2014

RISK REPORT

spar Nord

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1. PREFACE

The objective of this report is to give an overview of the Spar Nord Group's risks, capital structure, plus capital and risk management practices.

The report has been prepared in accordance with the legal disclosure requirements in articles 431 to 455 of the Capital Requirements Regulation (CRR), and the Executive Order on Calculation of Risk Exposures, Own Funds and Solvency Need. The risk report gives a description of the various types of balance-sheet and off-balance-sheet risks to which the Group is exposed. The report also includes an account of the Group's risk and capital management methodologies and the composition of own funds and the associated risks.

The rules regarding the capital adequacy of credit institutions are laid down in European Parliament and Council Directive 2013/36/EU (CRD) and Regulation no. 575/2013 (CRR). The rules originate from the Basel III rules, with Pillar 3 setting the rules for the disclosure of capital adequacy requirements and risk management.

The Bank's disclosure of information pursuant to Pillar 3 relates to Spar Nord Bank A/S, CVR no. 13737584, and all its fully consolidated subsidiaries ("Spar Nord"). This report for the Spar Nord Group is available at www.sparnord.com/riskreports. In addition, the Annual Report of Spar Nord discloses information about the Group's risks and risk management.

Reporting pursuant to the disclosure requirements is an annual exercise conducted in connection with the presentation of the financial statements, while the individual solvency need ratio is published quarterly. In Spar Nord's opinion, the published information will give market participants a true and fair picture of the Bank's risk profile. Should any events cause the published information to no longer be true and fair, Spar Nord will publish supplementary information so as to ensure that the market participants can form a true and fair view of the Bank's risk profile.

Additional references regarding the disclosure obligations appear from Appendix A.

2. BUSINESS MODEL

Founded in Aalborg, Denmark, in 1824, Spar Nord has historically been rooted in northern Jutland, and it continues to be a market leader in this region. In the period from 2002 to 2010, Spar Nord established and acquired 27 local banks (branches) outside northern Jutland, and in 2012 the Bank merged with Sparbank, which had 23 branches; thus, today the Bank has a nationwide distributive network with 71 branches, with about 1,500 employees serving about 385,000 customers.

Spar Nord offers all types of financial services, consultancy and products and has a business focus on retail customers and small and medium-sized businesses in the local areas in which the Bank is represented.

The Spar Nord Group consists of the two earnings units, Spar Nord's Local Banks and Trading, Financial Markets & the International Division, and a number of administrative staff functions and support divisions at the Aalborg headquarters.

2.1 VISION

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

Spar Nord's ambition is to signal that the Bank is run as a nationwide chain of individual branches with extensive decision-making powers in areas such as customer service, marketing, physical location and human relations. Local decision-making powers are limited only in respect of credit-granting.

2.2 STRATEGY PLAN

Spar Nord's strategic roadmap for 2014-15 is described in the strategy plan, AN UNCOMPLICATED BANK. The strategy plan is a natural extension of the geographical expansion undertaken by the Group in the period from 2002 to 2010 and focuses on generating growth in customer numbers, business volume and earnings, among other target issues.

In concrete terms, three strategic action areas have been formulated for the period 2014-15, each with three strategic targets.

Under the heading, "Customers and business volume", Spar Nord has the goal of attracting new retail and business customers and of increasing the average business volume.

Under the heading, "Internal processes", it is a defined goal that at least 65% of a customer adviser's time should be devoted to serving customers, and that process and system improvements should result in 30 minutes' more customer time per day per adviser. Finally, a goal has been formulated to the effect that employees' use of standard systems should be increased.

Under the heading, "Financial aspects", Spar Nord has a goal of improving the cost ratio to 55 and of maintaining the impairment ratio in the top third. Finally, the Bank's goal is for the return on equity to reach at least 10% after tax, starting in 2015.

2.3 CUSTOMERS

Spar Nord's target groups are retail customers and small and medium-sized businesses in the local areas where the Bank has a presence. To this should be added small and medium-sized financial institutions that are wholesale customers of the Spar Nord Trading, Financial Markets & the International Division.

Finally, via the SparXpres concept taken over from Sparbank and continued after the merger, the Bank offers services such as consumer financing via retail stores, gift voucher solutions via shopping centres and trade associations and direct loans via the website, sparxpres.dk.

For its retail customers, Spar Nord gives priority to full-service customers in the sense that for financially sound customers, Spar Nord aims to be a banker to the entire family and cater to the full range of a family's banking needs. In its day-to-day operations, the Bank is focused on retaining existing full-service customers, turning existing part-service customers into full-service customers and attracting new customers with good potential.

On the business side, Spar Nord focuses on sound businesses across industrial sectors. In other words, it is largely the structure of the local business community and local focus that determine the distribution of branches in the individual banking areas.

At Group level, Spar Nord has a credit exposure characterized by a higher-than-average exposure to retail customers and a good sector diversification in the business customer portfolio.

2.4 DISTRIBUTION

The 71 local banks throughout Denmark constitute the backbone of Spar Nord's distribution network. Spar Nord gives very high priority to personalized advisory services in the physical branches, supplementing them with self-service solutions such as well-functioning online banking and mobile platforms.

Trading, Financial Markets & the International Division serves customers from Spar Nord's local banks as well as large retail customers and institutional clients in the field of equities, bonds, interest & forex, asset management and international transactions. In addition, some of the activities in Trading, Financial Markets & the International Division derive from Spar Nord's position as a wholesale bank to small and medium-sized banks all over Denmark. Thus, Spar Nord performs investment and forex transactions as well as international transactions for about 40 banks.

3. RISK MANAGEMENT

Risk assumption is pivotal to banking, and risk management is an important focus area across the Spar Nord organization. The various types of risk that the Group assumes and the initiatives taken to manage and monitor developments are reviewed in the following sections.

3.1 RISK STATEMENTS

On 5 February 2015, Spar Nord's Board of Directors and Executive Board approved the Group's 2014 Risk Report.

The Board of Directors finds that Spar Nord's risk management complies with applicable rules and standards, is appropriate and effective, and is in accordance with the Bank's business model. In the opinion of the Board of Directors the Bank's risk management systems are appropriate, given Spar Nord's risk appetite and strategy, and finds that the going concern concept is thereby ensured.

In addition, the assessment is that the description of Spar Nord's general risk profile in connection with the Bank's business strategy, business model and key ratios provides a fair representation of Spar Nord's risk management, including of the adopted risk profile and risk appetite.

The Board of Directors' assessment is based on the business model and strategy adopted by it, and materials and reports submitted to it by the Executive Board, Internal Audit, the Group's Risk Review Officer and Compliance Officer.

The core of Spar Nord's strategy, vision and fundamental values is that Spar Nord wants to be a strong and attractive bank for retail customers and small and medium-sized businesses in the local areas in which the Bank is represented. Spar Nord strives for profitable earnings based on a pricing of the Group's products that reflects the risk and capital tie-up that Spar Nord assumes. Spar Nord wants to maintain suitable and robust own funds that support the business model at all times, based on an overall assessment of the business volume with customers and counterparties.

The Board of Directors' scrutiny of Spar Nord's business model and policies shows that the general requirements in the individual risk areas are appropriately reflected in policies and specified limits, including in the Board of Directors' guidelines to the Executive Board, and powers passed on to other organizational units. The specified limits are believed to be defined so that they are transparent and controllable.

In addition, the scrutiny shows that the actual risks are within the limits laid down in the individual policies and powers passed on, and in this light the Board of Directors finds that there is a correlation between business model, policies, guidelines and the actual risks within the individual areas.

More information and key ratios regarding the Group's risk profile and risk tolerance can be found in this risk report and the risk sections of the annual report.

3.2 CATEGORIES OF RISK

The Group's most important categories of risk are as follows:

- **Credit risk:** The risk of loss that results from borrowers or other counterparties defaulting on their payment obligations, including the risks attaching to customers encountering financial difficulties, large exposures, concentration risks and risks attaching to granted, unutilized credit lines. Credit risks also include settlement and counterparty risks.
- **Market risk:** Market risk is an umbrella heading for the risk of loss caused by fluctuations in exchange rates or prices for financial instruments.
- **Liquidity risk:** The risk of loss that results because the Group's funding costs increase, the Group is cut off from entering into new transactions on account of unavailable funding, or because the Group ultimately becomes unable to meet its obligations as and when they fall due on account of liquidity shortage.
- **Operational risk:** The risk of loss that results from deficient, inexpedient or erroneous internal procedures, human or system errors or external events, including legal risks, strategic risks and reputation risks.

3.3 RISK PROFILE

The risks assumed by Spar Nord and its proclivity for assuming risks with respect to the individual risk types are rooted in the Group's general strategic goals, set by the Board of Directors. As a supplement, specific risk policies have been introduced, laying down the general guidelines for handling and managing risks. These policies are reviewed and approved by the Board of Directors at least once a year.

The goal is to ensure that the Bank's vision, mission and strategy are coherent, and that at all times the Bank has a risk profile that bears an appropriate relation to its own funds.

In light of the general risk policies and the risk profile, specific guidelines have been prepared for the most important areas of risk.

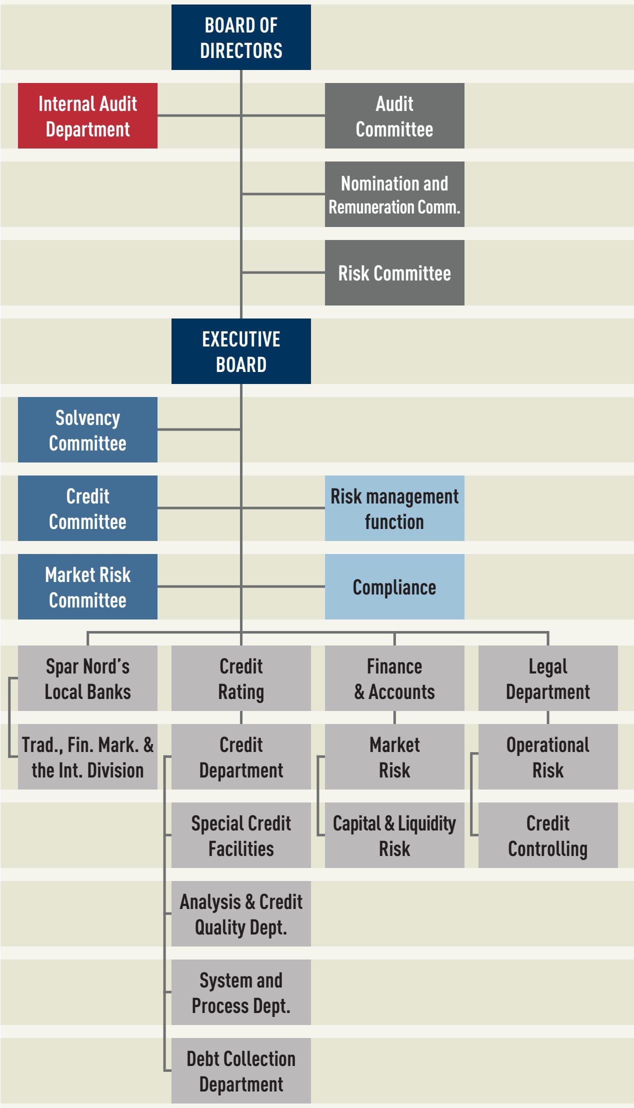
3.4 DELEGATION OF RESPONSIBILITY

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

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

3. RISK MANAGEMENT

THE RISK MANAGEMENT ORGANIZATION



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

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

The Board of Directors has set up a nomination and remuneration committee with three Directors, of whom one has been elected 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 and risks in this connection. In 2014, the committee held two meetings.

Spar Nord has set up a risk committee composed of three members of the Board of Directors. During 2014, the risk committee held three meetings. The risk committee plays an advisory role in determining Spar Nord's risk appetite and assessing the Bank's risk profile on an ongoing basis.

In addition, the risk committee plays an advisory role in connection with the review and assessment of the appropriateness and efficiency of Spar Nord's policies, guidelines and systems.

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

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

3.4.1 CREDIT COMMITTEE

The Credit Committee deals with credit facilities that exceed Credit Rating's authorization limits or involve a matter of principle. The Committee, composed of the Chief Credit Officer and an Executive Board member, convenes three times a week. 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.

3.4.2 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.

3.4.3 SOLVENCY COMMITTEE

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

3.4.4 RISK MANAGEMENT FUNCTION

A risk management function has been put in place, and a Risk Review Officer with specific responsibility for the function has been appointed to head it. 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 and 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.

3.4.5 COMPLIANCE

The Group's Compliance function is charged with overseeing the Bank's compliance with financial legislation, banking sector standards and the Group's internal guidelines in all areas. This function, which answers to the Executive Board, submits 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.

3.5 DAY-TO-DAY RISK MANAGEMENT

3.5.1 CREDIT RISK

Customer advisers, in consultation with local managers, handle day-to-day management of the Bank's credit risks. The decentralized credit authorization limit is maximized at 10 million and is linked to qualifications and needs. Exposures that exceed the decentralized credit authorization limits are 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.

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.

Rating systems have been introduced in all the Group's departments, and this tool is used at the local level to grant credit facilities. Thus, customers in the rating groups accorded the least risk exposure are likelier to be given higher credit limits or extensions than customers in the weaker rating groups.

Risk and settlement lines to financial counterparties are authorized based on a three-tier instruction hierarchy consisting of the Board of Directors, the Credit Committee and the Senior Executive Vice President of Trading, Financial Markets & the International Division, with the facility authorization rights adopted to the individual tier. The follow-up on lines is performed by Finance & Accounts, which ensures functional separation. All lines are subject to regular review by Trading, Financial Markets & the International Division, among other things based on the financial statements or rating of the financial counterparty. As a minimum, credit lines authorized by the Board of Directors are renewed every year, and other credit lines are renewed every three years, as a minimum.

3.5.2 MARKET RISK

Spar Nord's Board of Directors lays down the overall policies, frameworks and principles, and the Finance & Accounts Department is responsible for monitoring and checking that the Group's market risk does not exceed the boundaries of the instruction limits.

For its management of market risks, the Bank has established a three-tier instruction hierarchy. The first level, the Board of Directors, defines the Group's market risk framework. At the second tier, the Executive Board delegates limits to the other entities of the Group, with the Trading, Financial Markets & the International Division being the distinctly largest entity. At the third and last tier, the responsible officers of Trading, Financial Markets & the International Division are granted the limits within which they may enter into commitments.

3.5.3 LIQUIDITY RISK

Liquidity management is divided into short-term and long-term liquidity management. Management of short-term liquidity is placed with Trading, Financial Markets & the International Division, while management of long-term liquidity is the responsibility of the Finance & Accounts Department.

Managing the Group's general liquidity is subject to a number of control mechanisms. A fixed goal for the day-to-day cash resources coupled with stress tests are used for short-term liquidity management. Long-term liquidity is managed by focusing on strategic liquidity and also by using stress tests.

3.5.4 OPERATIONAL RISK

Operational risks are managed via business procedures and other policy manuals, IT systems and control measures. Responsibility for risk management in this connection lies with the responsible units. Risk assessments are to be prepared regarding individual projects, focusing on risks, potential consequences and initiatives to limit such risks. Spar Nord's security policy, including IT security policy, is reviewed annually and approved by the Board of Directors.

3.5.5 CONTINGENCY PLANS

The Group has contingency plans for dealing with critical areas like capital and liquidity. In addition, the Group has contingency plans for dealing with situations involving long-term IT outage.

3.5.6 REPORTING

Substantial resources are deployed to ensure appropriate risk reporting on an ongoing basis, including follow-up on legislative and managerial risk frameworks. Reporting to the Bank's Management and relevant stakeholders is performed according to fixed guidelines.

The Board of Directors receives continual reports covering all important risk areas.

3. RISK MANAGEMENT

ANNUAL REPORTING/APPROVAL	QUARTERLY REPORTING/APPROVAL
Asset review Detailed review and analysis of the Group's assets, including a specific review of individual exposures and an analysis and assessment of future trends for important lines of business or asset areas.	**Credit quality report** Detailed analysis of trends in exposures, impairment and losses, including portfolio analyses broken down by rating categories, volume, geography, etc. Follow-up on all unauthorized overdrafts above DKK 1 million (monthly).
Operational risk Review of the Group's operational risks and measures to counter such risks.	**Weak exposures** Report on all weak exposures larger than DKK 25 million, reviewed individually.
Risk policies and guidelines Review of the Group's risk policies and guidelines in the individual risk areas (credit risk, market risk, etc.) and an assessment of the need for making adjustments.	**Large exposures** Overview of exposures amounting to 10% or more of the Group's own funds and the sum of such exposures, and the percentage that this sum represents of the own funds.
Individual solvency need Assessment of the Group's risk profile and calculation of the adequate own funds. Extended version of the report prepared quarterly, including a process review and assessment of parameters used.	**Market risk** Review and analysis of e.g. the Group's current interest, equity and foreign-exchange risks, including the historical trend in utilization of the frameworks and instructions fixed by the Board of Directors (monthly).
Calculation and assessment of liquidity position and liquidity risks Combined calculation and assessment of the Group's liquidity position and liquidity risks. The assessment supports the Group's liquidity management and is an element in the calculation of the individual solvency need.	**Liquidity risk** Review and analysis of the Group's short- and long-term liquidity risks, including the Group's liquidity stress test and trends in the historical utilization of the frameworks and instructions laid down by legislation and by the Board of Directors (monthly).
The Executive Board's risk review An overall risk review of the Bank's risk-prone activities across risk areas and organizational units. The risk review must be the basis for and support the Board of Director's overall management of the company, including in connection with the Board of Directors' definition of the Group's risk appetite, approval of policies and guidelines and in connection with the Group's organization and use of IT systems.	**Individual solvency need** Assessment of the risk profile and calculation of the adequate own funds. The report contains conclusions reached in the Group's stress test and an assessment of the capital needs in respect of the individual risks.
Statement from the Risk Management Function The Risk Management Function's statement to the Board of Directors about the Group's risk management. The statement forms part of the Board of Directors' overall assessment basis in connection with the Executive Board's risk statement.	**Capital structure** Analysis of the Group's capital structure, including trends in total risk exposure and own funds.
Statement from Compliance Statement regarding the activities of the Compliance function and the Group's general compliance.	**IT risk** Review and follow-up on the Group's IT security and stability of the Group's IT systems, including follow-up on outsourced development projects.
Budget Business and strategic risks are highlighted in connection with the preparation of the Group's budget.	**Reporting from the Risk Management Function** Follow-up on the Group's risk appetite, and follow-up on the annual plan (semi-annually).
	Reporting from Compliance Review of the most significant compliance controls and status on ongoing tasks.
	Forecast The forecast is updated regularly with a view to ensuring ongoing follow-up on the business results and projections for profits, balance sheet, liquidity and capital matters.

4. CAPITAL MANAGEMENT AND INDIVIDUAL SOLVENCY NEED

Spar Nord is licensed to carry on banking and consequently subject to Danish and European legislative provisions that lay down the overall capital requirements which govern both the Parent Company and the Group.

4.1 CAPITAL POLICY

Spar Nord has adopted a number of policies and guidelines intended to ensure that the Group will at all times have adequate capital available to comply with statutory requirements and to support future activities and growth. Part of the objective of guidelines and the goal-setting process is to enable the Bank to withstand cyclical downturns, unexpectedly heavy credit losses and major adverse changes in the value of its market-risk-related positions.

4.2 MANAGEMENT, MONITORING AND REPORTING

Spar Nord's capital management system is intended to manage the Group's total capital relative to the risk profile policy defined by the Group. The Group's capital adequacy targets are intended to ensure that the Group will at all times have adequate capital and liquidity available to comply with statutory requirements and to support future activities and growth.

The Group's capital adequacy targets are intended to ensure that it will always live up to CRR, which prescribes requirements as to a total capital ratio of at least 8%.

Pursuant to the Danish Financial Business Act it is an additional requirement that a financial institution must comply with a combined capital buffer requirement and calculate the individual solvency need. The individual solvency need is used to express an additional capital requirement that will cov need er all relevant risks, including risks that are not appropriately covered by the 8% minimum capital ratio. This includes, for instance, business risks and special credit risks.

Spar Nord's objective is to have a Common Equity (Tier 1) ratio of at least 12% and a total capital ratio of at least 15%. In addition, the Bank strives to have a total capital ratio that is at least 3 percentage points higher than the Bank's individual solvency need ratio.

4.2.1 THE IMPORTANCE OF FUTURE RULES ON CAPITAL REQUIREMENTS

The CRD IV/CRR package is the cornerstone of the European regulation of credit institutions and investment firms, and in 2014 it superseded the existing directives regarding the pursuit of business as a credit institution or investment firm and the national implementation thereof by the Member States.

CRD IV and CRR are the European implementation of the Basel III rules and, in addition to implementing Basel III, the objective is to create a uniform pan-European basis for carrying on business as a credit institution or investment firm and competition between such companies. This is achieved by extensively replacing the directive provisions and national implementations thereof with a regulation that is directly applicable in the Member States

The rules contain an array of changes to the definition of and requirements for the size and quality of the capital of credit institutions, requirements for capital buffers and counterparty risks, limitations for leveraged loans and the introduction of new liquidity rules. Finally, the rules contain elements relating to corporate governance and a tightening of requirements as to the sanction options available to the Danish Financial Supervisory Authority when dealing with non-compliant institutions.

The new European capital adequacy rules, CRD IV and CRR, entered into force as at 1 January 2014. The rules contain comprehensive transitional and phase-in provisions regarding the capital and liquidity requirements so that they are gradually phased in during the period until 2019.

CRR lays down a number of detailed requirements as to more capital and a sounder capital structure, which will make credit institutions better able to absorb losses without becoming insolvent. The more stringent requirements as to the quality and scope of Common Equity (Tier 1) are a focal element of the regulation. The regulation formulates a number of objective criteria that the individual capital instruments must meet in order to qualify for inclusion in the individual categories of capital requirements (Common Equity (Tier 1), hybrid core capital and supplementary capital). For one thing, the existing requirements as to hybrid core capital have been tightened up severely under CRR.

The CRR Regulation results in a tightening of the minimum capital requirement for financial institutions. The minimum capital requirement for Common Equity (Tier 1) will be lifted from the existing 4% of risk-weighted assets to 4.5% in 2015. At the same time, the requirement will be tightened for core capital, which consists of Common Equity (Tier 1) and other capital types without maturity dates, which are subordinated to the claims of all the Bank's creditors. In future, the core capital must amount to at least 6% of the total risk exposure compared with the existing requirement of 5.5%. The requirement as to a total capital ratio of 8% remains unchanged.

