

**Net profit of DKK 876 million
and return on equity of
13.1%**

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On the basis of the Q1-Q3 financial statements and the outlook for the remainder of the year, in early October Spar Nord upgraded its forecast of core earnings before impairment to DKK 1,200-1,300 million, while the net profit is now forecast at DKK 925-1,025 million.

Performance indicators and financial ratios – Group

Core earnings – quarterly

Performance indicators

Income statement

DKKm	Q1-Q3 2019	Q1-Q3 2018	Change in %	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Full year 2018
Net interest income	1,177	1,159	2	402	397	378	390	386	1,548
Net fee income	935	856	9	315	304	317	271	293	1,127
Market value adjustments and dividends	312	260	20	86	108	118	8	77	268
Other income	135	220	-38	70	24	42	27	16	247
Core income	2,560	2,495	3	873	833	854	695	771	3,190
Staff costs	894	841	6	281	306	306	311	252	1,152
Operating expenses	581	576	1	185	184	212	195	181	771
Costs and expenses	1,475	1,418	4	466	491	518	506	433	1,924
Core earnings before impairment	1,085	1,077	1	407	342	336	189	338	1,266
Impairment of loans, advances and receivables etc.	10	67	-85	9	-9	10	106	50	173
Profit/loss before tax	1,075	1,011	6	397	351	326	83	288	1,094
Tax	198	162	23	67	69	63	12	69	174
Profit/loss for the year	876	849	3	331	283	263	71	219	920
Interest expenses for holders of additional tier 1 (AT1) capital	37	37	0	12	12	12	12	12	49

Balance sheet

DKKm									
Total assets	94,151	85,461	10	94,151	89,354	87,701	82,793	85,461	82,793
Loans and advances	48,982	46,636	5	48,982	47,023	45,249	44,330	46,636	44,330
Lending, banking and leasing activities	42,514	39,154	9	42,514	42,096	40,566	39,551	39,154	39,551
Lending, reverse repo transactions	6,468	7,482	-14	6,468	4,928	4,683	4,779	7,482	4,779
Deposits	69,239	64,704	7	69,239	68,722	66,648	65,545	64,704	65,545
Deposits, banking activities	52,874	49,007	8	52,874	52,696	50,959	50,773	49,007	50,773
Deposits, repo transactions	0	0	-	0	201	37	0	0	0
Deposits, pooled schemes	16,365	15,696	4	16,365	15,825	15,652	14,772	15,696	14,772
Subordinated debt	1,311	1,532	-14	1,311	1,320	1,327	1,332	1,532	1,332
Additional tier 1 (AT1) capital	874	875	0	874	862	874	861	875	861
Shareholders' equity	8,743	8,310	5	8,743	8,424	8,625	8,380	8,310	8,380
Guarantees	16,070	12,028	34	16,070	13,867	12,421	12,092	12,028	12,092
Total risk exposure amount	57,157	52,712	8	57,157	56,152	54,543	53,858	52,712	53,858
Tier 1 capital	8,787	8,361	5	8,787	8,615	8,606	8,387	8,361	8,387
Impairment account	1,525	1,871	-18	1,525	1,824	1,883	1,945	1,871	1,945
Contractual non-performing loans	337	415	-19	337	528	521	476	415	476
Business volume	264,242	244,710	8	264,242	257,780	250,245	244,159	244,710	244,159

Financial ratios

		Q1-Q3 2019	Q1-Q3 2018	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Full year 2018
Own funds									
Own funds ratio		17.6	18.7	17.6	17.6	18.2	18.0	18.7	18.0
Tier 1 capital ratio		15.4	15.9	15.4	15.3	15.8	15.6	15.9	15.6
Common equity tier 1 capital ratio		13.9	14.3	13.9	13.8	14.2	14.0	14.3	14.0
Earnings									
Return on equity before tax excl. additional tier 1 (AT1) capital *)	%	12.1	12.0	4.5	4.0	3.7	0.9	3.4	12.8
Return on equity after tax excl. additional tier 1 (AT1) capital *)	%	9.8	10.1	3.7	3.2	3.0	0.8	2.6	10.8
Cost share of core income	DKK	0.58	0.57	0.53	0.59	0.61	0.73	0.56	0.60
Cost share of core income - incl. loan impairments, etc.	DKK	0.58	0.59	0.54	0.58	0.62	0.88	0.63	0.66
Return on assets	%	0.9	1.0	0.4	0.3	0.3	0.1	0.3	1.1
Market risk and liquidity									
Interest rate risk	%	0.3	0.9	0.3	1.0	1.0	0.2	0.9	0.2
Foreign exchange position	%	1.1	1.5	1.1	1.1	1.3	1.4	1.5	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)	%	159	157	159	137	160	174	157	174
Bank and leasing loans relative to bank deposits	%	80.4	79.9	80.4	79.9	79.6	77.9	79.9	77.9
Credit risk									
Bank and leasing loans relative to shareholders' equity		4.9	4.7	4.9	5.0	4.7	4.7	4.7	4.7
Increase in loans and advances for the period	%	7.5	5.7	1.0	3.8	2.6	1.0	2.1	6.7
Sum of large exposures	%	82.0	74.4	82.0	84.6	76.1	79.2	74.4	79.2
Impairment ratio (%)		0.0	0.1	0.0	0.0	0.0	0.2	0.1	0.3
Employees and branches									
Number of employees (full-time equivalents, end of period)		1,539	1,523	1,539	1,534	1,531	1,518	1,523	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		62	60	62	58	58	52	60	52
Net asset value (NAV) *)		71	68	71	69	70	68	68	68
Profit/loss for the period *)		6.8	6.7	2.6	2.2	2.0	0.5	1.7	7.2
Dividend	DKK	-	-	-	-	-	-	-	3.5
Return	%	-	-	-	-	-	-	-	-23
Price/earnings *)		-	-	-	-	-	-	-	7

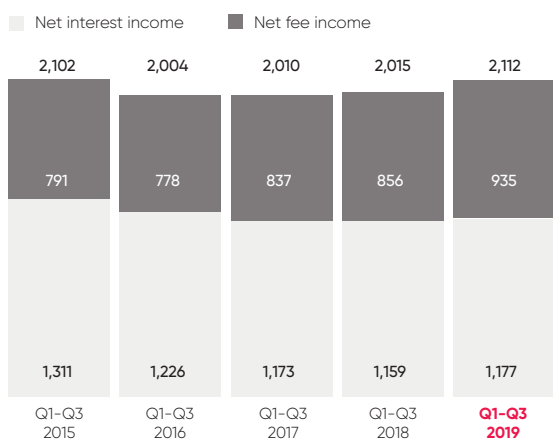
*) Financial ratios have been calculated as if the additional tier 1 (AT1) capital were treated as a liability for accounting purposes, which means that the calculation of the financial ratio has been based on the shareholders' share of profit and equity. The shareholders' share of profit and equity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

Management commentary on Q1-Q3 2019

Spar Nord achieved a profit after tax of DKK 876 million in Q1-Q3 2019, which corresponds to an annualised return on equity of 13.1%. Management considers the performance highly satisfactory.

Core income amounted to DKK 2,560 million, which is DKK 65 million, or 3%, higher than in the year-earlier period.

Net interest income and net fee income (DKKm)



Net interest income up 2%

Net interest income was DKK 1,177 million, against DKK 1,159 million in the year-earlier period.

