

Interim Report, Q1-Q3 2016, for Spar Nord Bank A/S

Highly satisfactory profit of DKK 690 million after tax yields an annualized 11.9% return on equity – full-year forecast raised

- Core income amounted to DKK 2,384 million, down 9% on the same period of 2015 – core income maintained at an unchanged level when adjusted for the non-recurring impact of the sale of Spar Nord's Nørresundby Bank shareholding at the beginning of 2015.
- Net interest income dropped 6% on 2015 and amounted to DKK 1,226 million – bank and leasing lending has grown 2% since the same time last year, but over the past 12 months the interest margin has dropped about 23 basis points.
- Net income from fees, charges and commissions fell 2% compared with the extraordinarily good 2015, but ended at DKK 778 million, which is still a highly satisfactory level.
- Market-value adjustments and dividends amounted to DKK 329 million, corresponding to an increase of 38% when adjusted for the sale of the Nørresundby Bank shareholding.
- Total costs and expenses came to DKK 1,354 million, 1% down on Q1-Q3 2015 – payroll costs rose 3%, while other operating expenses dropped 9%.
- Accordingly, the period's total core earnings before impairment totalled DKK 1,031 million, which should be viewed against the backdrop of an announced forecast for the full year of DKK 1.1 billion, and are thus also very satisfactory.
- Impairment of the Group's loans and advances added up to DKK 188 million, which is 22% down on 2015, corresponding to an impairment ratio of 0.47% p.a. – the agricultural sector still accounts for the bulk of the profit impact.

STRONG DEVELOPMENTS IN Q3

- Core earnings in Q3 before impairment amounted to DKK 428 million versus DKK 344 million in Q2 2016, and DKK 286 million in Q3 2015. The increase relative to the previous quarter is attributable to higher market-value adjustments and lower expenses, while net income from interest and from fees, charges and commissions remained roughly on a par with Q2.
- Impairment of loans and advances came to DKK 54 million versus DKK 79 million in Q2.

STRATEGY AND FORECAST

- In light of developments in Q1-Q3, the forecast for full-year core earnings is adjusted upwards from around DKK 1.1 billion to about DKK 1.2 billion after one-off costs of around DKK 50 million, primarily related to a new strategy, while loan impairment losses are now expected to be somewhat down on last year.
- A new strategy plan for 2017-19 includes growth initiatives and efficiency-enhancing initiatives, which when fully implemented are expected to contribute DKK 200 million and DKK 100 million, respectively, to the Bank's core earnings before impairment. The target for a return on equity is 9-11% after tax, and the Cost/Income Ratio is expected to be 0.60.

DKK m	Q1-Q3 2016	Q1-Q3 2015	Change in %	Q3 2016	Q2 2016	Change in %	Q3 2015	Change in %
Net interest income	1,226	1,311	-6	413	417	-1	417	-1
Net income from fees, charges and commissions	778	791	-2	260	268	-3	222	17
Core income	2,384	2,617	-9	834	817	2	696	20
Costs and expenses	1,354	1,374	-1	406	473	-14	409	-1
Core earnings before impairment	1,031	1,243	-17	428	344	24	286	50
Impairment of loans and advances, etc.	188	240	-22	54	79	-32	74	-27
Profit/loss before tax	843	929	-9	374	265	41	188	99

Lasse Nyby, Chief Executive Officer of Spar Nord, has the following comment on the financial statements:

On the whole I think there is reason to be very satisfied with the financial statements we present today. This is because we can deliver a respectable profit and a two-digit return on equity – and, not least, because the underlying growth is positive in most areas. Of course, the low interest level and mounting competition mean that earnings from classic deposit and lending business remain under pressure, although activity-driven business areas like housing and asset management are doing very well. Coupled with healthy market-value adjustments, lower costs and declining impairment losses, this means that we are delivering more than expected, and therefore lift our forecast profile for the full year.

Together with the interim financial statements, Spar Nord is presenting a new strategy plan for 2017-19:

- With our new strategy plan we will build on our greatest strength, namely personal advice supported by active involvement – and at the same time develop up-to-date digital solutions. Through skills enhancement programmes and better system support our personal advice can become even sharper and thus boost sales. Digital developments will pave the way for both enhancing efficiency and establishing even more relevant customer service that also creates value.
- The new initiatives in the pipeline will enable us to stimulate income with about DKK 200 million while also slicing expenses by about DKK 100 million. As such, we expect to continue to be able to deliver competitive results in the years ahead.

Interim Report Q1-Q3 2016 for Spar Nord Bank A/S

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THE SPAR NORD GROUP

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*The Interim 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.*

PERFORMANCE INDICATORS AND FINANCIAL RATIOS – THE GROUP

CORE EARNINGS – QUARTERLY

DKK m	Q1-Q3 2016	Q1-Q3 2015	Change in %	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Full year 2015
INCOME STATEMENT									
Net interest income *)	1,225.9	1,311.4	-6.5	412.9	417.2	395.8	415.8	417.3	1,727.2
Net income from fees, charges and commissions	778.2	791.1	-1.6	259.7	268.1	250.4	239.2	221.9	1,030.3
Market-value adjustments and dividends	329.3	463.5	-29.0	142.5	114.7	72.1	43.4	35.5	506.9
Other operating income	28.3	30.1	-6.0	11.0	9.7	7.6	8.0	13.1	38.1
Profit/loss on equity investments in associates and group enterprises	22.5	20.5	9.8	7.5	7.4	7.6	7.8	7.7	28.3
Core income	2,384.2	2,616.6	-8.9	833.6	817.1	733.5	714.2	695.5	3,330.8
Salaries	834.8	807.4	3.4	248.5	306.9	279.4	290.8	232.2	1,098.2
Operating expenses	467.8	513.9	-9.0	140.5	149.1	178.2	165.3	157.7	679.2
Depreciation, amortization and impairment	50.9	52.2	-2.5	16.5	17.3	17.1	13.3	19.3	65.5
Costs	1,353.5	1,373.5	-1.5	405.5	473.3	474.7	469.4	409.2	1,842.9
Core earnings before impairment	1,030.7	1,243.1	-17.1	428.1	343.8	258.8	244.8	286.3	1,487.9
Impairment of loans, advances and receivables, etc. *)	187.8	240.1	-21.8	54.4	78.9	54.5	75.5	73.8	315.6
Core earnings	842.9	1,003.0	-16.0	373.7	264.9	204.3	169.3	212.5	1,172.3
Contributions to sector-wide solutions	-	-74.1	-	-	-	-	-24.6	-24.7	-98.7
Profit/loss before tax	842.9	928.9	-9.3	373.7	264.9	204.3	144.7	187.8	1,073.6
Tax	152.6	149.5	2.1	66.0	47.0	39.6	27.3	40.7	176.8
Profit/loss	690.3	779.4	-11.4	307.7	217.9	164.7	117.4	147.1	896.8
Of which, share attributable to interest expenses to holders of Additional Tier 1 (AT1) capital	18.2	7.4	-	6.2	6.1	5.9	6.1	6.0	13.5
BALANCE SHEET DISCLOSURES									
Total assets	78,957	79,958	-1.3	78,957	77,476	79,432	76,357	79,958	76,357
Loans and advances	39,697	38,223	3.9	39,697	38,531	40,404	38,039	38,223	38,039
- Lending, banking activities	33,332	33,088	0.7	33,332	33,398	33,635	32,630	33,088	32,630
- Lending, reverse transactions	4,591	3,923	17.0	4,591	3,528	5,400	4,155	3,923	4,155
- Lending, leasing activities	1,774	1,212	46.4	1,774	1,605	1,369	1,254	1,212	1,254
Deposits	60,926	56,986	6.9	60,926	59,649	57,248	58,116	56,986	58,116
- Deposits, banking activities	47,046	44,206	6.4	47,046	46,295	43,802	44,366	44,206	44,366
- Deposits, repo transactions	0	464	-	0	0	364	370	464	370
- Deposits in pooled schemes	13,880	12,316	12.7	13,880	13,354	13,082	13,380	12,316	13,380
Subordinated debt	1,095	1,154	-5.1	1,095	1,093	1,092	1,089	1,154	1,089
Holders of Additional Tier 1 (AT1) capital instruments	404	406	-0.5	404	397	414	412	406	412
Shareholders' equity	7,669	7,362	4.2	7,669	7,402	7,616	7,475	7,362	7,475
Contingent liabilities	11,885	9,426	26.1	11,885	10,847	9,373	9,585	9,426	9,585
Total risk exposure	47,778	47,507	0.6	47,778	46,823	46,943	46,500	47,507	46,500
Core capital	6,943	6,865	1.1	6,943	6,875	6,803	6,946	6,865	6,946
Impairment account and discount on commitments taken over **)	2,020	2,080	-2.9	2,020	2,024	2,011	1,998	2,080	1,998
Contractual non-performing loans	439	672	-34.7	439	468	472	514	672	514
Business volume	218,173	205,691	6.1	218,173	214,107	210,442	210,658	205,691	210,658

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

**) Spar Nord's impairment account amounts to DKK 1,904 million (Q2 2016: DKK 1,898 million) (note 10) and the discount on commitments taken over amounts to DKK 116 million (Q2 2016: DKK 126 million).

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

PERFORMANCE INDICATORS AND FINANCIAL RATIOS – THE GROUP

CORE EARNINGS – QUARTERLY

DKK m	Q1-Q3 2016	Q1-Q3 2015	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Full year 2015
FINANCIAL RATIOS								
Own funds								
Total capital ratio, %	16.6	16.5	16.6	16.8	16.6	17.0	16.5	17.0
Core capital (Tier 1) ratio, %	14.5	14.5	14.5	14.7	14.5	14.9	14.5	14.9
Common Equity Tier 1 (CET1) ratio, %	13.9	13.9	13.9	14.0	13.8	14.4	13.9	14.4
Earnings								
Return on equity before tax, excl. Additional Tier 1 (AT1) capital, % *)	10.9	12.8	4.9	3.5	2.6	1.9	2.5	14.6
Return on equity after tax, excl. Additional Tier 1 (AT1) capital, % *)	8.9	10.8	4.0	2.9	2.1	1.6	2.0	12.2
Cost share of core income	0.57	0.52	0.49	0.58	0.65	0.66	0.59	0.55
Cost share of core income, incl. impairment of loans and advances, etc.	0.65	0.62	0.55	0.68	0.72	0.76	0.69	0.65
Return on assets, %	0.9	1.0	0.4	0.3	0.2	0.2	0.2	1.2
Market risk and liquidity								
Interest-rate risk, %	0.4	1.2	0.4	0.7	1.1	1.8	1.2	1.8
Foreign-exchange position, %	3.1	4.0	3.1	3.0	3.4	3.4	4.0	3.4
Foreign-exchange risk, %	0.0	0.1	0.0	0.1	0.0	0.1	0.1	0.1
Excess coverage relative to statutory cash ratio requirement, %	298.8	263.7	298.8	283.1	264.0	296.1	263.7	296.1
Liquidity Coverage Ratio (LCR)	155	158	155	161	152	145	158	145
Credit risk								
Loans and advances plus impairment account and discount hereon rel. to deposits, %	68.3	70.6	68.3	67.9	74.0	68.8	70.6	68.9
Loans and advances rel. to shareholders' equity	5.2	5.2	5.2	5.2	5.3	5.1	5.2	5.1
Increase in loans and advances for the period, %	3.6	-3.3	0.3	0.0	3.3	-1.2	1.1	-4.5
Large exposures as % of capital base	15.8	15.9	15.8	15.9	17.2	16.1	15.9	16.1
Impairment ratio, %	0.4	0.5	0.1	0.2	0.1	0.2	0.1	0.6
Employees and branches								
Number of employees (full-time, end of period)	1,548	1,522	1,548	1,556	1,551	1,538	1,522	1,538
Number of branches	66	70	66	70	70	70	70	70
THE SPAR NORD SHARE								
DKK per share of DKK 10								
Share price, end of period	64	76	64	54	63	61	76	61
Net asset value (NAV)	62	59	62	60	61	60	59	60
Profit/loss for the period *)	5.4	6.2	2.4	1.7	1.3	0.9	1.1	7.1
Dividend	-	-	-	-	-	-	-	3.0
Extraordinary dividend	-	2.0	-	-	-	-	-	2.0
Return	-	-	-	-	-	-	-	11
Price/earnings	-	-	-	-	-	-	-	9

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

Spar Nord closed the first three quarters of 2016 with a profit of DKK 690 million after tax, equal to an 11.9% p.a return on equity.