In Spar Nord's estimate, the Group's Common Equity (Tier 1) ratio would be 11.8% at 31 December 2014 if the CRR rules had been fully phased in. This corresponds to a reduction of 1.2% compared with the 13.0% that has been calculated based on the transitional rules under o CRR. It is estimated that Spar Nord will not record a Common Equity (Tier 1) ratio that is lower than the target of minimum 12%. It is expected that Spar Nord's future profits will more than offset the negative impact derived from CRR. In 2015, the transitional rules will tighten up the rules regarding deductions for equity investments. Accordingly, Spar Nord's Common Equity (Tier 1) ratio will be reduced by 0.3% in 2015. Only the impact resulting from the rules, when viewed in isolation, has been taken into account.

As from 2015, it is an additional requirement that the Bank must comply with combined capital buffer requirements. A more detailed description of the future capital requirement appears from section 4.7.

4.3 DEVELOPMENTS IN 2014

At end-2014, Spar Nord had a Common Equity (Tier 1) ratio of 13.0%, a core capital (Tier 1) ratio, including hybrid core capital, of 13.3%, a total capital ratio of 15.0% and an individual solvency need ratio of 9.7%.

4. CAPITAL MANAGEMENT AND INDIVIDUAL SOLVENCY NEED

CAPITAL RATIOS

%	2014	2013
Common Equity (Tier 1) ratio	13.0	14.1
Core capital (Tier 1) ratio, incl. hybrid capital	13.3	17.4
Total capital ratio	15.0	19.4
Individual solvency need ratio	9.7	10.0

Figure 4.1

4.4 OWN FUNDS

Own funds is a new term spawned in connection with the introduction of CRR. It may be added that the corresponding term in 2013 was capital base.

Ultimately, own funds are composed of Common Equity (Tier 1), hybrid core capital and supplementary capital.

4.4.1 INSTRUMENTS THAT CAN BE INCLUDED IN OWN FUNDS

One of the main purposes of the CRR legislative package is to strengthen the quality of the issued subordinated debt that can be included for the purpose of calculating own funds. Thus, CRR contains stricter criteria for recognizing instruments in the core capital (Tier 1) and supplementary capital (Tier 2). In relation to the definition of core capital (Tier 1) and supplementary capital, the only instruments that may be included are those that financial institutions have no incentive to redeem. For instance, instruments with interest step-up clauses may not be included. However, they may be partly recognized during the transitional period. Pursuant to CRR, instruments that no longer meet the requirements as to inclusion in the core capital or supplementary capital, should be phased out. In addition, instruments for which there is an incentive for redemption must be phased out as and when they expire.

There are moderate incentives for redeeming the Bank's existing hybrid core capital, for which reason the transitional rules apply to this capital. Therefore, only 80% of the value is included.

The Bank's supplementary capital has been contributed on terms that meet the requirements for inclusion in own funds under CRR.

4.4.2 CALCULATED OWN FUNDS

Own funds comprise Common Equity (Tier 1) and subordinated debt by way of hybrid core capital and supplementary capital. Common Equity (Tier 1) largely corresponds to the carrying amount of the shareholders' equity. However, a number of deductions must be made from the Common Equity (Tier 1). The most important deductions are dividend provisions in accordance with the dividend policy.

Own funds are characterized by the fact that the contributors of capital, including shareholders and holders of the recognized capital, are subordinated to ordinary creditors if the Bank goes bankrupt. Developments in own funds are mainly determined by profits for the year, the raising and redemption of subordinated debt and dividend and repurchase policies. Own funds form part of the basis for calculating the total capital ratio.

STATEMENT OF CAPITAL BASE

DKK m	2014	2013
Share capital	1,255.3	1,255.3
Other reserves	571.4	507.4
Retained earnings	5,116.9	4,681.2
Revaluation reserves	89.4	0.0
- Proposed dividend	-200.8	-125.5
- Intangible assets	-182.8	-213.9
- Goodwill in associates	-37.0	-37.0
- Deduction for equity investments in associates	-60.3	0.0
- Deduction for equity investments >10%	-5.1	0.0
- Deduction for the sum of equity investments <10%	-83.9	0.0
- Deferred tax assets *)	-19.4	-22.4
- Conservative valuation	-26.2	0.0
- Difference in valuation and change in value of liabilities and hedging instruments	-9.6	0.0
- Adjustment, permitted holding of treasury shares	-20.5	0.0
- Treasury shares acquired by customers via loan financing	-3.5	-4.0
Common Equity (Tier 1) after primary deductions	**6,383.9**	**6,041.1**
- Deduction for equity inv. in associates	-120.6	-379.7
- Deduction for equity inv. >10%	-10.2	-32.4
- Deduction for the sum of equity investments <10%	-167.8	-1.1
Difference in valuation and change in value of liabilities and hedging instruments	0.0	-4.7
- Hybrid core capital **)	430.7	549.0
- Hybrid core capital ***)	0.0	1,264.7
Core capital (Tier 1), incl. hybrid core capital, after deductions	**6,516.0**	**7,436.9**
- Supplementary capital	1,148.8	1,150.4
- Revaluation reserves	0.0	88.8
- Deduction for equity inv. in ass.	-120.6	-379.7
- Deduction for equity inv. >10%	-10.2	-32.4
- Deduction for the sum of equity investments <10%	-167.8	-1.1
Own funds after deductions	**7,366.2**	**8,262.9**

**) Concerns a separate loss spec. rel. to a subsidiary; see note 37 in the Annual Report.*
***) Recognized at 80%, see the Danish Financial Supervisory Authority memo of 20 December 2013, "Transitional rules regarding requirements under CRR".*
****) Issued pursuant to the Danish Act on State-Funded Capital Injections.*

Figure 4.2

4.4.3 DEVELOPMENTS IN OWN FUNDS IN 2014

Own funds dropped by DKK 896.7 million in 2014. The drop is due mainly to redemption of governmental hybrid capital equal to DKK 1,264.7 million. In addition, other reserves, revaluation reserves, plus the retained profit for the year recognized in shareholders' equity had a positive impact of DKK 500.3 million.

The proposed dividend corresponds to DKK 1.60 per share. This has a negative impact of DKK 75.3 million compared with 2013.

The new rules introduced by CRR impact deductions for equity investments. The impact is positive for Spar Nord by DKK 79.9 million, despite the fact that the value of the equity investments rose in 2014.

CRR also had a negative impact on own funds on several parameters. The most important one was the tightened requirements for issued hybrid capital. Spar Nord's issued hybrid capital does not comply with the rules for full recognition, for which reason the hybrid capital has been recognized at 80% of its value. This results in a reduction of own funds of DKK 118.3 million. The phase-out is the most important reason for the reduction of the recognized hybrid core capital.

CRR contains additional tightened rules that reduce own funds compared with 2013, including, for instance, a conservative valuation of assets and a deduction for a framework for trading in treasury shares and issued subordinated debt. This has resulted in an overall reduction of DKK 56.3 million.

Profits recorded by associates and the development in intangible assets have impacted own funds by DKK 95.2 million in a positive direction.

No subordinated debt was issued in 2014.

4.5 TOTAL RISK EXPOSURE

The total risk exposure constitutes an important target used for determining the minimum capital requirement and calculating the key risk indicators, such as the Bank's total capital ratios and the individual solvency need.

A variety of factors impact the total risk exposure, including the distribution of credit exposures on customer categories and products.

The Group calculates the total risk exposure for credit risk and market risk using the Basel II standard approach. The market-value approach is used for calculating counterparty risk, while the exposure to operational risk is calculated using the basic indicator approach. In addition, Spar Nord uses the comprehensive approach for financial collateral.

As appears from figure 4.3, the bulk of the combined capital requirement (80.5%) is attributable to credit risk.

TOTAL RISK EXPOSURE

	Capital requirement*)		Risk exposure	
DKK m	**2014**	**2013**	**2014**	**2013**
Credit risk				
- Central gov. or central banks	0.0	0.0	0.0	0.0
- Regional or local authorities	0.0	0.0	0.0	0.0
- Public entities	0.6	0.4	7.1	4.6
- Institutions	65.0	89.8	812.1	1,122.8
- Trade and industry	1,068.4	1,131.9	13,354.9	14,148.5
- Retail customers	1,181.2	1,136.8	14,765.7	14,209.8
- Exp. secured by mortg. on real prop.	96.2	104.7	1,202.2	1,308.1
- Exp. to defaults	143.2	13.9	1,789.7	173.8
- High-risk exposures	99.2	0.0	1,239.6	0.0
- Exp. with short-term rating	22.1	0.0	276.4	0.0
- Collective inv. schemes	0.6	0.0	8.3	0.1
- Equity exposure	182.6	0.0	2,282.0	0.0
- Other exposures	105.9	95.8	1,324.4	1,197.9
- Counterparty risk	191.3	94.7	2,391.8	1,183.9
Credit risk, total	**3,156.3**	**2,668.0**	**39,454.2**	**33,349.5**
Market risk				
- Debt instruments	273.8	248.1	3,422.6	3,102.1
- Shares, etc.	18.6	32.8	232.5	410.8
- Foreign-exchange risk	14.3	22.1	178.8	276.0
- Commodity risk	0.0	0.1	0.4	0.8
Market risk, total	**306.7**	**303.1**	**3,834.3**	**3,789.7**
Operational risk, total	**457.4**	**444.6**	**5,716.0**	**5,557.5**
Total	**3,920.4**	**3,415.7**	**49,004.5**	**42,696.7**

**) The capital requirement is calculated as 8% of the risk exposure*

Figure 4.3

In 2014, the total risk exposure rose by DKK 6,307.8 million; thus, at end-2014 it stood at DKK 49,004.5 million.

In 2014, the total risk exposure for credit risk rose by DKK 6,104.7 million, corresponding to a DKK 488.3 million increase of the capital requirement. The increase of the risk exposures for credit risk are primarily caused by the transition to CRR, and an increase of guarantees in relation to the ongoing remortgaging activities.

The transition to CRR, with two new exposure categories having been introduced together with a tightening of the definition of criteria for default, has resulted in a reclassification of exposures between the exposure categories.

In addition, the risk exposure is impacted by the potential for risk weighting the part of the Bank's significant equity investments which amount to a maximum of 10% of the Bank's Common Equity (Tier 1) at 250%.

The increased capital requirement related to OTC transactions with financial counterparties (CVA) have been accorded the calculated counterparty risk and amount to a risk exposure of DKK 327.1 million.

In 2014, the total risk exposure for market risk showed a small increase to DKK 3,834.3 million. The increase reflects a rise in debt instruments of DKK 320.5 million, which is primarily caused by an increase in the total bond portfolio. The equity risk and the foreign-exchange risk have been reduced by a total of DKK 275.5 million.

In 2014, the total risk exposure for operational risk increased by DKK 158.5 million to a total of DKK 5,716.0 million.

The figure below shows the changes in the total risk exposure from 2013 to 2014.

CHANGE IN TOTAL RISK EXPOSURE

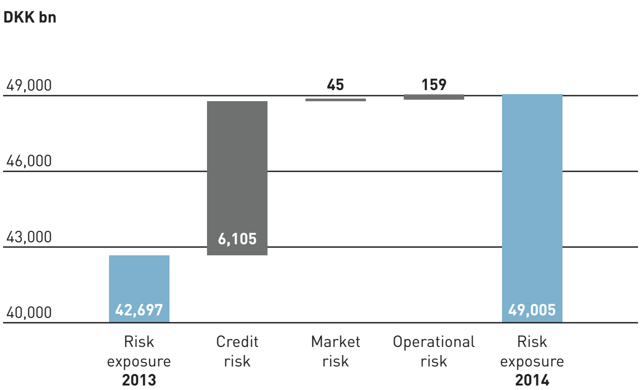


Figure 4.4

4. CAPITAL MANAGEMENT AND INDIVIDUAL SOLVENCY NEED

4.6 INDIVIDUAL SOLVENCY NEED

The Bank uses the so-called 8+ model that the Danish Financial Supervisory Authority stipulates in its guidelines. The 8+ method is based on the statutory minimum requirement of 8.0% of the total risk exposure (Pillar 1) plus adds-on for risks and matters not fully reflected in the calculation of the total risk exposure. In other words, ordinary risks are assumed to be covered by the 8% requirement, and, consequently a decision has to be made as to the extent to which an institution has additional risks that necessitate an add-on to the internally calculated individual solvency need (Pillar 2).

In the guidelines issued by the Danish Financial Supervisory Authority, benchmarks have been introduced within a number risk areas determining when the Authority basically finds that Pillar 1 is insufficient, and that an add-on to the internally calculated solvency need is required. To the extent possible, methods have also been introduced for calculating the amount of the add-on within the individual risk areas.

Based on the guidelines issued by the Danish Financial Supervisory Authority, the Board of Directors determines the Bank's adequate own funds and individual solvency need upon the recommendation of the Solvency Committee.

The Bank's calculation method follows the guidelines issued by the Danish Financial Supervisory Authority and is based on an assessment of the Bank's risks within the following eight key areas, of which the first seven are directly addressed in the guidelines:

1. **Earnings**
2. **Lending growth**
3. **Credit risks**
- Credit risk attaching to large customers having financial difficulties
- Concentration risk: Individual customers
- Concentration risks: Lines of business
- Concentration, collateral
- Concentration, geography
- Concentration, retail/business
- Other credit risks
4. **Market risks**
- Interest-rate risk
- Equity risk
- Foreign-exchange risk
5. **Liquidity risks**
6. **Operational risks**
7. **Leverage**
8. **Other risks**
- The Bank's business profile
- Capital procurement
- Strategic risks
- Reputation risks
- Properties
- Other

The impact of the individual areas on the capital need has been calculated directly using the methods designated by the Danish Financial Supervisory Authority in its guidelines, and by making supplementary calculations. Management has made an estimate in a few risk areas.

In the Bank's opinion, the risk factors included in the model cover all the risk areas required by legislation to be taken into consideration by the Bank's Management in determining the solvency need, as well as the risks that Management finds the Bank has assumed.

At end-2014, the adequate own funds amounted to DKK 4.8 billion, which is DKK 0.5 billion up on end-2013.

The Group's total risk exposure rose from DKK 42.7 billion at end-2013 to DKK 49.0 billion at end-2014, but the solvency need ratio calculated in per cent has been reduced from 10.0 to 9.7.

CAPITAL REQUIREMENT BROKEN DOWN BY RISK AREA 2014

DKK m / %	The Group Adequate own funds	The Group Capital requirement	Parent Company Adequate own funds	Parent Company Capital requirement
Credit risk	3,784.3	7.7	3,891.4	7.8
Market risk	409.1	0.8	409.8	0.8
Operational risk	457.3	0.9	415.4	0.8
Other risks	114.1	0.3	114.1	0.3
Supplement, if required by law	0.0	0.0	0.0	0.0
Total	**4,764.8**	**9.7**	**4,830.7**	**9.7**

CAPITAL REQUIREMENT BROKEN DOWN BY RISK AREA 2013

DKK / %	The Group Adequate own funds	The Group Capital requirement	Parent Company Adequate own funds	Parent Company Capital requirement
Credit risk	3,235.0	7.6	3,316.0	7.7
Market risk	586.6	1.4	591.4	1.4
Operational risk	444.6	1.0	398.1	0.9
Other risks	0.0	0.0	0.0	0.0
Supplement, if required by law	0.0	0.0	0.0	0.0
Total	**4,266.2**	**10.0**	**4,305.5**	**10.0**

Figure 4.5

4.7 CAPITAL BUFFER

By virtue of the implementation of the Capital Requirements Directive, CRD IV, into the Danish Financial Business Act, Danish financial institutions are obligated to comply with several buffer requirements. A common feature of all buffers is that only the Common Equity (Tier 1) may be used for meeting the capital requirement.

If a financial institution fails to meet the capital requirement as to buffers, the financial institution will be restricted from the option of making dividend payments and other distributions.

The combined capital buffer requirement is the sum of the total Common Equity (Tier 1) that is necessary for complying with the requirement as to a capital conservation buffer, an institution-specific counter-cyclical capital buffer, a G-SIFI buffer and a systemic buffer.

PHASE-IN OF BUFFER REQUIREMENTS 2015-2019

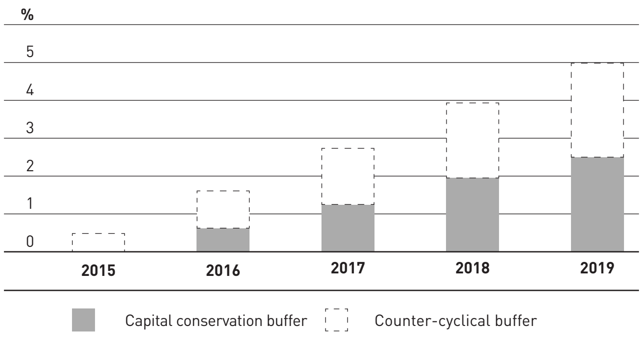


Figure 4.6

In 2015, the capital conservation buffer in Denmark is 0%. At 1 January 2016, the capital conservation buffer will amount to 0.625% of the total risk exposure. When the capital conservation buffer has been fully phased in on 1 January 2019, the requirement as to a capital conservation buffer will amount to 2.5% of the total risk exposure.

The Danish Minister for Business and Growth and other regulatory bodies in the EU/EEA area may fix the institution-specific counter-cyclical capital buffer if the credit growth results in a system-wide buildup of risks. Basically, the institution-specific counter-cyclical capital buffer can amount to somewhere between 0% and 2.5% of the total risk exposure when the Basel rules have been fully phased in in 2019, but in 2015 it may amount to up to 0.5% of the total risk exposure if the regulatory authorities find that there is a basis for introducing such a requirement.

The Danish Minister for Business and Growth may fix a systemic buffer to counteract and limit long-term non-cyclical systemic or macro-prudential risks that are not comprised by CRR. The rules regarding systemic buffers enter into force on 1 January 2015. Initially, the rules will be used to fix systemic buffers for the so-called SIFI institutions. Spar Nord is not a SIFI institution.

Based on the geographical distribution of the Bank's credit risks, the capital requirement for the counter-cyclical buffer at 31 December 2014 has been calculated at:

COUNTER-CYCLICAL BUFFER

	Parent Company	Group
Total risk exposure, DKK m	41,482.2	42,820.9
Institution-specific counter-cyclical buffer rate, %	0.0	0.0
Institution-specific counter-cyclical buffer req., DKK m	0.0	0.0

Figure 4.7

The geographical spread of credit exposures that are relevant for calculating the counter-cyclical buffer is as follows:

CREDIT EXPOSURE, GEOGRAPHICAL

%	Parent Company	Group
Denmark	95.2	95.3
Great Britain	1.3	1.2
Germany	0.9	0.9
Sweden	0.7	0.7
Finland	0.5	0.4
Luxembourg	0.3	0.3
Norway	0.2	0.2
Spain	0.3	0.2
Switzerland	0.2	0.2
France	0.1	0.1
USA	0.1	0.1
Other countries	0.4	0.4

Figure 4.8

In 2015, the institution-specific counter-cyclical buffer rate for domestic and foreign exposures is expected to amount to less than 0.1%. Capital requirements for systemic risks are not expected, for which reason the combined buffer requirement in 2015 is also expected to be less than 0.1%.

4.7.1 EXCESS COVERAGE RELATIVE TO STATUTORY REQUIREMENT AND CAPITAL TARGETS

At end-2014, the Group's total capital ratio stood at 15.0%, corresponding to an excess coverage of 5.3 percentage points relative to the individual solvency need.

Thus, the excess coverage dropped from 9.4 percentage points at end-2013 to 5.3 percentage points at end-2014.

EXCESS COVERAGE RELATIVE TO STATUTORY REQUIREMENT

	Group 2014	Parent Company 2014	Group 2013	Parent Company 2013
Own funds after deductions (DKK m)	7,366.2	7,420.7	8,262.9	8,232.4
Adequate own funds (DKK m)	4,764.8	4,830.7	4,266.2	4,305.5
Excess coverage (DKK m)	2,601.4	2,590.0	3,996.7	3,926.9
Total capital ratio	15.0	14.9	19.4	19.1
Individual solvency need ratio (%)	9.7	9.7	10.0	10.0
Excess coverage (percentage points)	5.3	5.2	9.4	9.1

Figure 4.9

The capital target is for the total capital ratio to be at least 3.0 percentage points above the individual solvency need ratio. Given the excess coverage of 5.3 percentage points at end-2014, the Group's excess coverage is thus comfortably above the target.

In monetary terms, the Bank had an excess coverage in terms of capital of DKK 2.6 billion at end-2014, see the figure below.

CAPITAL REQUIREMENT AND CAPITAL BUFFER 2014

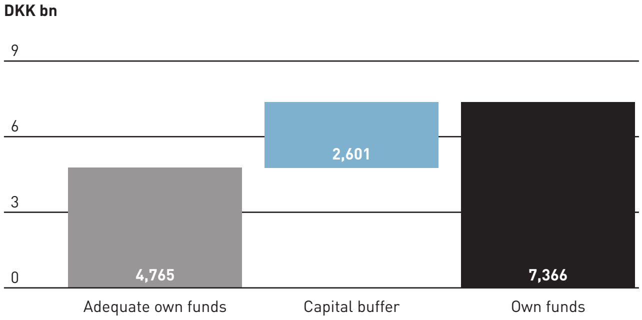


Figure 4.10

4.8 LEVERAGE RATIO

CRD IV has introduced requirements as to the calculation of the leverage ratio.

The leverage ratio is calculated based on an institution's capital measure (core capital) divided by the institution's total exposure measure according to the rules governing leverage ratio.

Spar Nord has put in place procedures that are intended to identify indicators of and address excess leverage risk and to ensure identification, management and monitoring of the institution's leverage risk. Consequently, Spar Nord has introduced a threshold value for the leverage ratio, which has been fixed by the Board of Directors.

Spar Nord has taken several initiatives to address excess leverage risk. In addition to introducing a threshold value and a procedure for calculating the leverage ratio, guidelines have been introduced defining the initiatives that might need to be taken if the leverage ratio drops below the threshold value. In addition, methodologies have been developed to measure risks connected with excess leverage and methodologies designed for assessing material changes in leverage ratio.

Risk of excessive leverage means the risk resulting from an institution's vulnerability due to leverage or contingent leverage that may require unintended corrective measures in its business plan, including distressed selling of assets which might result in losses or in valuation adjustments to its remaining assets.

