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Executive summary

DKKm	Q1-Q3 2020	Q1-Q3 2019	Index	Q3 2020	Q2 2020	Index
Net interest income	1,186	1,177	101	391	408	96
Net fee income	918	935	98	300	296	101
Market value adjustments and dividends	301	312	96	137	174	79
Other income	48	135	36	21	7	313
Core income	2,454	2,560	96	850	885	96
Staff costs	949	894	106	289	344	84
Operating expenses	582	581	100	190	188	101
Costs and expenses	1,530	1,475	104	479	532	90
Core earnings before impairment	923	1,085	85	371	353	105
Impairment of loans and advances, etc.	287	10	_	53	59	89
Profit/loss before tax	636	1,075	59	318	294	108
Tax	129	198	65	66	63	105
Profit/loss	507	876	58	252	231	109

Following two very different quarterly periods in the first half of 2020, the third quarter turned out to be a more normal period, and 2020 as a whole promises to be a reasonably good year for Spar Nord. On the basis of an all-time high business volume and rising retail customer activity, we have managed to maintain our net interest and fee income at an unchanged level, and market value adjustments are only marginally lower because of persistently positive financial market developments. Our broadly founded retail customer activity covers an increase in lending, mortgage loans arranged and the selling of investment products. Although credit losses were limited in Q3, much uncertainty remains with respect to the long-term economic repercussions of the COVID-19 pandemic, which is of course still a cause of concern. Lastly, we are proud – for the fourth consecutive year – to be named the bank among the six largest banks in Denmark with the most satisfied business customers The satisfaction rate is, among other things, driven by the fact that our business customers have experienced the highest level of support from their bank during the COVID-19 crisis, says Spar Nord's CEO Lasse Nyby.

Spar Nord achieved a profit after tax of DKK 507 million in Q1–Q3 2020, which corresponds to an annualised return on equity of 6.8%. Management considers the performance satisfactory in a period strongly affected by COVID–19 and derived uncertainties.

Core income amounted to DKK 2,454 million in Q1-Q3, which is DKK 106 million, or 4%, lower than in the year-earlier period.

At DKK 1,186 million, net interest income was 1% higher than last year, while net fee income fell 2% to DKK 918 million. Market value adjustments and dividends for the period amounted to DKK 301 million, against DKK 312 million in the same period of 2019. After a turbulent first quarter impacted by COVID-19, the second and third quarters were both characterised by very positive earnings from the Bank's bond and equity portfolios.

Total costs and expenses amounted to DKK 1,530 million, against DKK 1,475 million in the same period of 2019. Of this amount, payroll costs amounted to DKK 949 million, corresponding to an increase of DKK 55 million, and operating expenses amounted to DKK 582 million, which is on a level with the same period of last year.

Payroll costs for the period were affected by our voluntary severance programme in June, under which a total of 49 employees agreed to resign by the end of 2020. Non-recurring severance costs of DKK 23 million were expensed in the first half of the year.

Unchanged operating expenses still covers rising costs of IT (data centre), while savings are still realised on most other cost items compared with the year-earlier period.

Loan impairments etc. were an expense of DKK 287 million in Q1–Q3 2020, of which DKK 53 million was attributable to Q3. The impairment impact on operating profit in Q3 is exclusively attributable to a DKK 65 million increase of the management estimate relating to COVID–19 to a total of DKK 320 million.

All-time high business volume despite lending pressure

The Group's total business volume (deposits, loans, advances and guarantees, mortgage credits arranged, customers' custodianship accounts and life annuities) amounted to DKK 280.1 billion at 30 September 2020, which was DKK 7.7 billion higher than at end-2019.

The increase primarily covers an increase in mortgage loans arranged of DKK 5.1 billion and bank deposits of DKK 2.2 billion, while there was a drop in bank lending of DKK 1.4 billion. The reduced lending volume is mainly due to the COVID-19 relief packages, which entail that business customers still have a reduced need to draw on credit facilities.

Outlook for 2020

As announced in company announcement no. 20 of 9 September 2020, Spar Nord upgraded its full-year financial guidance.

On the basis of performance in Q1-Q3 2020, Spar Nord maintains its guidance for core earnings before impairment and net profit.

Performance indicators and financial ratios – Group

Performance indicators

Income statement

DKKm	Q1-Q3 2020	Q1-Q3 2019	Change in %	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Full year 2019
Net interest income	1,186	1,177	1	391	408	387	396	402	1,573
Net fee income	918	935	-2	300	296	322	290	315	1,225
Market value adjustments and dividends	301	312	-4	137	174	-11	67	86	379
Other income	48	135	-64	21	7	21	25	70	160
Core income	2,454	2,560	-4	850	885	719	779	873	3,338
Staff costs	949	894	6	289	344	315	324	281	1,218
Operating expenses	582	581	0	190	188	204	215	185	796
Costs and expenses	1,530	1,475	4	479	532	520	539	466	2,014
Core earnings before impairment	923	1,085	-15	371	353	199	239	407	1,324
Impairment of loans, advances									
and receivables etc.	287	10	-	53	59	175	12	9	22
Profit/loss before tax	636	1,075	-41	318	294	24	227	397	1,302
Tax	129	198	-35	66	63	0	44	67	243
Profit/loss	507	876	-42	252	231	24	182	331	1,059
Interest expenses to holders of additional tier 1 (AT1) capital	38	37	4	11	15	12	12	12	49

Balance sheet

DKKm

Total assets	96,026	94,151	2	96,026	95,242	94,457	93,113	94,151	93,113
Loans and advances	49,397	48,982	1	49,397	49,272	50,400	51,312	48,982	51,312
Lending, banking and leasing activities	41,748	42,514	-2	41,748	41,644	43,017	43,157	42,514	43,157
Lending, reverse repo transactions	7,649	6,468	18	7,649	7,629	7,383	8,155	6,468	8,155
Deposits	74,855	69,239	8	74,855	73,227	67,631	70,602	69,239	70,602
Deposits, banking activities	55,454	52,874	5	55,454	54,843	51,552	53,279	52,874	53,279
Deposits, repo transactions	250	0	-	250	166	0	0	0	0
Deposits in pooled schemes	19,150	16,365	17	19,150	18,218	16,078	17,323	16,365	17,323
Issued bonds	2,625	-	-	2,625	2,632	2,585	2,637	-	2,637
Subordinated debt	1,317	1,311	0	1,317	1,321	1,293	1,322	1,311	1,322
Additional tier 1 (AT1) capital	807	874	-8	807	796	872	860	874	860
Shareholders' equity	9,369	8,743	7	9,369	9,125	8,915	8,901	8,743	8,901
Guarantees	14,676	16,070	-9	14,676	14,494	14,596	14,766	16,070	14,766
Total risk exposure amount	54,749	57,157	-4	54,749	54,627	56,548	55,963	57,157	55,963
Tier 1 capital	9,890	8,787	13	9,890	9,725	9,471	9,032	8,787	9,032
Impairment account	1,708	1,525	12	1,708	1,678	1,626	1,503	1,525	1,503
Contractual non-performing loans	284	337	-16	284	343	303	303	337	303
Business volume	280,094	266,551	5	280,094	273,952	263,879	272,431	266,551	272,431

