	22.6	33.9
Reversal of provisions	13.6	2.4	13.6	2.4
Provisions for losses on guarantees, end of year	42.9	33.9	42.9	33.9
<i>Provisions for losses on guarantees recognized in the income statement</i>				
New provisions	22.6	33.9	22.6	33.9
Reversal of provisions	13.6	2.4	13.6	2.4
Recognized in the income statement	9.0	31.5	9.0	31.5
Impairment account for loans, advances and provisions for guarantees, total	1,826.0	1,845.0	1,826.0	1,845.0
<i>Impairment, other credit risks</i>				
Impairment, other credit risks, beginning of year	10.5	10.5	10.5	10.5
Impairment, other credit risks, total	10.5	10.5	10.5	10.5
Impairment account for loans, advances, provisions for guarantees and other credit risks, total	1,836.5	1,855.5	1,836.5	1,855.5
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>				
Impairment of loans, advances and receivables	364.4	571.4	364.4	571.4
Provisions for losses on guarantees	9.0	31.5	9.0	31.5
Total impairment of loans, advances and receivables, etc.	373.4	602.9	373.4	602.9
<i>Non-performing loans</i>	281.3	301.0	281.3	301.0
<i>Interest on impaired receivables is calculated on the impaired balance only</i>				
Interest on impaired loans and advances taken to income	83.4	92.2	83.4	92.2

NOTES

Exposures and impairment by industry	2015				2014			
	Loans, advances and guarantees		Total impairment		Loans, advances and guarantees		Total impairment	
	DKK m	%	DKK m	%	DKK m	%	DKK m	%
<i>Business customers</i>								
Public authorities	260.5	0.5	0.0	0.0	926.8	1.9	0.0	0.0
Agriculture, hunting, forestry and fisheries	3,551.9	7.2	833.6	45.6	3,988.8	8.3	612.5	33.2
Industry and raw materials extraction	2,506.0	5.1	50.8	2.8	2,725.6	5.7	64.0	3.5
Energy supply	1,999.7	4.0	13.7	0.8	1,853.0	3.9	11.5	0.6
Building and construction	1,527.3	3.1	57.1	3.1	1,565.5	3.3	91.1	4.9
Trade	3,539.3	7.2	90.8	5.0	3,878.5	8.1	108.0	5.9
Transport, hotels and restaurants	1,524.1	3.1	44.2	2.4	1,719.9	3.6	82.2	4.5
Information and communication	123.2	0.2	0.9	0.0	114.4	0.2	2.3	0.1
Financing and insurance	6,617.7	13.4	48.5	2.7	2,769.1	5.8	79.5	4.3
Real estate	5,496.0	11.1	228.8	12.5	5,410.7	11.2	300.0	16.2
Other business areas	2,523.8	5.1	55.9	3.1	2,887.8	6.0	79.2	4.3
Business customers, total	29,669.5	60.0	1,424.3	78.0	27,840.1	58.0	1,430.3	77.5
Retail customers, total	19,781.0	40.0	401.7	22.0	20,192.4	42.0	414.7	22.5
Loans, advances and guarantees, total	49,450.5	100.0	1,826.0	100.0	48,032.5	100.0	1,845.0	100.0
<i>Of which groups of impairment losses</i>								
Retail customers			29.5	21.5			28.4	17.5
Business customers			108.0	78.5			134.2	82.5
Groups of impairment losses			137.5	100.0			162.6	100.0

In connection with Spar Nord'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.

Individually impaired loans, etc.

The Spar Nord Group/Spar Nord Parent Company	2015 DKK m	2014 DKK m
<i>Loans, advances and receivables</i>		
Sum total of loans, advances and receivables for which individual impairment has been recognized	3,567.3	4,037.2
Impairment of loans, advances and receivables	1,645.6	1,648.5
Carrying amount of loans, advances and receivables	1,921.7	2,388.7
<i>Guarantees</i>		
Sum total of guarantees for which individual impairment has been recognized	152.4	299.9
Provisions for guarantees	42.9	33.9
Carrying amount of guarantees	109.5	266.0

The impairment account for individual impairment shown by cause of impairment	2015		2014	
	Credit exposure before impairment DKK m	Impairment DKK m	Credit exposure before impairment DKK m	Impairment DKK m
<i>Individual impairment of loans, advances, receivables and guarantees</i>				
Insolvent liquidation	100.7	72.5	125.5	68.5
Collection or suspension of payments	255.0	156.6	173.9	100.6
Other financial difficulties	3,364.0	1,459.4	4,037.7	1,513.3
Individual impairment of loans, advances, receivables and guarantees, total	3,719.7	1,688.5	4,337.1	1,682.4

Virtually all cases of insolvent liquidation, suspension of payments and collection proceedings are attributable to business facilities.

The collateral for individually impaired loans and for past-due loans that have not been individually impaired does not differ significantly from Spar Nord's other collateral.

Forbearance

A loan facility is defined as being subject to forbearance if the conditions regarding interest payments and/or repayments have been relaxed on account of the borrower's financial difficulties, or if the loan has been refinanced on more lenient terms.

At Spar Nord, forbearance is considered objective evidence of impairment (OEI), and the terms are deemed to have been relaxed if business customers with OEI are granted an interest rate of less than 3%. For retail customers, the terms are considered to have been relaxed if they are granted an interest rate of less than 3.5%. Moreover, repayment terms are considered to be relaxed for retail customers if the term to maturity exceeds 20 years. The terms of a home loan will typically have been fixed prior to any OEI and will therefore not be included for the purpose of identifying facilities with relaxed terms, regardless of whether the above criteria have been met.

Non-performing loans (NPL)

Non-performing loans (NPL) are defined as the category of exposures that are in default (in terms of the Basel criteria) and/or impaired, i.e. exposures towards customers whose balances have been written off, written down or are past due by 90 days.

Figure 13 below shows a breakdown of loans and advances for which the terms have been relaxed.

