

RISK REPORT 2015



spar nord

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1. PREFACE

The objective of this report is to give an overview of Spar Nord'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 Spar Nord is exposed. The report also includes an account of Spar Nord's risk and capital management methodologies and the composition of the capital base 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), including the associated delegated regulations and guidelines. The rules originate from the Basel III rules and set the rules for the disclosure of capital adequacy requirements and risk management.

Spar Nord's disclosure of information on the risk and capital management practices pursuant to the regulatory framework relates to Spar Nord Bank A/S, CVR no. 13737584 and its fully consolidated subsidiary ("Spar Nord"). The comparative figures regarding the Parent Company (the "Bank") have been adjusted as a result of the merger with Spar Nord Leasing as of 1 January 2015.

This report for Spar Nord is available at www.sparnord.com/riskreports. In addition, the Annual Report of Spar Nord discloses information about Spar Nord'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 view of Spar Nord'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 Spar Nord'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 outside northern Jutland, and in 2012 Spar Nord merged with Sparbank, which had 23 branches; thus, today Spar Nord has a nationwide distributive network with 70 local banks, with 1,538 employees serving about 395,000 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 Spar Nord is represented.

Spar Nord 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 businesses 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 2014-16 is described in the strategy plan, AN UNCOMPLICATED BANK. The strategy plan is a natural extension of the geographical expansion undertaken by Spar Nord 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 2014-16, each with three strategic goals.

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, Spar Nord's goal is for the return on equity to reach at least 10% after tax.

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. Leasing products are offered to business customers in addition to traditional bank financing options.

Finally, via the SparXpres concept taken over from Sparbank and continued after the merger, Spar Nord 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, Spar Nord 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 customer 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.

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 70 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.

3. RISK MANAGEMENT

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

3.1 RISK STATEMENTS

On 10 February 2016, Spar Nord's Board of Directors and Executive Board approved Spar Nord's 2015 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 Spar Nord's business model. In addition, in the opinion of the Board of Directors Spar Nord's risk management systems are appropriate, given Spar Nord's risk appetite and strategy, such that the going concern concept is thereby ensured.

We find that the description of Spar Nord's general risk profile in connection with 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, Spar Nord'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 Spar Nord is represented. Spar Nord strives for profitable earnings based on a pricing of Spar Nord'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 Spar Nord's risk profile can be found in this risk report and the risk sections of the annual report.

3.2 CATEGORIES OF RISK

Spar Nord's most important categories of risks 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 exposures. 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 Spar Nord's funding costs increase, Spar Nord is cut off from entering into new transactions on account of unavailable funding, or because Spar Nord 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 image 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 Spar Nord'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 coherence between Spar Nord's vision, mission and strategy, and that at all times Spar Nord has a risk profile that bears an appropriate relation to its capital and liquidity situation.

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

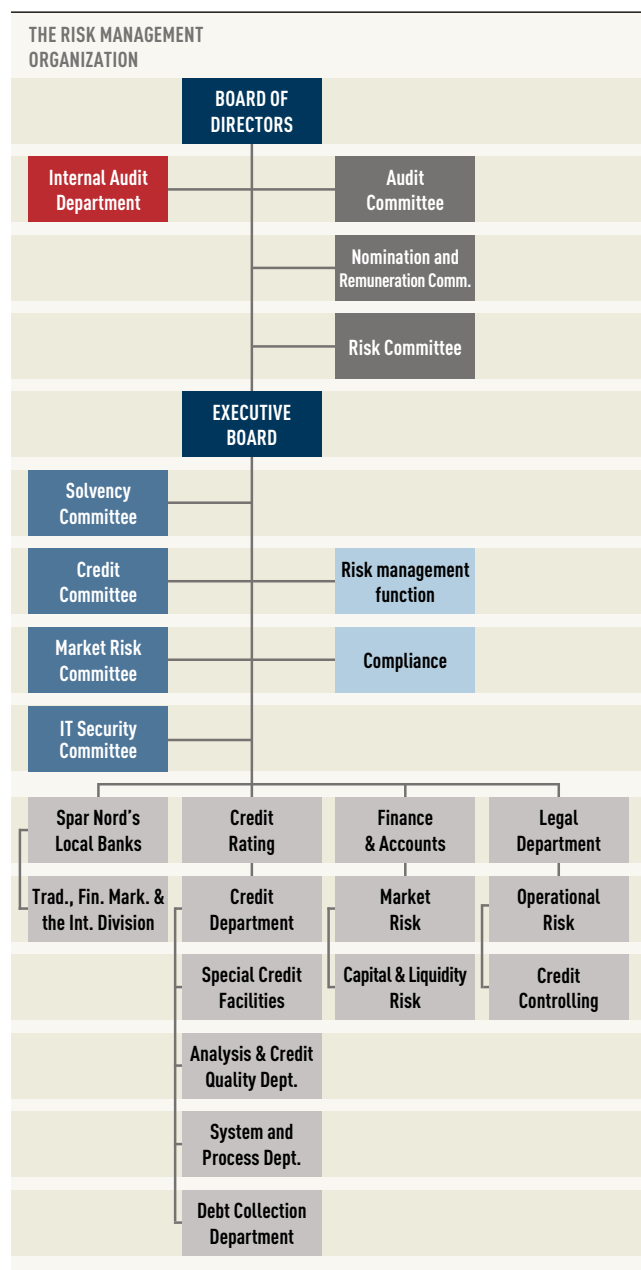
3.4 DELEGATION OF RESPONSIBILITY

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

The Board of Directors has set up an audit committee tasked 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 ex-

3. RISK MANAGEMENT



expertise in auditing and accounting matters, as required by statute, and who is also disinterested. In 2015, the committee held six meetings.

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

Spar Nord'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 2015, the committee held three meetings.

Spar Nord has set up a risk committee composed of three members of the Board of Directors. During 2015, the risk committee held four meetings. The risk committee plays an advisory role in determining Spar Nord's risk appetite and regularly assesses Spar Nord's risk profile.

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 Spar Nord. To this end, the Executive Board passes on specific instructions for the Group's risks and its risk management procedures. The Executive Board reports regularly to the Board of Directors on the Group's risk exposure.

The Executive Board has appointed a number of committees and working parties that contribute to Spar Nord'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 an Executive Board member and the Chief Credit Officer, 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 Spar Nord'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 adequate own funds and the individual solvency need. The Solvency Committee prepares a recommendation for the individual solvency need ratio and passes it on to the Board of Directors for approval.

3. RISK MANAGEMENT

3.4.4 IT SECURITY COMMITTEE

The IT security committee at Spar Nord is composed of a member of the Executive Board, the head of the IT department, the IT security officer and selected heads of business areas. The committee is tasked with advising and dealing with any issues that may arise in relation to the IT security policy, IT security rules and procedures and the IT contingency plan. The IT security committee holds quarterly meetings.

3.4.5 THE 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 Spar Nord'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 Spar Nord'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.

3.4.6 COMPLIANCE

Spar Nord's compliance function is charged with overseeing Spar Nord's compliance with financial legislation, banking sector standards and Spar Nord'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 Spar Nord'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

Below follows a review of day-to-day management of Spar Nord's credit risk, market risk, liquidity risk, operational risk, contingency plans and reporting.

3.5.1 CREDIT RISK

Customer advisers, in consultation with local managers, handle day-to-day management of Spar Nord's credit risks. The decentralized credit authorization limit is maximized at DKK 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 Spar Nord'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 Spar Nord's entire exposure portfolio. Rating systems have been introduced in all Spar Nord'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 Vice President of Trading, Financial Markets & the International Division, with the facility authorization rights adapted to the individual tier. The follow-up on lines will be 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 reviewed every year, and other exposures are reviewed 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 Spar Nord's market risk does not exceed the boundaries of the instruction limits.

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

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 Spar Nord'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 requirements. 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

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

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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 Spar Nord's Management and relevant stakeholders is performed according to fixed guidelines. The Board of Directors receives continual reports covering all important risk areas.

ANNUAL REPORTING/APPROVAL	QUARTERLY REPORTING/APPROVAL
<p>Asset review Detailed review and analysis of Spar Nord'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.</p> <p>Operational risk Review of Spar Nord's operational risks and measures to counter such risks.</p> <p>Risk policies and guidelines Review of Spar Nord's risk policies and guidelines in the individual risk areas (credit risk, market risk, etc.) and an assessment of the need for making adjustments.</p> <p>Individual solvency need Assessment of Spar Nord's risk profile and calculation of adequate own funds. Extended version of the report prepared quarterly, including a process review and assessment of parameters used.</p> <p>Calculation and assessment of liquidity position and liquidity risks Combined calculation and assessment of Spar Nord's liquidity position and liquidity risks. The assessment supports Spar Nord's liquidity management and is an element in the statement of the individual solvency need.</p> <p>The Executive Board's risk review An overall risk review of Spar Nord's risk-prone activities across risk areas and organizational units. The risk review must be the basis for and support the Board of Directors' overall management of the company, including in connection with the Board of Directors' definition of Spar Nord's risk appetite, approval of policies and guidelines and in connection with Spar Nord's organization and use of IT systems.</p> <p>Statement from the risk management function The risk management function's statement to the Board of Directors about Spar Nord's risk management. The statement forms part of the Board of Directors' overall assessment basis in connection with the Executive Board's risk statement.</p> <p>Statement from the compliance function Statement regarding the activities of the compliance function and Spar Nord's general compliance.</p> <p>Turnaround plan Comprehensive plan to deal with a crisis in which Spar Nord needs to implement initiatives to counter the crisis. The plan forms parts of the ongoing risk management and supports the Board of Directors' high-level management of the business activities and the associated risks. The plan is submitted to the Danish Financial Supervisory Authority once a year.</p>	<p>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).</p> <p>Credit-weak exposures Report on all credit-weak exposures larger than DKK 25 million, reviewed individually.</p> <p>Large exposures Overview of exposures amounting to 10% or more of Spar Nord's own funds and the sum of such exposures, and the percentage that this sum represents of the own funds.</p> <p>Market risk Review and analysis of e.g. Spar Nord'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).</p> <p>Liquidity risk Review and analysis of Spar Nord's short- and long-term liquidity risks, including Spar Nord'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).</p> <p>Individual solvency need Assessment of the risk profile and calculation of adequate own funds. The report contains conclusions reached in Spar Nord's stress test and an assessment of the capital needs in respect of the individual risks.</p> <p>Capital Analysis of Spar Nord's capital structure, including trends in total risk exposure and own funds.</p> <p>IT risk Review and follow-up on Spar Nord's IT security and stability of Spar Nord's IT systems, including follow-up on outsourced development projects.</p> <p>Reporting from the risk management function Follow-up on Spar Nord's risk appetite, and follow-up on the annual plan (semi-annually).</p> <p>Reporting from the compliance function Review of the most significant compliance controls and status on ongoing tasks.</p> <p>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.</p>

4. CAPITAL MANAGEMENT AND INDIVIDUAL SOLVENCY NEED

4. CAPITAL MANAGEMENT AND 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 Spar Nord will at all times have adequate capital available. Part of the objective of these guidelines and the policy goals is to enable Spar Nord 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 Spar Nord's total capital relative to the risk profile policy defined. Spar Nord's capital adequacy targets are intended to ensure that Spar Nord will at all times have adequate capital and liquidity available to comply with statutory requirements and to support future activities and growth.

Spar Nord'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 cover 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 (CET1) ratio of 12% and a total capital ratio of 15.5%. In addition, it is Spar Nord's goal to have an excess coverage of at least one percentage point relative to the regulatory requirements from time to time applicable.

4.3 DEVELOPMENTS IN 2015

At end-2015, Spar Nord had a Common Equity Tier 1 (CET1) ratio of 14.4%, a core capital (Tier 1) ratio, including Additional Tier 1 (AT1) capital, of 14.9%, a total capital ratio of 17.0% and an individual solvency need ratio of 9.5%.

CAPITAL RATIOS

%	2015	2014
Common Equity Tier 1 (CET1) ratio	14.4	13.0
Core capital (Tier 1) ratio, incl. Additional Tier 1 (AT1) capital	14.9	13.3
Total capital ratio	17.0	15.0
Individual solvency need ratio	9.5	9.7

Figure 4.1

4.4 OWN FUNDS

Ultimately, own funds are composed of Common Equity Tier 1 (CET1), Additional Tier 1 (AT1) and Tier 2 capital (T2).

Own funds are characterized by the fact that the contributors of capital, including shareholders and holders of the recognized subordinated debt, rank junior to ordinary creditors if Spar Nord goes bankrupt.

4.4.1 ISSUED CAPITAL INSTRUMENTS

Spar Nord's issued Additional Tier 1 (AT1) capital and Tier 2 capital (T2) have been contributed on terms that meet the requirements for inclusion in own funds under CRR.

Spar Nord has issued one loan by way of Additional Tier 1 (AT1) capital with a principal of DKK 400 million, and two loans issued as Tier 2 capital (T2) for DKK 400 million and DKK 700 million, respectively.

4.4.2 DEVELOPMENTS IN OWN FUNDS IN 2015

In 2015, own funds grew by DKK 536.5 million. The increase was positively impacted by the profits for the year and a reduction in deductions for equity investments in the financial sector. In contrast, own funds were negatively impacted by the proposed dividend and extraordinary dividend deriving from the sale of the shareholding in Nørresundby Bank.

Post-tax profits for the year contributed positively by DKK 896.8 million, of which DKK 216.8 million is attributable to the divestment of the shareholding in Nørresundby Bank. The reduction in equity investments in the financial sector results in an increase of DKK 343.7 million, which is also primarily attributable to the sale of the shareholding in Nørresundby Bank.

STATEMENT OF OWN FUNDS

DKK m	2015	2014
Share capital	1,255.3	1,255.3
Other reserves	23.2	571.4
Retained earnings	6,099.9	5,116.9
Revaluation reserves	96.3	89.4
- Proposed dividend	-376.6	-200.8
- Intangible assets	-175.0	-182.8
- Goodwill in associates	-37.0	-37.0
- Deduction for equity investments in associates	0.0	-60.3
- Deduction for equity investments >10%	0.0	-5.1
- Deduction for the sum of equity investments <10%	-161.1	-83.9
- Deferred tax assets *)	-6.0	-19.4
- Additional value adjustments	-22.0	-26.2
- Difference in valuation and change in value of liabilities and hedging instruments	0.0	-9.6
- Adjustment, permitted holding of treasury shares	-21.5	-20.5
- Treasury shares acquired by customers via loan financing	-2.2	-3.5
Common Equity Tier 1 (CET1) capital after regulatory adjustments	6,673.3	6,383.9
- Deduction for equity inv. in associates	0.0	-120.6
- Deduction for equity inv. >10%	0.0	-10.2
- Deduction for the sum of equity investments <10%	-120.8	-167.8
Difference in valuation and change in value of liabilities and hedging instruments	0.0	0.0
- Additional Tier 1 (AT1) capital	393.0	430.7
Tier 1 capital (T1)	6,945.5	6,516.0
- Tier 2 capital (T2)	1,078.0	1,148.8
- Deduction for equity inv. in ass.	0.0	-120.6
- Deduction for equity inv. >10%	0.0	-10.2
- Deduction for the sum of equity investments <10%	-120.8	-167.8
Total capital (CT)	7,902.7	7,366.2

*) Concerns a separate loss spec. rel. to a subsidiary; see note 37 in the Annual Report.

Figure 4.2

4. CAPITAL MANAGEMENT AND INDIVIDUAL SOLVENCY NEED

Deductions have been made for proposed dividend in the amount of DKK 376.6 million, equal to DKK 3 per share. The extraordinary dividend distributed as a result of the gain on the sale of the shareholding in Nørresundby Bank resulted in a reduction of DKK 251.1 million, equal to DKK 2 per share.

In addition, two loans totalling DKK 550 million, issued in 2015 as Additional Tier 1 (AT1) capital, have been redeemed. These two loans did not qualify pursuant to CRR, and consequently only 80% of the issued capital was included in own funds at end-2014, and 70% was included at the beginning of 2015. Subsequently, a new loan of DKK 400 million, qualifying as Additional Tier 1 (AT1) capital pursuant to CRR, was floated in 2015. The conversion had a positive impact of DKK 15 million in 2015, despite the fact that the total principal of the issued Additional Tier 1 (AT1) capital was reduced by DKK 150 million.

Moreover, Tier 2 capital (T2) has been redeemed, which results in a negative impact of DKK 58.0 million.

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 Spar Nord's total capital ratio 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. Spar Nord 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.

