

**Net profit of DKK 263 million  
and return on equity of 11.8%**

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# Executive Summary

*Our first-quarter performance with a net profit of DKK 263 million and return on equity of 11.8% confirm that we are off to a good start in 2019. In terms of income, we have generally witnessed positive trends, partly reflecting that we continue to win market share, partly that market conditions in the trading area were more favourable than in the preceding quarters. In addition to the positive topline performance, we – and not least our customers – are pleased to record a quarter of very low loan losses. As expected, we face our greatest challenge on the cost side where the high level of activity weighs on both payroll costs and operating expenses. However, that does not change the overall picture of a highly satisfactorily quarter, according to Spar Nord CEO Lasse Nyby.*

Spar Nord achieved a profit after tax of DKK 263 million in Q1 2019, which corresponds to an annualised return on equity of 11.8%. The financial performance, which is not influenced by major positive one-time items as was the case in the year-earlier period, is considered highly satisfactory by the Bank's management.

Core income amounted to DKK 854 million, which is DKK 36 million, or 4%, higher than in the year-earlier period. At DKK 378 million, net interest income was DKK 12 million lower than in Q1 2018, when a positive non-recurring income of DKK 15 million was realised. At DKK 317 million, net fee income was at a record-high, while market value adjustments and dividends of DKK 118 million were maintained at last year's high level, even though positive one-time items of DKK 74 million were recognised in Q1 2018.

Total costs and expenses amounted to DKK 518 million, which is DKK 44 million higher than in Q1 2018. First-quarter costs were affected by higher payroll costs due to pay rises under collective agreements, a higher payroll tax and the lack of positive one-off items that characterised payroll costs in 2018. Moreover, the Bank incurred one-off costs in connection with the preparation of the offer for Danske Andelskassers Bank.

Core earnings before impairment were DKK 336 million, against DKK 344 million in Q1 2018.

Impairment of loans and advances for the period was DKK 10 million, which is considered satisfactory and to be driven by strong credit quality among borrowers.

## Broadly founded growth in business volume

The Group's total business volume (deposits, loans, advances and guarantees, mortgage credits arranged and customers' custodianship accounts) amounted to DKK 250.2 billion at 31 March 2019, which was DKK 6.1 billion higher than at end-2018 and the highest level ever. The business volume growth was driven by an increase in bank and leasing loans of 3%, an increase in mortgage loans of 1% and an increase in customers' custodianship accounts of 5%.

## Investment in Danske Andelskassers Bank

In the period from September 2018 to March 2019, Spar Nord acquired approximately 33% of the shares in Danske Andelskassers Bank.

On 1 March 2019, Spar Nord acknowledged that the Bank would pay up to DKK 900 per share for the remaining shares with a view to carrying out a merger. However, the board of directors of Danske Andelskassers Bank opted not to consider this offer and instead to carrying a directed issue of shares at a price of DKK 8.30, which reduced Spar Nord's ownership interest to approximately 27%.

For accounting purposes, the situation means that in Q1 Spar Nord will recognise income of DKK 16 million as a result of the share issue, while Spar Nord's expected share of Danske Andelskassers Bank's core earnings is unchanged.

## Outlook for 2019

At the beginning of 2019, Spar Nord forecast core earnings before impairment of around DKK 1.0–1.1 billion and a net profit of around DKK 700–800 million.

On the basis of developments and results in Q1 and the expected sale of Sparinvest to Nykredit, Spar Nord upgrades its forecast of core earnings before impairment to DKK 1.1–1.2 billion, while the net profit forecast is upgraded to DKK 750–850 million.

# Performance indicators and financial ratios – Group

## Core earnings – quarterly

### Performance indicators

#### Income statement

DKKm	Q1 2019	Q1 2018	Change in %	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Full year 2018
Net interest income	378	389	-3	378	390	386	384	389	1,548
Net fee income	317	290	9	317	271	293	273	290	1,127
Market value adjustments and dividends	118	119	-1	118	8	77	64	119	268
Other income	42	20	110	42	27	16	184	20	247
<b>Core income</b>	<b>854</b>	<b>818</b>	<b>4</b>	<b>854</b>	<b>695</b>	<b>771</b>	<b>905</b>	<b>818</b>	<b>3,190</b>
Staff costs	306	277	11	306	311	252	313	277	1,152
Operating expenses	212	198	7	212	195	181	197	198	771
<b>Costs and expenses</b>	<b>518</b>	<b>474</b>	<b>9</b>	<b>518</b>	<b>506</b>	<b>433</b>	<b>510</b>	<b>474</b>	<b>1,924</b>
<b>Core earnings before impairment</b>	<b>336</b>	<b>344</b>	<b>-2</b>	<b>336</b>	<b>189</b>	<b>338</b>	<b>395</b>	<b>344</b>	<b>1,266</b>
Impairment losses on loans, advances and receivables etc.	10	-23	-	10	106	50	39	-23	173
<b>Profit/loss before tax</b>	<b>326</b>	<b>367</b>	<b>-11</b>	<b>326</b>	<b>83</b>	<b>288</b>	<b>355</b>	<b>367</b>	<b>1,094</b>
Tax	63	56	12	63	12	69	37	56	174
<b>Profit/loss for the year</b>	<b>263</b>	<b>311</b>	<b>-15</b>	<b>263</b>	<b>71</b>	<b>219</b>	<b>319</b>	<b>311</b>	<b>920</b>
Interest expenses for holders of additional tier 1 (AT1) capital	12	12	2	12	12	12	12	12	49

#### Balance sheet

DKKm									
Total assets	87,701	80,934	8	87,701	82,793	85,461	83,561	80,934	82,793
<b>Loans and advances</b>	<b>45,249</b>	<b>44,866</b>	<b>1</b>	<b>45,249</b>	<b>44,330</b>	<b>46,636</b>	<b>45,678</b>	<b>44,866</b>	<b>44,330</b>
Lending, banking and leasing activities	40,566	37,551	8	40,566	39,551	39,154	38,336	37,551	39,551
Lending, reverse repo transactions	4,683	7,315	-36	4,683	4,779	7,482	7,342	7,315	4,779
<b>Deposits</b>	<b>66,648</b>	<b>62,874</b>	<b>6</b>	<b>66,648</b>	<b>65,545</b>	<b>64,704</b>	<b>64,866</b>	<b>62,874</b>	<b>65,545</b>
Deposits, banking activities	50,959	47,765	7	50,959	50,773	49,007	49,514	47,765	50,773
Deposits, repo transactions	37	0	-	37	0	0	0	0	0
Deposits in pooled schemes	15,652	15,110	4	15,652	14,772	15,696	15,352	15,110	14,772
Subordinated debt	1,327	1,128	18	1,327	1,332	1,532	1,522	1,128	1,332
Additional tier 1 (AT1) capital	874	874	0	874	861	875	860	874	861
Shareholders' equity	8,625	8,220	5	8,625	8,380	8,310	8,100	8,220	8,380
Guarantees	12,421	11,407	9	12,421	12,092	12,028	12,095	11,407	12,092
Total risk exposure amount	54,543	51,559	6	54,543	53,858	52,712	51,493	51,559	53,858
Tier 1 Capital	8,606	8,055	7	8,606	8,387	8,361	8,235	8,055	8,387
Impairment account	1,883	1,874	0	1,883	1,945	1,871	1,894	1,874	1,945
Contractual non-performing loans	521	393	32	521	476	415	383	393	476
Business volume	250,245	239,196	5	250,245	244,159	244,710	242,522	239,196	244,159

## Financial ratios

		Q1 2019	Q1 2018	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Full year 2018
<b>Own funds</b>									
Own funds ratio		18.2	17.8	18.2	18.0	18.7	18.9	17.8	18.0
Tier 1 capital ratio		15.8	15.6	15.8	15.6	15.9	16.0	15.6	15.6
Common equity tier 1 capital ratio		14.2	14.0	14.2	14.0	14.3	14.4	14.0	14.0
<b>Earnings</b>									
Return on equity before tax excl. additional tier 1 (AT1) capital *)	%	3.7	4.4	3.7	0.9	3.4	4.3	4.4	12.8
Return on equity after tax excl. additional tier 1 (AT1) capital *)	%	3.0	3.7	3.0	0.8	2.6	3.9	3.7	10.8
Cost share of core income	DKK	0.61	0.58	0.61	0.73	0.56	0.56	0.58	0.60
Cost share of core income - incl. loan impairments, etc.	DKK	0.62	0.55	0.62	0.88	0.63	0.61	0.55	0.66
Return on assets	%	0.3	0.4	0.3	0.1	0.3	0.4	0.4	1.1
<b>Market risk and liquidity</b>									
Interest rate risk	%	1.0	0.8	1.0	0.2	0.9	0.8	0.8	0.2
Foreign exchange position	%	1.3	1.4	1.3	1.4	1.5	1.3	1.4	1.4
Foreign exchange risk	%	0.1	0.0	0.1	0.1	0.1	0.1	0.0	0.1
Liquidity Coverage Ratio (LCR)	%	160	173	160	174	157	176	173	174
Bank and leasing loans relative to bank deposits	%	79.6	78.6	79.6	77.9	79.9	77.4	78.6	77.9
<b>Credit risk</b>									
Bank and leasing loans relative to shareholders' equity		4.7	4.6	4.7	4.7	4.7	4.7	4.6	4.7
Increase in loans and advances for the period	%	2.6	1.3	2.6	1.0	2.1	2.1	1.3	6.7
Sum of large exposures	%	76.1	74.1	76.1	79.2	74.4	79.1	74.1	79.2
Impairment ratio (%)		0.0	0.0	0.0	0.2	0.1	0.1	0.0	0.3
<b>Employees and branches</b>									
Number of employees (full-time equivalents, end of period)		1,531	1,520	1,531	1,518	1,523	1,527	1,520	1,518
Number of branches		49	50	49	49	49	49	50	49
<b>Spar Nord share</b>									
<b>DKK per share of DKK 10</b>									
Share price, end of period		58	72	58	52	60	68	72	52
Net asset value (NAV) *)		70	67	70	68	68	66	67	68
Profit/loss for the period *)		2.0	2.5	2.0	0.5	1.7	2.5	2.5	7.2
Dividend	DKK	-	-	-	-	-	-	-	3.5
Return	%	-	-	-	-	-	-	-	-23
Price/earnings *)		-	-	-	-	-	-	-	7

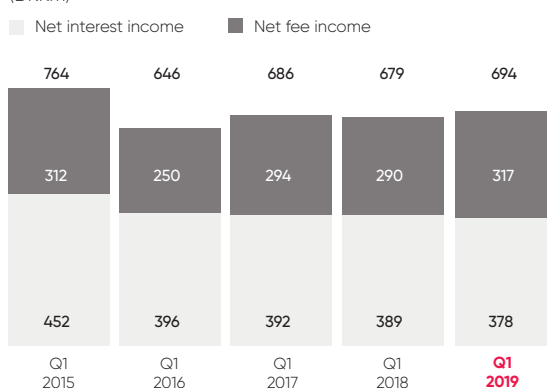
\*) Financial ratios have been calculated as if the additional tier 1 (AT1) capital were treated as a liability for accounting purposes, which means that the calculation of the financial ratio has been based on the shareholders' share of profit and equity. The shareholders' share of profit and equity appears from the statement of changes in equity.