LOANS AND ADVANCES SUBJECT TO FORBEARANCE

DKK m	Business customers	Agricultural customers	Retail customers	Total
Non-performing	582.2	524.8	244.2	1,351.2
Performing	123.2	26.6	22.8	172.6
Total	705.4	551.4	267.0	1,523.8

Figure 13

CLAIMS DUE, BUT NOT IMPAIRED

The Group

DKK m	Total			
	Over-drawn 31.12.15	Collateral 31.12.15	Over-drawn 31.12.14	Collateral 31.12.14
0 - 30 days	126.4	117.0	153.4	140.3
31 - 60 days	10.5	10.3	14.6	14.0
61 - 90 days	1.4	1.4	2.7	2.7
> 90 days	5.5	5.4	7.5	7.4
Total	143.8	134.1	178.2	164.4

Figure 14

The collateral has been calculated using Spar Nord'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 Spar Nord. The development can be seen from figures 15 and 16 below, which include a trendline for developments from month to month in the past two years. Retail customers' unauthorized overdrafts remained at a stable low level during the year. Business customers' unauthorized overdrafts remained at a low level throughout the period, averaging about 0.3 % of the loans and advances granted by Spar Nord's Local Banks. This is considered satisfactory.

RETAIL CUSTOMERS - LOCAL BANKS – DEVELOPMENT IN UNAUTHORIZED OVERDRAFTS/EXP. PAST DUE

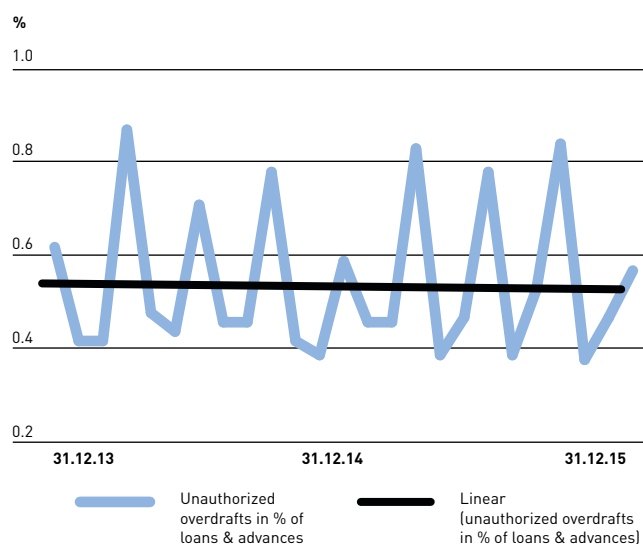


Figure 15

BUSINESS CUSTOMERS - DEVELOPMENT IN UNAUTHORIZED OVERDRAFTS/EXP. PAST DUE

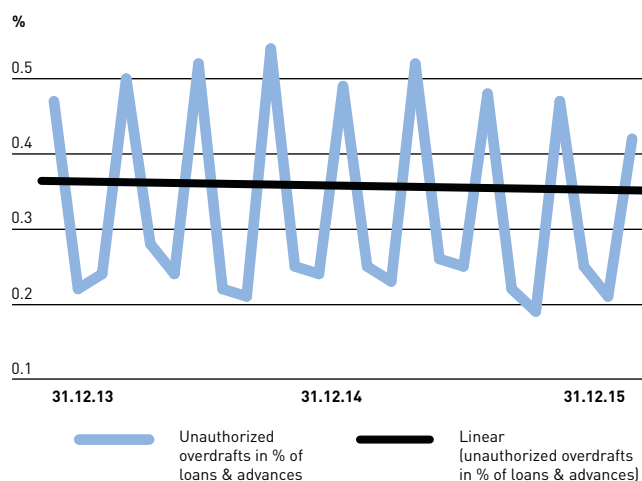


Figure 16

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	31.12.15 Carrying amount DKK m	31.12.14 Carrying amount DKK m	31.12.15 Risk portfolio DKK m	31.12.14 Risk portfolio DKK m
AAA	15,244.8	18,758.4	15,843.5	17,271.4
AA	944.8	1,155.8	944.8	1,155.8
A	1,534.3	3,278.9	1,534.3	3,278.9
BBB	1,190.8	1,359.0	1,190.8	1,353.7
BB	61.7	76.6	61.8	76.7
B	16.9	26.8	16.9	26.8
CCC	0.8	0.7	0.8	0.7
Unrated	227.7	262.7	226.1	261.9
Unallocated	0.4	14.9	0.4	14.9
Total	19,222.2	24,933.8	19,819.4	23,440.8

Overall, Management's assessment is that Spar Nord's credit exposure to financial counterparties remains at a moderate level, as 92.4% (2014: 92.9%) 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	31.12.15 Carrying amount DKK m	31.12.14 Carrying amount DKK m	31.12.15 Risk portfolio DKK m	31.12.14 Risk portfolio DKK m
Mortgage-credit bonds	13,683.0	17,137.1	14,319.4	15,981.6
Financial issuers	1,700.0	2,542.7	1,700.0	2,538.2
Other issuers	304.6	291.9	303.1	291.2
Government bonds	366.0	262.3	328.3	-70.0
Total	16,053.6	20,234.0	16,650.8	18,741.0

Calculated as risk portfolio, Spar Nord's bond portfolio is composed of 86.0% mortgage-credit bonds (2014: 85.3%), 10.2% bonds from financial issuers (2014: 13.5%) and 3.8% from other issuers (2014: 1.2%).

BOND PORTFOLIO BY RATING THE GROUP	31.12.15 Carrying amount DKK m	31.12.14 Carrying amount DKK m	31.12.15 Risk portfolio DKK m	31.12.14 Risk portfolio DKK m
AAA	13,904.2	16,961.1	14,502.9	15,474.1
AA	316.1	464.1	316.1	464.1
A	624.9	1,472.2	624.9	1,472.2
BBB	1,017.0	1,138.0	1,017.0	1,132.7
BB	60.2	75.2	60.3	75.3
B	16.9	26.8	16.9	26.8
CCC	0.8	0.7	0.8	0.7
Unrated	113.5	95.9	111.9	95.1
Total	16,053.6	20,234.0	16,650.8	18,741.0

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 an AAA 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	31.12.15 Carrying amount DKK m	31.12.14 Carrying amount DKK m	31.12.15 Risk portfolio DKK m	31.12.14 Risk portfolio DKK m
Reverse transactions	1,340.6	1,797.3	1,340.6	1,797.3
Deposits and unlisted bonds	50.0	550.0	50.0	550.0
Subordinated loans	6.5	5.9	6.5	5.9
Current accounts	303.7	113.6	303.7	113.6
CSA accounts, etc.	1,020.2	1,473.5	1,020.2	1,473.5
Commercial foreign business	20.3	20.7	20.3	20.7
Undisclosed	0.0	9.6	0.0	9.6
Receivables from credit institutions	2,741.3	3,970.6	2,741.3	3,970.6
Positive fair value of derivative instruments, financial institutions	427.3	729.2	427.3	729.2
Total	3,168.6	4,699.8	3,168.6	4,699.8