TOTAL RISK EXPOSURE

DKK m	Capital requirement*)		Risk exposure	
	2015	2014	2015	2014
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-sector entities	0.5	0.6	5.9	7.1
- Institutions	55.2	65.0	690.4	812.1
- Corporates	1,036.7	1,068.4	12,958.7	13,354.9
- Retail	1,098.6	1,181.2	13,732.2	14,765.7
- Exp. secured by mortg. on imm. prop.	129.9	96.2	1,623.9	1,202.2
- Exp. in default	153.0	143.2	1,912.3	1,789.7
- High-risk exposures	67.3	99.2	840.8	1,239.6
- Exp. with short-term rating	0.1	22.1	1.5	276.4
- Exp. in units or CIU	0.5	0.6	6.4	8.3
- Equity exposure	143.6	182.6	1,795.3	2,282.0
- Other exposures	99.4	105.9	1,243.1	1,324.4
- Counterparty risk	139.2	191.3	1,739.6	2,391.8
Credit risk, total	2,924.0	3,156.3	36,550.1	39,454.2
Market risk				
- Debt instruments	292.0	273.8	3,649.5	3,422.6
- Shares, etc.	21.9	18.6	274.2	232.5
- Foreign-exchange risk	18.9	14.3	236.1	178.8
- Commodity risk	0.2	0.0	2.8	0.4
Market risk, total	333.0	306.7	4,162.6	3,834.3
Operational risk, total	463.0	457.4	5,787.2	5,716.0
Total	3,720.0	3,920.4	46,499.9	49,004.5

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

Figure 4.3

As appears from figure 4.3, the bulk of the combined capital requirement (78.6%) is attributable to credit risk.

In 2015, the total risk exposure dropped by DKK 2,504.6 million; thus, at end-2015 it stood at DKK 46,499.9 million.

In 2015, the total risk exposure for credit risk declined by DKK 2,904.1 million, corresponding to a DKK 232.3 million reduction of the capital requirement. The reduction in the total risk exposure for credit risk is attributable to a reduction in the exposure categories corporates, retail, high-risk, equity and counterparty risks, regarding which there was a decline in credit exposure.

The calculated counterparty risk has been added to the tightened capital requirement related to OTC transactions with financial counterparties (CVA), representing a risk exposure of DKK 220.0 million (2014: DKK 327.1 million).

In 2015, the total risk exposure for market risk increased to DKK 4,162.6 million. The increase reflects primarily a rise in debt instruments of DKK 226.9 million, which is mainly caused by an increase in the gross interest-rate risk. The equity risk and the foreign-exchange risk have been reduced by a total of DKK 99.0 million.

In 2015, the total risk exposure for operational risk increased by DKK 71.2 million to a total of DKK 5,787.2 million.

The figure below shows the changes in total risk exposure from 2014 to 2015.

CHANGE IN TOTAL RISK EXPOSURE

DKK m

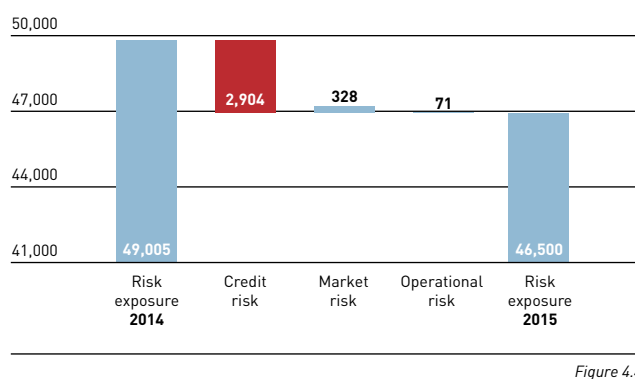


Figure 4.4

4.6 INDIVIDUAL SOLVENCY NEED

Spar Nord 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 capital requirement of 8% 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 position has to be taken on the extent to which an institution has additional risks that necessitate an add-on to the internally calculated solvency need ratio (Pillar 2).

4. CAPITAL MANAGEMENT AND INDIVIDUAL SOLVENCY NEED

In the guidelines issued by the Danish Financial Supervisory Authority, benchmarks have been introduced within a number of risk areas determining when the Authority basically finds that Pillar 1 is insufficient, and that an add-on to the individual solvency need ratio is required. In addition, to the extent possible methods have 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 Spar Nord's adequate own funds and individual solvency need upon the recommendation of the Solvency Committee.

Spar Nord's calculation method follows the guidelines issued by the Danish Financial Supervisory Authority and is based on an assessment of risks within the following nine key areas, of which the first eight 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. **Regulatory maturity of capital instruments**
9. **Other risks**
 - The Bank's business profile
 - 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 Spar Nord's opinion, the risk factors included in the model cover all the risk areas required by legislation to be taken into consideration by Spar Nord's Management in determining the solvency need and the risks that the Management finds Spar Nord has assumed. At end-2015, Spar Nord's adequate own funds were calculated at DKK 4,438.0 million, which is DKK 326.8 million down on end-2014.

Spar Nord's total risk exposure dropped from DKK 49.0 billion at end-2014 to DKK 46.5 billion at end-2015, while the solvency need ratio calculated in per cent has been reduced from 9.7 to 9.5.

CAPITAL REQUIREMENT BROKEN DOWN BY RISK AREA 2015

DKK m / %	Spar Nord Adequate own funds	Spar Nord Capital requirement	The Bank Adequate own funds	The Bank Capital requirement
Credit risk	3,453.0	7.4	3,550.6	7.5
Market risk	422.0	0.9	423.1	0.9
Operational risk	463.0	1.0	435.6	0.9
Other risks	100.0	0.2	100.0	0.2
Supplement, if required by law	0.0	0.0	0.0	0.0
Total	4,438.0	9.5	4,509.3	9.5

CAPITAL REQUIREMENT BROKEN DOWN BY RISK AREA 2014

DKK m / %	Spar Nord Adequate own funds	Spar Nord Capital requirement	The Bank Adequate own funds	The Bank Capital requirement
Credit risk	3,784.3	7.7	3,885.6	7.7
Market risk	409.1	0.8	409.6	0.8
Operational risk	457.3	0.9	457.8	0.9
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	4,867.1	9.7

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 (CET1) 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 (CET1) that is necessary for complying with the requirement as to a capital conservation buffer, an institution-specific counter-cyclical capital buffer and a systemic buffer.

PHASE-IN OF BUFFER REQUIREMENTS 2015-2019

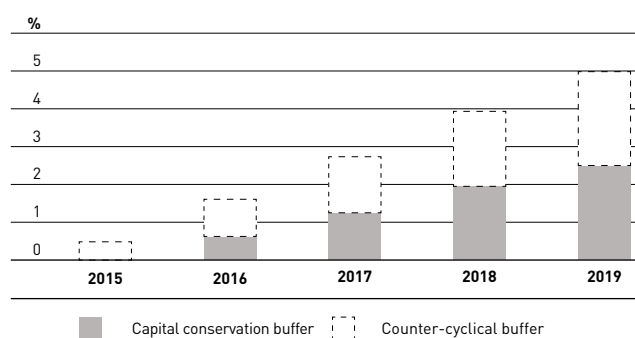


Figure 4.6

4. CAPITAL MANAGEMENT AND INDIVIDUAL SOLVENCY NEED

In 2015, the capital conservation buffer in Denmark was 0%. At 1 January 2016, the capital conservation buffer amounted 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 society-wide buildup of risks. Basically, the institution-specific counter-cyclical capital buffer may amount to somewhere between 0% and 2.5% of the total risk exposure when the rules have been fully phased in by 2019.

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. Initially, the rules have been used to fix systemic buffers for the so-called SIFI institutions. Spar Nord is not a SIFI institution.

Based on the geographical distribution of Spar Nord's credit risks, the capital requirement for the counter-cyclical buffer at end-2015 has been calculated in the figure below.

COUNTER-CYCLICAL BUFFER

	Spar Nord	The Bank
Total risk exposure, DKK m	46,499.9	47,391.2
Institution-specific counter-cyclical buffer rate, %	0.0	0.0
Institution-specific counter-cyclical buffer req., DKK m	2.2	2.2

Figure 4.7

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

CREDIT EXPOSURE, GEOGRAPHICAL

%	Spar Nord	The Bank
Denmark	95.9	96.0
Great Britain	1.0	1.0
Germany	0.6	0.5
Sweden	0.3	0.3
Finland	0.4	0.4
Luxembourg	0.4	0.4
Norway	0.2	0.2
Spain	0.1	0.1
Switzerland	0.2	0.2
France	0.2	0.2
USA	0.1	0.1
Other countries	0.6	0.6

Figure 4.8

In 2016, Spar Nord expects only to meet the counter-cyclical buffer requirement for exposures in Norway and Sweden, which will amount to less than 0.1%.

Capital requirements for systemic risks are not expected, for which reason the combined buffer requirement in 2016 is also expected to be less than 0.725%. The standard layout to be used for publishing information regarding the requirement as to compliance with the requirement as to a counter-cyclical capital buffer appears from Appendix E.

4.7.1 EXCESS COVERAGE RELATIVE TO STATUTORY REQUIREMENT AND CAPITAL TARGETS

At end-2015, Spar Nord's total capital ratio stood at 17.0%, corresponding to an excess coverage of 7.5 percentage points relative to the total capital requirement. (End-2014: 5.3 percentage points).

EXCESS COVERAGE RELATIVE TO STATUTORY REQUIREMENT

	Spar Nord 2015	The Bank 2015	Spar Nord 2014	The Bank 2014
Total capital (CT) (DKK m)	7,902.7	7,966.5	7,366.2	7,447.8
Adequate own funds (DKK m)	4,438.0	4,509.3	4,764.8	4,867.1
Combined buffer requirement (DKK m)	2.2	2.2	0.0	0.0
Total capital requirement (DKK m)	4,440.2	4,511.5	4,764.8	4,867.1
Excess coverage (DKK m)	3,462.5	3,455.0	2,601.4	2,580.7

Total capital ratio (%)	17.0	16.8	15.0	14.8
Individual solvency need ratio (%)	9.5	9.5	9.7	9.7
Combined buffer requirement (%)	0.0	0.0	0.0	0.0
Total capital requirement (%)	9.5	9.5	9.7	9.7
Excess coverage (percentage points)	7.5	7.3	5.3	5.1

Figure 4.9

Given the excess coverage of 7.5 percentage points at end-2015, Spar Nord's excess coverage is thus comfortably above the target.

In monetary terms, Spar Nord had an excess coverage in terms of capital of DKK 3.5 billion at end-2015, see the figure below.

CAPITAL REQUIREMENT AND EXCESS COVERAGE

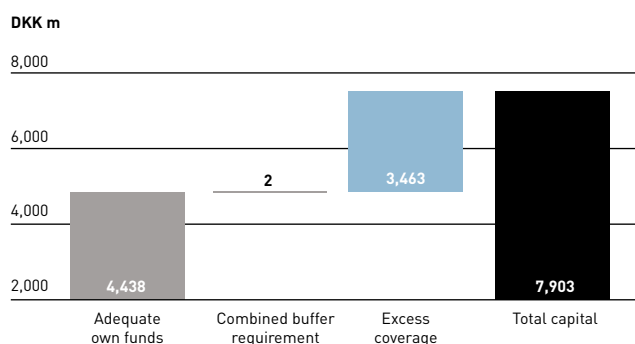


Figure 4.10

4. CAPITAL MANAGEMENT AND INDIVIDUAL SOLVENCY NEED

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. 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. In addition to introducing a threshold value and procedures for calculating the leverage ratio, Spar Nord has introduced guidelines 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 determined legislatively, 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, as Spar Nord's leverage ratio was calculated at 8.0% at end-2015. This calculation was made based on the calculated own funds in section 4.4.2, which complies with the rules for a transitional scheme pursuant to CRR.

4.9 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.

As a result of transitional rules, the full impact of CRR/CRD IV has not yet materialized. In Spar Nord's estimate, the Common Equity Tier 1 (CET1) ratio would be 13.9% at 31 December 2015 if the CRR rules had been fully phased in. This corresponds to a reduction of 0.5% compared with the 14.4% that has been calculated based on the transitional rules to CRR. In 2016, the transitional rules will tighten up the rules regarding deductions for equity investments. Accordingly, Spar Nord's Common Equity Tier 1 (CET1) ratio will be reduced by 0.2% in 2016. Only the impact resulting from the rules, when viewed in isolation, has been taken into account.

Over the past few years, many directives and regulations have been adopted and implemented. As EU legislation is composed of three levels (levels 1-3), there are still about 275 delegated legislative acts, of which most relate to CRR/CRD IV and MIFID/MIFIR.

In light of the many regulatory initiatives taken after the start of the financial crisis in 2008, the EU Commission has launched a review of the overall impact of the financial regulations, including CRR/CRD IV. The review's target is to identify unintended, unnecessary administrative burdens, inconsistencies and unintended consequences.

The Basel Committee is currently conducting a comprehensive review of the material that forms the basis of Basel III. At this time of writing there are new draft rules in the following areas:

- Review of the Credit Valuation Adjustment (CVA) risk framework
- Revisions to the standardized approach for credit risk
- The standardized approach for measuring counterparty credit risk
- Operational risk – Revisions to the simpler approaches
- Fundamental review of the trading book

Basel's new standard (Basel IV) is expected to be ready at the end of 2016 or at the beginning of 2017.

Given the many reviews that are in progress, coupled with a number of follow-up works targeting CRR/CRD IV, such as

- the introduction of leverage requirements, if deemed necessary
- a review of macroprudential tools

there is a likelihood that the CRR/CRD IV will be revised. According to the Danish Ministry for Business and Growth, proposals for new EU legislation (CRD V) will be put forward in 2017.

5. LIQUIDITY RISK

5. LIQUIDITY RISK

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

5.1 LIQUIDITY POLICY

The policy determines Spar Nord'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 Spar Nord's business model.

The aim of the liquidity policy is to ensure that Spar Nord 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 Spar Nord 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, 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 Spar Nord's short-term liquidity, and for the Finance & Accounts Department, which is responsible for managing Spar Nord's long-term funding.

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

In its liquidity policy, Spar Nord aims to have excess liquidity coverage pursuant to the statutory requirement in section 152 of the Danish Financial Business Act of minimum 50% calculated in relation to own liquidity. This means that Spar Nord's objective in terms of excess coverage is exclusive of assets linked to pooled schemes. In addition, Spar Nord's objective is that as a minimum LCR should amount to 100% pursuant to the LCR Regulation. In addition, Spar Nord's objective is to stay below the threshold value for Funding Ratio in the Diamond Test Model.

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

5.3 DEVELOPMENTS IN 2015

Spar Nord's liquidity situation improved significantly throughout 2015. Thus, Spar Nord's strategic liquidity increased by DKK 4.5 billion compared with end-2014. Correspondingly, Spar Nord's excess liquidity coverage according to section 152 of the Danish Financial Business Act has been increased by 110 percentage points. LCR entered into final effect as of 1 October 2015, and at end-2015 Spar Nord's LCR ratio was calculated at 145%. Thus, Spar Nord's excess liquidity coverage at end-2015 had greatly improved compared with 2014 and is adequate seen over both the short and long term.

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, Spar Nord 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), Spar Nord has appropriate high-quality liquid assets to withstand a tough stress scenario. Ensuring compliance with the Liquidity Coverage Ratio (LCR), see CRR.	Ensuring that Spar Nord becomes aware in due time of future liquidity and refinancing risks. Stress test are prepared for a 12-month term.	Ensuring that Spar Nord has a diversified and balanced funding structure. Ensuring that Spar Nord maintains control of future funding needs, broken down on funding sources.	Ensuring that Spar Nord 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/ Simulation tool	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

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 Spar Nord'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 Spar Nord's liquidity is to remain positive according to the model.

5.5 CASH RESOURCES

At 1 October 2015, the new LCR requirement entered into force, but section 152 of the Danish Financial Business Act will remain in force until phased out. Thus, two different statements of the cash resource buffer are to be prepared and filed.

5.5.1 CASH RESOURCE BUFFER PURSUANT TO SECTION 152

Spar Nord's management of short-term liquidity is intended to ensure adequate, free liquidity in order that Spar Nord 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 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.

The excess liquidity coverage pursuant to the minimum requirement laid down in section 152 of the Danish Financial Business Act amounted to DKK 22.8 billion at end-2015 versus DKK 14.9 billion at end-2014. If the excess coverage is converted to a percentage ratio, this corresponds to a liquidity coverage ratio (LCR) of 296% in 2015, whereas it amounted to 186% in 2014.