The Bank's Management finds the profit highly satisfactory and points to factors such as robust core income, reduced expenses and lower loan impairment losses.

In light of the profit performance, the forecast for the full year's core earnings before impairment is lifted from around DKK 1.1 billion to around DKK 1.2 billion after one-off costs related to the launching of a new strategy. Loan impairment losses are now expected to be somewhat lower than in 2015.

LOWER NET INTEREST INCOME BUT EASING PRESSURE ON MARGINS

Net interest income for the period under review ended at DKK 1,226 million, which is DKK 85 million, or 6%, down on the same period of 2015.

The low interest level means that interest income on the Bank's bond portfolio was DKK 66 million lower in Q1-Q3 2016 than in the same period of 2015.

To this should be added lower interest income on customers' deposits due to the narrower lending margin. Thus, at end-Q3 2016 the lending margin was 30 basis points lower than at the same time in 2015.

On the upside, during the same period the Bank succeeded in reducing the deposit margin by 7 basis points.

The lending margin has actually stabilized over the past two quarters, and the combined interest margin also remained stable.

In Q3, the DKK 13 million carried to income positively impacted net interest income. The amount recognized relates to changed tax assessments for the 2011-13 financial years.

NET INCOME FROM FEES, CHARGES AND COMMISSIONS AT A HIGHLY SATISFACTORY LEVEL

Net income from fees, charges and commissions for the period under review ended at DKK 778 million, which is DKK 13 million, or 2%, down on Q1-Q3 2015.

The fact that the drop compared with the same period of 2015 was only 2% is considered highly satisfactory in light of the fact that the activity level in both the mortgage credit and asset areas was extremely high at the beginning of 2015.

Above all, the decline compared to last year stems from a net decline in securities trading and asset management and a net downturn in loan transaction fees, which breaks down into a mixture of declining remortgaging income and higher income from Totalkredit.

On the upside, income from fees, charges and commissions rose in a number of areas related to "daily banking" activities in the retail and business customer area.

STRONG BOND PERFORMANCE DRIVES POSITIVE DEVELOPMENT FOR MARKET-VALUE ADJUSTMENTS

Market-value adjustments and dividends ended at DKK 329 million, which is DKK 134 million, or 29%, down on the same period last year. When adjusted for the non-recurring income of DKK 226 million in 2015 deriving from the sale of the Nørresundby Bank shareholding, this represents a highly satisfactory increase of as much as 38%.

The underlying growth is attributable to strong performance in the trading area, especially in the bond area, as a result of the narrowing gaps for Danish mortgage-credit bonds.

Market-value adjustments and dividends on strategic shareholdings in financial sector companies dropped from 2015 to 2016, which reflects the absence of extraordinary income relating to Nørresundby Bank combined with positive developments in DLR Kredit, Danmarks Skibskredit, Vækst Invest Nordjylland A/S, Erhvervsinvest K/S and Nets, (post-adjustment of selling price), among others.

COSTS AND EXPENSES DOWN 1%

The Group's total costs and expenses ended at DKK 1,354 million, which is DKK 20 million, or 1%, down on Q1-Q3 2015.

Wages and salaries accounted for DKK 835 million of total costs and expenses. This is 3% higher than in the same period of 2015, on the one hand reflecting pay rises under collective agreements and the extra work entailed with the implemented IT migration process, and on the other the positive impact of a successful legal action regarding the principles governing the calculation of payroll taxes.

At end-Q3 2016, the Group had a staff of 1,548 people – 26 more than at the same time last year. Compared with end-Q2, the staff has been reduced by eight people.

Other operating expenses ended at DKK 468 million, which is DKK 46 million, or 9%, down on Q1-Q3 2015. This fall reflects a general reduction in all expense areas (IT, marketing, premises, etc.) combined with the absence of non-recurring costs like those seen in 2015.

In Q3 expenses summed up to DKK 406 million versus DKK 473 million in Q2 and DKK 409 million in Q3 2015. Of this amount, operating expenses represented DKK 141 million against DKK 149 million in Q2, and DKK 158 million in Q3 last year, which serves to show that the financial impact of the IT migration from SDC to BEC will be as expected.

CORE EARNINGS BEFORE IMPAIRMENT HIGHER THAN EXPECTED

As a result of the above-mentioned circumstances, core earnings before impairment added up to DKK 1,031 million in the period under review. When directly compared with the same period of 2015, this is a reduction of DKK 212 million, or 17%, and, if adjustments are made for the one-off income deriving from the sale of the Nørresundby Bank shareholding, the result reflects an increase of DKK 5 million.

The realized core earnings before impairment of DKK 1,031 million during the first nine months of the year should be viewed against the announced forecast for the full year of "around DKK 1.1 billion".

LOAN IMPAIRMENT LOSSES DOWN 22%

Impairment of loans and advances, etc. ended at DKK 188 million – DKK 52 million, or 22%, down on the same period last year, corresponding to an impairment ratio of 0.47 p.a.

The Group's lending and guarantees by sector

Business sectors, %	Lending and guarantees		Impairment account and discount on exposures taken over
	31.12.2015	30.09.2016	30.09.2016
Agriculture, hunting and forestry	7.0	6.7	42.0
Fisheries	0.2	0.2	0.1
Industry and raw mat. extraction	5.1	4.8	2.6
Energy supply	4.0	3.2	1.4
Building and construction	3.1	3.4	2.5
Trade	7.1	7.4	3.9
Transport, hotels and restaurants	3.1	3.0	2.6
Information and communication	0.2	0.3	0.2
Financing and insurance	13.4	13.8	5.8
Real estate	11.3	10.7	16.6
Other business areas	5.1	4.6	4.1
Business customers, total	59.6	58.1	81.8
Public authorities	0.5	0.1	0.0
Retail customers	39.9	41.8	18.2
Total	100.0	100.0	100.0

DKK -72 million of the DKK 188 million profit impact is attributable to retail customers, representing a -0.4% impairment ratio p.a. for this customer category. DKK 84 million of the profit impact relates to business customers, excl. agricultural customers, corresponding to an impairment ratio of 0.4% p.a. Finally, agricultural customers account for DKK 176 million of the profit impact during the period, equal to an impairment ratio of as much as 6.6% p.a. for this customer category.

Agricultural exposure by production line

30.09.2016 DKK m	Loans, advances and guarantees	Non-accrual loans	Of which impaired	Share impaired
Cattle producers	1,170.1	66.9	674.2	57.6
Pig producers	888.0	60.5	452.6	51.0
Plant cultivation	730.1	14.8	98.6	13.5
Mink farmers	102.2	2.4	27.1	26.5
Leasing	333.3	2.5	21.8	6.5
Other production lines	356.9	0.2	20.2	5.7
Total	3,580.6	147.3	1,294.5	36.2

Agricultural exposure by production line

30.09.2016 DKK m/%	Impaired	Written off	Impairment for the year	Impairment ratio	Percentage impaired
Cattle producers	464.4	54.6	131.0	39.7	68.9
Pig producers	292.4	101.0	24.6	32.9	64.6
Plant cultivation	58.2	13.6	11.0	8.0	59.0
Mink farmers	13.8	1.1	8.7	13.5	50.8
Leasing	1.9	3.0	-0.6	0.6	8.7
Other prod. lines	13.2	0.0	1.7	3.7	65.4
Total	843.9	173.3	176.4	23.6	65.2

HIGHLY SATISFACTORY PROFIT

Accordingly, the consolidated profit before tax can be calculated at DKK 843 million. The effective tax rate for the period was 18%, accordingly the net profit came to DKK 690 million, equal to a return on equity of 11.9% p.a.

NEW STRATEGY PLAN

After successful IT migration from SDC to BEC in May, Spar Nord's Board of Directors, Executive Board and executive team have spent the last few months preparing a new strategy plan for 2017-19.

The plan addresses how Spar Nord will act in a market facing a number of major challenges arising from subdued economic growth and low interest rates, mounting competition, waves of new regulatory reform measures and, not least, changing customer behaviour and technological options. Combined, all these factors will contribute to putting major pressure on earnings over the next few years.

The new plan centres on having Spar Nord build on its historical strength, personal advice and service – while also developing state-of-the-art digital solutions.

The ambition is to use skills enhancement programmes and better system support to make personal advice an even greater asset in terms of customer acquisition and cross sales. Digital development is to pave the way for both enhancing efficiency and establishing more relevant customer service that also creates value.

The new strategy plan comprises growth initiatives and efficiency-enhancing measures that – when fully implemented - are expected to contribute DKK 200 million and DKK 100 million, respectively, to the Bank's core earnings before impairment, viewed in relation to a projection without any such initiatives.

Highlights of growth initiatives:

- Efforts targeted at increasing Spar Nord's market share in the Bank's market areas outside North Jutland
- Improved asset concept with a sharper focus on Private Banking
- Business concept with a new segmentation and new advisory offerings
- Strengthened cross sales via bonus programme, data mining and increased focus on comprehensive advisory services
- Growth in the Bank's leasing business
- Growth in consumer finance (SparXpres)
- Investment in digital innovation and Fintech partnerships

Highlights of efficiency-enhancing initiatives:

- Trimming of branch structure
- Dedicated units to perform more service tasks, the aim being to carve out time for advisory services
- Investments in automation and process optimization

Spar Nord's goal for the three-year period of the strategy plan is to deliver a return on equity increasing to around 9-11% after tax. In terms of cost-efficiency, the Bank's target is to deliver a Cost/Income Ratio of 0.60 at the end of the strategy period. The financial targets have been formulated with a view to having an unchanged interest level and the same risk profile.

The implemented branch structure and other initiatives related to the new strategy plan are expected to result in one-off costs of around DKK 50 million in 2016.

A more detailed presentation of the new strategy plan will be published on Spar Nord's website on Saturday, 5 November.