# Management commentary on Q1 2019

Spar Nord achieved a profit after tax of DKK 263 million in Q1 2019, which corresponds to an annualised return on equity of 11.8 %. The financial performance, which is not influenced by major one-time items, is considered highly satisfactory by the Bank's management.

Core income amounted to DKK 854 million, which is DKK 159 million, or 23%, higher than in the preceding quarter and DKK 36 million, or 4%, higher than in the year-earlier period.

**Net interest income and net fee income**  
(DKKm)



## Strong growth in lending but continuing pressure on interest margins

Net interest income was DKK 378 million in Q1 2019, against DKK 390 million in the preceding quarter and DKK 389 million in Q1 2018.

Realised net interest income should be viewed in light of the fact that the financial statements for Q1 2018 were affected by positive one-off items in the amount of DKK 15 million.

Adding to this income was continued growth in bank and leasing loans, which at 31 March 2019 was DKK 3.0 billion (8%) higher than at the same time last year and DKK 1.0 billion (3%) higher than at year-end 2018.

Detracting from net interest income was a fall in the overall interest rate margin of 28 basis points since the same period of last year. Since the turn of the year the interest margin has fallen by 9 basis points, covering a fall in the lending margin of 12 basis points and a fall in the deposit margin of 3 basis point.

## Net fee income up 9%

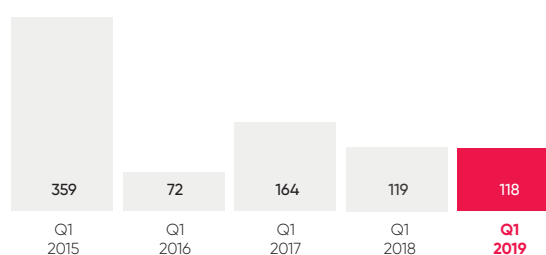
Net fee income was DKK 317 million in Q1 2019, against DKK 271 million in Q4 2018 and DKK 290 million in the same period of 2018. Net fee income thus accounted for a record-high 46% of total net interest and fee income in Q1 2019 (Q1 2018: 43%).

The highly satisfactory growth in net fee income was partly attributable to a positive development in securities trading and asset management, partly to continuing progress in income from mortgage loans arranged and a number of other fee types, driven by the continued inflow of customers.

## Highly satisfactory development in market value adjustments

Market value adjustments and dividends totalled DKK 118 million in Q1 2019, against DKK 8 million in Q4 2018 and DKK 119 million in Q1 2018.

**Market value adjustments and dividends**  
(DKKm)



Realised market value adjustments of DKK 118 million should be seen in the light of a positive adjustments of DKK 74 million in Q1 last year of Spar Nord's stake in BI Holding A/S.

The performance is a reflection of a very positive development in the Bank's bond and equity portfolio, which owing to falling interest rates and higher equity prices contributes income of some DKK 70 million more than in the same period of last year.

## Increase in other income driven by investment in Danske Andelskassers Bank

Other income was DKK 42 million in Q1 2019, against DKK 27 million in the preceding quarter and DKK 20 million in Q1 2018.

The improvement was attributable to Spar Nord's investment in Danske Andelskassers Bank, including the impact on Spar Nord's valuation of DAB derived from the subscription price in connection with a recent capital increase in DAB.

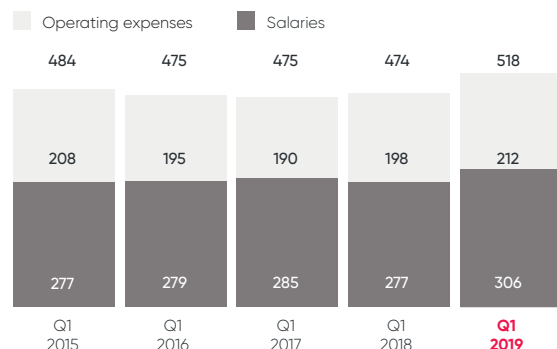
# Q1 2019

## Management commentary on Q1 2019

### Costs under pressure

The Group's total costs and expenses amounted to DKK 518 million, against DKK 474 million in the same period of 2018.

#### Total costs (DKKm)



Wages and salaries accounted for DKK 306 million of total costs and expenses. Realised payroll costs were DKK 30 million higher than in Q1 2018.

The higher payroll costs were driven by pay rises under collective agreements (2%), a higher payroll tax (0.5%), the lack of last year's positive one-off items and rising time bank balances due to the higher level of activity.

In addition, at 31 March 2019 Spar Nord employed 1,531 employees (FTEs), which was 11 more than at the same time last year.

Other operating expenses came to DKK 212 million, which is DKK 14 million higher than in Q1 2018. The increase was primarily ascribable to costs incurred in Q1 2019 for preparing the offer for Danske Andelskassers Bank. Operating expenses have generally developed as expected, although there is an inconsistency between operating expenses and depreciation due to the phasing in of IFRS 16.

The realised core income and costs corresponded to a Cost/Income Ratio of 0.61 (Q1 2018: 0.58).

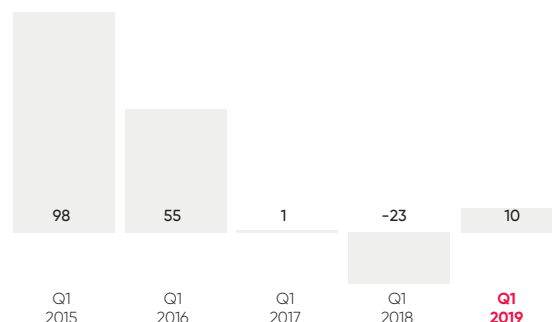
### Loan impairments at a low level

Impairment of loans and advances amounted to DKK 10 million, which compares to an expense of DKK 106 million in the preceding quarter and an income of DKK 23 million in the year-earlier period.

The impact on profits breaks down into DKK 10 million attributable to agricultural customers, DKK 21 million to other corporate customers, DKK 5 million to customers in the consumer loan business SparX-pres and DKK -26 million to retail customers.

Individual impairments (stage 3) amounted to DKK 1,430 million at 31 March 2019, while stage 1 and 2 impairments totalled DKK 454 million.

### Impairments (DKKm)



### Agricultural exposures by production line

31.03.19 DKKm/%	Loans and guarantees	Non-per- forming loans	Of which impaired	Share impaired
Cattle farmers	658	13	403	61.3
Pig farmers	589	46	280	47.5
Plant cultivation	654	25	131	20.0
Mink farmers	113	0	46	40.9
Leasing	580	0	16	2.8
Miscellaneous	358	0	28	8.5
<b>Total</b>	<b>2,953</b>	<b>84</b>	<b>904</b>	<b>31.0</b>

### Agricultural impairments by production line

31.03.19 DKKm/%	Impair- ment account	Written off	Impairment for the year	Impairment ratio of exposure	Percent- age impaired
Cattle farmers	219	0	22	33.3	54.4
Pig farmers	191	15	-13	32.4	68.3
Plant cultivation	54	61	-10	8.3	41.3
Mink farmers	27	0	-3	24.2	59.2
Leasing	12	0	1	2.1	73.2
Misc.	22	0	-8	6.7	79.1
<b>Total</b>	<b>526</b>	<b>75</b>	<b>-10</b>	<b>18.0</b>	<b>58.1</b>

### The Group's loans, advances and guarantees \*)

#### Breakdown by industry

Industry %	Loans and guarantees 31.12.18	31.03.19	Impairment account 31.03.19
Agriculture, hunting and forestry	5.5	5.4	279
Fisheries	0.2	0.2	0.1
Industry and raw materials ex- traction	5.2	5.3	4.4
Utilities	2.7	2.6	1.1
Construction and engineering	4.9	4.5	4.5
Trade	7.4	7.7	7.0
Transport, hotels and restaurants	4.0	4.1	6.4
Information and communication	0.4	0.4	0.3
Financing and insurance	6.4	6.2	6.2
Real property	11.2	11.9	10.9
Other corporate	6.6	6.5	6.7
<b>Total commercial</b>	<b>54.8</b>	<b>54.7</b>	<b>75.7</b>
Public authorities	0.1	0.3	0.0
Retail customers	45.1	45.1	24.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

\*) Excl. reverse repo transactions

## Management commentary on Q1 2019

### Profit before tax of DKK 326 million and net profit of DKK 263 million

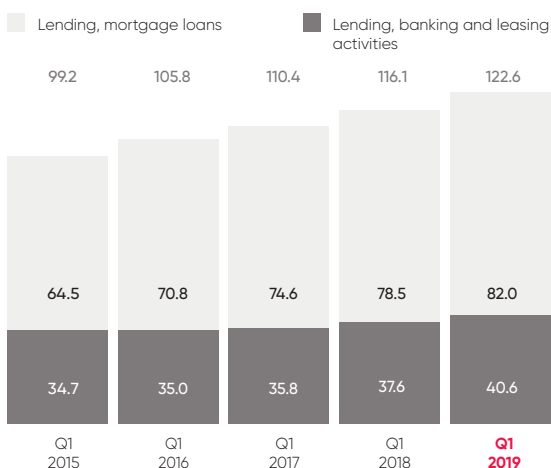
The profit before tax was DKK 326 million against DKK 83 million in Q4 2018 and DKK 367 million in Q1 2018. The Group's effective tax rate was 19%, bringing the net profit to DKK 263 million.