LIQUIDITY RELATIVE TO STATUTORY LIQUIDITY REQUIREMENT (SECTION 152)

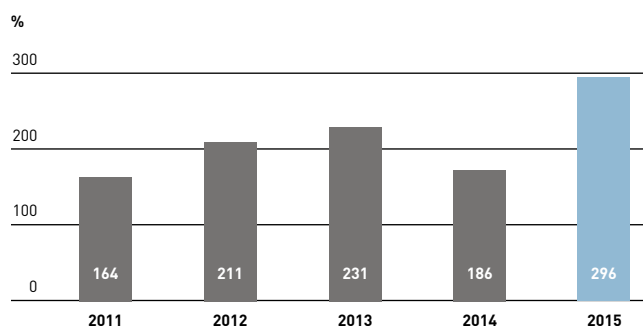


Figure 5.2

5.5.2 LIQUIDITY RESOURCE BUFFER PURSUANT TO LCR

In preparation for the entry into force of LCR as of 1 October 2015, Spar Nord adapted the short-term liquidity management procedures to prepare for compliance with the LCR rules. At end-2015, LCR was thus included as part of Spar Nord's short-term liquidity management, which is handled by Spar Nord's liquidity management function.

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

LIQUIDITY COVERAGE RATIO (LCR)

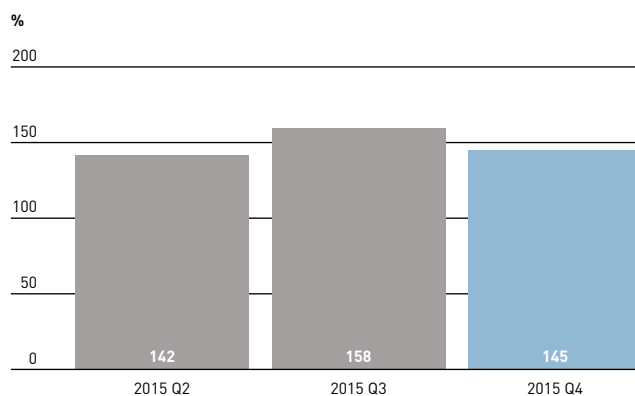


Figure 5.3

The cash resource buffer pursuant to LCR basically consists of sovereign claims (Level 1A assets) and high-liquidity mortgage-credit bonds with a particularly high credit quality (Level 1B assets).

LIQUIDITY COVERAGE RATIO

DKK bn	2015
Cash resources	15.9
Liquidity requirement	10.9
LCR (%)	145

Figure 5.4

5.6 STRESS TESTS

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

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

5. LIQUIDITY RISK

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

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

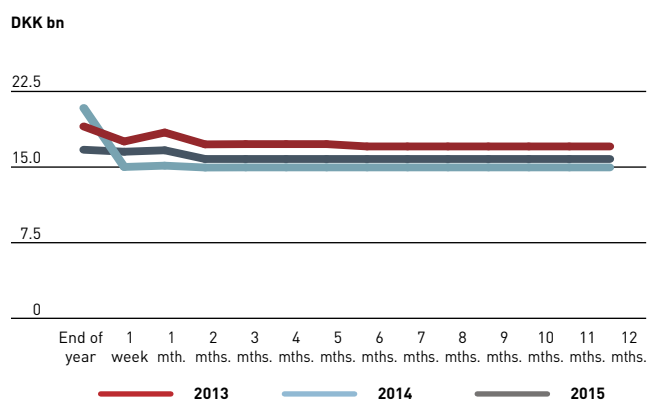


Figure 5.5

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 submitted to the Danish Financial Supervisory Authority.

5.7 STRATEGIC LIQUIDITY

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

At end-2015, Spar Nord had strategic liquidity of DKK 19.5 billion. This corresponds to an increase of DKK 4.5 billion compared to end-2014, when the strategic liquidity was calculated at DKK 15.0 billion.

The increase in strategic liquidity is mainly attributable to an increase in bank deposits of DKK 2.2 billion and a decline in bank loans of DKK 1.8 billion. In 2014, maturing subordinated debt in the amount of DKK 0.6 billion was recognized. Spar Nord refinanced the matured capital in mid-2015, for which reason strategic liquidity at end-2015 was positively impacted by the floating of DKK 0.4 billion by way of Additional Tier 1 (AT1) capital. Finally, leasing activities increased by DKK 0.2 billion, while consolidation contributed positively by DKK 0.4 billion.

DEVELOPMENT IN STRATEGIC LIQUIDITY

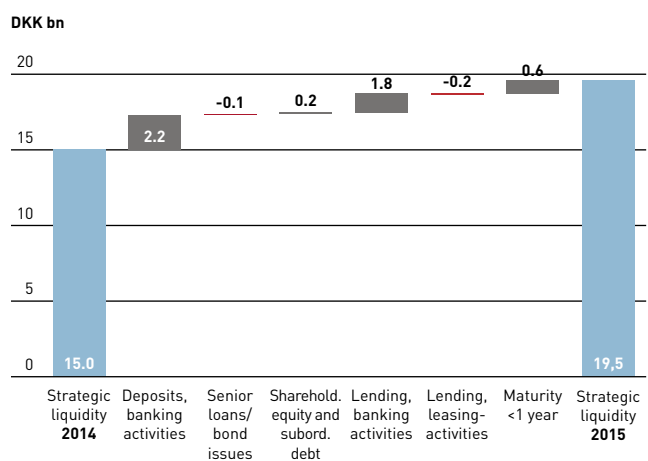


Figure 5.6

STRATEGIC LIQUIDITY

DKK bn

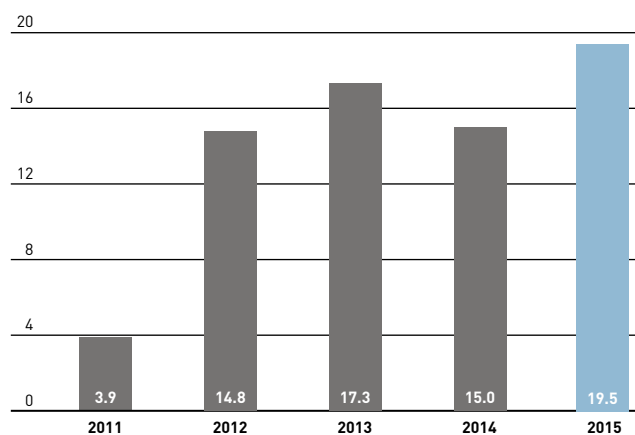


Figure 5.7

5.8 FUNDING AND MATURITY STRUCTURE

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

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

Overall, Spar Nord's funding at end-2015 declined by DKK 3.9 billion compared with 2014. The most important change in Spar Nord's funding structure is a sharp reduction in repos and repurchases and an increase in deposits. Customers' deposits still constitute Spar Nord's largest funding source, amounting to 77.9% of Spar Nord's total funding at end-2015, which is 9 percentage points higher than at end-2014.

In total, Spar Nord's long-term funding (funding with a term to maturity of more than one year) amounts to 87.5%, which is 13.3 percentage points up on end-2014.

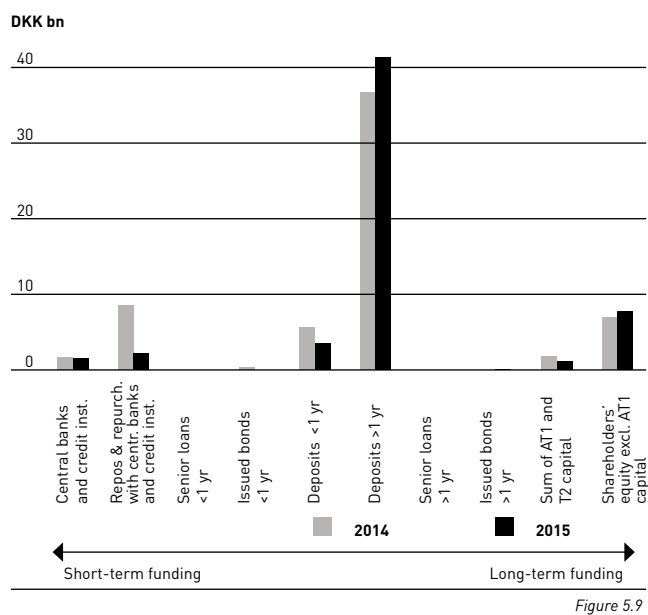
FUNDING

DKK m / %	2015	2014	2015	2014
Central banks and credit institutions	1,478.4	1,672.5	2.6	2.7
Repos & repurchases with centr. banks and credit inst.	2,197.5	8,596.0	3.8	14.0
Senior loans <1 year	0.0	0.0	0.0	0.0
Issued bonds <1 year	0.0	22.6	0.0	0.0
Deposits <1 yr	3,511.2	5,567.4	6.1	9.1
Deposits >1 yr	41,225.1	36,668.4	71.8	59.8
Senior loans >1 yr	63.6	68.9	0.1	0.1
Issued bonds >1 yr	0.0	0.0	0.0	0.0
Sum of AT1 and T2 capital	1,501.1	1,708.3	2.6	2.8
Shareholders' equity, excl. AT1 capital	7,474.7	7,033.0	13.0	11.5
Total	57,451.6	61,337.1	100.0	100.0

Figure 5.8

5. LIQUIDITY RISK

FUNDING STRUCTURE



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 Spar Nord's liquidity in a critical situation. The catalogue contains a more detailed description of the expected impact and time span of the individual actions.

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

5.10 ENCUMBERED ASSETS

Since end-2014, Spar Nord has reported data regarding encumbered assets to the Danish Financial Supervisory Authority. Assets encumbrance may constitute a funding risk if the institution has many encumbered assets relative to its balance sheet, as the institution's potential for providing funding via additional asset encumbrance is diminished. This may also have a negative impact on the potential for procuring unsecured financing given the deterioration in the position of this type of creditors.

As part of its business model, Spar Nord has been active in the money and derivatives market for many years. One of the results is that there will be assets that have been encumbered.

Triggered by activities in the money market:

- Repo and reverse-repo transactions
- Repurchase transactions with Danmarks Nationalbank
- Securities lending

Triggered by activities in the derivatives market:

- CSA collateral for the market value of derivative transactions
- Offsetting, cf. netting agreements

Collateralization for clearing purposes is also part of Spar Nord's pledging procedures:

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

The primary collateral received derives from reverse-repo transactions. Spar Nord's total encumbered assets amount to an average of 8.5% of the assets plus collateral received that can form the basis for pledging/mortgaging. The published information about Spar Nord's encumbered assets and collateral received has been calculated based on median values for 2015.

The specifications regarding encumbered assets are contained in Appendix G.

5.11 FUTURE LEGISLATION REGARDING LIQUIDITY

The EU Commission has still not published a final set of rules governing NSFR, but they are expected to enter into final effect as of 1 January 2018. NSFR seeks to ensure stable funding profiles for the individual banks, the focus being the connection between the maturity of assets and funding. The NSFR ratio is to be calculated for a 12-month horizon.

The EBA has introduced extended reporting metrics regarding liquidity reporting – Additional Liquidity Monitoring Metrics (ALMM) – which need to be reported on a monthly basis for Spar Nord. In general, this new reporting standard seeks to identify the liquidity risks of a financial institution that are not included under LCR and NSFR. The entry into force of Additional Liquidity Monitoring Metrics has still not been finally determined.

6. CREDIT RISK

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 Spar Nord 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 Spar Nord's credit policy, which the Board of Directors determines in conjunction with the overarching policies and frameworks for Spar Nord'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 Spar Nord'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 Spar Nord's reputation and professional profile.

As a basic rule, Spar Nord 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 Spar Nord having to realize the collateral.

In its endeavours to ensure sound risk diversification of its credit exposure, Spar Nord has introduced a number of internal targets. Spar Nord does not want to be exposed to individual customers or lines of business that might solely and separately jeopardize Spar Nord's independence. Consequently, Spar Nord has introduced a cap on customer exposures at DKK 500 million, of which the unsecured share of credit exposure may not exceed DKK 175 million in respect of any facility.

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

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

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

TARGETS FOR INDUSTRY DIVERSIFICATION

Line of business	Share of total exposure* (%)
Agricultural customers	5 - 10
Real estate	10 - 15
Financing and insurance	5 - 10
Industry and raw materials development	5 - 10
Trade	5 - 15
Energy supply	4 - 8
Retail customers	30 - 40
* Excl. reverse transactions	Figure 6.1

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

6.2 MANAGEMENT, MONITORING AND REPORTING

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 right is 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 Spar Nord's credit risks. If an exposure 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 exposures up to DKK 40 million for existing customers and DKK 15 million for new customers. The Credit Committee may authorize all facilities up to DKK 60 million, and up to DKK 30 million for new customers. All credit facilities in excess of DKK 60 million and all credit facilities exceeding DKK 30 million for new customers must be authorized by the Board of Directors.

Overall monitoring of Spar Nord's credit risk exposure is managed by the Credit Quality Department. This department oversees changes in the credit quality of all exposures and undertakes systematic credit quality control of the entire credit portfolio.

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

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

Every month a statistically-based rating of both retail and business customers is performed. Rating systems 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.

6. CREDIT RISK

As an element in Spar Nord's credit processing, all non-defaulting customers are risk classified according to the probability that the individual customer defaults within the next 12 months.

Customers are divided into groups 1 to 9, with group 9 containing customers subject to the highest risk. The probability of default is estimated statistically by means of Spar Nord's rating systems which are based on various models for the different customer segments.

The model applied to business customers employs three components: An accounting component used to risk-classify the customer based on his most recent financial statements. A behavioural component that classifies the customer based on his account behaviour and credit authorization history. The third component is a cyclical element that is used to adjust the classification based on cyclical trends.

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

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

New retail customers are risk-classified according to an application scoring model that is based on classical credit performance indicators, such as assets, pay, disposable income, etc. This model is based on a combination of a statistical and an expert model. After six months, customers are subjected to a behavioural scoring scrutiny, and the results obtained using the two models are co-weighted in the transitional period until the twelfth month, after which the rating is based on the behavioural component exclusively.

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

If a retail customer is flagged in the credit-watchlist and is not in default, the customer will be downgraded by one rating group; it should be noted that a customer flagged in the credit-watchlist does not qualify for rating in the best rating groups (1 and 2).

In 2015, Spar Nord introduced a new rating approach for business customers that rates flagged customers and non-flagged customers on the basis of two different models. However, both models are based on the same components. The new rating approach has also been applied to the comparative figures for 2013 and 2014.

6.3 DEVELOPMENTS IN 2015

In 2015, Spar Nord generally saw satisfactory growth in the lending portfolio. In the past three years, the credit quality of retail customers has remained at a stable, satisfactory level, while the credit quality of business customers has showed improvement during the same period. 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. Also in 2015 the agricultural portfolio showed a decline in credit quality.

As opposed to previous years, Spar Nord did not take over any loan portfolios in 2015.

In both the retail and business customer segments, bank lending declined in 2015. For both customer categories the decline is attributable to such customers having made major repayments on existing loans and credits. The intake of new borrowers was high in 2015, particularly among business customers, and growth in lending volume to new retail customers was also above the 2014 level.

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 Spar Nord's total credit exposure (carrying amount) as at 31 December 2015 and 31 December 2014.

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

DKK m	2015	2014
Reverse transactions with customers	4,155.1	463.8
Loans and advances at amortized cost	33,884.2	35,483.8
Loans and advances, total	38,039.3	35,947.6
Guarantee commitments	9,585.2	10,239.9
Credit exposure to loans, advances and guarantees, net	47,624.5	46,187.5
Impairment of loans, advances and guarantees	1,826.0	1,845.0
Discount on exposures taken over	161.5	293.3
Credit exposure to loans, advances and guarantees, gross	49,612.0	48,325.8
Demand deposits with central banks	610.4	985.7
Reverse transactions with credit institutions and central banks	1,340.6	1,797.3
Receivables from credit institutions and central banks	1,400.7	2,173.3
Demand deposits and receivables from credit inst. and central banks	3,351.7	4,956.3
Credit exposure (carrying amount) on lending activities	50,976.2	51,143.8
Positive market values	1,423.6	2,005.3
Credit exposure, assets in the trading portfolio	16,195.9	20,353.9
Credit exposure, other financial investment assets	1,516.0	1,296.9
Equity investments in associates	82.4	941.3
Credit exposure (carrying amount)	70,194.1	75,741.2

Figure 6.2

Spar Nord's impairment account and discount on exposures taken over amounted to a total of DKK 1,987.5 million at 31 December 2015.