BUSINESS VOLUME, CAPITAL POSITION AND LIQUIDITY

BUSINESS VOLUME SWELLED BY DKK 7.5 BILLION FROM 1 JANUARY

The Group's total business volume (deposits, loans, advances and guarantees, custodianship accounts and mortgage credits arranged) reached DKK 218.2 billion at end-Q3 2016 – DKK 7.5 billion up on the volume at end-2015.

Compared with end-2015, loans and advances increased DKK 1.7 billion, of which DKK 1.2 billion is attributable to bank and leasing lending, and the balance to reverse transactions.

The volume of mortgage credit arranged has grown DKK 2.3 billion, or 3%, since 1 January to DKK 72.6 billion. In total, the volume of mortgage-credit loans arranged on behalf of retail customers (Totalkredit) amounted to DKK 61.1 billion and to DKK 11.5 billion for business customers (DLR Kredit).

Deposits, banking activities, have risen by DKK 2.7 billion, or 6%, since 1 January, while deposits in pooled schemes have grown by DKK 0.5 billion, or 4%.

Finally, customers' custodianship accounts have decreased DKK 1.5 billion, or 4%, since 1 January.

Of total loans, advances and guarantees in the amount of DKK 53.6 billion, 42% is attributable to retail customers and 58% to business customers.

SUSTAINED COMFORTABLE CAPITAL POSITION

On the capital side, Spar Nord pursues the goal of having a Common Equity Tier 1 (CET1) ratio of at least 12.0% and a total capital ratio of 15.5%.

At end-Q3 2016, the Group's Common Equity Tier 1 (CET1) ratio stood at 13.9%, while the total capital ratio came to 16.6%. This should be viewed in relation to Spar Nord having calculated the individual solvency need at 9.4% plus the 0.6% combined buffer requirement. Thus, the Bank has an excess capital coverage of 6.6 percentage points, equal to DKK 3.1 billion.

DKK 150 million has been deducted from the capital statement, equal to the full scope of the share repurchase programme announced in February.

The current capital position would correspond to a Common Equity Tier 1 (CET1) ratio of 13.5%, had CRD IV been fully phased in.

STRATEGIC LIQUIDITY OF DKK 21.1 BILLION

Spar Nord has defined strategic liquidity as the difference between bank and leasing lending and the Group's long-term funding (bank deposits, senior loans, issued bonds, subordinated debt and shareholders' equity).

Subordinated debt, senior loans and issued bonds due within 12 months are not included in the Bank's strategic liquidity.

At the end of Q3 2016, Spar Nord's strategic liquidity amounted to DKK 21.1 billion, up DKK 1.6 billion on end-2015.

Strategic liquidity

	30.09 2016	30.06 2016	31.03 2016	31.12 2015	30.09 2015
DKK bn					
Deposits, banking activities	47.0	46.3	43.8	44.4	44.2
Senior loans/bond issues	0.0	0.0	0.1	0.0	0.1
Shareholders' equity and subordinated debt	9.2	8.9	9.1	9.0	8.9
Generation of cash	56.2	55.2	53.0	53.4	53.2
Lending, banking activities	33.3	33.4	33.6	32.6	33.1
Lending, leasing activities	1.8	1.6	1.4	1.3	1.2
Maturity, senior loans, issued bonds and subord. debt < 1 year	0.0	0.0	0.0	0.0	0.1
Strategic liquidity, total	21.1	20.2	18.0	19.5	18.8

As the table shows, at end-Q3 2016, Spar Nord was still in a situation where the funding base consisted almost exclusively of ordinary customer deposits and subordinated loan capital, while the Bank remains independent of funding from capital markets.

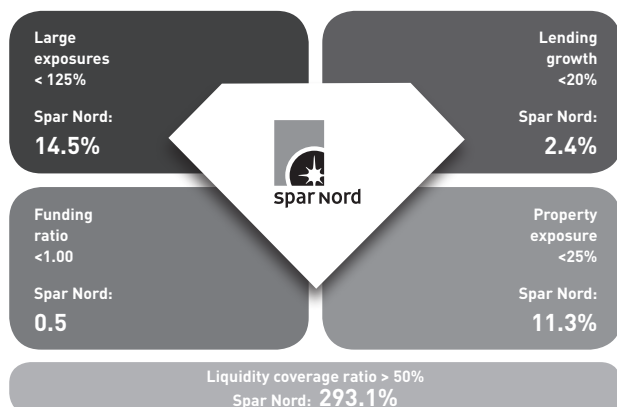
Spar Nord's LCR ratio at end-Q3 2016 was 155%.

Liquidity Coverage Ratio (LCR)

%	30.09 2016	30.06 2016	31.03 2016	31.12 2015	30.09 2015
	155	161	152	145	158

BUSINESS VOLUME, CAPITAL POSITION AND LIQUIDITY

THE SUPERVISORY AUTHORITY DIAMOND MODEL



With reference to the forthcoming new calculation method for the reference point "Large exposures" announced by the Danish Financial Supervisory Authority, with the benchmark for the 20 largest exposures being fixed at 175% of the Common Equity Tier 1 (CET1), the Bank's 20 largest exposures amounted to 78.5% at end-Q3.

RISKS

Reference is made to the 2015 Annual Report and to the Group's Risk Report for 2015, which both describe the most significant risks and elements of uncertainty that may affect the Group and the Parent Company.

OUTLOOK FOR 2016 REVISED UPWARD

The Annual Report for 2015 projected core earnings before impairment to end in the DKK 1.1-billion range for the full year of 2016. Impairment of loans and advances is expected to be realized at the same level as in 2015, although the amount was revised downwards after Q2 to "somewhat lower than in 2015".

In light of developments in Q1-Q3, the forecast for the full year's core earnings is adjusted upwards to around DKK 1.2 billion after one-off costs of around DKK 50 million, primarily related to a new strategy, while loan impairment is now expected to be somewhat lower than in 2015.

OUTLOOK FOR 2017

Core earnings in 2017 are expected to hover around DKK 1.1-1.2 billion, primarily depending on movements in the interest margin and market-value adjustments. Loan impairment losses are expected to be lower than in 2016.

SPAR NORD SHARES HELD BY MEMBERS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

BOARD OF DIRECTORS	At 30.09.2016	At 30.06.2016	EXECUTIVE BOARD	At 30.09.2016	At 30.06.2016
Kjeld Johannesen	40,000	40,000	Lasse Nyby	47,784	47,784
Per Nikolaj Bukh	27,200	27,200	John Lundsgaard	71,113	71,113
Kaj Christiansen	7,800	7,800	Lars Møller	65,460	65,460
Morten Bach Gaardboe	3,620	3,620			
Laila Mortensen	0	0			
Ole Skov	7,054	7,054			
Jannie Skovsen	7,404	7,404			
Gitte Holmgaard Sørensen	2,486	2,486			
John Sørensen	5,160	5,160			

The holdings include all shares held by all members of the household.

OVERVIEW OF GROUP COMPANIES

	Share capital, end of period *) DKK m	Share- holders' equity, end of period *) DKK m	Profit/loss *) DKK m	Ownership interest 30.09.2016 %	Ownership interest 30.09.2015 %
Consolidated subsidiaries					
Aktieselskabet Skelagervej 15, Aalborg	27.0	1,508.8	50.6	100.0	100.0

**) According to the most recent Annual Report.*

PERFORMANCE INDICATORS AND FINANCIAL RATIOS - THE GROUP

THE DANISH FINANCIAL SUPERVISORY AUTHORITY'S LAYOUT AND RATIO SYSTEM

DKK m	Q1-Q3 2016	Q1-Q3 2015	Change in %	Q1-Q3 2016	Q1-Q3 2015	Q1-Q3 2014	Q1-Q3 2013	Q1-Q3 2012	Full year 2015
INCOME STATEMENT									
Interest income	1,378.2	1,498.1	-8.0	1,378.2	1,498.1	1,732.2	2,145.3	1,777.7	1,975.8
Interest expenses	114.8	158.4	-27.5	114.8	158.4	365.9	506.8	544.0	200.5
Net interest income	1,263.4	1,339.7	-5.7	1,263.4	1,339.7	1,366.3	1,638.5	1,233.7	1,775.3
Dividends on shares, etc.	49.3	54.6	-9.7	49.3	54.6	39.1	20.9	16.1	54.9
Fees, charges and commissions received	867.3	852.2	1.8	867.3	852.2	668.5	577.3	461.5	1,125.9
Fees, charges and commissions paid	89.1	61.1	45.8	89.1	61.1	43.4	45.5	39.3	95.6
Net income from interest, fees, charges and commissions	2,090.9	2,185.4	-4.3	2,090.9	2,185.4	2,030.5	2,191.2	1,672.0	2,860.5
Market-value adjustments	280.0	408.9	-31.5	280.0	408.9	335.0	148.1	180.8	452.0
Other operating income	28.3	39.9	-29.1	28.3	39.9	36.3	71.0	127.1	47.8
Staff costs and administrative expenses	1,295.4	1,315.5	-1.5	1,295.4	1,315.5	1,247.1	1,243.3	1,097.2	1,768.2
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	50.9	52.2	-2.5	50.9	52.2	53.5	87.1	114.7	65.5
Other operating expenses	7.2	79.9	-91.0	7.2	79.9	84.8	81.0	48.8	107.9
Impairment of loans, advances and receivables, etc.	225.3	278.2	-19.0	225.3	278.2	334.4	562.4	491.9	373.4
Profit/loss on equity investments in associates and group enterprises	22.5	20.5	9.8	22.5	20.5	79.0	54.7	57.5	28.3
Profit/loss before tax	842.9	928.9	-9.3	842.9	928.9	761.0	491.2	284.8	1,073.6
Tax	152.6	149.5	2.1	152.6	149.5	125.7	107.8	66.1	176.8
Profit/loss	690.3	779.4	-11.4	690.3	779.4	635.3	383.4	218.7	896.8
BALANCE SHEET									
Total assets	78,957	79,958	-1.3	78,957	79,958	78,816	75,080	68,979	76,357
Loans and advances	39,697	38,223	3.9	39,697	38,223	37,362	37,166	34,991	38,039
- Lending, banking activities	33,332	33,088	0.7	33,332	33,088	35,953	34,134	29,978	32,630
- Lending, reverse transactions	4,591	3,923	17.0	4,591	3,923	175	542	698	4,155
- Lending, leasing activities	1,774	1,212	46.4	1,774	1,212	1,234	2,490	4,315	1,254
Deposits	60,926	56,986	6.9	60,926	56,986	53,199	50,463	39,868	58,116
- Deposits, banking activities	47,046	44,206	6.4	47,046	44,206	42,930	41,998	33,158	44,366
- Deposits, repo transactions	0	464	-	0	464	0	0	0	370
- Deposits in pooled schemes	13,880	12,316	12.7	13,880	12,316	10,269	8,465	6,710	13,380
Subordinated debt	1,095	1,154	-5.1	1,095	1,154	1,711	2,319	1,801	1,089
Shareholders' equity	8,073	7,768	3.9	8,073	7,768	7,047	6,377	5,704	7,887
Contingent liabilities	11,885	9,426	26.1	11,885	9,426	8,021	5,435	4,508	9,585
Total risk exposure	47,778	47,507	0.6	47,778	47,507	48,698	43,111	38,119	46,500
Core capital (Tier 1)	6,943	6,865	1.1	6,943	6,865	6,619	7,400	6,409	6,946
Impairment of loans, advances and receivables, etc.	1,904	1,877	1.5	1,904	1,877	1,776	1,557	1,343	1,837
Contractual non-performing loans	439	672	-34.7	439	672	624	761	199	514

