

**Net profit of DKK 546 million
and return on equity of 12.4%**

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Executive Summary

"We have every reason to be pleased with our half-year profit of DKK 546 million and the 12.4% return on equity – and not least with the way in which we achieved the results. In terms of income, the first six months of the year were characterised by strong performance in our core business based on a high level of activity and business volume growth combined with a very strong performance in the financial markets.

Our bottom-line performance was even more positive than our core earnings because of extremely low loan impairment charges driven by the generally very robust credit quality of our retail and business customers", said Spar Nord's CEO Lasse Nyby.

Spar Nord achieved a profit after tax of DKK 546 million in H1 2019, which corresponds to an annualised return on equity of 12.4%. The financial performance is considered highly satisfactory, not least given the fact that the financial statements for H1 of last year included positive non-recurring items of approximately DKK 250 million, while positive non-recurring items in 2019 only came to approximately DKK 30 million, implying an underlying improvement in pre-tax profit of about DKK 170 million.

Core income amounted to DKK 1,687 million, which was DKK 36 million, or 2%, less than in the year-earlier period, when, as mentioned above, positive non-recurring items contributed some DKK 250 million.

At DKK 775 million, net interest income was on a level with last year, while net fee income rose 10% to DKK 620 million. Market value adjustments and dividends totalled DKK 226 million, which was 24% more than last year, even with positive non-recurring items of more than DKK 80 million in H1 2018. Lastly, other income amounted to DKK 66 million against DKK 204 million in H1 2018, when Spar Nord sold its ownership interest in Valueinvest Asset Management, realising a gain of DKK 154 million.

Total costs and expenses amounted to DKK 1,009 million, which was 2% higher than in H1 2018. Costs in the six-month period were marked by higher payroll costs and non-recurring costs relating to the preparation of an offer for Danske Andelskassers Bank in Q1. Core earnings before impairment were DKK 678 million, against DKK 739 million in H1 2018. Impairment of loans and advances, etc. for the six-month period, which was affected by a non-recurring income of DKK 30 million relating to a IFRS 9 model change, amounted to DKK 1 million, which was lower than expected, and profit before tax was DKK 677 million, against DKK 722 million in H1 2018.

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 257.8 billion at 30 June 2019, which was DKK 13.6 billion, or 6%, higher than at end-2018. The highly positive development covers an increase in bank and leasing loans of DKK 2.5 billion (6%), an increase in mortgage lending of DKK 3.2 billion (4%), an increase in deposits of DKK 1.9 billion (4%) and a DKK 3.1 billion (7%) increase in customers' guardianship accounts.

The broadly founded increase in business volume reflects the fact that Spar Nord continues to win market share in both the retail and the business customer segments, and the increase in net lending was attributable not least to positive developments in Corporate Banking and public-sector customers.

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 – and on the release of the Q1 financial statements this guidance was upgraded to DKK 1.1–1.2 billion and DKK 750–850 million, respectively.

On the basis of the H1 financial statements and the outlook for the remainder of the year, in July Spar Nord upgraded its forecast of core earnings before impairment to DKK 1,150–1,250 million, while the net profit is now forecast at DKK 850–950 million.

Performance indicators and financial ratios – Group

Core earnings – quarterly

Performance indicators

Income statement

DKKmn	H1 2019	H1 2018	Change in %	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Full year 2018
Net interest income	775	773	0	397	378	390	386	384	1,548
Net fee income	620	563	10	304	317	271	293	273	1,127
Market value adjustments and dividends	226	183	24	108	118	8	77	64	268
Other income	66	204	-68	24	42	27	16	184	247
Core income	1,687	1,723	-2	833	854	695	771	905	3,190
Staff costs	613	589	4	306	306	311	252	313	1,152
Operating expenses	396	395	0	184	212	195	181	197	771
Costs and expenses	1,009	985	2	491	518	506	433	510	1,924
Core earnings before impairment	678	739	-8	342	336	189	338	395	1,266
Impairment of loans, advances and receivables etc.	1	16	-96	-9	10	106	50	39	173
Profit/loss before tax	677	722	-6	351	326	83	288	355	1,094
Tax	132	93	42	69	63	12	69	37	174
Profit/loss for the year	546	630	-13	283	263	71	219	319	920
Interest expenses for holders of additional tier 1 (AT1) capital	24	24	0	12	12	12	12	12	49

Balance sheet

DKKmn									
Total assets	89,354	83,561	7	89,354	87,701	82,793	85,461	83,561	82,793
Loans and advances	47,023	45,678	3	47,023	45,249	44,330	46,636	45,678	44,330
Lending, banking and leasing activities	42,096	38,336	10	42,096	40,566	39,551	39,154	38,336	39,551
Lending, reverse repo transactions	4,928	7,342	-33	4,928	4,683	4,779	7,482	7,342	4,779
Deposits	68,722	64,866	6	68,722	66,648	65,545	64,704	64,866	65,545
Deposits, banking activities	52,696	49,514	6	52,696	50,959	50,773	49,007	49,514	50,773
Deposits, repo transactions	201	0	-	201	37	0	0	0	0
Deposits, pooled schemes	15,825	15,352	3	15,825	15,652	14,772	15,696	15,352	14,772
Subordinated debt	1,320	1,522	-13	1,320	1,327	1,332	1,532	1,522	1,332
Additional tier 1 (AT1) capital	862	860	0	862	874	861	875	860	861
Shareholders' equity	8,424	8,100	4	8,424	8,625	8,380	8,310	8,100	8,380
Guarantees	13,867	12,095	15	13,867	12,421	12,092	12,028	12,095	12,092
Total risk exposure amount	56,152	51,493	9	56,152	54,543	53,858	52,712	51,493	53,858
Tier 1 capital	8,615	8,235	5	8,615	8,606	8,387	8,361	8,235	8,387
Impairment account	1,824	1,894	-4	1,824	1,883	1,945	1,871	1,894	1,945
Contractual non-performing loans	528	383	38	528	521	476	415	383	476
Business volume	257,780	242,522	6	257,780	250,245	244,159	244,710	242,522	244,159

Financial ratios

		H1 2019	H1 2018	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Full year 2018
Own funds									
Own funds ratio		17.6	18.9	17.6	18.2	18.0	18.7	18.9	18.0
Tier 1 capital ratio		15.3	16.0	15.3	15.8	15.6	15.9	16.0	15.6
Common equity tier 1 capital ratio		13.8	14.4	13.8	14.2	14.0	14.3	14.4	14.0
Earnings									
Return on equity before tax excl. additional tier 1 (AT1) capital *)	%	7.8	8.7	4.0	3.7	0.9	3.4	4.3	12.8
Return on equity after tax excl. additional tier 1 (AT1) capital *)	%	6.2	7.6	3.2	3.0	0.8	2.6	3.9	10.8
Cost share of core income	DKK	0.60	0.57	0.59	0.61	0.73	0.56	0.56	0.60
Cost share of core income - incl. loan impairments, etc.	DKK	0.60	0.58	0.58	0.62	0.88	0.63	0.61	0.66
Return on assets	%	0.6	0.8	0.3	0.3	0.1	0.3	0.4	1.1
Market risk and liquidity									
Interest rate risk	%	1.0	0.8	1.0	1.0	0.2	0.9	0.8	0.2
Foreign exchange position	%	1.1	1.3	1.1	1.3	1.4	1.5	1.3	1.4
Foreign exchange risk	%	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Liquidity Coverage Ratio (LCR)	%	137	176	137	160	174	157	176	174
Bank and leasing loans relative to bank deposits	%	79.9	77.4	79.9	79.6	77.9	79.9	77.4	77.9
Credit risk									
Bank and leasing loans relative to shareholders' equity		5.0	4.7	5.0	4.7	4.7	4.7	4.7	4.7
Increase in loans and advances for the period	%	6.4	3.5	3.8	2.6	1.0	2.1	2.1	6.7
Sum of large exposures	%	84.6	79.1	84.6	76.1	79.2	74.4	79.1	79.2
Impairment ratio (%)		0.0	0.0	0.0	0.0	0.2	0.1	0.1	0.3
Employees and branches									
Number of employees (full-time equivalents, end of period)		1,534	1,527	1,534	1,531	1,518	1,523	1,527	1,518
Number of branches		49	49	49	49	49	49	49	49
Spar Nord share									
DKK per share of DKK 10									
Share price, end of period		58	68	58	58	52	60	68	52
Net asset value (NAV) *)		69	66	69	70	68	68	66	68
Profit/loss for the period *)		4.3	5.0	2.2	2.0	0.5	1.7	2.5	7.2
Dividend	DKK	-	-	-	-	-	-	-	3.5
Return	%	-	-	-	-	-	-	-	-23
Price/earnings *)		-	-	-	-	-	-	-	7

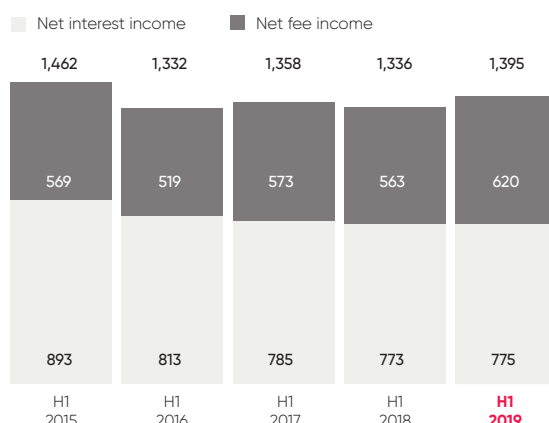
*) Financial ratios have been calculated as if the additional tier 1 (AT1) capital were treated as a liability for accounting purposes, which means that the calculation of the financial ratio has been based on the shareholders' share of profit and equity. The shareholders' share of profit and equity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

Management commentary on H1 2019

Spar Nord achieved a profit after tax of DKK 546 million in H1 2019, which corresponds to an annualised return on equity of 12.4%. Management considers the performance highly satisfactory.

Core income amounted to DKK 1,687 million, which was DKK 36 million, or 2%, less than in the year-earlier period, when positive non-recurring items contributed more than DKK 250 million.

Net interest income and net fee income (DKKm)



Strong growth in lending but continuing pressure on interest margins

Net interest income was DKK 775 million, against DKK 773 million in H1 2018.

In terms of volume, we recorded continued growth in bank and leasing loans, which at 30 June 2019 were DKK 2.5 billion (6%) higher than at year-end 2018 and DKK 3.8 billion (10%) higher than at the same time last year.

The reason why the fair volume growth did not translate into an increase in net interest income is that the overall interest rate margin has narrowed by 28 basis points since the same period of last year. Since the turn of the year the interest margin has fallen by 14 basis points, covering a fall in the lending margin of 19 basis points, which was partly offset by a fall in the deposit margin of 5 basis points. The continuing pressure on lending margins is driven by a combination of product mix effects (stronger growth in lower-margin products) and generally mounting competition.

Realised net interest income should be viewed in light of the fact that the financial statements for H1 2018 were affected by positive one-off items in the amount of DKK 15 million. Net interest income in H1 2019 was also affected by a change in accounting for fees, charges and commissions received, to the effect that a greater share of the Bank's loan transaction fees are now amortised. The change added DKK 10 million to net interest income in H1.