IMPAIRMENT ACCOUNT AND DISCOUNT ON LOANS, ADVANCES AND GUARANTEES

	Impairment account		Discount on exposures taken over		Impairment balance/discount	
DKK m	2015	2014	2015	2014	2015	2014
Spar Nord	1,826.0	1,845.0	161.5	293.4	1,987.5	2,138.4

Figure 6.3

6.5 LOANS, ADVANCES AND GUARANTEES

Spar Nord's total loans, advances and guarantees before offsetting of impairment losses and discount on exposures taken over amounted to DKK 49.6 billion at end-2015 compared with DKK 48.3 billion at end-2014, equal to 3% growth on 2014. This growth is attributable to two areas, reverse loans and leasing loans, which account for a DKK 3.7 billion increase and a DKK 0.1 billion increase, respectively. At the same time, guarantees dropped by DKK 0.7 billion, business lending by DKK 0.9 billion, and lending to public-sector customers by DKK 0.7 million. Lending to retail customers fell by DKK 0.2 billion.

6. CREDIT RISK

In Spar Nord's ongoing risk monitoring customers are divided into five groups: Banking activities – retail customers, Banking activities – business customers, Public-sector customers, Leasing lending and Financial customers.

The development in these customer groups appears from the figure below.

SPAR NORD'S EXPOSURE BY CATEGORY

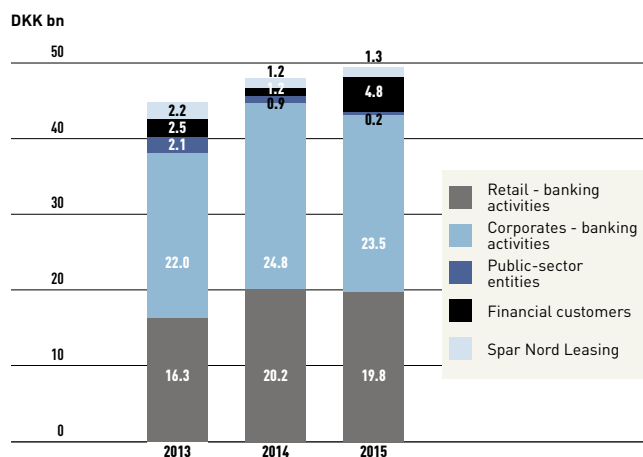


Figure 6.4

The credit exposure to retail customers at Spar Nord's Local Banks declined by DKK 0.4 billion during 2015, equal to 2%. The decrease breaks down into DKK 0.2 billion on guarantees and DKK 0.2 billion on lending.

The credit exposure of Spar Nord's Local Banks to business customers dropped by DKK 1.3 billion during 2015, equal to 5.2%.

Credit exposure to public-sector customers fell from DKK 0.9 billion at end-2014 to DKK 0.2 billion at end-2015.

Credit exposure to financial customers climbed by DKK 3.6 billion to DKK 4.8 billion. This increase is primarily attributable to growth in reverse loans.

Finally, the credit exposure to leasing customers increased DKK 0.1 billion.

6.5.1 BREAKDOWN BY INDUSTRY

The table below shows the breakdown of Spar Nord's loans, advances and guarantees by industry at end-2015 and end-2014, as well as the most recent available figures for the average industry breakdown at sector level.

SPAR NORD'S CUSTOMERS BY INDUSTRY

Line of business DKK m / %	Loans, advances and guar. 2015	Loans, advances and guar. 2015	Loans, advances and guar. 2014	Loans, advances and guar. 2015	Loans, advances and guar. The Sector 2014
Public authorities	260.5	0.5	1.9	0.6	5.0
Agriculture, hunting and forestry	3,451.4	7.0	8.0	8.5	4.7
Fisheries	101.7	0.2	0.3	0.3	
Industry and raw materials extraction	2,512.5	5.1	5.7	5.2	5.7
Energy supply	1,999.7	4.0	3.8	4.3	1.7
Building and construction	1,529.7	3.1	3.3	2.9	1.6
Trade	3,540.5	7.1	8.0	7.7	4.7
Transport, hotels and restaurants	1,525.2	3.1	3.6	3.5	2.8
Information and communication	123.2	0.2	0.2	0.2	0.9
Financing and insurance	6,632.4	13.4	5.8	14.9	25.2
Real estate	5,588.5	11.3	11.4	11.4	9.8
Other business areas	2,540.8	5.1	6.1	5.7	5.4
Business customers, total	29,806.1	60.1	58.1	65.2	67.5
Retail customers, total	19,805.9	39.9	41.9	34.8	32.5
Total	49,612.0	100.0	100.0	100.0	100.0

Figure 6.5

As appears from the table, retail customers account for a relatively large share of Spar Nord's loans, advances and guarantees, with the guarantees at end-2015 still being at a high level. In the business customer area, Spar Nord's 13.4% exposure to financing and insurance is distinctly lower than the sector average, while Spar Nord's 7.0% exposure to agriculture is above the average figure.

SPAR NORD'S IMPAIRMENT AND DISCOUNT ON EXPOSURES TAKEN OVER – BY INDUSTRY

Line of business DKK m / %	DKK m 2015	DKK m 2014	% 2015	% 2014	The Sector % 2014
Public authorities	0.0	0.0	0.0	0.0	0.0
Agriculture, hunting and forestry	832.6	614.6	41.9	28.7	17.1
Fisheries	2.1	1.7	0.1	0.1	
Industry and raw materials extraction	57.2	78.3	2.9	3.7	5.5
Energy supply	13.7	11.5	0.7	0.5	0.9
Building and construction	59.6	94.6	3.0	4.4	4.6
Trade	92.1	111.2	4.6	5.2	6.6
Transport, hotels and restaurants	45.3	95.1	2.3	4.4	4.7
Information and communication	0.9	2.3	0.0	0.1	0.5
Financing and insurance	63.2	98.4	3.1	4.6	7.4
Real estate	321.3	416.9	16.2	19.5	19.4
Other business areas	72.9	125.2	3.7	5.9	6.1
Business customers, total	1,560.9	1,649.8	78.5	77.1	72.8
Retail customers, total	426.6	488.6	21.5	22.9	27.2
Total	1,987.5	2,138.4	100.0	100.0	100.0

Figure 6.6

Spar Nord's impairment balance totalled DKK 2.0 billion, equal to 4.0% of Spar Nord's loans, advances and guarantees at end-2015. The impairment balance declined by DKK 0.2 billion in 2015, which reflects a DKK 218 million increase in impairment on agricultural customers and a DKK 369 million reduction in impairment on other customer groups. The year saw a vast increase in impairment losses on agricultural customers, now accounting for 41.9% of total impairment. At end-2015, total impairment losses on agricultural customers represented 24.1% of the aggregate loans, advances and guarantees granted to them.

6. CREDIT RISK

LOANS, ADVANCES AND GUARANTEES BROKEN DOWN BY SIZE OF EXPOSURE *)

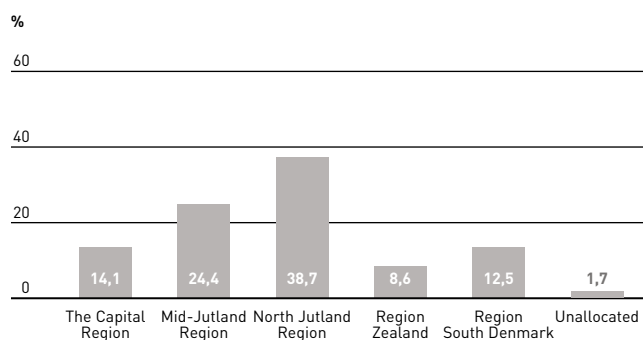
DKK m	Number 2015	Number 2014	Share in % 2015	Share in % 2014
0 - 0.1	51,827	53,357	1.5	1.4
0.1 - 0.5	34,920	32,813	12.3	11.1
0.5 - 1.0	11,490	10,375	11.9	10.3
1.0 - 5.0	6,985	7,800	23.7	25.5
5.0 - 10.0	851	827	8.9	8.8
10.0 - 20.0	406	403	8.9	8.4
20.0 - 50.0	233	246	11.5	12.1
50.0 - 100.0	73	69	8.3	7.5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

*) Excl. reverse transactions and SparXpres

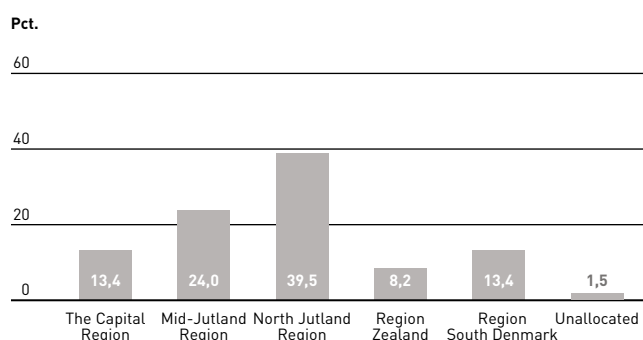
Figure 6.7

As concerns size of exposures, Spar Nord's credit portfolio is considered to be well-diversified, for one thing because 58.3% of the total exposure is attributable to exposures that are less than DKK 10 million each, and because Spar Nord only has 46 exposures that exceed DKK 100 million.

LOANS, ADVANCES AND GUARANTEES BROKEN DOWN BY REGION - END-2015



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



*) Excl. reverse transactions and SparXpres

Figure 6.8

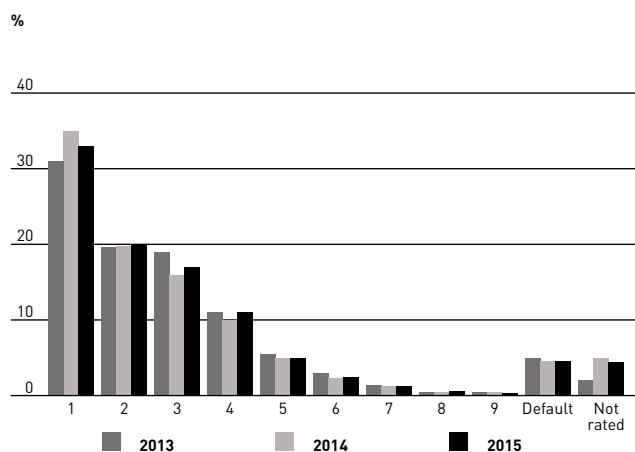
Spar Nord's credit portfolio is also considered to have an excellent geographical spread. At end-2015, the traditional core area, northern Jutland, accounted for 38.7% of Spar Nord's total loans, advances and guarantees, while the balance is spread over the other regions in the country.

6.5.2 RETAIL CUSTOMERS AT SPAR NORD'S LOCAL BANKS

The total credit exposure to retail customers at Spar Nord's Local Banks amounted to DKK 19.8 billion at end-2015 compared with DKK 20.2 billion at end-2014. The credit exposure to retail customers amounts to 39.9% of Spar Nord's total credit exposure. As appears from the figure below, the credit quality of retail customers' facilities has remained at an unchanged average in the past three years.

The slight improvement recorded in credit quality in 2014 was followed by a minor decline in 2015.

EXPOSURES TO RETAIL CUSTOMERS BY RISK GROUP *)



*) Excl. SparXpres

Figure 6.9

AVERAGE RISK GROUP *)

	2013	2014	2015
Average risk category	2.8	2.7	2.8

*) Exposure after impairment

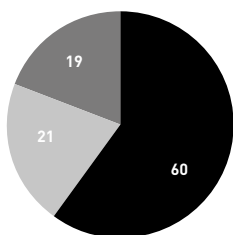
Figure 6.10

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 2015 and 2014.

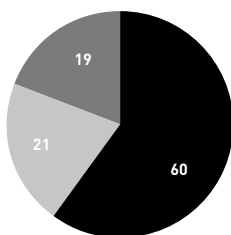
As appears from the figures, development during the year was positive in the migration towards better rating groups in terms of customer number, whereas in terms of size of exposure, retail customers migrated the opposite way.

6. CREDIT RISK

**MIGRATION - NUMBER
RETAIL CUSTOMERS 2014-2015**



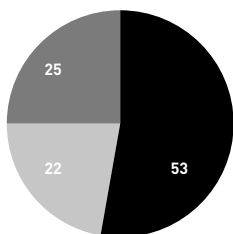
**MIGRATION - NUMBER
RETAIL CUSTOMERS 2013-2014**



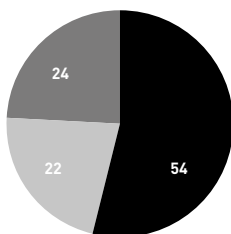
Upgraded Downgraded Unchanged

Figure 6.11

**MIGRATION - EXPOSURES
RETAIL CUSTOMERS 2014-2015**



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



Upgraded Downgraded Unchanged

Figure 6.12

The stable development seen in the retail customer portfolio is corroborated by the trend in retail customers' unauthorized overdrafts. Retail customers' unauthorized overdrafts have remained at a stable, low level in recent years, averaging 0.5%.

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

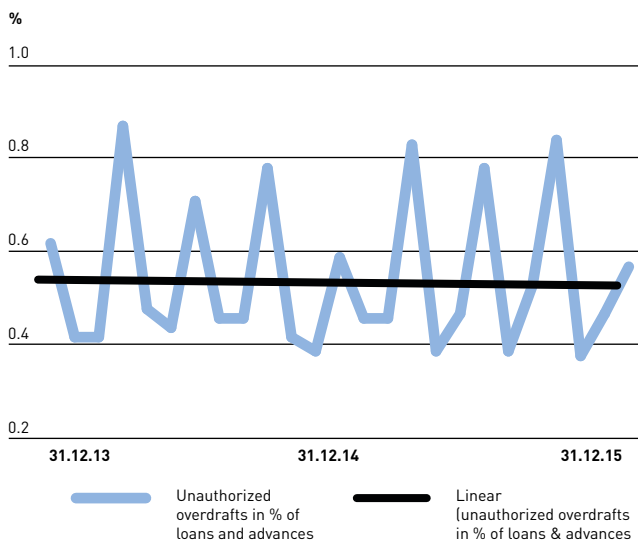


Figure 6.13

6.5.3 BUSINESS CUSTOMERS (WITHOUT AGRICULTURE AND LEASING) AT SPAR NORD'S LOCAL BANKS

The total credit exposure to business customers at Spar Nord's Local Banks amounted to DKK 23.5 billion at end-2015 compared with DKK 24.8 billion at end-2014.

Spar Nord's total exposure to public-sector customers declined to DKK 0.2 billion in 2015.

The credit exposure to business customers accounts for 47.4% of Spar Nord'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 2015.

In 2015, a new model for rating business customers was introduced. This model was also applied to 2014 and 2013 in the figures below.

EXPOSURES TO BUSINESS CUSTOMERS BY RATING GROUP *)

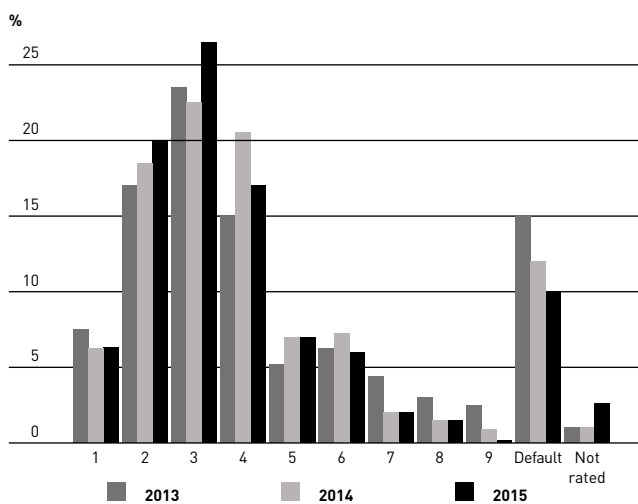


Figure 6.14

AVERAGE RATING GROUP *)

	2013	2014	2015
Average rating group	4.5	4.1	4.0

*) Exposure after impairment

Figure 6.15

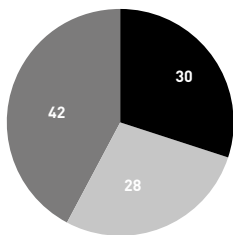
The figures below show the share of business customers who migrated into better rating groups during 2015 and 2014, as well as the share of business customers with unchanged credit quality and the share of business customers who migrated into higher-risk rating groups.

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

6. CREDIT RISK

The reason that the overall credit quality has not improved even more is that new lending to customers not migrating exceeds total lending to customers in the better rating groups. The new business customers acquired in 2015 also had a better rating than the average for the rating groups. The relatively large drop in the defaulting groups also contributed to improving credit quality.