PERFORMANCE INDICATORS AND FINANCIAL RATIOS - THE GROUP

THE DANISH FINANCIAL SUPERVISORY AUTHORITY'S LAYOUT AND RATIO SYSTEM

DKK m	Q1-Q3 2016	Q1-Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Q1-Q3 2014	Q1-Q3 2013	Q1-Q3 2012	Full year 2015
FINANCIAL RATIOS								
Own funds								
Total capital ratio, %	16.6	16.5	16.6	16.5	15.5	17.4	16.8	17.0
Core capital (Tier 1) ratio, %	14.5	14.5	14.5	14.5	13.6	17.2	16.8	14.9
Earnings								
Return on equity before tax, %	10.6	12.6	10.6	12.6	11.2	8.0	5.5	14.4
Return on equity after tax, %	8.7	10.5	8.7	10.5	9.4	6.2	4.2	12.0
Income/cost ratio	1.53	1.54	1.53	1.54	1.44	1.25	1.16	1.46
Return on assets, %	0.9	1.0	0.9	1.0	0.8	0.5	0.3	1.2
Market risk and liquidity								
Interest-rate risk, %	0.4	1.2	0.4	1.2	1.9	0.1	-0.9	1.8
Foreign-exchange position, %	3.1	4.0	3.1	4.0	3.4	3.4	2.2	3.4
Foreign-exchange risk, %	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.1
Excess coverage relative to statutory cash ratio requirement, %	298.8	263.7	298.8	263.7	194.3	211.8	175.3	296.1
Credit risk								
Loans and advances rel. to deposits, %	65.2	67.1	65.2	67.1	70.2	73.7	87.8	65.5
Loans and advances plus impairment rel. to deposits, %	68.2	70.3	68.2	70.3	73.6	76.7	91.1	68.5
Loans and advances relative to shareholders' equity	4.9	4.9	4.9	4.9	5.3	5.8	6.1	4.8
Increase in loans and advances for the period, %	3.6	-3.3	3.6	-3.3	3.7	-6.0	-9.6	-4.5
Large exposures as % of capital base	15.8	15.9	15.8	15.9	30.9	16.8	0.0	16.1
Impairment ratio for the period, %	0.4	0.6	0.4	0.6	0.7	1.3	1.2	0.8
THE SPAR NORD SHARE								
DKK per share of DKK 10								
Profit/loss for the period	5.5	6.2	5.5	6.2	5.1	3.1	2.6	7.2
Net asset value (NAV)	62	59	62	59	56	51	50	60
Dividend	-	2.0	-	2.0	-	-	-	5.0
Share price/earnings for the period	11.6	12.3	11.6	12.3	11.8	13.5	10.4	8.5
Share price/NAV	1.0	1.3	1.0	1.3	1.1	0.8	0.5	1.0

MANAGEMENT'S STATEMENT ON THE INTERIM REPORT

The Board of Directors and the Executive Board have today reviewed and adopted the Interim Financial Statements of the Spar Nord Bank Group for the period from 1 January to 30 September 2016.

The Interim Financial Statements have not been audited or subjected to a review by the Group's auditor.

The Consolidated Interim Financial Statements are presented in accordance with IAS 34 "Interim Financial Reporting", as adopted by the EU.

Moreover, the Interim Financial Statements are presented in accordance with additional Danish disclosure requirements regarding interim financial statements for listed financial institutions.

In our opinion, the Interim Financial Statements give a true and fair view of the Group's financial position at 30 September 2016 and of the results of the Group's operations and cash flows for the period from 1 January to 30 September 2016.

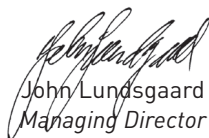
In addition, we also consider the Management's review to give a fair presentation of the development in the Group's activities and financial affairs as well as a description of the significant risks and elements of uncertainty that may affect the Group.

Aalborg, 2 November 2016

EXECUTIVE BOARD



Lasse Nyby
Chief Executive Officer



John Lundsgaard
Managing Director



Lars Møller
Managing Director

BOARD OF DIRECTORS



Kjeld Johannesen
Chairman of the Board of Directors



Per Nikolaj Bukh
Deputy Chairman of the Board of Directors



Kåj Christiansen



Morten Bach Gaardboe



Laila Mortensen



Ole Skov
Elected by the employees



Jannie Skovsen
Elected by the employees



Gitte Holmgaard Sørensen
Elected by the employees



John Sørensen

INCOME STATEMENT - THE GROUP

Note	DKK m	Q1-Q3 2016	Q1-Q3 2015	Q3 2016	Q3 2015	Full year 2015
4	Interest income	1,378.2	1,498.1	460.4	469.0	1,975.8
5	Interest expenses	114.8	158.4	38.5	45.2	200.5
	Net interest income	1,263.4	1,339.7	421.9	423.8	1,775.3
	Dividends on shares, etc.	49.3	54.6	0.4	0.1	54.9
6	Fees, charges and commissions received	867.3	852.2	295.9	242.1	1,125.9
	Fees, charges and commissions paid	89.1	61.1	36.2	20.2	95.6
	Net income from interest, fees, charges and commissions	2,090.9	2,185.4	682.0	645.8	2,860.5
7	Market-value adjustments	280.0	408.9	142.1	35.4	452.0
	Other operating income	28.3	39.9	11.0	22.9	47.8
8	Staff costs and administrative expenses	1,295.4	1,315.5	386.7	386.2	1,768.2
	Depreciation, amortization and impairment of intangible assets and property, plant and equipment	50.9	52.2	16.5	19.3	65.5
	Other operating expenses	7.2	79.9	2.3	28.4	107.9
10	Impairment of loans, advances and receivables, etc.	225.3	278.2	63.4	90.1	373.4
	Profit/loss on equity investments in associates and group enterprises	22.5	20.5	7.5	7.7	28.3
	Profit/loss before tax	842.9	928.9	373.7	187.8	1,073.6
	Tax	152.6	149.5	66.0	40.7	176.8
	Profit/loss	690.3	779.4	307.7	147.1	896.8
	Allocated to:					
	The shareholders of the Parent Company, Spar Nord Bank A/S	672.1	772.0	301.5	141.1	883.3
	Holders of Additional Tier 1 (AT1) capital instruments	18.2	7.4	6.2	6.0	13.5
	Profit/loss	690.3	779.4	307.7	147.1	896.8
	EARNINGS PER SHARE					
	Earnings per share (DKK)	5.5	6.2	2.4	1.2	7.2
	Diluted earnings per share (DKK)	5.5	6.2	2.4	1.2	7.2
STATEMENT OF COMPREHENSIVE INCOME						
	Profit/loss for the period	690.3	779.4	307.7	147.1	896.8
	Other comprehensive income					
	Items that cannot be reclassified to the income statement:					
	Net revaluation of corporate properties	1.2	1.1	0.4	0.4	6.9
	Other capital movements in associates	0.0	-1.1	0.0	0.0	-0.8
	Other comprehensive income after tax	1.2	0.0	0.4	0.4	6.1
	Comprehensive income, total	691.5	779.4	308.1	147.5	902.9
	Allocated to:					
	The shareholders of the Parent Company, Spar Nord Bank A/S	673.3	772.0	301.9	141.5	889.4
	Holders of Additional Tier 1 (AT1) capital instruments	18.2	7.4	6.2	6.0	13.5
	Comprehensive income, total	691.5	779.4	308.1	147.5	902.9

BALANCE SHEET - THE GROUP

Note	DKK m	30.09.2016	30.09.2015	Full year 2015
ASSETS				
	Cash balances and demand deposits with central banks	744.3	2,427.8	610.4
9	Receivables from credit institutions and central banks	2,679.5	4,599.3	2,741.3
	Lending, banking activities	33,332.0	33,088.0	32,630.5
	Lending, reverse transactions	4,591.5	3,922.6	4,155.1
	Lending, leasing activities	1,773.9	1,211.9	1,253.7
	Loans, advances and other receivables at amortized cost, total	39,697.4	38,222.5	38,039.3
	Bonds at fair value	16,908.9	16,847.6	16,053.6
	Shares, etc.	1,627.3	1,573.7	1,658.3
	Equity investments in associates	82.0	74.1	82.4
	Assets linked to pooled schemes	13,879.8	12,315.9	13,380.0
	Intangible assets	206.4	217.6	214.5
	Investment properties	145.4	145.7	144.6
	Corporate properties	539.4	530.2	547.0
	Land and buildings, total	684.8	675.9	691.6
	Other property, plant and equipment	101.0	101.2	99.6
	Current tax assets	0.0	26.8	91.0
	Deferred tax assets	0.0	8.3	6.0
	Temporary assets	16.0	31.8	27.4
11	Other assets	2,224.5	2,676.4	2,483.7
	Prepayments	104.9	158.8	178.1
	Total assets	78,956.8	79,957.7	76,357.2
SHAREHOLDERS' EQUITY AND LIABILITIES				
LIABILITIES OTHER THAN PROVISIONS				
	Payables to credit institutions and central banks	3,671.7	6,519.4	3,739.5
12	Deposits and other payables	47,046.3	44,670.2	44,736.3
	Deposits in pooled schemes	13,879.8	12,315.9	13,380.0
	Other non-derivative financial liabilities at fair value	1,946.2	2,651.0	1,219.7
	Current tax liabilities	16.7	0.0	0.0
13	Other liabilities	3,019.7	4,593.3	4,081.4
	Deferred income	17.6	29.9	25.7
	Total liabilities other than provisions	69,598.0	70,779.7	67,182.6
PROVISIONS FOR LIABILITIES				
	Provisions for deferred tax	118.1	176.1	122.8
	Provisions for losses on guarantees	64.5	44.4	42.9
	Other provisions	8.0	35.7	33.1
	Total provisions	190.6	256.2	198.8
SUBORDINATED DEBT				
14	Subordinated debt	1,094.7	1,154.2	1,088.8
	Total liabilities	70,883.3	72,190.1	68,470.2
SHAREHOLDERS' EQUITY				
	Share capital	1,255.3	1,255.3	1,255.3
	Revaluation reserves	97.5	90.5	96.3
	Statutory reserves	8.1	14.8	23.2
	Proposed dividend	0.0	0.0	376.6
	Retained earnings	6,308.2	6,001.6	5,723.3
	Shareholders' equity	7,669.1	7,362.2	7,474.7
	Holders of Additional Tier 1 (AT1) capital instruments	404.4	405.4	412.3
	Total shareholders' equity	8,073.5	7,767.6	7,887.0
	Total shareholders' equity and liabilities	78,956.8	79,957.7	76,357.2
OFF-BALANCE-SHEET ITEMS				
15	Contingent assets	5.4	4.6	5.2
16	Contingent liabilities	11,884.6	9,425.7	9,585.2
17	Other obligating agreements	469.5	601.8	540.5