RECEIVABLES FROM CREDIT INSTITUTIONS BY RATING

THE GROUP	31.12.15 Carrying amount DKK m	31.12.14 Carrying amount DKK m	31.12.15 Risk portfolio DKK m	31.12.14 Risk portfolio DKK m
AAA	1,340.6	1,797.3	1,340.6	1,797.3
AA	628.7	691.7	628.7	691.7
A	909.4	1,806.7	909.4	1,806.7
BBB	173.8	221.0	173.8	221.0
BB	1.5	1.4	1.5	1.4
Unrated	114.2	166.8	114.2	166.8
Unallocated	0.4	14.9	0.4	14.9
Total	3,168.6	4,699.8	3,168.6	4,699.8

90.9% (2014: 91.4%) 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 3.2 billion (2014: DKK 4.7 billion), 42.3% (2014: 38.2%) is attributable to institutions with an AAA rating, 19.9% (2014: 14.7%) to institutions with an AA rating, and 28.7% (2014: 38.5%) 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.

56 **MARKET RISK**

Market risk is defined as the risk that volatility in market conditions will change the market value of Spar Nord's assets and liabilities. Market risks are a consequence of Spar Nord's open positions in the financial markets and may be categorized as interest-rate risk, equity risk, foreign-exchange risk and liquidity risk. Market risks are managed and hedged primarily by Spar Nord's Trading, Financial Markets & the International Division.

In 2015, 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 methodology 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 Spar Nord's market risk policy is to ensure that Spar Nord has a market risk that at all times bears an appropriate relation to its capital base. Moreover, the market risk policy must ensure that Spar Nord continuously handles and manages its market risks on the basis of appropriate and updated procedures.

For its management of market risks, Spar Nord has established a three-tier instruction hierarchy. At the first tier-level, the Board of Directors defines the limits for Spar Nord to the Executive Board. At the second tier, the Executive Board delegates limits to the entities of Spar Nord, 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 Spar Nord's business development.

The most important limits applicable at the end of 2015 allow Spar Nord to:

- have a net interest-rate risk of 2.1% measured in relation to Spar Nord's Tier 1 capital (T1) 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. Spar Nord 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)

2015	Less than 3 mths	3 mths - 1 year	1 year - 3 years	3 years - 7 years	Over 7 years	Total
DKK	7.0	21.2	5.5	19.0	46.8	99.5
EUR	0.6	6.1	-6.7	-5.0	10.5	5.5
USD	-0.2	-1.0	0.1	4.1	0.6	3.6
GBP	0.0	0.1	0.1	0.3	0.0	0.5
NOK	-0.1	0.0	0.0	0.1	0.0	0.0
CHF	0.1	-0.4	-0.3	0.0	0.0	-0.6
JPY	0.0	0.0	0.0	0.0	0.0	0.0
SEK	0.3	-0.1	0.7	-0.3	0.0	0.6
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
Total	7.7	25.9	-0.6	18.2	57.9	109.1

2014	Less than 3 mths	3 mths - 1 year	1 year - 3 years	3 years - 7 years	Over 7 years	Total
DKK	10.2	11.1	14.9	14.0	-34.4	15.8
EUR	-1.0	1.4	-5.3	14.3	11.7	21.1
USD	2.6	-0.5	0.5	0.6	0.7	3.9
GBP	0.0	0.0	0.1	0.5	0.0	0.6
NOK	-0.3	-0.1	0.0	0.0	0.1	-0.3
CHF	-1.2	0.2	-3.9	3.3	0.0	-1.6
JPY	0.0	-0.2	-0.3	0.0	-0.1	-0.6
SEK	0.0	0.1	0.6	0.6	0.0	1.3
Miscellaneous	0.0	-0.1	0.0	0.0	0.0	-0.1
Total	10.3	11.9	6.6	33.3	-22.0	40.1

As appears from the table, Spar Nord is mainly exposed to DKK (2014: DKK and EUR). It also appears that since end-2014, the interest-rate risk has gone from being positive in the amount of DKK 40.1 million to being positive in the amount of DKK 109.1 million at end-2015.

If the yield curves are displaced parallel to each other upwards by one percentage point, a positive interest-rate risk would impact the shareholders' equity negatively. In 2015, the interest-rate risk would, as a maximum, have impacted the shareholders' equity positively by just under 0.4% (2014: 1.0%) and negatively by 2.1% (2014: -1.9%) if interest rates had increased by one percentage point.

NOTES

Foreign-exchange risk

The foreign-exchange risk is the risk of loss on positions due to exchange-rate fluctuations. Foreign-exchange positions are included in the calculation of the Delta-adjusted position.

The foreign-exchange risk is illustrated by the table below. The calculation is based on the assumption that all exchange rates develop unfavourably for Spar Nord by 2%.

FOREIGN-EXCHANGE RISK	Spar Nord The Group 31.12.15 DKK m	Spar Nord The Group 31.12.14 DKK m	Spar Nord Parent Company 31.12.15 DKK m	Spar Nord Parent Company 31.12.14 DKK m
Assets denominated in foreign currencies, total	5,495.9	8,469.0	5,495.9	8,469.0
Liabilities denominated in foreign currencies, total	2,536.1	3,887.2	2,536.1	3,887.2

Foreign-exchange risk broken down by currency:

EUR	-2.3	-5.8	-2.3	-5.8
SEK	-0.5	-0.8	-0.5	-0.8
USD	-1.9	-1.9	-1.9	-1.9
GBP	-0.5	-0.1	-0.5	-0.1
CHF	-0.2	-0.1	-0.2	-0.1
NOK	-0.3	-0.1	-0.3	-0.1
JPY	-0.2	-0.7	-0.2	-0.7
Other currencies	-0.3	-0.1	-0.3	-0.1
Foreign-exchange risk regarding financial instruments, etc., total	-6.2	-9.6	-6.2	-9.6

As appears from the table, the overall foreign-exchange risk for Spar Nord was DKK 6.2 million at end-2015, which is DKK 3.4 million less than at end-2014.

This development is mainly attributable to the trend of the Euro.