### Total business volume exceeding DKK 250 billion for the first time ever

The Group's total business volume (deposits, loans, advances and guarantees, mortgage credits arranged and customers' custodianship accounts) amounted to DKK 250.2 billion at 31 March 2019, which was DKK 6.1 billion higher than at end-2018.

Compared with end-2018, bank and leasing loans rose DKK 1.0 billion, or 3%. The increase breaks down into DKK 0.7 billion for corporate customers, DKK 0.2 billion for leasing and DKK 0.1 billion for retail customers.

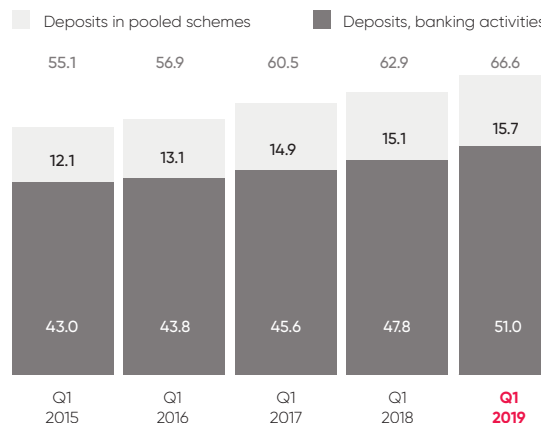
### Total credits arranged (DKKbn)



In Q1 2019, the volume of mortgage loans arranged grew DKK 1.2 billion, or 1%, to DKK 82.0 billion. In total, the volume of mortgage loans arranged from Totalcredit, where Spar Nord is now the largest loan arranger, amounted to DKK 71.0 billion and from DLR Kredit DKK 11.0 billion.

Deposits, banking activities rose by DKK 0.2 billion to DKK 51.0 billion, while deposits in pooled schemes rose DKK 0.9 billion, or 6%, to DKK 15.7 billion. Lastly, customers' custodianship accounts increased by DKK 2.5 billion, or 5%, to DKK 48.6 billion.

### Total deposits (DKKbn)



### Strategic liquidity of DKK 21.2 billion

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

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

### Strategic liquidity

(DKKbn)	31.03.19	31.12.18	30.09.18	30.06.18	31.03.18
Deposits, banking activities	51.0	50.8	49.0	49.5	47.8
Senior loans/ bond issues	0.0	0.0	0.0	0.0	0.0
Equity and subordinated debt	10.8	10.6	10.7	10.5	10.2
<b>Liquidity procurement</b>	<b>61.8</b>	<b>61.3</b>	<b>59.7</b>	<b>60.0</b>	<b>58.0</b>
Lending, banking and leasing activities	40.6	39.6	39.2	38.3	37.6
Maturity, senior issued bonds & subordinated debt <1 year	0.0	0.0	0.7	0.7	0.7
<b>Total strategic liquidity</b>	<b>21.2</b>	<b>21.8</b>	<b>19.9</b>	<b>21.0</b>	<b>19.8</b>

At the end of March 2019, Spar Nord's strategic liquidity amounted to DKK 21.2 billion, down DKK 0.6 billion compared with end-2018. The reason for the fall is that lending rose by more than deposits.

Spar Nord's LCR ratio at 31 March 2019 was 160.



## Management commentary on Q1 2019

### Common equity tier 1 capital ratio of 14.2 and own funds ratio of 18.2

On the capital side, Spar Nord pursues the goal of having a common equity tier 1 (CET1) ratio of 13.5% and an own funds ratio of 17.5%.

At 31 March 2019, the common equity tier 1 (CET1) ratio was 14.2%, while the own funds ratio was 18.2%. This should be viewed relative to the individual solvency need calculated by Spar Nord at 9.5% plus the 3.0% combined buffer requirement, as a result of which the total capital requirement is 12.5%. Thus, Spar Nord has an excess capital coverage of 5.6 percentage points, equal to DKK 3.1 billion.

As a newly designated SIFI institution, Spar Nord must comply with the same requirements regarding eligible liabilities (MREL requirements) as other SIFIs.

The requirements will be phased in from the beginning of 2019 to the beginning of 2022, and when they are fully phased in, Spar Nord must have total capital of about 27% of the total risk exposure amount. Spar Nord's MREL requirements have been determined at twice the solvency need plus twice the combined buffer requirement with the exception of the countercyclical buffer requirement, which will only be included once in the MREL requirement.

Over the coming years, the phasing in of the new requirements is expected to lead to a need for issuing subordinated capital (Non-Preferred Senior) to the tune of DKK 6-7 billion. The first issue is expected to be made in H2 2019, and efforts will be made to ensure an even distribution of issues during the period until the MREL requirements have been fully phased-in.

### The Supervisory Authority Diamond Test Model

The Supervisory Authority Diamond Test Model lists a number of reference points stipulating what can basically be considered a financial institution with an increased risk profile. Violations of the principles contained in the Supervisory Authority Diamond Test Model are subject to supervisory reactions by the Danish FSA.

At 31 March 2019, Spar Nord remained comfortably within all threshold values in the Supervisory Authority Diamond Test Model. At 31 March 2018, Spar Nord could report the following values in respect of the defined reference points:

#### The Supervisory Authority Diamond Test Model

		Threshold values	31.03.19	31.03.18
Sum of large exposures	%	<175	76.1	74.1
Growth in lending	%	<20	8.0	5.4
Property exposure	%	<25	11.9	10.8
Funding ratio		<1	0.5	0.5
Liquidity benchmark *)	%	>100	158	-

\*) The liquidity benchmark was introduced at 30 June 2018. Consequently, no comparative figures are shown.

### Outlook for 2019

At the beginning of 2019, Spar Nord forecast core earnings before impairment of around DKK 1.0-1.1 billion and a net profit of around DKK 700-800 million.

On the basis of developments and results in Q1 and the expected sale of Sparinvest to Nykredit, Spar Nord upgrades its forecast of core earnings before impairment to DKK 1.1-1.2 billion, while the net profit forecast is upgraded to DKK 750-850 million.

## Alternative performance measures

Spar Nord's Management believes that the alternative performance measures (APMs) used in the Management's review provide valuable information to readers of the financial statements. The APMs provide a more consistent basis for comparing the results of financial periods and for assessing the performance of the Group. They are also an important aspect of the way in which Spar Nord's Management defines operating targets and monitors performance.

Throughout the Management's review, performance is assessed on the basis of the financial highlights and segment reporting, which represent the financial information regularly provided to Management. The differences between the financial highlights and the IFRS financial statements relate only to certain changes in the presentation. There are no adjusting items, which means that net profit is the same in the financial highlights and in the IFRS income statement. A reconciliation of the correlation between core income in the management commentary and the IFRS financial statements is shown in note 2.1 Business segments.

Spar Nord uses core earnings as a performance measure. There is no difference between "Core earnings before impairment" in the core earnings format and "Profit/loss before loan impairments" in the IFRS financial statements.

Defined below are the additional key indicators shown on page 3 of the management commentary and in the other sections of the management commentary.

Return on equity before tax, excl. additional tier 1 (AT1) capital	Profit/loss before tax in per cent of shareholders' equity. The average equity is calculated as a simple average of the shareholders' equity at the beginning of the year and at the end of the year. Profit/loss before tax and shareholders' equity are calculated as if the additional tier 1 (AT1) capital were treated as a liability.
Return on equity after tax excl. additional tier 1 (AT1) capital	Profit/loss after tax in per cent of shareholders' equity. The average equity is calculated as a simple average of the shareholders' equity at the beginning of the year and at the end of the year. Profit/loss after tax and shareholders' equity are calculated as if the additional tier 1 (AT1) capital were treated as a liability.
Cost share of core income	Total costs/core income.
Cost share of core income – incl. loan impairments	Total costs plus loan impairments etc./core income.
Bank and leasing loans relative to bank deposits	Bank and leasing loans as a percentage of bank deposits
Bank and leasing loans relative to shareholders' equity	Bank and leasing loans / shareholders' equity
Impairment ratio, %	Impairment for the year in per cent of loans and advances + guarantees + impairment of loans, advances and receivables etc. and provisions for unutilised credit lines

## Consolidated financial statements

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## Management's statement on the interim report

The Board of Directors and the Executive Board have today discussed and adopted the Interim Financial Statements of Spar Nord Bank for the period from 1 January to 31 March 2019.

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 of listed financial institutions.

The interim financial statements are unaudited and have not been reviewed, but the external auditor has verified the profit. This verification included procedures consistent with the requirements relating to a review. Hence, it was ascertained that the conditions for ongoing recognition of the profit for the period in own funds were met.

In our opinion, the Interim Financial Statements give a true and fair view of the Group's financial position at 31 March 2019 and of the results of the Group's operations and cash flows for the period from 1 January to 31 March 2019.

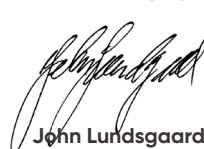
In addition, we consider the Management's review to give a fair presentation of the development in the Group's activities and financial affairs as well as a description of the significant risks and elements of uncertainty that may affect the Group.