Net interest income rose from DKK 378 million to DKK 397 million from Q1 to Q2 as a result of the change in accounting for fee amortisation, one additional interest day and rising lending volumes.

Net fee income up 10%

Net fee income was DKK 620 million in H1 2019, against DKK 563 million in the same period of 2018. Net fee income thus accounted for 44% of total net interest and fee income in H1 2019 (H1 2018: 42%).

The highly satisfactory increase in net fee income was attributable not least to an exceptionally high level of activity in the mortgage credit area (remortgaging activity). Also adding to performance were positive developments in securities trading and asset management as well as continuing strong improvements in a number of other fee types (pension, insurance mediation, etc.) driven by Spar Nord's consistently growing market share.

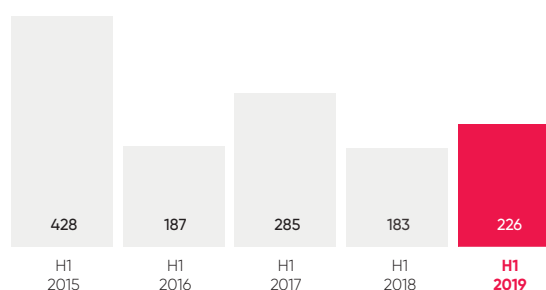
As was the case with net interest income, net fee income was affected by the change in accounting for fees, charges and commissions received. Had the change not been implemented, net fee income for the period would thus have been DKK 13 million higher.

From Q1 to Q2, net fee income fell from DKK 317 million to DKK 304 million, attributable in particular to the changed accounting for amortisation of fees. Spar Nord recorded significant growth in income from mortgage loans arranged and loan transaction fees, while earnings in the Trading Division were lower in Q2 than in Q1.

Highly satisfactory development in market value adjustments

Market value adjustments and dividends amounted to DKK 226 million, against DKK 183 million in the same period of 2018.

Market value adjustments and dividends (DKKm)



Realised market value adjustments of DKK 226 million should be seen in the light of a positive adjustment in H1 last year of Spar Nord's stake in BI Holding A/S, and against that background the figure is considered highly satisfactory.

Management commentary on H1 2019

Developments in market value adjustments are a reflection of very positive developments in earnings from the Bank's bond and equity portfolios, which owing to falling interest rates, contracting credit spreads and higher equity prices contribute income of DKK 100 million and DKK 20 million, respectively, more than in the same period of last year.

Market value adjustments and dividends in Q2 amounted to DKK 108 million, down from DKK 118 million in Q1. The decline was attributable to slightly lower earnings from the Bank's bond portfolio, but the level realised is nevertheless considered highly satisfactory.

Other income marked by one-off items

Other income amounted to DKK 66 million in H1 2019, against DKK 204 million in the same period of 2018.

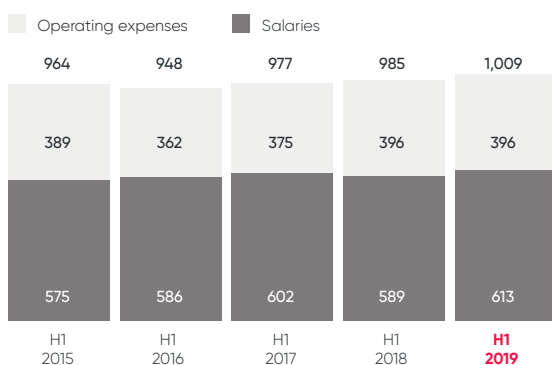
The change is due to the fact that in H1 2018 there was an income of DKK 154 million relating to the divestment of Valueinvest Asset Management, while in 2019 the Bank recorded decent income from its investment in Danske Andelskassers Bank, including a non-recurring income of DKK 16 million derived from the subscription price in connection with a capital increase in DAB.

Other income amounted to DKK 24 million in Q2, against DKK 42 million in Q1. The decline was due to a positive one-off effect in Q1 relating to the above-mentioned capital increase in Danske Andelskassers Bank.

Costs under structural pressure

The Group's total costs and expenses amounted to DKK 1,009 million, against DKK 985 million in the same period of 2018, which was in line with expectations.

Total costs
(DKKm)



Wages and salaries accounted for DKK 613 million of total costs and expenses. Realised payroll costs were DKK 24 million higher than in H1 2018.

The higher payroll costs were driven by pay rises under collective agreement, a higher payroll tax and the lack of one-off items that characterised payroll costs in 2018.

In addition, at 30 June 2019 Spar Nord employed 1,534 employees (FTEs), which was 7 more than at the same time last year.

Other operating expenses came to DKK 396 million, which is DKK 1 million higher than in H1 2018. The flat development is explained by lower costs in a number of areas, including IT and marketing, while costs were incurred in Q1 2019 for preparing the offer for Danske Andelskassers Bank.

The realised core income and costs corresponded to a Cost/Income Ratio of 0.60 (H1 2018: 0.57).

Costs were reduced from DKK 212 million to DKK 184 million from Q1 to Q2 as a result of the above-mentioned advisory costs in Q1 and lower marketing and IT expenses.

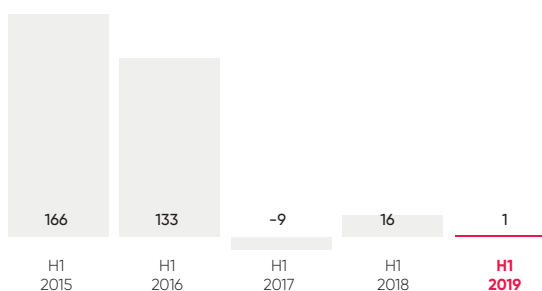
Loan impairments at a very low level

Loan impairments etc. was an expense of DKK 1 million in H1 2019, against DKK 16 million in H1 of last year.

The DKK 1 million impact on profits breaks down into DKK 1 million attributable to agricultural customers, DKK 0 million to other corporate customers, DKK 17 million to customers in the consumer loan business SparXpres and DKK -17 million to retail customers.

In Q2, loan impairments represented an income of DKK 9 million, while they were an expenses of DKK 10 million in Q1. The profit impact in Q2 2019 was positively influenced by a model change concerning the Bank's leasing loans (effect of approximately DKK 30 million).

Impairments
(DKKm)



Individual impairments (stage 3) at 30 June 2019 were DKK 1,438 million (year-end 2018: DKK 1,518 million), while stage 1 and 2 impairments totalled DKK 386 million (year-end 2018: DKK 376 million).

Management commentary on H1 2019

The Group's loans, advances and guarantees *) Breakdown by industry

Industry %	Loans and guarantees 31.12.18	30.06.19	Impairment account 30.06.19
Agriculture, hunting and forestry	5.5	5.2	27.0
Fisheries	0.2	0.2	0.1
Industry and raw materials extraction	5.2	5.4	4.3
Utilities	2.7	2.6	0.8
Construction and engineering	4.9	4.4	3.7
Trade	7.4	7.3	7.0
Transport, hotels and restaurants	4.0	4.0	8.0
Information and communication	0.4	0.4	0.3
Financing and insurance	6.4	5.9	6.2
Real property	11.2	12.1	10.4
Other corporate	6.6	6.1	6.4
Total commercial	54.8	53.7	74.2
Public authorities	0.1	1.3	0.0
Retail customers	45.1	45.0	25.8
Total	100.0	100.0	100.0

*) Excl. reverse repo transactions

Agricultural exposures by production line

30.06.19 DKKm/%	Loans and guarantees	Non-performing loans	Of which impaired	Share impaired
Cattle farmers	676	12	347	51.3
Pig farmers	568	32	250	44.1
Plant cultivation	635	18	93	14.6
Mink farmers	103	2	44	42.7
Leasing	604	0	17	2.8
Miscellaneous	388	0	22	5.7
Total	2,974	64	773	26.0

Agricultural impairments by production line

30.06.19 DKKm/%	Impairment account	Written off	Impairment for the year	Impairment ratio of exposure	Percentage impaired
Cattle farmers	231	0	12	34.1	66.5
Pig farmers	164	38	-8	28.9	65.6
Plant cultivation	50	61	-7	7.9	54.2
Mink farmers	26	2	-2	24.8	58.1
Leasing	4	0	8	0.7	26.5
Miscellaneous	18	0	-4	4.6	81.3
Total	493	101	-1	16.6	63.8

Profit before tax of DKK 677 million and net profit of DKK 546 million

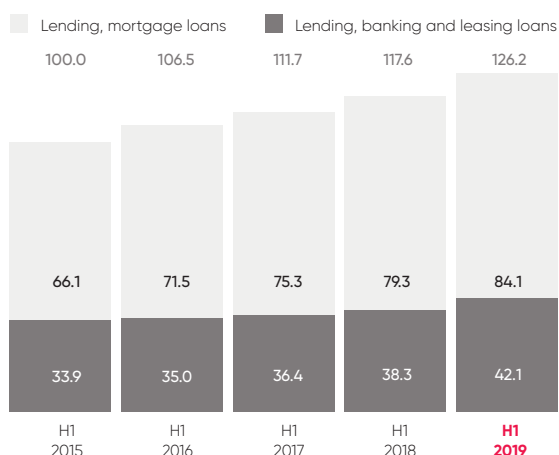
The profit before tax was DKK 677 million against DKK 722 million in H1 2018. The Group's effective tax rate was 19%, bringing the net profit to DKK 546 million.

Decent business volume growth

The Group's total business volume (deposits, loans, advances and guarantees, mortgage credits arranged and customers' custodianship accounts) amounted to DKK 257.8 billion at 30 June 2019, which was DKK 13.6 billion, or 6%, higher than at end-2018.

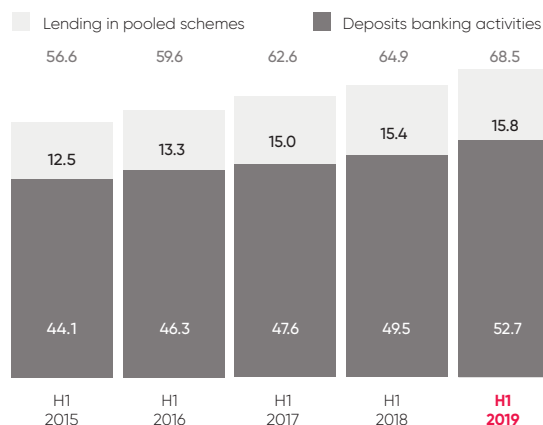
Compared with end-2018, bank and leasing loans rose DKK 2.5 billion, or 6%. The increase breaks down into DKK 1.7 billion for corporate customers (DKK 0.7 billion relating to public-sector customers), DKK 0.5 billion for leasing and DKK 0.3 billion for retail customers.

Total credits arranged (DKKbn)



In Q1 2019, the volume of mortgage loans arranged grew DKK 3.2 billion, or 4%, to DKK 84.1 billion. In total, the volume of mortgage loans arranged from Totalkredit, where Spar Nord is the largest loan arranger, amounted to DKK 72.7 billion and from DLR Kredit DKK 11.4 billion.

Total deposits (DKKbn)



Management commentary on H1 2019

Deposits, banking activities rose by DKK 1.9 billion, or 4%, to DKK 52.7 billion, while deposits in pooled schemes rose DKK 1.1 billion, or 7%, to DKK 15.8 billion. Lastly, customers' custodianship accounts increased by DKK 3.1 billion, or 7%, to DKK 49.2 billion.