As yet, the final leverage target has not yet been fixed by legislation, but currently a provisional target of 3% has been set, equal to a maximum leverage of 33 times the shareholders' equity. Spar Nord complied with this target with a solid margin.

5. LIQUIDITY RISK

The Bank is generally exposed to liquidity risks when lending, investment and funding activities result in a cash flow mismatch. Liquidity risk means that the Bank cannot meet its payment obligations, while also meeting the statutory liquidity requirements. Moreover, a liquidity risk exists if the lack of financing/funding prevents the Bank from adhering to the adopted business model, or if the Bank's costs for procurement of liquidity rise disproportionately.

5.1 LIQUIDITY POLICY

The policy determines the Bank's overall risk profile for liquidity risks and financing structure, as well as the overall organizational delegation of responsibilities in the liquidity area with a view to profitably supporting the Bank's business model.

The aim of the Bank's liquidity policy is to ensure that the Bank has a liquidity risk that at all times bears a natural relation to its overall risk profile.

In addition, the liquidity policy is intended to ensure that the Bank continuously handles and manages its liquidity on the basis of appropriate and updated procedures, is capable of meeting its payment obligations as and when due, complying with applicable legislation and supporting future activities and growth.

5.2 MANAGEMENT, MONITORING AND REPORTING

On the basis of the policies, outline of 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 the Group's long-term funding.

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

The Group aims to have excess liquidity coverage pursuant to the statutory requirement of minimum 50%, corresponding to the threshold value applied in the Danish Financial Supervisory Authority's Diamond Test Model, and a funding structure that stays within the threshold value for Funding Ratio in the Diamond Test Model.

The Finance & Accounts Department is responsible for calculating, monitoring and checking that the Bank'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.

5.3 DEVELOPMENTS IN 2014

At end-2014, the implementation of strategic initiatives and the redemption of capital market funding had overall reduced the Bank's strategic liquidity by DKK 2.3 billion compared with end-2013. Correspondingly, the Bank's excess liquidity coverage according to the minimum requirement laid down in section 152 of the Danish Financial Business Act had been reduced by 45 percentage points. At end-2014, the Bank still had adquate excess liquidity coverage in both the short and long term.

In 2014, the Bank redeemed issued bonds for an amount of DKK 0.3 billion and prematurely redeemed senior loans under Danmarks Nationalbank's LTRO facility for DKK 3.0 billion, and governmental hybrid core capital in the amount of DKK 1.3 billion. Compared with 2013, the Bank's long-term funding was reduced by 7.4 percentage points, at end-2014 amounting to 74.2% of the Bank's total funding.

Liquidity management at Spar Nord

	Short-term liquidity management		Liquidity stress test	Management of funding sources and needs	Long-term liquidity management
Objective	Ensuring that in the short operational term, the Bank will be capable of meeting its obligations at all times. Ensuring compliance with appropriate liquidity requirements, see section 152 of the Danish Financial Business Act.	Ensuring that in the short term (30 days),the Bank has appropriate high-quality liquid assets to withstand a tough stress scenario. Ensuring compliance with the Liquidity Coverage Ratio (LCR), see CRR.	Ensuring that the Bank becomes aware in due time of future liquidity and refinancing risks. Stress test are prepared for a 12-month term.	Ensuring that the Bank has a diversified and balanced funding structure. Ensuring that the Bank maintains control of future funding needs, broken down on funding sources.	Ensuring that the Bank has hedged any long-term mismatch between deposits and lending. Ensuring compliance with the Funding Ratio set up by the Danish Financial Supervisory Authority and NSFR.
Management tool	Decentralized instruction target	Decentralized instruction target	Central instruction target	Central instruction target	Central instruction target
Monitoring/control	Markets	Markets	Funding	Funding	Funding
Recipient	Executive Board/ Board of Directors	Executive Board/ Board of Directors	Executive Board/ Board of Directors	Executive Board/ Board of Directors	Executive Board/ Board of Directors
Model	GAP analysis	GAP analysis	GAP analysis/ Projection	GAP analysis/ Projection	GAP analysis
Ratios/model for follow-up	Cash resources 5 week-rule	Liquidity Coverage Ratio 30 day-rule	Liquidity stress test	Liquidity projection	Strategic liquidity

At the moment, the liquidity coverage ratio (= LCR) does not form part of the Bank's short-term liquidity management, but the Bank is constantly preparing for and adapting to the final rules regarding LCR that are under way.

Figure 5.1

5. LIQUIDITY RISK

5.4 SHORT-TERM LIQUIDITY

For several years, Spar Nord has been employing a fixed model to manage short-term liquidity. The model is used to calculate developments in the Bank's liquidity on the assumption that all money market funding falls due according to the terms of the appropriate contract and is not renewed. This is done on a daily basis over a period of eight weeks. The Board of Directors determines the time window in which the Bank's liquidity is to remain positive according to the model.

The Board of Directors has set a target for the Bank's available cash resources, excl. assets in pooled schemes, that corresponds to an excess coverage of 50%, calculated according to the rules of section 152 of the Danish Financial Business Act.

5.5 CASH RESOURCES

Spar Nord's management of short-term liquidity is intended to ensure adequate, free liquidity in order that the Bank can at all times live up to the minimum excess liquidity coverage pursuant to section 152 of the Danish Financial Business Act and observe the 50% threshold value determined in the Danish Financial Supervisory Authority's Diamond Test Model. Free liquidity is defined as uncollateralized highly liquid investment 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.

The excess liquidity coverage pursuant to the minimum requirement laid down in section 152 of the Danish Financial Business Act amounted to DKK 14.9 billion at end-2014 versus DKK 16.3 billion at 31 December 2013. If the excess coverage is converted to a percentage ratio, this corresponds to a liquidity coverage ratio (LCR) of 186% in 2014, whereas it amounted to 231% in 2013.

LIQUIDITY RELATIVE TO STATUTORY LIQUIDITY REQUIREMENT (SECTION 152)

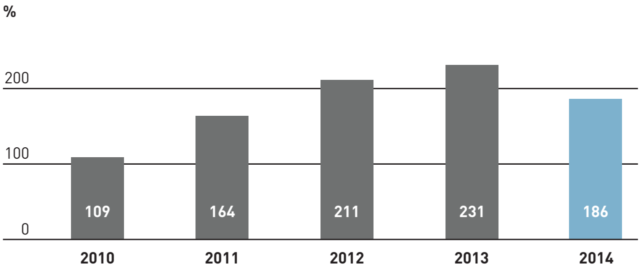


Figure 5.2

5.6 STRESS TESTS

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

Moreover, the Bank performs a stress test corresponding to Moody's "12-month scenario with no access to funding". This scenario operates on the assumption that the Bank has no access to capital markets during the period of calculation, for which reason senior loans, issued bonds and subordinated debt cannot be refinanced on maturity. On the other hand, the stable deposits base remains an accessible financing source, while only a moderate reduction in the Bank's assets is assumed.

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

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

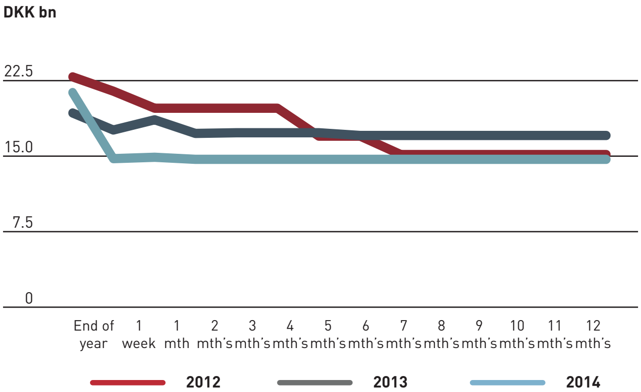


Figure 5.3

In addition to Spar Nord's own stress tests and Moody's 12-month scenario with no access to funding, monthly liquidity stress tests are prepared and sent to the Danish Financial Supervisory Authority and Danmarks Nationalbank.

5.7 STRATEGIC LIQUIDITY

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

At end-2014, the Bank had strategic liquidity of DKK 15.0 billion. This corresponds to a reduction of DKK 2.3 billion compared to end-2013, when the strategic liquidity was calculated at DKK 17.3 billion.

The reduction in strategic liquidity is attributable mainly to early redemption of both senior funding and subordinated debt, while the reduction of leasing activities had an opposite effect. In terms of liquidity, the year's development in deposits and loans of DKK 0.4 and 0.6 billion, respectively, almost balanced.

DEVELOPMENT IN STRATEGIC LIQUIDITY

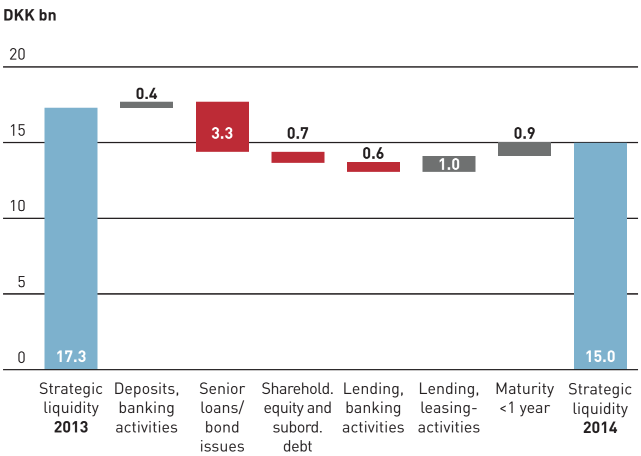


Figure 5.4

5. LIQUIDITY RISK

STRATEGIC LIQUIDITY

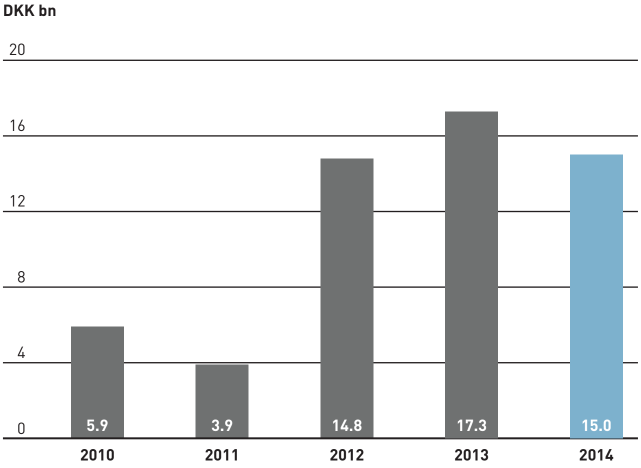


Figure 5.5

FUNDING STRUCTURE

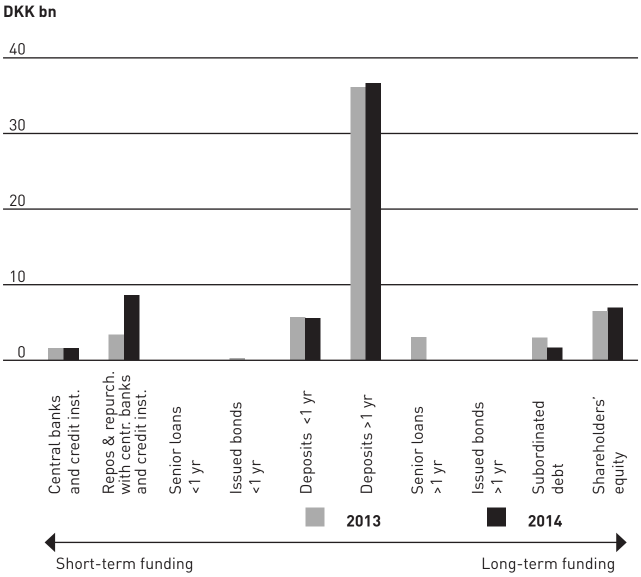


Figure 5.7

5.8 FUNDING AND MATURITY STRUCTURE

The Group's operations are predominantly funded through four funding sources:

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

Customer deposits remain the Bank's largest funding source, at end-2014 amounting to 68.9% of the Bank's total funding, approximately the same level as at end-2013. At end-2014, the sum of the Bank's subordinated debt and shareholders' equity aggregated DKK 8.7 billion, equal to 14.3%, representing a decrease of 1.6 percentage points relative to end-2013. In total, the Bank's long-term funding (funding with a term to maturity of more than one year) amounts to 74.2%, which is 7.4 percentage points down on end-2013. The reduction of the Bank's long-term funding is primarily attributable to the redemption of subordinated debt and premature redemption of the Bank's LTRO facility with Danmarks Nationalbank.

FUNDING

DKK m / %	2014	2013	2014	2013
Central banks and credit institutions	1,672.5	1,625.9	2.7	2.7
Repos and repurchases with central banks and credit institutions	8,596.0	3,397.7	14.0	5.7
Senior loans <1 yr	0.0	0.0	0.0	0.0
Issued bonds <1 yr	22.6	278.5	0.0	0.5
Deposits <1 yr	5,567.4	5,699.8	9.1	9.5
Deposits >1 yr	36,668.4	36,130.7	59.8	60.5
Senior loans >1 yr	68.9	3,079.2	0.1	5.2
Issued bonds > 1 yr	0.0	23.1	0.0	0.0
Subordinated debt	1,708.3	3,002.4	2.8	5.0
Shareholders' equity	7,033.0	6,532.7	11.5	10.9
Total	**61,337.1**	**59,770.0**	**100.0**	**100.0**

Figure 5.6

5.9 CONTINGENCY LIQUIDITY PLAN

Spar Nord has prepared an emergency liquidity plan pursuant to the Danish Executive Order on Management of and Control with Financial Institutions. This plan contains a catalogue of possible courses of action to strengthen the Bank's liquidity in a critical situation. The catalogue contains a more detailed description of the expected impact and time span of the individual actions.

The contingency liquidity plan enters into force if the Group can only meet the predetermined liquidity instructions with difficulty and with resulting sharply increased funding costs.

5.10 FUTURE LEGISLATION REGARDING LIQUIDITY

In October 2014, the European Commission issued the final rules that form the basis for the calculation and reporting of the LCR by the individual banks. In Denmark, the rules on LCR will enter into final effect on 1 October 2015, however not for Danish institutions that have the status of SIFI. Spar Nord is not a SIFI institution.

It was important for the Danish financial sector that Danish mortgage-credit bonds were essentially granted the status of Level 1, i.e. Level 1B bonds with particularly high liquidity and particularly high credit quality. However, mortgage-credit bonds were not fully equated with government bonds, for which reason the Bank's liquidity reserve will have to contain more sovereign claims in future than was typically the case prior to the introduction of LCR. Thus, in future the Bank's liquidity reserve will be composed of at least 30% sovereign claims.

When the LCR rules enter into force at 1 October 2015, Spar Nord's objective will be for the LCR to amount to at least 100%. This objective is not expected to give rise to significant changes in the objectives for the Bank's other liquidity targets.

At end-2014, the Bank prepared an assessment of its liquidity position and risks, also termed ILAAP, the Internal Liquidity Adequacy Assessment Process. Going forward, the ongoing regulatory assessment of an institution's liquidity position will also be based on the institution's own assessment of it, in line with the calculation of the individual solvency need (ICAAP result) of the Bank that is well-known in the capital area.

The EBA has introduced extended reporting metrics regarding liquidity reporting – Additional Liquidity Monitoring Metrics (ALMM), which basically need to be reported on a monthly basis. In general, this new reporting standard seeks to identify the liquidity risks of a financial institution that are not included under LCR or NSFR. The reporting procedure for Additional Liquidity Monitoring Metrics has not yet been finally determined, but the EBA's recommendation is that the reporting requirement should be implemented as of 1 July 2015.

5.11 ENCUMBERED ASSETS

As part of its business model, Spar Nord has participated in the OTC market for many years. One of the results is that there will be assets that have been encumbered. The primary sources for encumbrance of the Bank's assets are:

- Transactions with secured financing, including repo contracts and securities lending
- CSA collateral for the market value of derivative transactions
- Offsetting, see the netting agreements

Collateralization in order to perform clearing is also part of the Bank's pledging/mortgaging:

- Collateral furnished with clearing systems
- Assets placed in facilities with central banks
- Margins posted and default funds with CCPs

As Spar Nord is also a counterparty to opposite transactions, the Bank has received collateral that is not stated in the balance sheet. The primary collateral received derives from repurchase contracts.

The Bank's total encumbered assets plus collateral received amount to 14.4% of the assets that can form the basis for pledging/mortgaging.

The published information about the Bank's encumbered assets plus collateral received is based on data at 31 December 2014 instead of median values for 2014.

Specications regarding encumbered assets appear from Appendix E.

6. 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, risks relating to large exposures, concentration risks and risks attaching to granted, unutilized credit lines. Credit risks also include settlement and counterparty risks. Settlement risk is the risk arising when payments are settled, for instance payments for currency transactions and trading in financial instruments, including derivatives. The risk arises when the Group transfers payments before it has attained full assurance that the counterparty has met all its obligations. Counterparty risk is the risk of loss as a result of a customer's default of OTC derivatives and securities financing instruments.

6.1 CREDIT POLICY

Spar Nord's overall credit risk is controlled on the basis of the Group's credit policy, which the Board of Directors determines in conjunction with the overarching policies and frameworks for the Group's risk assumption. The pivotal objective of Spar Nord's credit policy is to ensure that earnings and risks are balanced, and that the assumption of risk is always quantified.

It is the Group's policy that all credit must be granted on the basis of insight into the customer's financial position and that creditworthiness – the customer's ability and will to meet current and future obligations – is a key parameter in all customer relations.

Spar Nord aims to develop long-term relationships with customers and does not want to use risk appetite as a competitive parameter. Spar Nord only wants to conclude transactions that conform to good banking practice and do not jeopardize the Group's reputation and professional profile.

As a basic rule, the Group does not grant loans and credit facilities based on collateral alone. Thus, the customer should show the will and have the ability to repay loans without the Group having to realize the collateral.

In its endeavours to ensure sound risk diversification of its credit exposure, Spar Nord has introduced a number of internal targets. The Group does not want to be exposed to individual customers or lines of business 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 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.

The sum of large exposures calculated pursuant to the calculation methodology used in the Danish Financial Supervisory Authority's Diamond Test Model amounts to 0.0%.

In addition, the Group has introduced some trade and industry limitations. The Group's objective is that agricultural facilities may not exceed 10% of the Group's loans, advances and guarantees, and that property exposures must amount to a lower share of the Group's loans, advances and guarantees than the average for Danish financial institutions. Spar Nord also strives to maintain the share of retail customers at a level that is higher than the sector average and which amounts to more than 30% of the Group's total loans, advances and guarantees.

Finally, in its credit policy the Bank has decided that it wants insight into any exposures that its customers may have to other financial institutions.

6.2 MANAGEMENT, MONITORING AND REPORTING CUSTOMER EXPOSURES

The credit facility process at Spar Nord is centrally managed. Decentralized facility authorization rights are maximized at 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 need and the wish that a certain share of authorizations from the local banks is to be dealt with by Credit Rating.

Customer advisers, in consultation with local managers, handle day-to-day management of the Bank's credit risks. If a credit facility exceeds the local loan approval limits, it will be passed on and dealt with by Credit Rating, the Credit Committee (Chief Credit Officer, and an Executive Board member) or the Board of Directors.

Credit Rating may authorize facilities up to DKK 20 million for existing customers and DKK 10 million for new customers. The Credit Committee may authorize all facilities up to DKK 60 million, and up to DKK 30 million for new facilities. All facilities exceeding DKK 60 million and all new facilities exceeding DKK 30 million are subject to approval by the Board of Directors.

Overall monitoring of the Group'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 exposure portfolio.

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

The Group has developed IT tools for controlling and monitoring credit risks. The Bank's credit analysis system is used for monitoring purposes, and key data regarding credit facilities and customers' financial affairs are recorded in it. This is done to detect danger signals at an early stage as well as to monitor changes in the credit quality of portfolios and organizational units.

6. CREDIT RISK

Every month a statistically-based rating of both retail and business customers is performed. Rating systems have been introduced in all the Bank's departments, and these tools are used at the local level to grant credit facilities. Thus, customers in the rating groups accorded the least risk exposure are likelier to be given higher credit limits or extensions than those with the greatest risk exposure. In addition, the systems are used for managing overdrafts and for pricing purposes.

Customers are classified according to risk as an element in the Group's credit application processing. Business customers are categorized into 11 risk categories. Two risk categories are reserved for loan default customers, defined as exposures that are subject to writedowns, impairment or for which interest accruals have been suspended. The other borrowing customers are classified into groups 1 to 9 based on various rating models. These models are used to measure the probability that the customer will default within the next 12 months.

The model applied to business customers employs four components: An accounting component used to risk-classify the customer based on his most recent financial statements. A behavioural component that classifies the customer based on his account behaviour and credit authorization history. A component based on a business profile, with the classification of the customer being based on a qualitative assessment of significant key areas, such as management, market, etc. The fourth component is a cyclical element that is used to adjust the classification based on cyclical trends.

For retail customers, the model is exclusively based on a behavioural component and a cyclical component.

New retail customers are risk-classified according to an application scoring model that is based on classical credit key ratios, 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, the business profile and the cyclical component until the sixth month, at which time the behavioural component is also applied.

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

If a customer is flagged in the credit-watchlist and is not in default, the customer will be downgraded by one rating 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).

Public-sector customers and financial customers are not risk-classified.

6.3 DEVELOPMENTS IN 2014

Overall, Spar Nord experienced satisfactory improvement in the lending portfolio in 2014, as the average credit quality rose for both retail and business customers. The only exception is the credit quality for agricultural loans, which took a negative turn due to the difficult situation experienced by the agricultural sector, for one reason propelled by the trade crisis between the EU and Russia.

During the year, Spar Nord took over three lending portfolios from Basisbank, FIH Erhvervsbank and Danske Andelskassers Bank, respectively. In terms of volume, the DKK 2.4 billion portfolio from FIH Erhvervsbank is clearly the most significant.

The granting of credit facilities to both retail and business customers developed on a positive note over the year, as both bank lending and guarantees grew. The geographical breakdown of the Bank's credit exposure is unchanged relative to the situation a year ago.

6.4 CREDIT EXPOSURE

The Group's total credit exposure is attributable to lending activities and to trading activities involving bonds, financial instruments, etc.