Aalborg, 2 May 2019

### 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



Lene Aaen



Kaj Christiansen



Morten Bach  
Gaardboe



Laila Mortensen



Jannie Skovsen



Gitte Holmgaard  
Sørensen



John Sørensen

Q1 2019

# Income statement

Note	Q1 2019 DKKm	Q1 2018 DKKm	Full year 2018 DKKm
Interest income calculated under the effective interest method	393	411	1,632
Other interest income	15	7	44
<b>2.2 Interest income</b>	<b>408</b>	<b>418</b>	<b>1,676</b>
<b>2.3 Interest expenses</b>	<b>31</b>	<b>29</b>	<b>128</b>
<b>Net interest income</b>	<b>378</b>	<b>389</b>	<b>1,548</b>
<b>2.4 Fees, charges and commissions received</b>	<b>361</b>	<b>331</b>	<b>1,285</b>
Fees, charges and commissions paid	45	41	158
<b>2.5 Market value adjustments and dividends</b>	<b>118</b>	<b>119</b>	<b>268</b>
<b>2.6 Other income</b>	<b>42</b>	<b>20</b>	<b>247</b>
<b>2.7 Staff costs</b>	<b>306</b>	<b>277</b>	<b>1,152</b>
<b>2.8 Operating expenses</b>	<b>212</b>	<b>198</b>	<b>771</b>
<b>Profit/loss before loan impairments (core earnings before impairment)</b>	<b>336</b>	<b>344</b>	<b>1,266</b>
<b>2.9 Impairment of loans, advances and receivables etc.</b>	<b>10</b>	<b>-23</b>	<b>173</b>
<b>Profit/loss before tax</b>	<b>326</b>	<b>367</b>	<b>1,094</b>
<b>2.10 Tax</b>	<b>63</b>	<b>56</b>	<b>174</b>
<b>Profit/loss for the year</b>	<b>263</b>	<b>311</b>	<b>920</b>
<i>Appropriation:</i>			
The shareholders of the Parent Company Spar Nord Bank A/S	251	299	871
Holders of additional tier 1 capital instruments	12	12	49
<b>Profit/loss for the year</b>	<b>263</b>	<b>311</b>	<b>920</b>
<b>Earnings per share</b>			
Earnings per share (DKK)	2.0	2.5	7.2
Diluted earnings per share (DKK)	2.0	2.5	7.2

## Statement of comprehensive income

<b>Profit/loss</b>	<b>263</b>	<b>311</b>	<b>920</b>
<b>Other comprehensive income</b>			
<b>Items that cannot be reclassified to the income statement</b>			
Net revaluation of domicile property	1	0	9
<b>Other comprehensive income after tax</b>	<b>1</b>	<b>0</b>	<b>9</b>
<b>Total comprehensive income</b>	<b>264</b>	<b>311</b>	<b>929</b>
<i>Appropriation:</i>			
The shareholders of the Parent Company Spar Nord Bank A/S	252	299	880
Holders of additional tier 1 (AT1) capital instruments	12	12	49
<b>Total comprehensive income</b>	<b>264</b>	<b>311</b>	<b>929</b>



Q1 2019

# Balance sheet

Note	<b>Assets</b>	<b>31.03.19 DKKm</b>	<b>31.12.18 DKKm</b>	<b>31.03.18 DKKm</b>
	Cash balances and demand deposits with central banks	1,171	1,029	451
	Due from credit institutions and central banks	2,401	1,400	1,316
5.1.1+5.2.1	Loans, advances and other receivables at amortised cost	45,249	44,330	44,866
	Bonds at fair value	17,836	16,160	14,336
	Shares, etc.	1,768	1,768	1,705
	Investments in associates	387	333	140
	Assets linked to pooled schemes	15,652	14,772	15,110
	Intangible assets	177	178	182
	Land and buildings	786	683	657
	Other property, plant and equipment	127	127	119
	Current tax assets	258	130	202
	Temporary assets	6	9	13
3.1	Other assets	1,747	1,761	1,711
	Prepayments and deferred income	136	116	127
	<b>Total assets</b>	<b>87,701</b>	<b>82,793</b>	<b>80,934</b>
<b>Equity and liabilities</b>				
<b>Liabilities</b>				
	Due to credit institutions and central banks	5,831	2,466	4,065
3.2	Deposits and other payables	50,996	50,773	47,765
	Deposits in pooled schemes	15,652	14,772	15,110
	Other non-derivative financial liabilities at fair value	939	1,018	1,025
3.3	Other liabilities	3,102	2,838	2,452
	Prepayments and deferred income	44	20	44
	Deferred tax	173	173	136
	Provisions	137	160	115
4.4	Subordinated debt	1,327	1,332	1,128
	<b>Total liabilities</b>	<b>78,202</b>	<b>73,552</b>	<b>71,839</b>
<b>Equity</b>				
	Share capital	1,230	1,230	1,230
	Revaluation reserves	103	103	95
	Statutory reserves	46	0	0
	Proposed dividends	431	431	431
	Retained earnings	6,816	6,616	6,465
	<b>Shareholders' equity</b>	<b>8,625</b>	<b>8,380</b>	<b>8,220</b>
4.3	Holders of additional tier 1 capital instruments	874	861	874
	<b>Total equity</b>	<b>9,499</b>	<b>9,241</b>	<b>9,094</b>
	<b>Total equity and liabilities</b>	<b>87,701</b>	<b>82,793</b>	<b>80,934</b>

Q1 2019

# Statement of changes in equity

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

	Share capital DKKm	Revaluation reserve DKKm	Statutory reserves DKKm	Proposed dividend DKKm	Retained earnings DKKm	Total DKKm	Additional tier 1 (AT1) capital DKKm	Total DKKm
<b>Equity at 31.03.19</b>								
Equity at 01.01.19	1,230	103	0	431	6,616	8,380	861	9,241
<b>Comprehensive income 31.03.19</b>								
Profit/loss for the period	-	-	29	-	222	251	12	263
<b>Other comprehensive income</b>								
Net revaluation of properties	-	1	-	-	-	1	-	1
<b>Other comprehensive income, total</b>	-	1	-	-	0	1	-	1
<b>Total comprehensive income for the period</b>	-	1	29	-	222	252	12	264
<b>Transactions with owners</b>								
Disposal upon acquisition of treasury shares and additional tier 1 (AT1) capital	-	-	-	-	-70	-70	-	-70
Addition upon sale of treasury shares and additional tier 1 (AT1) capital	-	-	-	-	67	67	1	68
Other capital movements in associates	-	-	-3	-	-	-3	-	-3
Revaluation reserves, associates	-	-	22	-	-22	0	-	0
Dividends received from associates recognised at net asset value	-	-	-2	-	2	0	-	0
<b>Total transactions with owners</b>	-	-	17	0	-23	-6	1	-5
<b>Equity at 31.03.19</b>	1,230	103	46	431	6,816	8,625	874	9,499
<b>Equity at 31.03.18</b>								
Equity at 31.12.17	1,230	94	0	431	6,359	8,114	861	8,975
Change in accounting policies, IFRS 9	-	-	-	-	-195	-195	0	-195
<b>Equity at 01.01.18</b>	1,230	94	0	431	6,164	7,919	861	8,780
<b>Comprehensive income 31.03.18</b>								
Profit/loss for the period	-	-	9	-	290	299	12	311
<b>Other comprehensive income</b>								
Net revaluation of properties	-	0	-	-	-	0	-	0
<b>Other comprehensive income, total</b>	-	0	-	-	-	0	-	0
<b>Total comprehensive income for the period</b>	-	0	9	-	290	299	12	311
<b>Transactions with owners</b>								
Disposal upon acquisition of treasury shares and additional tier 1 (AT1) capital	-	-	-	-	-78	-78	-	-78
Addition upon sale of treasury shares and additional tier 1 (AT1) capital	-	-	-	-	77	77	1	78
Revaluation reserves, associates	-	-	-9	-	9	0	-	0
Tax	-	-	-	-	3	3	-	3
<b>Total transactions with owners</b>	-	-	-9	-	11	2	1	3
<b>Equity at 31.03.18</b>	1,230	95	0	431	6,465	8,220	874	9,094

The share capital consists of 123,002,526 shares with a nominal value of DKK 10.

Additional tier 1 (AT1) capital is specified in note 4.3.

Q1 2019

# Cash flow statement

Note	Operations	Q1 2019 DKKm	Q1 2018 DKKm	Full year 2018 DKKm
	Profit/loss before tax	326	367	1,094
	Fair value changes, investment properties and temporary assets	-1	0	0
	Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	21	15	55
	Gains and losses on the sale of intangible assets and property, plant and equipment	0	0	-3
	Gains and losses on sale of associates	0	0	-155
	Adjustment of loan impairments etc.	-62	-6	64
	Provisions	-23	19	64
	Income from investments in associates	-29	-9	-36
	Corporate income tax paid	-191	-155	-155
	<b>Operating activities, total</b>	<b>42</b>	<b>230</b>	<b>928</b>
	<b>Working capital</b>			
	Movement in credit institutions and central banks, net	3,390	2,105	562
	Movement in loans, advances and other receivables at amortised cost	-882	1,672	2,137
	Movement in bonds at fair value	-1,676	-3,498	-5,322
	Movement in equity portfolio	-1	-79	-141
	Movement in other assets and other liabilities, net	91	-256	60
	Movement in deposits and other payables	223	-1,079	1,930
	<b>Working capital, total</b>	<b>1,146</b>	<b>-1,135</b>	<b>-774</b>
	<b>Cash generated from operations, total</b>	<b>1,187</b>	<b>-904</b>	<b>154</b>
	<b>Investments</b>			
	Acquisition of associates and group enterprises	-30	-2	-266
	Sale of associates and group enterprises	0	0	247
	Acquisition of intangible assets	-1	0	-3
	Acquisition of property, plant and equipment	-16	-40	-113
	Sale of property, plant and equipment	8	0	22
	Dividends from associates and group enterprises	2	0	7
	<b>Investing activities, total</b>	<b>-37</b>	<b>-41</b>	<b>-106</b>
	<b>Financing</b>			
4.4	Subordinated debt	-5	-16	188
4.3	Additional tier 1 (AT1) capital included in equity	1	1	-49
	Dividends paid, excluding dividends on treasury shares	0	0	-430
	Acquisition of treasury shares	-70	-78	-295
	Sale of treasury shares	67	77	294
	<b>Financing activities, total</b>	<b>-7</b>	<b>-16</b>	<b>-292</b>
	<b>Movements in cash and cash equivalents for the year</b>	<b>1,144</b>	<b>-962</b>	<b>-244</b>
	Cash and cash equivalents, beginning of year	2,428	2,672	2,672
	Movements in cash and cash equivalents for the year	1,144	-962	-244
	<b>Cash and cash equivalents, end of year</b>	<b>3,572</b>	<b>1,711</b>	<b>2,428</b>
	<b>Cash and cash equivalents, end of year</b>			
	Cash, cash equivalents and demand deposits with central banks	1,171	451	1,029
	Due from credit institutions and central banks within less than 3 months	2,401	1,260	1,400
	<b>Total</b>	<b>3,572</b>	<b>1,711</b>	<b>2,428</b>