Adding to this income was continued growth in lending volume with bank and leasing loans being DKK 3.0 billion (7%) higher at 30 September than at end-2018. In addition, a change in accounting for fees, charges and commissions received has the effect that a greater share of the Bank's loan transaction fees are now amortised (Q1-Q3: DKK 14 million).

A continuing drop in the interest rate margin detracted from performance. Since the turn of the year, the overall interest margin has fallen by 22 basis points, covering a fall in the lending margin of 29 basis points, which was partly offset by a fall in the deposit margin of 7 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.

From Q2 to Q3, net interest income rose from DKK 397 million to DKK 402 million, an increase driven by volume growth and one additional interest day.

In the coming quarters, Spar Nord expects:

- Continuing positive volume growth
- Continuing pressure on lending margin
- Price-side measures will begin to take effect (negative deposit rates)
- First interest rate expenses for MREL capital

Net fee income up 9%

Net fee income was DKK 935 million in Q1-Q3 2019, against DKK 856 million in the same period of 2018. Net fee income thus accounted for 44% of total net interest and fee income (Q1-Q3 2018: 42%).

The highly satisfactory increase in net fee income was predominantly attributable to an exceptionally high level of activity in the mortgage credit area, including a high level of remortgaging activity. Also adding to performance were positive developments in a number of other fee types (insurance, pension, etc.) driven by Spar Nord's consistently growing market share.

Detracting from performance was a reduction in income from asset management services due to a combination of lower prices and lower revenue.

From Q2 to Q3, net fee income rose from DKK 304 million to DKK 315 million, attributable in particular to the strong increase in mortgage activities.

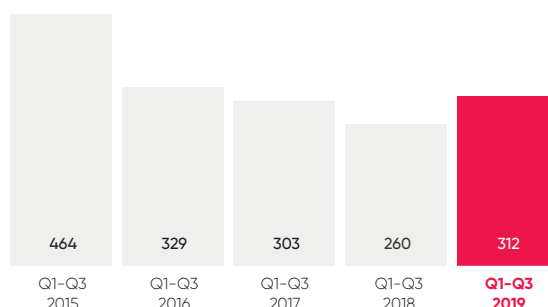
In the coming quarters, Spar Nord expects:

- A lower level of remortgaging activity
- Pressure on mortgage lending income due to remortgaging to cheaper loan types
- Lower earnings from securities trading/asset management (price reduction)
- Potentially growing demand for investment products amid low interest rates

Market value adjustments up 20%

Market value adjustments and dividends amounted to DKK 312 million, against DKK 260 million in the same period of 2018.

Market value adjustments and dividends (DKKm)



Management commentary on Q1-Q3 2019

Developments in market value adjustments are a reflection of very positive developments in the Bank's bond and equity portfolios, which owing to falling interest rates, contracting credit spreads and higher equity prices contribute DKK 104 million and DKK 22 million, respectively, more than in the same period of last year.

Moreover, realised market value adjustments should be seen in the light of major positive adjustments in Q1-Q3 2018 of Spar Nord's stake in BI Holding A/S.

Market value adjustments and dividends in Q3 amounted to DKK 86 million, down from DKK 108 million in Q2. The decline was attributable to lower market value adjustments of the Bank's bond portfolio.

In the coming quarters, Spar Nord expects:

- More difficult market conditions for placing the Bank's excess liquidity
- Persistently satisfactory earnings from strategic shareholdings

Other income down 38%

Other income amounted to DKK 135 million in Q1-Q3 2019, against DKK 220 million in the same period of 2018.

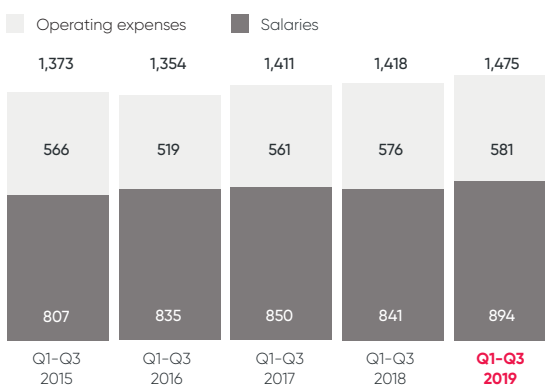
In 2019, the Bank has recorded decent income from its investment in Danske Andelskassers Bank, including Spar Nord's share of the gain from the sale of Sparinvest (DKK 51 million). Nevertheless, other income was DKK 84 million lower than last year because of an income in H1 2018 relating to the divestment of Valueinvest Asset Management.

Other income amounted to DKK 70 million in Q3, against DKK 24 million in Q2. The increase was primarily attributable to Spar Nord's share of DAB's gain from selling Sparinvest.

Costs rising 4%

The Group's total costs and expenses amounted to DKK 1,475 million, against DKK 1,418 million in the same period of 2018.

Total costs
(DKKm)



Wages and salaries accounted for DKK 894 million of total costs and expenses. Realised payroll costs were DKK 52 million higher than in the same period of last year.

The increase in payroll costs was due to a combination of pay rises under collective agreements and the lack of positive one-off items that characterised payroll costs in 2018. Lastly, the high level of customer activity entailed that payroll costs were slightly higher than anticipated.

At 30 September 2019, Spar Nord employed 1,539 people (FTE), which is 16 more than at the same time last year.

Other operating expenses came to DKK 581 million, which is DKK 5 million higher than in the first nine months of 2018.

The flat development covers costs incurred in Q1 2019 for preparing the offer for Danske Andelskassers Bank, while savings were achieved on most other cost items. Overall, operating expenses developed slightly better than expected.

The realised core income and costs corresponded to a Cost/Income Ratio of 0.58 (Q1-Q3 2018: 0.57).

From Q2 to Q3, costs fell from DKK 491 million to DKK 466 million, attributable in particular to accrual of holiday pay obligations.

In the coming quarters, Spar Nord expects:

- An unchanged employee headcount
- Structural pressure on IT costs
- General cost restraint in other areas

Management commentary on Q1-Q3 2019

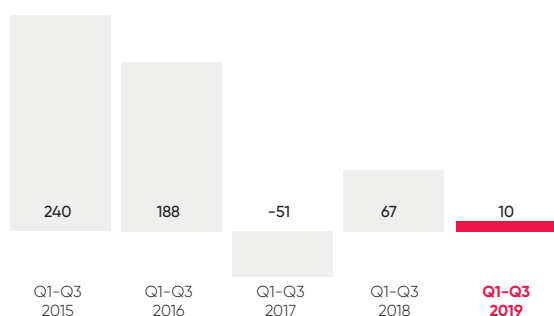
Loan impairments at a very low level

Loan impairments etc. were an expense of DKK 10 million, against DKK 67 million in Q1-Q3 2018.

The DKK 10 million impact on profits breaks down into DKK -10 million attributable to agricultural customers, DKK 2 million to other corporate customers, DKK 46 million to customers in the consumer loan business SparXpres and DKK -28 million to retail customers. Of the DKK 46 million impact on profits in SparXpres, DKK 27 million was ascribable to interim impairment of all debt collection claims older than 18 months.

In Q3, loan impairments represented an expense of DKK 9 million, while they were an income of DKK 9 million in Q2.

Impairments
(DKKm)



Review of impairment exposures

In Q3, Spar Nord performed a review of all significant exposures subject to individual impairment in order to ensure a more correct allocation to the various stages set out in IFRS 9.