Strategic liquidity of DKK 20.8 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)	30.06.19	31.03.19	31.12.18	30.09.18	30.06.18
Deposits, banking activities	52.7	51.0	50.8	49.0	49.5
Senior loans/ bond issues	0.0	0.0	0.0	0.0	0.0
Equity and subordinated debt	10.6	10.8	10.6	10.7	10.5
Liquidity procurement	63.3	61.8	61.3	59.7	60.0
Lending, banking and leasing activities	42.1	40.6	39.6	39.2	38.3
Maturity, senior issued bonds and subordinated debt with a term to maturity of less than 12 months	0.4	0.0	0.0	0.7	0.7
Total strategic liquidity	20.8	21.2	21.8	19.9	21.0

At the end June 2019, Spar Nord's strategic liquidity amounted to DKK 20.8 billion, down DKK 1.0 billion compared with end-2018. The primary reason for the fall is that lending rose by more than deposits.

Spar Nord's LCR ratio at 30 June 2019 was 137.

Common equity tier 1 capital ratio of 13.8% and own funds ratio of 17.6%

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 30 June 2019, the common equity tier 1 (CET1) ratio was 13.8%, while the own funds ratio was 17.6%. This should be viewed relative to the individual solvency need calculated by Spar Nord at 9.4% plus the 3.0% combined buffer requirement, as a result of which the total capital requirement is 12.4%. Thus, Spar Nord has an excess capital coverage of 5.3 percentage points, equal to DKK 3.0 billion.

The drop in the common equity tier 1 (CET1) capital ratio and the own funds ratio in spite of Spar Nord's highly satisfactory H1 financial performance was due, among other things, to the higher risk exposure that follows from the growth in loans, advances and guarantees. Moreover, own funds were adversely affected by an increase in investments in financial businesses, changed accounting for fees, charges and commissions and the change in IFRS 9 models described in the section on impairment above.

Minimum requirement for eligible liabilities

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

Spar Nord's MREL requirement has 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.

The MREL requirement will be phased in by 25% a year during the period from early 2019 to late 2022.

At 30 June 2019, Spar Nord's MREL requirement was calculated at 15.3%. On the basis of the buffer requirements currently in force, a fully phased-in MREL requirement will be 27.2%.

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 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.

MREL requirement

%	30.06.19	01.01.22
Solvency need	9.4	9.4
Capital conservation buffer requirement	2.5	2.5
SIFI buffer requirement	0.0	1.0
Countercyclical buffer requirement	0.5	1.5
Capital requirement	12.4	14.4
MREL add-on	3.0	12.9
Total MREL requirement	15.3	27.2

On the basis of Spar Nord's total risk exposure amount at 30 June 2019, the excess coverage with respect to the MREL requirement is calculated at DKK 1.3 billion, which equals an excess coverage of 2.3 percentage points. In other words, Spar Nord met the MREL requirement at 30 June 2019.

MREL requirement, excess coverage

DKKbn	30.06.19
Own funds	9,911
Non-preferred senior capital	0
Other non-MREL-eligible liabilities	0
Total MREL-eligible liabilities	9,911
MREL-eligible liabilities in %	17.6
MREL requirement in %	15.3
MREL requirement	8,609
Excess coverage	1,302
Excess coverage in percentage points	2.3

Management commentary on H1 2019

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 30 June 2019, Spar Nord remained comfortably within all threshold values in the Supervisory Authority Diamond Test Model. At 30 June 2019, Spar Nord could report the following values in respect of the defined reference points:

The Supervisory Authority Diamond Test Model

		Threshold values	30.06.19	30.06.18
Sum of large exposures	%	<175	84.6	79.1
Growth in lending	%	<20	9.8	5.8
Property exposure	%	<25	12.1	10.6
Funding ratio		<1	0.5	0.5
Liquidity benchmark	%	>100	135	187

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 – and on the release of the Q1 financial statements this guidance was upgraded to DKK 1.1-1.2 billion and DKK 750-850 million, respectively.

On the basis of the H1 financial statements and the outlook for the remainder of the year, in July Spar Nord upgraded its forecast of core earnings before impairment to DKK 1,150-1,250 million, while the net profit is now forecast at DKK 850-950 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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H1 2019:

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 30 June 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 and Parent Company's financial position at 30 June 2019 and of the results of the Group's and Parent Company's operations and the Group's cash flows for the period from 1 January to 30 June 2019.

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

Aalborg, 15 August 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

H1 2019

Income statement

Note	H1 2019 DKKm	H1 2018 DKKm	Q2 2019 DKKm	Q2 2018 DKKm	Full year 2018 DKKm	
	Interest income calculated under the effective interest method	802	815	409	404	1,632
	Other interest income	34	16	18	9	44
2.2	Interest income	836	831	427	413	1,676
2.3	Interest expenses	61	58	30	29	128
	Net interest income	775	773	397	384	1,548
2.4	Fees, charges and commissions received	707	640	346	309	1,285
	Fees, charges and commissions paid	87	77	42	36	158
2.5	Market value adjustments and dividends	226	183	108	64	268
2.6	Other income	66	204	24	184	247
2.7	Staff costs	613	589	306	313	1,152
2.8	Operating expenses	396	395	184	197	771
	Profit/loss before loan impairment charges (core earnings before impairments)	678	739	342	395	1,266
2.9	Impairment of loans, advances and receivables etc.	1	16	-9	39	173
	Profit/loss before tax	677	722	351	355	1,094
2.10	Tax	132	93	69	37	174
	Profit/loss for the year	546	630	283	319	920
<i>Appropriation:</i>						
	The shareholders of the Parent Company Spar Nord Bank A/S	521	605	270	306	871
	Holders of additional tier 1 capital instruments	24	24	12	12	49
	Profit/loss for the year	546	630	283	319	920
Earnings per share						
	Earnings per share (DKK)	4.3	5.0	2.2	2.5	7.2
	Diluted earnings per share (DKK)	4.3	5.0	2.2	2.5	7.2

Statement of comprehensive income

Profit/loss	546	630	283	319	920
Other comprehensive income					
Items that cannot be reclassified to the income statement					
Net revaluation of domicile property	1	1	1	0	9
Other comprehensive income after tax	1	1	1	0	9
Total comprehensive income	547	630	283	319	929
<i>Appropriation:</i>					
The shareholders of the Parent Company Spar Nord Bank A/S	523	606	271	307	880
Holders of additional tier 1 (AT1) capital instruments	24	24	12	12	49
Total comprehensive income	547	630	283	319	929

Balance sheet

Note	Assets	30.06.19 DKKm	31.12.18 DKKm	30.06.18 DKKm
	Cash balances and demand deposits with central banks	1,095	1,029	1,352
	Due from credit institutions and central banks	1,338	1,400	2,185
5.1.1+5.2.1	Loans, advances and other receivables at amortised cost	47,023	44,330	45,678
	Bonds at fair value	18,701	16,160	14,151
	Shares, etc.	1,783	1,768	1,738
	Investments in associates	392	333	64
	Assets linked to pooled schemes	15,825	14,772	15,352
	Intangible assets	176	178	180
	Land and buildings	779	683	662
	Other property, plant and equipment	118	127	125
	Current tax assets	189	130	172
	Temporary assets	5	9	9
3.1	Other assets	1,786	1,761	1,761
	Prepayments and deferred income	143	116	135
	Total assets	89,354	82,793	83,561
Equity and liabilities				
Liabilities				
	Due to credit institutions and central banks	4,956	2,466	3,624
3.2	Deposits and other payables	52,897	50,773	49,514
	Deposits, pooled schemes	15,825	14,772	15,352
	Other non-derivative financial liabilities at fair value	1,162	1,018	1,619
3.3	Other liabilities	3,545	2,838	2,675
	Prepayments and deferred income	49	20	48
	Deferred tax	161	173	139
	Provisions	152	160	108
4.4	Subordinated debt	1,320	1,332	1,522
	Total liabilities	80,068	73,552	74,601
Equity				
	Share capital	1,230	1,230	1,230
	Revaluation reserves	104	103	94
	Statutory reserves	45	0	0
	Proposed dividends	0	431	0
	Retained earnings	7,046	6,616	6,776
	Shareholders' equity	8,424	8,380	8,100
4.3	Holders of additional tier 1 capital instruments	862	861	860
	Total equity	9,286	9,241	8,960
	Total equity and liabilities	89,354	82,793	83,561

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
Equity at 30.06.19								
Equity at 31.12.18	1,230	103	0	431	6,616	8,380	861	9,241
Amortisation additional fees and commissions received	-	-	-	-	-40	-40	-	-40
Comprehensive income at 30.06.19								
Profit/loss for the period	-	-	42	-	479	521	24	546
Other comprehensive income								
Net revaluation of properties	-	1	-	-	-	1	-	1
Other comprehensive income, total	-	1	-	-	-	1	-	1
Total comprehensive income for the period	-	1	42	-	479	523	24	547
Transactions with owners								
Interest paid on additional tier 1 (AT1) capital	-	-	-	-	-	0	-24	-24
Dividends paid	-	-	-	-431	-	-431	-	-431
Dividends received, treasury shares	-	-	-	-	0	0	-	0
Disposal upon acquisition of treasury shares and additional tier 1 (AT1) capital	-	-	-	-	-153	-153	-	-153
Addition upon sale of treasury shares and additional tier 1 (AT1) capital	-	-	-	-	150	150	1	151
Other capital movements in associates	-	-	-6	-	-	-6	-	-6
Revaluation reserves, associates	-	-	22	-	-22	0	-	0
Dividends received from associates recognised at net asset value	-	-	-14	-	14	0	-	0
Total transactions with owners	-	-	3	-431	-11	-439	-23	-462
Equity at 30.06.19	1,230	104	45	0	7,046	8,424	862	9,286
Equity at 30.06.18								
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
Equity at 01.01.18	1,230	94	0	431	6,164	7,919	861	8,780
Comprehensive income at 30.06.18								
Profit/loss for the period	-	-	25	-	581	605	24	630
Other comprehensive income								
Net revaluation of properties	-	0	-	-	1	1	-	1
Other comprehensive income, total	-	0	-	-	1	1	-	1
Total comprehensive income for the period	-	0	25	-	582	606	24	630
Transactions with owners								
Interest paid on additional tier 1 (AT1) capital	-	-	-	-	-	-	-24	-24
Dividends paid	-	-	-	-431	-	-431	-	-431
Dividends received, treasury shares	-	-	-	-	0	0	-	0
Disposal upon acquisition of treasury shares and additional tier 1 (AT1) capital	-	-	-	-	-165	-165	-1	-166
Addition upon sale of treasury shares and additional tier 1 (AT1) capital	-	-	-	-	165	165	-	165
Revaluation reserves, associates	-	-	-23	-	23	0	-	0
Dividends received from associates recognised at net asset value	-	-	-2	-	2	0	-	0
Tax	-	-	-	-	5	5	-	5
Total transactions with owners	-	-	-25	-431	30	-425	-25	-450
Equity at 30.06.18	1,230	94	0	0	6,776	8,100	860	8,960

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.