## Basis of preparation

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## Basis of preparation





## Section 2

# Income statement

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## Main items

Net interest income

**DKK 378** million

Q1 2018: **DKK 389** million

Loan impairments

**DKK 10** million

Q1 2018: **DKK -23** million

Net fee income

**DKK 317** million

Q1 2018: **DKK 290** million

Profit/loss before tax

**DKK 326** million

Q1 2018: **DKK 367** million

Costs and expenses

**DKK 518** million

Q1 2018: **DKK 474** million

Profit/loss

**DKK 263** million

Q1 2018: **DKK 311** million

Profit/loss before loan impairments

**DKK 336** million

Q1 2018: **DKK 344** million

C/I ratio

**0.61**

Q1 2018: **0.58**

## Section 2

# Income statement

### 2.1 Business segments

Q1 2019

DKK m

	Spar Nord's Local Banks	Trading and International Division	Other Areas	Core earnings *) and Group
<b>Income statement</b>				
Net interest income	346	15	16	378
Net fee income	314	2	0	317
Market value adjustments and dividends	44	67	6	118
Other income	6	0	36	42
<b>Core income/revenue, total</b>	<b>711</b>	<b>85</b>	<b>58</b>	<b>854</b>
Staff costs and operating expenses	398	14	106	518
<b>Core earnings before impairment</b>	<b>312</b>	<b>71</b>	<b>-47</b>	<b>336</b>
Impairment of loans, advances and receivables etc.	10	0	0	10
<b>Profit/loss before tax</b>	<b>302</b>	<b>71</b>	<b>-47</b>	<b>326</b>

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

	Spar Nord's Local Banks	Trading and International Division	Other Areas	Group Total
<b>Balance sheet</b>				
Loans, advances and other receivables at amortised cost	40,421	4,822	6	45,249
Investments in associates	0	0	387	387
Intangible assets and property, plant and equipment *)	247	0	843	1,090
Other assets **)	17,123	22,511	1,342	40,975
<b>Total assets allocated</b>	<b>57,790</b>	<b>27,333</b>	<b>2,577</b>	<b>87,701</b>
Deposits and other payables	49,737	677	581	50,996
Equity (allocated capital)	5,981	1,066	2,452	9,499
Other liabilities	16,108	7,313	3,785	27,206
<b>Allocated equity and liabilities, total</b>	<b>71,826</b>	<b>9,056</b>	<b>6,819</b>	<b>87,701</b>

#### Disclosures – income/revenue, total

Internal income/revenue	-35	23	143	131
Internal income and eliminations, offset against costs	0	-14	-117	-131
Income/revenue, external customers	745	76	32	854
<b>Income/revenue, total</b>	<b>711</b>	<b>85</b>	<b>58</b>	<b>854</b>

#### Financial ratios

Return on equity, % ***)	21.4	27.7	-	-
Cost share of core income	0.56	0.16	-	-
Total risk exposure amount, end of period	44,304	7,896	2,343	54,543
Number of employees (full-time equivalents, end of period)	1,023	66	442	1,531

As in previous years, the Group uses core earnings as a performance measure.

The reporting segments correspond to the Group's organisational entities, and an internal follow-up is carried out in this regard.

Description of business area activities:

- For a description of the activities of Spar Nord's Local Banks and Trading and International Division, please see page 51 of Annual Report 2018.
- The activities of the Local Banks include the Group's leasing activities, and the activities of Other areas include central staffs and support functions.

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

Internal management 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 6 million, of which DKK 4 million relates to the Group's leasing activities and DKK 2 million relates to Other Areas.

\*\*\*) The rate of return on equity per annum has been calculated on allocated capital, which amounts to 13.5 % of the average total risk exposure amount.

## Section 2

# Income statement

### 2.1 Business segments

#### Q1 2018

DKK m

#### Income statement

	Spar Nord's Local Banks	Trading and International Division	Other Areas	Core earnings *) and Group
Net interest income	355	12	22	389
Net fee income	292	1	-3	290
Market value adjustments and dividends	119	-9	9	119
Other operating income	5	1	14	20
<b>Core income/revenue, total</b>	<b>771</b>	<b>5</b>	<b>42</b>	<b>818</b>
Staff costs and operating expenses	391	20	64	474
<b>Core earnings before impairment</b>	<b>381</b>	<b>-15</b>	<b>-22</b>	<b>344</b>
Impairment of loans, advances and receivables etc.	-24	1	0	-23
<b>Profit/loss before tax</b>	<b>404</b>	<b>-16</b>	<b>-22</b>	<b>367</b>

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

#### Balance sheet

	Spar Nord's Local Banks	Trading and International Division	Other Areas	Group Total
Loans, advances and other receivables at amortised cost	37,389	7,452	25	44,866
Investments in associates	0	0	140	140
Intangible assets and property, plant and equipment *)	245	0	712	958
Other assets **)	16,570	17,106	1,294	34,970
<b>Total assets allocated</b>	<b>54,205</b>	<b>24,558</b>	<b>2,171</b>	<b>80,934</b>
Deposits and other payables	46,812	430	523	47,765
Equity (allocated capital)	5,286	1,117	2,691	9,094
Other liabilities	15,572	5,647	2,857	24,075
<b>Allocated equity and liabilities, total</b>	<b>67,670</b>	<b>7,194</b>	<b>6,071</b>	<b>80,934</b>

#### Disclosures – income/revenue, total

Internal income/revenue	-39	17	161	139
Internal income and eliminations, offset against costs	0	-11	-128	-139
Income/revenue, external customers	811	-2	9	818
<b>Income/revenue, total</b>	<b>771</b>	<b>5</b>	<b>42</b>	<b>818</b>

#### Financial ratios

Return on equity, % ***)	31.7	-7.0	-	-
Cost share of core income	0.50	4.21	-	-
Total risk exposure amount, end of period	40,664	8,593	2,302	51,559
Number of employees (full-time equivalents, end of period)	1,027	75	418	1,520

As in previous years, the Group uses core earnings as a performance measure.

The reporting segments correspond to the Group's organisational entities, and an internal follow-up is carried out in this regard.

#### Description of business area activities:

- For a description of the activities of Spar Nord's Local Banks and Trading and International Division, please see page 51 of Annual Report 2018.
- The activities of the Local Banks include the Group's leasing activities, and the activities of Other areas include central staffs and support functions.

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

Internal management 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 13 million, of which DKK 2 million relates to the Group's leasing activities and DKK 11 million relates to Other Areas.

\*\*\*) The rate of return on equity per annum has been calculated on allocated capital, which amounts to 13 % of the average total risk exposure amount.

## Section 2

### Income statement

#### 2.2 Interest income

	Q1 2019 DKK m	Q1 2018 DKK m
Due from credit institutions and central banks	-2	2
Loans, advances and other receivables	372	396
Bonds	16	18
Foreign-exchange contracts	1	3
Interest-rate contracts	-2	-14
<b>Total derivatives</b>	<b>-1</b>	<b>-11</b>
Other interest income	0	0
<b>Total interest income after offsetting negative interest income</b>	<b>386</b>	<b>405</b>
Negative interest income offset against interest income	8	8
Negative interest expenses offset against interest expenses	15	5
<b>Total interest income before offsetting negative interest income</b>	<b>408</b>	<b>418</b>
<b>Of which, interest income from reverse repo transactions booked under</b>		
Due from credit institutions and central banks	-3	-1
Loans, advances and other receivables	-5	-7

Negative interest income amounts to DKK 8 million (31 March 2018: DKK 8 million) and relates to repo transactions.

In the table above, negative interest income is offset against interest income.

In the income statement, negative interest income is presented as interest expenses, and negative interest expenses are presented as interest income.

#### 2.3 Interest expenses

	Q1 2019 DKK m	Q1 2018 DKK m
Credit institutions and central banks	5	-1
Deposits and other payables	-5	7
Subordinated debt	8	9
Other interest expenses	0	0
<b>Total interest expenses after offsetting negative interest expenses</b>	<b>8</b>	<b>15</b>
Negative interest expenses offset against interest expenses	15	5
Negative interest income offset against interest income	8	8
<b>Total interest expenses before offsetting negative interest expenses</b>	<b>31</b>	<b>29</b>
<b>Of which, interest expenses from repo transactions booked under</b>		
Credit institutions and central banks	-3	-3

Negative interest expenses amount to DKK 15 million (31 March 2018: DKK 5 million) and relate partly to deposits, partly to repo transactions.

In the table above, negative interest expenses are offset against interest expenses.

In the income statement, negative interest expenses are presented as interest income, and negative interest income is presented as interest expenses.

#### 2.4 Fees, charges and commissions received

	Q1 2019 DKK m	Q1 2018 DKK m
Securities trading and custody accounts	123	111
Payment services	42	40
Loan transaction fees	137	127
of which mortgage credit institutions	103	99
Guarantee commission	7	7
Other fees, charges and commissions	52	46
<b>Total fees, charges and commissions received</b>	<b>361</b>	<b>331</b>
<b>Total fees, charges and commissions paid</b>	<b>45</b>	<b>41</b>
<b>Total net fees, charges and commissions received</b>	<b>317</b>	<b>290</b>



## Section 2

### Income statement

#### 2.5 Market value adjustments and dividends

	Q1 2019 DKKm	Q1 2018 DKKm
Other loans, advances and receivables at fair value	0	-1
Bonds	32	-10
Shares, etc.	56	120
Currency	14	9
Foreign exchange, interest, share, commodity and other contracts and derivatives	13	-5
Assets linked to pooled schemes	903	-317
Deposits in pooled schemes	-903	317
<b>Total market value adjustments</b>	<b>115</b>	<b>113</b>
Dividends on shares, etc.	3	6
<b>Market value adjustments and dividends on shares, etc., total</b>	<b>118</b>	<b>119</b>

#### 2.6 Other income

	Q1 2019 DKKm	Q1 2018 DKKm
Payments under operating leases and other rental income	3	3
Other income	6	4
Operation of investment properties	4	3
<b>Total other operating income</b>	<b>13</b>	<b>10</b>
Income from investments in associates	29	9
<b>Other income, total</b>	<b>42</b>	<b>20</b>

#### 2.7 Staff costs

	Q1 2019 DKKm	Q1 2018 DKKm
Salaries	247	220
Pensions	27	25
Social security costs	33	31
<b>Total staff costs</b>	<b>306</b>	<b>277</b>

#### Remuneration to members of the Executive Board and Board of Directors amounts to:

##### Board of Directors

Number	9	9
Fixed pay	1.0	1.0
Pension	-	-
<b>Total remuneration</b>	<b>1.0</b>	<b>1.0</b>

##### Executive Board

Number	3	3
Base salary *)	2.9	2.9
- less fees received from directorships	0.0	0.1
<b>The Bank's expense, base salary</b>	<b>2.9</b>	<b>2.8</b>
Pension	0.5	0.5
<b>Total remuneration earned and paid</b>	<b>3.3</b>	<b>3.2</b>

\*) The amount includes the value of a company car etc.