As a result of this process, stage 3 loans (equal to non-performing loans) were reduced by a total of DKK 948 million through recategorisation to stage 2 and stage 1, while some loans were written off. Overall, stage 3 loans – or Non-Performing Loans – were reduced by DKK 1,001 million to DKK 1,963 million, and the share of non-performing loans (NPL ratio) was thus 3.8%.

	Q4 2018	Q1 2019	Q2 2019	Q3 2019
NPL (DKKm)	3,300	3,099	2,964	1,963
Exposure	47,354	48,941	49,838	52,089
NPL ratio	7.0	6.3	5.9	3.8

The review also entailed that loans for DKK 326 million were written off in Q3, and individual impairment charges totalling DKK 494 million were reversed.

In addition, the Bank increased management estimates of impairment by DKK 195 million to a total of DKK 288 million. The increase in management estimates primarily relates to a reduction of agricultural land values.

Our review of the impairment exposures thus confirms the picture of robust credit quality in all major customer segments and that the weakest exposures are adequately covered by impairment charges.

Stage 3 impairments at 30 September 2019 were DKK 1,081 million (year-end 2018: DKK 1,531 million), while stage 1 and 2 impairments totalled DKK 445 million (year-end 2018: DKK 414 million).

In the coming quarters, Spar Nord expects:

- Continuing low impairment charges, among other things driven by low interest rates and decent settlement prices for agricultural products
- Continuing robust credit quality

The Group's loans, advances and guarantees *)

Breakdown by industry

Industry %	Loans and guarantees 31.12.18	Loans and guarantees 30.09.19	Impairment account 30.09.19
Agriculture, hunting and forestry	5.5	4.9	29.6
Fisheries	0.2	0.2	0.3
Industry and raw materials extraction	5.2	5.1	3.9
Utilities	2.7	2.6	0.9
Construction and engineering	4.9	4.3	3.3
Trade	7.4	7.2	5.3
Transport, hotels and restaurants	4.0	4.2	5.4
Information and communication	0.4	0.4	0.4
Financing and insurance	6.4	5.6	6.4
Real property	11.2	12.0	10.6
Other corporate	6.6	6.1	9.4
Total commercial	54.8	52.6	75.4
Public authorities	0.1	1.0	0.0
Retail customers	45.1	46.4	24.6
Total	100.0	100.0	100.0

*) Excl. reverse repo transactions

Agricultural exposures by production line

30.09.19 DKKm/%	Loans and guarantees	Non-performing loans	Of which impaired	Share impaired
Cattle farmers	697	6	220	31.6
Pig farmers	552	17	145	26.3
Plant cultivation	579	7	58	10.0
Mink farmers	104	2	40	38.7
Leasing	642	0	7	1.1
Miscellaneous	398	0	14	3.4
Total	2,971	32	484	16.3

Management commentary on Q1-Q3 2019

Agricultural impairments by production line

30.09.19 DKK m/%	Impairment account	Im- paired	Impairment for the year	Impairment ratio of exposure	Percent- age of impaired
Cattle farmers	201	5	105	28.8	91.2
Pig farmers	134	50	56	24.2	91.9
Plant cultivation	74	75	-7	12.7	127.2
Mink farmers	25	2	5	24.1	62.4
Leasing	3	0	10	0.5	44.2
Miscella- neous	15	0	-159	3.7	112.1
Total	452	132	10	15.1	93.3

Net profit maintained at a high level

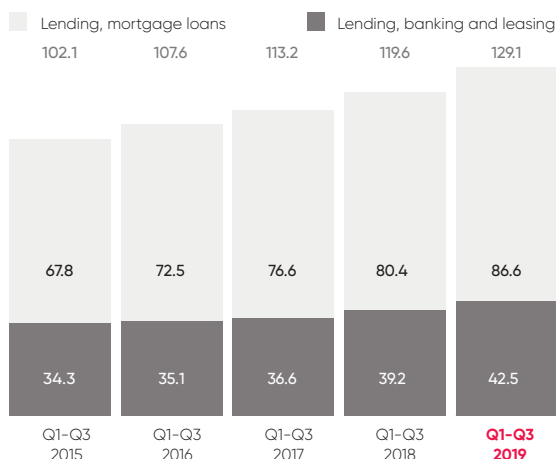
The profit before tax was DKK 1,075 million against DKK 1,011 million in Q1-Q3 2018. The Group's effective tax rate was 18%, bringing the net profit to DKK 876 million, against DKK 849 million in 2018.

Decent business volume growth

Spar Nord's total business volume amounted to DKK 264.2 billion at 30 September 2019, which was DKK 20.1 billion, or 8%, higher than at the beginning of the year.

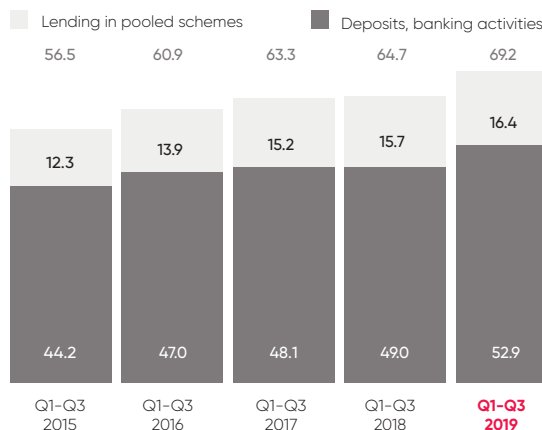
Compared with end-2018, bank and leasing loans rose DKK 3.0 billion, or 7%. The increase breaks down into DKK 1.4 billion for corporate customers, DKK 0.6 billion for public-sector customers, DKK 0.7 billion for leasing and DKK 0.3 billion for retail customers.

Total credits arranged (DKKbn)



From 1 January to 30 September 2019, the volume of mortgage loans arranged grew DKK 5.7 billion, or 7%, to DKK 86.6 billion. In total, the volume of mortgage loans arranged from Totalcredit, where Spar Nord is the largest loan arranger, amounted to DKK 75.2 billion and from DLR Kredit DKK 11.4 billion.

Total deposits (DKKbn)



Deposits, banking activities rose by DKK 2.1 billion, or 4%, to DKK 52.9 billion, while deposits in pooled schemes rose DKK 1.6 billion, or 11%, to DKK 16.4 billion. Lastly, customers' custodianship accounts increased by DKK 3.7 billion, or 8%, to DKK 49.8 billion.

Strategic liquidity of DKK 20.9 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)	30.09.19	30.06.19	31.03.19	31.12.18	30.09.18
Deposits, banking activities	52.9	52.7	51.0	50.8	49.0
Senior loans/ bond issues	0	0.0	0.0	0.0	0.0
Equity and subordinated debt	10.9	10.6	10.8	10.6	10.7
Liquidity procurement	63.8	63.3	61.8	61.3	59.7
Lending, banking and leasing activities	42.5	42.1	40.6	39.6	39.2
Maturity, senior issued bonds and subordinated debt with a term to maturity of less than 12 months	0.4	0.4	0.0	0.0	0.7
Total strategic liquidity	20.9	20.8	21.2	21.8	19.9

At the end of September 2019, Spar Nord's strategic liquidity amounted to DKK 20.9 billion, down DKK 0.9 billion compared with end-2018. The reason for the fall is that lending rose by more than deposits.

Spar Nord's LCR ratio at 30 September 2019 was 159.