The table below shows the Group's total credit exposure (carrying amount) as at 31 December 2014 and 31 December 2013

THE GROUP'S CREDIT EXPOSURE (CARRYING AMOUNT), INCL. DISCOUNT ON EXPOSURES TAKEN OVER, PROVISIONS AND FAIR-VALUE ADJUSTMENTS

DKK m	2014	2013
Reverse loans	463.8	1,785.6
Loans and advances at amortized cost	35,483.8	35,862.5
Loans and advances	35,947.6	37,648.1
Guarantee commitments	10,239.9	5,380.0
Credit exposure to loans, advances and guarantees, net	**46,187.5**	**43,028.1**
Impairment of loans, advances and guarantees	1,845.0	1,595.5
Discount on exposures taken over	293.3	511.3
Credit exposure to loans, advances and guarantees, gross	**48,325.8**	**45,134.9**
Demand deposits with central banks	985.7	326.5
Repo loans to credit institutions and central banks	1,797.3	1,865.0
Receivables from credit institutions and central banks	2,173.3	1,347.4
Demand deposits and receivables from credit inst. and central banks	**4,956.3**	**3,538.9**
Credit exposure (carrying amount) on lending activities	**51,143.8**	**46,567.0**
Positive fair value	2,005.3	1,393.9
Credit exposure, assets in the trading portfolio	20,353.9	18,968.8
Credit exposure, other financial investment assets	1,296.9	1,057.1
Equity investments in associates	941.3	997.3
Credit exposure (carrying amount)	**75,741.2**	**68,984.1**

Figure 6.1

The Group's impairment account and the item "discount on commitments taken over" amounted to a total of DKK 2,138.4 million at 31 December 2014.

6. CREDIT RISK

IMPAIRMENT ACCOUNT AND DISCOUNT ON LOANS, ADVANCES AND GUARANTEES

	Impairment account		Discount on exposures taken over		Impairment balance/ discount	
DKK m	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
The Group	1,845.0	1.,595.5	293.4	511.3	2,138.4	2,106.8

Figure 6.2

6.5 LOANS, ADVANCES AND GUARANTEES

The Group's total loans, advances and guarantees before offsetting of impairment losses and discount on exposures taken over amounted to DKK 48.3 billion at end-2014 compared with DKK 45.1 billion at end-2013.

The increase of DKK 3.2 billion, or 7%, is attributable particularly to a DKK 4.9 billion growth in guarantees triggered by the heavy remortgaging activity in the second half of 2014. Lending to retail customers grew DKK 0.3 billion, and lending to business customers by the same amount. On the downside, there was a DKK 1.0 billion decline in leasing loans, while reverse loans dropped DKK 1.3 billion.

The customer portfolio is divided into four groups as part of the ongoing risk monitoring: 1) Banking activities, Retail, 2) Banking activities, Business, 3) Financial customers and 4) Leasing activities.

THE GROUP'S EXPOSURE BY CATEGORY

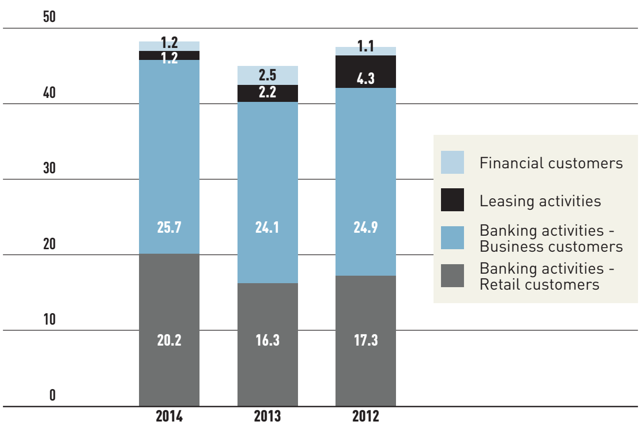


Figure 6.3

The credit exposure to retail customers at Spar Nord's Local Banks rose DKK 3.9 billion during 2014, equal to 24%. In particular, the increase is attributable to a DKK 3.6 billion growth in guarantees as a result of heavy remortgaging activity. To this should be added a DKK 0.3 billion increase in bank lending.

The credit exposure of Spar Nord's Local Banks to business customers increased by DKK 1.6 billion during 2014, equal to 7%. As is the case for retail customers, the increase is particularly attributable to guarantees.

The credit exposure to financial customers dropped DKK 1.3 billion as a result of a decline in reverse lending.

Finally, the credit exposure to leasing customers dropped DKK 1.0 billion. The decline, which was expected, is attributable to the fact that through Q3 leasing was considered an activity being phased out.

6.5.1 BREAKDOWN BY INDUSTRY

The table below shows the breakdown of the Group's loans, advances and guarantees by industry at end-2014 and end-2013, and the most recent available figures for the average industry breakdown at sector level.

BREAKDOWN BY SECTOR - THE GROUP

Line of business DKK m / %	Loans, advances and guar. 2014	Loans, advances and guar. 2014	Loans, advances and guar. 2013	Loans 2014	Loans, advances and guar. The Sector 2013
Public authorities	926.8	1.9	4.6	2.4	2.7
Agriculture, hunting and forestry	3,863.8	8.0	8.7	9.2	4.4
Fisheries	128.7	0.3	0.4	0.3	
Industry and raw materials extraction	2,739.9	5.7	4.0	6.3	5.5
Energy supply	1,853.0	3.8	4.1	4.3	1.9
Building and construction	1,569.0	3.3	3.9	3.3	1.8
Trade	3,881.7	8.0	7.8	8.9	4.8
Transport, hotels and restaurants	1,732.8	3.6	4.1	4.3	2.9
Information and communication	114.4	0.2	0.3	0.3	0.7
Financing and insurance	2,788.0	5.8	7.7	5.7	28.2
Real estate	5,527.6	11.4	11.1	11.8	9.4
Other business areas	2,933.8	6.1	7.1	6.2	5.7
Business customers, total	**28,059.5**	**58.1**	**63.8**	**63.0**	**68.0**
Retail customers, total	**20,266.3**	**41.9**	**36.2**	**37.0**	**32.0**
Total	**48,325.8**	**100.0**	**100.0**	**100.0**	**100.0**

Figure 6.4

As appears from the table, retail customers account for a relatively large share of Spar Nord's loans, advances and guarantees. In the business customer area, Spar Nord's 5.8% exposure to financing and insurance is distinctly lower than the sector average, while the Bank's 8.0% exposure to agriculture is above the average figure.

6. CREDIT RISK

THE GROUP'S IMPAIRMENT AND DISCOUNT ON EXPOSURES TAKEN OVER – BY SECTOR

Line of business DKK m / %	DKK m 2014	DKK m 2013	% 2014	% 2013	The Sector % 2013
Public authorities	0.0	0.0	0.0	0.0	0.1
Agriculture, hunting and forestry	614.6	464.8	28.7	22.1	14.7
Fisheries	1.7	2.5	0.1	0.1	
Industry and raw materials extraction	78.3	71.4	3.7	3.3	6.0
Energy supply	11.5	7.9	0.5	0.4	0.5
Building and construction	94.6	123.5	4.4	6.0	5.8
Trade	111.2	106.2	5.2	5.0	6.9
Transport, hotels and restaurants	95.1	76.6	4.4	3.7	5.7
Information and communication	2.3	1.4	0.1	0.1	0.5
Financing and insurance	98.4	135.3	4.6	6.4	6.9
Real estate	416.9	441.1	19.5	20.9	22.1
Other business areas	125.2	202.3	5.9	9.5	6.0
Business customers, total	**1,649.8**	**1,633.0**	**77.1**	**77.5**	**75.2**
Retail customers, total	**488.6**	**473.8**	**22.9**	**22.5**	**24.8**
Total	**2,138.4**	**2,106.8**	**100.0**	**100.0**	**100.0**

Figure 6.5

The Group's total impairment balance stood at an unchanged DKK 2.1 billion, equal to 4.4% of the Group's loans, advances and guarantees at end-2014. The unchanged total reflects a major increase during the year in impairment losses on agricultural customers, now representing 28.7% of total impairment, while particularly the balance of "Other business areas" has shrunk.

THE GROUP'S LOANS, ADVANCES AND GUARANTEES BROKEN DOWN BY SIZE OF FACILITY *)

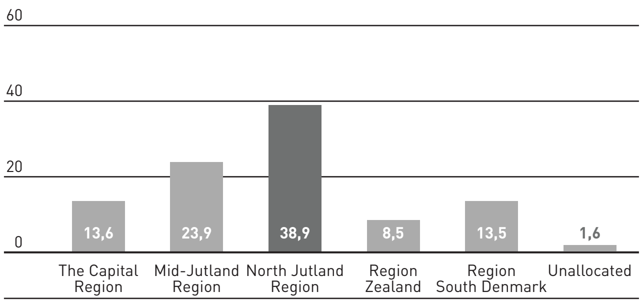
DKK m	Number 2014	Number 2013	Share in % 2014	Share in % 2013
0 - 0.1	53,357	52,574	1.4	1.5
0.1 - 0.5	32,813	34,047	11.1	13.0
0.5 - 1.0	10,375	10,110	10.3	11.2
1.0 - 5.0	7,800	6,150	25.5	21.2
5.0 - 10.0	827	744	8.8	8.6
10.0 - 20.0	403	364	8.4	8.4
20.0 - 50.0	246	218	12.1	11.6
50.0 - 100.0	69	59	7.5	7.6
100.0 -	47	44	14.9	16.9
Total	**105,937**	**104,310**	**100.0**	**100.0**

*) *Excl. reverse transactions and SparXpres* *Figure 6.6*

As concerns size of exposures, Spar Nord's credit portfolio is considered to be well-diversified, for one thing due to the fact that 57.1% of the total exposure is attributable to facilities that are less than DKK 10 million each, and that the Group only has 47 exposures that exceed more than DKK 100 million.

LOANS, ADVANCES AND GUARANTEES BROKEN DOWN BY REGION - END-2014

%



*) *Excl. reverse transactions and SparXpres* *Figure 6.7*

Spar Nord's credit portfolio is also considered to have an excellent geographical spread. The takeover of business exposures from FIH Erhvervsbank has additionally contributed to this, and at end-2014 the traditional core area, northern Jutland, accounted for 38.9% of the Group's total loans, advances and guarantees, while the balance is spread over the other regions in the country.

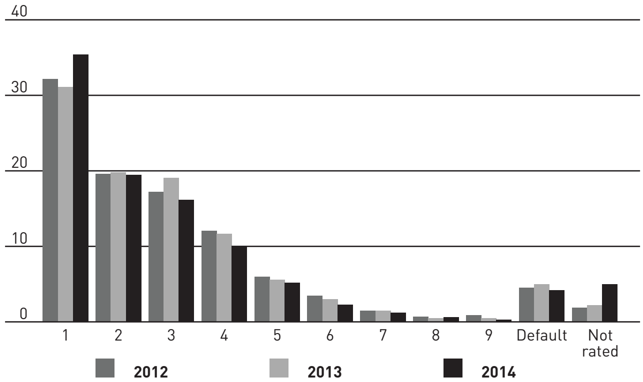
6.5.2 RETAIL CUSTOMERS AT SPAR NORD'S LOCAL BANKS

The total credit exposure to retail customers at Spar Nord's Local Banks amounts to DKK 20.2 billion at end-2014 compared with DKK 16.3 billion at end-2013. The credit exposure to retail customers amounts to 41.8% of the Group's total credit exposure.

As appears from the figure below, the average credit quality of retail customers has improved in recent years, which was also the case in 2014.

RETAIL CUSTOMERS' FACILITIES BY RISK CATEGORY *)

%



**) As from 2013 incl. customers taken over from Sparbank, excl. SparXpres.*

Figure 6.8

AVERAGE RISK CATEGORY *)

	2014	2013	2012
Average risk category	2,7	2,8	2,9

**) Exposure after impairment*

Figure 6.9

The figures below show the share of retail customers who migrated into better rating groups, the share of retail customers with unchanged credit quality and the share of retail customers who migrated into higher-risk rating groups during 2014.

As appears from the figures, development during the year was positive in the migration towards better rating groups in terms of customer number, whereas in terms of size of exposure, retail customers migrated the opposite way.

MIGRATION - NUMBER RETAIL CUSTOMERS 2013-2014 / **MIGRATION - NUMBER RETAIL CUSTOMERS 2012-2013**

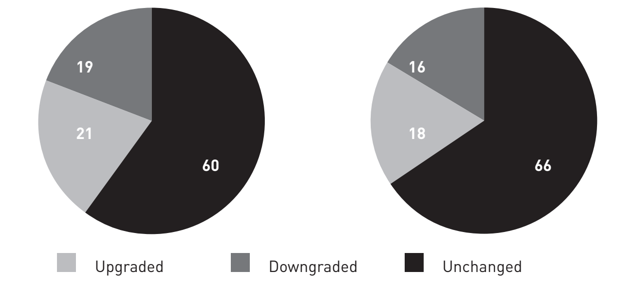


Figure 6.10

MIGRATION - EXPOSURES RETAIL CUSTOMERS 2013-2014 / **MIGRATION - EXPOSURES RETAIL CUSTOMERS 2012-2013**

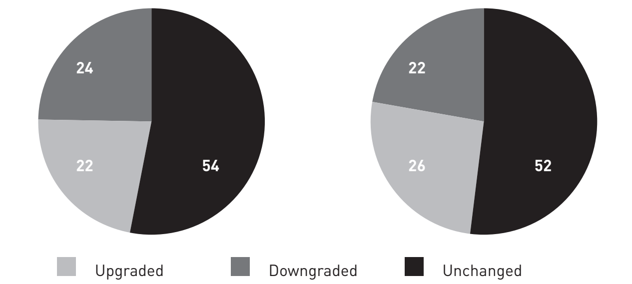


Figure 6.11

The positive development is corroborated by the fact that retail customers' unauthorized overdrafts and past due exposures have remained at a stable, low level during the year.

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

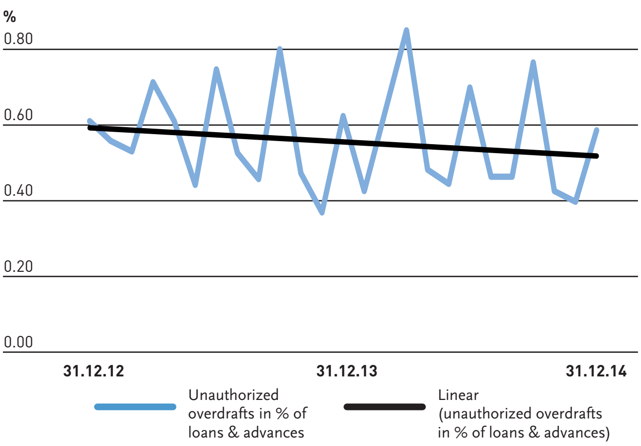


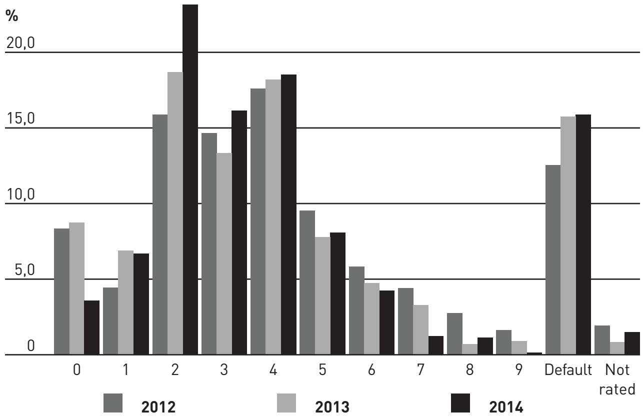
Figure 6.12

6.5.3 BUSINESS CUSTOMERS AT SPAR NORD'S LOCAL BANKS

The total credit exposure to business customers at Spar Nord's Local Banks amounts to DKK 25.7 billion at end-2014 compared with DKK 24.1 billion at end-2013. The credit exposure to business customers amounts to 53.2% of the Group's total credit exposure.

As appears from the figure below, the average credit quality of business customers has improved in recent years, which was also the case in 2014.

BUSINESS CUSTOMERS' FACILITIES BY RATING GROUP *)



*) As from 2013 incl. customers taken over from Sparbank.

Figure 6.13

AVERAGE RATING GROUP *

	2014	2013	2012
Average rating group	4,2	4,3	4,6

**) Exposure after impairment and excluding public-sector customers*

Figure 6.14

The figures below show the share of business customers who migrated into better rating groups during 2014, as well as the share of business customers with unchanged credit quality and the share of business customers who migrated into higher-risk rating groups.

As appears from the figures, development was positive during the year, as the migration towards better rating groups was greater than the migration the opposite way, both in terms of customer number and size of exposure.

MIGRATION - NUMBER BUSINESS CUSTOMERS 2013-2014

MIGRATION - NUMBER BUSINESS CUSTOMERS 2012-2013

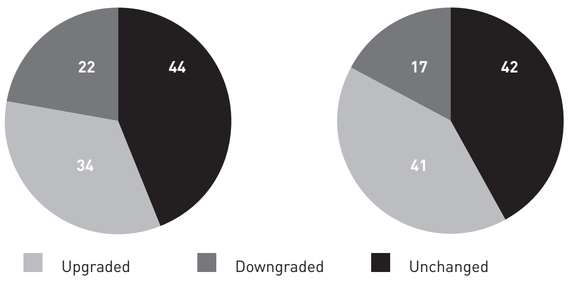


Figure 6.15

MIGRATION - EXPOSURES BUSINESS CUSTOMERS 2013-2014

MIGRATION - EXPOSURES BUSINESS CUSTOMERS 2012-2013

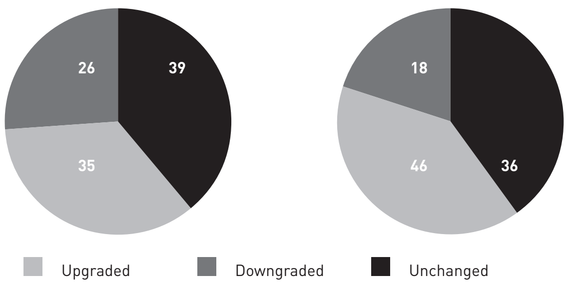


Figure 6.16

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

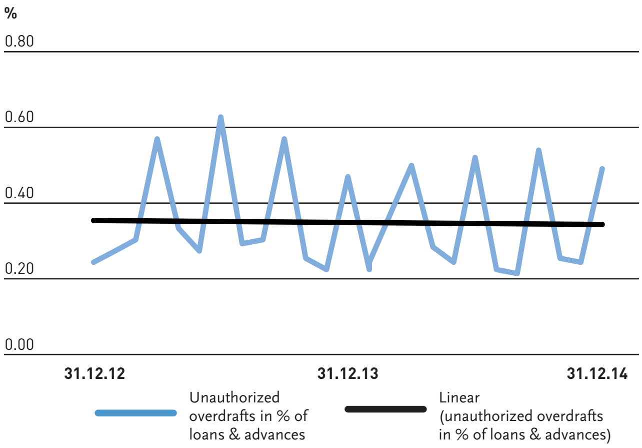


Figure 6.17

As was the case for retail customers, business customers' unauthorized overdrafts and past due exposures remained at a stable, low level of an average of 0.35% of loans and advances during 2014. This is considered satisfactory.

6.5.4 MORTGAGE-CREDIT LOANS ARRANGED

In addition to bank lending on the Bank's own books, a major part of Spar Nord's business consists of arranging mortgage-credit loans on behalf of Totalkredit and DLR Kredit.

At end-2014, Spar Nord had arranged mortgage-credit loans for a total of DKK 63.7 billion to its customers. Of this amount, mortgage-credit loans to retail customers from Totalkredit amounted to DKK 54.1 billion, and mortgage-credit loans to business customers via DLR Kredit amounted to DKK 9.6 billion.

The cooperation with Totalkredit and DLR Kredit is based on the principle that in case of losses on the loans arranged by Spar Nord, a setoff will be made against the commission paid to Spar Nord for its loan-arranging services, or that - for some exposure categories - Spar Nord will be asked to provide a direct guarantee.

The figure below shows the breakdown on rating groups for the Spar Nord customers who have taken out mortgage-credit loans with Totalkredit and DLR Kredit. As appears, it is predominantly a case of mortgage-credit loans arranged for customers in the best rating groups. This is also supported by the fact that the total setoff against the guarantees received by the Bank in 2014 only amounted to DKK 20.2 million.

MORTGAGE CREDIT - DLR AND TOTALKREDIT, AND BANK EXPOSURES

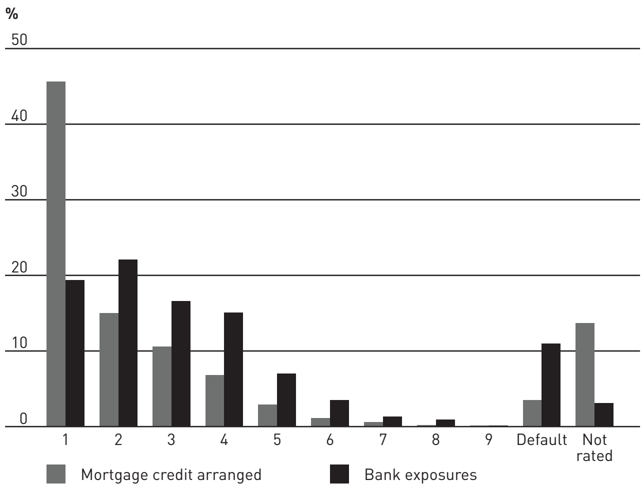


Figure 6.18

6.5.5 FINANCIAL CUSTOMERS

The Bank's credit exposure to financial customers was DKK 1.2 billion at 31 December 2014, equivalent to 2.5% of the Group's total loans, advances and guarantees. Exposure covers primarily reverse transactions and foreign-currency loans to customers at other banks that require the provision of a guarantee from them, and central customers.

The table below shows the Group's credit exposure to financial customers.

THE GROUP'S CREDIT EXPOSURE TO FINANCIAL CUSTOMERS

DKK m	2014	2013
Reverse lending	463.8	1,785.6
Customers of other financial institutions	58.1	60.6
The Bank's own exposuress and central customers, etc	704.5	626.9
Financial customers, total	**1,226.4**	**2,473.1**

Figure 6.19

6.5.6 LEASING ACTIVITIES

The Group's total credit exposure in the leasing area amounted to DKK 1.2 billion at end-2014, equal to 2.5% of total loans, advances and guarantees. Starting from Q4 2014, leasing is once more included as one of the Group's continuing activities.

The table below shows the breakdown by industry of the Group's leasing loans.