The members of the Executive Board receive no variable pay. Members of the Executive Board receive remuneration for their Group executive board duties based on the management agreement with the subsidiary.

##### Pension obligation

Like the other employees, members of the Executive Board are comprised by defined contribution pension plans.

##### 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.

##### Number of employees

The average number of employees converted into full-time equivalents	1,524	1,522
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## Section 2

### Income statement

#### 2.8 Operating expenses

	Q1 2019 DKKm	Q1 2018 DKKm
IT costs	99	103
Marketing expenses	25	27
Cost of premises	15	19
Staff costs and travel expenses	14	13
Office expenses	5	7
Other administrative expenses	32	14
<b>Operating expenses</b>	<b>191</b>	<b>183</b>
<b>Depreciation, amortisation and impairment</b>	<b>21</b>	<b>15</b>
<b>Total operating expenses</b>	<b>212</b>	<b>198</b>

#### 2.9 Impairment of loans and advances, etc.

	Q1 2019 DKKm	Q1 2018 DKKm
Impairments re. new exposures during the year, including new accounts to existing customers	44	96
Reversed impairments re. repaid accounts	-66	-51
Impairments during the year due to change in credit risk	38	-58
Loss without prior impairment	10	11
Amounts recovered on previously impaired receivables	-16	-22
<b>Total impairment of loans and receivables etc.</b>	<b>10</b>	<b>-23</b>

#### 2.10 Effective tax rate

	Q1 2019 DKKm	Q1 2018 DKKm
Current tax rate, %	22.0	22.0
Income from investments and market value adjustment of shares, %	-3.8	-7.6
Non-deductible expenses and non-taxable income, %	1.0	0.8
Adjustment of prior-year taxes, %	0.0	0.0
<b>Total effective tax rate</b>	<b>19.2</b>	<b>15.2</b>

## Balance sheet

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3.4 Information on fair value of financial instruments	25

### Main items

Lending, banking and leasing activities

**DKK 40,566** million

31.12.2018: DKK **39,551** million

Deposits, banking activities

**DKK 50,959** million

31.12.2018: DKK **50,773** million

Guarantees

**DKK 12,421** million

31.12.2018: DKK **12,092** million

Deposits, pooled schemes

**DKK 15,652** million

31.12.2018: DKK **14,772** million

Bonds at fair value

**DKK 17,836** million

31.12.2018: DKK **16,160** million

## Section 3

### Balance sheet

#### 3.1 Other assets

	31.03.19 DKKm	31.12.18 DKKm
Positive fair value of derivatives, etc.	925	862
Miscellaneous receivables	297	373
Interest and commissions receivable	51	44
Capital contribution to Bankernes EDB Central a.m.b.a.	445	445
Other assets	29	37
<b>Total other assets</b>	<b>1,747</b>	<b>1,761</b>

#### 3.2 Deposits and other payables

	31.03.19 DKKm	31.12.18 DKKm
Repo transactions	37	0
Demand deposits	46,034	45,851
Subject to notice	1,218	1,418
Time deposits, excluding repo business	403	299
Special types of deposits	3,306	3,204
<b>Total deposits and other payables</b>	<b>50,996</b>	<b>50,773</b>

#### 3.3 Other liabilities

	31.03.19 DKKm	31.12.18 DKKm
Miscellaneous payables	2,080	1,943
Negative fair value of derivatives, etc.	578	550
Interest and commissions payable	27	18
Other liabilities	417	327
<b>Total other liabilities</b>	<b>3,102</b>	<b>2,838</b>

#### 3.4 Information on fair value of financial instruments

A more detailed description of the principles for recognition and measurement of financial assets and financial liabilities is provided in accounting policies in note 3.3.4 to Annual Report 2018.

Reference is also made to note 3.3.4 to Annual Report 2018 for information about differences between the carrying amount and fair value of financial assets and financial liabilities recognised at amortised cost.

#### Recognition of financial assets and financial liabilities

	Amortised cost 31.03.19 DKKm	Fair value through profit or loss 31.03.19 DKKm	Amortised cost 31.12.18 DKKm	Fair value through other comprehensive income 31.12.18 DKKm
Cash balances and demand deposits with central banks	1,171	0	1,029	0
Due from credit institutions and central banks	2,401	0	1,400	0
Loans, advances and other receivables at amortised cost	45,249	0	44,330	0
Bonds at fair value	0	17,836	0	16,160
Shares, etc.	0	1,768	0	1,768
Assets linked to pooled schemes	0	15,652	0	14,772
Positive fair value of derivatives	0	925	0	862
<b>Total financial assets</b>	<b>48,821</b>	<b>36,180</b>	<b>46,758</b>	<b>33,560</b>
Due to credit institutions and central banks	5,831	0	2,466	0
Deposits and other payables	50,996	0	50,773	0
Deposits in pooled schemes	0	15,652	0	14,772
Other non-derivative financial liabilities at fair value	0	939	0	1,018
Negative fair value of derivatives	0	578	0	550
Subordinated debt	1,327	0	1,332	0
<b>Total financial liabilities</b>	<b>58,154</b>	<b>17,169</b>	<b>54,571</b>	<b>16,339</b>

Spar Nord has no financial assets or financial liabilities at fair value through other comprehensive income.

In Day 1 gains, DKK 9 million (2018: DKK 9 million) was offset from CVA at 31 March 2019, which is the credit value component of derivatives.

#### Day 1 gains

When valuing unlisted derivative instruments, the initial customer margin, etc. is amortised over the remaining term to maturity. At 31 March 2019, the customer margin, etc. not yet amortised amounted to DKK 74 million (2018: DKK 73 million).

## Section 3

### Balance sheet

#### Breakdown of financial instruments relative to the fair-value hierarchy classification and carrying amount

	Quoted prices Level 1 DKK	Observable inputs Level 2 DKK	Non- Observable inputs Level 3 DKK	Total DKK
<b>31.03.19</b>				
Bonds at fair value	15,681	2,155	0	17,836
Shares, etc.	160	24	1,585	1,768
Assets linked to pooled schemes	12,362	2,925	365	15,652
Positive fair value of derivatives	0	923	2	925
<b>Total financial assets</b>	<b>28,203</b>	<b>6,027</b>	<b>1,951</b>	<b>36,180</b>
Deposits in pooled schemes	0	15,652	0	15,652
Other non-derivative financial liabilities at fair value	882	58	0	939
Negative fair value of derivatives	0	578	0	578
<b>Total financial liabilities</b>	<b>882</b>	<b>16,287</b>	<b>0</b>	<b>17,169</b>

	Quoted prices Level 1 DKK	Observable inputs Level 2 DKK	Non- Observable inputs Level 3 DKK	Total DKK
<b>31.03.18</b>				
Bonds at fair value	14,041	2,118	0	16,160
Shares, etc.	177	43	1,548	1,768
Assets linked to pooled schemes	11,152	3,290	330	14,772
Positive fair value of derivatives	0	848	13	862
<b>Total financial assets</b>	<b>25,370</b>	<b>6,299</b>	<b>1,891</b>	<b>33,560</b>
Deposits in pooled schemes	0	14,772	0	14,772
Other non-derivative financial liabilities at fair value	969	49	0	1,018
Negative fair value of derivatives	0	550	0	550
<b>Total financial liabilities</b>	<b>969</b>	<b>15,370</b>	<b>0</b>	<b>16,339</b>

In 2019, no transfers have been made to or from non-observable inputs (Level 3). In 2018, assets recognised under positive fair value of derivative financial instruments were transferred observable inputs (Level 2) to non-observable inputs (Level 3). The adjustment to fair value is recognised in market value adjustments.

Level 3	Fair value based on net asset value, cf. shareholders' agreements <b>31.03.19</b> DKK	Other <b>31.03.19</b> DKK	Fair value based on net asset value, cf. shareholders' agreements <b>31.12.18</b> DKK	Other <b>31.12.18</b> DKK
Equities	1,211	373	1,181	367
Assets linked to pooled schemes	-	365	-	330
Positive fair value of derivatives	-	2	-	13

#### Sensitivities

Change in fair value of shares if the profit/loss of the companies changes by 10% (annualised)	12	-	11	-
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A substantial portion of the shares included under "Other" are valued based on the discounting of expected future cash flows from dividends, selling prices or market expectations as to the required rate of return on equity.



## Section 3

### Balance sheet

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

	31.03.19 DKKm	31.12.18 DKKm
Carrying amount, beginning of period	1,891	1,719
Value adjustments through profit or loss	74	180
Market value adjustments in other comprehensive income	0	0
Purchase	0	33
Sale	14	75
Transferred to/from Level 3	0	35
<b>Carrying amount, end of period</b>	<b>1,951</b>	<b>1,891</b>
Market-value adjustments in the income statement of assets held at the reporting date	73	176

Dividends on shares recognised in the income statement are not included in the above statement.