Financial ratios

Own funds		Q1-Q3 2020	Q1-Q3 2019	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Full year 2019
Capital ratio		20.4	17.6	20.4	20.2	19.0	18.5	17.6	18.5
Tier 1 capital ratio		18.1	15.4	18.1	17.8	16.7	16.1	15.4	16.1
Common equity tier 1 capital ratio		16.7	13.9	16.7	16.4	15.3	14.6	13.9	14.6
Earnings									
Return on equity before tax excl.									
additional tier 1 (AT1) capital p.a.*)	%	8.7	16.2	13.4	12.4	0.5	9.9	18.0	14.5
Return on equity after tax excl. additional tier 1 (AT1) capital p.a.*)	%	6.8	13.1	10.5	9.6	0.5	7.9	14.9	11.7
Cost share of core income	DKK	0.62	0.58	0.56	0.60	0.72	0.69	0.53	0.60
Cost share of core income – incl. impairmen	nt								
of loans, advances and receivables, etc.	DKK	0.74	0.58	0.63	0.67	0.97	0.71	0.54	0.61
Return on assets	%	0.5	0.9	0.3	0.2	0.0	0.2	0.4	1.1
Market risk and liquidity									
Interest rate risk	%	1.1	0.3	1.1	1.1	0.1	0.6	0.3	0.6
Foreign exchange position	%	0.9	1.1	0.9	1.1	1.1	1.0	1.1	1.0
Foreign exchange risk	%	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Liquidity Coverage Ratio (LCR)	%	216	159	216	231	185	195	159	195
Bank and leasing loans relative to bank deposits	%	75.3	80.4	75.3	75.9	83.4	81.0	80.4	81.0
Credit risk									
Bank and leasing loans relative to shareholders' equity		4.5	4.9	4.5	4.6	4.8	4.8	4.9	4.8
Increase in loans and advances for the									
period	%	-3.3	7.5	0.3	-3.2	-0.3	1.5	1.0	9.1
Sum of large exposures	%	77.7	82.0	77.7	78.6	82.6	83.6	82.0	83.6
Impairment ratio		0.4	0.0	0.1	0.1	0.3	0.0	0.0	0.0
Employees and branches									
Number of employees (full-time equivalents end of period)	3,	1,553	1,539	1,553	1,560	1,561	1,549	1,539	1,549
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		47	62	47	53	42	65	62	65
Net asset value (NAV)*)		76	71	76	74	72	72	71	72
Profit/loss for the period*)		3.8	6.8	2.0	1.8	0.1	1.4	2.6	8.2
Dividend	DKK	_	-	-		-	_	-	3.5
Return	%	-	-	-	-	-	_	-	32
Price/earnings *)		-	-	-	_	-	_	-	8

^{*)} Financial ratios have been calculated as if the additional tier 1 (ATI) 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.

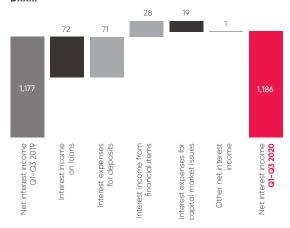
Management commentary on Q1-Q3 2020

Spar Nord achieved a profit after tax of DKK 507 million in Q1–Q3 2020, which corresponds to an annualised return on equity of 6.8%. Management considers the performance satisfactory in a period generally strongly impacted by the global COVID–19 crisis and derived uncertainties.

Positive net interest income developments

Net interest income was DKK 1,186 million, against DKK 1,177 million in Q1–Q3 2019, or an improvement of 1%.

Developments in net interest income DKKm



Adding to this income was a DKK 71 million decrease in interest expenses on deposits due to changed conditions for negative interest rates. Moreover, interest income from the placement of the Bank's excess liquidity contributed DKK 28 million more than in the same period of last year.

Detracting from this income was a DKK 72 million decrease in interest income from loans relative to the same period of last year. The lower interest income was in this case primarily attributable to a decline in the average borrowing rate of 26 basis points (y/y), while lower volumes only made a limited contribution. Lastly, the issuance of MREL capital at the end of 2019 and additional tier 1 capital in April 2020 entailed that interest expenses for subordinated debt and issued bonds was DKK 19 million higher than in the year-earlier period.

From Q2 to Q3, net interest income fell from DKK 408 million to DKK 391 million. The lower net interest income was primarily attributable to lower interest income from bonds and financial instruments, while interest income from deposits and loans was largely unchanged.

Net fee income maintained at a high level

Net fee income was DKK 918 million in Q1-Q3 2020, against DKK 935 million in the same period of 2019. As in the year-earlier period, net fee income ac-

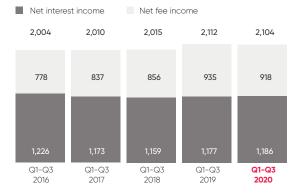
DKKm	Q1-Q3	Q3	Q2	Q1
Interest income on loans	1,089	357	362	370
Interest expenses for deposits	-93	-36	-32	-25
Net interest income, deposits and loans	1,182	393	394	395
Interest income from financial items	75	24	37	14
Interest expenses for capital market issuance	45	16	15	14
Other net interest income	-25	-9	-8	-8
Total net interest income	1,186	391	408	387

counted for 44% of total net interest and fee income in the period.

Realised net fee income is considered highly satisfactory in view of the fact that the same period of 2019 saw extraordinarily strong home remortgaging activity, which alone contributed approximately DKK 90 million.

Net interest income and net fee income

OKKm)



The underlying positive trend in net fee income (ex. extraordinary home remortgaging activity) was primarily driven by continued satisfactory developments in income from securities trading and asset management and the effect of growth in mortgage loans arranged.

From Q2 to Q3, net fee income rose from DKK 296 million to DKK 300 million. The increase was mainly due to higher transaction fees and an increase in mortgage loans arranged, while income from securities trading was lower than in the preceding period.

Q1-Q3	Q3	Q2	Q1
328	110	106	112
81	30	19	31
297	88	107	103
212	72	65	76
918	300	296	322
	328 81 297 212	328 110 81 30 297 88 212 72	328 110 106 81 30 19 297 88 107 212 72 65

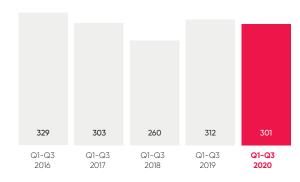
Market value adjustments maintained at a high level in Q3

Market value adjustments and dividends amounted to DKK 301 million, against DKK 312 million in the same period of 2019.

Compared with the year-earlier period, it is still the turbulent first quarter of 2020 that is the reason why market value adjustments for the entire Q1-Q3 period are DKK 11 million lower. Of this amount, DKK 4 million is due to lower earnings in the Trading Division.

Market value adjustments and dividends on the portfolio of strategic shareholdings in the financial sector were at a satisfactory level, but DKK 7 million lower in Q1–Q3 2020 than in the same period of 2019. The decrease was due to lower positive contributions from DLR Kredit.

Market value adjustments and dividends (DKKm)



Although earnings were lower than in Q2 2020, positive financial market developments and satisfactory performance overall resulted in positive market value adjustments in the Trading Division of DKK 80 million in Q3 2020.

Q1-Q3	Q3	Q2	Q1
147	80	134	-68
110	43	28	39
44	13	12	18
301	137	174	-11
	110	147 80 110 43 44 13	147 80 134 110 43 28 44 13 12

Other income of DKK 48 million

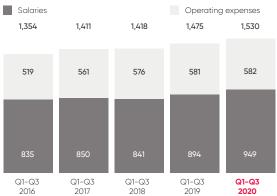
Other income amounted to DKK 48 million in Q1–Q3 2020, against DKK 135 million in the same period of 2019. Relative to last year, the decline remains attributable to the lack of extraordinary circumstances concerning Spar Nord's shareholding in Danske Andelskassers Bank ("DAB"), and the interim financial statements therefore only includes Spar Nord's share of DAB's expected results for the period.