**MIGRATION - NUMBER
RETAIL CUSTOMERS 2014-2015**



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

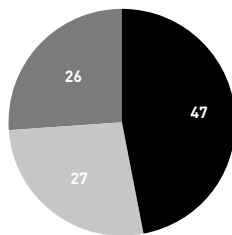
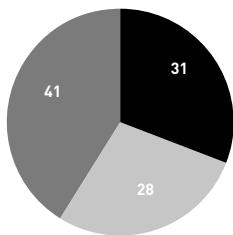


Figure 6.16

**MIGRATION - EXPOSURES
RETAIL CUSTOMERS 2014-2015**



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

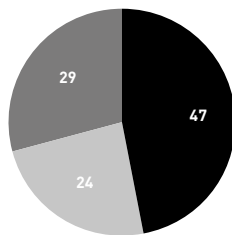


Figure 6.17

As was the case for retail customers, business customers' unauthorized overdrafts and past due exposures remained at a stable, low level during 2014 and 2015.

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

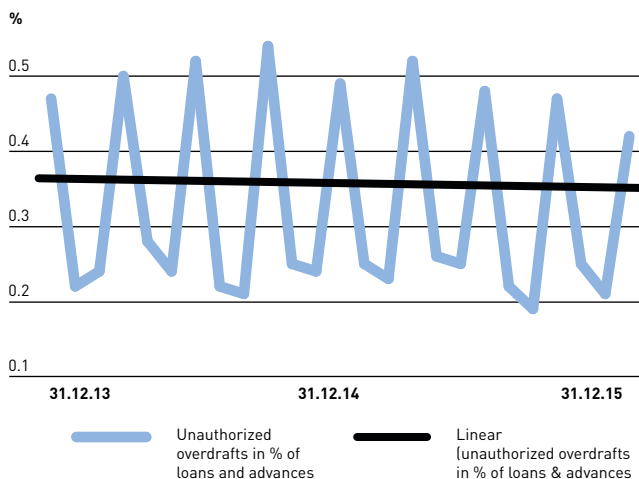


Figure 6.18

6.5.4 MORTGAGE-CREDIT LOANS ARRANGED

In addition to bank lending on Spar Nord'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-2015, Spar Nord had arranged mortgage-credit loans for a total of DKK 70.3 billion to its customers. Of this amount, mortgage-credit loans to retail customers from Totalkredit amounted to DKK 59.3 billion, and mortgage-credit loans to business customers via DLR Kredit amounted to DKK 11.0 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.

MORTGAGE CREDIT - DLR AND TOTALKREDIT, AND BANKING ACTIVITIES

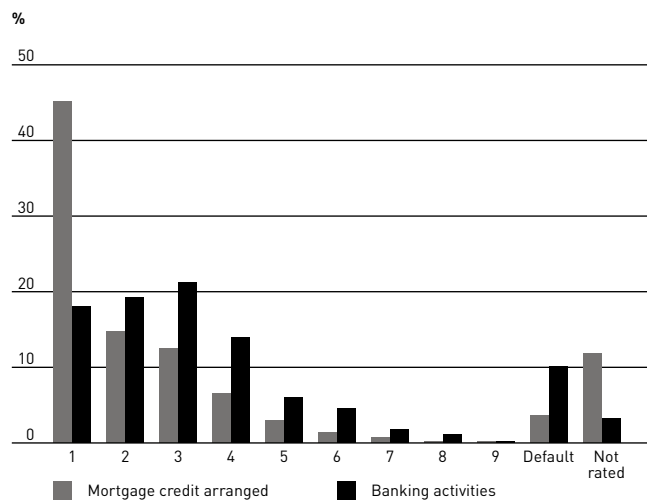


Figure 6.19

6. CREDIT RISK

6.5.5 FINANCIAL CUSTOMERS

Spar Nord's credit exposure to financial customers was DKK 4.8 billion at 31 December 2015, equivalent to 9.6% of Spar Nord's total loans and advances. The exposure consists primarily of reverse transactions of DKK 4.2 billion and own liabilities.

The table below shows Spar Nord's credit exposure to financial customers.

SPAR NORD'S CREDIT EXPOSURE TO FINANCIAL CUSTOMERS

DKK m	2015	2014
Reverse lending	4,155.1	463.8
Customers of other financial institutions	12.2	58.1
Spar Nord's own exposures and central customers, etc	596.2	704.5
Financial customers, total	4,763.5	1,226.4

Figure 6.20

6.5.6 LEASING ACTIVITIES

Spar Nord's total credit exposure in the leasing area amounted to DKK 1.3 billion at end-2015, equal to 2.6% of total loans, advances and guarantees.

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

LEASE CONTRACTS

Line of business %	Loans, advances and guarantees		Impairm. acc./ discount	
	2015	2014	2015	2014
Public authorities	0.1	0.2	0.0	0.0
Agriculture, hunting and forestry	21.8	24.6	18.0	14.1
Fisheries	0.0	0.0	0.0	0.1
Industry and raw materials extraction	17.8	16.6	29.5	27.1
Energy supply	1.4	1.5	4.9	3.2
Building and construction	11.0	7.4	3.3	3.7
Trade	6.5	6.1	13.1	17.5
Transport, hotels and restaurants	16.8	10.9	13.4	12.9
Information and communication	1.7	1.2	0.0	0.0
Financing and insurance	8.4	18.2	0.4	0.3
Real estate	0.7	1.0	0.5	0.2
Other business areas	10.9	9.2	10.9	16.9
Business customers, total	97.1	96.9	94.0	96.0
Retail customers, total	2.9	3.1	6.0	4.0
Total	100.0	100.0	100.0	100.0

Figure 6.21

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	2015	2014
Repossessed equipment, total	1.7	5.3

Figure 6.22

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 comprise good customers, while categories 1, 2c and 2b comprise heightened-risk customers or customers having financial difficulties.

CREDIT QUALITY

2015

Line of business %	Credit quality categories				Exposure
	1	2c	2b	2a/3	
Public authorities	0.0	0.0	0.0	0.5	0.5
Agriculture, hunting and forestry	4.3	0.2	0.2	2.3	7.0
Fisheries	0.0	0.0	0.1	0.1	0.2
Industry and raw materials extraction	0.7	0.0	0.4	4.0	5.1
Energy supply	0.1	0.0	0.3	3.6	4.0
Building and construction	0.6	0.1	0.2	2.2	3.1
Trade	0.9	0.1	0.6	5.5	7.1
Transport, hotels and restaurants	0.5	0.0	0.2	2.4	3.1
Information and communication	0.0	0.0	0.0	0.2	0.2
Financing and insurance	0.6	0.0	0.2	12.6	13.4
Real estate	2.7	0.2	0.7	7.7	11.3
Other business areas	0.4	0.1	0.3	4.3	5.1
Business customers, total	10.8	0.7	3.2	45.4	60.1
Retail customers, total	2.1	0.1	3.1	34.6	39.9
Total	12.9	0.8	6.3	80.0	100.0

CREDIT QUALITY

2014

Line of business %	Credit quality categories				Exposure
	1	2c	2b	2a/3	
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 6.23

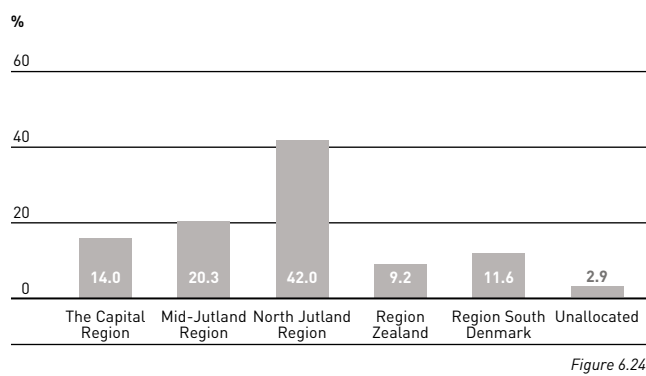
6.7 SECURITY

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

A growth of DKK 3.7 billion in reverse lending in 2015 reduced the average unsecured share by 7.5 percentage points.

6. CREDIT RISK

GEOGRAPHICAL BREAKDOWN OF MORTGAGES - END-2015



MORTGAGES BROKEN DOWN BY PROPERTY TYPE

2015	%	DKK m
Private housing	54.3	12,166.2
Summer cottages	4.1	922.5
Offices and businesses	15.6	3,498.1
Agriculture	12.9	2,874.1
Other	13.1	2,934.6
Total	100.0	22,395.5

Figure 6.25

On an ongoing basis, Spar Nord monitors the value of the collateral received. 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.

SPAR NORD'S UNSECURED SHARE OF CREDIT EXPOSURE

Unsecured shares in %	2015	2014
<10	38.7	30.0
10-50	21.5	20.0
50-75	10.7	12.2
>75	29.1	37.8
Average unsecured share of credit exposure	41.3	50.4

Figure 6.26

The property value under mortgages broken down by property type is calculated at DKK 22.4 billion, while only DKK 13.8 billion is recorded as security on the properties in the figure below. This is because the former amount represents the amount mortgaged to Spar Nord and recorded as collateral received, while the latter amount is the share actually used for calculating collateral regarding a specific exposure. Some exposures are smaller than the collateral value, and collateral has also been provided by customers to whom Spar Nord currently has no exposure.

In 2015, Spar Nord adjusted the mortgageable values of real property in accordance with the Danish Financial Supervisory Authority's guidelines. As Spar Nord previously applied a more conservative valuation, this has contributed to the general decline in unsecured shares of credit exposure. But the decline in average unsecured shares is mainly attributable to the DKK 3.7 billion increase in reverse transactions, which singly reduces the unsecured share by 7.5 percentage points.

SPAR NORD'S UNSECURED SHARE OF CREDIT EXPOSURE IN DKK M AND %

Line of business	2015 DKK m	2015 %	2014 DKK m	2014 %
Public authorities	259.9	99.7	925.2	99.8
Agriculture, hunting and forestry	1,130.6	32.7	1,176.6	30.5
Fisheries	53.8	52.9	64.9	50.4
Industry and raw materials extraction	882.4	35.1	1,351.2	49.4
Energy supply	636.7	31.8	811.0	43.8
Building and construction	629.9	41.2	767.7	48.9
Trade	1,766.7	49.9	2,482.4	64.0
Transport, hotels and restaurants	486.9	31.9	754.2	43.5
Information and communication	61.5	49.9	73.6	64.3
Financing and insurance	1,671.4	26.6	1,630.1	58.5
Real estate	2,634.9	47.2	2,928.1	53.0
Other business areas	1,389.4	54.2	1,932.0	65.9
Business customers, total	11,604.1	38.9	14,897.0	53.1
Retail customers, total	8,900.4	44.9	9,454.2	46.8
Total	20,504.5	41.3	24,351.2	50.4

Figure 6.27

SPAR NORD'S CREDIT RISK MITIGATION BY VIRTUE OF COLLATERAL

Type of collateral DKK m	2015	2014
Properties	13,779.5	11,376.7
Custody accounts /securities	5,043.5	1,475.5
Guarantees /sureties	370.7	294.6
Vehicles	708.8	718.6
Cash	511.1	629.8
Other collateral	3,690.0	2,670.8
Other collateral, total	24,103.6	17,166.0
Spec. secured trans. (mortgage-credit inst. guarantees)	3,785.9	5,706.0
Total collateral accepted, excl. Spar Nord Leasing	27,889.5	22,872.0
Collateral accepted, Spar Nord Leasing	1,218.0	1,102.6
Total	29,107.5	23,974.6

Figure 6.28

6.8 IMPAIRMENT OF LOANS AND ADVANCES

Based on the provisions of IAS 39, Spar Nord has defined an array of risk events that are considered objective evidence of impairment. Some risk events are automatically recorded in Spar Nord'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 lending exposures of less than DKK 250,000 are automatically reviewed using an algorithm based on the customer's financial key figures and Spar Nord's rating systems. All 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 evidence of impairment, an impairment loss is recognized. Impairment losses are calculated as the difference between the expected loss on the loan at the date of establishment and the present value of expected future losses on the loan. An exposure 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 evidence of impairment (OEI)). 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.

6. CREDIT RISK

IMPAIRED CLAIMS

2015 DKK m	Loans, advances and guarantees	Individually value-adjusted
Insolvent liquidation	101.4	72.7
Debt collection and suspension of payments	255.8	156.9
Other financial difficulties	3,641.5	1,620.4
Imp. account and discount on exposures taken over	3,998.7	1,850.0

Groups of impairment losses in Spar Nord	137.5
Imp. account and discount on exposures taken over	1,987.5

2014 DKK m	Loans, advances and guarantees	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 Spar Nord	162.6
Imp. account and discount on exposures taken over	2,138.4

Figure 6.29

In 2015, Spar Nord recorded a decrease in credit exposure to customers with individual impairment of DKK 790.0 million.

In 2015, the total impairment account/discount account fell by DKK 150.9 million. This development breaks down into a decline of DKK 131.9 million on the discount balance, and a decrease on the impairment balance of DKK 19.0 million.

At end-2015, the impaired claims represented 8.1% of the total credit exposure compared with 9.9% in 2014.

SPAR NORD'S MOVEMENTS IN LOSSES AND INDIVIDUAL IMPAIRMENT 2015

DKK m	Loans, advances and guarantees	Impairment account/discount *)	Recognized losses
	Past due and impaired		
Public authorities	0.0	0.0	0.0
Agriculture, hunting and forestry	1,482.0	755.0	130.9
Fisheries	4.4	1.7	0.0
Industry and raw materials extraction	163.3	54.4	24.5
Energy supply	18.3	11.3	6.9
Building and construction	168.3	56.6	20.8
Trade	220.0	86.7	17.1
Transport, hotels and restaurants	137.8	42.8	23.6
Information and communication	0.7	0.7	1.9
Financing and insurance	106.3	60.8	31.4
Real estate	819.9	313.0	150.0
Other business areas	123.7	70.0	42.7
Business customers, total	3,244.7	1,453.0	449.8
Retail customers	754.0	397.0	162.4
Total	3,998.7	1,850.0	612.2

2014

DKK m	Loans, advances and guarantees	Impairment account/discount *)	Recognized losses
	Past due and impaired		
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

*) Spar Nord's total value adjustments should be suppl. by groups of impairment losses in the amount of DKK 137.5 million (2014: DKK 162.6 million).
Including portfolio impairment of small retail customers with exposures of less than DKK 250,000 and SparExpres.

Figure 6.30

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

Spar Nord - 2015 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	832.6	1.1	831.5
Fisheries	2.1	0.0	2.1
Industry and raw materials extraction	57.2	6.5	50.7
Energy supply	13.7	0.0	13.7
Building and construction	59.6	2.7	56.9
Trade	92.1	1.0	91.1
Transport, hotels and restaurants	45.3	1.1	44.2
Information and communication	0.9	0.0	0.9
Financing and insurance	63.2	14.7	48.5
Real estate	321.3	92.5	228.8
Other business areas	72.9	17.0	55.9
Business customers, total	1,560.9	136.6	1,424.3
Retail customers, total	426.6	24.9	401.7
Total	1,987.5	161.5	1,826.0

Figure 6.31a

6. CREDIT RISK

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

Spar Nord - 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 6.31b

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

Total group impairment losses of DKK 137.5 million break down into losses of DKK 29.5 million on retail customers and DKK 108.0 million on business customers, of which DKK 77.6 million is attributable to agricultural customers.

Spar Nord's rating systems constitute the primary source of the breakdown into groups and the recognition of OEI 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 exposures that has been written down for impairment.

Exposures for which interest accrual has been suspended dropped from DKK 522.5 million to DKK 514.2 million during the year.

Forbearance

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

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

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

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

LOANS AND ADVANCES SUBJECT TO FORBEARANCE

DKK m	Business customers	Agricultural customers	Retail customers	Total
Non-performing	582.2	524.8	244.2	1351.2
Performing	123.2	26.6	22.8	172.6
Total	705.4	551.4	267.0	1523.8

Figure 6.32

The impact on Spar Nord's profits from impairment amounted to an expense of DKK 315.6 million in 2015, equal to 0.6% of total loans, advances and guarantees.

The impact on profits breaks down into DKK 43.2 million attributable to retail customers, equal to a profit impact ratio of 0.2%, and DKK 310.4 million in respect of agricultural customers, equal to a profit impact ratio of 9.0%. The profit impact attributable to business customers, excluding the agricultural sector, amounted to DKK -38.0 million, equal to a profit impact ratio of -0.1%.

At end-2015, the impairment and discount account amounted to DKK 1,987.5 million, equal to 4.0% of loans, advances and guarantees, compared with 4.4% at end-2014.