STATEMENT OF CHANGES IN EQUITY - THE GROUP

The shareholders of the Parent Company, Spar Nord Bank A/S

DKK m	Share capital	Revaluation reserve	Statutory reserves	Proposed dividend	Retained earnings	Total	Additional Tier 1 (AT1) capital	Total
SHAREHOLDERS' EQUITY 30.09.2016								
Shareholders' equity 01.01.2016	1,255.3	96.3	23.2	376.6	5,723.3	7,474.7	412.3	7,887.0
Comprehensive income in 2016								
Profit/loss for the period	-	-	22.5	-	649.6	672.1	18.2	690.3
Other comprehensive income								
Net revaluation of corporate properties	-	1.2	-	-	-	1.2	-	1.2
Other comprehensive income, total	-	1.2	-	-	-	1.2	-	1.2
Total comprehensive income for the period	-	1.2	22.5	-	649.6	673.3	18.2	691.5
Transactions with owners								
Interest paid on Additional Tier 1 (AT1) capital	-	-	-	-	-	-	-24.2	-24.2
Dividends paid	-	-	-	-376.6	-	-376.6	-	-376.6
Dividends received, treasury shares	-	-	-	-	1.9	1.9	-	1.9
Disposal upon acquisition of treasury shares and Additional Tier 1 (AT1) capital	-	-	-	-	-418.2	-418.2	-1.9	-420.1
Addition upon sale of treasury shares and Additional Tier 1 (AT1) capital	-	-	-	-	310.0	310.0	-	310.0
Dividends received from associates recognized at net asset value	-	-	-37.6	-	37.6	0.0	-	0.0
Tax	-	-	-	-	4.0	4.0	-	4.0
Transactions with owners, total	-	-	-37.6	-376.6	-64.7	-478.9	-26.1	-505.0
Shareholders' equity 30.09.2016	1,255.3	97.5	8.1	0.0	6,308.2	7,669.1	404.4	8,073.5
SHAREHOLDERS' EQUITY 30.09.2015								
Shareholders' equity 01.01.2015	1,255.3	89.4	571.4	200.8	4,916.1	7,033.0	0.0	7,033.0
Comprehensive income in 2015								
Profit/loss for the period	-	-	20.5	251.1	500.4	772.0	7.4	779.4
Other comprehensive income								
Net revaluation of corporate properties	-	1.1	-	-	-	1.1	-	1.1
Other capital movements in associates and group enterprises	-	-	-1.2	-	0.1	-1.1	-	-1.1
Other comprehensive income, total	-	1.1	-1.2	-	0.1	0.0	-	0.0
Total comprehensive income for the period	-	1.1	19.3	251.1	500.5	772.0	7.4	779.4
Transactions with owners								
Issue of Additional Tier 1 (AT1) capital, net of transaction costs	-	-	-	-	-2.9	-2.9	400.0	397.1
Dividends paid	-	-	-	-451.9	-	-451.9	-	-451.9
Dividends received, treasury shares	-	-	-	-	0.3	0.3	-	0.3
Disposal upon acquisition of treasury shares and Additional Tier 1 (AT1) capital	-	-	-	-	-444.4	-444.4	-2.0	-446.4
Addition upon sale of treasury shares and Additional Tier 1 (AT1) capital	-	-	-	-	453.7	453.7	-	453.7
Dividends received from associates recognized at net asset value	-	-	-864.4	-	864.4	0.0	-	0.0
Dissolution of revaluation reserves, associates	-	-	288.5	-	-288.5	0.0	-	0.0
Tax	-	-	-	-	2.4	2.4	-	2.4
Transactions with owners, total	-	-	-575.9	-451.9	585.0	-442.8	398.0	-44.8
Shareholders' equity 30.09.2015	1,255.3	90.5	14.8	0.0	6,001.6	7,362.2	405.4	7,767.6

The share capital consists of 125,529,918 shares in the denomination of DKK 10.

Q1-Q3 2016 Q1-Q3 2015 Full year 2015

TREASURY SHARE PORTFOLIO

Number of shares	2,044,851	43,504	139,401
Percentage of share capital	1.6	0.0	0.1

The Group has launched a share repurchase programme worth DKK 150 million, to be implemented in the period from mid-February to end-2016. During the period until end-September, the Group repurchased shares worth DKK 108 million (1,941,000 shares).

**) The Additional Tier 1 (AT1) capital has a perpetual term, with voluntary payment of interest and repayments of principal, for which reason it is treated as shareholders' equity for accounting purposes. On 10 June 2015, Spar Nord issued bonds for DKK 400 million, with an option for early redemption as from 10 June 2020. Interest is paid on the loan at the rate of 6.052% p.a. until 10 June 2020, after which date interest will be fixed at CIBOR6 + a 5.4% margin. If Spar Nord's Common Equity Tier 1 (CET1) ratio falls below 5 1/8%, the loan will be written down. The loan can be written up again based on the rules laid down in CRR.*

CASH FLOW STATEMENT - THE GROUP

DKK m	Q1-Q3 2016	Q1-Q3 2015	Full year 2015
OPERATIONS			
Profit/loss before tax	842.9	928.9	1,073.6
Fair-value changes, investment properties and temporary assets	1.0	3.5	4.0
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	50.9	52.2	65.5
Gains and losses on the sale of intangible assets and property, plant and equipment	-0.5	-0.1	0.2
Adjustment of impairment of loans and advances, etc.	67.9	21.4	-19.0
Provisions for liabilities	-3.5	9.0	5.0
Profit/loss on equity investments in associates and group enterprises	-22.5	-20.5	-28.3
Corporate income tax paid	-44.0	-15.1	-153.6
Operations, total	892.2	979.3	947.4
WORKING CAPITAL			
Movement in credit institutions and central banks, net	-63.5	-3,387.9	-6,598.5
Movement in loans, advances and other receivables at amortized cost	-1,176.4	-2,781.1	-2,072.7
Movement in bonds at fair value	-855.3	3,386.4	4,180.4
Movement in equity portfolio	31.0	-156.9	-241.5
Movement in issued bonds at amortized cost	0.0	-22.6	-22.6
Movement in other assets and other liabilities, net	-9.4	1,289.6	-484.4
Movement in deposits and other payables	2,310.0	2,434.4	2,500.5
Working capital, total	236.4	761.9	-2,738.8
Cash generated from operations, total	1,128.6	1,741.2	-1,791.4
INVESTMENTS			
Acquisition of activities from FIH Erhvervsbank	-549.5	0.0	0.0
Acquisition of associates and group enterprises	-14.8	-0.1	-0.1
Sale of associates and group enterprises	0.0	76.5	22.2
Acquisition of intangible assets	-5.6	-4.9	-6.0
Sale of intangible assets	1.6	0.0	0.0
Acquisition of property, plant and equipment	-43.8	-37.6	-50.5
Sale of property, plant and equipment	21.4	32.2	28.6
Dividends from associates and group enterprises	37.6	864.4	864.3
Investments, total	-553.1	930.5	858.5
FINANCING			
Subordinated debt	5.9	-554.1	-619.5
Additional Tier 1 (AT1) capital recognized in shareholders' equity	-22.1	395.1	395.9
Dividends paid, excluding dividends on treasury shares	-374.7	-451.6	-451.6
Acquisition of treasury shares	-418.2	-444.4	-636.3
Sale of treasury shares	310.0	453.7	639.2
Financing, total	-499.1	-601.3	-672.3
Movements in cash and cash equivalents for the period	76.4	2,070.4	-1,605.2
Cash and cash equivalents, beginning of period	3,295.2	4,900.4	4,900.4
Movements in cash and cash equivalents for the period	76.4	2,070.4	-1,605.2
Cash and cash equivalents, end of period	3,371.6	6,970.8	3,295.2
Cash and cash equivalents, end of period			
Cash, cash equivalents and demand deposits with central banks	744.3	2,427.8	610.4
Receivables from credit institutions and central banks with less than 3 mths to maturity	2,627.3	4,543.0	2,684.8
Total	3,371.6	6,970.8	3,295.2

Note

1 ACCOUNTING POLICIES

The Interim Financial Statements of the Spar Nord Group covering the period from 1 January to 30 September 2016 have been prepared in accordance with IAS 34, "Interim Financial Reporting", as adopted by the EU, and additional Danish disclosure requirements for interim reports of listed financial institutions.

Apart from the changes set out below, the accounting policies have been applied consistently with those adopted in the 2015 Annual Report, which contains the complete wording of the accounting policies applied.

Changed accounting policies

Spar Nord has implemented the standards and interpretations that entered into force in the EU as from 2016.

The implementation of the above-mentioned new standards and interpretations has not materially affected recognition and measurement.

2 ACCOUNTING ESTIMATES

The measurement of certain assets and liabilities requires Management to estimate how future events will impact on the value of such assets and liabilities. Estimates of significance to the financial reporting are made in connection with determining the impairment of loans and advances, the fair value of unlisted financial instruments and provisions. Estimates are based on assumptions that Management considers appropriate but which are uncertain by their nature.

The most significant estimates that Management makes in applying the Group's accounting policies and the most important uncertainty affecting estimates made when preparing the condensed Interim Financial Statements are unchanged from the estimates made in connection with the preparation of the Financial Statements at 31 December 2015 and the uncertainties prevailing at that time.

NOTES - THE GROUP

Note	DKK m	Spar Nord's Local Banks	Trading, Financial Markets & The International Division	Other areas	Core earnings *)	Reclassifications and other items after core earnings **)	The Group, total
3 BUSINESS SEGMENTS - Q1-Q3 2016							
INCOME STATEMENT							
		1,112.5	52.5	60.9	1,225.9	37.5	1,263.4
		776.6	4.0	-2.4	778.2	0.0	778.2
		111.2	157.1	61.0	329.3	0.0	329.3
		12.3	0.3	15.7	28.3	0.0	28.3
		0.0	0.0	22.5	22.5	0.0	22.5
		2,012.6	213.9	157.7	2,384.2	37.5	2,421.7
		1,179.6	39.4	134.5	1,353.5	0.0	1,353.5
		833.0	174.5	23.2	1,030.7	37.5	1,068.2
		185.8	-0.2	2.2	187.8	37.5	225.3
		647.2	174.7	21.0	842.9	0.0	842.9

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

***) The relation to the Group is specified in the column Reclassifications and Other items after core earnings. Reclassifications have impacted the items Net interest income and Impairment of loans, advances and receivables, etc. with an amount of DKK 37.5 million.

NOTES - THE GROUP

Note	DKK m	Spar Nord's Local Banks	Trading, Financial Markets & The International Division	Other areas	The Group, total
3 BUSINESS SEGMENTS - Q1-Q3 2016 (CONTINUED)					
BALANCE SHEET					
	Loans, advances and other receivables at amortized cost	34,948.5	4,668.6	80.3	39,697.4
	Equity investments in associates and group enterprises	0.0	0.0	82.0	82.0
	Intangible assets and property, plant and equipment *)	250.2	0.2	741.8	992.2
	Miscellaneous assets **)	15,272.2	21,697.7	1,215.3	38,185.2
	Total allocated assets	50,470.9	26,366.5	2,119.4	78,956.8
	Deposits and other payables	46,101.5	480.7	464.1	47,046.3
	Shareholders' equity (allocated capital)	4,395.7	674.9	3,002.9	8,073.5
	Miscellaneous liabilities	14,277.0	6,566.4	2,993.6	23,837.0
	Total allocated shareholders' equity and liabilities	64,774.2	7,722.0	6,460.6	78,956.8
DISCLOSURES - TOTAL INCOME/REVENUE					
	Internal income/revenue	-89.9	37.8	469.6	417.5
	Internal income and eliminations offset against costs	0.0	-33.6	-383.9	-417.5
	Income/revenue, external customers	2,102.5	209.7	109.5	2,421.7
	Income/revenue, total	2,012.6	213.9	195.2	2,421.7
FINANCIAL RATIOS					
	Return on equity % ***)	20.2	35.8	-	-
	Cost share of core income	0.59	0.18	-	-
	Total risk exposure, end of period	36,630	5,625	5,523	47,778
	Number of employees (full-time, end of period)	1,113	65	370	1,548

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

The reporting segments correspond to the Group's organizational units, and an internal follow-up is carried on in this regard.