Management commentary on Q1-Q3 2019

Common equity tier 1 capital ratio of 13.9%

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 September 2019, the common equity tier 1 (CET1) ratio was 13.9%, while the own funds ratio was 17.6%. This should be viewed relative to the individual solvency need calculated by Spar Nord at 9.2% plus the 3.5% combined buffer requirement, as a result of which the total capital requirement is 12.7%. Thus, Spar Nord has an excess capital coverage of 4.9 percentage points, equal to DKK 2.8 billion.

	30.09.19	30.06.19	31.03.19	31.12.18	30.09.18
Common equity tier 1 (CET) ratio	13.9	13.8	14.2	14.0	14.3
Tier 1 capital ratio	15.4	15.3	15.8	15.6	15.9
Own funds ratio	17.6	17.6	18.2	18.0	18.7

MREL issuance and rating

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

MREL requirement

%	30.09.19	01.01.22
Solvency ratio	9.2	9.2
Capital conservation buffer requirement	2.5	2.5
SIFI buffer requirement	0.0	1.0
Countercyclical buffer requirement	1.0	2.0
Capital requirement	12.7	14.7
MREL add-on	2.9	12.7
Total MREL requirement	15.7	27.5

MREL requirement

DKKm	30.09.19
Own funds	10,077
Non-Preferred Senior Capital	0
Other non-MREL-eligible liabilities	0
Total MREL-eligible liabilities	10,077
MREL-eligible liabilities in %	17.6
MREL requirement in %	15.7
MREL requirement	8,952
Excess coverage	1,125
Excess coverage in percentage points	2.0

The requirements will be phased in from the beginning of 2019 to the beginning of 2022, and when they are fully phased in, Spar Nord must have total capital of about 27.5% of the total risk exposure amount. Spar Nord's MREL requirements have been determined at twice the solvency need plus twice the combined buffer requirement with the exception of the countercyclical buffer requirement, which will only be included once in the MREL requirement.

Over the coming years, the phasing in of the new requirements will 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 November 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.

On 30 October, Moody's announced that the rating agency has started to rate Spar Nord, assigning the following ratings:

- Baseline credit assessment: baa 1
- Banking deposit rating: A1/P-1
- Outlook: Stable

The Supervisory Authority Diamond Test

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

The Supervisory Authority Diamond Test Model

		Threshold values	30.09.19	30.09.18
Sum of large exposures	%	<175	82.0	74.4
Growth in lending	%	<20	8.6	6.9
Property exposure	%	<25	11.5	10.8
Funding ratio		<1	0.5	0.5
Liquidity benchmark	%	>100	160	158

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 this guidance was upgraded twice to DKK 1,150–1,250 million and DKK 850–950 million, respectively.

On the basis of the Q1-Q3 financial statements and the outlook for the remainder of the year, in early October Spar Nord upgraded its forecast of core earnings before impairment to DKK 1,200–1,300 million, while the net profit is now forecast at DKK 925–1,025 million.

Alternative performance measures

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

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

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

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

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

Consolidated financial statements

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Management's statement on the Interim Report

The Board of Directors and the Executive Board have today discussed and adopted the Interim Financial Statements of Spar Nord Bank for the period from 1 January to 30 September 2019.

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

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

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

In our opinion, the Interim Financial Statements give a true and fair view of the Group's financial position at 30 September 2019 and of the results of the Group's operations and cash flows for the period from 1 January to 30 September 2019.

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

Aalborg, 31 October 2019

Executive Board


Lasse Nyby

Chief Executive Officer


John Lundsgaard
Managing Director
Lars Møller
Managing Director

Board of Directors


Kjeld Johannesen
Chairman of the Board of Directors
Per Nikolaj Bukh
Deputy Chairman of the Board of Directors
Lene Aaen
Kaj Christiansen
Morten Bach Gaardboe
Laila Mortensen
Jannie Skovsen
Gitte Holmgaard Sørensen
John Sørensen

Q1-Q3 2019

Income statement

Note	Q1-Q3 2019 DKKm	Q1-Q3 2018 DKKm	Q3 2019 DKKm	Q3 2018 DKKm	Full year 2018 DKKm	
	Interest income calculated under the effective interest method	1,220	1,223	418	407	1,632
	Other interest income	48	29	14	13	44
2.2	Interest income	1,268	1,252	432	420	1,676
2.3	Interest expenses	91	93	30	35	128
	Net interest income	1,177	1,159	402	386	1,548
2.4	Fees, charges and commissions received	1,065	973	358	333	1,285
	Fees, charges and commissions paid	129	117	43	40	158
2.5	Market value adjustments and dividends	312	260	86	77	268
2.6	Other income	135	220	70	16	247
2.7	Staff costs	894	841	281	252	1,152
2.8	Operating expenses	581	576	185	181	771
	Profit/loss before loan impairment charges (core earnings before impairments)	1,085	1,077	407	338	1,266
2.9	Impairment of loans, advances and receivables etc.	10	67	9	50	173
	Profit/loss before tax	1,075	1,011	397	288	1,094
2.10	Tax	198	162	67	69	174
	Profit/loss for the year	876	849	331	219	920
<i>Appropriation:</i>						
	The shareholders of the Parent Company Spar Nord Bank A/S	840	812	318	207	871
	Holders of additional tier 1 capital instruments	37	37	12	12	49
	Profit/loss for the year	876	849	331	219	920
Earnings per share						
	Earnings per share (DKK)	6.8	6.7	2.6	1.7	7.2
	Diluted earnings per share (DKK)	6.8	6.7	2.6	1.7	7.2

Statement of comprehensive income

Profit/loss	876	849	331	219	920
Other comprehensive income					
Items that cannot be reclassified to the income statement					
Net revaluation of domicile property	2	1	1	0	9
Other comprehensive income after tax	2	1	1	0	9
Total comprehensive income	878	850	331	220	929
<i>Appropriation:</i>					
The shareholders of the Parent Company Spar Nord Bank A/S	842	813	319	207	880
Holders of additional tier 1 (AT1) capital instruments	37	37	12	12	49
Total comprehensive income	878	850	331	220	929

Balance sheet

Note	Assets	30.09.19 DKKm	31.12.18 DKKm	30.09.18 DKKm
	Cash balances and demand deposits with central banks	1,247	1,029	938
	Due from credit institutions and central banks	2,307	1,400	1,961
5.1.1+5.2.1	Loans, advances and other receivables at amortised cost	48,982	44,330	46,636
	Bonds at fair value	19,640	16,160	15,158
	Shares, etc.	1,772	1,768	1,749
	Investments in associates	459	333	299
	Assets linked to pooled schemes	16,365	14,772	15,696
	Intangible assets	174	178	179
	Land and buildings	774	683	663
	Other property, plant and equipment	114	127	126
	Current tax assets	122	130	107
	Temporary assets	14	9	11
3.1	Other assets	2,032	1,761	1,803
	Prepayments and deferred income	149	116	134
	Total assets	94,151	82,793	85,461
Equity and liabilities				
Liabilities				
	Due to credit institutions and central banks	8,730	2,466	5,607
3.2	Deposits and other payables	52,874	50,773	49,007
	Deposits, pooled schemes	16,365	14,772	15,696
	Other non-derivative financial liabilities at fair value	925	1,018	1,232
3.3	Other liabilities	4,073	2,838	2,912
	Prepayments and deferred income	35	20	35
	Deferred tax	161	173	139
	Provisions	59	160	115
4.4	Subordinated debt	1,311	1,332	1,532
	Total liabilities	84,534	73,552	76,277
Equity				
	Share capital	1,230	1,230	1,230
	Revaluation reserves	104	103	95
	Statutory reserves	105	-	-
	Proposed dividend	-	431	-
	Retained earnings	7,304	6,616	6,985
	Shareholders' equity	8,743	8,380	8,310
4.3	Holders of additional tier 1 capital instruments	874	861	875
	Total equity	9,617	9,241	9,184
	Total equity and liabilities	94,151	82,793	85,461