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.

Equity risk in the trading portfolio:

	Spar Nord The Group 31.12.15 DKK m	Spar Nord The Group 31.12.14 DKK m
Listed shares in the trading portfolio	131.8	106.7
Unlisted shares in the trading portfolio	10.5	13.2
Total shares in the trading portfolio	142.3	119.9

The shares in the trading portfolio are shares acquired with a view to trading.

Shares outside the trading portfolio:

Shares in credit and financing institutions	1,109.2	890.3
Shares in unit trust management companies	82.1	81.4
Shares in pension institutions	2.1	2.2
Shares in data supplier	233.9	226.9
Shares in payment services business	5.1	5.1
Other shares	83.6	91.0
Shares in strategic partners, total	1,516.0	1,296.9
Realized gains *)	245.8	182.1
Unrealized gains	69.3	52.6
Total associates	82.4	941.3
Total shares outside the trading portfolio	1,598.4	2,238.2

*) Of which the gain on the sale of shares in Nørresundby Bank in 2015 amounted to DKK 225.6 million, which has been included in market-value adjustments. In 2014, the gain on the sale of shares in NETS amounted to DKK 178.0 million.

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.

In 2014, shares in associates included Nørresundby Bank A/S in which Spar Nord had a 54.8% interest, but due to voting right restrictions this interest was considered to give significant influence only, and not control. Spar Nord sold its shares in Nørresundby Bank A/S in 2015.

Spar Nord's most important shareholding included under associates at end-2015 was Valueinvest Asset Management SA.

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 Spar Nord'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 institution with the sector company. Typically, this reallocation is made based on the net asset value of the sector company in question. In light of this, Spar Nord adjusts the recognized value of these shares when new information is available that warrants a change of valuation. The shares in other sector companies are not reallocated, but are measured based on a fair value, which is equal to the net asset value, or another recognized valuation method (including the discounted cash flow method). The adjustments of the values of the shares in these companies are also recognized in the income statement.

	Spar Nord The Group 31.12.15 DKK m	Spar Nord The Group 31.12.14 DKK m	Spar Nord Parent Company 31.12.15 DKK m	Spar Nord Parent Company 31.12.14 DKK m
<i>Shares included in the trading portfolio:</i>				
Long positions	142.3	119.9	142.3	119.9
Short positions	2.3	2.4	2.3	2.4
Gross portfolio	144.6	122.3	144.6	122.3

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	
	31.12.15 %	31.12.14 %	31.12.15 DKK m	31.12.14 DKK m
- Interest increase of 1 percentage point	-1.3	-0.5	-95.9	-37.7
- Interest decrease of 1 percentage point	1.3	0.5	95.9	37.7
- Share price decrease of 10%	-0.1	-0.1	-10.9	-9.1
- Exchange-rate fluctuation of 2% in unfavourable direction	-0.1	-0.1	-4.7	-7.2

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 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.

57 LIQUIDITY RISK

In 2015, Spar Nord made no major changes in calculation methods, policies and exposures, etc. as compared to the year before.

Spar Nord is generally exposed to liquidity risks when lending, investment and funding activities result in a cash flow mismatch.

Liquidity risk means that Spar Nord cannot meet its payment obligations, while also meeting the statutory liquidity requirements. Moreover, a liquidity risk exists if the lack of financing/funding prevents Spar Nord from adhering to the adopted business model, or if Spar Nord's costs for procurement of liquidity rise disproportionately.

Spar Nord 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"

On the basis of the policies, objectives and contingency plans set up by the Board of Directors, the Executive Board has defined operational frameworks and specific limits for Trading, Financial Markets & the International Division, which is responsible for managing the Group's short-term liquidity, and for the Finance & Accounts Department, which is responsible for managing Spar Nord's long-term funding.

The Finance & Accounts Department is responsible for calculating, monitoring and checking that Spar Nord's liquidity risk does not exceed the instruction limits. It regularly reports to the Board of Directors, the Executive Board, the Danish Financial Supervisory Authority and Danmarks Nationalbank.

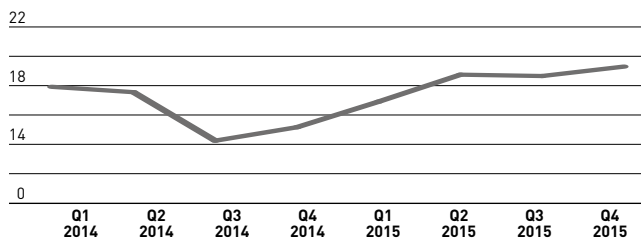
Strategic liquidity

Spar Nord calculates strategic liquidity as deposits excluding repo transactions, senior loans, issued bonds, subordinated debt and shareholders' equity, less lending excluding reverse transactions. Moreover, subordinated debt, senior loans and issued bonds due within 12 months are not included in the calculation of strategic liquidity.

Spar Nord's strategic liquidity is used to measure the long-term liquidity position.

STRATEGIC LIQUIDITY

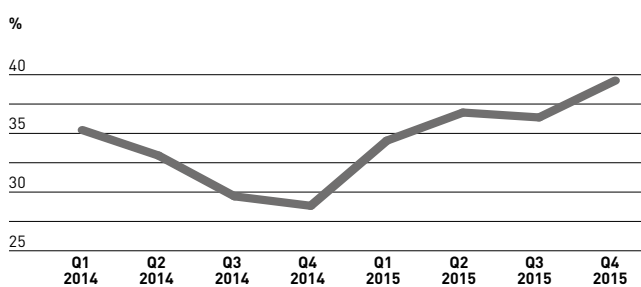
DKK bn



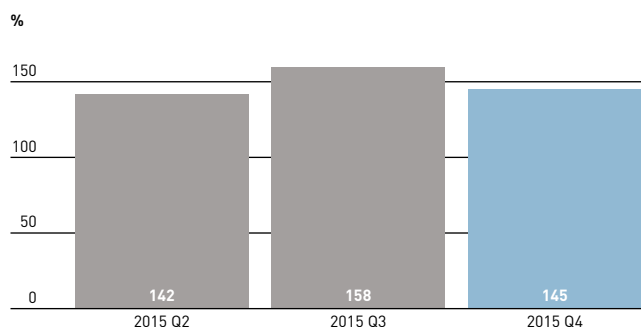
STRATEGIC LIQUIDITY

	Spar Nord The Group 31.12.15 DKK m	Spar Nord The Group 31.12.14 DKK m
Deposits, banking activities	44,366.7	42,235.8
Senior loans	63.6	68.9
Issued bonds	0.0	22.6
Subordinated debt	1,088.8	1,708.3
Shareholders' equity	7,887.0	7,033.0
Generation of cash	53,406.1	51,068.6
Loans and advances, banking activities	32,630.5	34,351.4
Loans and advances, leasing activities	1,253.7	1,132.4
Loans and advances (banking and leasing activities)	33,884.2	35,483.8
Senior loans, issued bonds and subordinated debt having a term to maturity of less than 12 months	0.0	630.6
Strategic liquidity	19,521.9	14,954.2