LEASE CONTRACTS

Line of business	Loans, advances and guarantees		Impairm. acc./ discount	
%	2014	2013	2014	2013
Public authorities	0.2	0.2	0.0	0.0
Agriculture, hunting and forestry	24.6	27.2	14.1	13.0
Fisheries	0.0	0.1	0.1	0.2
Industry and raw materials extraction	16.6	15.4	27.1	13.2
Energy supply	1.5	1.5	3.2	1.6
Building and construction	7.4	12.1	3.7	6.5
Trade	6.1	7.8	17.5	16.5
Transport, hotels and restaurants	10.9	18.5	12.9	16.8
Information and communication	1.2	1.5	0.0	0.0
Financing and insurance	18.2	2.5	0.3	0.9
Real estate	1.0	1.2	0.2	0.3
Other business areas	9.2	11.5	16.9	27.5
Business customers, total	**96.9**	**99.5**	**96.0**	**96.5**
Retail customers, total	**3.1**	**0.5**	**4.0**	**3.5**
Total	**100.0**	**100.0**	**100.0**	**100.0**

Figure 6.20

In the context of risks, it is important to note that leasing lending is always backed by security in the assets, either through charges or ownership.

The table below shows developments in the volume of repossessed leasing equipment.

REPOSSESSED EQUIPMENT

DKK m	2014	2013
Repossessed equipment, total	5.3	17.5

Figure 6.21

6.6 CREDIT QUALITY

The figure below shows a breakdown of Spar Nord's customers by the credit quality categories used by the Danish Financial Supervisory Authority. Categories 2a and 3 show good customers, while categories 1, 2c and 2b comprise heightened-risk customers or customers having financial difficulties.

CREDIT QUALITY
2014

Line of business	Credit quality categories				
%	1	2c	2b	2a/3	Exposure
Public authorities	0.0	0.0	0.0	1.9	1.9
Agriculture, hunting and forestry	4.4	0.0	0.4	3.2	8.0
Fisheries	0.1	0.0	0.2	0.1	0.4
Industry and raw materials extraction	0.7	0.0	0.6	4.4	5.7
Energy supply	0.3	0.0	0.2	3.4	3.9
Building and construction	0.8	0.0	0.3	2.1	3.2
Trade	0.8	0.0	0.5	6.6	7.9
Transport, hotels and restaurants	0.9	0.0	0.3	2.4	3.6
Information and communication	0.0	0.0	0.0	0.2	0.2
Financing and insurance	0.5	0.0	0.2	5.0	5.7
Real estate	3.5	0.1	1.1	6.7	11.4
Other business areas	0.8	0.0	0.5	4.8	6.1
Business customers, total	**12.8**	**0.1**	**4.3**	**40.8**	**58.0**
Retail customers, total	**2.2**	**0.2**	**3.6**	**36.0**	**42.0**
Total	**15.0**	**0.3**	**7.9**	**76.8**	**100.0**

Figure 6.22a

CREDIT QUALITY
2013

Line of business	Credit quality categories				
%	1	2c	2b	2a/3	Exposure
Public authorities	0.0	4.6	0.0	0.0	4.6
Agriculture, hunting and forestry	2.8	4.2	1.6	0.1	8.7
Fisheries	0.0	0.1	0.2	0.0	0.3
Industry and raw materials extraction	0.7	2.6	0.6	0.1	4.0
Energy supply	0.3	3.8	0.1	0.0	4.2
Building and construction	1.0	2.2	0.6	0.1	3.9
Trade	0.6	6.3	0.9	0.0	7.8
Transport, hotels and restaurants	0.7	3.0	0.4	0.0	4.1
Information and communication	0.0	0.2	0.0	0.0	0.2
Financing and insurance	0.7	6.6	0.4	0.0	7.7
Real estate	3.7	5.7	1.5	0.2	11.1
Other business areas	1.2	5.0	0.9	0.0	7.1
Business customers, total	**11.7**	**44.3**	**7.2**	**0.5**	**63.7**
Retail customers, total	**2.1**	**30.0**	**4.0**	**0.2**	**36.3**
Total	**13.8**	**74.3**	**11.2**	**0.7**	**100.0**

Figure 6.22b

6.7 COLLATERAL

An important element in the Group's management of credit risks is to reduce the risk attaching to individual exposures by accepting collateral, such as mortgages and charges over physical assets, securities and guarantees, etc., to the extent that such collateral is available. Mortgages and charges on real property, securities and vehicles make up the most common type of collateral. Mortgages on property are by far the most important collateral type provided to the Group, and consist mainly of mortgages on private housing.

GEOGRAPHICAL BREAKDOWN OF MORTGAGES - END-2014

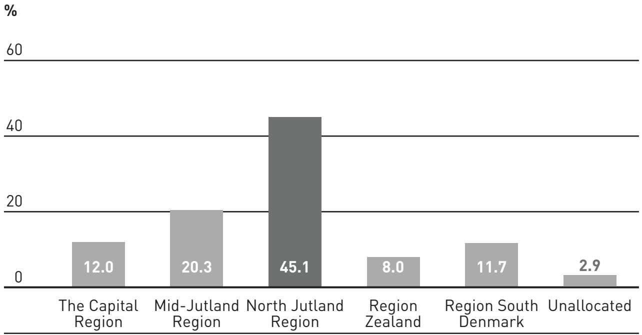


Figure 6.23

The Group monitors the value of the collateral on an ongoing basis. If the risk attaching to a counterparty increases, the collateral is subjected to a particularly critical scrutiny. The value is assessed based on the expected price to be fetched in a compulsory sale of the collateral less any expenses arising from its realization.

MORTGAGES BROKEN DOWN BY PROPERTY TYPE

2014	%	DKK m
Private housing	51.9	9,312.9
Summer cottages	4.7	842.6
Offices and businesses	15.2	2,725.2
Agriculture	15.4	2,770.3
Other	12.8	2,291.9
Total	**100.0**	**17,942.9**

THE GROUP'S UNSECURED SHARE OF CREDIT EXPOSURE

Unsecured shares in %	2014	2013
<10	30.0	25.0
10-50	20.0	15.3
50-75	12.2	13.6
>75	37.8	46.1
Average unsecured share of credit exposure	**50.4**	**54.4**

Figure 6.24

The property value under mortgages broken down by property type is calculated at DKK 17.9 billion while DKK 11.4 billion is recorded as security on the properties in the figure below because the former amount represents the amount mortgaged to the Bank and recorded as collateral, while the latter amount is the share actually used for calculating collateral regarding a specific facility. Some facilities are smaller than the collateral value, and collateral has also been provided by customers who do not currently have any facilities.

THE GROUP'S UNSECURED SHARE OF CREDIT EXPOSURE IN DKK M AND %

Line of business	2014 DKK m	2014 %	2013 DKK m	2013 %
Public authorities	925.2	99.8	2,091.5	99.9
Agriculture, hunting and forestry	1,176.6	30.5	1,272.1	32.5
Fisheries	64.9	50.4	94.6	56.8
Industry and raw materials extraction	1,351.2	49.4	1,191.7	66.6
Energy supply	811.0	43.8	1,074.4	57.8
Building and construction	767.7	48.9	956.6	54.6
Trade	2,482.4	64.0	2,621.9	74.1
Transport, hotels and restaurants	754.2	43.5	664.7	36.3
Information and communication	73.6	64.3	113.8	81.9
Financing and insurance	1,630.1	58.5	899.2	25.9
Real estate	2,928.1	53.0	2,981.3	59.4
Other business areas	1,932.0	65.9	2,226.0	69.4
Business customers, total	**14,897.0**	**53.1**	**16,187.8**	**56.3**
Retail customers, total	**9,454.2**	**46.8**	**8,373.8**	**51.2**
Total	**24,351.2**	**50.4**	**24,561.6**	**54.4**

Figure 6.25

THE GROUP'S CREDIT RISK MITIGATION BY VIRTUE OF COLLATERAL

Type of collateral DKK m	2014	2013
Properties	11,376.7	10,366.6
Custody accounts /securities	1,475.5	2,998.8
Guarantees /sureties	294.6	303.9
Vehicles	718.6	1,357.8
Cash	629.8	833.6
Other collateral	2,670.8	582.9
Other collateral, total	**17,166.0**	**16,443.6**
Spec. secured trans. (mortgage-credit inst. guarantees)	5,706.0	2,305.2
Total collateral accepted, excl. Spar Nord Leasing	**22,872.0**	**18,748.8**
Collateral accepted, Spar Nord Leasing	1,102.6	1,824.5
Total	**23,974.6**	**20,573.3**

Figure 6.26

6.8 IMPAIRMENT OF LOANS AND ADVANCES

Based on the provisions of IAS 39, the Group has defined a wide array of risk events that are considered objective indications of impairment. Some risk events are automatically recorded in the Group's systems, while others are registered manually by customer advisers and credit staff members.

All significant loans and advances and credit-flagged exposures are re-evaluated individually. Credit-flagged loan facilities of less than DKK 250,000 are automatically reviewed using an algorithm based on the customer's financial key figures and the Bank's rating systems. All loans and advances that have not been impaired on an individual basis are assigned to groups having uniform credit risk exposure. If the review discloses objective indications of impairment, an impairment loss is recognized. Impairment is calculated as the difference between the carrying amount of loans and advances and the present value of anticipated repayments on the loan. A credit facility need not be in default before impairment is recognized and approval procedures regarding any new extension of credit are tightened.

Impairment losses are calculated individually as concerns all customers suffering from financial imbalances (objective indication of impairment (OII)). The expected cash flow is calculated, comprising conservatively assessed values and realizable costs for any assets that might have to be sold to cover the outstanding debt.

IMPAIRED CLAIMS

2014 DKK m	Exposures	Individually value-adjusted
Insolvent liquidation	126.5	69.7
Debt collection and suspension of payments	230.1	138.4
Other financial difficulties	4,432.1	1,767.7
Imp. account and discount on exposures taken over	**4,788.7**	**1,975.8**
Groups of impairment losses in the Spar Nord Group		162.6
Imp. account and discount on exposures taken over		**2,138.4**

2013 DKK m	Exposures	Individually value-adjusted
Insolvent liquidation	225.7	122.9
Debt collection and suspension of payments	319.9	199.6
Other financial difficulties	3,988.8	1,726.5
Imp. account and discount on exposures taken over	**4,534.4**	**2,049.0**
Groups of impairment losses in the Spar Nord Group		57.8
Imp. account and discount on exposures taken over		**2,106.8**

Figure 6.27

In 2014, the Group recorded an increase in credit exposure to customers with individual impairment of DKK 254.3 million.

In 2014, the total impairment account/discount account increased by DKK 31.6 million. This development breaks down into a decline of DKK 217.9 million on the discount balance, and an increase on the impairment balance of DKK 249.5 million.

At end-2014, the impaired claims represented 9.9% of the total credit exposure compared with 10.0% in 2013.

DIFFERENCE BETWEEN IMPAIRMENT FOR ACCOUNTING PURPOSES AND TOTAL IMPAIRMENT IN THE RISK REPORT

The Group - 2014 Line of business - DKK m	Impairment account/discount	Discount on exposures taken over	Impairment account
Public authorities	0.0	0.0	0.0
Agriculture, hunting and forestry	614.6	3.8	610.8
Fisheries	1.7	0.0	1.7
Industry and raw materials extraction	78.3	14.3	64.0
Energy supply	11.5	0.0	11.5
Building and construction	94.6	3.5	91.1
Trade	111.2	3.2	108.0
Transport, hotels and restaurants	95.1	12.9	82.2
Information and communication	2.3	0.0	2.3
Financing and insurance	98.4	18.9	79.5
Real estate	416.9	116.9	300.0
Other business areas	125.2	46.0	79.2
Business customers, total	**1,649.8**	**219.5**	**1,430.3**
Retail customers, total	**488.6**	**73.9**	**414.7**
Total	**2,138.4**	**293.4**	**1,845.0**

Figure 6.28a

DIFFERENCE BETWEEN IMPAIRMENT FOR ACCOUNTING PURPOSES AND TOTAL IMPAIRMENT IN THE RISK REPORT

The Group - 2013 Line of business - DKK m	Impairment account/discount	Discount on exposures taken over	Impairment account
Public authorities	0.0	0.0	0.0
Agriculture, hunting and forestry	464.8	8.1	456.7
Fisheries	2.5	0.0	2.5
Industry and raw materials extraction	71.4	15.3	56.1
Energy supply	7.9	0.0	7.9
Building and construction	123.5	36.1	87.4
Trade	106.2	6.9	99.3
Transport, hotels and restaurants	76.6	16.3	60.3
Information and communication	1.4	0.0	1.4
Financing and insurance	135.3	59.2	76.1
Real estate	441.1	174.7	266.4
Other business areas	202.3	82.5	119.8
Business customers, total	**1,633.0**	**399.1**	**1,233.9**
Retail customers, total	**473.8**	**112.2**	**361.6**
Total	**2,106.8**	**511.3**	**1,595.5**

Figure 6.28b

Group impairment losses are recognized when objective indications show that expected future losses exceed the loss anticipated when the loan was granted. Accordingly, in addition to objective indications for a group, group impairment losses are basically recognized when customers are transferred to groups with a higher credit risk exposure.

Group impairment losses of DKK 162.6 million break down into losses of DKK 28.4 million on retail customers and DKK 134.2 million on business customers.

The Group's rating systems constitute the primary source of the breakdown into groups and the recognition of OII by group.

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. No interest is recognized on the part of facilities that has been written down for impairment.

Exposures for which interest accrual has been suspended dropped from DKK 672.3 million to DKK 522.5 million during the year.

The impact on the consolidated income statement from impairment amounted to an expense of DKK 493.1 million in 2014, equal to 1.0% of total loans, advances and guarantees.

The impact on the income statement breaks down into DKK 109.8 million for retail customers, equal to a profit impact ratio of 0.5%, and DKK 383.3 million in respect of business customers, equal to a profit impact ratio of 1.4%.

At end-2014, the impairment and discount account amounts to DKK 2,138.4 million, equal to 4.4% of loans, advances and guarantees, compared with 4.7% at end-2013.

6. CREDIT RISK

THE GROUP'S LOSSES AND IMPAIRMENT ON LOANS, ADVANCES AND GUARANTEES

DKK m	2014	2013
Losses, incl. losses covered by provisions/impairment and impairment losses taken over	625.7	1,189.7
Covered by provisions/impairment and impairment losses taken over	-443.4	-907.0
Losses not covered by provisions/impairment	**182.3**	**282.7**
New provisions/impairment, excl. sector-wide solutions	785.6	812.7
Reversal of provisions/impairment	-211.8	-229.5
Interest on impaired loans and advances taken to income	-92.2	-92.9
Provisions/impairment, net	**481.6**	**490.3**
Recoveries of loans written off as uncollectible	**-66.2**	**-59.8**
Losses and provisions/impairment for the year	**597.7**	**713.2**
Other losses	5.2	2.7
Losses and provisions/impairment for the year, total	**602.9**	**715.9**
Total amount recognized in the income statement	**602.9**	**715.9**
Adjustment of discount on exposures taken over from Sparbank	109.8	311.1
Impact on income statement	**493.1**	**404.8**

Figure 6.29

THE GROUP'S MOVEMENTS IN LOSSES AND VALUE-ADJUSTMENTS AND NON-ACCRUAL LOANS

DKK m	2014	2013
Loans, advances and guarantees, gross, year-end	**48,325.8**	**45,134.9**
Losses and impairment for the year, total	**493.1**	**404.8**
- in % of loans, advances and guarantees	1.0	0.9
Impairment account and discount on exposures taken over	**2,138.4**	**2,106.8**
- in proportion to loans, advances and guarantees	4.4	4.7
Contractual non-accrual loans, year-end	**522.5**	**672.3**
- in % of loans, advances and guarantees	1.1	1.5
Impairment account and discount on exposures taken over in % of non-accrual loans	**409.3**	**313.4**

Figure 6.30

THE GROUP'S MOVEMENTS IN LOSSES AND INDIVIDUAL IMPAIRMENT

2014

	Exposure		
DKK m	Past due and impaired	Impairment account/discount *)	Recognized losses
Public authorities	0.0	0.0	0.0
Agriculture, hunting and forestry	1,402.9	511.8	114.5
Fisheries	4.5	1.7	0.0
Industry and raw materials extraction	1,76.7	74.4	11.3
Energy supply	12.2	7.6	0.0
Building and construction	323.0	93.3	51.8
Trade	258.3	101.8	23.9
Transport, hotels and restaurants	260.6	92.0	9.3
Information and communication	2.5	2.2	4.8
Financing and insurance	163.8	97.6	7.9
Real estate	1,141.2	410.6	129.9
Other business areas	224.1	122.6	118.3
Business customers, total	**3,969.8**	**1,515.6**	**471.7**
Retail customers	**818.9**	**460.2**	**155.1**
Total	**4,788.7**	**1,975.8**	**626.8**

2013

	Exposure		
DKK m	Past due and impaired	Impairment account/discount *)	Recognized losses
Public authorities	0.0	0.0	0.0
Agriculture, hunting and forestry	987.2	462.0	82.4
Fisheries	5.5	2.2	0.0
Industry and raw materials extraction	182.2	68.5	38.7
Energy supply	14.6	6.6	0.0
Building and construction	395.7	122.1	50.1
Trade	207.5	97.9	67.2
Transport, hotels and restaurants	257.2	73.9	127.7
Information and communication	2.3	1.4	6.1
Financing and insurance	208.1	134.3	118.8
Real estate	1,085.8	438.8	146.8
Other business areas	392.2	199.2	229.9
Business customers, total	**3,738.3**	**1,606.9**	**867.7**
Retail customers	**775.4**	**442.1**	**319.3**
Total	**4,513.7**	**2,049.0**	**1,187.0**

**) The Group's total value adjustments should be suppl. by groups of impairment losses and discount in the amount of DKK 162.6 million (2013: DKK 58.0 million).*

**) Including portfolio impairment of small retail customers with exposures of less than DKK 250,000 and SparExpres.*

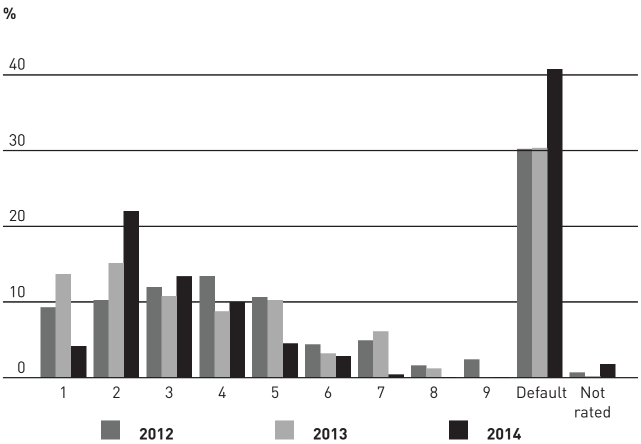
Figure 6.31

6.8.1 AGRICULTURE

Loans and guarantees to agricultural customers amount to DKK 3.9 billion, equal to 8.0% of the Group's total loans, advances and guarantees. Of this amount, leasing loans account for DKK 0.3 million and mortgage-credit guarantees for DKK 0.4 million.

The figure below shows developments in credit quality among agricultural customers at Spar Nord's Local Banks in the period from 2012 to 2014.

AGRICULTURAL EXPOSURE BY RATING GROUP *)



*) *Banking activities* *Figure 6.32*

AVERAGE RISK LEVEL AGRICULTURE *)

	2014	2013	2012
Average rating group	5.5	4.9	5.4

*) *Banking activities (exposure after impairment)* *Figure 6.33*

As appears from the figures, the average credit quality worsened in 2014 after an improvement occurring in the period from 2012 to 2013.

As a result of a reassessment of the Bank's agricultural exposures based on the Danish Financial Supervisory Authority's principles regarding "triggering events", Spar Nord made a loan impairment of DKK 100.0 million in the Q4 2014 financial statements.

The impairment relates both to pig producers, who will be adversely impacted by the declining settlement prices propelled by the trade crisis between the EU and Russia, and milk producers, who are also impacted by declining settlement prices.

In concrete terms, a substantial share of the Bank's agricultural exposures subject to OII are expected to suffer a negative cashflow in 2015, and some customers are also expected to encounter difficulties paying off their loans.

The impact on profits from impairment of agricultural loans amounted to DKK 238.3 million in 2014 compared with DKK 118.7 million in 2013.

The Group's total impairment of agricultural loans amounted to DKK 614.6 million at end-2014, equal to 15.9% of the Group's total loans, advances and guarantees to the industry.

Spar Nord pursues the principles that if agricultural customers fail to deliver positive returns at the breakeven prices of DKK 9.50/kg fixed by the Bank for pork, and DKK 2.60/kg for milk, this is defined as OIV. Breakeven prices are calculated based on financing at a 4% fixed interest 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.

The Bank'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 the Bank's market area ranges between DKK 125,000 and DKK 160,000 per hectare.

Farm buildings are assessed in relation to their age, condition, etc., and 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.

The figures below show the Group's agricultural loans and impairment related to agricultural exposures, broken down by production lines.

AGRICULTURAL EXPOSURE BY PRODUCTION LINE *)

2014 DKK m	Loans, advances and guarantees	Of which impaired	Share impaired
Pig producers	1,090.4	639.6	58.7
Cattle producers	1,357.9	589.9	43.4
Plant cultivation	508.0	82.0	16.1
Mink farmers	107.8	0.4	0.4
Other production line	506.2	62.1	12.3
Total	**3,570.3**	**1,374.0**	**38.5**

*) *Banking activities* *Figure 6.34*

AGRICULTURAL EXPOSURE BY PRODUCTION LINE *)

2014 Mio. kr. / Pct.	Impairment balance	Impairment for the year	Impairment ratio on exposure	Percentage impaired
Pig producers	211.0	124.1	19.4	33.0
Cattle producers	243.7	25.2	17.9	41.3
Plant cultivation	20.7	-15.8	4.1	25.2
Mink farmers	0.4	0.3	0.4	100.0
Other production line	29.7	8.1	5.9	47.8
Overall impairment	100.0	100.0	0.0	0.0
Total	**605.5**	**241.9**	**17.0**	**44.1**

*) *Banking activities* *Figure 6.35*

In a stress scenario where land prices fall by 10%, the impairment losses will rise by about DKK 275 million. In a scenario where the value of buildings, livestock, etc. drops by 10%, the impairment losses will rise by about DKK 125 million

6.9 CREDIT EXPOSURE TO FINANCIAL COUNTERPARTIES

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.

The Bank'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 on a day-to-day basis.