SPAR NORD'S LOSSES AND IMPAIRMENT ON LOANS, ADVANCES AND GUARANTEES

DKK m	2015	2014
Losses, incl. losses covered by provisions/impairment and impairment losses taken over	614.2	625.7
Covered by provisions/impairment and impairment losses taken over	-448.8	-443.4
Losses not covered by provisions/impairment	165.4	182.3
New provisions/impairment, excl. sector-wide solutions	655.2	785.6
Reversal of provisions/impairment	-299.5	-211.8
Interest on impaired loans and advances taken to income	-83.4	-92.2
Provisions/impairment, net	272.3	481.6

Recoveries of loans written off as uncollectible -67.2 -66.2

Losses and provisions/impairment for the year 370.5 597.7
Other losses 2.9 5.2

Losses and provisions/impairment for the year, total 373.4 602.9

Total amount recognized in the income statement 373.4 602.9
Adjustment of discount on exposures taken over from Sparbank 57.8 109.8
Impact on income statement 315.6 493.1

Figure 6.33

SPAR NORD'S MOVEMENTS IN LOSSES AND VALUE ADJUSTMENTS AND NON-ACCRUAL LOANS

DKK m	2015	2014
Loans, advances and guarantees, gross, year-end	49,612.0	48,325.8
Losses and impairment for the year, total	315.6	493.1
- in % of loans, advances and guarantees	0.6	1.0
Impairment account and discount on exposures taken over	1,987.5	2,138.4
- in % of loans, advances and guarantees	4.0	4.4
Contractual non-accrual loans, year-end	514.2	522.5
- in % of loans, advances and guarantees	1.0	1.1
Impairment account and discount on exposures taken over in % of non-accrual loans	386.5	409.3

Figure 6.34

6. CREDIT RISK

6.8.1 AGRICULTURE

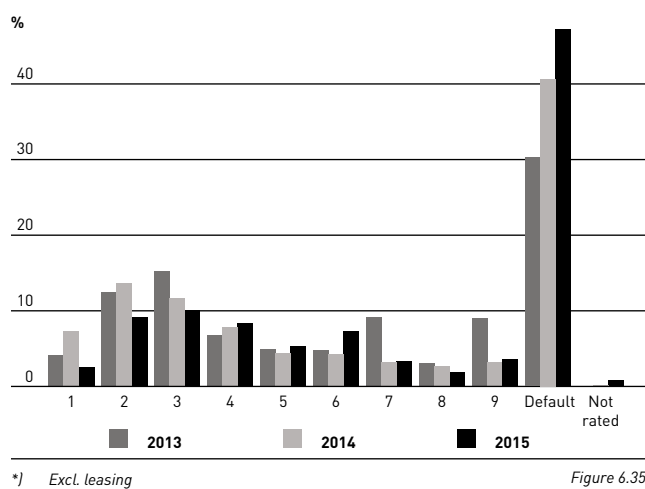
Loans, advances and guarantees to agricultural customers amount to DKK 3.5 billion, equal to 7.0% of Spar Nord's total loans, advances and guarantees. Of this amount, leasing loans account for DKK 0.3 billion and guarantees for DKK 0.1 billion.

Total loans, advances and guarantees to agricultural customers fell by DKK 0.4 billion, or 10%, in 2015. Guarantees account for the largest decline of DKK 0.3 billion.

The figure below shows developments in credit quality among agricultural customers at Spar Nord's Local Banks in the period from 2013 to 2015. In 2015, a new model for the rating of agricultural customers was introduced.

The model was used for the entire period from 2013 to 2015.

AGRICULTURAL EXPOSURE BY RATING GROUP *)



AVERAGE RISK LEVEL AGRICULTURE *)

	2013	2014	2015
Average rating group	5.8	6.0	6.6

*) Excl. leasing (exposure after impairment)

Figure 6.36

As appears from the figures, the average credit quality deteriorated in 2014 and 2015.

The impact on profits from impairment of agricultural loans amounted to DKK 310.4 million in 2015 compared with DKK 238.3 million in 2014.

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

In concrete terms, a substantial share of Spar Nord's agricultural exposures subject to OEI is expected to suffer a negative cash flow in 2016, and some customers are also expected to encounter difficulties paying off their loans.

Spar Nord's total impairment of agricultural loans amounted to DKK 832.6 million at end-2015, equal to 24.1% of Spar Nord's total loans, advances and guarantees to the industry.

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

AGRICULTURAL EXPOSURE BY PRODUCTION LINE

2015 DKK m	Loans, advances and guarantees	Of which impaired	Share impaired
Cattle producers	1.136,9	685,9	60,3
Pig producers	900,9	601,5	66,8
Plant cultivation	531,0	119,3	22,5
Mink farmers	92,2	24,9	27,0
Leasing	278,3	11,1	4,0
Other production lines	512,0	39,3	7,7
Total	3.451,3	1.482,0	42,9

Figure 6.37

AGRICULTURAL EXPOSURE BY PRODUCTION LINE

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

Figure 6.38

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

Spar Nord's calculation of collateral values of agricultural properties is in accordance with the Danish Financial Supervisory Authority's most recent guidelines, i.e. that the land values in Spar Nord's market area ranges between DKK 125,000 and DKK 160,000 per hectare.

Farm buildings are assessed in relation to their age, condition, etc. Farm buildings are measured at their fair value, which means that obsolete buildings are measured at DKK 0.

Other agricultural assets such as livestock, stocks, equipment, etc. are recognized at 80% of their carrying amount.

A 5% haircut is applied to all of the above-mentioned values.

6. CREDIT RISK

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., Spar Nord will experience credit risk exposure to financial counterparties.

Spar Nord's Management allocates lines for credit risk exposure to financial counterparties, based on the particular counterparty's risk profile, rating, 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 Spar Nord's balances with credit institutions. The credit risk relates to international credit institutions, for which Spar Nord has provided cash collateral for financial transactions, or Danish credit institutions with which Spar Nord's Trading, Financial Markets & the International Division has customer relations.

RECEIVABLES FROM CREDIT INSTITUTIONS BY PRODUCT TYPE

DKK m	Percentage breakdown		Percentage breakdown	
	2015	2014	2015	2014
Certificates of deposit	0.0	0.0	0.0	0.0
Reverse transactions	1,340.6	1,797.3	42.3	38.2
Deposits and unlisted bonds	50.0	550.0	1.6	11.7
Subordinated loans	6.5	5.9	0.2	0.1
Current accounts	303.7	113.6	9.6	2.4
CSA accounts, etc.	1,020.2	1,473.5	32.2	31.5
Commercial foreign business	20.3	20.7	0.6	0.4
Market value, derivatives	427.3	729.2	13.5	15.5
Undisclosed	0.0	9.6	0.0	0.2
Receivables from credit institutions	3,168.6	4,699.8	100.0	100.0

Figure 6.39

90.9% of Spar Nord's receivables from credit institutions concerns banks with an A rating or higher. Of the total exposures to credit institutions in the amount of DKK 3.2 billion, 42.3% is attributable to exposures with an AAA rating. Balances with unrated credit institutions are attributable primarily to Danish credit institutions.

RECEIVABLES FROM CREDIT INSTITUTIONS BY RATING

DKK m	Percentage breakdown		Percentage breakdown	
	2015	2014	2015	2014
AAA	1,340.6	1,797.3	42.3	38.3
AA	628.7	691.7	19.9	14.7
A	909.4	1,806.7	28.7	38.4
BBB	173.8	221.0	5.5	4.7
BB	1.5	1.4	0.0	0.0
B	0.0	0.0	0.0	0.0
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	114.2	166.8	3.6	3.6
Unallocated	0.4	14.9	0.0	0.3
Receivables from credit institutions	3,168.6	4,699.8	100.0	100.0

Figure 6.40

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 size of principal weighting 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.

Spar Nord'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, procedures and business procedures.

COUNTERPARTY RISK - ACCOUNTING EXPOSURE

DKK m	2015	2014
Derivatives with positive market value	1,423.6	2,005.3
Netting	387.9	555.3
Exposure after netting	1,035.7	1,450.0
Collateral received	0.0	33.0
Exposure after netting and collateral	1,035.7	1,417.0

Figure 6.41

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 that is included in the regulatory calculation.

COUNTERPARTY RISK - REGULATORY EXPOSURE

DKK m	2015	2014
Retail	447.8	490.3
Corporates	849.4	947.5
Institutions	964.4	1,861.1
Regional or local authorities	43.8	51.8
High-risk exposures	11.8	4.2
Exp. in default	30.6	37.5
Total	2,347.8	3,392.4

Figure 6.42

6. CREDIT RISK

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 Spar Nord'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 & Poor's, Fitch or Moody's.

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 Spar Nord settles transactions via CLS, VP or Euroclear, which serves to minimize settlement risks as much as possible.

Spar Nord Bank is an indirect member of London Clearing House via selected clearing brokers, and expects to regularly clear a large share of the clearing-approved transactions.

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 (SDC), 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 6.43

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 6.44

The value of the exposures before and after weighting with credit quality steps, see the tables above.

ECAI EXPOSURE BEFORE DEDUCTIONS

DKK m	Exposure	Exposure after ECAI risk weighting
Institutions	1,895.4	710.0
Exp. with short-term rating	0.0	0.0
Exp. in units or CIU	4.2	6.3
Other exposures	0.0	0.0
Total	1,899.6	716.3

Figure 6.45

ECAI EXPOSURE AFTER DEDUCTIONS

DKK m	Exposure	Exposure after ECAI risk weighting
Institutions	1,895.4	710.0
Exp. with short-term rating	0.0	0.0
Exp. in units or CIU	2.7	4.0
Other exposures	0.0	0.0
Total	1,898.1	713.9

Figure 6.46

6. CREDIT RISK

6.12 SPAR NORD'S TOTAL CREDIT EXPOSURE

The total credit exposure is the sum total of:

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

A comprehensive statement of Spar Nord's credit exposure shows an exposure of DKK 78.5 billion. This calculation corresponds to Spar Nord's credit risk, which is treated according to the standard approach.

In general, exposures rose by DKK 249.6 billion in 2015, equal to a 0.3% increase. Measured by average figures, there was an increase of DKK 4,814.9 million, equal to 6.1%.

TOTAL CREDIT EXPOSURE

DKK m	Year-end 2015	Year-end 2014	Average 2015	Average 2014
Central gov. or central banks	288.9	630.8	2,941.3	451.2
Regional or local authorities	1,287.7	2,190.2	1,496.3	3,893.6
Public sector entities	94.0	78.2	79.7	80.6
Institutions	6,916.2	8,038.1	10,778.3	10,621.7
Corporates	24,143.0	20,535.4	22,288.9	19,717.1
Retail	35,410.9	36,342.4	35,667.4	33,804.0
Exp. secured by mortg. on imm. prop.	4,870.9	3,737.1	4,298.1	3,558.3
Exp. in default	1,641.5	1,511.0	1,601.1	1,590.4
High-risk exposures	886.3	1,222.7	1,015.7	1,170.0
Exp. with short-term rating	7.7	837.6	126.1	365.9
Exp. in units or CIU	4.8	6.8	6.5	9.2
Equity exposure	1,264.3	1,314.9	1,205.8	1,637.4
Other exposures	1,657.6	1,779.0	1,711.5	1,502.2
Grand total	78,473.8	78,224.2	83,216.5	78,401.6

Figure 6.47

Spar Nord's credit exposure is predominantly limited to Denmark. In 2015, debtors based in Denmark accounted for more than 92.3% of Spar Nord's credit exposure. The geographical spread is shown in the figure below.

EXPOSURE CATEGORIES BY COUNTRY	2015					2014				
	Denmark	EU	Rest of Europe	Rest of the world	Total	Denmark	EU	Rest of Europe	Rest of the world	Total
Central gov. or central banks	288.9	0.0	0.0	0.0	288.9	630.8	0.0	0.0	0.0	630.8
Regional or local authorities	1,287.7	0.0	0.0	0.0	1,287.7	2,190.2	0.0	0.0	0.0	2,190.2
Public sector entities	94.0	0.0	0.0	0.0	94.0	78.2	0.0	0.0	0.0	78.2
Institutions	4,337.6	2,357.2	0.0	221.4	6,916.2	3,966.4	3,892.8	0.0	178.9	8,038.1
Corporates	21,229.3	180.3	439.6	2,293.8	24,143.0	19,770.6	244.9	352.3	167.6	20,535.4
Retail	34,980.7	235.9	0.0	194.3	35,410.9	35,975.7	196.1	0.0	170.6	36,342.4
Exp. secured by mortg. on imm. prop.	4,830.7	16.3	0.0	23.9	4,870.9	3,700.6	13.2	0.0	23.3	3,737.1
Exp. in default	1,618.7	16.6	0.0	6.2	1,641.5	1,460.8	44.3	0.0	5.9	1,511.0
High-risk exposures	886.3	0.0	0.0	0.0	886.3	1,222.7	0.0	0.0	0.0	1,222.7
Exp. with short-term rating	0.6	0.0	0.0	7.1	7.7	829.8	0.0	0.0	7.8	837.6
Exp. in units or CIU	4.8	0.0	0.0	0.0	4.8	6.8	0.0	0.0	0.0	6.8
Equity exposure	1,193.3	71.0	0.0	0.0	1,264.3	1,261.2	53.7	0.0	0.0	1,314.9
Other exposures	1,657.6	0.0	0.0	0.0	1,657.6	1,779.0	0.0	0.0	0.0	1,779.0
Grand total	72,410.2	2,877.3	439.6	2,746.7	78,473.8	72,872.8	4,445.0	352.3	554.1	78,224.2

Figure 6.48

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

CREDIT RISK MITIGATION BY VIRTUE OF COLLATERAL DKK m	2015		2014	
	Exp. covered by guarantee	Other financial collateral	Exp. covered by guarantee	Other financial collateral
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 sector entities	0.0	0.0	0.0	0.0
Institutions	0.0	3,461.7	0.0	3,395.5
Corporates	427.3	5,274.8	311.6	1,392.9
Retail	114.6	842.0	116.1	812.5
Exp. secured by mortg. on imm. prop.	0.0	0.0	0.0	0.0
Exp. in default	9.1	18.0	9.5	27.3
High-risk exposures	4.2	22.2	14.3	67.1
Exp. with short-term rating	0.0	0.0	0.0	0.0
Exp. in units or CIU	0.0	0.0	0.0	0.0
Equity exposure	0.0	0.0	0.0	0.0
Other exposures	0.0	0.0	0.0	0.0
Grand total	555.2	9,618.7	451.5	5,695.3

Figure 6.49

A major share of Spar Nord's business exposure is towards small and medium-sized enterprises (SMEs). At end-2015, the exposure to SMEs represented 33.0% of the total exposure.

EXPOSURES TO SMEs

DKK m	2015	2014
Corporates	13,066.9	13,074.9
Retail	11,733.5	12,024.7
Exp. secured by mortg. on imm. prop.	977.3	955.9
Exp. in default	102.3	136.1
Equity exposure	1.5	1.8
Total	25,881.5	26,193.4

Figure 6.50

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 relating to own properties

Spar Nord deals and takes positions in products that hold a number of market-based risks. Most of Spar Nord's activities regarding trading and position-taking comprise relatively simple products, of which interest-based products are the most traded ones. Spar Nord 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 section 3. 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 Spar Nord 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, Spar Nord has established a three-tier instruction hierarchy. At the first tier-level, the Board of Directors defines the limits for Spar Nord, which delegates tasks and powers to the Executive Board. At the second tier-level, the Executive Board delegates limits to the other entities of Spar Nord, with the Trading, Financial Markets & the International Division being the distinctly largest entity. At the third and last tier, the executives of Trading, Financial Markets & the International Division are granted the limits within which they may operate.

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

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 2015

The net portfolio of bonds was reduced by DKK 2.1 billion in 2015. The reduction of bonds with financial issuers and the increase of government bonds stem from changes in asset distribution as a result of LCR. In addition, the portfolio on mortgage-credit bonds was reduced as a result of market transactions relating to anticipated market return.

Shares outside the trading portfolio were reduced by DKK 639.8 million in 2015, which relates to the sale of the shareholding in Nørresundby Bank.

In 2015, the net interest-rate risk was largely positive with an average of around DKK 60-70 million. Compared with end-2014, the net interest-rate risk increased from DKK 40.1 million to DKK 109.1 million at end-2015, which was primarily caused by an increase of the net interest-rate risk in the trading portfolio. The interest-rate risk outside the trading portfolio remained at a comparatively stable level in 2015.

In addition, there was slight decrease in the foreign-exchange risk in 2015 compared with 2014.

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.

Spar Nord'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 Spar Nord's portfolio of convertible Danish mortgage-credit bonds, Spar Nord 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. Spar Nord converts the interest-rate risk in foreign currencies into Danish kroner and offsets the negative interest-rate risk against the positive one to calculate the net interest-rate risk.