COMPLIANCE RATIO RELATIVE TO THE 10% REQUIREMENT (SECTION 152(2))



LIQUIDITY COVERAGE RATIO (LCR)



At end-2015, Spar Nord had strategic liquidity of DKK 19.5 billion, a DKK 4.5 billion increase on end-2014 when strategic liquidity was determined at DKK 15.0 billion.

The increase in strategic liquidity is mainly attributable to increased deposits (DKK 2.2 billion) and declining loans and advances (DKK 1.8 million). In 2014, maturing subordinated capital in the amount of DKK 0.6 billion was recognized. Spar Nord refinanced the matured capital in mid-2015, for which reason strategic liquidity at end-2015 is positively impacted by the floating of DKK 400 million by way of Additional Tier 1 (AT1) capital. Finally, the leasing activities increased by DKK 0.1 billion, while consolidation contributed positively with DKK 0.4 billion.

Subsequently, the strategic liquidity has been specified for the individual constituent parts for end-2015 and end-2014, respectively.

Cash resources

The new LCR requirements entered into force as of 1 October 2015. At the same time, the requirement stipulated in section 152 of the Danish Financial Business Act will remain in force until its phase-out. Thus, two different calculations of the cash resource buffer are to be prepared and reported.

Cash resources pursuant to section 152

Spar Nord aims to have excess liquidity coverage pursuant to the requirement of minimum 50% stipulated in section 152 of the Financial Business Act, calculated in relation to own liquidity (i.e. excluding the recognition of pooled assets), and a funding structure that stays within the threshold value for Funding Ratio in the Diamond Test Model.

Spar Nord's management of short-term liquidity is intended to maintain adequate, free liquidity in order to ensure compliance with the minimum liquidity requirement pursuant to section 152 of the Danish Financial Business Act and the threshold values determined in the 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 39.6% at end-2015 (2014: 28.6%).

Cash resources pursuant to the LCR Regulation

Spar Nord's objective is for the LCR to amount to at least 100% in compliance with the LCR Regulation.

During the period leading up to the LCR Regulation entering into force on 1 October 2015, Spar Nord adjusted short-term liquidity management in accordance with the rules on LCR. At end-2015, LCR was thus included as part of Spar Nord's short-term liquidity management, which is handled by Spar Nord's liquidity management function.

At end-2015, LCR was calculated at 145%, which is comfortably above Spar Nord's target LCR of at least 100%. The excess coverage of 45 percentage points corresponds to surplus liquidity of DKK 5.0 billion.

Contingency liquidity plan

Spar Nord has prepared an emergency liquidity plan pursuant to the Danish Executive Order on Management and Control with Financial Institutions. This plan contains a catalogue of possible courses of action to strengthen Spar Nord'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 Spar Nord can only meet the predetermined liquidity instructions with difficulty and with resulting sharply increased funding costs.

Stress test

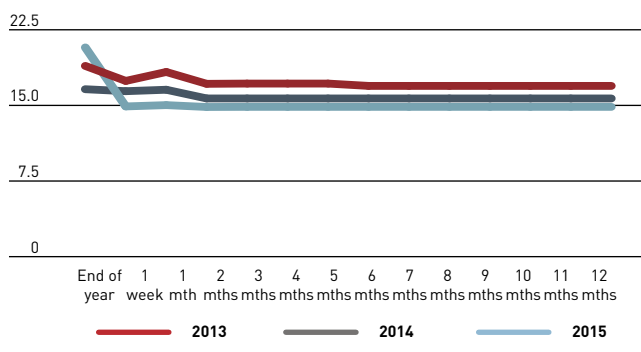
In addition to liquidity management models, Spar Nord prepares internal stress tests. The stress tests span a 12-month period and are calculated using three permanently defined scenarios: A business-specific, a market-specific and a mixed scenario.

In addition, Spar Nord performs a stress test corresponding to Moody's "12-month scenario with no access to funding". This scenario operates on the assumption that Spar Nord 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 Spar Nord's assets is assumed.

As appears from the figure below, Spar Nord has positive liquidity for the full 12-month period.

MOODY'S 12-MTH SCENARIO WITH NO ACCESS TO FUNDING

DKK bn



Funding structure

Spar Nord's operations are predominantly funded through four funding sources:

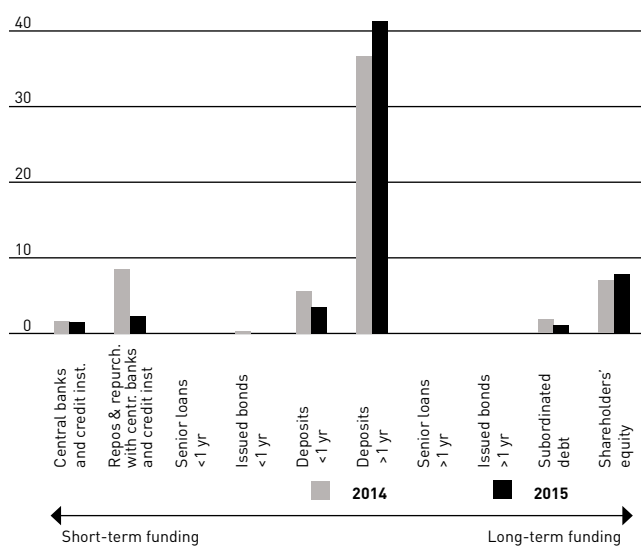
- Customer deposits
- Loans from or repo transactions with other credit institutions and Danmarks Nationalbank
- Issued bonds and senior loans
- Subordinated debt and shareholders' equity

Overall, Spar Nord's funding at end-2015 had been reduced by DKK 3.9 billion compared to end-2014. The most important changes in Spar Nord's funding structure consist of a marked reduction in repos and repurchases and an increase in deposits. Deposits remain Spar Nord's largest funding source, at end-2015 amounting to 77.9% (2014: 68.9%) of total funding, which is 9 percentage points up on end-2014.