A major source of financial credit risk is the Bank's balances with credit institutions. The bulk of the credit risk relates to international financial institutions, for which the Bank has provided cash collateral for financial transactions, or Danish financial institutions in which the Bank's Trading, Financial Markets & the International Division has customer relations.

RECEIVABLES FROM CREDIT INSTITUTIONS BY PRODUCT TYPE

DKK m	2014	2013	Percentage breakdown 2014	Percentage breakdown 2013
Certificates of deposit	0.0	0.0	0.0	0.0
Reverse transactions	1,797.3	1,865.0	38.2	50.5
Deposits and unlisted bonds	550.0	257.1	11.7	7.0
Subordinated loans	5.9	5.5	0.1	0.1
Current accounts	113.6	112.3	2.4	3.0
CSA accounts, etc.	1,473.5	913.6	31.5	24.7
Commercial foreign business	20.7	32.5	0.4	0.9
Market value, derivatives	729.2	482.3	15.5	13.1
Undisclosed	9.5	26.4	0.2	0.7
Receivables from credit institutions	**4,699.7**	**3,694.7**	**100.0**	**100.0**

Figure 6.36

91.4% of Spar Nord's balances with credit institutions concerns banks with a rating of an A or higher. Of the total exposures to credit institutions in the amount of DKK 4.7 billion, 38.3% is attributable to institutions with an AAA rating. Balances with unrated credit institutions are attributable primarily to associated Danish financial institutions.

RECEIVABLES FROM CREDIT INSTITUTIONS BY RATING

DKK m	2014	2013	Percentage breakdown 2014	Percentage breakdown 2013
AAA	1,797.3	1,865.0	38.3	50.5
AA	691.7	461.2	14.7	12.5
A	1,806.6	918.2	38.4	24.8
BBB	221.0	102.2	4.7	2.8
BB	1.4	0.0	0.0	0.0
B	0.0	18.8	0.0	0.5
CCC	0.0	0.0	0.0	0.0
CC	0.0	0.0	0.0	0.0
C	0.0	0.0	0.0	0.0
Unrated	166.8	318.4	3.6	8.6
Unallocated	14.9	10.9	0.3	0.3
Receivables from credit institutions	**4,699.7**	**3,694.7**	**100.0**	**100.0**

Figure 6.37

6.10 COUNTERPARTY RISK

Counterparty risk is the risk of loss because a financial counterparty or an institutional customer defaults on its obligations under a financial contract. In addition, settlement risks may arise when financial contracts are concluded and settled, as principals in various currencies are not necessarily exchanged at the same time or securities are not received simultaneously with the appropriate payment.

Utilization of lines with respect to financial contracts is calculated on a gross basis as weighted principals of all transactions concluded, to which is added the sum of all positive market values, whereas negative market values are not offset. The weighting of the principal for the individual financial transactions is calculated based on the volatility of the interest rate and the currency, and due consideration is paid to the term to maturity of the specific financial transaction.

The Group's business procedures specify the maximum term to maturity for the individual financial transactions, and compliance is followed up on a daily basis, as is compliance with the authorized lines.

In connection with authorizing and coding lines, a check is performed to verify whether the coded lines accord with the authorization details, and Spar Nord additionally has a controller department that conducts random sampling of compliance as concerns authorization of lines, policies and business procedures.

COUNTERPARTY RISK

	2014	2013
Derivatives with positive market value	2,005.3	1,393.9
Netting	555.3	419.9
Exposure after netting	**1,450.0**	**974.0**
Collateral received	33.0	0.0
Exposure after netting and collateral	**1,417.0**	**974.0**

Figure 6.38

In regulatory terms, counterparty risk is calculated according to the market-value approach without netting. The difference between the value for accounting purposes and the regulatory value is attributable to the add-on of potential future credit exposure which is included in the regulatory calculation.

COUNTERPARTY RISK - CAPITAL ADEQUACY

	2014	2013
Retail customers	490.3	310.8
Business customers	966.3	718.8
Institutions	1,676.5	1,056.2
Regional and local authorities	51.8	31.3
Total	**3,184.9**	**2,117.1**

Figure 6.39

The counterparty risk, in terms of capital, has been calculated as a gross amount of DKK 3,184.9 million at 31 December 2014. The positive market value for accounting purposes amounted to DKK 2,005.3 million.

6.10.1 COUNTERPARTY RISK AGAINST CUSTOMERS

Customers' trading in financial instruments forms part of the authorization of credit for the individual customer. When agreements are concluded regarding financial contracts, such contracts will be monitored on an ongoing basis by the Bank's monitoring system. The credit responsibility for such transactions is decentralized in accordance with the credit authorization powers of the respective customer advisers. Such transactions are made at central level, and part of the follow-up/monitoring also takes place at central level. The utilization of the authorized financial lines is monitored on a day-to-day basis.

6.10.2 COUNTERPARTY RISK AGAINST FINANCIAL AND INSTITUTIONAL CUSTOMERS

Before lines are granted to financial counterparties and institutional customers, a thorough credit assessment is made of the financial counterparties/institutional customers based on the financial statements of the individual credit institution/institutional customer. As concerns foreign and major Danish credit institutions, attention is also paid to how the credit institutions are rated by international rating bureaus, such as Standard & Poors, Fitch or Moody's.

The Group cooperates with a number of small Danish credit institutions, as the Bank supplies services within clearing, securities and foreign-exchange transactions. Spar Nord has developed a rating model to assess such credit institutions. This model is used to calculate the rating of the individual credit institution based on specific key ratios. Together with the financial statements of the individual credit institutions, this model forms the basis for recommending and authorizing lines.

6.10.3 FRAMEWORK AND COLLATERAL AGREEMENTS

To mitigate counterparty risk, Spar Nord makes framework, netting and collateral agreements to the extent possible.

As concerns small Danish credit institutions, such agreements will be based on the framework agreement prepared by the Danish Bankers' Association for forex and securities transactions, and when assessed to be necessary, also a collateral agreement, according to which it is agreed that if the net market value of the concluded financial contracts exceeds an individually fixed maximum for each credit institution, appropriate collateral must be furnished, in most cases by way of cash deposits.

For foreign and large Danish credit institutions and institutional customers, netting and framework agreements will be based on the international ISDA Master Agreements, often with associated agreements, viz. Credit Support Annexes (CSA), according to which it is agreed that if the net market value of the concluded financial contracts exceeds an individually fixed maximum for each agreement, then collateral will have to be exchanged, most frequently by way of cash deposits in EUR or DKK.

In addition, when deemed appropriate, Global Master Repurchase Agreements (GMRA) and Global Master Securities Lending Agreements (GMSLA) will be concluded to secure repo/reverse transactions and share loan transactions.

Both Danish and foreign collateral agreements are followed up on a daily basis, as are exchanges of collateral in step with fluctuations in the market values of the transactions concluded. In addition, to the widest extent possible the Group settles transactions via CLS, VP or Euroclear, which serves to minimize settlement risks as much as possible.

In 2013 and 2014, Spar Nord Bank was running a project with a view to reaching compliance with the new guidelines under European Market Infrastructure Regulation (EMIR), including:

- Clearing obligations with respect to OTC contracts
- Portfolio reconciliation and calculation of market values
- Reporting to Trade Repositories

The first trades (interest swaps) were cleared in autumn 2013, and in 2014 more trades were included.

Spar Nord Bank is an indirect member of London Clearing House via selected clearing brokers, and during the first half of 2015 it expects to clear a larger share of the clearing-approved interest swaps.

6.11 ECAI

Spar Nord has appointed Standard & Poor's Ratings Services as the supplier of credit rating information for countries, counterparties and issuances.

Rating information is used as an integral part of the dataflow at Skandinavisk Data Center, which receives external credit ratings from Standard & Poor's Ratings Services via SIX Financial. An IT update of credit rating from Standard & Poor's Ratings Services is undertaken on an ongoing basis.

The conversion of credit rating classes to credit quality steps is based on the conversion table issued by the Committee of European Banking Supervisors (CEBS). The individual credit quality steps are associated with the weighting to be used for the exposures on the individual credit quality steps when calculating the total risk exposure according to the standard approach for credit risks pursuant to Articles 111-134 of the CRR.

The table below shows the mapping used by Standard & Poor's Ratings Services for credit quality steps.

Credit quality steps	S&P's *)	Institutions %	Business and CIU %	Central gov. %
1	AAA to AA-	20	20	0
2	A+ to A-	50	50	20
3	BBB+ to BBB-	50	100	50
4	BB+ to BB-	100	100	100
5	B+ to B-	100	150	100
6	CCC+ under	150	150	100

*) Credit Classes (Long-term)

Figure 6.40

Credit quality steps	S&P's **)	Institutions %	Business %
1	A-1+ to A-1	20	20
2	A-2	50	50
3	A-3	100	100
4	Under A-3	100	150

**) Credit Classes (Short-term)

Figure 6.41

The tables below show the value of the exposures before and after weighting with credit quality steps.

ECAI EXPOSURE BEFORE DEDUCTIONS

DKK m	Exposure before weighted credit quality	Exposure after weighted credit quality
Institutions	3,187.4	1,299.5
Short-term exposures to institutions and businesses, etc.	571.6	275.1
Collective investment schemes	5.0	7.4
Other exposures	362.0	0.0
Total	**4,125.9**	**1,582.0**

Figure 6.42

ECAI EXPOSURE AFTER DEDUCTIONS

DKK m	Exposure before weighted credit quality	Exposure after weighted credit quality
Institutions	3,187.4	1,299.5
Short-term exposures to institutions and businesses, etc.	571.6	275.1
Collective investment schemes	3.0	4.5
Other exposures	362.0	0.0
Total	**4,125.9**	**1,582.0**

Figure 6.43

6.12 THE GROUP'S TOTAL CREDIT EXPOSURE

The total credit exposure is the sum total of:

- Loans, advances and receivables
- Guarantees
- Unutilized credit limits
- Credit commitments
- Equity investments in companies
- Non-current assets
- Intangible assets
- Other property, plant and equipment
- Counterparty risk

A comprehensive statement of the Group's credit exposure shows an exposure of DKK 78.2 billion. This statement corresponds to the Group's credit risk, which is treated according to the standardized approach.

In general, exposures rose by DKK 4,250.8 billion in 2014, equal to a 5.7% increase. Measured by average figures, there was an increase of DKK 3,063.2 million, equal to 4.1%, as a result of the transition to CRR, and an increase in guarantees in relation to the ongoing remortgaging activities

TOTAL CREDIT EXPOSURE

DKK m	Year-end 2014	Year-end 2013	Average 2014*)	Average 2013*)
Central governments/central banks	630.8	6.2	451.2	588.6
Regional/local authorities	2,190.2	4,446.9	3,893.6	4,381.4
Public entities	78.2	85.0	80.6	104.4
Credit institutions	8,038.1	10,246.2	10,621.7	10,738.3
Trade and industry	20,535.4	21,659.0	19,717.1	21,150.2
Retail customers	36,342.4	31,987.1	33,804.0	32,450.3
Exp. secured by mortg. on real prop.	3,737.1	3,742.4	3,558.3	3,852.2
Exposure to defaults	1,511.0	142.3	1,590.4	238.4
High-risk exposure	1,222.7	0.0	1,170.0	0.0
Short-term exposure to institutions and businesses, etc.	837.6	0.0	365.9	0.0
Collective investment schemes	6.8	1.0	9.2	1.2
Equity exposure	1,314.9	0.0	1,637.4	0.0
Miscellaneous exposures	1,779.0	1,657.3	1,502.2	1,833.4
Total	**78,224.2**	**73,973.4**	**78,401.6**	**75,338.4**

Figure 6.44

The Group's credit exposure is predominantly limited to Denmark. In 2014, debtors based in Denmark accounted for more than 97% of the Group's credit exposure, for which reason additional details regarding the geographical breakdown are not considered important.

Collateral that may be used for credit risk mitigation purposes under the standardized approach is included for the purpose of calculating the Group's capital adequacy. The figures are shown after a reduction to reflect volatility adjustments.

CREDIT RISK MITIGATION BY VIRTUE OF COLLATERAL

DKK m	2014 Exp. covered by guarantee	2014 Other financial collateral	2013 Exp. covered by guarantee	2013 Other financial collateral
Central gov./central banks	0.0	0.0	0.0	0.0
Regional/local authorities	0.0	0.0	0.0	0.0
Public entities	0.0	0.0	0.0	0.0
Credit institutions	0.0	3,395.5	18.8	5,119.6
Businesses, etc.	311.6	1,392.9	206.9	2,751.0
Retail customers	116.1	812.5	169.2	823.6
Exp. secured by mortg. on real prop.	0.0	0.0	0.0	0.0
Exposure to defaults	9.5	27.3	2.7	7.9
High-risk exposure	14.3	67.1	0.0	0.0
Short-term exp. to inst. and busin., etc.	0.0	0.0	0.0	0.0
Collective investment schemes	0.0	0.0	0.0	0.0
Equity exposure	0.0	0.0	0.0	0.0
Exp. in other items, etc.	0.0	0.0	0.0	0.0
Total	**451.5**	**5,695.3**	**397.6**	**8,702.1**

Figure 6.45

A major share of the Bank's business exposure is towards small and medium-sized enterprises (SMEs). At end-2014, the exposure to SMEs represented 33.5% of the total exposure.

EXPOSURES TO SME

DKK m	2014	2013
Businesses, etc.	13,074.9	14,709.8
Retail customers	12,024.7	10,390.2
Exposures secured by mortgages on real property	955.9	946.9
Exposure to defaults	136.1	90.0
Equity exposure	1.8	0.0
Total	**26,193.4**	**26,137.1**

Figure 6.46

7. MARKET RISK

Market risk is an umbrella heading for the risk of loss caused by fluctuations in exchange rates or prices for financial instruments. Market risks can be broken down into:

- Interest-rate risk
- Foreign-exchange risk
- Equity risk
- Commodity risk
- Option risk
- Risks related to own properties

Spar Nord deals and takes positions in products that hold a number of market-based risks. Most of the Bank's activities regarding trading and position-taking comprise relatively simple products, of which interest-based products are the most traded ones. The Bank also deals and takes positions in listed shares and foreign-exchange instruments, whereas trading in commodities is very limited.

7.1 MARKET RISK POLICY

As discussed in the section "Risk management", Spar Nord's Board of Directors determines the overarching policies, frameworks and principles for risk governance. Some of the policies are concerned with identifying and estimating various types of market risk. The frameworks support the general proclivity to assume risks and indicate specific limits on the extent of risk the Bank is ready to assume. The principles establish the methods to be used in calculating the various risk targets. The Board of Directors receives continuous reporting on risk developments and the utilization of allocated risk limits.

For its management of market risks, the Bank has established a three-tier instruction hierarchy. At the first tier, the Board of Directors issues the definition of the limits for the Spar Nord Group to the Executive Board. At the second tier, the Executive Board delegates limits to the other entities of the Group, with the Trading, Financial Markets & the International Division being the distinctly largest entity. At the third and last tier, the responsible officers of Trading, Financial Markets & the International Division are granted the limits within which they may enter into commitments.

7.2 MANAGEMENT, MONITORING AND REPORTING

The Finance & Accounts Department is responsible for estimating, monitoring, controlling and reporting market risks. Market risk is calculated for the following purposes:

- Daily follow-up on individual business units
- Regular reporting to the Executive Board and the Board of Directors
- Reporting of regulatory capital for use by the Danish Financial Supervisory Authority

Market risks are controlled and monitored through an integrated risk management system, with day-to-day follow-up action taken with respect to all market risk categories for all units subject to instructions, and any failure to comply with instructions is reported upstream in the hierarchy.

7.3 DEVELOPMENTS IN 2014

In 2014, the net bond portfolio grew by DKK 2,456.6 million, and shares in the trading portfolio dropped by DKK 38.5 million. The Group's portfolio of shares outside the trading portfolio (primarily shares in associates and shares in strategic trading partners in the financial sector) increased by DKK 183.8 million in 2014 to a total exposure of DKK 2,238.2 million.

The interest-rate risk changed from DKK -20.8 million at end-2013 to DKK 40.1 million at end-2014. The negative interest-rate risk outside the trading portfolio and the positive interest-rate risk in the trading portfolio have both diminished, but overall the largest decline occurred in the negative interest-rate risk outside the trading portfolio. The interest-rate risk in Spar Nord at end-2014 breaks down into a DKK 49.9 million interest-rate risk for the trading portfolio, and an interest-rate risk outside the trading portfolio of DKK -9.8 million.

In addition, there was slight increase in the foreign-exchange risk in 2014 compared with 2013.

7.4 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 trading and position-taking in interest-related products. Most of these activities incorporate simple interest-rate products such as interest swaps, bonds, futures and standard interest-rate options.

The Group's interest-rate risk both inside and outside the trading portfolio is calculated on the basis of the target duration and agreed cash flow. For managing the Group's portfolio of convertible Danish mortgage-credit bonds, the Bank uses model-based key risk indicators that provide for the inherent option element. As concerns interest-rate options, the above-mentioned key indicators are supplemented by the most important risk factors expressing sensitivity of the option premium upon changes in the underlying parameters.

The interest-rate risk is assessed on a daily basis and decisions are made in light of expectations for the macroeconomic situation and market developments. The Bank converts the interest-rate risk in foreign currencies into Danish kroner and offsets the negative interest-rate risk against the positive one to calculate the net interest-rate risk.

7.4.1 DEVELOPMENTS IN INTEREST-RATE RISK

The figure below shows the total net interest-rate risk that Spar Nord will encounter if the interest rate rises 1 percentage point. This means that all yield curves are displaced parallel to each other.

7. MARKET RISK

DEVELOPMENT IN THE GROUP'S NET INTEREST-RATE RISK

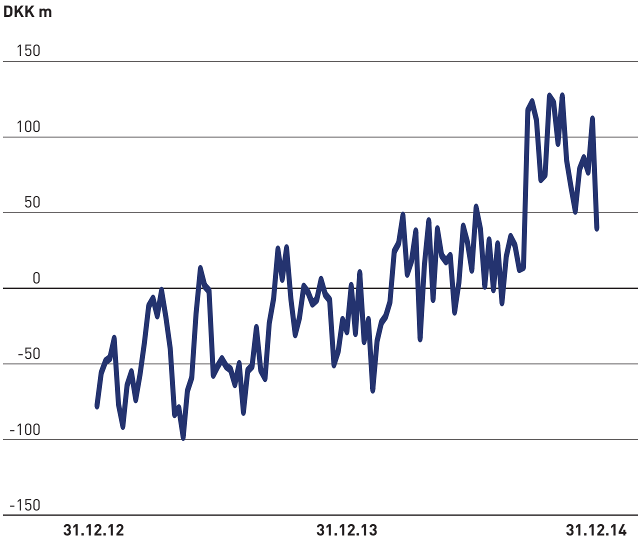


Figure 7.1

In general terms, the net interest-rate risk was positive throughout most of 2014, which means that Spar Nord has been exposed to an interest-rate drop in the market.

The figure below shows the impact of the Group's interest-rate risk on the shareholders' equity in % when the yield curves are displaced upwards in parallel by 1 percentage point. A negative interest-rate risk will have a positive impact on shareholders' equity.

IMPACT OF THE INTEREST-RATE RISK ON SHAREHOLDERS' EQUITY

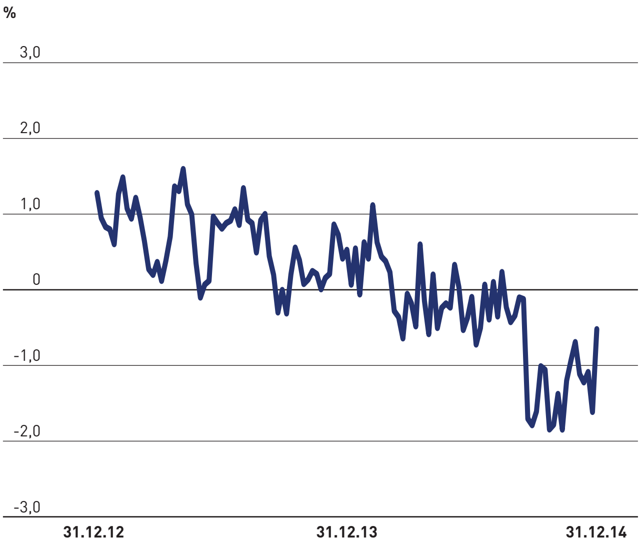


Figure 7.2

In addition, Spar Nord also calculates the interest-rate risk relative to duration and currency. This shows the risk of changes in a delimited time interval in the yield curve. The table below shows the interest-rate risk broken down on the individual time intervals, given an increase in the interest rate of 1 percentage point.

INTEREST-RATE RISK BY TERM TO MATURITY AND CURRENCY

2014 Currency, DKK m	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**
Other	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**

2013 Currency, DKK m	Less than 3 mths	3 mths - 1 year	1 year - 3 years	3 years - 7 years	Over 7 years	Total
DKK	13.6	-25.8	-25.5	8.3	23.4	**-6.0**
EUR	3.6	-9.8	-6.5	-5.0	5.9	**-11.8**
USD	1.3	0.5	0.4	-3.8	0.0	**-1.6**
GBP	0.0	-0.1	0.0	0.0	0.0	**-0.1**
NOK	-0.1	0.3	-0.1	0.0	0.0	**0.1**
CHF	-1.2	-0.6	-0.8	0.2	0.0	**-2.4**
JPY	0.0	-0.4	-0.3	0.0	0.0	**-0.7**
SEK	1.3	0.1	-0.1	0.4	0.0	**1.7**
Other	0.0	0.0	0.0	0.0	0.0	**0.0**
Total	**18.5**	**-35.8**	**-32.9**	**0.1**	**29.3**	**-20.8**

Figure 7.3

As appears from the table, the Group is primarily exposed to interest-rate risks in DKK and EUR.

7.4.2 INTEREST-RATE RISK IN THE TRADING PORTFOLIO

The interest-rate risk attaching to positions in the trading portfolio derives primarily from bonds, swaps and futures.