Costs up by 4%

Total costs and expenses amounted to DKK 1,530 million, against DKK 1,475 million in the same period of 2019.

Total costs

(DKKm)



Wages and salaries accounted for DKK 949 million of total costs and expenses. Realised payroll costs were DKK 55 million higher than in the same period of last year.

About half of the year-on-year increase was attributable to pay rises under collective agreements and growth in headcount, while DKK 23 million was one-off costs relating to the implementation of a voluntary severance programme in June. A total of 49 employees have agreed to resign by the end of 2020.

Following implementation of the severance programme and already known recruitment and resignation of staff, Spar Nord expects to employ about 1,510 staff (FTE) at 31 December 2020, compared with 1,549 FTE at 31 December 2019.

Other operating expenses came to DKK 582 million, which is on a level with the same period of last year. Unchanged operating expenses still covers rising costs of IT (data centre), while savings are still realised on most other cost items compared with the year-earlier period.

Realised core income and costs corresponded to a Cost/Income Ratio of 0.62 (Q1-Q3 2019: 0.58).

Expenses were reduced from DKK 532 million to DKK 479 million from Q2 to Q3, primarily on account of traditionally lower payroll costs in Q3 because of employees taking vacation and provisions in Q2 for redundancies, while IT expenses were higher.

Loan impairments still impacted by the COVID-19 crisis

Loan impairment charges etc. was an expense of DKK 287 million, which compares to an expense of DKK 10 million in the year-earlier period.

The DKK 287 million impact on profits breaks down into DKK 214 million attributable to business customers ex. agricultural customers, DKK 108 million to retail customers and DKK 6 million to customers in the SparXpres consumer loan business. Lastly, an amount of DKK 41 million was reversed in respect of agricultural customers.

Because of the financial relief packages, the COVID-19 crisis alone has still only caused moderate credit losses. However, much uncertainty still attaches to the long-term societal effects of the crisis and the implications for the Bank's business customers.

Impairments

188 -51 67 10 287

Q1-Q3 Q1-Q3

The Group's loans, advances and guarantees *)

Breakdown by industry	Loans, ad		Impairment		
Line of business %	and guar 30.09.20	antees 31.12.19	30.09.20	unt 31.12.19	
Public authorities	0.8	2.0	0.0	0.0	
Agriculture, hunting and forestry	5.2	4.7	21.8	27.1	
Fisheries	0.2	0.2	0.1	0.1	
Industry and raw materials extraction	4.5	5.0	5.3	5.1	
Energy supply	3.0	2.8	1.5	0.9	
Building and construction	4.4	4.3	4.7	3.0	
Trade	6.3	7.0	7.2	5.6	
Transport, hotels and restaurants	4.3	4.4	7.1	5.8	
Information and communication	0.4	0.5	0.6	0.6	
Financing and insurance	5.6	5.7	6.1	4.7	
Real estate	11.4	12.3	10.3	11.5	
Other business areas	6.9	6.3	7.6	10.6	
Business customers, total	53.1	55.2	72.3	74.7	
Total retail customers	46.9	44.8	27.7	25.3	
Total	100.0	100.0	100.0	100.0	

^{*)} Excl. reverse repo transactions

NPL ratio developments	30.09.20	31.12.19
NPL (DKKm)	1,832	2,004
Exposure (DKKm)	52,380	54,079
NPL ratio	3.5	3.7

The Q3 financial statements show an impact on operating profit of DKK 53 million, which is exclusively attributable to a DKK 65 million increase of the management estimate relating to COVID-19 to a total of DKK 320 million.

Spar Nord's impairment balance, which at 30 September 2020 amounted to DKK 1,708 million, contains management estimates totalling DKK 594 million, against DKK 303 million at end-2019.

Individual impairments (stage 3) at 30 September 2020 were DKK 922 million (year-end 2019: DKK 1,083 million), while stage 1 and 2 impairments account for the remaining DKK 786 million (year-end 2019: DKK 420 million).

Net profit of DKK 507 million

The profit before tax was DKK 636 million, against DKK 1,075 million in Q1–Q3 2019. The effective tax rate was 20%, bringing the net profit to DKK 507 million.

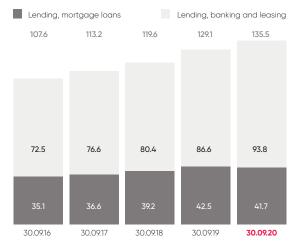
Higher business volume despite COVID-19 crisis

The Group's total business volume (deposits, loans, advances and guarantees, mortgage credits arranged, customers' custodianship accounts and life annuities) amounted to DKK 280.1 billion at 30 September 2020, which was DKK 7.7 billion higher than at end-2019.

The increase primarily covers an increase in mort-gage loans arranged of DKK 5.1 billion and bank deposits of DKK 2.2 billion, while there was a drop in bank lending of DKK 1.4 billion.

Total credits arranged

DKKbn

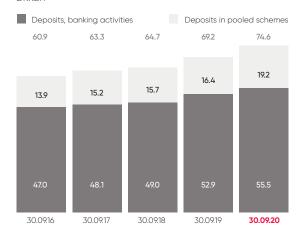


The reduced lending volume is due to the COVID-19 relief packages, which entail that business customers still have a reduced need to draw on credit facilities, the overall effect of which is a drop in business loans of DKK 2.6 billion (public-sector customers accounting for DKK 0.7 billion). On the other hand, loans to retail customers increased by DKK 0.6 billion, and leasing activity grew DKK 0.6 billion.

From 1 January to 30 September 2020, the volume of mortgage loans arranged grew DKK 5.1 billion to DKK 93.8 billion. In total, the volume of mortgage loans arranged from Totalkredit amounted to DKK 82.3 billion and from DLR Kredit DKK 11.5 billion.

Total deposits

DKKbn



Business volume

DKKbn	30.09.20	30.09.19	30.09.18	30.09.17	30.09.16
Lending, banking and leasing activities	41.7	42.5	39.2	36.6	35.1
activities	41.7	42.5	39.2	30.0	33.1
Deposits banking activities	55.5	52.9	49.0	48.1	47.0
Deposits in					
pooled schemes	19.2	16.4	15.7	15.2	13.9
Guarantees	14.7	16.1	12.0	11.7	11.9
Loans and advanc-					
es, mortgage loans	93.8	86.6	80.4	76.6	72.5
Custodianship					
accounts	52.6	49.8	48.4	50.5	47.6
Letpension, life					
annuities	2.7	2.3	1.9	1.5	_
Total business					
volume	280.1	266.5	246.6	240.3	228.1

Since 1 January, deposits, banking activities has increased by DKK 2.2 billion to DKK 55.5 billion, which is exclusively due to developments in deposits by business customers. Lastly, deposits in pooled schemes grew by DKK 1.8 billion to DKK 19.2 billion, while customers' custodianship accounts are more or less unchanged at DKK 52.6 billion.