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 30.09.19								
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 30.09.19								
Profit/loss for the period	-	-	102	-	738	840	37	876
Other comprehensive income								
Net revaluation of properties	-	2	-	-	-	2	-	2
Other comprehensive income, total	-	2	-	-	-	2	-	2
Total comprehensive income for the period	-	2	102	-	738	842	37	878
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	-	-	-	-	-235	-235	0	-235
Addition upon sale of treasury shares and additional tier 1 (AT1) capital	-	-	-	-	232	232	-	232
Other capital movements in associates	-	-	-5	-	-	-5	-	-5
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	-438	-24	-463
Equity at 30.09.19	1,230	104	105	0	7,304	8,743	874	9,617
Equity at 30.09.18								
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 30.09.18								
Profit/loss for the period	-	-	28	-	784	812	37	849
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	28	-	785	813	37	850
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	-	-	-	-	-225	-225	-	-225
Addition upon sale of treasury shares and additional tier 1 (AT1) capital	-	-	-	-	224	224	1	225
Revaluation reserves, associates	-	-	-23	-	23	0	-	0
Dividends received from associates recognised at net asset value	-	-	-5	-	5	0	-	0
Tax	-	-	-	-	8	8	-	8
Total transactions with owners	-	-	-28	-431	36	-423	-23	-446
Equity at 30.09.18	1,230	95	0	0	6,985	8,310	875	9,184

The share capital consists of 123,002,526 shares with a nominal value of DKK 10.
Additional tier 1 (AT1) capital is specified in note 4.3.

Q1-Q3 2019

Cash flow statement

Note	Operations	Q1-Q3 2019 DKKm	Q1-Q3 2018 DKKm	Full year 2018 DKKm
	Profit/loss before tax	1,075	1,011	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	63	45	55
	Gains and losses on the sale of intangible assets and property, plant and equipment	1	0	-3
	Gains and losses on sale of associates	0	-155	-155
	Adjustment of loan impairments etc.	-420	-10	64
	Provisions	-101	19	64
	Income from investments in associates	-102	-28	-36
	Corporate income tax paid	-192	-157	-155
	Operating activities, total	324	725	928
	Working capital			
	Movement in credit institutions and central banks, net	6,264	3,703	562
	Movement in loans, advances and other receivables at amortised cost	-4,283	-94	2,137
	Movement in bonds at fair value	-3,480	-4,321	-5,322
	Movement in equity portfolio	-4	-123	-141
	Movement in other assets and other liabilities, net	742	304	60
	Movement in deposits and other payables	2,101	164	1,930
	Working capital, total	1,340	-367	-774
	Cash generated from operations, total	1,664	358	154
	Investments			
	Acquisition of associates and group enterprises	-43	-239	-266
	Sale of associates and group enterprises	0	247	247
	Acquisition of intangible assets	-1	-1	-3
	Acquisition of property, plant and equipment	-47	-82	-113
	Sale of property, plant and equipment	18	6	22
	Dividends from associates and group enterprises	14	5	7
	Investing activities, total	-60	-65	-106
	Financing			
4.4	Subordinated debt	-21	388	188
4.3	Additional tier 1 (AT1) capital included in equity	-24	-23	-49
	Dividends paid, excluding dividends on treasury shares	-430	-430	-430
	Acquisition of treasury shares	-235	-225	-295
	Sale of treasury shares	232	224	294
	Financing activities, total	-478	-66	-292
	Movements in cash and cash equivalents for the year	1,126	227	-244
	Cash and cash equivalents, beginning of year	2,428	2,672	2,672
	Movements in cash and cash equivalents for the year	1,126	227	-244
	Cash and cash equivalents, end of year	3,555	2,899	2,428
	Cash and cash equivalents, end of year			
	Cash, cash equivalents and demand deposits with central banks	1,247	938	1,029
	Due from credit institutions and central banks within less than 3 months	2,307	1,961	1,400
	Total	3,555	2,899	2,428

Basis of preparation

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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 **1,177** million

Q1-Q3 2018: DKK **1,159** million

Loan impairments

DKK **10** million

Q1-Q3 2018: DKK **67** million

Net fee income

DKK **935** million

Q1-Q3 2018: DKK **856** million

Profit/loss before tax

DKK **1,075** million

Q1-Q3 2018: DKK **1,011** million

Costs and expenses

DKK **1,475** million

Q1-Q3 2018: DKK **1,418** million

Profit/loss

DKK **876** million

Q1-Q3 2018: DKK **849** million

Profit/loss before loan impairments

DKK **1,085** million

Q1-Q3 2018: DKK **1,077** million

C/I ratio

0.58

Q1-Q3 2018: **0.57**

Section 2

Income statement

2.1 Business segments

Q1-Q3 2019

DKKm

Income statement

	Spar Nord's Local Banks	Trading Division	Other Areas	Core earnings *) and Group
Net interest income	1,069	59	49	1,177
Net fee income	931	0	4	935
Market value adjustments and dividends	148	154	10	312
Other income	16	0	119	135
Core income/revenue, total	2,165	213	182	2,560
Staff costs and operating expenses	1,176	41	258	1,475
Core earnings before impairment	989	172	-76	1,085
Impairment of loans, advances and receivables etc.	10	1	-1	10
Profit/loss before tax	979	171	-75	1,075

*) 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	42,371	6,610	0	48,982
Investments in associates	0	0	459	459
Intangible assets and property, plant and equipment *)	232	0	830	1,062
Other assets **)	17,843	24,502	1,303	43,648
Total assets allocated	60,447	31,112	2,592	94,151
Deposits and other payables	51,816	510	549	52,874
Equity (allocated capital)	7,178	1,283	1,156	9,617
Other liabilities	16,619	10,426	4,614	31,659
Allocated equity and liabilities, total	75,613	12,219	6,319	94,151
Disclosures – income/revenue, total				
Internal income/revenue	-113	72	440	399
Internal income and eliminations, offset against costs	0	-37	-362	-399
Income/revenue, external customers	2,278	178	104	2,560
Income/revenue, total	2,165	213	182	2,560
Financial ratios				
Return on equity, % ***)	20.4	19.9	-	-
Cost share of core income	0.54	0.19	-	-
Total risk exposure, end of period	45,927	8,239	2,991	57,157
Number of employees (full-time equivalents, end of period)	1,028	65	446	1,539

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

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

Description of business area activities:

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

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

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

*) All assets are located in Denmark.

**) Temporary assets amount to DKK 14 million, of which DKK 7 million relates to the Group's leasing activities and DKK 7 million relates to Other Areas.