INTEREST-RATE RISK IN THE TRADING PORTFOLIO

2014 Currency, DKK m	Less than 3 mths	3 mths - 1 year	1 year - 3 years	3 years - 7 years	Over 7 years	Total
DKK	19.4	30.0	28.6	0.5	-50.3	**28.2**
EUR	-1.7	1.3	-5.5	13.8	11.9	**19.8**
USD	1.9	-0.5	0.5	0.6	0.6	**3.1**
Other	-2.1	-0.1	-3.5	4.5	0.0	**-1.2**
Total	**17.5**	**30.7**	**20.1**	**19.4**	**-37.8**	**49.9**

2013 Currency, DKK m	Less than 3 mths	3 mths - 1 year	1 year - 3 years	3 years - 7 years	Over 7 years	Total
DKK	20.7	19.9	8.3	17.0	21.0	**86.9**
EUR	4.1	-9.8	-6.6	-5.1	5.9	**-11.5**
USD	0.6	0.5	0.4	-3.8	0.0	**-2.3**
Other	-0.9	-0.7	-1.3	0.6	0.0	**-2.3**
Total	**24.5**	**9.9**	**0.8**	**8.7**	**26.9**	**70.8**

Figure 7.4

As appears from figure 7.4, the interest-rate risk attaching to the trading portfolio amounted to DKK 49.9 million at end-2014, down DKK 20.9 million on end-2013.

7.4.3 INTEREST-RATE RISK OUTSIDE THE TRADING PORTFOLIO

The interest-rate risk attaching to positions outside the trading portfolio derives primarily from fixed-interest deposits and loans in ordinary banking transactions and interest-rate risk related to the Bank's funding.

INTEREST-RATE RISK OUTSIDE THE TRADING PORTFOLIO

2014 Currency, DKK m	Less than 3 mths	3 mths - 1 year	1 year - 3 years	3 years - 7 years	Over 7 years	Total
DKK	-9.2	-18.9	-13.6	13.5	15.8	**-12.4**
EUR	0.7	0.0	0.1	0.4	0.1	**1.3**
Other	1.3	0.0	0.0	0.0	0.0	**1.3**
Total	**-7.2**	**-18.9**	**-13.5**	**13.9**	**15.9**	**-9.8**

2013 Currency, DKK m	Less than 3 mths	3 mths - 1 year	1 year - 3 years	3 years - 7 years	Over 7 years	Total
DKK	-7.1	-45.7	-33.8	-8.7	2.4	**-92.9**
EUR	-0.5	0.0	0.1	0.1	0.0	**-0.3**
Other	1.6	0.0	0.0	0.0	0.0	**1.6**
Total	**-6.0**	**-45.7**	**-33.7**	**-8.6**	**2.4**	**-91.6**

Figure 7.5

The table shows the net interest-rate risk outside the trading portfolio, given an increase in the interest rate of 1 percentage point broken down by term to maturity and currency.

Since end-2013, the interest-rate risk has changed from DKK -91.6 million to DKK -9.8 million at end-2014. The primary reasons underlying this change are a reduction of the average term to maturity of fixed-interest deposits and the takeover of fixed-rate loans from FIH Erhvervsbank.

7.4.4 BOND PORTFOLIO

Spar Nord's bond portfolio is composed of 85.3% mortgage-credit bonds, 13.5% bonds from financial issuers and 1.2% from other issuers.

The figure below shows the Bank's bond portfolio broken down by type of issuer.

BOND PORTFOLIO BY ISSUER TYPE *)

DKK m	2014	2013	Percentage breakdown 2014	Percentage breakdown 2013
Mortgage-credit bonds	15,981.6	12,813.8	85.3	78.7
Financial issuers	2,538.2	3,089.2	13.5	19.0
Other issuers	291.2	180.9	1.6	1.1
Government bonds	-70.0	200.5	-0.4	1.2
Bonds	**18,741.0**	**16.284.4**	**100.0**	**100.0**

*) *The bond portfolio plus spot and forward transactions (purchase + sale)* *Figure 7.6*

The corresponding breakdown of the Bank's bond portfolio by rating is shown below.

BOND PORTFOLIO BY RATING *)

DKK m	2014	2013	Percentage breakdown 2014	Percentage breakdown 2013
AAA	15,474.1	12,665.1	82.6	77.8
AA	464.1	211.6	2.5	1.3
A	1,472.2	1,761.8	7.9	10.8
BBB	1,132.7	1,590.2	6.0	9.7
BB	75.3	12.2	0.4	0.1
B	26.8	12.7	0.1	0.1
CCC	0.7	0.8	0.0	0.0
CC	0.0	1.7	0.0	0.0
Unrated	95.1	28.3	0.5	0.2
Bonds	**18,741.0**	**16,284.4**	**100.0**	**100.0**

**) The bond portfolio plus spot and forward transactions (purchase + sale)* *Figure 7.7*

Compared with 2013, the Bank has increased its bond portfolio with DKK 2.5 billion. The increase was the result of purchases of mortgage-credit bonds for a total of DKK 3 billion, while bonds from financial issuers were reduced by DKK 0.5 billion. At end-2014, 85.1% of the Bank's bond portfolio had an AA rating or better.

BREAKDOWN OF BONDS 2014

DKK m	Origin/ underlying	Rating category	Amount	%
Mortgage-credit bonds	Denmark	AAA	15,171.2	81.0
		BBB	39.2	0.2
		Unrated	3.7	0.0
	Sweden	AAA-AA	775.5	4.1
			15,981.6	**85.3**
Financial issuers	Denmark	AAA-A	1,295.3	6.9
		BBB	1,008.3	5.4
	Sweden	AA-BBB	38.8	0.2
	Norway	AA-BB	100.8	0.5
	Finland	AA-A	86.5	0.5
	Netherlands	AA	0.2	0.0
	UK	A	7.9	0.0
	Other	AAA-AA	0.4	0.0
			2,538.2	**13.5**
Other issuers	Denmark	BBB - Unrated	89.3	0.5
	Other	AAA - Unrated	201.9	1.1
			291.2	**1.6**
Government bonds	Denmark	AAA-AA	-70.8	-0.8
	Europe	AAA	0.8	0.0
			-70.0	**-0.4**
Grand total			**18,741.0**	**100.0**
Own bonds	Denmark	Unrated	**6.8**	

Figure 7.8a

7. MARKET RISK

BREAKDOWN OF BONDS 2013

DKK m	Origin/ underlying	Rating category	Amount	%
Mortgage-credit bonds	Denmark	AAA-AA	12,054.5	74.0
		BBB	319.3	2.0
		Unrated	4.4	0.0
	Sweden		435.6	2.7
			12,813.8	**78.7**
Financial issuers	Denmark	AAA-A	1,666.1	10.3
		BBB	1,226.6	7.5
	Sweden	AA-A	52.4	0.3
	Norway	AAA-A	14.3	0.1
	Finland	AA-A	48.4	0.3
	Netherlands	AA	37.3	0.2
	UK	A	43.0	0.3
	Other	AAA-AA	1.1	0.0
			3,089.2	**19.0**
Other issuers	Scandi Notes V Senior	AAA	70.1	0.4
	Scandi Notes IV Senior	CC	1.7	0.0
	Denmark	BBB - Unrated	44.5	0.3
	Other	AAA - Unrated	64.6	0.4
			180.9	**1.1**
Government bonds	Denmark	AAA-AA	132.5	0.8
	Europe	AAA	68.0	0.4
			200.5	**1.2**
Grand total			**16,284.4**	**100.0**
Own bonds	Denmark	B - Unrated	**1.5**	

Figure 7.8a

7.5 FOREIGN-EXCHANGE RISK

The foreign-exchange risk is the risk of loss on positions due to exchange-rate fluctuations. Foreign-exchange options 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 the Bank by 2%.

FOREIGN-EXCHANGE RISK

DKK m	2014	2013
EUR	-5.8	-1.6
SEK	-0.8	-2.2
USD	-1.9	-2.2
GBP	-0.1	0.0
CHF	-0.1	0.0
NOK	-0.1	0.0
JPY	-0.7	0.0
Other currencies	-0.1	-2.5
Foreign-exchange risk, total	**-9.6**	**-8.5**

The foreign-exchange risk is illustrated in a scenario where all exchange rates move unfavourably for the Bank by 2%.

Figure 7.9

As appears from figure 7.9, the foreign-exchange risk was DKK 1.1 million higher than at end-2013 and ended at DKK -9.6 million at end-2014. The foreign-exchange risk increased in EUR primarily.

7.6 EQUITY RISK

The equity market risk is the risk of loss due to fluctuating equity prices. Equity positions are calculated as the net value of long and short equity positions and equity-related instruments. The calculation of equity positions is broken down by positions in the trading portfolio and outside the trading portfolio

7.6.1 SHARES IN THE TRADING PORTFOLIO

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

It appears from the figure below that the shares held in the trading portfolio dropped from DKK 158.4 million at end-2013 to DKK 119.9 million at end-2014.

EQUITY RISK IN THE TRADING PORTFOLIO

DKK m	End-2014	End-2013
Listed shares in the trading portfolio	106.7	140.1
Unlisted shares in the trading portfolio	13.2	18.3
Total shares in the trading portfolio	**119.9**	**158.4**

Figure 7.10

7.6.2 SHARES OUTSIDE THE TRADING PORTFOLIO

A salient feature of shares outside the trading portfolio is that they have not been acquired with a view to trading. In addition, Spar Nord makes a distinction between shares in associates and equity investments in strategic partners.

Shares in associates include Nørresundby Bank A/S, in which Spar Nord has a 54.8% interest. To this should be added 0.1% in the trading portfolio.

Of Spar Nord's shares outside the trading portfolio, only the shares in Nørresundby Bank A/S are officially listed. The carrying amount of the Nørresundby Bank A/S shares amounted to DKK 866.2 million at 31 December 2014, and the market value of the shares amounted to DKK 1,052.4 million at 31 December 2014.

Shares in strategic partners in the financial sector are shares in companies whose purpose is to support financial institutions' transactions in the fields of mortgage credit, payment services, unit trusts, etc. Participation in the companies in question is considered a prerequisite for the Bank's operations.

In several of the sector companies, the shares are reallocated such that the ownership interest of the banks will reflect the business volume of the relevant 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 fair value. In other sector companies, the shares are not reallocated, but are measured based on a fair value corresponding to the net asset value or another recognized valuation method (such as discounting of cash flows). The adjustments to the values of the shares in these companies are also recognized in the income statement.

EQUITY RISK OUTSIDE THE TRADING PORTFOLIO

DKK m	End-2014	End-2013
Shares in credit and financing institutions	890.3	709.6
Shares in unit trust man. companies	81.4	82.1
Shares in pension institutions	2.2	19.2
Shares in data supplier	184.9	0.0
Shares in payment services business	47.1	182.7
Other shares	91.0	63.5
Shares in strategic partners, total	**1,296.9**	**1,057.1**
Realized gains	182.1	2.0
Unrealized gains	52.6	25.2
Total associates	**941.3**	**997.3**
Shares outside the trading portfolio, total	**2,238.2**	**2,054.4**

Figure 7.11

The holding of shares outside the trading portfolio rose from DKK 183.8 million to DKK 2,238.2 million at end-2014.

7.7 COMMODITY RISK

Spar Nord only accepts commodity risks on its own books to a very limited extent. The commodity exposure is calculated as a gross exposure, with setoffs only being made with respect to contracts having the same underlying commodity, the same maturity date, etc.

7.8 OPTION RISK

Spar Nord uses derivates to hedge and manage the Group's risks. These include options and products that contain an integral option. The Bank's option risks stem primarily from interest and currency options and positions in mortgage-credit bonds.

Option risks are calculated by computing the positions' Delta, Gamma, Vega and Theta risks.

7.9 SENSITIVITY ANALYSIS

The figure below shows how the consolidated income statement will be impacted if the interest rate increases, if share prices drop and if all exchange rates move adversely

SENSITIVITY ANALYSIS *)

	Impact on equity		Impact on operating profit	
	End-2014 %	End-2013 %	End-2014 DKK m	End-2013 DKK m
Interest increase of 1 percentage point	-0.5	-0.8	-37.7	-53.1
Interest decrease of 1 percentage point	0.5	0.8	37.7	53.1
Share price decrease of 10%	-0.1	-0.2	-9.1	-10.5
Exchange-rate fluctuation of 2% in unfavourable direction	-0.1	-0.1	-7.2	-6.4

**) 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.*
The impact on the operating profit and the impact on shareholders' equity have been calculated after tax.

Figure 7.12

It appears from the table that the shareholders' equity will decrease 0.5% if the interest rate rises by 1 percentage point. In addition, it can be seen that a 10% drop in share prices will result in a 0.1% loss of shareholders' equity. Lastly, it can be seen that the shareholders' equity will be reduced by 0.1% if foreign-exchange rates shift adversely by 2%. It has been assumed that the portfolios remain unchanged.

7.10 SPAR NORD'S OWN PROPERTIES

Properties are recognized at cost upon acquisition and subsequently measured at fair value. 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.

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, etc.

The fair value of the individual property is reassessed at least once a year based on the current letting market and the interest level. An external valuation is obtained from a real estate agent to support the calculation of fair value, including the rental rates and rates of return used. In 2014, positive value adjustments totalling DKK 8.3 million were made on corporate properties, such adjustments being recognized directly in shareholders' equity under other comprehensive income. Impairment losses totalling DKK 2.6 million (net) have been reversed and recognized under depreciation, amortization and impairment in the income statement. Reference is made to the Bank's Annual Report for a more detailed description of the accounting treatment of properties.

The figure below shows the rates of return on the Bank's properties in per cent.

YIELD/RETURN

	2014		2013	
	No. of properties	**Year-end value**	**No. of properties**	**Year-end value**
5.75-7%	12	232.4	11	222.1
7-8%	18	292.4	18	288.8
8-9%	17	156.5	18	139.8
9-14.5%	5	3.7	11	28.7
Grand total	**52**	**685.0**	**58**	**679.4**

Figure 7.13

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

Everything else being equal, an increase of the required rate of return of 0.5 percentage point will reduce the fair value by DKK 44.9 million (2013: DKK 43.9 million).

Everything else being equal, a reduction of the rental level by 5% will reduce the fair value by DKK 30.1 million (2013: DKK 28.6 million).

8. 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.

8.1 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.

8.2 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 Legal Department is charged with handling operational risks, a responsibility that includes the role as risk facilitator.

8.3 FRAUD

In view of the regular reporting provided to the Bank's Board of Directors and Executive Board, it is Management's opinion that the Bank has a satisfactory level of measures to counter the risk of being exposed to fraud.

8.4 IT SECURITY

Information and information systems are important 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 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, a requirement ensured through the highest possible degree of automation and continual capacity adjustments. For service providers, this must be ensured by means of written agreements. The Bank's IT security work includes the preparation of emergency plans and recovery procedures aimed to ensure continued operation at a satisfactory level, in the case of extraordinary events.

8.5 CAPITAL NEEDS

The capital needed to cover Spar Nord's operational risks is calculated using the basic indicator approach. In 2014, the operational risk amounted to 11.7% of total risk exposure, ending at DKK 5,716.0 million, which results in a capital need of DKK 457.3 million.

8.6 COMPLIANCE

Operational risks include compliance risks, which means the risk that the Bank is not being operated according to legal and statutory requirements, standards in the market and good business ethics.

Spar Nord has an independent compliance function charged with assisting Management in ensuring that the Group complies with applicable legislation, market standards and internal rules and procedures. This serves to identify and reduce the risk that sanctions are imposed on the Bank, that its reputation is compromised, or that the Bank or its customers suffer significant financial losses.

The Compliance function is managed by a Head of Compliance (a law graduate), who answers to the Executive Board and submits reports to the Board of Directors. This function is manned by representatives from a cross-section of the Bank's business areas. An overall policy and annual plan for the function's activity have been approved by the Board of Directors.

The Compliance Department regularly reviews critical business procedures with a view to assessing risks and making recommendations to limit individual risks.

9. APPENDICES

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A. REFERENCES REGARDING DISCLOSURE OBLIGATIONS

SPAR NORD'S DISCLOSURE OBLIGATIONS

Topic	**Location of information**
Announcement of information regarding management systems	2014 Annual Report, pp 22 - 30 https://www.sparnord.com/sparnordcom/investor-relations/announcements/2014.aspx
Risk management, including strategy, risk appetite, responsibility and processes	2014 Annual Report, pp 19 - 21 https://www.sparnord.com/sparnordcom/investor-relations/announcements/2014.aspx
Remuneration policy	https://www.sparnord.com/remunerationpolicy

B. BALANCE SHEET RECONCILIATION METHODOLOGY

DISCLOSURE ACCORDING TO ARTICLE 2 IN COMMISSION IMPLEMENTING REGULATION (EU) NO 1423/2013

BALANCE SHEET RECONCILIATION METHODOLOGY

Disclosure according to Article 2 in Commission implementing regulation (EU) No 1423/2013

Capital base

DKK million	**31.12.14**
Shareholders' equity according to balance sheet	7,033
Regulation according to limit for holdings own capital instruments	-21
Provision for dividend	-201
Value changes in own capital instruments	-10
Indirect holdings of own capital instruments	-3
Additional value adjustments	-26
Goodwill	-196
Tax - goodwill	27
Deferred tax assets	-19
Intangible assets	-66
Tax - intangible assets	15
Deductions insignificant capital shares - CET1	-84
Deductions significant capital shares - CET1	-65
Common Equity Tier 1 capital	**6,384**
Tier 1 capital	431
Deductions insignificant capital shares - Tier 1	-168
Deductions significant capital shares - Tier 1	-131
Total Tier 1 capital	**6,516**
Tier 1 instruments	1,149
Deductions insignificant capital shares - Tier 2	-168
Deductions significant capital shares - Tier 2	-131
Total Tier 2 capital	**850**
Total capital base	**7,366**

C. CAPITAL INSTRUMENTS' MAIN FEATURES TEMPLATE

DISCLOSURE ACCORDING TO ARTICLE 3 IN COMMISSION IMPLEMENTING REGULATION (EU) NO 1423/2013

	CAPITAL INSTRUMENTS MAIN FEATURES TEMPLATE (1)					
1	Issuer	Spar Nord Bank A/S	Spar Nord Bank A/S	Spar Nord Bank A/S	Spar Nord Bank A/S	Spar Nord Bank A/S
2	Unique identifier (eg CUSIP, ISIN or Bloomberg for private placement	DK0030010327	DK0003457687	DK0030330311	DK0030270822	DK0030307681
3	Governing law(s) of the instrument	Danish	Danish	Danish	Danish	Danish
	Regulatury treatment					
4	Transitional CRR rules	Additional Tier 1	Additional Tier 1	Tier 2	Tier 2	Tier 2
5	Post-transitional CRR rules	Ineligble	Ineligble	Tier 2	Tier 2	Tier 2
6	Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	Solo & Consolidated	Solo & Consolidated	Solo & Consolidated	Solo & Consolidated	Solo & Consolidated
7	Instrument types (types to be specified by each jurisdiction)	Additional Tier 1 (grandfathered) as published in Reg. (EU) No 575/2013 art. 484.4	Additional Tier 1 (grandfathered) as published in Reg. (EU) No 575/2013 art. 484.4	Tier 2 as published in Reg. (EU) No 575/2013 art. 63	Tier 2 as published in Reg. (EU) No 575/2013 art. 63	Tier 2 as published in Reg. (EU) No 575/2013 art. 63
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	DKK 159m	DKK 279m	DKK 695m	DKK 56m	DKK 398m
9	Normal amount of instrument	DKK 200m	DKK 350m	DKK 700m	DKK 58m	DKK 400m
9a	Issue price	100 per cent	100 per cent	100 per cent	100 per cent	100 per cent
9b	Redemption price	100 per cent of Nom. amount	100 per cent of Nom. amount	100 per cent of Nom. amount	100 per cent of Nom. amount	100 per cent of Nom. amount
10	Accounting classification	Liability - fair value option	Liability - fair value option	Liability - amortised cost	Liability - amortised cost	Liability - fair value option
11	Original date of insuance	26-Sep-05	16-Mar-05	18-Dec-13	25-Nov-10	28-Nov-12
12	Perpetual or dated	Perpetual	Perpetual	Dated	Dated	Dated
13	Original maturity date	No maturity	No maturity	18-Dec-23	25-Nov-20	28-Nov-22
14	Issuer call subject to prior supervisory amount	Yes	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates, and redemption amount	09-Sep-15: 100 per cent of Nominal amount In addition Tax/Reg. call	16-Mar-15: 100 per cent of Nominal amount In addition Tax/Reg. call	18-Dec-18: 100 per cent of Nominal amount In addition Tax/Reg. call	25-Nov-15: 100 per cent of Nominal amount In addition Tax/Reg. call	28-Nov-17: 100 per cent of Nominal amount In addition Tax/Reg. call
16	Subsequent call dates, if applicable	09-Mar, 09-Jun, 09-Sep and 09-Dec each year after first call date	16-Mar, 16-Jun, 16-Sep and 16-Dec each year after first call date	18-Mar, 18-Jun, 18-Sep and 18-Dec each year after first call date	25-Nov each year after first call date	28-Nov each year after first call date
	Coupons/dividends					
17	Fixed or floating dividend/coupons	Fixed to floating	Fixed to floating	Floating	Fixed	Fixed to floating
18	Coupon rate and any related index	Fixed 4.804 per cent per annum until first call date, thereafter Floating Cibor 3-month +2.60 per cent per annum	Fixed 5.25 per cent per annum until first call date, thereafter Floating Cibor 3-month +2.33 per cent per annum	Floating Cibor 3-month +3.90 per cent per annum	Fixed 8 per cent per annum until maturity	Fixed 6.0425 per cent per annum until first call date (eq. to DKK 5Y-Swap rate) thereafter Floating Cibor 3-month +5.0 per cent per annum
19	Existence of a dividend stopper	Yes	Yes	No	No	No
20a	Full discretionary, partially discretionary or mandatory (in terms of timing)	Partially discretionary	Partially discretionary	Mandatory	Partially discretionary	Partially discretionary
20b	Full discretionary, partially discretionary or mandatory (in terms of amount)	Partially discretionary	Partially discretionary	Mandatory	Partially discretionary	Partially discretionary
21	Existence of step up or other incentive to redeem	Yes	Yes	No	No	No
22	Noncumulative or cumulative	Cumulative	Cumulative	Non cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger	N/A	N/A	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A	N/A
29	If convertible, specify issuer of instruments it convert to	N/A	N/A	N/A	N/A	N/A
30	Write-down features	Yes	Yes	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	When equity is zero and share capital is zero. In addition new capital must be added, thus capital requirements are met or ceases without loss to creditors. The value of write-down is to be determined by the audit and the danish financial supervision.	When equity is zero and share capital is zero. In addition new capital must be added, thus capital requirements are met or ceases without loss to creditors. The value of write-down is to be determined by the audit and the danish financial supervision.	When the point of non-visiability is reached The national resolution authority determines if the institution meets the condi-tion: a i The institution has incurred/is likely to incur in a near future losses depleting all or substantially all its own funds; and/or ii. The assets are/will be in a near future less than its liabilities; and/or iii. The institution is/will be in a near future unable to pay its obligations; and/or; iv. The institution requires public financial support; b. There is no reasonable prospect that a private action would prevent the failure; and c. A resolution action is necessary in the public interest.	When equity is zero and share capital is zero. In addition new capital must be added, thus capital requirements are met or ceases without loss to creditors. The value of write-down is to be determined by the audit and the danish financial supervision.	When equity is less than half of the registered share capital.
32	If write-down, full or partial	Full or Partially	Full or Partially	Full	Full or Partially	Full or Partially
33	If write-down, permanent or temporary	Permanent	Permanent	Permanent	Permanent	Temporary
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A	When the legislation permits a write-up and the company shows continued viability
35	Position in subordination hierachy in liquidation (specify instruments type immediate senior to instrument)	Tier 2	Tier 2	Senior debt	Senior debt	Senior debt
36	Non-compliant transitioned features	Yes	Yes	No	No	No
37	If yes, specify non-compliant features	Instrument issued accord-ing to earlier rules. Fea-tures include e.g. step-up and do not inlude fully discretionary coupons.	Instrument issued accord-ing to earlier rules. Fea-tures include e.g. step-up and do not inlude fully discretionary coupons.	N/A	N/A	N/A

(1) 'N/A' inserted if the question is not applicable.