7. MARKET 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.

DEVELOPMENT IN SPAR NORD'S NET INTEREST-RATE RISK

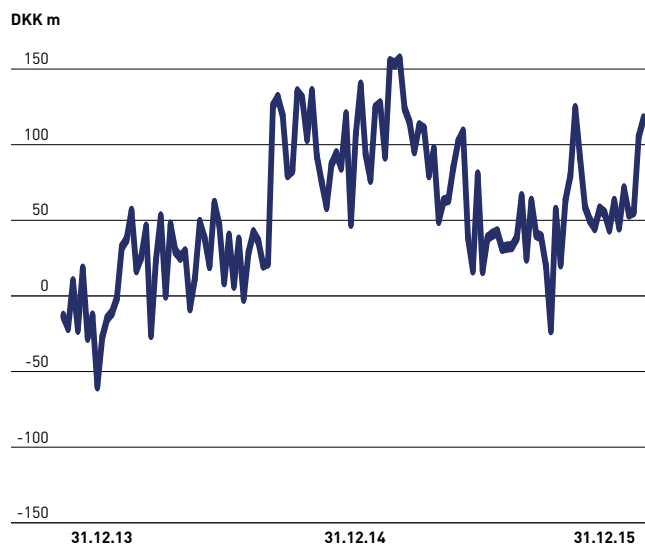


Figure 7.1

In general terms, the net interest-rate risk was positive throughout most of 2015, which means that Spar Nord was exposed to an interest-rate drop in the market.

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

IMPACT OF THE INTEREST-RATE RISK ON SHAREHOLDERS' EQUITY EXCL. ADDITIONAL TIER 1 CAPITAL

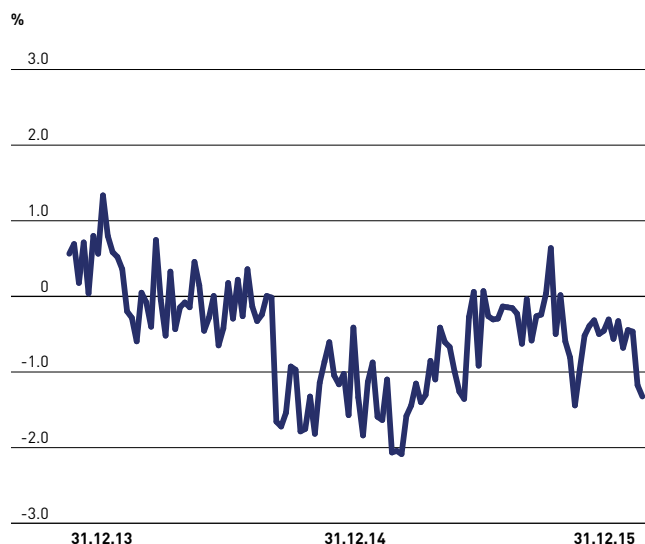


Figure 7.2

In addition, Spar Nord 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

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

2014 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

Figure 7.3

As appears from the table, at end-2015 Spar Nord was primarily exposed to interest-rate risks in DKK.

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

2015 Currency, DKK m	Less than 3 mths	3 mths - 1 year	1 year - 3 years	3 years - 7 years	Over 7 years	Total
DKK	11.3	28.5	17.4	15.1	41.8	114.1
EUR	1.5	6.0	-6.7	-5.2	10.5	6.1
USD	-0.3	0.1	0.3	4.1	0.6	4.8
Other	0.2	-0.3	0.5	0.0	0.0	0.4
Total	12.7	34.3	11.5	14.0	52.9	125.4

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

Figure 7.4

As appears from figure 7.4, the interest-rate risk attaching to the trading portfolio amounted to DKK 125.4 million at end-2015, up DKK 75.5 million on end-2014.

7. MARKET RISK

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 lending from ordinary banking transactions and interest-rate risk related to Spar Nord's funding, incl. subordinated debt.

INTEREST-RATE RISK OUTSIDE THE TRADING PORTFOLIO

2015 Currency, DKK m	Less than 3 mths	3 mths - 1 year	1 year - 3 years	3 years - 7 years	Over 7 years	Total
DKK	-4.3	-7.3	-11.8	3.9	5.0	-14.5
EUR	-0.9	0.0	0.1	0.3	0.0	-0.5
Other	0.1	-1.1	-0.3	0.0	0.0	-1.3
Total	-5.1	-8.4	-12.0	4.2	5.0	-16.3

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

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. From end-2014, to end-2015, the interest-rate risk changed from DKK -9.8 million to DKK -16.3 million.

7.4.4 BOND PORTFOLIO

Spar Nord's bond portfolio is composed of 86.0% mortgage-credit bonds, 10.2% bonds from financial issuers, 1.8% from other issuers and 2.0% government bonds.

The overall reduction in the bond portfolio of DKK 2.1 billion resulted from mortgage-credit bonds worth a total of DKK 1.7 billion being sold, while bonds from financial issuers dropped by DKK 0.8 billion and government bonds increased by a total of DKK 0.4 billion.

BOND PORTFOLIO BY ISSUER TYPE *)

DKK m	Percentage breakdown			
	2015	2014	2015	2014
Mortgage-credit bonds	14,319.4	15,981.6	86.0	85.3
Financial issuers	1,700.0	2,538.2	10.2	13.5
Other issuers	303.1	291.2	1.8	1.6
Government bonds	328.3	-70.0	2.0	-0.4
Bonds	16,650.8	18,741.0	100.0	100.0

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

At end-2015, 89.0% of the Spar Nord's bond portfolio had an AA rating or better.

BOND PORTFOLIO BY RATING *)

DKK m	Percentage breakdown			
	2015	2014	2015	2014
AAA	14,502.9	15,474.1	87.1	82.6
AA	316.1	464.1	1.9	2.5
A	624.9	1,472.2	3.7	7.9
BBB	1,017.0	1,132.7	6.1	6.0
BB	60.3	75.3	0.4	0.4
B	16.9	26.8	0.1	0.1
CCC	0.8	0.7	0.0	0.0
CC	0.0	0.0	0.0	0.0
C	0.0	0.0	0.0	0.0
Unrated	111.9	95.1	0.7	0.5
Unallocated	0.0	0.0	0.0	0.0
Bonds	16,650.8	18,741.0	100.0	100.0

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

BREAKDOWN OF BONDS

2015 DKK m	Origin/ underlying	Rating category	Amount	%
Mortgage-credit bonds	Denmark	AAA	14,134.5	84.9
		BBB	175.7	1.0
		Unrated	9.2	0.1
			14,319.4	86.0
Financial issuers	Denmark	AAA-A	835.6	5.0
		BBB	728.8	4.4
	Sweden	AA-BBB	13.1	0.1
	Norway	AA-BB	7.5	0.0
	Finland	A	86.0	0.5
	Luxembourg	AAA	26.2	0.2
	Germany	AAA	2.3	0.0
	Others	AA-Unrated	0.5	0.0
			1,700.0	10.2
Other issuers	Denmark	BBB-Unrated	114.9	0.7
	Others	AAA-Unrated	188.2	1.1
			303.1	1.8
Government bonds	Denmark	AAA-AA	328.1	2.0
	Europe	AAA	0.2	0.0
			328.3	2.0
Grand total			16,650.8	100.0
Own bonds	Denmark	Unrated	14.6	

2014 DKK m	Origin/ underlying	Rating category	Amount	%
Mortgage-credit bonds	Denmark	AAA	15,171.2	81.0
		BBB	31.2	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
	Others	AAA-Unrated	201.9	1.1
			291.2	1.6
Government bonds	Denmark	AAA-AA	-70.8	-0.4
	Europe	AAA	0.8	0.0
			-70.0	-0.4
Grand total			18,741.0	100.0
Own bonds	Denmark	Unrated	6.8	

Figure 7.8

7. MARKET RISK

7.5 FOREIGN-EXCHANGE RISK

The foreign-exchange risk is the risk of loss on positions in currencies 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 Spar Nord by 2%.

FOREIGN-EXCHANGE RISK

DKK m	2015	2014
EUR	-2.3	-5.8
SEK	-0.5	-0.8
USD	-1.9	-1.9
GBP	-0.5	-0.1
CHF	-0.2	-0.1
NOK	-0.3	-0.1
JPY	-0.2	-0.7
Other currencies	-0.3	-0.1
Foreign-exchange risk, total	-6.2	-9.6

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

Figure 7.9

As appears from figure 7.9, the foreign-exchange risk was reduced by DKK 3.4 million compared with end-2014, thus amounting to DKK -6.2 million at end-2015. The change was primarily caused by changes in the EUR position.

7.6 EQUITY RISK

The equity 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 and equities in the trading portfolio have been acquired with a view to trading.

It appears from the figure below that the holding of shares in the trading portfolio increased from DKK 119.9 million at end-2014 to DKK 142.3 million at end-2015.

EQUITY RISK IN THE TRADING PORTFOLIO

DKK m	2015	2014
Listed shares in the trading portfolio	131.8	106.7
Unlisted shares in the trading portfolio	10.5	13.2
Total shares in the trading portfolio	142.3	119.9

Figure 7.10

7.6.2 SHARES OUTSIDE THE TRADING PORTFOLIO

A salient feature of equities and 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 and equities in associates and equity investments in strategic partners.

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 Spar Nord's operations.

In several of the sector companies, the shares are reallocated such that the ownership interest of the banks will reflect the business volume of the relevant institution with the sector company.

Typically, this reallocation is made based on the net asset value of the sector company in question. In light of this, Spar Nord adjusts the recognized value of these shares when new information is available that warrants a change of valuation at 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.

Shares in associates dropped substantially in 2015 as a result of Spar Nord's sale of its shareholding in Nørresundby Bank.

EQUITY RISK OUTSIDE THE TRADING PORTFOLIO

DKK m	2015	2014
Shares in credit and financing institutions	1,109.2	890.3
Shares in unit trust man. companies	82.1	81.4
Shares in pension institutions	2.1	2.2
Shares in data supplier	233.9	226.9
Shares in payment services business	5.1	5.1
Other shares	83.6	91.0
Shares in strategic partners, total	1,516.0	1,296.9
Realized gains *)	245.8	182.1
Unrealized gains	69.3	52.6
Total associates	82.4	941.3

Shares outside the trading portfolio, total	1,598.4	2,238.2
----------------------------------------------------	----------------	----------------

*) Of which the gain on the sale of the shareholding in Nørresundby Bank in 2015 represents DKK 225.6 million, which is recognized under market-value adjustments. In 2014, the gain on the sale of the shareholding in Nets amounted to DKK 178.0 million.

Figure 7.11

The total holding of shares outside the trading portfolio dropped by DKK 639.8 million to DKK 1,598.4 million at end-2015.

7.7 COMMODITY RISK

Spar Nord only accepts commodity risks 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. MARKET RISK

7.8 OPTION RISK

Spar Nord uses derivatives to hedge and manage Spar Nord's risks. These include options and products that contain an integral option. Spar Nord's option risks stem primarily from interest and currency options and positions in convertible 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 Spar Nord's income statement will be impacted if the interest rate changes, if share prices drop or if all exchange rates move adversely.

SENSITIVITY ANALYSIS *)

	Impact on equity		Impact on operating profit	
	2015 %	2014 %	2015 DKK m	2014 DKK m
Interest increase of 1 percentage point	-1.3	-0.5	-95.9	-37.7
Interest decrease of 1 percentage point	1.3	0.5	95.9	37.7
Share price decrease of 10%	-0.1	-0.1	-10.9	-9.1
Exchange-rate fluctuation of 2% in unfavourable direction	-0.1	-0.1	-4.7	-7.2

*) The 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 1.3% 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 is an assumption 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 rate of return 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 2015, positive value adjustments totalling DKK 6.9 million were made on corporate properties, such adjustments being recognized directly in shareholders' equity under other comprehensive income. Impairment losses totalling DKK 3.5 million (net) have been reversed and recognized under depreciation, amortization and impairment in the income statement. Reference is made to Spar Nord's Annual Report for a more detailed description of the accounting treatment of properties.

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

YIELD/RETURN

	2015		2014	
	No. of properties	Year-end value	No. of properties	Year-end value
5.75-7%	12	239.0	12	232.4
7-8%	18	292.2	18	292.4
8-9%	18	157.0	17	156.5
9-14.5%	5	3.4	5	3.7
Grand total	53	691.6	52	685.0

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 45.4 million (2014: DKK 44.9 million).

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

8. OPERATIONAL RISK

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 Spar Nord's operational risks, minimize the number of errors and thus reduce Spar Nord's losses incurred from operational errors.

8.2 MANAGEMENT, MONITORING AND REPORTING

Operational risk is managed across Spar Nord 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 Spar Nord, 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 Spar Nord's Board of Directors and Executive Board, it is Management's opinion that Spar Nord has a satisfactory level of measures to counter the risk of being exposed to fraud.

8.4 IT SECURITY

Information and information systems are important to Spar Nord, and IT security is therefore decisive for Spar Nord'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. Spar Nord'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 2015, the operational risk amounted to 12.4% of total risk exposure, ending at DKK 5,787.2 million, which results in a capital need of DKK 463.0 million.

8.6 COMPLIANCE

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

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

The compliance function is managed by a head of compliance (a law graduate), who answers to the Executive Board and submits reports to the Board of Directors. An overall policy and annual plan for the function's activities have been approved by the Board of Directors.

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

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A. REFERENCES REGARDING DISCLOSURE OBLIGATIONS

SPAR NORD'S DISCLOSURE OBLIGATIONS

Topic	Location of information
Announcement of information regarding management systems	2015 Annual Report, pp 25 - 33 https://www.sparnord.com/reports
Risk management, including strategy, risk appetite, responsibility and processes	2015 Annual Report, pp 21 - 24 https://www.sparnord.com/reports
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	31.12.15
Shareholders' equity according to balance sheet	7,874
Regulation according to limit for holdings own capital instruments	-21
Provision for dividend	-377
Deduction tier 1 capital included in equity	-399
Indirect holdings of own capital instruments	-2
Additional value adjustments	-22
Goodwill	-196
Tax - Goodwill	27
Deferred tax assets	-6
Intangible assets	-56
Tax - Intangible assets	12
Deduction insignificant capital shares - CET1	-161
Common equity tier 1 capital	6,673
Tier 1 capital	393
Deduction insignificant capital shares - Tier 1	-121
Total tier 1 capital	6,945
Tier 2 instruments	1,078
Deduction insignificant capital shares - Tier 2	-121
Total tier 2 capital	957
Total capital base	7,903

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
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	DK0030362512	DK0030330311	DK0030307681
3	Governing law(s) of the instrument	Danish	Danish	Danish
	Regulatory treatment			
4	Transitional CRR rules	Additional Tier 1	Tier 2	Tier 2
5	Post-transitional CRR rules	Additional Tier 1	Tier 2	Tier 2
6	Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	Solo & Consolidated	Solo & Consolidated	Solo & Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Additional Tier 1 as published in Regulation (EU) No 575/2013 article 51, 52	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	DKK 393m	DKK 696m	DKK 397m
9	Nominal amount of instrument	DKK 400m	DKK 700m	DKK 400m
9a	Issue price	100 per cent	100 per cent	100 per cent
9b	Redemption price	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - fair value option
11	Original date of issuance	10/Jun/15	18/Dec/13	28/Nov/12
12	Perpetual or dated	Perpetual	Dated	Dated
13	Original maturity date	No maturity	18/Dec/23	28/Nov/22
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes
15	Optional call date, contingent call dates, and redemption amount	10-Jun-20 100 per cent of Nominal amount In addition Tax/Regulatory call	18-Dec-18 100 per cent of Nominal amount In addition Tax/Regulatory call	28-Nov-17 100 per cent of Nominal amount In addition Tax/Regulatory call
16	Subsequent call dates, if applicable	10-Dec and 10-Jun each year after first call date	18-Mar, 18-Jun, 18-Sep and 18-Dec each year after first call date	28-Nov each year after first call date
	Coupons / dividends			
17	Fixed or floating dividend/coupon	Fixed to floating	Floating	Fixed to floating
18	Coupon rate and any related index	Fixed 6.052 per cent per annum, until first call date, thereafter Floating CIBOR 6-month +5.40 per cent per annum	Floating CIBOR 3-month +3.90 per cent per annum	Fixed 6.0425 per cent per annum to call date (equivalent to DKK 5Y-Swap Rate +5 per cent per annum), thereafter floating CIBOR 3-month + 5.0 per cent per annum
19	Existence of a dividend stopper	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Mandatory	Partially discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Mandatory	Partially discretionary
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Non cumulative	Non cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	Yes	Yes	Yes