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

Section 2

Income statement

2.1 Business segments

Q1-Q3 2018

DKKm	Spar Nord's Local Banks	Trading Division	Other Areas	Core earnings *) and Group
Income statement				
Net interest income	1,057	35	67	1,159
Net fee income	858	-2	0	856
Market value adjustments and dividends	212	21	27	260
Other operating income	17	1	202	220
Core income/revenue, total	2,144	55	296	2,495
Staff costs and operating expenses	1,163	47	208	1,418
Core earnings before impairment	981	8	88	1,077
Impairment of loans, advances and receivables etc.	68	1	-2	67
Profit/loss before tax	914	7	90	1,011

*) 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	39,010	7,621	5	46,636
Investments in associates	0	0	299	299
Intangible assets and property, plant and equipment *)	247	0	721	968
Other assets **)	17,176	19,022	1,360	37,558
Total assets allocated	56,433	26,643	2,385	85,461
Deposits and other payables	48,082	381	544	49,007
Equity (allocated capital)	5,533	1,018	2,633	9,184
Other liabilities	16,195	7,472	3,602	27,269
Allocated equity and liabilities, total	69,810	8,871	6,780	85,461
Disclosures – income/revenue, total				
Internal income/revenue	-120	54	464	398
Internal income and eliminations, offset against costs	0	-36	-362	-398
Income/revenue, external customers	2,264	37	194	2,495
Income/revenue, total	2,144	55	296	2,495
Financial ratios				
Return on equity, % ***)	22.6	0.8	-	-
Cost share of core income	0.54	0.85	-	-
Total risk exposure amount, end of period	42,560	7,830	2,322	52,712
Number of employees (full-time equivalents, end of period)	1,026	75	422	1,523

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

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

Description of business area activities:

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

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

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

*) All assets are located in Denmark.

**) Temporary assets amount to DKK 11 million, of which DKK 2 million relates to the Group's leasing activities and DKK 9 million relates to Other Areas.

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

Section 2

Income statement

2.2 Interest income

	Q1-Q3 2019 DKK m	Q1-Q3 2018 DKK m
Due from credit institutions and central banks	-2	1
Loans, advances and other receivables	1,145	1,168
Bonds	61	52
Foreign-exchange contracts	-8	7
Interest-rate contracts	-5	-29
Total derivatives	-14	-23
Other interest income	2	1
Total interest income after offsetting negative interest income	1,193	1,199
Negative interest income offset against interest income	24	28
Negative interest expenses offset against interest expenses	51	25
Total interest income before offsetting negative interest income	1,268	1,252
Of which, interest income from reverse repo transactions booked under		
Due from credit institutions and central banks	-8	-7
Loans, advances and other receivables	-16	-21

Negative interest income amounts to DKK 24 million (30.09.2018: DKK 28 million) and relates to repo transactions.

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

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

2.3 Interest expenses

	Q1-Q3 2019 DKK m	Q1-Q3 2018 DKK m
Credit institutions and central banks	14	1
Deposits and other payables	-25	8
Subordinated debt	25	30
Other interest expenses	2	1
Total interest expenses after offsetting negative interest expenses	16	40
Negative interest expenses offset against interest expenses	51	25
Negative interest income offset against interest income	24	28
Total interest expenses before offsetting negative interest expenses	91	93
Of which, interest expenses from repo transactions booked under		
Credit institutions and central banks	-7	-8
Deposits and other payables	-1	0

Negative interest expenses amount to DKK 51 million (30.09.2018: DKK 25 million) and relate partly to deposits, partly to repo transactions.

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

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

2.4 Fees, charges and commissions received

	Q1-Q3 2019 DKK m	Q1-Q3 2018 DKK m
Securities trading and custody accounts	317	320
Payment services	127	130
Loan transaction fees	459	386
of which mortgage credit institutions	326	298
Guarantee commission	20	20
Other fees, charges and commissions	141	118
Total fees, charges and commissions received	1,065	973
Total fees, charges and commissions paid	129	117
Total net fees, charges and commissions received	935	856

Section 2

Income statement

2.5 Market value adjustments and dividends

	Q1-Q3 2019 DKKm	Q1-Q3 2018 DKKm
Other loans, advances and receivables at fair value	0	-2
Bonds	111	-7
Shares, etc.	92	165
Currency	45	42
Foreign exchange, interest, share, commodity and other contracts and derivatives	5	9
Assets linked to pooled schemes	1,444	13
Deposits, pooled schemes	-1,444	-13
Total market value adjustments	253	207
Dividends on shares, etc.	60	53
Market value adjustments and dividends on shares, etc., total	312	260

2.6 Other income

	Q1-Q3 2019 DKKm	Q1-Q3 2018 DKKm
Payments under operating leases and other rental income	6	9
Gain on sale of investments in associates	0	155
Other income	16	17
Operation of investment properties	11	11
Total other operating income	34	192
Income from investments in associates	102	28
Other income, total	135	220

2.7 Staff costs

	Q1-Q3 2019 DKKm	Q1-Q3 2018 DKKm
Salaries	712	664
Pensions	83	79
Social security costs	99	99
Total staff costs	894	841

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

Board of Directors

Number	9	9
Fixed remuneration	3.0	2.9
Pension	-	-
Total remuneration	3.0	2.9

Executive Board

Number	3	3
Base salary *)	9.2	8.9
- less fees received from directorships	0.9	0.9
The Bank's expense, base salary	8.3	8.0
Pension	1.4	1.4
Total remuneration earned and paid	9.7	9.4

*) 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.

Termination rules

The members of the Executive Board have a term of notice of 12 months and will receive compensation on termination of employment corresponding to two years' pay.

Pension obligation

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

Number of employees

The average number of employees converted into full-time equivalents	1,532	1,525
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Section 2

Income statement

2.8 Operating expenses

	Q1-Q3 2019 DKKm	Q1-Q3 2018 DKKm
IT costs	290	297
Marketing expenses	62	70
Cost of premises	39	61
Staff costs and travel expenses	43	41
Office expenses	12	15
Other administrative expenses	72	48
Operating expenses	518	531
Depreciation, amortisation and impairment	63	45
Total operating expenses	581	576

2.9 Impairment of loans, advances and receivables, etc.

	Q1-Q3 2019 DKKm	Q1-Q3 2018 DKKm
Impairments re. new exposures during the year, including new accounts to existing customers	179	171
Reversed impairments re. repaid accounts	-204	-111
Impairments during the year due to change in credit risk	34	12
Impairments during the year due to model changes	-30	-
Loss without prior impairment	79	52
Amounts recovered on previously impaired receivables	-48	-58
Total impairment of loans and receivables etc.	10	67

See note 5.1.4 for an explanation of impairments and provision for losses on guarantees etc. at 30.09.2019.