D. TRANSITIONAL OWN FUNDS DISCLOSURE TEMPLATE

DISCLOSURE ACCORDING TO ARTICLE 5 IN COMMISSION IMPLEMENTING REGULATION (EU) NO 1423/2013

	COMMON EQUITY TIER 1 CAPITAL: INSTRUMENTS AND RESERVES (1)	31.12.14 DKK million	(B) Regulation (EU) No 575/2013 article reference	(C) Amounts subject to pre-regulation (EU) No 575/2013 treatment or prescribed residual amount of regulation (EU) No 575/2013
1	Capital instruments and the related share premium accounts	1.255	26(1), 27, 28, 29, EBA list 26 (3)	N/A
	of which : instrument type 1	N/A	EBA list 26 (3)	N/A
	of which : instrument type 2	N/A	EBA list 26 (3)	N/A
	of which : instrument type 3	N/A	EBA list 26 (3)	N/A
2	Retained earnings	4.682	26(1)(c)	N/A
3	Accumulated other comprehensive income (and any other reserves)	661	26(1)	N/A
3a	Funds for general banking risk	N/A	26(1)(f)	N/A
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	N/A	486(2)	N/A
	Public sector capital injections grandfathered until 1 january 2018	N/A	483(2)	N/A
5	Minority interests (amount allowed in consolidated CET1	N/A	84, 479, 480	N/A
5a	Independently reviewed interimprofits net of any foreseeable charge or dividend	244	26(2)	N/A
6	**Common equity Tier 1 (CET1) capital before regulatory adjustments**	**6.842**		N/A
	COMMON EQUITY TIER 1 CAPITAL: REGULATORY ADJUSTMENTS			
7	Additional value adjustments (negative amount)	-26	34, 105	N/A
8	Intangible assets (net of related tax liability) (negative amount)	-220	36(1)(b), 37, 472(4)	N/A
9	Empty set in the EU	N/A		N/A
10	Deferred tax assets that rely on future profitability excluding those arising from temporary difference (net of related liability where the conditions in Article 38 (3) are met) (negative amount)	-19	36(1)(c), 38, 472(5)	N/A
11	Fair value reserves related to gains or losses on cash flow hedges	N/A	33(a)	N/A
12	Negative amounts resulting from the calculation of expected loss amounts	N/A	36(1)(d), 40, 159, 472(6)	N/A
13	Any increase in equity that results from securitised assets (negative amount)	N/A	32(1)	N/A
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-10	33(1)(b)(c)	N/A
15	Defined-benefit pension fund assets (negative amount)	N/A	36(1)(e), 41, 472(7)	N/A
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-34	36(1)(f), 42, 472(8)	N/A
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have riciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	N/A	36(1)(g), 44, 472(9)	N/A
18	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-84	36(1)(h), 43, 45, 46, 49(2)(3), 79, 472(10)	N/A
19	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-65	36(1)(i), 43, 45, 47, 48(1)(b), 49	N/A
20	Empty set in the EU	N/A		N/A
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deducation alternative	N/A	36(1)(k)	N/A
20b	of which: qualifying holdings outside the financial sector (negative amount)	N/A	36(1)(k)(i), 89-91	N/A
20c	of which: securitisation positions (negative amount)	N/A	36(1)(k)(ii), 243(1)(b), 244(1)(b)	N/A
20d	of which: free deliveries (negative amount)	N/A	36(1)(k)(iii), 379(3)	N/A
21	Deferred tax assets arising from temporary difference (amount above 10% threshold), net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	N/A	36(1)(c), 38, 48(1)(a), 470, 472	N/A
22	Amount exceeding the 15% threshold (negative amount)	N/A	48(1)	N/A
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	N/A	36(1)(i), 48(1)(b), 470, 472(11)	N/A
24	Empty set in the EU	N/A		N/A
25	of which: deferred tax assets arising from temporary difference	N/A	36(1)(c), 38,48(1)(a), 470, 472	N/A
25a	Losses for the current financial year (negative amount)	N/A	36(1)(a), 472 (3)	N/A
25b	Foreseeable tax charges relating to CET1 items (negative amount)	N/A	36(1)(l)	N/A
26	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment	N/A		N/A
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	N/A		N/A
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre-CRR	N/A	481	N/A
27	Qualifying AT1 deductions that exceeds the AT1 capital of the institution (negative amount)	N/A	36 (1) (j)	N/A
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-458**		N/A
29	**Common Equity Tier 1 (CET1) capital**	**6.384**		N/A

D. TRANSITIONAL OWN FUNDS DISCLOSURE TEMPLATE

DISCLOSURE ACCORDING TO ARTICLE 5 IN COMMISSION IMPLEMENTING REGULATION (EU) NO 1423/2013

	ADDITIONAL TIER 1 (AT1) CAPITAL: INSTRUMENTS	**31.12.14 DKK million**	**(B) Regulation (EU) No 575/2013 article reference**	**(C) Amounts subject to pre-regulation (EU) No 575/2013 treatment or prescribed residual amount of regulation (EU) No 575/2013**
30	Capital instruments and the related share premium accounts	N/A	51, 52	N/A
31	of which : classified as equity under applicable accounting standards	N/A		N/A
32	of which : classified as liabilities under applicable accounting standards	N/A		N/A
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	440	486(3)	N/A
	Public sector capital injections grandfathered until 1 January 2018	N/A	483(3)	N/A
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interest not included in row 5) issued by subsidiaries and held by third parties	N/A	85, 86, 480	N/A
35	of which: instruments issued by subsidiaries subject to phase-out	N/A	486(3)	N/A
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**440**		N/A
	ADDITIONAL TIER 1 (AT1) CAPITAL: REGULATORY ADJUSTMENTS			
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	-9	52(1)(b), 56(a), 57, 475(2)	N/A
38	Holdings of AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	56(b), 58, 475(3)	N/A
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-168	56(c), 59, 60, 79, 475(4)	N/A
40	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-131	56(d), 59, 79, 475(4)	N/A
41	Regulatory adjustments applied to Additional Tier 1 capital in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase-out as prescribed in Regulation (EU) No 585/2013 (ie. CRR residual amount)	N/A		N/A
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to Article 472 of Regulation (EU) No 575/2013	N/A	472, 473(3)(a), 472 4), 472(6), 472(8)(a), 472(9), 472(10)(a), 472(11)(a)	N/A
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to Article 475 of Regulation (EU) No 575/2013	N/A	477, 477(3), 477(4)(a)	N/A
41c	Amounts to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre-CRR	N/A	467, 468, 481	N/A
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)	N/A	56 (e)	N/A
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**-308**		N/A
44	**Additional Tier 1 (AT1) capital**	**132**		N/A
45	**Tier 1 capital (T1 = CET + AT1)**	**6.516**		N/A
	TIER 2 (T2) CAPITAL: INSTRUMENTS AND PROVISIONS			
46	Capital instruments and the related share premium accounts	1.152	62, 63	N/A
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase-out from T2	N/A	486(4)	N/A
	Public sector capital injections grandfathered until 1 January 2018	N/A	483(4)	N/A
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interest and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third party	N/A	87, 88, 480	N/A
49	of which: instruments issued by subsidiaries subject to phase-out	N/A	486(4)	N/A
50	Credit risk adjustments	N/A	62(c) &(d)	N/A
51	Tier 2 (T2) capital before regulatory adjustment	1.152		N/A
	TIER 2 (T2) CAPITAL: REGULATORY ADJUSTMENTS			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-3	63(b)(i), 66(a), 67, 477(2)	N/A
53	Holdings of T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institutions designed to inflate artificially the own funds of the institution (negative amount)	N/A	66(b), 68, 477(3)	N/A
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-168	66(c), 69, 70, 79, 477(4)	N/A
55	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligble short positions) (negative amount)	-131	66(d), 69, 79, 477(4)	N/A
56	Regulatory adjustments applied to Tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase-out as prescribed in Regulation (EU) No 575/2013 (ie. CRR residual amount)	N/A		N/A
56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to Article 472 of Regulation (EU) No 575/2013	N/A	472, 472(3)(a), 472(4), 472(6), 472(8), 472(9), 472(10)(a), 472(11)(a)	N/A
56b	Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to Article 475 of Regulation (EU) No 575/2013	N/A	475, 475(2)(a), 475(3), 475(4)(a)	N/A
56c	Amounts to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre-CRR	N/A	467, 468, 481	N/A
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**-302**		N/A
58	**Tier 2 (T2) capital**	**850**		N/A
59	**Total capital (TC = T1 + T2)**	**7.366**		N/A
60	**Total risk-weighted assets**	**49.005**		N/A

D. TRANSITIONAL OWN FUNDS DISCLOSURE TEMPLATE

DISCLOSURE ACCORDING TO ARTICLE 5 IN COMMISSION IMPLEMENTING REGULATION (EU) NO 1423/2013

	CAPITAL RATIOS AND BUFFERS	31.12.14 DKK million	(B) Regulation (EU) No 575/2013 article reference	(C) Amounts subject to pre-regulation (EU) No 575/2013 treatment or prescribed residual amount of regulation (EU) No 575/2013
61	Common Equity Tier 1 (as percentage of total risk exposure amount)	13,0%	92(2)(a), 465	N/A
62	Tier 1 (as percentage of total risk exposure amount)	13,3%	92(2)(b), 465	N/A
63	Total capital (as percentage of total risk exposure amount)	15,0%	92(2)(c)	N/A
64	Institution specific buffer requirement (CET1 requirement in accordance with Article 92 (1) (a) plus capital conservation and countercyclical buffer requirements plus a systemic risk buffer, plus systemically important institution buffer expressed as a percentage of total risk exposure amount)	0	CRD 128, 129, 140	N/A
65	of which: capital conservation buffer requirement	0		N/A
66	of which: countercyclical buffer requirement	0		N/A
67	of which: systemic risk buffer requirement	0		N/A
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	N/A	CRD 131	N/A
68	Common Equity Tier 1 available to meet buffers (as percentage of risk exposure amount)	0	CRD 128	N/A
69	[Non-relevant in EU regulation]	N/A		N/A
70	[Non-relevant in EU regulation]	N/A		N/A
71	[Non-relevant in EU regulation]	N/A		N/A
	AMOUNTS BELOW THE THRESHOLDS FOR DEDUCTION (BEFORE RISK-WEIGHTING)			
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions)	654	36(1)(h), 45, 46, 472(10) 56(c), 59, 60, 475(4), 66(c) 69, 70, 477(4)	N/A
73	Direct and indirect holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	648	36(1) (i), 45, 48, 470, 472(11)	N/A
74	Empty set in the EU	N/A		N/A
75	Deferred tax assets arising from temporary difference (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	N/A	36(1)(c), 38, 48, 470,475(11)	
	APPLICABLE CAPS ON THE INCLUSION OF PROVISIONS IN TIER 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	N/A	62	N/A
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	N/A	62	N/A
78	Credit risk adjustments included in T2 in respect of exposures subject to internal rating-based approach (prior to the application of the cap)	N/A	62	N/A
79	Cap for inclusion of credit risk adjustments in T2 under internal rating-based approach	N/A	62	N/A
	CAPITAL INSTRUMENTS SUBJECT TO PHASE-OUT ARRANGEMENTS (ONLY APPLICABLE BETWEEN 1 JANUARY 2014 AND 1 JANUARY 2022)			
80	- Current cap on CET1 instruments subject to phase-out arrangements	N/A	484(3), 486(2) & (5)	N/A
81	- Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities	N/A	484(3), 486(2) & (5)	N/A
82	- Current cap on AT1 instruments subject to phase-out arrangements	440	484(4), 486(3) & (5)	N/A
83	- Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities	110	484(4), 486(3) & (5)	N/A
84	- Current cap on T2 instruments subject to phase-out arrangements	N/A	484(5), 486(4) & (5)	N/A
85	- Amount excluded from T2 due to cap (excess over cap after redemptions and maturities	N/A	484(5), 486(4) & (5)	N/A
	(1) 'N/A' inserted if the question is not applicable.			

		Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of encumbered assets	Fair value of encumbered assets
		010	040	060	090
010	**Assets of the reporting institution**	11,655.2		67,168.9	
030	Equity instruments	0.0	0.0	1,416.8	1,416.8
040	Debt instruments	8,902.3	8,902.3	11,488.4	11,488.4
120	Other assets	2,752.9		54,263.7	

		Fair value of encumbered collateral received or own debt instruments issued	Fair value of collateral received or own debt instruments issued and available for encumbrance
		010	040
130	**Collateral received by the reporting institution**	0.0	2,315.6
150	Equity instruments	0.0	9.9
160	Debt instruments	0.0	2,266.4
230	Other collateral received	0.0	39.3
240	**Own debt instruments issued other than own covered instruments**	0.0	0.0

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt instruments issued other than covered bonds and ABSs encumbered
		010	030
010	**Carrying amount of selected financial liabilities**	10,674.1	11,655.2

TERM TO MATURITY BY EXPOSURE CATEGORY

	2014						2013					
DKK m	On demand	0 - 3 mths	3 mths - 1 year	1 year - 5 years	Over 5 years	**Grand total**	On demand	0 - 3 mths	3 mths - 1 year	1 year - 5 years	Over 5 years	**Grand total**
Central gov./central banks	630.8	0.0	0.0	0.0	0.0	630.8	6.2	0.0	0.0	0.0	0.0	6.2
Regional/local authorities	473.0	25.9	817.1	801.1	73.1	2,190.2	0.0	314.5	3,785.2	304.8	42.4	4,446.9
Public entities	0.0	0.0	0.0	71.3	6.9	78.2	0.0	0.1	49.0	28.3	7.7	85.0
Institutions	469.0	4,443.2	1,964.6	412.2	749.1	8,038.1	114.8	8,281.5	251.3	573.3	1,025.3	10,246.2
Businesses, etc.	2,120.9	3,712.1	7,943.1	2,688.6	4,070.7	20,535.4	1,399.1	6,284.4	7,521.6	2,553.3	3,900.6	21,659.0
Retail customers	1,461.9	5,533.2	7,120.4	12,198.6	10,028.3	36,342.4	874.0	7,069.5	6,148.8	9,012.0	8,882.8	31,987.1
Exposures secured by mortgages on real property	6.3	477.7	618.7	744.3	1,890.1	3,737.1	155.8	549.1	597.7	763.0	1,676.8	3,742.4
Exposure to defaults	50.3	618.2	225.3	382.1	235.1	1,511.0	18.4	10.1	20.2	65.5	28.0	142.3
High-risk exposures	244.3	412.3	410.8	83.4	71.9	1,222.7						
Short-term exposures to institutions and businesses, etc.	0.0	835.8	0.0	0.0	1.8	837.6	0.0	0.0	0.0	0.0	0.0	0.0
Collective investment schemes	0.0	0.0	1.0	0.0	5.8	6.8	0.0	0.0	1.0	0.0	0.0	1.0
Equity exposure	0.0	0.1	0.3	9.8	1,304.7	1,314.9						
Other assets	10.7	362.0	130.9	115.3	1,160.1	1,779.0	347.0	3.9	374.0	271.9	660.5	1,657.3
Grand total	**5,467.2**	**16,420.5**	**19,232.2**	**17,506.7**	**19,597.6**	**78,224.2**	**2,915.3**	**22,513.1**	**18,748.8**	**13,572.1**	**16,224.1**	**73,973.4**

TOTAL CREDIT EXPOSURE BY INDUSTRY

2014 **Exposure category**

Line of business - DKK m	Central gov. or central banks	Regional or local authorities	Public entities	Institutions	Businesses, etc.	Retail customers	Exp. scured by mortga-ges on real property	Exposure to defaults	High-risk exposures	Short-term exp. to businesses, etc.	Collective investment schemes	Equity exposure	Other exposures	**Grand total**
Public authorities	0.0	2,153.0	1.2	0.0	124.8	897.0	17.3	2.6	0.0	0.0	0.0	0.0	0.0	3,195.9
Agriculture, hunting and forestry	0.0	0.0	0.0	0.0	1,808.0	1,914.2	249.2	93.3	82.1	226.7	0.0	0.0	0.0	4,373.5
Fisheries	0.0	0.0	0.0	0.0	80.6	69.3	3.2	3.1	0.0	0.0	0.0	0.0	0.0	156.2
Industry and raw materials extraction	0.0	0.0	0.0	0.0	2,577.8	1,264.6	29.1	67.3	8.0	2.2	0.0	0.0	0.0	3,949.0
Energy supply	0.0	37.2	72.9	0.0	1,777.4	371.0	16.9	72.6	10.2	0.5	0.0	0.0	0.0	2,358.7
Building and construction	0.0	0.0	0.0	0.0	746.8	1,077.0	69.5	85.8	657.3	4.9	0.0	0.0	0.0	2,641.3
Trade	0.0	0.0	0.0	0.0	2,953.9	2,200.9	113.3	77.9	4.1	56.4	0.0	1.5	0.0	5,408.0
Transport, hotels and restaurants	0.0	0.0	0.0	0.0	1,449.4	666.3	48.1	13.2	35.0	2.6	0.0	0.0	0.0	2,214.6
Information and communication	0.0	0.0	0.0	0.0	59.5	196.6	6.6	2.4	0.0	0.2	0.0	0.0	0.0	265.3
Financing and insurance	630.8	0.0	0.0	7,739.9	2,669.8	593.1	135.4	82.6	25.8	512.0	6.8	1,313.4	1,411.6	15,121.2
Real estate	0.0	0.0	0.0	0.3	3,578.8	2,180.3	337.2	680.2	326.4	14.1	0.0	0.0	0.0	7,117.3
Other business areas	0.0	0.0	4.1	0.0	1,500.4	1,879.6	88.7	83.4	42.2	1.5	0.0	0.0	367.4	3,967.3
Business customers, total	**630.8**	**2,190.2**	**78.2**	**7,740.2**	**19,327.2**	**13,309.9**	**1,114.5**	**1,264.4**	**1,191.1**	**821.1**	**6.8**	**1,314.9**	**1,779.0**	**50,768.3**
Retail customers	**0.0**	**0.0**	**0.0**	**297.9**	**1,208.2**	**23,032.5**	**2,622.6**	**246.6**	**31.6**	**16.5**	**0.0**	**0.0**	**0.0**	**27,455.9**
Grand total	**630.8**	**2,190.2**	**78.2**	**8,038.1**	**20,535.4**	**36,342.4**	**3,737.1**	**1,511.0**	**1,222.7**	**837.6**	**6.8**	**1,314.9**	**1,779.0**	**78,224.2**

2013 **Exposure category**

Line of business - DKK m	Central gov. or central banks	Regional or local authorities	Public entities	Institutions	Businesses, etc.	Retail customers	Exp. secured by mortga-ges on real property	Exposure to defaults	Short-term exp. to businesses, etc.	Collective investment schemes	Other exposures	**Grand total**
Public authorities	0.0	4,418.0	1.3	0.0	0.0	4.4	0.0	0.2	0.0	0.0	62.1	4,486.0
Agriculture, hunting and forestry	0.0	0.0	0.0	0.0	2,024.3	2,112.6	230.6	37.4	0.0	0.0	0.0	4,404.9
Fisheries	0.0	0.0	0.0	0.0	124.5	59.4	1.7	0.1	0.0	0.0	0.0	185.7
Industry and raw materials extraction	0.0	0.0	0.0	0.0	1,567.8	961.8	23.7	9.4	0.0	0.0	0.0	2,562.7
Energy supply	0.0	28.2	83.7	0.0	1,946.5	192.0	13.8	0.0	0.0	0.0	0.0	2,264.2
Building and construction	0.0	0.0	0.0	0.0	1,050.8	1,212.3	185.1	5.1	0.0	0.0	0.0	2,453.3
Trade	0.0	0.0	0.0	0.0	2,734.7	2,148.0	96.6	12.9	0.0	0.0	0.0	4,992.2
Transport, hotels and restaurants	0.0	0.0	0.0	0.0	1,263.3	724.8	53.1	9.5	0.0	0.0	0.0	2,050.7
Information and communication	0.0	0.0	0.0	0.0	331.3	156.6	1.4	0.0	0.0	0.0	0.0	489.3
Financing and insurance	6.2	0.0	0.0	9,507.1	4,129.9	563.3	203.8	1.6	0.0	1.0	978.2	15,391.1
Real estate	0.0	0.0	0.0	0.0	3,896.5	1,581.1	499.7	6.0	0.0	0.0	279.3	6,262.6
Other business areas	0.0	0.1	0.0	723.8	1,421.6	2,099.3	166.5	8.7	0.0	0.0	337.7	4,757.7
Business customers, total	**6.2**	**4,446.3**	**85.0**	**10,230.9**	**20,491.2**	**11,815.6**	**1,476.0**	**90.9**	**0.0**	**1.0**	**1,657.3**	**50,300.4**
Retail customers	**0.0**	**0.6**	**0.0**	**15.3**	**1,167.8**	**20,171.5**	**2,266.4**	**51.4**	**0.0**	**0.0**	**0.0**	**23,673.0**
Grand total	**6.2**	**4,446.9**	**85.0**	**10,246.2**	**21,659.0**	**31,987.1**	**3,742.4**	**142.3**	**0.0**	**1.0**	**1,657.3**	**73,973.4**

The Risk 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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