H1 2019

Cash flow statement

Note	Operations	H1 2019 DKKm	H1 2018 DKKm	Full year 2018 DKKm
	Profit/loss before tax	677	722	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	42	30	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	-	-154	-155
	Adjustment of loan impairments etc.	-121	13	64
	Provisions	-8	12	64
	Income from investments in associates	-42	-25	-36
	Corporate income tax paid	-192	-155	-155
	Operating activities, total	357	442	928
	Working capital			
	Movement in credit institutions and central banks, net	2,515	1,664	562
	Movement in loans, advances and other receivables at amortised cost	-2,647	841	2,137
	Movement in bonds at fair value	-2,542	-3,313	-5,322
	Movement in equity portfolio	-16	-111	-141
	Movement in other assets and other liabilities, net	717	505	60
	Movement in deposits and other payables	2,124	671	1,930
	Working capital, total	151	257	-774
	Cash generated from operations, total	508	699	154
	Investments			
	Acquisition of associates and group enterprises	-37	-3	-266
	Sale of associates and group enterprises	0	244	247
	Acquisition of intangible assets	-1	0	-3
	Acquisition of property, plant and equipment	-28	-63	-113
	Sale of property, plant and equipment	17	6	22
	Dividends from associates and group enterprises	14	2	7
	Investing activities, total	-35	186	-106
	Financing			
4.4	Subordinated debt	-12	378	188
4.3	Additional tier 1 (AT1) capital included in equity	-23	-25	-49
	Dividends paid, excluding dividends on treasury shares	-430	-430	-430
	Acquisition of treasury shares	-153	-165	-295
	Sale of treasury shares	150	165	294
	Financing activities, total	-468	-77	-292
	Movements in cash and cash equivalents for the year	5	808	-244
	Cash and cash equivalents, beginning of year	2,428	2,672	2,672
	Movements in cash and cash equivalents for the year	5	808	-244
	Cash and cash equivalents, end of year	2,433	3,480	2,428
	Cash and cash equivalents, end of year			
	Cash, cash equivalents and demand deposits with central banks	1,095	1,352	1,029
	Due from credit institutions and central banks within less than 3 months	1,338	2,129	1,400
	Total	2,433	3,480	2,428

Basis of preparation

Note	Page
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Basis of preparation

§ 1.1 Accounting policies

1.1.1 Basis of preparation of the interim report

The interim report is presented in accordance with IAS 34, "Interim Financial Reporting", as adopted by the EU, and additional Danish disclosure requirements for interim reports. The application of IAS 34 means that the presentation is limited relative to the presentation of an annual report and that the recognition and measurement principles of the International Financial Reporting Standards (IFRS) have been applied.

Other than as set out below, the accounting policies are unchanged from those applied in Annual Report 2018.

Annual Report 2018 contains the full description of the accounting policies.

Figures in the interim report are presented in millions of Danish kroner, unless otherwise stated. Consequently, rounding differences may occur because grand totals are rounded and the underlying decimal places are not shown to the reader.

1.1.2 Accounting policy changes

Spar Nord has implemented the IFRS standards and interpretations taking effect in the EU for 2019.

Of these, only IFRS 16 Leasing and IAS 12 (annual improvement project to IFRS standards 2015-2017) have affected recognition and measurement in the interim report. See the section below.

1.1.3 Impact of implementation of IFRS 16 and IAS 12

IFRS 16 Leases

Spar Nord has opted to implement IFRS 16 by recognising the transitional effect in opening equity at 1 January 2019 without restating comparative figures.

In accordance with the transition provisions of IFRS 16, the standard will be implemented by 1) not recognising leases with a term of less than 12 months or low-value leases and 2) determining a discount rate to a portfolio of leases with similar characteristics.

Under the standard, all leases, regardless of type – with a few exceptions – must be recognised in the group's balance sheet as an asset under the item land and buildings with a corresponding lease liability under the item other liabilities.

The consolidated income statement will also be affected as the annual leasing expense under IFRS 16 will consist of two elements: a depreciation charge and an interest expense, unlike the previous rules of IAS 17 where annual expenses in respect of operating leases were recognised under operating expenses.

When assessing the future lease payments, Spar Nord has reviewed the operating leases and identified the lease payments that relate to a lease components and which are fixed or variable. Spar Nord has opted not to recognise payments relating to service components as part of the lease liability.

When assessing the expected lease term, Spar Nord has identified the non-cancellable lease term of the agreement plus periods comprised by an extension option, which management with reasonable probability expects to exercise.

For leases with respect to domicile property, Spar Nord has assessed that the expected lease term represents the non-cancellable lease term in the leases and an extension option on leases with short notice periods so that lease terms for the individual leases are at least three years.

With respect to property leases, in its portfolio Spar Nord only has properties used as domicile property from which the Bank pursues banking activities.

On discounting of the leases to the present value, Spar Nord has applied its alternative borrowing rate, which is the cost of raising external financing for a similar asset with a financing period equal to the term of the lease in the currency in which the lease payments are settled.

Impact of implementation of IFRS 16

The standard has no impact on the Group's lease activities in which Spar Nord is the lessor.

On implementation of IFRS 16, at 1 January 2019 Spar Nord recognised a lease asset in the amount of DKK 111 million and a lease liability of DKK 111 million. As a result, the equity impact is DKK 0 million.

Lease assets consist exclusively of properties which are depreciated on a straight-line basis over the expected lease term of 3-10 years.

When measuring the lease liability, the Group has applied an average alternative borrowing rate to discount future lease payments of 0.5% p.a.

The cash flow statement will not be affected by the amendment.

For a description of accounting policies at 1 January 2019, please see Spar Nord's annual report for 2018, note 1.1.2.

Section 1

Basis of preparation

IAS 12 Income Taxes

Effective 1 January 2019, Spar Nord implemented amendments to IAS 12 regarding income taxes, which is a part of the 2015-2017 improvement project.

The amendment concerns the accounting for any tax effects of dividends recognised as well as all tax implications of dividend distributions. The Standard has implied a change in the classification of any tax effects of interest on the Group's additional tier 1 (AT1) capital, which from 1 January 2019 is recognised in the income statement and not in equity as previously.

Any tax effects must be recognised at the time when the obligation to distribute dividends is recognised.

Impact of implementation of IAS 12

Subject to unchanged tax rules and unchanged hybrid core capital, the tax expense recognised in the income statement will be reduced by DKK 11 million, increasing profit for the year by the same amount. The tax effect which is no longer required to be recognised in equity will be reduced by a corresponding DKK 11 million, meaning that equity at 1 January 2019 and thereafter will not, as such, be affected by the policy change going forward.

The cash flow statement will not be affected by the amendment.

1.1.4 Changed accounting for fees, charges and commissions received

Spar Nord has carried out a detailed analysis of the accounting treatment of fees, charges and commissions received in direct association with the establishment of loans, etc. The purpose of the analysis was to assess whether such amounts can be recognised as income immediately or whether they should be recognised as an integral part of the effective rate of interest and, thus, be amortised over the term of the loan. The analysis shows that Spar Nord must amortise additional fees and charges that were previously recognised as income immediately.

At 1 January 2019, the cumulative effect after tax is recognised in equity in the amount of DKK 40 million.

As it has not been possible to calculate the effect at 1 January 2018 and for 2018 without employing disproportionately many resources, the comparative figures for 2018 and the financial highlights for previous periods have not been restated. Spar Nord assesses that the effect at 1 January 2018 would have been at the same level as at 1 January 2019 and the profit for 2018 and the effect on the financial highlights for 2018 and Q1 2019, including the changed classification between interest income and fee income, would have been insignificant.

1.2 Significant accounting estimates and judgments

Measuring certain assets and liabilities requires Management to make an estimate of how future events will affect the value of such assets and liabilities. Estimates considered material in presenting the financial statements are, among other things, those made when determining loan impairments, the fair values of unlisted financial instruments as well as provisions. The applied estimates are based on assumptions deemed reasonable by Management but which are inherently uncertain.

In the presentation of the condensed Interim Financial Statements, the critical judgments made by Management in the application of the Group's accounting policies, and the considerable uncertainty related thereto, are identical to those applying to the presentation of the Financial Statements at 31 December 2018.

Significant estimates related to classification and measurement of financial assets, including in particular Spar Nord's bond portfolio and shares in sector-related companies, concern the use of the fair value option.

Spar Nord applies the fair value option under IFRS 9 concerning shares and bonds, where returns are managed and reported consistently for all bonds on a daily, weekly and monthly basis irrespective of trading volume in the individual ISIN codes. Spar Nord's business model has not been changed, and Spar Nord continues to recognise and measure bonds and shares at fair value through profit or loss.

Section 2

Income statement

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Main items

Net interest income

DKK **775** million

H1 2018: DKK **773** million

Loan impairments

DKK **1** million

H1 2018: DKK **16** million

Net fee income

DKK **620** million

H1 2018: DKK **563** million

Profit before tax

DKK **677** million

H1 2018: DKK **722** million

Costs and expenses

DKK **1,009** million

H1 2018: DKK **985** million

Profit after tax

DKK **546** million

H1 2018: DKK **630** million

Profit before loan impairments

DKK **678** million

H1 2018: DKK **739** million

C/I ratio

0.60

H1 2018: **0.57**

Section 2

Income statement

2.1 Business segments

H1 2019

DKK m

Income statement

	Spar Nord's Local Banks	Trading Division	Other Areas	Core earnings *) and Group
Net interest income	707	36	31	775
Net fee income	616	2	2	620
Market value adjustments and dividends	89	122	16	226
Other income	11	0	54	66
Core income/revenue, total	1,424	160	103	1,687
Staff costs and operating expenses	794	28	187	1,009
Core earnings before impairment	630	132	-84	678
Impairment of loans, advances and receivables etc.	1	0	-1	1
Profit/loss before tax	629	132	-84	677

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

Balance sheet

	Spar Nord's Local Banks	Trading Division	Other Areas	Group Total
Loans, advances and other receivables at amortised cost	41,952	5,065	6	47,023
Investments in associates	0	0	392	392
Intangible assets and property, plant and equipment *)	234	0	839	1,073
Other assets **)	17,265	22,286	1,314	40,865
Total assets allocated	59,451	27,351	2,552	89,354
Deposits and other payables	51,741	603	553	52,897
Equity (allocated capital)	6,758	1,193	1,335	9,286
Other liabilities	16,302	6,748	4,121	27,171
Allocated equity and liabilities, total	74,801	8,544	6,008	89,354

Disclosures – income/revenue, total

Internal income/revenue	-72	46	289	263
Internal income and eliminations, offset against costs	0	-26	-237	-263
Income/revenue, external customers	1,496	141	51	1,687
Income/revenue, total	1,424	160	103	1,687

Financial ratios

Return on equity, % ***)	21.0	24.5	-	-
Cost share of core income	0.56	0.17	-	-
Total risk exposure amount, end of period	45,404	7,859	2,889	56,152
Number of employees (full-time equivalents, end of period)	1,023	66	445	1,534

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 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 5 million, of which DKK 4 million relates to the Group's leasing activities and DKK 1 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

H1 2018

DKKm	Spar Nord's Local Banks	Trading Division	Other Areas	Core earnings *) and Group
Income statement				
Net interest income	705	23	45	773
Net fee income	564	0	-1	563
Market value adjustments and dividends	171	-4	16	183
Other operating income	12	1	191	204
Core income/revenue, total	1,452	20	251	1,723
Staff costs and operating expenses	787	35	163	985
Core earnings before impairment	665	-15	88	739
Impairment of loans, advances and receivables etc.	16	1	-1	16
Profit/loss before tax	649	-16	89	722