DESCRIPTION OF THE ACTIVITIES OF THE BUSINESS AREAS:

- For a description of the activities of Spar Nord's Local Banks and Trading, Financial Markets & the International Division, please see the 2015 Annual Report, p. 58.
- The activities of Spar Nord's Local Banks include the Group's leasing activities, and the activities of Other areas include Corporate Coordination & Support and Staff Functions, which are the Group's support functions.

Internal settlement is determined based on the same principles as in previous years, and expresses contributions to earnings from the activities carried on by the respective business areas.

Internal control takes place based on a net-interest consideration, and accordingly interest income and expenses are not disclosed.

*) All assets are located in Denmark.

**) Temporary assets amount to DKK 16.0 million, of which DKK 1.6 million relates to the Group's leasing activities and DKK 14.4 million relates to Other areas.

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

NOTES - THE GROUP

Note	DKK m	Spar Nord's Local Banks	Trading, Financial Markets & The International Division	Other areas	Core earnings *)	Reclassifications and other items after core earnings **)	The Group, total
3 BUSINESS SEGMENTS - Q1-Q3 2015							
INCOME STATEMENT							
		1,153.9	110.2	47.3	1,311.4	28.3	1,339.7
		767.6	13.3	10.2	791.1	0.0	791.1
		112.5	88.9	262.1	463.5	0.0	463.5
		17.0	0.2	12.9	30.1	9.8	39.9
		0.0	0.0	20.5	20.5	0.0	20.5
		2,051.0	212.6	353.0	2,616.6	38.1	2,654.7
		1,157.9	31.5	184.1	1,373.5	74.1	1,447.6
		893.1	181.1	168.9	1,243.1	-36.0	1,207.1
		234.1	0.0	6.0	240.1	38.1	278.2
		659.0	181.1	162.9	1,003.0	-74.1	928.9
		-	-	-74.1	-74.1	74.1	0.0
		659.0	181.1	88.8	928.9	0.0	928.9

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

***) The relation to the Group is specified in the column Reclassifications and Other items after core earnings. Reclassifications and Other items after core earnings of DKK -74.1 million consist of Contributions to sector-wide solutions.

Reclassifications have impacted the items Net interest income, Other operating income and Impairment of loans, advances and receivables, etc. with an amount of DKK 38.1 million.

NOTES - THE GROUP

Note	DKK m	Spar Nord's Local Banks	Trading, Financial Markets & The International Division	Other areas	The Group, total
3 BUSINESS SEGMENTS - Q1-Q3 2015 (CONTINUED)					
BALANCE SHEET					
	Loans, advances and other receivables at amortized cost	34,239.0	3,977.6	5.9	38,222.5
	Equity investments in associates and group enterprises	0.0	0.0	74.1	74.1
	Intangible assets and property, plant and equipment *)	257.1	0.6	737.0	994.7
	Miscellaneous assets **)	13,108.2	24,955.3	2,602.9	40,666.4
	Total allocated assets	47,604.3	28,933.5	3,419.9	79,957.7
	Deposits and other payables	43,480.4	1,873.8	-684.0	44,670.2
	Shareholders' equity (allocated capital)	4,291.8	721.3	2,754.5	7,767.6
	Miscellaneous liabilities	11,659.1	6,461.0	9,399.8	27,519.9
	Total allocated shareholders' equity and liabilities	59,431.3	9,056.1	11,470.3	79,957.7
DISCLOSURES - TOTAL INCOME/REVENUE					
	Internal income/revenue	-95.5	49.6	465.6	419.7
	Internal income and eliminations offset against costs	0.0	-43.7	-376.0	-419.7
	Income/revenue, external customers	2,146.5	206.7	301.5	2,654.7
	Income/revenue, total	2,051.0	212.6	391.1	2,654.7
FINANCIAL RATIOS					
	Return on equity, % ***)	20.2	30.7	-	-
	Cost share of core income	0.56	0.15	-	-
	Total risk exposure, end of period	35,765	6,011	5,731	47,507
	Number of employees (full-time, end of period)	1,091	66	365	1,522

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

The reporting segments correspond to the Group's organizational units, and an internal follow-up is carried on in this regard.

DESCRIPTION OF THE ACTIVITIES OF THE BUSINESS AREAS:

- For a description of the activities of Spar Nord's Local Banks and Trading, Financial Markets & the International Division, please see the 2015 Annual Report, p. 58.
- The activities of Spar Nord's Local Banks include the Group's leasing activities, and the activities of Other areas include Corporate Coordination & Support and Staff Functions, which are the Group's support functions.

Internal settlement is determined based on the same principles as in previous years, and expresses contributions to earnings from the activities carried on by the respective business areas.

Internal control takes place based on a net-interest consideration, and accordingly interest income and expenses are not disclosed.

*) All assets are located in Denmark.

**) Temporary assets amount to DKK 31.8 million, of which DKK 4.6 million relates to the Group's leasing activities and DKK 27.2 million relates to Other areas.

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

NOTES - THE GROUP

Note	DKK m	Q1-Q3 2016	Q1-Q3 2015	Full year 2015
4 INTEREST INCOME				
Receivables from credit institutions and central banks		1.9	5.7	6.4
Loans, advances and other receivables		1,277.2	1,364.2	1,798.4
Bonds		94.6	160.6	195.6
Foreign-exchange contracts		3.2	-21.3	-22.9
Interest-rate contracts		-55.5	-39.5	-51.8
Derivative instruments, total		-52.3	-60.8	-74.7
Other interest income		56.8	28.4	50.1
Total interest income		1,378.2	1,498.1	1,975.8
<i>Of which, income from genuine purchase and resale transactions booked under</i>				
Receivables from credit institutions and central banks		-7.3	-11.5	-14.9
Loans, advances and other receivables		-7.5	-1.1	-3.7
5 INTEREST EXPENSES				
Credit institutions and central banks		-3.5	-9.0	-10.7
Deposits and other payables		78.7	113.7	142.8
Subordinated debt		39.3	53.7	67.8
Other interest expenses		0.3	0.0	0.6
Total interest expenses		114.8	158.4	200.5
<i>Of which, interest expenses from genuine sale and repo transactions booked under</i>				
Payables to credit institutions and central banks		-8.5	-13.3	-16.9
Deposits and other payables		-0.2	-0.1	-0.2
6 FEES, CHARGES AND COMMISSIONS RECEIVED				
Securities trading and custody accounts		327.0	338.8	450.8
Payment services		101.6	67.9	90.2
Loan transaction fees		338.8	361.9	485.1
- of which, mortgage-credit institutions		247.4	223.3	310.4
Guarantee commissions		28.9	23.9	31.9
Other fees, charges and commissions		71.0	59.7	67.9
Total fees, charges and commissions received		867.3	852.2	1,125.9
7 MARKET-VALUE ADJUSTMENTS				
Other loans, advances and receivables at fair value		-2.0	-0.8	0.1
Bonds		148.5	-62.9	-68.1
Shares, etc.		105.3	322.0	355.1
Currency		195.2	104.3	113.9
Foreign-exchange, interest, share, commodity and other contracts and derivative instruments		-168.5	39.1	44.2
Assets linked to pooled schemes		-33.7	440.4	1,107.4
Deposits in pooled schemes		33.7	-440.4	-1,107.4
Miscellaneous assets		0.2	0.0	0.0
Miscellaneous commitments		1.3	7.2	6.8
Total market-value adjustments		280.0	408.9	452.0

NOTES - THE GROUP

Note	DKK m	Q1-Q3 2016	Q1-Q3 2015	Full year 2015
8	STAFF COSTS AND ADMINISTRATIVE EXPENSES			
	Staff costs	834.8	807.4	1,098.2
	Administrative expenses	460.6	508.1	670.0
	Total staff costs and administrative expenses	1,295.4	1,315.5	1,768.2
	<i>Staff costs</i>			
	Salaries	683.9	645.3	876.0
	Share-based payment	-	-	-
	Pensions	78.8	74.9	98.8
	Social security costs	72.1	87.2	123.4
	Total staff costs	834.8	807.4	1,098.2
	<i>Of which, remuneration to present and previous members of the Executive Board and Board of Directors amounts to:</i>			
	<i>Board of Directors</i>			
	Number	9	9	9
	Fixed pay	2.4	2.3	3.1
	Pension	-	-	-
	Total remuneration	2.4	2.3	3.1
	<i>Executive Board</i>			
	Number	3	3	3
	Base salary	8.1	8.0	10.4
	- less fees received from directorships	0.7	0.7	1.3
	The Bank's expense, base salary	7.4	7.3	9.1
	Pension, ordinary contribution	1.0	1.0	1.6
	Total remuneration earned and paid	8.4	8.3	10.7
	<i>Breakdown of remuneration to Executive Board</i>			
	Lasse Nyby *)			
	Base salary	3.0	2.9	3.8
	- less fees received from directorships	0.2	0.2	0.5
	The Bank's expense, base salary	2.8	2.7	3.3
	Pension, ordinary contribution	0.4	0.4	0.6
	Total remuneration earned and paid	3.2	3.1	3.9
	John Lundsgaard			
	Base salary	2.6	2.6	3.4
	- less fees received from directorships	0.2	0.2	0.2
	The Bank's expense, base salary	2.4	2.4	3.2
	Pension, ordinary contribution	0.3	0.3	0.5
	Total remuneration earned and paid	2.7	2.7	3.7
	Lars Møller *)			
	Base salary	2.5	2.5	3.2
	- less fees received from directorships	0.3	0.3	0.6
	The Bank's expense, base salary	2.2	2.2	2.6
	Pension, ordinary contribution	0.3	0.3	0.5
	Total remuneration earned and paid	2.5	2.5	3.1
	Bent Jensen stepped down from his position on 20 May 2015. (The expense in 2015 amounted to DKK 12.5 million, of which remuneration accounted for DKK 11.9 million). The amount of DKK 8.5 million provided at end-2015 had been paid in full at 30 September 2016, of which remuneration accounted for DKK 8.3 million (30 September 2015: DKK 2.7 million).			
	*) To which must be added employer-paid car.			
	Termination rules:	The members of the Executive Board have a term of notice of 12 months and will receive compensation on termination of employment corresponding to two years' pay.		
	Pension obligation:	Like the other employees, members of the Executive Board are comprised by defined-contribution pension plans.		
	Incentive scheme:	No new share-option schemes were established for any of the Bank's staff groups.		
	<i>Number of employees:</i>			
	The average number of employees in terms of full-time employees	1,550.4	1,514.3	1,518.0