2.10 Effective tax rate

	Q1-Q3 2019 DKKm	Q1-Q3 2018 DKKm
Current tax rate, %	22.0	22.0
Income from investments and market value adjustment of shares, %	-3.9	-7.6
Non-deductible expenses and non-taxable income, %	0.3	0.9
Adjustment of prior-year taxes, %	0.0	0.7
Total effective tax rate	18.4	16.0

Balance sheet

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3.3 Other liabilities	26
3.4 Information on fair value of financial instruments	26

Main items

Lending, banking and leasing activities

DKK **42,514** million

31.12.2018: DKK **39,551** million

Deposits, banking activities

DKK **52,874** million

31.12.2018: DKK **50,773** million

Guarantees

DKK **16,070** million

31.12.2018: DKK **12,092** million

Deposits, pooled schemes

DKK **16,365** million

31.12.2018: DKK **14,772** million

Bonds at fair value

DKK **19,640** million

31.12.2018: DKK **16,160** million

Section 3

Balance sheet

3.1 Other assets

	30.09.19 DKKm	31.12.18 DKKm
Positive fair value of derivatives, etc.	1,128	862
Miscellaneous receivables	316	373
Interest and commissions receivable	62	44
Capital contribution to Bankernes EDB Central a.m.b.a.	500	445
Other assets	26	37
Total other assets	2,032	1,761

3.2 Deposits and other payables

	30.09.19 DKKm	31.12.18 DKKm
Repo transactions	0	0
Demand deposits	47,954	45,851
Subject to notice	1,391	1,418
Time deposits, excluding repo business	155	299
Special types of deposits	3,375	3,204
Total deposits and other payables	52,874	50,773

3.3 Other liabilities

	30.09.19 DKKm	31.12.18 DKKm
Miscellaneous payables	2,855	1,943
Negative fair value of derivatives, etc.	751	550
Interest and commissions payable	26	18
Other liabilities	441	327
Total other liabilities	4,073	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 30.09.19 DKKm	Fair value through profit or loss 30.09.19 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	1,247	0	1,029	0
Due from credit institutions and central banks	2,307	0	1,400	0
Loans, advances and other receivables at amortised cost	48,982	0	44,330	0
Bonds at fair value	0	19,640	0	16,160
Shares, etc.	0	1,772	0	1,768
Assets linked to pooled schemes	0	16,365	0	14,772
Positive fair value of derivatives	0	1,128	0	862
Total financial assets	52,536	38,905	46,758	33,560
Due to credit institutions and central banks	8,730	0	2,466	0
Deposits and other payables	52,874	0	50,773	0
Deposits, pooled schemes	0	16,365	0	14,772
Other non-derivative financial liabilities at fair value	0	925	0	1,018
Negative fair value of derivatives	0	751	0	550
Subordinated debt	1,311	0	1,332	0
Total financial liabilities	62,915	18,042	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 September 2019, the customer margin, etc. not yet amortised amounted to DKK 73 million (2018: DKK 73 million).

In Day 1 gains, DKK 9 million (2018: DKK 9 million) was offset from CVA at 30.09.2019, 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
30.09.19				
Bonds at fair value	15,316	4,324	0	19,640
Shares, etc.	165	12	1,595	1,772
Assets linked to pooled schemes	14,141	1,878	346	16,365
Positive fair value of derivatives	0	1,128	0	1,128
Total financial assets	29,621	7,342	1,942	38,905
Deposits, pooled schemes	0	16,365	0	16,365
Other non-derivative financial liabilities at fair value	850	75	0	925
Negative fair value of derivatives	0	751	0	751
Total financial liabilities	850	17,192	0	18,042

	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.

	Fair value based on net asset value, cf. shareholders' agreements 30.09.19 DKKm	Other 30.09.19 DKKm	Fair value based on net asset value, cf. shareholders' agreements 31.12.18 DKKm	Other 31.12.18 DKKm
Level 3				
Shares	1,230	365	1,181	367
Assets linked to pooled schemes	-	346	-	330
Positive fair value of derivatives	-	0	-	13

Sensitivities

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

Section 3

Balance sheet

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

	30.09.19 DKKm	31.12.18 DKKm
Carrying amount, beginning of period	1,891	1,719
Value adjustments through profit or loss	84	180
Market value adjustments in other comprehensive income	0	0
Purchase	19	33
Sale	53	75
Transferred to/from Level 3	0	35
Carrying amount, end of period	1,942	1,891
Value adjustments through profit or loss of assets held at the reporting date	57	176

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

Section 4

Capital

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4.3 Additional tier 1 (AT1) capital	30
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

13.9%

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 **6.8**

30.09.18: DKK **6.7**

Section 4

Capital

4.1 Own funds

	30.09.19 DKKm	31.12.18 DKKm
Equity	9,617	9,241
Phasing in of IFRS 9	204	206
Additional tier 1 (AT1) capital included in equity	874	861
Proposed dividends	438	431
Intangible assets, incl. share recognised in investments in associates	144	146
Other primary deductions	50	48
Deduction – Holdings of insignificant CET1 instruments	298	376
Deduction – Holdings of significant CET1 instruments	70	35
Common equity tier 1 capital	7,948	7,549
Additional tier 1 (AT1) capital *)	843	843
Other deductions	4	5
Tier 1 capital	8,787	8,387
Subordinated debt, excl. additional tier 1 (AT1) capital *)	1,297	1,314
Other deductions	7	10
Own funds	10,077	9,691
Weighted risk exposure amount, credit risk etc.	47,342	44,029
Weighted risk exposure amount, market risk	4,261	4,125
Weighted risk exposure amount, operational risk	5,555	5,705
Total risk exposure amount	57,157	53,858
Common equity tier 1 capital ratio	13.9	14.0
Tier 1 capital ratio	15.4	15.6
Own funds ratio	17.6	18.0

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

4.2 Treasury share portfolio

	30.09.19	31.12.18
Number of shares	86,258	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	30.09.19 DKKm	31.12.18 DKKm
DKK	a	400	6.052 %	2015	Perpetual	404	413
DKK	b	450	5.50 %	2016	Perpetual	469	449
Additional tier 1 (AT1) capital issued under CRR, total						874	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

	30.09.19 DKKm	31.12.18 DKKm
Issue of additional tier 1 (AT1) capital	-	-
Net transaction costs	-	-
Change in portfolio of own bonds	0	0
Interest paid	-24	-49
Total cash flows for the period	-24	-49

Section 4

Capital

4.4 Subordinated debt

Supplementary capital contributions

Currency	Note	Principal DKKm	Interest rate	Received	Maturity	30.09.19 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	417	434
Supplementary capital contributions, total						1,315	1,332
Portfolio of own bonds relating to subordinated debt						-4	0
Total subordinated debt						1,311	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

	30.09.19 DKKm	31.12.18 DKKm
Beginning of period	1,332	1,144
Movement during the period		
New loans	0	900
Redeemed	0	-700
Change in exchange rate adjustments	-17	-18
Change in amortised costs	1	-1
Change in portfolio of own bonds	-4	7
Total cash flows for the year	-21	188
Carrying amount, end of period	1,311	1,332

Section 5

Credit risk

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Main items

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

DKK **60,099** million

31.12.18: DKK **53,511** million

Credit exposure – excl. reverse repo transactions
retail/business

45% / 55%

31.12.18: **45% / 55%**

Total impairment account

DKK **1,525** million

31.12.18: DKK **1,945** million

Impairment of loans, advances and receivables etc.