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

	Spar Nord's Local Banks	Trading Division	Other Areas	Group Total
Balance sheet				
Loans, advances and other receivables at amortised cost	38,184	7,481	13	45,678
Investments in associates	0	0	64	64
Intangible assets and property, plant and equipment *)	249	0	718	967
Other assets **)	16,797	18,673	1,382	36,852
Total assets allocated	55,230	26,154	2,177	83,561
Deposits and other payables	48,593	380	541	49,514
Equity (allocated capital)	5,459	967	2,534	8,960
Other liabilities	15,833	5,830	3,424	25,087
Allocated equity and liabilities, total	69,885	7,177	6,499	83,561
Disclosures – income/revenue, total				
Internal income/revenue	-79	35	313	269
Internal income and eliminations, offset against costs	0	-23	-246	-269
Income/revenue, external customers	1,531	8	184	1,723
Income/revenue, total	1,452	20	251	1,723
Financial ratios				
Return on equity, % ***)	24.5	-3.5	-	-
Cost share of core income	0.54	1.73	-	-
Total risk exposure amount, end of period	41,991	7,435	2,067	51,493
Number of employees (full-time equivalents, end of period)	1,030	74	423	1,527

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 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 9 million, of which DKK 1 million relates to the Group's leasing activities and DKK 8 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

	H1 2019 DKKm	H1 2018 DKKm
Due from credit institutions and central banks	-1	2
Loans, advances and other receivables	757	782
Bonds	39	36
Foreign-exchange contracts	-3	4
Interest-rate contracts	-3	-23
Total derivatives	-6	-20
Other interest income	0	0
Total interest income after offsetting negative interest income	790	801
Negative interest income offset against interest income	15	18
Negative interest expenses offset against interest expenses	30	13
Total interest income before offsetting negative interest income	836	831

Of which, interest income from reverse repo transactions booked under

Due from credit institutions and central banks	-5	-3
Loans, advances and other receivables	-10	-14

Negative interest income amounts to DKK 15 million (30.06.2018: DKK 18 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

	H1 2019 DKKm	H1 2018 DKKm
Credit institutions and central banks	10	-1
Deposits and other payables	-13	9
Subordinated debt	17	18
Other interest expenses	1	1
Total interest expenses after offsetting negative interest expenses	15	28
Negative interest expenses offset against interest expenses	30	13
Negative interest income offset against interest income	15	18
Total interest expenses before offsetting negative interest expenses	61	58

Of which, interest expenses from repo transactions booked under

Credit institutions and central banks	-4	-5
Deposits and other payables	-1	0

Negative interest expenses amount to DKK 30 million (30.06.2018: DKK 13 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

	H1 2019 DKKm	H1 2018 DKKm
Securities trading and custody accounts	222	208
Payment services	82	83
Loan transaction fees	289	256
of which mortgage credit institutions	215	198
Guarantee commission	14	13
Other fees, charges and commissions	100	81
Total fees, charges and commissions received	707	640
Total fees, charges and commissions paid	87	77
Total net fees, charges and commissions received	620	563

Section 2

Income statement

2.5 Market value adjustments and dividends

	H1 2019 DKKm	H1 2018 DKKm
Other loans, advances and receivables at fair value	0	-2
Bonds	84	-7
Shares, etc.	46	131
Currency	28	27
Foreign exchange, interest, share, commodity and other contracts and derivatives	10	-11
Assets linked to pooled schemes	1,037	-228
Deposits, pooled schemes	-1,037	228
Total market value adjustments	168	138
Dividends on shares, etc.	58	45
Market value adjustments and dividends on shares, etc., total	226	183

2.6 Other income

	H1 2019 DKKm	H1 2018 DKKm
Payments under operating leases and other rental income	5	6
Other income	16	170
Operation of investment properties	3	3
Total other operating income	24	179
Income from investments in associates	42	25
Other income, total	66	204

2.7 Staff costs

	H1 2019 DKKm	H1 2018 DKKm
Salaries	493	471
Pensions	55	51
Social security costs	66	67
Total staff costs	613	589

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

Board of Directors

Number	9	9
Fixed pay	1.9	1.9
Pension	-	-
Total remuneration	1.9	1.9

Executive Board

Number	3	3
Base salary *)	6.1	6.0
- less fees received from directorships	0.5	0.5
The Bank's expense, base salary	5.7	5.5
Pension	0.9	0.9
Total remuneration earned and paid	6.6	6.4

*) 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	1,528	1,524
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Section 2

Income statement

2.8 Operating expenses

	H1 2019 DKKm	H1 2018 DKKm
IT costs	196	203
Marketing expenses	45	51
Cost of premises	27	40
Staff costs and travel expenses	29	27
Office expenses	8	11
Other administrative expenses	49	35
Operating expenses	354	366
Depreciation, amortisation and impairment	42	30
Total operating expenses	396	395

2.9 Impairment of loans, advances and receivables, etc.

	H1 2019 DKKm	H1 2018 DKKm
Impairments re. new exposures during the year, including new accounts to existing customers	154	133
Reversed impairments re. repaid accounts	-143	-92
Impairments during the year due to change in credit risk	30	-8
Impairments during the year due to model changes	-30	0
Loss without prior impairment	19	23
Amounts recovered on previously impaired receivables	-29	-40
Total impairment of loans and receivables etc.	1	16

See note 5.1.4 for an explanation of impairments and provision for losses on guarantees etc. at 30.06.2019.

2.10 Effective tax rate

	H1 2019 DKKm	H1 2018 DKKm
Current tax rate, %	22.0	22.0
Income from investments and market value adjustment of shares, %	-3.1	-10.1
Non-deductible expenses and non-taxable income, %	0.5	0.8
Adjustment of prior-year taxes, %	0.1	0.1
Total effective tax rate	19.4	12.8

Balance sheet

Note	Page
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3.4 Information on fair value of financial instruments	26

Main items

Lending, banking and leasing activities

DKK **42,096** million

31.12.2018: DKK **39,551** million

Deposits, banking activities

DKK **52,696** million

31.12.2018: DKK **50,773** million

Guarantees

DKK **13,867** million

31.12.2018: DKK **12,092** million

Deposits, pooled schemes

DKK **15,825** million

31.12.2018: DKK **14,772** million

Bonds at fair value

DKK **18,701** million

31.12.2018: DKK **16,160** million

Section 3

Balance sheet

3.1 Other assets

	30.06.19 DKKm	31.12.18 DKKm
Positive fair value of derivatives, etc.	976	862
Miscellaneous receivables	228	373
Interest and commissions receivable	51	44
Capital contribution to Bankernes EDB Central a.m.b.a.	500	445
Other assets	31	37
Total other assets	1,786	1,761

3.2 Deposits and other payables

	30.06.19 DKKm	31.12.18 DKKm
Repo transactions	201	0
Demand deposits	47,690	45,851
Subject to notice	1,424	1,418
Time deposits, excluding repo business	146	299
Special types of deposits	3,436	3,204
Total deposits and other payables	52,897	50,773

3.3 Other liabilities

	30.06.19 DKKm	31.12.18 DKKm
Miscellaneous payables	2,452	1,943
Negative fair value of derivatives, etc.	651	550
Interest and commissions payable	19	18
Other liabilities	423	327
Total other liabilities	3,545	2,838

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 30.06.19 DKKm	Fair value through profit or loss 30.06.19 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	1,095	0	1,029	0
Due from credit institutions and central banks	1,338	0	1,400	0
Loans, advances and other receivables at amortised cost	47,023	0	44,330	0
Bonds at fair value	0	18,701	0	16,160
Shares, etc.	0	1,783	0	1,768
Assets linked to pooled schemes	0	15,825	0	14,772
Positive fair value of derivatives	0	976	0	862
Total financial assets	49,456	37,285	46,758	33,560
Due to credit institutions and central banks	4,956	0	2,466	0
Deposits and other payables	52,897	0	50,773	0
Deposits, pooled schemes	0	15,825	0	14,772
Other non-derivative financial liabilities at fair value	0	1,162	0	1,018
Negative fair value of derivatives	0	651	0	550
Subordinated debt	1,320	0	1,332	0
Total financial liabilities	59,173	17,638	54,571	16,339

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

Day 1 gains

When valuing unlisted derivative instruments, the initial customer margin, etc. is amortised over the remaining term to maturity. At 30 June 2019, the customer margin, etc. not yet amortised amounted to DKK 74 million (2018: DKK 73 million).

In Day 1 gains, DKK 9 million (2018: DKK 9 million) was offset from CVA at 30 June 2019, which is the credit value component of derivatives.

Section 3

Balance sheet

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

	Quoted prices Level 1 DKKm	Observable inputs Level 2 DKKm	Non- Observable inputs Level 3 DKKm	Total DKKm
30.06.19				
Bonds at fair value	15,769	2,932	0	18,701
Shares, etc.	178	19	1,586	1,783
Assets linked to pooled schemes	13,316	2,149	360	15,825
Positive fair value of derivatives	0	974	2	976
Total financial assets	29,263	6,074	1,948	37,285
Deposits, pooled schemes	0	15,825	0	15,825
Other non-derivative financial liabilities at fair value	889	274	0	1,162
Negative fair value of derivatives	0	651	0	651
Total financial liabilities	889	16,750	0	17,638

	Quoted prices Level 1 DKKm	Observable inputs Level 2 DKKm	Non- Observable inputs Level 3 DKKm	Total DKKm
31.12.18				
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
Total financial assets	25,370	6,299	1,891	33,560
Deposits, 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
Total financial liabilities	969	15,370	0	16,339

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 from 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 30.06.19 DKKm	Other 30.06.19 DKKm	Fair value based on net asset value, cf. shareholders' agreements 31.12.18 DKKm	Other 31.12.18 DKKm
Equities	1,206	380	1,181	367
Assets linked to pooled schemes	-	360	-	330
Positive fair value of derivatives	-	2	-	13

Sensitivities

Change in the fair value of shares if the profit/loss of the companies change by 10% (annualised)	13	-	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)

	30.06.19 DKKm	31.12.18 DKKm
Carrying amount, beginning of period	1,891	1,719
Value adjustments through profit or loss	58	180
Market value adjustments in other comprehensive income	0	0
Purchase	14	33
Sale	16	75
Transferred to/from Level 3	0	35
Carrying amount, end of period	1,948	1,891
Value adjustments through profit or loss of assets held at the reporting date	58	176