In total, long-term funding [funding with a term to maturity of more than one year] amounts to 87.5%, which is 13.3 percentage points up on end-2014.

FUNDING STRUCTURE

DKK bn



FUNDING

DKK m / %	2015	2014	2015	2014
Centr. banks and credit inst.	1,478.4	1,672.5	2.6	2.7
Repos and repurchases w/ centr. banks and credit inst.	2,197.5	8,596.0	3.8	14.0
Senior loans <1 year	0.0	0.0	0.0	0.0
Issued bonds <1 year	0.0	22.6	0.0	0.0
Deposits <1 year	3,511.2	5,567.4	6.1	9.1
Deposits >1 year	41,225.1	36,668.4	71.8	59.8
Senior loans >1 year	63.6	68.9	0.1	0.1
Issued bonds > 1 year	0.0	0.0	0.0	0.0
Subordinated debt incl. hybrid core cap.	1,501.1	1,708.3	2.6	2.8
Shareholders' equity excl. hybrid core cap.	7,474.7	7,033.0	13.0	11.5
Total	57,451.6	61,337.1	100.0	100.0

NOTES

Balance-sheet items broken down by expected time to maturity	31.12.15	31.12.15	31.12.14	31.12.14
	<1 year DKK m	>1 year DKK m	<1 year DKK m	>1 year DKK m
Assets				
Cash balances and demand deposits with central banks	610.4	0.0	985.7	0.0
Receivables from credit institutions and central banks	2,734.8	6.5	3,914.7	55.9
Loans, advances and other receivables at amortized cost	19,355.2	18,684.1	17,011.3	18,936.3
Bonds at fair value	3,167.2	12,886.4	4,582.6	15,651.4
Shares, etc.	131.8	1,526.5	106.7	1,310.1
Equity investments in associates	0.0	82.4	0.0	941.3
Assets linked to pooled schemes	1,643.6	11,736.4	1,307.9	9,545.9
Intangible assets	15.9	198.6	14.0	210.4
- Investment properties	0.0	144.6	0.0	147.7
- Corporate properties	15.1	531.9	11.7	525.6
Land and buildings, total	15.1	676.5	11.7	673.3
Other property, plant and equipment	42.8	56.8	54.7	65.3
Current tax assets	91.0	0.0	92.6	0.0
Deferred tax assets	6.0	0.0	11.5	7.9
Temporary assets	27.4	0.0	41.2	0.0
Other assets	1,034.7	1,449.0	953.6	2,066.5
Prepayments	178.1	0.0	272.9	0.0
Total	29,054.0	47,303.2	29,361.1	49,464.3
Liabilities				
Payables to credit institutions and central banks	3,675.9	63.6	10,268.5	68.9
Deposits and other payables	3,511.2	41,225.1	5,567.4	36,668.4
Deposits in pooled schemes	1,643.6	11,736.4	1,307.9	9,545.9
Issued bonds at amortized cost	0.0	0.0	22.6	0.0
Other non-derivative financial liabilities at fair value	1,219.7	0.0	1,758.4	0.0
Other liabilities	3,058.4	1,023.0	2,671.8	1,979.8
Deferred income	25.7	0.0	27.8	0.0
Total liabilities other than provisions	13,134.5	54,048.1	21,624.4	48,263.0
Provisions for deferred tax	6.8	116.0	20.7	105.0
Provisions for losses on guarantees	6.7	36.2	18.4	25.3
Other provisions	23.4	9.7	14.7	12.6
Subordinated debt	0.0	1,088.8	609.6	1,098.7
Total	13,171.4	55,298.8	22,287.8	49,504.6

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

31.12.15	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
Non-derivative instruments					
Payables to credit institutions and central banks	3,739.5	3,744.5	3,676.7	10.1	57.7
Deposits and other payables	44,736.3	45,171.0	40,373.6	1,755.3	3,042.1
Deposits in pooled schemes	13,380.0	13,380.0	1,643.6	3,255.9	8,480.5
Other non-derivative financial instruments	1,219.7	1,219.7	1,219.7	0.0	0.0
Other liabilities, excl. derivative instruments	2,604.9	2,604.9	2,604.9	0.0	0.0
Subordinated debt	1,088.8	1,211.8	50.8	1,161.0	0.0
Irrevocable credit commitments and contingent liabilities	9,585.2	9,585.2	3,381.0	3,129.1	3,075.1
Derivative instruments					
Fair value of derivative instruments	1,476.5	1,415.3	440.1	495.4	479.8
Total	77,830.9	78,332.4	53,390.4	9,806.8	15,135.2

31.12.14

	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
Non-derivative instruments					
Payables to credit institutions and central banks	10,337.4	10,345.4	10,269.6	14.4	61.4
Deposits and other payables	42,235.8	42,943.6	37,359.1	2,132.9	3,451.6
Deposits in pooled schemes	10,853.8	10,853.8	1,307.9	2,687.9	6,858.0
Issued bonds at amortized cost	22.6	22.6	22.6	0.0	0.0
Other non-derivative financial instruments	1,758.4	1,758.4	1,758.4	0.0	0.0
Other liabilities, excl. derivative instruments	2,574.0	2,574.0	2,574.0	0.0	0.0
Subordinated debt	1,708.3	1,909.0	676.0	1,233.0	0.0
Irrevocable credit commitments and contingent liabilities	10,239.9	10,239.9	5,937.8	2,625.8	1,676.3
Derivative instruments					
Fair value of derivative instruments	2,077.6	2,000.1	527.8	788.6	683.7
Total	81,807.8	82,646.8	60,433.2	9,482.6	12,731.0

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 Spar Nord may choose between redeeming the debt or paying an increased interest rate/increased redemption price. If Spar Nord instead chooses to extend the loans, interest only of DKK 50.8 million (2014: DKK 86.1 million) falls due for payment within 1 year, DKK 203.4 million (2014: DKK 344.3 million) within 1-5 years, and DKK 1,211.7 million including repayments of DKK 1,086.7 million (2014: DKK 1,898.4 million including repayments of DKK 1,708.0 million) after 5 years. Combined, Spar Nord has subordinated debt with a perpetual term totalling DKK 0.0 million (2014: DKK 550.0 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 0.0 million (2014: DKK 28.0 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.