Strategic liquidity

30.09.20	30.06.20	31.03.20	31.12.19	30.09.19
55.5	54.8	51.6	53.3	52.9
2.6	2.6	2.6	2.6	0.0
11.5	11.2	11.1	11.1	10.9
69.6	68.7	65.2	67.0	63.8
41.7	41.6	43.0	43.2	42.5
0.0	0.0	0.4	0.4	0.4
27.8	27.1	21.8	23.4	20.9
	55.5 2.6 11.5 69.6 41.7	55.5 54.8 2.6 2.6 11.5 11.2 69.6 68.7 41.7 41.6	2.6 2.6 2.6 11.5 11.2 11.1 69.6 68.7 65.2 41.7 41.6 43.0 0.0 0.0 0.4	55.5 54.8 51.6 53.3 2.6 2.6 2.6 2.6 11.5 11.2 11.1 11.1 69.6 68.7 65.2 67.0 41.7 41.6 43.0 43.2 0.0 0.0 0.4 0.4

Strategic liquidity of DKK 27.8 billion

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

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

At the end September 2020, Spar Nord's strategic liquidity amounted to DKK 27.8 billion, up DKK 4.4 billion compared with end-2019. The increase was driven by an increase in deposits combined with fewer loans. Spar Nord's LCR ratio at 30 September 2020 was 216.

Unchanged strong capital position

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 2020, the common equity tier 1 (CET1) ratio was 16.7%, while the own funds ratio was 20.4%. This should be viewed relative to the individual solvency need calculated by Spar Nord at 9.6% plus the 3.0% combined buffer requirement, as a result of which the total capital requirement is 12.6%. Thus, Spar Nord has an excess capital coverage of 7.8 percentage points, equal to DKK 4.3 billion.

Compared with the first half of the year, the Bank's capital ratios are positively influenced by consolidation from Q3, while a marginal increase in risk exposure detracts from performance. Developments in risk exposure are explained by an increase in credit exposure (primarily leasing), and a reduction in exposure relating to market risk.



With a fully phased-in IFRS 9 effect, Spar Nord's common equity tier 1 (CET1) ratio would be 16.0%, while the own funds ratio would be 19.8%.

Capital position

	30.09.20	30.09.19	30.09.18	30.09.17	30.09.16
Common equity tier					
1 capital ratio	16.7	13.9	14.3	14.2	13.9
Tier 1 capital ratio	18.1	15.4	15.9	15.8	14.5
Capital ratio	20.4	17.6	18.7	17.9	16.6

Plan for issuing MREL capital

Spar Nord's MREL requirements have been determined at twice the calculated 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.

Following the decision by the Danish and European authorities to dissolve the countercyclical buffer and adjust the principles for phasing in the MREL requirement, Spar Nord will at end-2020 have an MREL requirement of approximately 19.5% of its total risk exposure amount and 22.9% at 1 July 2021.

With an MREL capital ratio of 25.2% at 30 September 2020 and an upcoming MREL requirement at 1 July 2021 of 22.9%, the Bank generally expects to be able to comply with the MREL requirement by mid-2021 without additional issues. With due consideration to ensuring an even maturity structure and the current opportunities and prices of issues, Spar Nord regularly considers the need for and timing of issuing additional MREL capital.

Calibrated MREL requirement

%	30.09.20	01.07.22
Solvency ratio	9.6	9.6
Capital conservation buffer requirement	2.5	2.5
SIFI buffer requirement	0.5	1.0
Countercyclical buffer requirement	0.0	0.0
Requirement for loss-absorption amount	12.6	13.1
Requirement for recapitalisation amount	6.2	13.1
Total MREL requirement	18.8	26.3

Excess coverage calibrated MREL requirement

Excess coverage in percentage points	6.4
Excess coverage	3,514
MREL requirement	10,287
MREL requirement in %-points	18.8
MREL capital ratio	25.2
Total MREL-eligible liabilities	13,801
Other non-MREL-eligible liabilities	0
Non-preferred senior capital	2,613
Own funds	11,188
DKKm/%	30.09.20

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 September 2020, Spar Nord remained comfortably within all threshold values in the Supervisory Authority Diamond Test Model. At 30 September 2020, Spar Nord could report the following values in respect of the defined reference points:

The Supervisory Authority

Diamond Test Model		Threshold value	30.09.20	30.09.19
Sum of large exposures	%	<175	77.7	82.0
Growth in lending	%	<20	-1.8	8.6
Property exposure	%	<25	10.7	11.5
Funding ratio		<1	0.5	0.5
Liquidity benchmark	%	>100	229	160

Outlook for 2020

As announced in company announcement no. 20 of 9 September 2020, Spar Nord upgraded its full-year financial guidance.

Driven by positive financial market developments in July and August, Spar Nord upgraded its full-year guidance for core earnings before impairment to DKK 1,000-1,200 million, while the forecast for the profit for the year was DKK 500-700 million. In both situations, the expected result is in the middle of the range.

On the basis of performance in Q1-Q3 2020, Spar Nord maintains its guidance for core earnings before impairment and net profit.

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:

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.
Profit/loss after tax in per cent of shareholders' equity. The average equity is calculated as a simple average of the share holders' 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.
Total costs/core income.
Total costs plus impairment of loans, advances and receivables, etc/core income.
Bank and leasing loans as a percentage of bank deposits
Bank and leasing loans / shareholders' equity
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

Management's statement on the interim

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 2020.

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 2020 and of the results of the Group's operations and cash flows for the period from 1 January to 30 September 2020.

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, 29 October 2020

Executive Board

Lasse Nyby

Chief Executive Officer

Manaaina Director

Board of Directors

Kjeld Johannesen

Chairman of the Board of Directors

Per Nikolaj Bukh

Deputy Mairman of the Board of

Directors

Lene Aaen

en (Kaj Christianse

Morten Back Gaardbo

Martin Kudsk Rasmussen

Managina Director

Henrik Sjøgreen

Jannie Skovsen

ohn Sørensen

Kim Østergaard

Consolidated financial statements

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Income statement

Note		Q1-Q3 2020 DKKm	Q1-Q3 2019 DKKm	Q3 2020 DKKm	Q3 2019 DKKm	Full year 2019 DKKm
	Interest income calculated under the effective interest method	1,234	1,220	405	418	1,640
	Other interest income	76	48	24	14	63
2 + 2.3	Interest income	1,310	1,268	429	432	1,702
2 + 2.3	Interest expenses	124	91	38	30	129
	Net interest income	1,186	1,177	391	402	1,573
2.4	Fees, charges and commissions received	1,041	1,065	341	358	1,395
2.4	Fees, charges and commissions paid	122	129	41	43	169
2.5	Market value adjustments and dividends	301	312	137	86	379
2.6	Other income	48	135	21	70	160
2.7	Staff costs	949	894	289	281	1,218
2.8	Operating expenses	582	581	190	185	796
2.9	Profit/loss before loan impairments (core earnings before impairment) Impairment of loans, advances and receivables etc.	923 287	1,085	371 53	407	1,324
	Profit/loss before tax	636	1,075	318	397	1,302
2.10	Tax	129	198	66	67	243
	Profit/loss	507	876	252	331	1,059
	Appropriation:					
	The shareholders of the Parent Company Spar Nord Bank A/S	469	840	241	318	1,010
	Holders of additional tier 1 (AT1) capital instruments	38	37	11	12	49
	Profit/loss	507	876	252	331	1,059
	Earnings per share					
	Earnings per share (DKK)	3.8	6.8	2.0	2.6	8.2
	Diluted earnings per share (DKK)	3.8	6.8	2.0	2.6	8.2