NOTES - THE GROUP

Note	DKK m	Q1-Q3 2016	Q1-Q3 2015	Full year 2015
	<i>Administrative expenses:</i>			
	IT expenses	238.7	251.9	338.6
	Marketing costs	64.5	71.7	95.0
	Cost of premises	61.5	64.6	83.8
	Staff and travelling expenses	37.2	39.9	54.2
	Office expenses	17.7	23.0	30.6
	Other administrative expenses	41.0	57.0	67.8
	Total administrative expenses	460.6	508.1	670.0
9	RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS			
	Receivables from central banks, subject to notice	0.0	501.1	0.0
	Receivables from credit institutions	2,679.5	4,098.2	2,741.3
	Total receivables from credit institutions and central banks	2,679.5	4,599.3	2,741.3
10	IMPAIRMENT ACCOUNT			
	<i>Individual impairment of loans and advances</i>			
	Individual impairment, beginning of period	1,645.6	1,648.5	1,648.5
	New individual impairment	633.6	499.8	623.0
	Reversal of individual impairment losses	500.7	238.7	334.6
	Previously written down, now definitively lost	193.2	271.2	374.7
	Other movements	51.0	63.3	83.4
	Individual impairment, end of period	1,636.3	1,701.7	1,645.6
	<i>Groups of impairment losses, loans and advances</i>			
	Groups of impairment losses, beginning of period	137.5	162.6	162.6
	New groups of impairment losses	54.4	0.0	9.6
	Reversal of groups of impairment losses	0.0	42.3	34.7
	Other movements	1.3	-	-
	Groups of impairment losses, end of period	193.2	120.3	137.5
	<i>Total impairment of loans and advances</i>			
	Impairment, beginning of period	1,783.1	1,811.1	1,811.1
	New impairment	688.0	499.8	632.6
	Reversal of impairment losses	500.7	281.0	369.3
	Previously written down, now definitively lost	193.2	271.2	374.7
	Other movements	52.3	63.3	83.4
	Impairment, end of period	1,829.5	1,822.0	1,783.1
	<i>Impairment recognized in the income statement</i>			
	New impairment	688.0	499.8	632.6
	Reversal of impairment losses	500.7	281.0	369.3
	Losses without prior impairment	101.5	103.7	168.3
	Carried to income, previously written off	84.6	54.8	67.2
	Recognized in the income statement	204.2	267.7	364.4
	<i>Provisions for losses on guarantees</i>			
	Provisions, beginning of period	42.9	33.9	33.9
	New provisions	42.7	23.0	22.6
	Reversal of provisions	21.1	12.5	13.6
	Provisions for losses on guarantees, end of period	64.5	44.4	42.9
	<i>Provisions for losses on guarantees recognized in the income statement</i>			
	New provisions	42.7	23.0	22.6
	Reversal of provisions	21.1	12.5	13.6
	Recognized in the income statement	21.6	10.5	9.0
	Impairment account for loans, advances and provisions for losses on guarantees, total	1,894.0	1,866.4	1,826.0
	<i>Impairment, other credit risks</i>			
	Impairment, other credit risks, beginning of period	10.5	10.5	10.5
	Reversal of impairment losses	0.5	0.0	0.0
	Other movements	0.3	0.0	0.0
	Impairment, other credit risks, total	10.3	10.5	10.5
	Impairment account for loans, advances, provisions for losses on guarantees and other credit risks, total	1,904.3	1,876.9	1,836.5
	Impairment of loans, advances and receivables, etc.			
	<i>The total recognition in the income statement under impairment of loans, advances and receivables, etc. can be broken down as follows:</i>			
	Impairment of loans, advances and receivables, etc.	204.2	267.7	364.4
	Provisions for losses on guarantees	21.6	10.5	9.0
	Impairment, credit institutions	-0.5	0.0	0.0
	Total impairment of loans, advances and receivables, etc.	225.3	278.2	373.4
	Non-performing loans	191.0	333.6	281.3
	<i>Interest on impaired receivables is calculated on the impaired balance only</i>			
	Interest on impaired loans and advances taken to income	52.6	63.3	83.4

NOTES - THE GROUP

Note	DKK m	Q1-Q3 2016	Q1-Q3 2015	Full year 2015				
11 OTHER ASSETS								
Positive market value of derivative instruments, etc.		1,381.6	1,512.1	1,423.6				
Miscellaneous receivables		186.8	379.1	420.7				
Interest and commissions receivable		277.5	266.5	250.3				
Capital contribution to Foreningen Bankernes EDB Central ("BEC")		316.0	316.0	316.0				
Miscellaneous assets		62.6	202.7	73.1				
Other assets, total		2,224.5	2,676.4	2,483.7				
12 DEPOSITS AND OTHER PAYABLES								
Demand deposits		39,696.7	34,183.6	36,807.4				
Subject to notice		1,495.3	3,330.2	2,111.8				
Time deposits		2,334.0	3,321.1	2,104.0				
Special types of deposit		3,520.3	3,835.3	3,713.1				
Deposits and other payables, total		47,046.3	44,670.2	44,736.3				
13 OTHER LIABILITIES								
Miscellaneous payables		1,634.4	2,370.6	2,234.5				
Negative market value of derivative instruments, etc.		921.7	1,569.1	1,476.5				
Interest and commissions payable		108.0	125.7	45.1				
Miscellaneous liabilities		355.6	527.9	325.3				
Other liabilities, total		3,019.7	4,593.3	4,081.4				
14 SUBORDINATED DEBT								
Currency	Note	Principal (DKK m)	Interest rate	Received	Maturity			
DKK	a	58.0	8.000 %	2010	25.11.2020	-	57.9	-
DKK	b	400.0	6.043 %	2012	28.11.2022	403.8	403.9	404.5
DKK	c	700.0	3.713 %	2013	18.12.2023	698.2	697.4	697.6
Supplementary capital contributions, total						1,102.0	1,159.2	1,102.1
Portfolio of own bonds relating to subordinated debt						-7.3	-5.0	-13.3
Subordinated debt, total						1,094.7	1,154.2	1,088.8
Interest on subordinated debt						38.1	52.3	66.0
Costs of raising subordinated debt						1.2	1.4	1.8
a.	Redeemed on 25.11.2015.							
b.	Redeemable as from 28.11.2017, after which date interest is fixed at CIBOR3 + a 5.00% margin.							
c.	Redeemable as from 18.12.2018.							
15 CONTINGENT ASSETS								
Deferred tax assets not recognized in the balance sheet amounted to DKK 5.4 million at 30 September 2016 (30 September 2015: DKK 4.6 million; 2015: DKK 5.2 million).								

NOTES - THE GROUP

Note	DKK m	Q1-Q3 2016	Q1-Q3 2015	Full year 2015
16	CONTINGENT LIABILITIES			
	The Bank and all major wholly-owned subsidiaries are jointly registered for payroll tax and VAT and are jointly and severally liable for the payroll tax and VAT payable.			
	Financial guarantees	3,989.1	3,343.3	3,243.7
	Loss guarantees for mortgage-credit loans	4,415.7	3,405.6	3,978.4
	Registration and refinancing guarantees	2,610.2	1,771.8	1,514.8
	Other contingent liabilities	869.6	905.0	848.3
	Total contingent liabilities	11,884.6	9,425.7	9,585.2
	Reference is made to note 8 regarding the Executive Board's notice of termination and the associated compensation.			
	In addition, the Spar Nord Group has contingent liabilities and other obligating agreements corresponding to the relative ownership interest in associates.			
	Spar Nord is taxed jointly with other Danish and foreign subsidiaries in the Spar Nord Group. As the management company, Spar Nord has unlimited, joint and several liability together with the other jointly taxed companies for the Danish corporate income tax payable. The corporate income taxes payable within the group of jointly taxed companies amounted to DKK 16.7 million at 30 September 2016, and corporate income taxes receivable amounted to DKK 26.8 million at 30 September 2015 and DKK 91.0 million at 31 December 2015. Any adjustments to the taxable income subject to joint taxation might entail an increase in the Parent Company's liability.			
	Spar Nord has made provisions for a deferred tax liability in respect of the retaxation balance related to international joint taxation.			
	The Bank participates in the national restructuring and resolution scheme, with separate contributions being paid to the Guarantee Fund and the Resolution Fund. For both funds, separate target levels have been set, based on the sector's total deposits that are covered by the guarantee limit of EUR 100,000 (section 9(1) of the Act on a Depositor and Investor Guarantee Scheme).			
	The Guarantee Fund covers customers' deposits and securities pursuant to the Act on a Depositor and Investor Guarantee Scheme. The Bank's contributions to the Guarantee Fund are calculated based on the Bank's pro-rata share. In future, the amount of the contribution will be adjusted by an individual risk factor.			
	The Resolution Fund is to be used pursuant to the Act on Restructuring and Resolution of Certain Financial Enterprises for the purpose of covering the associated costs.			
	The Bank's contributions to the Resolution Fund are calculated based on the Bank's pro-rata share of the sector's total equity and liabilities less own funds and covered deposits. This contribution will also be adjusted by an individually determined risk factor.			
	No contributions are payable by the Bank to the Guarantee Fund for 2016. The Bank's contributions to the Resolution Fund for 2016 have been included as a pro-rata share of the annual contributions and are within the expected level.			
	Uncertainty attaches to the amount of the contingent liabilities and the possible due dates.			
17	OTHER OBLIGATING AGREEMENTS			
	Miscellaneous	469.5	601.8	540.5
	Other obligating agreements, total	469.5	601.8	540.5

Miscellaneous is composed of:

*Lease obligations, with the Group as lessee *)*

Spar Nord is the lessee under a number of operating leases. Operating leases are lease agreements under which Spar Nord has the right to use an asset for an agreed term against the payment of rental, without taking over the most significant risks and gains associated with the asset. The lease agreements concern the rental of properties and operating equipment. The lease agreements are not recognized in the balance sheet. The lease agreements until the legal notice of termination date represent an amount of DKK 83.5 million.

Data-processing centre:

Spar Nord has entered into an agreement with BEC a.m.b.a. regarding the provision of IT services.

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

The Spar Nord Group has no other significant obligating agreements.

**) According to the most recent Annual Report*

NOTES WITHOUT REFERENCE NUMBERS - THE GROUP

Note

Acquisition of businesses and customer portfolios

In January 2016, Spar Nord entered into an agreement with FIH Erhvervsbank A/S regarding the acquisition of 34 business customer facilities with total loans of DKK 526 million, gross guarantees amounting to DKK 319 million, equal to net guarantees of DKK 64 million, and derivatives of DKK 30 million.

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

FAIR-VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial instruments recognized at fair value

The fair value is the amount at which a financial asset may be traded between knowledgeable, willing parties in an arm's length transaction. If there is an active market, the market price is used by way of a listed price or price quotation. If a financial instrument is quoted in a market that is not active, the Bank bases its valuation on the most recent transaction price. Adjustment is made for subsequent changes in market conditions, for instance, by including transactions in similar financial instruments that are assumed to be motivated by normal business considerations. For a number of financial assets and liabilities, no effective market exists. In this case, the Bank uses an estimated value, taking into account recent transactions in similar instruments and using discounted cash flows or generally accepted estimation and valuation techniques based on market conditions at the reporting date.