## Section 4

# Capital

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4.3 Additional tier 1 (AT1) capital	29
4.4 Subordinated debt	30

### Main items

Target:  
Common equity tier 1 capital ratio

**13.5%**

31.12.2018: **13.0%**

Common equity tier 1 capital ratio

**14.2%**

31.12.2018: **14.0%**

Target:  
Own funds ratio

**17.5%**

31.12.2018: **16.5%**

Own funds ratio

**18.2%**

31.12.2018: **18.0%**

Earnings per share for the period

**DKK 2.0**

31.03.2018: **DKK 2.5**

## Section 4

# Capital

### 4.1 Own funds

	31.03.19 DKKm	31.12.18 DKKm
Equity	9,499	9,241
Phasing in of IFRS 9	210	206
Additional tier 1 (AT1) capital included in equity	874	861
Proposed dividends	562	431
Intangible assets, incl. share recognised in investments in associates	146	146
Other primary deductions	48	48
Deduction – Holdings of insignificant CET1 instruments	283	376
Deduction – Holdings of significant CET1 instruments	28	35
<b>Common equity tier 1 capital</b>	<b>7,767</b>	<b>7,549</b>
Additional tier 1 (AT1) capital *)	843	843
Other deductions	4	5
<b>Tier 1 Capital</b>	<b>8,606</b>	<b>8,387</b>
Subordinated debt, excl. additional tier 1 (AT1) capital *)	1,309	1,314
Other deductions	6	10
<b>Total capital</b>	<b>9,909</b>	<b>9,691</b>
Weighted risk exposure amount, credit risk etc.	45,130	44,029
Weighted risk exposure amount, market risk	3,859	4,125
Weighted risk exposure amount, operational risk	5,555	5,705
<b>Total risk exposure amount</b>	<b>54,543</b>	<b>53,858</b>
Common equity tier 1 capital ratio	14.2	14.0
Tier 1 capital ratio	15.8	15.6
Own funds ratio	18.2	18.0

\*) The maximum holding of own bonds etc. has been deducted.

### 4.2 Treasury share portfolio

	31.03.19	31.12.18
Number of shares	85,000	37,565
Percentage of share capital	0.1	0.0

### 4.3 Additional tier 1 (AT1) capital

Currency	Note	Principal DKKm	Interest rate	Received	Maturity	31.03.19 DKKm	31.12.18 DKKm
DKK	a	400	6.052 %	2015	Perpetual	418	413
DKK	b	450	5.50 %	2016	Perpetual	457	449
<b>Additional tier 1 (AT1) capital issued under CRR, total</b>						<b>874</b>	<b>861</b>

**a** Issued on 10.06.15, with an option of early redemption as from 10.06.20. The loan carries interest at a rate of 6.052 % p.a. until 10.06.20, after which date interest will be fixed at CIBOR6 + a 5.40 % margin.

**b** Issued on 06.12.16, with an option of early redemption as from 06.12.21. The loan carries interest at a rate of 5.50 % p.a. until 06.12.21, after which date interest will be fixed at CIBOR6 + a +5.166 % margin.

If Spar Nord's common equity tier 1 (CET1) ratio falls below 5 1/8 %, the loans will be written down. The loans can be written up again based on the rules laid down in CRR.

### Additional Tier 1 (AT1) capital, specification of cash flows

	31.03.19 DKKm	31.12.18 DKKm
Issue of additional tier 1 (AT1) capital	-	-
Net transaction costs	-	-
Change in portfolio of own bonds	1	0
Interest paid	0	-49
<b>Total cash flows for the period</b>	<b>1</b>	<b>-49</b>

## Section 4

# Capital

### 4.4 Subordinated debt

#### Supplementary capital contributions

Currency	Note	Principal DKKm	Interest rate	Received	Maturity	31.03.19 DKKm	31.12.18 DKKm
DKK	a	350	Floating	2018	29.05.29	349	348
DKK	b	150	2.9298%	2018	29.05.29	149	149
DKK	c	400	2.5348%	2018	19.06.28	400	400
SEK	d	600	Floating	2017	18.10.27	429	434
<b>Supplementary capital contributions, total</b>						<b>1,327</b>	<b>1,332</b>
Portfolio of own bonds relating to subordinated debt						0	0
<b>Total subordinated debt</b>						<b>1,327</b>	<b>1,332</b>

- a Redeemable as from 29.05.24. If the loan is not redeemed, interest will be fixed at CIBOR6 + a 2.40% margin.  
b Redeemable as from 29.05.24. If the loan is not redeemed, interest will be fixed at CIBOR6 + a 2.40% margin.  
c Redeemable as from 19.06.23. If the loan is not redeemed, interest will be fixed at CIBOR3 + a 2.10% margin.  
d Redeemable as from 18.10.22. If the loan is not redeemed, interest will be fixed at STIBOR3 + a 2.50% margin.

#### Subordinated debt, specification of cash flows

	31.03.19 DKKm	31.12.18 DKKm
<b>Beginning of period</b>	<b>1,332</b>	<b>1,144</b>
<b>Movement during the period</b>		
New loans	-	900
Redeemed	-	-700
Change in exchange rate adjustments	-5	-18
Change in interest rate hedging	-	-
Change in amortised costs	0	-1
Change in portfolio of own bonds	-	7
<b>Total cash flows for the year</b>	<b>-5</b>	<b>188</b>
<b>Carrying amount, end of period</b>	<b>1,327</b>	<b>1,332</b>

## Section 5

# Credit risk

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## Main items

Credit exposure – loans, advances and guarantees  
excl. reverse repo transactions

**DKK 54,812** million

31.12.2018: **DKK 53,511** million

Credit exposure – excl. reverse repo transactions  
retail/business

**45% / 55%**

31.12.2018: **45% / 55%**

Total impairment account

**DKK 1,883** million

31.12.2018: **DKK 1,945** million

(One-off effect IFRS 9 at. 01.01.18: DKK 250 million  
recognised in equity)

Impairment of loans, advances and receivables etc.

**DKK 10** million

31.03.2018: **DKK -23** million

## Section 5

### Credit risk

#### 5.1 Exposures and impairments etc. 31.03.19

##### Summary, carrying amount of exposures

	Exposure before impairments DKKm	Impairments DKKm	Carrying amount DKKm	Recognised impairments, etc. Total DKKm
Loans and advances at amortised cost	46,999	1,750	<b>45,249</b>	33
Due from credit institutions and central banks	2,401	1	<b>2,401</b>	0
Guarantees	12,497	76	<b>12,421</b>	-4
Unutilised credit lines and loan commitments	22,773	57	<b>22,716</b>	-19
<b>Total</b>	<b>84,670</b>	<b>1,883</b>	<b>82,786</b>	<b>10</b>

##### 5.1.2 Impairments and provisions by stages

	Stage 1 DKKm	Stage 2 DKKm	Stage 3 DKKm	Total DKKm
Loans and advances at amortised cost	93	332	1,325	<b>1,750</b>
Due from credit institutions and central banks	1	0	0	<b>1</b>
Guarantees	14	7	56	<b>76</b>
Unutilised credit lines and loan commitments	4	4	49	<b>57</b>
<b>Impairments and provisions by stages, total</b>	<b>111</b>	<b>343</b>	<b>1,430</b>	<b>1,883</b>

##### 5.1.3 Exposures before impairments and provisions by stages

	Stage 1 DKKm	Stage 2 DKKm	Stage 3 DKKm	Total DKKm
Loans and advances at amortised cost	30,802	13,152	3,046	<b>46,999</b>
Due from credit institutions and central banks	2,401	0	0	<b>2,401</b>
Guarantees	11,403	762	331	<b>12,497</b>
Unutilised credit lines and loan commitments	20,544	2,066	162	<b>22,773</b>
<b>Exposures before impairments and provisions by stages, total</b>	<b>65,150</b>	<b>15,980</b>	<b>3,539</b>	<b>84,670</b>

Spar Nord does not have the categories "Financial assets at fair value through other comprehensive income" and "Loans at fair value through profit or loss".

##### 5.1.4 Impairments and provisions for losses

Analysis of changes in impairments for the year broken down by stages and correlated to recognised impairments, etc.	Stage 1 DKKm	Stage 2 DKKm	Stage 3 DKKm	Total DKKm	Recognised impairments etc. DKKm
Impairments at 01.01.19 under IFRS 9	106	308	1,531	<b>1,945</b>	-
Impairments re. new exposures during the year, including new accounts to existing customers	12	12	21	<b>44</b>	44
Reversed impairments re. repaid accounts	-6	-14	-46	<b>-66</b>	-66
Change in impairments at 1 January, transfer to/from stage 1	30	-22	-9	-	-
Change in impairments at 1 January, transfer to/from stage 2	-13	20	-7	-	-
Change in impairments at 1 January, transfer to/from stage 3	-1	-4	5	-	-
Impairments during the year due to change in credit risk	-18	42	13	<b>38</b>	38
Previously impaired, now finally lost	0	0	-88	<b>-88</b>	-
Other movements (interest rate correction etc.)	0	0	10	<b>10</b>	-
Loss without prior impairment	-	-	-	-	10
Amounts recovered on previously impaired receivables	-	-	-	-	-16
<b>Impairments and provisions for losses, total</b>	<b>111</b>	<b>343</b>	<b>1,430</b>	<b>1,883</b>	<b>10</b>

The change in portfolio impairments was driven by an increase in gross lending and movements between the stages as illustrated in the table, which is the result of a change in customers' credit risk. In addition, impairments are affected by impaired macroeconomic factors.

The figures concerning impairments re. new exposures and reversed impairments re. repaid accounts include administrative movements in which the balance is moved between two accounts for the same customer.

Loss without prior impairment expresses Spar Nord's recognised loans for which the loss is greater than impairments at the beginning of the year.