Statement of comprehensive income

Profit/loss for the period	507	876	252	331	1,059
Other comprehensive income					
Items that cannot be reclassified to the income statement					
Adjustment relating to associates	-2	-5	1	0	-6
Net revaluation of domicile property	2	2	1	1	-10
Other comprehensive income after tax	0	-4	2	1	-16
Total comprehensive income	507	873	253	332	1,043
Appropriation:					
The shareholders of the Parent Company Spar Nord Bank A/S	468	836	242	319	994
Holders of additional tier 1 (AT1) capital instruments	38	37	11	12	49
Total comprehensive income	507	873	253	332	1,043

Balance sheet

5.1.1		30.09.20 DKKm	31.12.19 DKKm	30.09.19 DKKm
5.1.1	Cash balances and demand deposits with central banks	1,163	1,152	1,247
5.1.1	Due from credit institutions and central banks	2,088	1,588	2,307
	Loans, advances and other receivables at amortised cost	49,397	51,312	48,982
	Bonds at fair value	18,872	16,498	19,640
	Shares, etc.	1,719	1,740	1,772
	Investments in associates	518	470	459
	Assets linked to pooled schemes	19,150	17,323	16,365
	Intangible assets	170	174	174
	Land and buildings	769	788	774
	Other property, plant and equipment	113	113	114
	Current tax assets	172	54	122
	Temporary assets	4	11	14
3.1	Other assets	1,670	1,780	2,032
	Prepayments and deferred income	223	111	149
	Total assets	96,026	93,113	94,151
	Liabilities Due to credit institutions and central banks	2,043	4,062	8,730
	Due to credit institutions and central banks	2,043	4,062	8,730
3.2	Deposits and other payables	55,705	53,279	52,874
	Deposits in pooled schemes	19,150	17,323	16,365
4.5	Issued bonds	2,625	2,637	-
	Other non-derivative financial liabilities at fair value	783	960	925
3.3	Other liabilities	4,084	3,664	4,073
	Prepayments and deferred income	46	30	35
	Deferred tax	21	20	161
	Provisions	76	54	59
4.4	Subordinated debt	1,317	1,322	1,311
	Total liabilities	85,850	83,352	84,534
	Equity			
	Share capital	1,230	1,230	1,230
	Revaluation reserves	94	92	104
	Statutory reserves	84	116	105
	Proposed dividend	-	431	
	Tropocod dividoria	7,961		-
	Retained earnings	7,701	7,032	7,304
		9,369	7,032 8,901	
4.3	Retained earnings	·		8,743
4.3	Retained earnings Shareholders' equity	9,369	8,901	7,304 8,743 874 9,617

Statement of changes in equity

Equity at 30.09.20	Share capital DKKm	Reval- uation reserve DKKm	Statutory reserves DKKm	Proposed dividend DKKm		Share- holders of Spar Nord Bank A/S DKKm	Additional tier 1 capital DKKm	Equity capital Total DKKm
Equity at 01.01.20	1,230	92	116	431	7,032	8,901	860	9,761
					<u> </u>			
Comprehensive income at 30.09.20								
Profit/loss for the period	-	-	16	-	452	469	38	507
Other comprehensive income			-48		47	-2	_	-2
Adjustment relating to associates Net revaluation of properties		2	-40		4/	2		2
Other comprehensive income, total		2	-48	_	47	0	_	0
· · · · · · · · · · · · · · · · · · ·								
Total comprehensive income for the period		2	-32	-	499	468	38	507
Transactions with owners								
Issue of additional tier 1 (AT1) capital, net of transaction								
costs	-	-	-	_	0	0	330	330
Redemption of additional tier 1 (AT1) capital	-	_	-	_	_	-	-400	-400
Interest paid on additional tier 1 (AT1) capital	-	-	-	-	-	-	-24	-24
Suspended dividend payment	-		-	-431	431	0	-	0
Disposal upon acquisition of treasury shares and additional tier 1 (AT1) capital	_	_	_	_	-302	-302	_	-302
Addition upon sale of treasury shares and						002		
additional tier 1 (AT1) capital	-	_	-	_	301	301	3	304
Total transactions with owners	-		-	-431	429	-1	-91	-92
Equity at 30.09.20	1,230	94	84	0	7,961	9,369	807	10,176
Equity at 30.0010								
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 and commissions received	-	-	-	-	-40	-40	-	-40
Equity at 01.01.19	1,230	103	0	431	6,577	8,340	861	9,201
Comprehensive income at 70 0010								
Comprehensive income at 30.09.19 Profit/loss for the period			102		738	840	37	876
Tonty loss for the period			102		730	040	37	070
Other comprehensive income								
Adjustment relating to associates	-	-	3	-	-8	-5	-	-5
Net revaluation of properties	-	2	-	-	-	2	-	2
Other comprehensive income, total	-	2	3	-	-8	-4	-	-4
Total comprehensive income for the period	-	2	105	-	730	836	37	873
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					275	075		27.5
additional tier 1 (AT1) capital Addition upon sale of treasury shares and			-		-235	-235	0	-235
addition upon sale of treasury snares and additional tier 1 (AT1) capital	-	-	-	-	232	232	-	232
Total transactions with owners	-	-	-	-431	-2	-433	-24	-457
Equity at 30.09.19	1,230	104	105	0	7,304	8,743	874	9,617

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.

Cash flow statement

э (Departions Department of the Control	Q1-Q3 2020 DKKm	Q1-Q3 2019 DKKm	Full year 2019 DKKm
F	Profit/loss before tax	636	1,075	1,302
F	air value changes, investment properties and temporary assets	1	-1	-1
	Amortisation, depreciation and impairment of intangible assets and property,			
-	plant and equipment	60	63	86
-	Gains and losses on the sale of intangible assets and property, plant and equipment	0	1	4
-	Adjustment of loan impairments etc.	205	-420	-442
-	Adjustment of subordinated debt, issued bonds etc.	-15	-17	1
-	Provisions	22	-101	-127
-	ncome from investments in associates	-16	-102	-110
-	Corporate income tax paid	-246	-192	-309
	Operating activities, total	647	307	403
١	Vorking capital			
١	Novement in credit institutions and central banks, net	-2,019	6,264	1,596
١	Novement in loans, advances and other receivables at amortised cost	1,709	-4,283	-6,614
1	Novement in bonds at fair value	-2,374	-3,480	-338
١	Novement in equity portfolio	21	-4	28
1	Novement in other assets and other liabilities, net	276	760	677
1	Novement in deposits and other payables	2,426	2,101	2,506
١	Vorking capital, total	39	1,358	-2,145
(Cash generated from operations, total	686	1,665	-1,742
ı	nvestments			
/	Acquisition of associates and group enterprises	-80	-43	-51
-	Cale of associates and group enterprises	0	0	4
-	Acquisition of intangible assets	-1	-1	-2
-	Acquisition of property, plant and equipment	-45	-47	-58
-	Cale of property, plant and equipment	16	18	28
-	Dividends from associates	47	14	14
-	nvesting activities, total	-63	-60	-66
F	inancing			
5	Subordinated debt	1	- Z ₊	-5
A	Additional tier 1 (AT1) capital included in equity	-91	-24	-50
ŀ	ssued bonds	-2	-	2,630
	Dividends paid, excluding dividends on treasury shares	0	-430	-430
1	Acquisition of treasury shares	-302	-235	-372
S	Cale of treasury shares	301	232	369
F	Repayment of lease liabilities	-19	-18	-24
F	inancing activities, total	-112	-479	2,119
1	Novements in cash and cash equivalents for the period	511	1,126	311
(Cash and cash equivalents, beginning of year	2,740	2,428	2,428
1	Novements in cash and cash equivalents for the period	511	1,126	311
(Cash and cash equivalents, end of year	3,251	3,555	2,740
	Cash and cash equivalents, end of year			
	Cash, cash equivalents and demand deposits with central banks	1,163	1,247	1,152
	Due from credit institutions and central banks within less than 3 months	2,088	2,307	1,588
1	otal	3,251	3,555	2,740

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Basis of preparation

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Spar Nord Q1-Q3 2020 17

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 2019.