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

Section 4

Capital

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4.4 Subordinated debt	31

Main items

Target:
Common equity tier 1 capital ratio

13.5%

31.12.2018: **13.0%**

Common equity tier 1 capital ratio

13.8%

31.12.2018: **14.0%**

Target:
Own funds ratio

17.5%

31.12.2018: **16.5%**

Own funds ratio

17.6%

31.12.2018: **18.0%**

Earnings per share for the period

DKK 4.3

30.06.2018: **DKK 5.0**

Section 4

Capital

4.1 Own funds

	30.06.19 DKKm	31.12.18 DKKm
Equity	9,286	9,241
Phasing in of IFRS 9	166	206
Additional tier 1 (AT1) capital included in equity	862	861
Proposed dividends	273	431
Intangible assets, incl. share recognised in investments in associates	145	146
Other primary deductions	49	48
Deduction – Holdings of insignificant CET1 instruments	322	376
Deduction – Holdings of significant CET1 instruments	24	35
Common equity tier 1 capital	7,776	7,549
Additional tier 1 (AT1) capital *)	843	843
Other deductions	5	5
Tier 1 capital	8,615	8,387
Subordinated debt, excl. additional tier 1 (AT1) capital *)	1,303	1,314
Other deductions	7	10
Total capital	9,911	9,691
Weighted risk exposure amount, credit risk etc.	46,327	44,029
Weighted risk exposure amount, market risk	4,270	4,125
Weighted risk exposure amount, operational risk	5,555	5,705
Total risk exposure amount	56,152	53,858
Common equity tier 1 capital ratio	13.8	14.0
Tier 1 capital ratio	15.3	15.6
Own funds ratio	17.6	18.0

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

4.2 Treasury share portfolio

	30.06.19	31.12.18
Number of shares	84,900	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	30.06.19 DKKm	31.12.18 DKKm
DKK	a	400	6.052%	2015	Perpetual	399	413
DKK	b	450	5.50%	2016	Perpetual	463	449
Additional tier 1 (AT1) capital issued under CRR, total						862	861

a Issued on 10.06.2015, with an option of early redemption as from 10.06.2020. The loan carries interest at a rate of 6.052% p.a. until 10.06.2020, after which date interest will be fixed at CIBOR6 + a 5.40% margin.

b Issued on 06.12.2016, with an option of early redemption as from 06.12.2021. The loan carries interest at a rate of 5.50% p.a. until 06.12.2021, 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

	30.06.19 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	-24	-49
Total cash flows for the period	-23	-49

Section 4

Capital

4.4 Subordinated debt

Supplementary capital contributions

Currency	Note	Principal DKKm	Interest rate	Received	Maturity	30.06.19 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	423	434
Supplementary capital contributions, total						1,321	1,332
Portfolio of own bonds relating to subordinated debt						-1	0
Total subordinated debt						1,320	1,332

- 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

	30.06.19 DKKm	31.12.18 DKKm
Beginning of period	1,332	1,144
Movement during the period		
New loans	-	900
Redeemed	-	-700
Change in exchange rate adjustments	-12	-18
Change in interest rate hedging	-	-
Change in amortised costs	0	-1
Change in portfolio of own bonds	-1	7
Total cash flows for the year	-12	188
Carrying amount, end of period	1,320	1,332

Section 5

Credit risk

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Main items

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

DKK **57,709** 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 **1,824** million

31.12.2018: DKK **1,945** million

Impairment of loans, advances and receivables etc.

DKK **1** million

30.06.2018: DKK **16** million

Section 5

Credit risk

5.1 Exposures and impairments etc. 30.06.19

5.1.1. 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	48,699	1,676	47,023	9
Due from credit institutions and central banks	1,339	1	1,338	0
Guarantees	13,937	70	13,867	-10
Unutilised credit lines and loan commitments	23,534	78	23,456	2
Total	87,509	1,824	85,684	1

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	147	184	1,345	1,676
Due from credit institutions and central banks	1	0	0	1
Guarantees	16	6	48	70
Unutilised credit lines and loan commitments	10	23	45	78
Impairments and provisions by stages, total	174	213	1,438	1,824

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	39,452	6,338	2,909	48,699
Due from credit institutions and central banks	1,339	0	0	1,339
Guarantees	13,050	585	302	13,937
Unutilised credit lines and loan commitments	22,018	1,363	153	23,534
Exposures before impairments and provisions by stages, total	75,858	8,287	3,364	87,509

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	106	308	1,531	1,945	-
Impairments re. new exposures during the year, including new accounts to existing customers	31	48	76	154	154
Reversed impairments re. repaid accounts	-12	-25	-106	-143	-143
Change in impairments at 1 January, transfer to/from stage 1	152	-135	-18	-	-
Change in impairments at 1 January, transfer to/from stage 2	-14	29	-15	-	-
Change in impairments at 1 January, transfer to/from stage 3	-2	-7	9	-	-
Impairments during the year due to change in credit risk	-88	25	93	30	30
Impairments during the year due to model changes	0	-30	0	-30	-30
Previously impaired, now finally lost	0	0	-149	-149	-
Other movements (interest rate correction etc.)	0	0	18	18	-
Loss without prior impairment	-	-	-	-	19
Amounts recovered on previously impaired receivables	-	-	-	-	-29
Impairments and provisions for losses, total	174	213	1,438	1,824	1

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.

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

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.

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	44,330	107
Due from credit institutions and central banks	1,400	0	1,400	0
Guarantees	12,172	80	12,092	12
Unutilised credit lines and loan commitments	22,327	76	22,251	55
Total	82,018	1,945	80,073	173

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	1,789
Due from credit institutions and central banks	0	0	0	0
Guarantees	14	6	60	80
Unutilised credit lines and loan commitments	4	4	69	76
Impairments and provisions by stages, total	106	308	1,531	1,945

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	46,118
Due from credit institutions and central banks	1,400	0	0	1,400
Guarantees	11,028	772	373	12,172
Unutilised credit lines and loan commitments	19,970	2,180	178	22,327
Exposures before impairments and provisions by stages, total	63,170	15,052	3,796	82,018

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".

5.2.4 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 1 January 2018 under IFRS 9	96	291	1,494	1,881	-
Impairments re. new exposures during the year, including new accounts to existing customers	43	39	142	224	224
Reversed impairments re. repaid accounts	-18	-35	-96	-149	-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	96	96
Previously impaired, now finally lost	0	0	-139	-139	-
Other movements (interest rate correction etc.)	0	0	33	33	-
Loss without prior impairment	-	-	-	-	80
Amounts recovered on previously impaired receivables	-	-	-	-	-77
Impairments and provisions for losses, total	106	308	1,531	1,945	173

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:

	30.06.19 DKKm	31.12.18 DKKm
Deposits, clearing	123	169
Collateral provided for the market value of derivatives transactions	393	296
Positive market value of derivative contracts subject to netting	200	193
Collateral provided as part of repo transactions	4,074	1,526
Total collateral	4,791	2,184

6.2 Contingent assets

	30.06.19 DKKm	31.12.18 DKKm
Unrecognised deferred tax assets	15	15

6.3 Contingent liabilities

	30.06.19 DKKm	31.12.18 DKKm
Guarantees	13,867	12,092
Other binding commitments	500	551
Total contingent liabilities	14,367	12,643

Guarantees

Financial guarantees	5,144	4,184
Loss guarantees for mortgage loans	5,336	5,388
Registration and refinancing guarantees	2,611	1,708
Other contingent liabilities	777	812
Total guarantees	13,867	12,092

Reference is made to note 2.7 in Annual Report 2018 regarding the Executive Board's notice of termination and the associated compensation.

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 30.06.2019 and 31.12.2018. The corporate income tax receivable within the group of jointly taxed companies amounted to DKK 189 million at 30.06.2019 (31.12.2018: 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 30 June 2019 amounted to DKK 3 million (30 June 2018: DKK 4 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

	30.06.19 DKKm	31.12.18 DKKm
Data-processing centre	500	452
Lease liabilities, Spar Nord as lessee	0	98
Other binding commitments, total	500	551

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 31.12.2018, 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 01.01.2019, see note 1.1.2 to Annual Report 2018.

6.5 Group overview

6.5 Group overview

	Activities	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	-
Subsidiary					
Aktieselskabet Skelagervej 15, Aalborg	Real property	27	317	14	100

*) According to the most recent annual report.

6.6 Ownership at 30.06.19

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.

6.8 Events after the balance sheet date

On 14 August 2019, the sale of 75% of the shares in Sparinvest Holdings SE to the Nykredit Group was approved by CSSF and the Danish competition authorities. At 30 June 2019, the sale was still subject to regulatory approvals required for the transaction from the financial supervisory authorities in Luxembourg (CSSF) and the Danish competition authorities.

As a result, the transaction is expected to be completed on 30 August 2019.

Section 6

Other notes

6.7 Performance indicators and financial ratios

The Danish FSAs layout and ratio system

5-year overview

Performance indicators

DKKm	H1 2019	H1 2018	Change in %	H1 2019	H1 2018	H1 2017	H1 2016	H1 2015	Full year 2018
Income statement									
Net interest and fee income	1,453	1,381	5	1,453	1,381	1,404	1,409	1,540	2,730
Value adjustments	168	138	22	168	138	267	138	374	214
Staff costs and administrative expenses	963	951	1	963	951	945	909	929	1,859
Impairment of loans, advances and receivables etc.	1	16	-96	1	16	19	162	188	173
Income from investments in associates	42	25	70	42	25	20	15	13	36
Profit/loss for the period	546	630	-13	546	630	575	383	632	920
Balance sheet									
Loans and advances	47,023	45,678	3	47,023	45,678	42,407	38,531	34,413	44,330
Equity	9,286	8,960	4	9,286	8,960	8,565	7,799	7,618	9,241
Total assets	89,354	83,561	7	89,354	83,561	79,595	77,476	77,832	82,793

Financial ratios

Own funds									
Own funds ratio *)	17.6	18.9		17.6	18.9	16.9	16.8	16.3	18.0
Tier 1 capital ratio *)	15.3	16.0		15.3	16.0	14.8	14.7	14.2	15.6
Earnings									
Return on equity before tax	%	7.3	8.1	7.3	8.1	8.4	6.0	10.1	12.1
Return on equity after tax	%	5.9	7.1	5.9	7.1	6.7	4.9	8.6	10.2
Income/cost ratio		1.67	1.72	1.67	1.72	1.72	1.42	1.62	1.52
Return on assets	%	0.6	0.8	0.6	0.8	0.7	0.5	0.8	1.1
Market risk and liquidity									
Interest rate risk	%	1.0	0.8	1.0	0.8	0.2	0.7	0.6	0.2
Foreign exchange position	%	1.1	1.3	1.1	1.3	3.9	3.0	3.8	1.4
Foreign exchange risk	%	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Liquidity Coverage Ratio (LCR)	%	137	176	137	176	-	-	-	174
Excess coverage relative to statutory liquidity requirement	%	-	323.0	-	323.0	321.3	283.1	268.0	-
Loans and advances as % of deposits	%	68.4	70.4	68.4	70.4	67.5	64.6	60.8	67.6
Credit risk									
Loans and advances relative to equity		5.1	5.1	5.1	5.1	5.0	4.9	4.5	4.8
Increase in loans and advances for the period	%	6.4	3.5	6.4	3.5	3.6	3.3	-4.4	6.7
Sum of large exposures	%	84.6	79.1	84.6	79.1	17.5	15.9	16.6	79.2
Impairment ratio for the year		0.0	0.0	0.0	0.0	0.0	0.3	0.4	0.2

The Spar Nord Bank share

DKK per share of DKK 10

Profit/loss for the period	4.4	5.1	4.4	5.1	4.7	3.1	5.0	7.5
Net asset value (NAV)	69	66	69	66	63	60	58	68
Dividend	-	-	-	-	-	-	2.0	3.5
Share price/profit/loss for the period	13.2	13.3	13.2	13.3	18.1	17.4	14.8	6.9
Share price/NAV	0.8	1.0	0.8	1.0	1.3	0.9	1.3	0.8

*) Own funds for H1 2017 is exclusive of recognition of profit/loss for the period.