## Section 5

### Credit risk

#### 5.2 Exposures and impairments etc. 31.12.18

For a description of principles for loan impairments, see note 5.1.1 to Annual Report 2018

##### 5.2.1 Summary, carrying amount of exposures

	Exposure before impairments 2018 DKKm	Impair- ments 2018 DKKm	Carrying amount 2018 DKKm	Recognised impairments, etc. Total DKKm
Loans and advances at amortised cost	46,118	1,789	<b>44,330</b>	107
Due from credit institutions and central banks	1,400	0	<b>1,400</b>	0
Guarantees	12,172	80	<b>12,092</b>	12
Unutilised credit lines and loan commitments	22,327	76	<b>22,251</b>	55
<b>Total</b>	<b>82,018</b>	<b>1,945</b>	<b>80,073</b>	<b>173</b>

##### 5.2.2 Impairments and provisions by stages

	Stage 1 DKKm	Stage 2 DKKm	Stage 3 DKKm	Total DKKm
Loans and advances at amortised cost	89	298	1,402	<b>1,789</b>
Due from credit institutions and central banks	0	0	0	<b>0</b>
Guarantees	14	6	60	<b>80</b>
Unutilised credit lines and loan commitments	4	4	69	<b>76</b>
<b>Impairments and provisions by stages, total</b>	<b>106</b>	<b>308</b>	<b>1,531</b>	<b>1,945</b>

##### 5.2.3 Exposures before impairments and provisions by stages

	Stage 1 DKKm	Stage 2 DKKm	Stage 3 DKKm	Total DKKm
Loans and advances at amortised cost	30,773	12,100	3,245	<b>46,118</b>
Due from credit institutions and central banks	1,400	0	0	<b>1,400</b>
Guarantees	11,028	772	373	<b>12,172</b>
Unutilised credit lines and loan commitments	19,970	2,180	178	<b>22,327</b>
<b>Exposures before impairments and provisions by stages, total</b>	<b>63,170</b>	<b>15,052</b>	<b>3,796</b>	<b>82,018</b>

##### 5.2.4 Impairments and provisions for losses

	Stage 1 DKKm	Stage 2 DKKm	Stage 3 DKKm	Total DKKm	Recognised impairments etc. DKKm
Analysis of changes in impairments for the year broken down by stages and correlated to recognised impairments, etc.					
Impairments at 01.01.18 under IFRS 9	96	291	1,494	<b>1,881</b>	-
Impairments re. new exposures during the year, including new accounts to existing customers	43	39	142	<b>224</b>	224
Reversed impairments re. repaid accounts	-18	-35	-96	<b>-149</b>	-149
Change in impairments at 1 January, transfer to/from stage 1	143	-66	-77	-	-
Change in impairments at 1 January, transfer to/from stage 2	-17	46	-29	-	-
Change in impairments at 1 January, transfer to/from stage 3	-10	-37	47	-	-
Impairments during the year due to change in credit risk	-130	70	156	<b>96</b>	96
Previously impaired, now finally lost	0	0	-139	<b>-139</b>	-
Other movements (interest rate correction etc.)	0	0	33	<b>33</b>	-
Loss without prior impairment	-	-	-	-	80
Amounts recovered on previously impaired receivables	-	-	-	-	-77
<b>Impairments and provisions for losses, total</b>	<b>106</b>	<b>308</b>	<b>1,531</b>	<b>1,945</b>	<b>173</b>

The change in portfolio impairments was driven by an increase in gross lending and movements between the stages as illustrated in the table, which is the result of a change in customers' credit risk. In addition, impairments are affected by impaired macroeconomic factors.

The figures concerning impairments re. new exposures and reversed impairments re. repaid accounts include administrative movements in which the balance is moved between two accounts for the same customer.

Loss without prior impairment expresses Spar Nord's recognised loans for which the loss is greater than impairments at the beginning of the year.

## Section 5

### **Credit risk**

#### **5.3 Credit risk policy**

Spar Nord's credit policy is unchanged relative to the description in note 5.1.1 to Annual Report 2018.



## Other notes

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## Section 6

### Other notes

#### 6.1 Collateral

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

	31.03.19 DKKm	31.12.18 DKKm
Deposits, clearing	79	169
Collateral provided for the market value of derivatives transactions	339	296
Positive market value of derivative contracts subject to netting	168	193
Collateral provided as part of repo transactions	4,074	1,526
<b>Total collateral</b>	<b>4,660</b>	<b>2,184</b>

#### 6.2 Contingent assets

	31.03.19 DKKm	31.12.18 DKKm
Unrecognised deferred tax assets	15	15

#### 6.3 Contingent liabilities

The Bank and its wholly-owned subsidiary are jointly registered for payroll tax and VAT and are jointly and severally liable for the payroll tax and VAT payable.

	31.03.19 DKKm	31.12.18 DKKm
Guarantees	12,421	12,092
Other binding commitments	500	551
<b>Total contingent liabilities</b>	<b>12,920</b>	<b>12,643</b>

##### Guarantees

Financial guarantees	4,478	4,184
Loss guarantees for mortgage loans	5,406	5,388
Registration and refinancing guarantees	1,783	1,708
Other contingent liabilities	754	812
<b>Total guarantees</b>	<b>12,421</b>	<b>12,092</b>

In addition, the Spar Nord Group has contingent liabilities and other binding agreements corresponding to the relative ownership interest in associates.

Spar Nord is taxed jointly with its Danish subsidiary in the Spar Nord Group. As management company, Spar Nord has unlimited, joint and several liability together with the other jointly taxed companies for the Danish corporate income tax payable. Due to the payment of tax on account, no tax was payable at 31.03.19 and 31.12.18. The corporate income tax receivable within the group of jointly taxed companies amounted to DKK 258 million at 31.03.19 (31.12.18: DKK 130 million). Any adjustments to the taxable income subject to joint taxation might entail an increase in the Parent Company's liability.

Spar Nord has made provisions for a deferred tax liability in respect of recaptured losses 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 costs for the Guarantee Fund are calculated based on the Bank's pro-rata share. 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 costs for 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.

The Bank's costs for the Resolution Fund for 2019 have been included as a pro-rata share of the annual contributions. The Bank's contribution to the Resolution Fund at 31 March 2019 amounted to DKK 2 million (31 March 2018: DKK 2 million).

The amount of the contingent liabilities and the possible due dates are subject to uncertainty.

## Section 6

### Other notes

#### 6.4 Other binding commitments

	31.03.19 DKKm	31.12.18 DKKm
Data-processing centre	500	452
Lease liabilities, Spar Nord as lessee	0	98
<b>Other binding commitments, total</b>	<b>500</b>	<b>551</b>

##### Data-processing centre

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

Spar Nord's membership 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 Bankernes EDB Central a.m.b.a. has been recognized under Other assets.

The Spar Nord Group has no other significant binding agreements.

##### Lease obligations, with the Group as lessee

Spar Nord is the lessee in a number of operating leases. Under such leases, Spar Nord has the right of use of an asset for a specific period of time against lease payments without assuming the significant risks and rewards of ownership of the asset. The leases concern the lease of properties and operating equipment. At 31.12.18, the leases are not recognised in the balance sheet.

From 1 January 2019, the accounting policies for leases were changed, see note 1.1.3, and the lease agreements are recognised in the balance sheet. For a description of accounting policies from 1 January 2019, see note 1.1.2 to Annual Report 2018.

#### 6.5 Group overview

	Activity	Share capital year-end DKKm	Equity year-end DKKm	Profit/loss for the year DKKm	Ownership interest %
Spar Nord Bank A/S	Banking	1,230	9,241	920	-
<b>Subsidiary</b>					
Aktieselskabet Skelagervej 15, Aalborg	Real property	27	317	14	100

\*) According to the most recent annual report.

#### 6.6 Ownership at 31.03.19

Spar Nord Fonden, 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.

## Section 6

### Other notes

#### 6.7 Performance indicators and financial ratios

##### The Danish FSAs layout and ratio system

##### 5-year overview

#### Performance indicators

DKKm	Q1 2019	Q1 2018	Change in %	Q1 2019	Q1 2018	Q1 2017	Q1 2016	Q1 2015	Full year 2018
<b>Income statement</b>									
Net interest and fee income	697	686	2	697	686	707	654	785	2,730
Value adjustments	115	113	2	115	113	160	71	351	214
Staff costs and administrative expenses	495	458	8	495	458	458	456	467	1,859
Impairment losses on loans, advances and receivables etc.	10	-23	-143	10	-23	18	61	111	173
Income from investments in associates	29	9	207	29	9	13	8	7	36
Profit/loss for the year	263	311	-15	263	311	317	165	464	920
<b>Balance sheet</b>									
Loans and advances	45,249	44,866	1	45,249	44,866	41,189	40,404	35,089	44,330
Equity	9,499	9,094	4	9,499	9,094	8,948	8,030	7,498	9,241
Total assets	87,701	80,934	8	87,701	80,934	78,329	79,432	78,184	82,793

#### Financial ratios

##### Own funds

Own funds ratio	18.2	17.8		18.2	17.8	17.6	16.6	15.6	18.0
Tier 1 capital ratio	15.8	15.6		15.8	15.6	15.4	14.5	13.6	15.6

##### Earnings

Return on equity before tax	%	3.5	4.1	3.5	4.1	4.5	2.6	7.3	12.1
Return on equity after tax	%	2.8	3.5	2.8	3.5	3.6	2.1	6.4	10.2
Income/cost ratio		1.62	1.81	1.62	1.81	1.81	1.38	1.86	1.52
Return on assets	%	0.3	0.4	0.3	0.4	0.4	0.2	0.6	1.1

##### Market risk and liquidity

Interest rate risk	%	1.0	0.8	1.0	0.8	-0.2	1.1	1.7	0.2
Foreign exchange position	%	1.3	1.4	1.3	1.4	3.3	3.4	3.5	1.4
Foreign exchange risk	%	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.1
Liquidity Coverage Ratio (LCR)	%	160	173	160	173	-	-	-	174
Excess coverage relative to statutory liquidity requirement	%	-	310.8	-	310.8	306.5	264.0	243.3	-
Loans and advances as % of deposits	%	67.9	71.4	67.9	71.4	68.1	70.6	63.7	67.6

##### Credit risk

Loans and advances relative to equity		4.8	4.9	4.8	4.9	4.6	5.0	4.7	4.8
Increase in loans and advances for the period	%	2.6	1.3	2.6	1.3	1.9	3.3	-2.1	6.7
Sum of large exposures	%	76.1	74.1	76.1	74.1	17.1	17.2	0.0	79.2
Impairment ratio for the year		0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.2

#### The Spar Nord Bank share

##### DKK per share of DKK 10

Profit/loss for the period	2.1	2.5	2.1	2.5	2.6	1.3	3.7	7.5
Net asset value (NAV)	70	67	70	67	66	61	60	68
Dividend	-	-	-	-	-	2.0	-	3.5
Share price/profit/loss for the period	27.6	28.8	27.6	28.8	29.6	48.5	18.1	6.9
Share price/NAV	0.8	1.1	0.8	1.1	1.2	1.0	1.1	0.8



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.

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CVR no. 13 73 75 84