Annual Report 2019 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 new or amended IFRS standards and interpretations taking effect in the EU for 2020.

The implementation of these standards and interpretations has not materially affected recognition and measurement.

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 2019.

Income statement

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Main items

Net interest income

DKK 1,186 million

Q1-Q3 2019: DKK **1,177** million

Net fee income

DKK 918 million

Q1-Q3 2019: DKK **935** million

Costs and expenses

DKK 1,530 million

Q1-Q3 2019: DKK **1,475** million

Profit/loss before loan impairments

DKK 923 million

Q1-Q3 2019: DKK **1,085** million

Impairment of loans and advances, etc.

DKK 287 million

Q1-Q3 2019: DKK 10 million

Profit/loss before tax

DKK 636 million

Q1-Q3 2019: DKK 1,075 million

Profit/loss after tax

DKK 507 million

Q1-Q3 2019: DKK 876 million

C/I ratio

0.62

Q1-Q3 2019: **0.58**

Income statement

2.1 Business segments

Q1-Q3 2020

DKKm	Spar Nord's Local Banks	Trading Division	Other areas	Core earnings *) and Group
Income statement				
Net interest income	1,065	79	42	1,186
Net fee income	913	2	3	918
Market value adjustments and dividends	141	153	7	301
Other income	16	0	32	48
Core income/revenue, total	2,136	234	85	2,454
Staff costs and operating expenses	1,476	48	7	1,530
Core earnings before impairment	660	185	78	923
Impairment of loans, advances and receivables etc.	288	1	-1	287
Profit/loss before tax	372	185	79	636

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

	Spar Nord's Local Banks	Trading Division	Other	Group Total
Balance sheet				
Loans, advances and other receivables at amortised cost	41,514	7,883	0	49,397
Investments in associates	0	0	518	518
Intangible assets and property, plant and equipment *)	250	0	801	1,052
Other assets **)	1,427	23,228	20,404	45,059
Allocated assets, total	43,191	31,112	21,723	96,026
Deposits and other payables	54,620	503	582	55,705
Equity (allocated capital)	5,868	1,202	3,105	10,176
Other liabilities	19,425	3,427	7,294	30,145
Allocated equity and liabilities, total	79,913	5,132	10,981	96,026
Disclosures – income/revenue, total	-110	94	588	572
Internal income and eliminations, offset against costs	-110	-73	-499	-572
Income/revenue. external customers	2.245	213	-499	2,454
Income/revenue, total	2,136	234	85	2,454
Financial ratios				
Return on equity, % ***)	8.3	21.3	-	-
Cost share of core income	0.69	0.21	-	-
Total risk exposure, end of period	43,470	8,906	2,374	54,749
Number of employees (full-time equivalents, end of period)	1,020	68	465	1,553

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 52 of Annual Report 2019.
- 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.

From 2020, the Bank has made an additional allocation of key costs incurred, which are expected to total approximately DKK 400 million per year, the vast majority of which will be allocated to Spar Nord's Local Bank.

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 4 million, of which DKK 2 million relates to the Group's leasing activities and DKK 2 million relates to Other Areas.
- ***) The rate of return on equity per annum has been calculated on allocated capital, which amounts to 13.5% of the average total risk exposure amount

Income statement

Business segments

Q1-Q3 2019

DKKm	Spar Nord's Local Banks	Trading Division	Other areas	Core earnings *) and Group
Income statement				
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
Allocated assets, total	60,447	31,112	2,592	94,151
Deposits and other payables	51,816	510	549	52,874
Equity (allocated capital)	6,200	1,112	2,305	9,617
Other liabilities	16,619	10,426	4,614	31,659
Allocated equity and liabilities, total	74,635	12,048	7,468	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, % ***)	21.8	21.3	-	-
Cost share of core income	0.54	0.19	-	_
Total risk exposure amount, 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 Division, please see page 52 of Annual Report 2019
- 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.

Income statement

2.2 Interest income	Q1-Q3 2020 DKKm	Q1-Q3 2019 DKKm
Due from credit institutions and central banks	-8	-2
Loans, advances and other receivables	1,061	1,145
Bonds	56	61
Foreign-exchange contracts	14	-8
Interest-rate contracts	7	-5
Total derivatives	21	-14
Other interest income	0	2
Total interest income after offsetting negative interest income	1,129	1,193
Negative interest income offset against interest income	53	24
Negative interest expenses offset against interest expenses	129	51
Total interest income before offsetting negative interest income	1,310	1,268
Of which, interest income from reverse repo transactions booked under		
Due from credit institutions and central banks	-12	-8
Loans, advances and other receivables	-28	-16

Negative interest income amounts to DKK 53 million (30.09.2019: DKK 24 million) and relates to repo transactions and bond yields.

In the table above, negative interest income is offset against interest income. In the income statement, negative interest income is presented as interest expenses, and negative interest expenses are presented as interest income.

2.3 Interest expenses	Q1-Q3 2020 DKKm	Q1-Q3 2019 DKKm
Credit institutions and central banks	-4	14
Deposits and other payables	-98	-25
Issued bonds	18	-
Subordinated debt	26	25
Other interest expenses	0	2
Total interest expenses after offsetting negative interest expenses	-57	16
Negative interest expenses offset against interest expenses	129	51
Negative interest income offset against interest income	53	24
Total interest expenses before offsetting negative interest expenses	124	91
Of which, interest expenses from repo transactions booked under		
Credit institutions and central banks	-12	-7
Deposits and other payables	-3	-1

Negative interest expenses amount to DKK 129 million (30.09.2019: DKK 51 million) and relate partly to deposits, partly to repo transactions.

In the table above, negative interest expenses are offset against interest expenses. In the income statement, negative interest expenses are presented as interest income, and negative interest income is presented as interest expenses.