58 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 10,000 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 risk, which means the risk that Spar Nord 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 Spar Nord complies with applicable legislation, market standards and internal rules and procedures. This serves to identify and reduce the risk that sanctions are imposed on Spar Nord, that its reputation is compromised, or that Spar Nord or its customers suffer significant financial losses.

The compliance function 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. 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 Spar Nord's Board of Directors and Executive Board, it is Management's opinion that Spar Nord 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 bases its activity in the IT security area on regulatory requirements as well as considerations regarding 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, even in case extraordinary events may have occurred.

Capital requirement

The capital needed to cover Spar Nord's operational risks is calculated using the basic indicator approach. In 2015, the operational risk amounted to 12.4% (2014: 11.7%) of total risk exposure, ending at DKK 5,787.2 million at end-2015 (2014: DKK 5,716.0 million), which results in a capital requirement of DKK 463.0 million (2014: DKK 457.3 million).

59 CAPITAL MANAGEMENT

Spar Nord's objectives of capital management are:

- to comply with the statutory requirements regarding Spar Nord's capital adequacy
- to ensure that Spar Nord 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 debt at a moderate level

In 2015, Spar Nord made no major changes in assumptions, objectives and policies compared to the year before. Spar Nord's capital targets were most recently adjusted at end-Q2 2015, as described in more detail below.

During the year under review, Spar Nord met all statutory capital adequacy ratios.

Since the beginning of Q3 2015, Spar Nord's internal targets have been:

- to have a minimum Common Equity Tier 1 (CET1) ratio of 12.0%
- to have a minimum total capital ratio of 15.5%
- to have an excess coverage relative to the regulatory requirements of at least 1 percentage point

Among other things, 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 total capital ratio to drop below the statutory minimum requirement.

During the year under review, Spar Nord's Common Equity Tier 1 (CET1) ratio ranged from 13.5-14.4% (2014: 13.0-14.2%) and thus exceeded Spar Nord's current internal target of 12.0%. Correspondingly, the internal target of a total capital ratio of 15.5% has been met, as it remained within the 15.6-17.0% band during the year (2014: 15.0-19.4%).

Capital management is based on the methods of accounting and financial ratios developed by the Basel Committee, which have been incorporated into Danish legislation. Management currently monitors the Bank's capital adequacy. The figures calculated at the end of each quarter for Spar Nord's own funds, total risk exposure and capital adequacy 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.

Spar Nord's individual solvency need is an expression of its own assessment as to how high the total capital ratio should be to safeguard depositors against losses. Since the end of 2012, Spar Nord has based the calculation of its individual solvency need on the so-called 8+ method. This method is based on the statutory minimum requirement of 8.0% of the total risk exposure (Pillar I) plus add-ons for risks and matters not fully reflected in the calculation of total risk exposure. Thus, it is assumed that ordinary risks are covered by the 8% requirement, and that it must therefore be determined which additional risks Spar Nord may have that warrant an add-on to the capital requirement (Pillar II); see the guidelines from the Danish Financial Supervisory Authority in this respect.

Spar Nord's Common Equity Tier 1 (CET1) consists of its share capital, proposed dividend and retained earnings. Additional Tier 1 (AT1) capital and Tier 2 capital (T2) in the form of subordinated debt are included in the calculation of Spar Nord's own funds. A number of deductions are made in connection with calculating Spar Nord's Common Equity Tier 1 (CET1), core capital and own funds. 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.

The total risk exposure is the calculated risk associated with Spar Nord's business areas. Total risk exposure is 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 Spar Nord's operational risks.

Own funds are specified in the statement of changes in equity.

The maturity profile for Spar Nord's subordinated debt appears from note 38.

Spar Nord continuously assesses the need for adapting the capital structure, including its goals, policies and processes.

For more details, please refer to the unaudited Risk Report at www.sparnord.com/riskreports.

60 POOLED SCHEMES

	Pension pools 2015 DKK m	Other pools 2015 DKK m	Spar Nord The Group 2015 DKK m	Spar Nord The Group 2014 DKK m	Spar Nord Parent Company 2015 DKK m	Spar Nord Parent Company 2014 DKK m
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INCOME STATEMENT

Interest income/premium on forward transactions:

Cash deposits	2.5	0.0	2.5	3.5	2.5	3.5
Other bonds	92.4	1.2	93.6	108.9	93.6	108.9
Total interest income	94.9	1.2	96.1	112.4	96.1	112.4

Dividends on:

Shares, etc.	91.9	1.0	92.9	66.6	92.9	66.6
Unit trust certificates	12.1	0.2	12.3	21.6	12.3	21.6
Total dividends	104.0	1.2	105.2	88.2	105.2	88.2

Market-value adjustments of:

Other bonds, etc.	-154.5	-2.1	-156.6	63.3	-156.6	63.3
Shares, etc.	967.6	10.6	978.2	607.2	978.2	607.2
Unit trust certificates	-50.6	-0.8	-51.4	21.7	-51.4	21.7
Currency	275.1	3.0	278.1	172.5	278.1	172.5
Total market-value adjustments	1,037.6	10.7	1,048.3	864.7	1,048.3	864.7

Fees, charges and commissions paid	140.6	1.6	142.2	112.0	142.2	112.0
Profit/loss for the pools	1,095.9	11.5	1,107.4	953.3	1,107.4	953.3

BALANCE SHEET DISCLOSURES

Assets

Cash deposits	1,092.2	11.4	1,103.6	889.0	1,103.6	889.0
Other bonds	4,574.9	62.0	4,636.9	4,650.2	4,636.9	4,650.2
Other shares, etc.	6,588.5	72.8	6,661.3	4,729.0	6,661.3	4,729.0
Unit trust certificates	927.3	13.5	940.8	541.1	940.8	541.1
Other assets	36.9	0.5	37.4	44.5	37.4	44.5
Total assets	13,219.8	160.2	13,380.0	10,853.8	13,380.0	10,853.8

Liabilities

Total deposits	12,108.1	148.5	12,256.6	10,058.5	12,256.6	10,058.5
Other liabilities	1,111.7	11.7	1,123.4	795.3	1,123.4	795.3
Total liabilities	13,219.8	160.2	13,380.0	10,853.8	13,380.0	10,853.8