Parent company

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Parent Company

Income statement

Note		H1 2019 DKKm	H1 2018 DKKm
7.3	Interest income	836	831
7.4	Interest expenses	61	58
	Net interest income	775	773
	Dividends on shares, etc.	58	45
7.5	Fees, charges and commissions received	707	640
	Fees, charges and commissions paid	87	77
	Net interest and fee income	1,453	1,381
7.6	Value adjustments	168	138
	Other operating income	20	175
7.7	Staff costs and administrative expenses	966	953
	Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	41	29
	Other operating expenses	4	4
	Income from investments in associates and group enterprises	48	30
7.8	Impairment of loans, advances and receivables etc.	1	16
	Profit/loss before tax	677	722
	Tax	130	91
	Profit/loss for the year	547	630
<i>Appropriation:</i>			
	The shareholders of the Parent Company Spar Nord Bank A/S	523	606
	Holders of additional tier 1 capital instruments	24	24
	Profit/loss for the year	547	630

Statement of comprehensive income

Profit/loss for the period	547	630
Other comprehensive income		
Items that cannot be reclassified to the income statement		
Net revaluation of domicile property	-	-
Other comprehensive income after tax	-	-
Total comprehensive income	547	630
<i>Appropriation:</i>		
The shareholders of the Parent Company Spar Nord Bank A/S	523	606
Holders of additional tier 1 (AT1) capital instruments	24	24
Total comprehensive income	547	630

Balance sheet – Parent Company

Note		30.06.19 DKKm	31.12.18 DKKm	30.06.18 DKKm
	Assets			
	Cash balances and demand deposits with central banks	1,095	1,029	1,352
	Due from credit institutions and central banks	1,338	1,400	2,184
	Loans, advances and other receivables at amortised cost	47,023	44,330	45,678
	Bonds at fair value	18,701	16,160	14,151
	Shares, etc.	1,783	1,768	1,738
	Investments in associates	392	333	64
	Investments in group enterprises	322	317	307
	Assets linked to pooled schemes	15,825	14,772	15,352
	Intangible assets	176	178	180
	Investment properties	70	70	70
	Corporate properties	514	418	411
	Land and buildings, total	584	489	481
	Other property, plant and equipment	118	127	125
	Current tax assets	193	132	177
	Temporary assets	5	9	9
	Other assets	1,779	1,754	1,754
	Prepayments and deferred income	146	121	138
	Total assets	89,482	82,917	83,690
	Equity and liabilities			
	Payables			
	Due to credit institutions and central banks	4,956	2,466	3,624
79	Deposits and other payables	53,027	50,897	49,642
	Deposits, pooled schemes	15,825	14,772	15,352
	Other non-derivative financial liabilities at fair value	1,162	1,018	1,619
	Other liabilities	3,542	2,837	2,675
	Prepayments and deferred income	49	20	48
	Total payables	78,562	72,010	72,959
	Provisions			
	Provisions for deferred tax	161	173	140
	Provision for losses on guarantees	70	80	74
	Other provisions	83	81	34
	Total provisions	314	334	248
	Subordinated debt			
	Subordinated debt	1,320	1,332	1,522
	Total liabilities	80,196	73,676	74,729
	Equity			
	Share capital	1,230	1,230	1,230
	Revaluation reserves	97	97	89
	Statutory reserves	-	-	-
	Proposed dividend	-	431	-
	Retained earnings	7,097	6,622	6,781
	Shareholders' equity	8,424	8,380	8,100
	Holders of additional tier 1 capital instruments	862	861	860
	Total equity	9,286	9,241	8,960
	Total equity and liabilities	89,482	82,917	83,690
	Off-balance sheet items			
	Contingent assets	13	13	13
710	Contingent liabilities	13,867	12,092	12,095
711	Other binding commitments	500	578	584

Capital position

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
Equity at 30.06.19								
Equity at 31.12.18	1,230	97	0	431	6,622	8,380	861	9,241
Amortisation additional fees, charges and commissions received	-	-	-	-	-40	-40	-	-40
Comprehensive income at 30.06.19								
Profit/loss for the period	-	-	48	-	475	523	24	547
Other comprehensive income								
Net revaluation of properties	-	-	-	-	-	-	-	-
Other comprehensive income, total	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	48	-	475	523	24	547
Transactions with owners								
Interest paid on additional tier 1 (AT1) capital	-	-	-	-	-	-	-24	-24
Dividends paid	-	-	-	-431	-	-431	-	-431
Dividends received, treasury shares	-	-	-	-	0	0	-	0
Disposal upon acquisition of treasury shares and additional tier 1 (AT1) capital	-	-	-	-	-153	-153	-	-153
Addition upon sale of treasury shares and additional tier 1 (AT1) capital	-	-	-	-	150	150	1	151
Dissolution of revaluation reserves in group enterprises	-	-	-6	-	6	0	-	0
Other capital movements in associates	-	-	-6	-	-	-6	-	-6
Revaluation reserves, associates	-	-	-23	-	23	0	-	0
Dividends received from associates recognised at net asset value	-	-	-14	-	14	0	-	0
Total transactions with owners	-	-	-48	-431	40	-439	-23	-462
Equity at 30.06.19	1,230	97	0	0	7,097	8,424	862	9,286
Equity at 30.06.18								
Equity at 31.12.17	1,230	90	0	431	6,364	8,114	861	8,975
Change in accounting policies, IFRS 9. See note 1.1	-	-	-	-	-195	-195	-	-195
Equity at 01.01.18	1,230	90	0	431	6,169	7,919	861	8,780
Comprehensive income at 30.06.18								
Profit/loss for the period	-	-	30	-	576	606	24	630
Other comprehensive income								
Net revaluation of properties	-	-1	-	-	1	0	-	0
Other comprehensive income, total	-	-1	-	-	1	0	-	0
Total comprehensive income for the period	-	-1	30	-	577	606	24	630
Transactions with owners								
Interest paid on additional tier 1 (AT1) capital	-	-	-	-	-	-	-24	-24
Dividends paid	-	-	-	-431	-	-431	-	-431
Dividends received, treasury shares	-	-	-	-	0	0	-	0
Disposal upon acquisition of treasury shares and additional tier 1 (AT1) capital	-	-	-	-	-165	-165	-1	-166
Addition upon sale of treasury shares and additional tier 1 (AT1) capital	-	-	-	-	165	165	-	165
Dissolution of revaluation reserves in group enterprises	-	-	95	-	-95	0	-	0
Revaluation reserves, associates	-	-	-23	-	23	0	-	0
Dividends received from group enterprises	-	-	-100	-	100	0	-	0
Dividends received from associates recognised at net asset value	-	-	-2	-	2	0	-	0
Tax	-	-	-	-	5	5	-	5
Total transactions with owners	-	-	-30	-431	36	-425	-25	-450
Equity at 30.06.18	1,230	89	0	0	6,781	8,100	860	8,960

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

Parent company

Capital position

Statement of changes in equity

Treasury share portfolio	30.06.19	31.12.18
Number of shares	84,900	37,565
Percentage of share capital	0.1	0.0
Total capital	30.06.19	31.12.18
Equity	9,286	9,241
Phasing in of IFRS 9	166	206
Additional tier 1 (AT1) capital included in equity	862	861
Proposed dividends	273	431
Intangible assets, incl. share recognised in investments in associates	145	146
Other primary deductions	49	48
Deduction – Holdings of insignificant CET1 instruments	322	376
Deduction – Holdings of significant CET1 instruments	24	35
Common equity tier 1 capital	7,776	7,549
Additional tier 1 (AT1) capital *)	843	843
Other deductions	5	5
Tier 1 Capital	8,615	8,387
Subordinated debt, excl. Additional Tier 1 (AT1) capital *)	1,303	1,314
Other deductions	7	10
Total capital	9,911	9,691
Weighted risk exposure amount, credit risk etc.	46,450	44,155
Weighted risk exposure amount, market risk	4,270	4,125
Weighted risk exposure amount, operational risk	5,519	5,639
Total risk exposure amount	56,240	53,919
Common equity tier 1 capital ratio	13.8	14.0
Tier 1 capital ratio	15.3	15.6
Own funds ratio	17.6	18.0

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

Notes – Parent Company

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Notes – Parent Company

7.1 Accounting policies

The interim report is presented in accordance with IAS 34, "Interim Financial Reporting", as adopted by the EU, and additional Danish disclosure requirements for interim reports. The application of IAS 34 means that the presentation is limited relative to the presentation of an annual report and that the recognition and measurement principles of the International Financial Reporting Standards (IFRS) have been applied.

Other than as set out below, the accounting policies are unchanged from those applied in Annual Report 2018.

Annual Report 2018 contains the full description of the accounting policies.

Figures in the interim report are presented in millions of Danish kroner, unless otherwise stated. Consequently, rounding differences may occur because grand totals are rounded and the underlying decimal places are not shown to the reader.

The difference between the equity and profit or loss in the Group and in the Parent Company is due to properties being classified as investment properties in subsidiaries and as domicile properties in the Group. The difference consists of net depreciation and impairment on such properties; see below:

	Profit/loss		Equity	
	H1 2019 DKKm	H1 2018 DKKm	H1 2019 DKKm	H1 2018 DKKm
Spar Nord Bank Group	546	630	9,286	8,960
Depreciation, domicile property	1	1	0	0
Spar Nord Bank, Parent Company	547	630	9,286	8,960

7.2 Accounting policy changes

Spar Nord has implemented the IFRS standards and interpretations taking effect in the EU for 2019.

Of these, only IFRS 16 Leasing and IAS 12 (annual improvement project to IFRS standards 2015–2017) have affected recognition and measurement in the interim report. See the section below.

For a description of the effect in connection with the implementation of IFRS 16 and IAS 12 at 1 January 2019, please see the Group's accounting policies in note 1.

Reference is also made to note 1.1.4 in the consolidated financial statements for a description of the changed accounting for fees, charges and commissions received.

Section 7

Notes to the income statement Parent Company

7.3 Interest income

	H1 2019 DKKm	H1 2018 DKKm
Due from credit institutions and central banks	-1	2
Loans, advances and other receivables	757	782
Bonds	39	36
Foreign-exchange contracts	-3	4
Interest-rate contracts	-3	-23
Total derivatives	-6	-20
Other interest income	0	0
Total interest income after offsetting negative interest income	790	801
Negative interest income offset against interest income	15	18
Negative interest expenses offset against interest expenses	30	13
Total interest income before offsetting negative interest income	836	831

Of which, income from genuine reverse repo transactions booked under

Due from credit institutions and central banks	-5	-3
Loans, advances and other receivables	-10	-14

Negative interest income amounts to DKK 15 million (30.06.2018: DKK 18 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.

7.4 Interest expenses

	H1 2019 DKKm	H1 2018 DKKm
Credit institutions and central banks	10	-1
Deposits and other payables	-13	9
Subordinated debt	17	18
Other interest expenses	1	1
Total interest expenses after offsetting negative interest expenses	15	28
Negative interest expenses offset against interest expenses	30	13
Negative interest income offset against interest income	15	18
Total interest expenses before offsetting negative interest expenses	61	58

Of which, interest expenses from genuine repo transactions booked under

Due to credit institutions and central banks	-4	-5
Deposits and other payables	-1	0

Negative interest expenses amount to DKK 30 million (30.06.2018: DKK 13 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.