2.4 Fees, charges and commissions received	Q1-Q3 2020 DKKm	Q1-Q3 2019 DKKm
Securities trading and custody accounts	330	317
Payment services	114	127
Loan transaction fees	427	459
of which mortgage credit institutions	328	326
Guarantee commission	23	20
Other fees, charges and commissions	147	141
Total fees, charges and commissions received	1,041	1,065
Total fees, charges and commissions paid	122	129
Total net fees, charges and commissions received	918	935

Income statement

2.5 Market value adjustments and dividends	Q1-Q3 2020 DKKm	Q1-Q3 2019 DKKm
Other loans, advances and receivables at fair value	-4	-
Bonds	111	111
Shares, etc.	85	92
Investment properties	-1	-
Currency	45	45
Foreign exchange, interest, share, commodity and other contracts and derivatives	6	5
Assets linked to pooled schemes	1,148	1,444
Deposits in pooled schemes	-1,148	-1,444
Total market value adjustments	241	253
Dividends on shares, etc.	59	60
Market value adjustments and dividends on shares, etc., total	301	312
2.6 Other income	Q1-Q3 2020 DKKm	Q1-Q3 2019 DKKm
Payments under operating leases and other rental income	6	6
Other income	16	16
Operation of investment properties	10	11
Total other operating income	32	34
Income from investments in associates	16	102
Other income, total	48	135
2.7 Staff costs	Q1-Q3 2020 DKKm	Q1-Q3 2019 DKKm
Salaries	762	712
Pensions	86	83
Social security costs	101	99
Total staff costs	949	894
Remuneration to members of the Board of Directors and Executive Board of	amounts to:	
Board of Directors	^	
Number	9	9
Fixed remuneration	3.1	3.0
Pension		
Total remuneration	3.1	3.0
Executive Board Number	,	7
	11.4	9.2
Base salary *) - less fees received from directorships		
- less received from directorships The Bank's expense, base salary	0.9	0.9 8.3
Pension	10.5	1.4
	1.8	
Total remuneration earned and paid	12.3	9.7

^{*)} 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 are entitled to a notice period of 12 months on the part of the Bank and will receive severance pay corresponding to one to two years' salary.

The two-year severance pay period applies until the member's 64th birthday, after which the severance pay will be reduced gradually, and no severance pay will be paid when a member of the Executive Board has reached the age of 67.

Pension obligation

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

Average number of employees in the financial year converted into full-time equivalents 1,556 1,532

Income statement

2.8 Operating expenses	Q1-Q3 2020 DKKm	Q1-Q3 2019 DKKm
IT costs	319	290
Marketing expenses	50	62
Cost of premises	40	39
Staff costs and travel expenses	32	43
Office expenses	13	12
Other administrative expenses	67	72
Operating expenses	521	518
Depreciation, amortisation and impairment	60	63
Total operating expenses	582	581
	01-03	01-03
2.9 Impairment of loans, advances and receivables, etc.	Q1-Q3 2020 DKKm	Q1-Q3 2019 DKKm
2.9 Impairment of loans, advances and receivables, etc. Impairments re. new exposures during the year, including new accounts to existing customers	2020	2019
	2020 DKKm	2019 DKKm
Impairments re. new exposures during the year, including new accounts to existing customers	2020 DKKm	2019 DKKm
Impairments re. new exposures during the year, including new accounts to existing customers Reversed impairments re. repaid accounts	2020 DKKm 89 -115	2019 DKKm 179 -204
Impairments re. new exposures during the year, including new accounts to existing customers Reversed impairments re. repaid accounts Impairments during the year due to change in credit risk	2020 DKKm 89 -115 338	2019 DKKm 179 -204 34
Impairments re. new exposures during the year, including new accounts to existing customers Reversed impairments re. repaid accounts Impairments during the year due to change in credit risk Impairments during the year due to model changes	2020 DKKm 89 -115 338	2019 DKKm 179 -204 34 -30
Impairments re. new exposures during the year, including new accounts to existing customers Reversed impairments re. repaid accounts Impairments during the year due to change in credit risk Impairments during the year due to model changes Loss without prior impairment	2020 DKKm 89 -115 338 0	2019 DKKm 179 -204 34 -30
Impairments re. new exposures during the year, including new accounts to existing customers Reversed impairments re. repaid accounts Impairments during the year due to change in credit risk Impairments during the year due to model changes Loss without prior impairment Amounts recovered on previously impaired receivables	2020 DKKm 89 -115 338 0 22 -47	2019 DKKm 179 -204 34 -30 79 -48

2.10 Effective tax rate	Q1-Q3 2020 DKKm	Q1-Q3 2019 DKKm
Current tax rate, %	22.0	22.0
Income from investments and market value adjustment of shares, %	-3.6	-3.9
Non-deductible expenses and non-taxable income, %	1.8	0.3
Adjustment of prior-year taxes, %	0.1	0.0
Total effective tax rate	20.3	18.4

Balance sheet

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3.4	Information on fair value of	
	financial instruments	26

Main items

Lending, banking and leasing activities

DKK **41,748** million

31.12.19: **DKK 43,157** million

Guarantees

DKK **14,676** million

31.12.19: DKK **14,766** million

Bonds at fair value

DKK **18,872** million

31.12.19: **DKK 16,498** million

Deposits, banking activities

DKK **55,454** million

31.12.19: DKK **53,279** million

Deposits in pooled schemes

DKK **19,150** million

31.12.19: DKK 17,323 million

Balance sheet

3.1 Other assets	30.09.20 DKKm	31.12.19 DKKm
Positive fair value of derivatives, etc.	870	828
Miscellaneous receivables	400	376
Interest and commissions receivable	59	52
Capital contribution to Bankernes EDB Central a.m.b.a.	312	500
Other assets	28	24
Total other assets	1,670	1,780
3.2 Deposits and other payables	30.09.20 DKKm	31.12.19 DKKm
Repo transactions	250	0
Demand deposits	51,256	48,509
Subject to notice	1,432	1,651
Time deposits, excluding repo business	28	40
Special types of deposits	2,739	3,078
Total deposits and other payables	55,705	53,279
3.3 Other liabilities	30.09.20 DKKm	31.12.19 DKKm
Miscellaneous payables	2,981	2,606
Negative fair value of derivatives, etc.	629	555
Interest and commissions payable	25	24
Lease liabilities	127	132
Other liabilities	322	348
Total other liabilities	4,084	3,664

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 2019.

Reference is also made to note 3.3.4 to Annual Report 2019 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 30.09.20 DKKm	through profit or loss 30.09.20 DKKm	Amortised cost 31.12.19 DKKm	through profit or loss 31.12.19 DKKm
Cash balances and demand deposits with central banks	1,163	0	1,152	0
Due from credit institutions and central banks	2,088	0	1,588	0
Loans, advances and other receivables at amortised cost	49,397	0	51,312	0
Bonds at fair value	0	18,872	0	16,498
Shares, etc.	0	1,719	0	1,740
Assets linked to pooled schemes	0	19,150	0	17,323
Positive fair value of derivatives	0	870	0	828
Total financial assets	52,648	40,611	54,051	36,389
Due to credit institutions and central banks	2,043	0	4,062	0
Deposits and other payables	55,705	0	53,279	0
Deposits in pooled schemes	0	19,150	0	17,323
Issued bonds at amortised cost	2,625	0	2,637	0
Other non-derivative financial liabilities at fair value	0	783	0	960
Lease liabilities	127	0	132	0
Negative fair value of derivatives	0	629	0	555
Subordinated debt	1,317	0	1,322	0
Total financial liabilities	61,817	20,562	61,432	18,839

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

ty. At 30.09,2020, the customer margin, etc. not yet amortised amounted to DKK 65 million (31.12.2019: DKK 68 million).

Fair value

Day 1 gains

When valuing unlisted derivative instruments, the initial customer margin, etc. is amortised over the remaining term to maturi-

In Day 1 gains, DKK 8 million (31.12.2019: DKK 8 million) was offset from CVA at 30.09.2020, which is the credit value component of derivatives.