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61 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

	2015	2014	2013	2012	2011
Net income from interest, fees, charges and commissions	2,860.5	2,809.9	2,902.7	2,259.3	2,169.6
Market-value adjustments	452.0	363.1	192.8	232.8	115.3
Staff costs and administrative expenses	1,768.2	1,837.9	1,667.2	1,573.8	1,509.9
Impairment of loans, advances and receivables, etc.	373.4	602.9	726.4	667.2	473.6
Profit/loss on equity investments in associates and group enterprises	28.3	104.1	77.6	86.7	44.9
Profit/loss for the year	896.8	613.6	536.1	223.8	274.8

BALANCE SHEET

Loans and advances	38,039	35,948	37,648	39,058	38,702
Shareholders' equity	7,887	7,033	6,533	5,975	4,627
Total assets	76,357	78,825	74,605	79,146	70,081

FINANCIAL RATIOS

Own funds

Total capital ratio	%	17.0	15.0	19.4	15.5	14.0
Core capital (Tier 1) ratio	%	14.9	13.3	17.4	15.1	13.3

Earnings

Return on equity before tax	%	14.4	10.4	10.7	5.5	7.7
Return on equity after tax	%	12.0	9.0	8.6	4.2	6.1
Income/cost ratio		1.46	1.27	1.26	1.12	1.16
Return on assets	%	1.2	0.8	0.7	0.3	0.4

Market risk

Interest-rate risk	%	1.8	0.6	-0.3	-1.1	-0.5
Foreign-exchange position	%	3.4	2.6	3.7	1.4	6.9
Foreign-exchange risk	%	0.1	0.0	0.0	0.0	0.1

Credit risk

Loans and advances relative to deposits	%	65.5	67.7	74.0	79.8	103.4
Loans and advances plus impairment rel. to deposits	%	68.5	71.1	77.1	82.5	106.5
Loans and advances rel. to shareholders' equity		4.8	5.1	5.8	6.5	8.4
Increase in loans and advances for the year	%	-4.5	-1.1	-7.9	1.7	-3.1
Excess coverage rel. to statutory cash ratio requirement	%	296.1	186.0	230.7	211.5	163.9
Large exposures as % of own funds	%	16.1	0.0	26.2	16.5	0.0
Impairment ratio for the year	%	0.8	1.3	1.6	1.4	1.1

THE SPAR NORD BANK - SHARE

DKK per share of DKK 10

Earnings for the year	7.2	4.9	4.3	2.5	3.4
Net asset value (NAV)	63	56	52	48	58
Dividend	5.0	1.6	1.0	0.0	0.0
Share price/earnings for the year	8.5	11.8	11.4	10.4	6.8
Share price/NAV	1.0	1.0	0.9	0.5	0.4

Ratio definitions appear from note 62.

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

	2015	2014	2013	2012	2011
Net income from interest, fees, charges and commissions	2,810.3	2,769.6	2,877.6	2,259.8	2,170.4
Market-value adjustments	449.6	183.4	176.5	232.9	113.9
Staff costs and administrative expenses	1,775.7	1,844.1	1,673.0	1,576.3	1,512.1
Impairment of loans, advances and receivables, etc.	373.4	602.9	726.4	667.1	475.1
Profit/loss on equity investments in associates and group enterprises	78.9	332.1	108.7	86.9	44.8
Profit/loss for the year	897.4	613.3	537.5	224.1	273.8

BALANCE SHEET

Loans and advances	37,912	35,821	37,648	39,058	38,729
Shareholders' equity	7,887	7,033	6,533	5,975	4,627
Total assets	77,498	79,950	75,453	80,188	70,098

FINANCIAL RATIOS

Own funds

Total capital ratio	%	16.8	14.8	19.1	15.5	14.1
Core capital (Tier 1) ratio	%	14.8	13.1	17.2	15.0	13.4

Earnings

Return on equity before tax	%	14.2	10.3	10.6	5.5	7.6
Return on equity after tax	%	12.0	9.0	8.6	4.2	6.1
Income/cost ratio		1.46	1.27	1.25	1.12	1.16
Return on assets	%	1.2	0.8	0.7	0.3	0.4

Market risk

Interest-rate risk	%	1.6	0.3	-0.4	-1.1	-0.5
Foreign-exchange position	%	3.4	2.6	3.7	1.3	6.9
Foreign-exchange risk	%	0.1	0.1	0.0	0.0	0.1

Credit risk

Loans and advances relative to deposits	%	63.9	66.0	72.7	78.2	103.5
Loans and advances plus impairment rel. to deposits	%	66.9	69.4	75.8	80.9	106.5
Loans and advances rel. to shareholders' equity		4.8	5.1	5.8	6.5	8.4
Increase in loans and advances for the year	%	-4.5	-1.4	-7.9	1.6	-3.1
Excess coverage rel. to statutory cash ratio requirement	%	290.4	182.1	226.7	207.3	163.9
Large exposures as % of own funds	%	14.8	0.0	26.1	16.1	0.0
Impairment ratio for the year	%	0.8	1.3	1.6	1.4	1.1

THE SPAR NORD BANK - SHARE

DKK per share of DKK 10

Earnings for the year	7.2	4.9	4.3	2.5	3.4
Net asset value (NAV)	63	56	52	48	58
Dividend	5.0	1.6	1.0	0.0	0.0
Share price/earnings for the year	8.5	11.8	11.4	10.4	6.8
Share price/NAV	1.0	1.0	0.9	0.5	0.4

Ratio definitions appear from note 62.

62 RATIO DEFINITIONS

Total capital ratio *)

Own funds in per cent of total risk exposure.

Core capital (Tier 1) ratio *)

Core capital (Tier 1) in per cent of total risk exposure.

Common Equity Tier 1 (CET1) ratio *)

Common Equity Tier 1 (CET1) in per cent of total risk exposure.

Common Equity (Tier 1) ratio *)

Common Equity (Tier 1) in per cent of total risk exposure.

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.

Return on assets *)

Profit/loss after tax in per cent of total assets.

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 own funds *)

Sum total of large exposures in per cent of own funds, adjusted for exposures to credit institutions, etc. below EUR 150 million after making allowance for credit risk reduction and exceptions, etc.

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 + extraordinary dividend for the year 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, excluding 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 Danish Financial Supervisory Authority's ratio system.

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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