7.5 Fees, charges and commissions received

	H1 2019 DKKm	H1 2018 DKKm
Securities trading and custody accounts	222	208
Payment services	82	83
Loan transaction fees	289	256
- of which mortgage credit institutions	215	198
Guarantee commission	14	13
Other fees, charges and commissions	100	81
Total fees, charges and commissions received	707	640
Total fees, charges and commissions paid	87	77
Total net fees, charges and commissions received	620	563

Section 7

Notes to the income statement Parent Company

7.6 Market value adjustments

	H1 2019 DKKm	H1 2018 DKKm
Other loans, advances and receivables at fair value	0	-2
Bonds	84	-7
Shares, etc.	46	131
Currency	28	27
Foreign exchange, interest, share, commodity and other contracts and derivatives	10	-11
Assets linked to pooled schemes	1,037	-228
Deposits, pooled schemes	-1,037	228
Total market value adjustments	168	138

7.7 Staff costs and administrative expenses

	H1 2019 DKKm	H1 2018 DKKm
Staff costs	613	589
Administrative expenses	354	364
Total staff costs and administrative expenses	966	953
Salaries	493	471
Pensions	55	51
Social security costs	66	67
Total staff costs	613	589
Remuneration to members of the Board of Directors and Executive Board amounts to:		
Board of Directors	1.9	1.9
Executive Board	6.6	6.4
Total remuneration	8.5	8.4
Number of employees		
The average number of employees converted into full-time equivalents	1,528	1,524

7.8 Impairment of loans, advances and receivables, etc.

	H1 2019 DKKm	H1 2018 DKKm
Impairments re. new exposures during the year, including new accounts to existing customers	154	133
Reversed impairments re. repaid accounts	-143	-92
Impairments during the year due to change in credit risk	30	-8
Impairments during the year due to model changes	-30	0
Loss without prior impairment	19	23
Amounts recovered on previously impaired receivables	-29	-40
Total impairment of loans and receivables etc.	1	16

See note 7.12.4 for an explanation of impairments and provision for losses on guarantees etc. at 30.06.2019.

Section 7

Notes to the balance sheet Parent Company

7.9 Deposits and other payables

	30.06.19 DKKm	31.12.18 DKKm
Demand deposits	47,820	45,975
Subject to notice	1,424	1,418
Time deposits	346	299
Special types of deposits	3,436	3,204
Total	53,027	50,897
Repo transactions hereof	201	0

7.10 Contingent liabilities

	30.06.19 DKKm	31.12.18 DKKm
Financial guarantees	5,144	4,184
Loss guarantees for mortgage loans	5,336	5,388
Registration and refinancing guarantees	2,611	1,708
Other contingent liabilities	777	812
Total	13,867	12,092

7.11 Other binding commitments

Other binding commitments of DKK 500 million (2018: DKK 578 million incl. lease obligations) consist of the liability to pay a withdrawal fee on potential withdrawal from BEC.

See note 6.4 to the consolidated financial statements for a description hereof.

7.12 Exposures and impairments etc. 30.06.19

7.12.1 Summary, carrying amount of exposures

	Exposure before impairments DKKm	Impair- ments DKKm	Carrying amount DKKm	Recognised impairments etc. total DKKm
Loans and advances at amortised cost	48,699	1,676	47,023	9
Due from credit institutions and central banks	1,339	1	1,338	0
Guarantees	13,937	70	13,867	-10
Unutilised credit lines and loan commitments	23,534	78	23,456	2
Total	87,509	1,824	85,684	1

Section 7

Notes to the balance sheet Parent Company

7.12.2 Impairments and provisions by stages

	Stage 1 DKKm	Stage 2 DKKm	Stage 3 DKKm	Total DKKm
Loans and advances at amortised cost	147	184	1,345	1,676
Due from credit institutions and central banks	1	0	0	1
Guarantees	16	6	48	70
Unutilised credit lines and loan commitments	10	23	45	78
Impairments and provisions by stages, total	174	213	1,438	1,824

7.12.3 Exposures before impairments and provisions by stages

	Stage 1 DKKm	Stage 2 DKKm	Stage 3 DKKm	Total DKKm
Loans and advances at amortised cost	39,452	6,338	2,909	48,699
Due from credit institutions and central banks	1,339	0	0	1,339
Guarantees	13,050	585	302	13,937
Unutilised credit lines and loan commitments	22,018	1,363	153	23,534
Exposures before impairments and provisions by stages, total	75,858	8,287	3,364	87,509

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".

7.12.4 Impairments and provisions for losses

Analysis of changes in impairments for the period 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	106	308	1,531	1,945	-
Impairments re. new exposures during the year, including new accounts to existing customers	31	48	76	154	154
Reversed impairments re. repaid accounts	-12	-25	-106	-143	-143
Change in impairments at 1 January, transfer to/from stage 1	152	-135	-18	-	-
Change in impairments at 1 January, transfer to/from stage 2	-14	29	-15	-	-
Change in impairments at 1 January, transfer to/from stage 3	-2	-7	9	-	-
Impairments during the year due to change in credit risk	-88	25	93	30	30
Impairments during the year due to model changes	0	-30	0	-30	-30
Previously impaired, now finally lost	0	0	-149	-149	-
Other movements (interest rate correction etc.)	0	0	18	18	-
Loss without prior impairment	-	-	-	-	19
Amounts recovered on previously impaired receivables	-	-	-	-	-29
Impairments and provisions for losses, total	174	213	1,438	1,824	1

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.

7.13 Exposures and impairments etc. 31.12.18

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

7.13.1 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	44,330	107
Due from credit institutions and central banks	1,400	0	1,400	0
Guarantees	12,172	80	12,092	12
Unutilised credit lines and loan commitments	22,327	76	22,251	55
Total	82,018	1,945	80,073	173

7.13.2 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	1,789
Due from credit institutions and central banks	0	0	0	0
Guarantees	14	6	60	80
Unutilised credit lines and loan commitments	4	4	69	76
Impairments and provisions by stages, total	106	308	1,531	1,945

Section 7

Notes to the balance sheet Parent Company

7.13.3 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	46,118
Due from credit institutions and central banks	1,400	0	0	1,400
Guarantees	11,028	772	373	12,172
Unutilised credit lines and loan commitments	19,970	2,180	178	22,327
Exposures before impairments and provisions by stages, total	63,170	15,052	3,796	82,018

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".

7.13.4 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 1 January 2018 under IFRS 9	96	291	1,494	1,881	-
Impairments re. new exposures during the year, including new accounts to existing customers	43	39	142	224	224
Reversed impairments re. repaid accounts	-18	-35	-96	-149	-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	96	96
Previously impaired, now finally lost	0	0	-139	-139	-
Other movements (interest rate correction etc.)	0	0	33	33	-
Loss without prior impairment	-	-	-	-	80
Amounts recovered on previously impaired receivables	-	-	-	-	-77
Impairments and provisions for losses, total	106	308	1,531	1,945	173

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.

7.14 Credit risk policy

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

7.16 Events after the balance sheet date

On 14 August 2019, the sale of 75% of the shares in Sparinvest Holdings SE to the Nykredit Group was approved by CSSF and the Danish competition authorities. At 30 June 2019, the sale was still subject to regulatory approvals required for the transaction from the financial supervisory authorities in Luxembourg (CSSF) and the Danish competition authorities.

As a result, the transaction is expected to be completed on 30 August 2019.

Section 7

Notes to the balance sheet Parent Company

7.15 Performance indicators and financial ratios

The Danish FSAs layout and ratio system

5-year overview

Performance indicators

DKKm	H1 2019	H1 2018	Change in %	H1 2019	H1 2018	H1 2017	H1 2016	H1 2015	Full year 2018
Income statement									
Net interest and fee income	1,453	1,381	5	1,453	1,381	1,401	1,388	1,504	2,730
Value adjustments	168	138	21	168	138	266	115	374	214
Staff costs and administrative expenses	966	953	1	966	953	948	913	933	1,865
Impairment of loans, advances and receivables etc.	1	16	-96	1	16	19	162	188	173
Income from investments in associates and group enterprises	48	30	60	48	30	30	61	47	50
Profit/loss for the year	547	630	-13	547	630	576	383	633	921
Balance sheet									
Loans and advances	47,023	45,678	3	47,023	45,678	42,280	38,404	34,286	44,330
Equity	9,286	8,960	4	9,286	8,960	8,565	7,799	7,618	9,241
Total assets	89,482	83,690	7	89,482	83,690	79,686	78,632	80,941	82,917

Financial ratios

Own funds

Own funds ratio *)	17.6	18.9		17.6	18.9	16.9	16.5	16.1	18.0
Tier 1 capital ratio *)	15.3	16.0		15.3	16.0	14.8	14.4	14.0	15.6

Earnings

Return on equity before tax	%	7.3	8.1	7.3	8.1	8.4	5.9	10.0	12.1
Return on equity after tax	%	5.9	7.1	5.9	7.1	6.7	4.9	8.6	10.2
Income/cost ratio		1.67	1.72	1.67	1.72	1.72	1.42	1.61	1.52
Return on assets	%	0.6	0.8	0.6	0.8	0.7	0.5	0.8	1.1

Market risk and liquidity

Interest rate risk	%	1.0	0.8	1.0	0.8	0.2	0.7	0.3	0.2
Foreign exchange position	%	1.1	1.3	1.1	1.3	3.9	3.0	3.6	1.4
Foreign exchange risk	%	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Liquidity Coverage Ratio (LCR)	%	135	174	135	174	-	-	-	172
Excess coverage relative to statutory liquidity requirement	%	-	322.4	-	322.4	320.8	277.6	263.1	-
Loans and advances as % of deposits	%	68.3	70.3	68.3	70.3	67.2	63.1	59.4	67.5

Credit risk

Loans and advances relative to equity		5.1	5.1	5.1	5.1	4.9	4.9	4.5	4.8
Increase in loans and advances for the period	%	6.4	3.5	6.4	3.5	3.6	3.3	-4.4	6.7
Sum of large exposures	%	84.6	79.1	84.6	79.1	14.0	14.6	15.3	79.2
Impairment ratio for the year		0.0	0.0	0.0	0.0	0.0	0.3	0.4	0.2

The Spar Nord Bank share

DKK per share of DKK 10

Profit/loss for the period		4.4	5.1	4.4	5.1	4.7	3.1	5.0	7.5
Net asset value (NAV)		69	66	69	66	63	60	58	68
Dividend		-	-	-	-	-	-	2.0	3.5
Share price/profit/loss for the period		13.2	13.3	13.2	13.3	18.1	17.4	14.8	6.9
Share price/NAV		0.8	1.0	0.8	1.0	1.3	0.9	1.3	0.8

*) Own funds for H1 2017 is exclusive of recognition of profit/loss for the period.

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.

Spar Nord Bank A/S

Skelagervej 15
P.O. Box 162
9100 Aalborg, Denmark

Tel. +45 96 34 40 00
Fax + 45 96 34 45 60

www.sparnord.dk
sparnord@sparnord.dk

CVR no. 13 73 75 84