DKK **10** million

30.09.18: DKK **67** million

Section 5

Credit risk

5.1 Exposures and impairments etc.

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

5.1.1. Summary of carrying amount of exposures

	Exposure before impairments DKKmn	Impairments DKKmn	Carrying amount DKKmn	Recognised impairments etc. Total DKKmn
30.09.19				
Loans and advances at amortised cost	50,452	1,470	48,982	111
Due from credit institutions and central banks	2,309	1	2,307	1
Guarantees	16,115	45	16,070	-35
Unutilised credit lines and loan commitments	23,362	9	23,353	-67
Total	92,237	1,525	90,712	10
31.12.18				
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

5.1.2 Impairments and provisions by stages

	Stage 1 DKKmn	Stage 2 DKKmn	Stage 3 DKKmn	Total DKKmn
30.09.19				
Loans and advances at amortised cost	157	260	1,053	1,470
Due from credit institutions and central banks	1	0	0	1
Guarantees	15	4	25	45
Unutilised credit lines and loan commitments	4	3	2	9
Impairments and provisions by stages, total	177	267	1,081	1,525
31.12.18				
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

5.1.3 Exposures before impairments and provisions by stages

	Stage 1 DKKmn	Stage 2 DKKmn	Stage 3 DKKmn	Total DKKmn
30.09.19				
Loans and advances at amortised cost	41,974	6,517	1,961	50,452
Due from credit institutions and central banks	2,309	0	0	2,309
Guarantees	15,313	626	176	16,115
Unutilised credit lines and loan commitments	22,133	1,155	74	23,362
Exposures before impairments and provisions by stages, total	81,729	8,298	2,210	92,237
31.12.18				
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".

Section 5

Credit risk

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.

30.09.19

	Stage 1 DKKm	Stage 2 DKKm	Stage 3 DKKm	Total DKKm	Recognised impairments etc. DKKm
Impairments and provisions for losses at 01.01.19	106	308	1,531	1,945	-
Impairments re. new exposures during the year, including new accounts to existing customers	47	48	84	179	179
Reversed impairments re. repaid accounts	-21	-30	-154	-204	-204
Change in impairments at 1 January, transfer to/from stage 1	197	-150	-47	-	-
Change in impairments at 1 January, transfer to/from stage 2	-14	152	-138	-	-
Change in impairments at 1 January, transfer to/from stage 3	-1	-7	8	-	-
Impairments during the year due to change in credit risk	-137	-24	195	34	34
Impairments during the year due to model changes	0	-30	0	-30	-30
Previously impaired, now finally lost	0	0	-417	-417	-
Other movements (interest rate correction etc.)	0	0	18	18	-
Loss without prior impairment	-	-	-	-	79
Amounts recovered on previously impaired receivables	-	-	-	-	-48
Impairments and provisions for losses, total	177	267	1,081	1,525	10

	Stage 1 DKKm	Stage 2 DKKm	Stage 3 DKKm	Total DKKm	Recognised impairments etc. DKKm
Impairments and provisions for losses 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.

5.2 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:

	30.09.19 DKKm	31.12.18 DKKm
Deposits, clearing	120	169
Collateral provided for the market value of derivatives transactions	435	296
Positive market value of derivative contracts subject to netting	282	193
Collateral provided as part of repo transactions	5,909	1,526
Total collateral	6,745	2,184

6.2 Contingent assets

	30.09.19 DKKm	31.12.18 DKKm
Unrecognised deferred tax assets	15	15

6.3 Contingent liabilities

	30.09.19 DKKm	31.12.18 DKKm
Guarantees	16,070	12,092
Other binding commitments	500	551
Total contingent liabilities	16,570	12,643

Guarantees

Financial guarantees	5,527	4,184
Loss guarantees for mortgage loans	5,046	5,388
Registration and refinancing guarantees	4,754	1,708
Other contingent liabilities	744	812
Total guarantees	16,070	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 30.09.2019 and 31.12.2018. The corporate income tax receivable within the tax pool amounted to DKK 122 million at 30.09.2019 (31 December 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 30.09.2019 amounted to DKK 5 million (30.09.2018: DKK 6 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

	30.09.19 DKKm	31.12.18 DKKm
Data-processing centre	500	452
Lease liabilities, Spar Nord as lessee	-	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 31.12.18, the leases are not recognised in the balance sheet.

From 1 January 2019, the accounting policies for leases were changed, see note 1.1.3, and the lease agreements are recognised in the balance sheet. For a description of accounting policies from 01.01.2019, see note 1.1.2 to Annual Report 2018.

6.5 Group overview

	Activity	Share capital end of period*) DKKm	Equity end of period*) 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 September 2019

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

Section 6

Other notes

6.7 Performance indicators and financial ratios

The Danish FSAs layout and ratio system

5-year overview

Performance indicators

DKKm	Q1-Q3 2019	Q1-Q3 2018	Change in %	Q1-Q3 2019	Q1-Q3 2018	Q1-Q3 2017	Q1-Q3 2016	Q1-Q3 2015	Full year 2018
Income statement									
Net interest and fee income	2,172	2,068	5	2,172	2,068	2,062	2,091	2,185	2,730
Value adjustments	253	207	22	253	207	280	280	409	214
Staff costs and administrative expenses	1,405	1,366	3	1,405	1,366	1,358	1,295	1,315	1,859
Impairment of loans, advances and receivables etc.	10	67	-85	10	67	-21	225	278	173
Income from investments in associates	102	28	263	102	28	27	23	20	36
Profit/loss for the year	876	849	3	876	849	799	690	779	920
Balance sheet									
Loans and advances	48,982	46,636	5	48,982	46,636	45,471	39,697	38,223	44,330
Equity	9,617	9,184	5	9,617	9,184	8,793	8,073	7,768	9,241
Total assets	94,151	85,461	10	94,151	85,461	80,372	78,957	79,958	82,793

Financial ratios

Own funds

Own funds ratio	17.6	18.7	17.6	18.7	17.9	16.6	16.5	18.0
Tier 1 capital ratio	15.4	15.9	15.4	15.9	15.8	14.5	14.5	15.6

Earnings

Return on equity before tax	%	11.4	11.3	11.4	11.3	11.7	10.6	12.6	12.1
Return on equity after tax	%	9.3	9.5	9.3	9.5	9.2	8.6	10.5	10.2
Income/cost ratio		1.72	1.68	1.72	1.68	1.73	1.53	1.54	1.52
Return on assets	%	0.9	1.0	0.9	1.0	1.0	0.9	1.0	1.1

Market risk and liquidity

Interest rate risk	%	0.3	0.9	0.3	0.9	1.3	0.4	1.2	0.2
Foreign exchange position	%	1.1	1.5	1.1	1.5	5.2	3.1	4.0	1.4
Foreign exchange risk	%	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1
Liquidity Coverage Ratio (LCR)	%	159	157	159	157	-	-	-	174
Excess coverage relative to statutory liquidity requirement	%	-	-	-	-	313.4	298.8	263.7	-
Loans and advances as % of deposits	%	70.7	72.1	70.7	72.1	71.8	65.2	67.1	67.6

Credit risk

Loans and advances relative to equity		5.1	5.1	5.1	5.1	5.2	4.9	4.9	4.8
Increase in loans and advances for the period	%	7.5	5.7	7.5	5.7	4.4	3.6	-3.3	6.7
Sum of large exposures	%	82.0	74.4	82.0	74.4	18.7	15.8	15.9	79.2
Impairment ratio for the year		0.0	0.1	0.0	0.1	0.0	0.4	0.6	0.2

The Spar Nord Bank share

DKK per share of DKK 10

Profit/loss for the period	7.1	6.9	7.1	6.9	6.5	5.6	6.2	7.5
Net asset value (NAV)	71	68	71	68	64	62	59	68
Dividend	-	-	-	-	-	-	2.0	3.5
Share price/profit/loss for the period	8.7	8.7	8.7	8.7	12.0	11.4	12.3	6.9
Share price/NAV	0.9	0.9	0.9	0.9	1.2	1.0	1.3	0.8

The Interim Report has been prepared in a Danish and an English version. In case of discrepancy between the Danish-language original text and the English-language translation, the Danish text shall prevail.

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