The most frequently used valuation models and estimation and valuation techniques include the pricing of transactions with future settlement and swap models that apply present value calculations, credit pricing models as well as option models, such as Black & Scholes models. In most cases, the Bank essentially bases its valuation on observable inputs.

Unlisted shares recorded at fair value comprise unlisted shares that are not included in the Group's trading portfolio. These unlisted shares are recognized at fair value, using the Fair-Value Option (FVO), and are measured in accordance with provisions in shareholders' agreements and generally accepted valuation methods, etc.

As regards derivative instruments with a positive fair value, the Bank makes a credit valuation adjustment (CVA) to allow for changes in the associated credit risk.

The calculation of CVA is based on the customer's PD (Probability-of-Default), LGD (Loss-Given-Default) and EPE (Expected Positive Exposure). In the event that the customer has no external rating, the customer's PD is based on the Bank's own credit models.

The credit valuation adjustment (CVA) amounted to DKK 15.9 million at 30 September 2016 (30 September 2015: DKK 13.0 million; 2015: DKK 18.6 million).

NOTES WITHOUT REFERENCE NUMBERS - THE GROUP

Note DKK m

Breakdown of financial instruments relative to the fair-value hierarchy classification and the carrying amount	Listed prices Level 1 DKK m	Observable inputs Level 2 DKK m	Unobservable inputs Level 3 DKK m	Fair value Total DKK m	Carrying amount DKK m
30.09.2016					
<i>Financial assets</i>					
Bonds at fair value	14,373.1	2,535.8	0.0	16,908.9	16,908.9
Shares, etc.	197.4	0.0	1,429.9	1,627.3	1,627.3
Assets linked to pooled schemes	10,073.8	3,609.3	196.7	13,879.8	13,879.8
Positive fair value of derivative instruments	0.0	1,381.6	0.0	1,381.6	1,381.6
Total financial assets	24,644.3	7,526.7	1,626.6	33,797.6	33,797.6
<i>Financial liabilities</i>					
Deposits in pooled schemes	0.0	13,879.8	0.0	13,879.8	13,879.8
Other non-derivative financial liabilities at fair value	1,408.1	538.1	0.0	1,946.2	1,946.2
Negative fair value of derivative instruments	0.0	921.7	0.0	921.7	921.7
Total financial liabilities	1,408.1	15,339.6	0.0	16,747.7	16,747.7
30.09.2015					
<i>Financial assets</i>					
Loans, advances and other receivables at fair value					
Bonds at fair value	5,927.1	10,920.5	0.0	16,847.6	16,847.6
Shares, etc.	113.1	0.6	1,460.0	1,573.7	1,573.7
Assets linked to pooled schemes	9,567.8	2,748.1	0.0	12,315.9	12,315.9
Positive fair value of derivative instruments	0.0	1,512.1	0.0	1,512.1	1,512.1
Total financial assets	15,608.0	15,181.3	1,460.0	32,249.3	32,249.3
<i>Financial liabilities</i>					
Deposits in pooled schemes	0.0	12,315.9	0.0	12,315.9	12,315.9
Other non-derivative financial liabilities at fair value	1,821.4	829.6	0.0	2,651.0	2,651.0
Negative fair value of derivative instruments	0.0	1,569.1	0.0	1,569.1	1,569.1
Total financial liabilities	1,821.4	14,714.6	0.0	16,536.0	16,536.0
31.12.2015					
<i>Financial assets</i>					
Bonds at fair value	11,234.8	4,818.8	0.0	16,053.6	16,053.6
Shares, etc.	131.8	0.3	1,526.2	1,658.3	1,658.3
Assets linked to pooled schemes	10,685.7	2,694.3	0.0	13,380.0	13,380.0
Positive fair value of derivative instruments	0.0	1,423.6	0.0	1,423.6	1,423.6
Total financial assets	22,052.3	8,937.0	1,526.2	32,515.5	32,515.5
<i>Financial liabilities</i>					
Deposits in pooled schemes	0.0	13,380.0	0.0	13,380.0	13,380.0
Other non-derivative financial liabilities at fair value	1,055.6	164.1	0.0	1,219.7	1,219.7
Negative fair value of derivative instruments	0.0	1,476.5	0.0	1,476.5	1,476.5
Total financial liabilities	1,055.6	15,020.6	0.0	16,076.2	16,076.2

Bonds, assets linked to pooled schemes, derivative instruments and other non-derivative financial liabilities are valued according to the following principles:

- In case of listed prices, the fair value is fixed at the listed price or the price quoted by a recognized exchange or another external party.
- In case of pricing based on observable inputs, the fair value is calculated by means of a market-based yield curve plus/minus a credit spread, which is also calculated based on market prices.
- In case of pricing based on unobservable inputs, the calculation includes inputs based on the Bank's own valuations of individual elements, and also market data in some cases.

Shares are valued according to the following principles:

- In case of listed prices, the fair value is fixed at the price quoted by a recognized exchange or another external party.
- In case of pricing based on observable inputs, the fair value is calculated based on available prices for shares that are not listed.
- In case of pricing based on unobservable inputs, the calculation includes shares valued according to generally accepted valuation principles, e.g., the discounting of future expected cash flows and market expectations as to the required rate of return on equity. Shares that are priced on the basis of the prices recommended by Lokale Pengeinstitutter (the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark) are included as unobservable inputs.

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

A transfer is made between the categories in the valuation hierarchy if an instrument is classified differently on the reporting date as compared to the beginning of the financial year. Any reclassification is considered to have been made as of the reporting date.

In 2015, some types of bonds were transferred from a valuation category based on yield curves (Level 2) to a valuation category based on price quotation (Level 1).

In 2016, shares recognized under assets linked to pooled schemes were transferred from a valuation category based on listed prices (Level 1) to a valuation category based on unobservable inputs (Level 3). The adjustment to fair value is included in market-value adjustments.

NOTES WITHOUT REFERENCE NUMBERS - THE GROUP

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

Level 3	30.09.2016			30.09.2015		
	Fair value based on net asset value from Lopi	Fair value based on other value from Lopi	Other	Fair value based on net asset value from Lopi	Fair value based on other value from Lopi	Other
Shares	968.4	6.2	455.3	1,100.3	5.8	353.9
Assets linked to pooled schemes	-	-	196.7	-	-	-
Sensitivities:						
Change in the fair value of shares if the results of the companies change by 10% (annualized)	9.2	-	-	4.3	-	-

A substantial portion of the shares included under "Other" are valued based on the discounting of future expected cash flows from dividends, selling prices or market expectations as to the required rate of return on equity.

DKK m	Q1-Q3 2016	Q1-Q3 2015	Full year 2015
Financial instruments measured at fair value based on unobservable prices (Level 3)			
In Q1-Q3 2016, the Bank recognized unrealized market-value adjustments of DKK 65.4 million (Q1-Q3 2015: DKK 51.9 million; 2015: DKK 69.4 million) in respect of unlisted shares valued on the basis of unobservable inputs.			
Carrying amount, beginning of period	1,526.2	1,304.9	1,304.9
Market-value adjustments in the income statement	87.7	66.0	88.1
Market-value adjustments to other comprehensive income	0.0	0.0	0.0
Purchase	37.6	142.4	211.6
Sale	221.7	58.1	83.2
Transferred to/from Level 3	196.8	4.8	4.8
Carrying amount, end of period	1,626.6	1,460.0	1,526.2

NOTES WITHOUT REFERENCE NUMBERS - THE GROUP

Mio. kr.	Q1-Q3 2016	Q1-Q3 2015	Full year 2015
OWN FUNDS			
Shareholders' equity	8,073.5	7,767.6	7,887.0
Additional Tier 1 (AT1) capital included in shareholders' equity	404.4	398.0	412.3
Proposed dividend	460.2	375.1	376.6
Intangible assets, incl. share recognized in investments in associates	205.7	214.4	212.0
Deferred tax assets *)	0.0	8.3	6.0
Other regulatory adjustments	46.3	53.4	45.7
Unutilized portion of DKK 150 million share repurchase limit	43.4	0.0	0.0
Adjustments, equity investments	272.9	137.7	161.1
Common Equity Tier 1 (CET1)	6,640.6	6,580.7	6,673.3
Additional Tier 1 (AT1) capital **)	393.0	388.0	393.0
Other adjustments	91.0	103.2	120.8
Core capital (Tier 1)	6,942.6	6,865.5	6,945.5
Subordinated debt, excl. Additional Tier 1 (AT1) capital **)	1,079.3	1,062.6	1,078.0
Other deductions	91.0	103.2	120.8
Own funds	7,930.9	7,824.9	7,902.7
Weighted risk exposure, credit risk, etc.	38,023.9	37,857.9	36,550.1
Weighted risk exposure, market risk	4,022.1	3,861.9	4,162.6
Weighted risk exposure, operational risk	5,732.3	5,787.2	5,787.2
Total risk exposure	47,778.3	47,507.0	46,499.9
Common Equity Tier 1 (CET1) ratio, %	13.9	13.9	14.4
Core capital (Tier 1) ratio, %	14.5	14.5	14.9
Total capital ratio, %	16.6	16.5	17.0
The capital adequacy calculation includes recognition of profit/loss for the period.			
*) Amount relating to a separate loss in a subsidiary.			
**) Including portfolio of own bonds.			
COLLATERAL PROVIDED			
Collateral provided through clearing systems, with central counterparties and other infrastructure institutions:			
Bonds	0.0	0.0	0.0
Deposits, clearing	126.1	53.6	91.1
Collateral provided for the market value of derivatives transactions	635.6	1,113.7	990.0
Positive market value of derivative contracts subject to netting	259.4	442.8	387.9
Collateral provided as part of sale and repo transactions	2,173.2	6,102.2	2,609.8
Other collateral provided	46.9	47.5	47.3
Total	3,241.2	7,759.8	4,126.1

NOTES WITHOUT REFERENCE NUMBERS - THE GROUP

DKK m	Q1-Q3 2016	Q1-Q3 2015	Full year 2015
HEDGE ACCOUNTING			
Assets			
<i>Loans and advances</i>			
Carrying amount	81.2	83.8	83.2
Purchase price	75.0	75.0	75.0
Fair value	81.2	83.8	83.2
Nominal value	75.0	75.0	75.0
<i>Interest-risk-hedging financial instruments</i>			
<i>Derivatives (swap contracts)</i>			
Carrying amount	-6.2	-8.8	-8.3
Fair value	-6.2	-8.8	-8.3
Synthetic principal/nominal value	75.0	75.0	75.0
Liabilities			
<i>Subordinated debt</i>			
Carrying amount	404.7	405.6	406.0
Purchase price	400.0	400.0	400.0
Fair value	404.7	405.6	406.0
Nominal value	400.0	400.0	400.0
<i>Interest-risk-hedging financial instruments</i>			
<i>Derivatives (swap contracts)</i>			
Carrying amount	4.8	5.6	6.2
Fair value	4.8	5.6	6.2
Synthetic principal/nominal value	400.0	400.0	400.0

OWNERSHIP at 30.09.2016

The Spar Nord Foundation, Aalborg, and Nykredit Realkredit A/S, Copenhagen, have disclosed that they each own more than 5% of the share capital of Spar Nord Bank A/S.