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)				
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2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	DK0030362512	DK0030330311	DK0030307681
3	Governing law(s) of the instrument	Danish	Danish	Danish
	Regulatory treatment			
4	Transitional CRR rules	Additional Tier 1	Tier 2	Tier 2
5	Post-transitional CRR rules	Additional Tier 1	Tier 2	Tier 2
6	Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	Solo & Consolidated	Solo & Consolidated	Solo & Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Additional Tier 1 as published in Regulation (EU) No 575/2013 article 51, 52	Tier 2 as published in Regulation (EU) No 575/2013 article 63	Tier 2 as published in Regulation (EU) No 575/2013 article 63
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	DKK 393m	DKK 696m	DKK 397m
9	Nominal amount of instrument	DKK 400m	DKK 700m	DKK 400m
9a	Issue price	100 per cent	100 per cent	100 per cent
9b	Redemption price	100 per cent of Nominal amount	100 per cent of Nominal amount	100 per cent of Nominal amount

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 (!)		31 december 2015 DKKm	(B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF
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	5.117	26 (1) (c)	N/A
3	Accumulated other comprehensive income (and any other reserves)	119	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 interim profits net of any foreseeable charge or dividend	615	26 (2)	N/A
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	7.107		N/A
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)	-22	34, 105	N/A
8	Intangible assets (net of related tax liability) (negative amount)	-212	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 tax liability where the conditions in Article 38 (3) are met) (negative amount)	-6	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	N/A	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)	-32	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 reciprocal 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)	-161	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)	N/A	36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79, 470, 472 (11)	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 deduction 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 to 91	N/A
20c	of which: securitisation positions (negative amount)	N/A	36 (1) (k) (ii) 243 (1) (b) 244 (1) (b) 258	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 (5)	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 (5)	N/A

D. TRANSITIONAL OWN FUNDS DISCLOSURE TEMPLATE

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

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)	-433		N/A
29	Common Equity Tier 1 (CET1) capital	6.673		N/A
Additional Tier 1 (AT1) capital: instruments				
30	Capital instruments and the related share premium accounts	400	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	N/A	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	400		N/A
Additional Tier 1 (AT1) capital: regulatory adjustments				
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	-7	52 (1) (b), 56 (a), 57, 475 (2)	N/A
38	Holdings of the 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)	-121	56 (c), 59, 60, 79, 475 (4)	N/A
40	Direct, indirect and synthetic holdings of the AT1 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)	N/A	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 amounts)	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 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	-128		N/A
44	Additional Tier 1 (AT1) capital	272		N/A
45	Tier 1 capital (T1 = CET1 + AT1)	6.945		N/A
Tier 2 (T2) capital: instruments and provisions				
46	Capital instruments and the related share premium accounts	1.096	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

D. TRANSITIONAL OWN FUNDS DISCLOSURE TEMPLATE

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

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	1.096		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)	-18	63 [b] (i), 66 [a], 67, 477 [2]	N/A
53	Holdings of the 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)	-121	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 eligible short positions) (negative amounts)	N/A	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 [i.e. CRR residual amounts]	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	-139		N/A
58	Tier 2 [T2] capital	957		N/A
59	Total capital (TC = T1 + T2)	7.903		N/A
60	Total risk-weighted assets	46.500		N/A
Capital ratios and buffers				
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	14,4%	92 [2] [a], 465	N/A
62	Tier 1 (as a percentage of total risk exposure amount)	14,9%	92 [2] [b], 465	N/A
63	Total capital (as a percentage of total risk exposure amount)	17,0%	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)	0,0	CRD 128, 129, 140	N/A
65	of which: capital conservation buffer requirement	0,0		N/A
66	of which: countercyclical buffer requirement	0,0		N/A
67	of which: systemic risk buffer requirement	0,0		N/A
67a	of which: Global Systemically Important Institution [G-SII] or Other Systemically Important Institution [O-SII] buffer	Not yet implemented	CRD 131	N/A
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	9,9	CRD 128	N/A
69	[non-relevant in EU regulation]	N/A		N/A
70	[non-relevant in EU regulation]	N/A		N/A

D. TRANSITIONAL OWN FUNDS DISCLOSURE TEMPLATE

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

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 below 10% threshold and net of eligible short positions)	683	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)	354	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, 472 (5)	N/A
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 ratings-based approach	N/A	62	N/A
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 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	N/A	484 (4), 486 (3) & (5)	N/A
83	- Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	N/A	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				

E. GEOGRAPHICAL DISTRIBUTION OF CREDIT EXPOSURES RELEVANT FOR THE CALCULATION OF THE COUNTERCYCLICAL CAPITAL BUFFER

	Breakdown by country:	General credit exposures		Trading book exposure		Securitisation exposure		Own funds requirements				Own funds requirement weights	Counter-cyclical capital buffer rate
		Exposure value for SA	Exposure value IRB	Sum of long and short position of trading book	Value of trading book exposure for internal models	Exposure value for SA	Exposure value for IRB	Of which: General credit exposures	Of which: Trading book exposures	Of which: Securitisation exposures	Total		
		010	020	030	040	050	060	070	080	090	100	110	120
010	Denmark	35,193,360,835		19,962,443,367				2,815,468,867	139,866,729		2,955,335,596	0.96	0%
	United Kingdom	140,196,858		1,068,996,117				11,215,749	20,541,322		31,757,071	0.01	0%
	Germany	146,646,212		153,676,678				11,731,697	5,312,494		17,044,191	0.01	0%
	Sweden	92,655,017		40,316,247				7,412,401	2,117,866		9,530,267	0.00	1%
	Finland	144,018,233		6,230,154				11,521,459	468,458		11,989,917	0.00	0%
	Luxembourg	136,543,068		6,030,301				10,923,445	474,630		11,398,075	0.00	0%
	Norway	29,740,815		41,469,523				2,379,265	2,989,844		5,369,110	0.00	1%
	Spain	82,665,304		4,762,646				6,613,224	47,626		6,660,851	0.00	0%
	Switzerland	64,425,792		13,319,595				5,154,063	1,002,582		6,156,645	0.00	0%
	France	28,967,580		5,830,719				2,317,406	439,035		2,756,441	0.00	0%
	USA	30,970,674		92,853,328				2,477,654	1,872,933		4,350,587	0.00	0%
	Other countries	239,918,211		7,295,605				19,193,457	583,648		19,777,105	0.01	0%
020		36,330,108,599		21,403,224,281				2,906,408,688	175,717,169		3,082,125,857	1	

AMOUNT OF INSTITUTION-SPECIFIC COUNTERCYCLICAL CAPITAL BUFFER		
		010
010	Total risk exposure amount	46,499,884,796
020	Institution specific countercyclical buffer rate	0.00%
030	Institution specific countercyclical buffer requirement	2,247,862

F. CRR LEVERAGE RATIO - DISCLOSURE TEMPLATE

Table LRSum: Summary reconciliation of accounting assets and leverage ratio exposures		
		Applicable Amounts
1	Total assets as per published financial statements	76,357,187,026
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	0
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013 "CRR")	0
4	Adjustments for derivative financial instruments	726,183,395
5	Adjustments for securities financing transactions "SFTs"	63,288,493
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	10,354,584,263
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013)	0
EU-6b	(Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013)	0
7	Other adjustments	564,203,613
8	Total leverage ratio exposure	86,937,039,565
Table LRCom: Leverage ratio common disclosure		
		CRR leverage ratio exposures
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	66,800,113,687
2	(Asset amounts deducted in determining Tier 1 capital)	564,203,613
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	66,236,887,977
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	1,449,865,906
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	520,114,401
EU-5a	Exposure determined under Original Exposure Method	0
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	206,068,993
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0
8	(Exempted CCP leg of client-cleared trade exposures)	0
9	Adjusted effective notional amount of written credit derivatives	0
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0
11	Total derivative exposures (sum of lines 4 to 10)	2,176,049,301
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	8,105,033,322
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0
14	Counterparty credit risk exposure for SFT assets	65,462,605
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013	0
15	Agent transaction exposures	0
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	0
16	Total securities financing transaction exposures (sum of lines 12 to 15a)	8,170,495,927
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	28,985,933,487
18	(Adjustments for conversion to credit equivalent amounts)	18,631,349,224
19	Other off-balance sheet exposures (sum of lines 17 to 18)	10,354,584,263
Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)		
EU-19a	(Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	0
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	0
Capital and total exposures		
20	Tier 1 capital	6,945,442,386
21	Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	86,937,039,565
Leverage ratio		
22	Leverage ratio	8.0%
Choice on transitional arrangements and amount of derecognised fiduciary items		
EU-23	Choice on transitional arrangements for the definition of the capital measure	
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) NO 575/2013	

F. CRR LEVERAGE RATIO - DISCLOSURE TEMPLATE

Table LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)		
		CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	66,800,113,687
EU-2	Trading book exposures	26,734,988,024
EU-3	Banking book exposures, of which:	40,065,125,663
EU-4	Covered bonds	0
EU-5	Exposures treated as sovereigns	552,817,387
EU-6	Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	28,488,115
EU-7	Institutions	1,445,951,056
EU-8	Secured by mortgages of immovable properties	3,678,183,818
EU-9	Retail exposures	16,278,258,695
EU-10	Corporate	13,273,160,280
EU-11	Exposures in default	1,325,587,103
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	3,482,679,210
Table LRQua: Free format text boxes for disclosure on qualitative items		
		Column
		Free format
Row		
1	Description of the processes used to manage the risk of excessive leverage	Spar Nord has made several initiatives to avoid excessive leverage risk, Besides having a threshold value and procedures for calculating the leverage ratio, there are defined guidelines for the actions that will be taken, if the leverage ratio drops to a level below the threshold, In addition, there are methods to measure the risks of excessive leverage and methods to evaluate significant changes to the leverage ratio, Excessive leverage is the risk resulting from an institution's vulnerability due to leverage or potential leverage that may require unforeseen changes, This includes sale of assets which could result in losses or adjustments in the value of its remaining assets ,
2	Description of the factors that had an impact on the leverage Ratio during the period to which the disclosed leverage Ratio refers	Besides the sale of Spar Nords capital shares in Nørresundby Bank, the balance is considered stable through 2015, although there has been an increase in the SFT 's, The Leverage Ratio has been positively affected by increased core capital

G. ASSET ENCUMBRANCE

		Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of non-encumbered assets	Fair value of non-encumbered assets
		010	040	060	090
010	Assets of the reporting institution	6,956		71,626	
030	Equity instruments	0	0	1,567	1,567
040	Debt securities	5,093	5,093	11,678	11,678
120	Other assets	1,864		58,380	

		Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
		010	040
130	Collateral received by the reporting institution	147	4.235
150	Equity instruments	0	19
160	Debt securities	147	4.199
230	Other collateral received	0	18
240	Own debt securities issued other than own covered bonds or ABSs	0	0

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
		010	030
010	Carrying amount of selected financial liabilities	7,064	7,103

H. TERM TO MATURITY BY EXPOSURE CATEGORY

TERM TO MATURITY BY EXPOSURE CATEGORY			2015						2014					
			On demand	0 - 3 mths	3 mths - 1 years	1 - 5 years	over 5 years	Grand total	On demand	0 - 3 mths	3 mths - 1 years	1 - 5 years	over 5 years	Grand total
Central gov. or central banks			288.9	0.0	0.0	0.0	0.0	288.9	630.8	0.0	0.0	0.0	0.0	630.8
Regional or local authorities			209.8	113.8	300.0	600.0	64.1	1,287.7	473.0	25.9	817.1	801.1	73.1	2,190.2
Public sector entities			0.0	0.0	71.5	16.3	6.2	94.0	0.0	0.0	0.0	71.3	6.9	78.2
Institutions			593.2	3,838.0	1,645.9	443.3	395.8	6,916.2	469.0	4,443.2	1,964.6	412.2	749.1	8,038.1
Corporates			1,982.4	7,503.1	7,971.0	2,955.6	3,730.9	24,143.0	2,120.9	3,712.1	7,943.1	2,688.6	4,070.7	20,535.4
Retail			1,447.4	6,027.5	7,816.7	9,935.4	10,183.9	35,410.9	1,461.9	5,533.2	7,120.4	12,198.6	10,028.3	36,342.4
Exp. secured by mortg. on imm. prop.			66.6	390.6	634.3	722.0	3,057.4	4,870.9	6.3	477.7	618.7	744.3	1,890.1	3,737.1
Exp. in defaults			43.5	362.4	430.9	455.1	349.6	1,641.5	50.3	618.2	225.3	382.1	235.1	1,511.0
High-risk exposures			242.9	154.9	246.9	161.2	80.4	886.3	244.3	412.3	410.8	83.4	71.9	1,222.7
Exp. with short-term rating			7.1	0.6	0.0	0.0	0.0	7.7	0.0	835.8	0.0	0.0	1.8	837.6
Exp. in units or CIU			0.0	0.0	0.5	0.0	4.3	4.8	0.0	0.0	1.0	0.0	5.8	6.8
Equity exposure			0.0	0.3	0.0	1.2	1,262.8	1,264.3	0.0	0.1	0.3	9.8	1,304.7	1,314.9
Other exposures			0.0	323.4	126.6	94.8	1,112.8	1,657.6	10.7	362.0	130.9	115.3	1,160.1	1,779.0
Grand total			4,881.8	18,714.6	19,244.3	15,384.9	20,248.2	78,473.8	5,467.2	16,420.5	19,232.2	17,506.7	19,597.6	78,224.2
TOTAL CREDIT EXPOSURE BY INDUSTRY														
2015	Exposure category													
Line of business - DKK m	Central gov. or central banks	Regional or local authori- ties	Public sector entities	Instituti- ons	Corpo- rates	Retail	Exp. se- cured by mortg. on imm. prop.	Exp. in defaults	High-risk expo- sures	Exp. with short- term rating	Exp. in units or CIU	Equity exposure	Other expo- sures	Grand total
Public authorities	0.0	1,252.7	1.3	0.0	158.6	635.2	24.7	2.1	0.0	0.0	0.0	0.0	0.0	2,074.6
Agriculture, hunting and forestry	0.0	0.0	0.0	0.0	1,532.5	1,701.9	245.2	109.4	77.7	0.0	0.0	0.0	0.0	3,666.7
Fisheries	0.0	0.0	0.0	0.0	53.0	74.0	2.1	2.6	0.0	0.0	0.0	0.0	0.0	131.7
Industry and raw materials extraction	0.0	0.0	0.0	0.0	2,287.5	1,450.9	26.0	42.5	1.9	0.0	0.0	0.0	0.0	3,808.8
Energy supply	0.0	35.0	88.7	0.0	2,007.6	295.0	5.6	62.7	13.8	0.0	0.0	0.0	0.0	2,508.4
Building and construction	0.0	0.0	0.0	0.0	840.8	1,176.1	98.9	75.3	408.5	0.0	0.0	0.0	0.0	2,599.6
Trade	0.0	0.0	0.0	0.0	2,944.4	2,174.2	96.6	90.0	3.7	0.0	0.0	1.2	0.0	5,310.1
Transport, hotels and restaurants	0.0	0.0	0.0	0.0	1,262.4	759.8	46.7	78.6	35.8	0.0	0.0	0.0	0.0	2,183.3
Information and communication	0.0	0.0	0.0	0.0	80.0	192.7	7.3	5.1	0.0	0.0	0.0	0.0	0.0	285.1
Financing and insur- ance	288.9	0.0	0.0	6,546.1	4,816.6	791.7	145.7	51.9	12.4	7.7	4.8	1,262.8	1,291.4	15,220.0
Real estate	0.0	0.0	0.0	0.0	3,823.1	2,014.2	350.5	786.2	280.4	0.0	0.0	0.0	32.2	7,286.6
Other business areas	0.0	0.0	4.0	0.0	2,000.6	1,838.9	79.2	66.9	23.7	0.0	0.0	0.3	334.0	4,347.6
Business customers. total	288.9	1,287.7	94.0	6,546.1	21,807.1	13,104.6	1,128.5	1,373.3	857.9	7.7	4.8	1,264.3	1,657.6	49,422.5
Retail customers	0.0	0.0	0.0	370.1	2,335.9	22,306.3	3,742.4	268.2	28.4	0.0	0.0	0.0	0.0	29,051.3
Grand total	288.9	1,287.7	94.0	6,916.2	24,143.0	35,410.9	4,870.9	1,641.5	886.3	7.7	4.8	1,264.3	1,657.6	78,473.8

H. TERM TO MATURITY BY EXPOSURE CATEGORY

2014	Exposure category													
Line of business - DKK m	Central gov. or central banks	Regional or local authorities	Public sector entities	Institutions	Corporates	Retail	Exp. secured by mortg. on imm. prop.	Exp. in defaults	High-risk exposures	Exp. with short-term rating	Exp. in units or CIU	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

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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