Fair value

Balance sheet

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

30.09.20	Quoted prices Level 1 DKKm	Observable inputs Level 2 DKKm	Non- Observable inputs Level 3 DKKm	Total DKKm
Bonds at fair value	0	18,872	0	18,872
Shares, etc.	164	39	1,516	1,719
Assets linked to pooled schemes	13,799	4,984	366	19,150
Positive fair value of derivatives	0	870	0	870
Total financial assets	13,964	24,765	1,882	40,611
Deposits in pooled schemes	0	19,150	0	19,150
Other non-derivative financial liabilities at fair value	0	783	0	783
Negative fair value of derivatives	0	629	0	629
Total financial liabilities	0	20,562	0	20,562

31.12.19	Quoted prices Level 1 DKKm	Observable inputs Level 2 DKKm	Non- Observable inputs Level 3 DKKm	Total DKKm
Bonds at fair value	0	16,498	0	16,498
Shares, etc.	187	37	1,516	1,740
Assets linked to pooled schemes	10,934	6,048	342	17,323
Positive fair value of derivatives	0	828	0	828
Total financial assets	11,121	23,411	1,858	36,389
Deposits in pooled schemes	0	17,323	0	17,323
Other non-derivative financial liabilities at fair value	7	953	0	960
Negative fair value of derivatives	0	555	0	555
Total financial liabilities	7	18,832	0	18,839

In 2020, no transfers have been made to or from non-observable inputs (Level 3).

At 31.12.2019, Spar Nord changed its estimate/method for calculating fair value of a significant proportion of the bond portfolio. Previously, Spar Nord used stock exchange prices for a significant proportion of its bond portfolio. As a result of the changed estimate/method, a significant proportion of the bond portfolio was changed from quoted prices (level 1) to observable prices (level 2), because Spar Nord assessed that the market for bond trading now mainly consists of professional counterparties where transactions are based on price information from Reuters. The changed estimate/method affects the accounting items bonds, other non-derivative financial liabilities and bonds included in assets linked to pooled schemes. At 31.12.2019, the changed estimate/method resulted in the following change from level 1 to level 2: DKK 12,680 million under bonds, DKK 953 million under other non-derivative financial liabilities and DKK 4,123 million under assets linked to pooled schemes.

The changed estimate/method had an entirely immaterial profit impact in 2019, which was recognised in market value adjustments.

Prices available via Reuters are real-time prices provided by large Danish and European banks, which means that end-prices take into account interest rate developments since the latest transactions. Spar Nord believes that these prices express the most correct fair value of the bond portfolios, which are mainly traded between professional counterparties and large business customers.

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Balance sheet

Level 3	Fair value based on net asset value, cf. shareholders' agree- ments		Fair value based on net asset value, cf. shareholders' agree- ments	
	30.09.20	Other 30.09.20	31.12.19	Other 31.12.19
	DKKm	DKKm	DKKm	DKKm
Equities	1,144	372	1,148	368
Assets linked to pooled schemes	-	366	_	342
Positive fair value of derivatives	-	0	-	0
Sensitivities:				
Change in fair value of shares if the profit/loss of the companies changes by 10% (annualised)	12	_	11	-

A substantial portion of the shares included under "Other" are valued based on future expected cash, market expectations as to the required rate of return on equity and comparable transactions.

Financial instruments measured at fair value based on non-observable inputs (Level 3)	30.09.20 DKKm	31.12.19 DKKm	
Carrying amount, beginning of period	1,858	1,891	
Value adjustments through profit or loss	54	110	
Market value adjustments in other comprehensive income	0	0	
Purchase	41	21	
Sale	71	165	
Transferred to/from Level 3	0	0	
Carrying amount, end of period	1,882	1,858	
Value adjustments through profit or loss of assets held at the reporting date	42	81	

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

Capital

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4.1	Own funds	30
4.2	Treasury share portfolio	30
4.3	Additional tier 1 (AT1) capital	30
4.4	Subordinated debt	3
4.5	Issued bonds at amortised cost	3

Main items

Target: Common equity tier 1 capital ratio

13.5%

31.12.19: 13.5%

Target: Capital ratic

17.5%

31.12.19: 17.5%

Earnings per share for the period

DKK **3.8**

30.09.19: **DKK 6.8**

Common equity tier 1 capital ratio

16.7%

31.12.19: 14.6%

Capital ratio

20.4%

31.12.19: 18.5%

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Capital

4.1 Own funds	30.09.20 DKKm	31.12.19 DKKm
Equity	10,176	9,761
Phasing in of IFRS 9	440	188
Additional tier 1 (AT1) capital included in equity	807	860
Proposed dividend	253	431
Intangible assets	140	143
Other primary deductions	48	47
Deduction – Holdings of insignificant CET1 instruments	154	205
Deduction – Holdings of significant CET1 instruments	94	71
Common equity tier 1 capital	9,119	8,192
Additional tier 1 (AT1) capital *)	773	843
Other deductions	2	3
Tier 1 capital	9,890	9,032
Subordinated debt, excl. additional tier 1 (AT1) capital *)	1,302	1,308
Other deductions	4	5
Own funds	11,188	10,335
Weighted risk exposure amount, credit risk etc.	45,461	47,068
Weighted risk exposure amount, market risk	3,694	3,340
Weighted risk exposure amount, operational risk	5,594	5,555
Total risk exposure amount	54,749	55,963
Common equity tier 1 capital ratio	16.7	14.6
Tier 1 capital ratio	18.1	16.1
Capital ratio	20.4	18.5

4.2 Treasury share portfolio	30.09.20 DKKm	31.12.19 DKKm
Number of shares	75,931	79,179
Percentage of share capital	0.1	0.1

4.3 Additional tier 1 (AT1) capital

Curren	cy Note	Principal DKKm	Interest rate	Received	Maturity	30.09.20 DKKm	31.12.19 DKKm
DKK	а	330	6.00%	2020	Perpetual	339	-
DKK	b	450	5.50%	2016	Perpetual	468	449
DKK	С	400	6.052%	2015	-	_	412
Additio	nal tier 1 (A	T1) capital issued (under CRR, total			807	860

a Issued on 15.04.2020, with an option of early redemption as from 15.04.2025. The loan carries interest at a rate of 6.00% p.a. until 15.04.2025, after which

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

Specification of cash flows	30.09.20 DKKm	31.12.19 DKKm	
Issue of additional tier 1 (AT1) capital	330	_	
Redemption of additional tier 1 (AT1) capital	-400	_	
Net transaction costs	0	_	
Change in portfolio of own bonds	3	-1	
Interest paid	-24	-49	
Net cash flows	-91	-50	

date interest will be fixed at CIBOR6 + a 6.00% margin, but a minimum of 6.00%.

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.

c Redeemed on 10.06.2020.

Capital

4.4 Subordinated debt

Supplementary capital contributions

Curren	cy Note	Principal DKKm	Interest rate	Received	Maturity	30.09.20 DKKm	31.12.19 DKKm
DKK	а	350	CIBOR6 + 2.40 %	2018	29.05.29	349	349
DKK	b	150	2.9298%	2018	29.05.29	150	149
DKK	С	400	2.5348%	2018	19.06.28	400	400
SEK	d	600	STIBOR3 + 2.50%	2017	18.10.27	422	428
Supple	mentary ca	pital contributions	1,320	1,326			
Portfolio	o of own bo	ands relating to sub	pordinated debt			-3	-5
Total su	ıbordinated	d debt				1,317	1,322

- a Redeemable as from 29.05.2024. If the loan is not redeemed, interest will be fixed at CIBOR6 + a 2.40% margin.
- **b** Redeemable as from 29.05.2024. If the loan is not redeemed, interest will be fixed at CIBOR6 + a 2.40% margin.
- c Redeemable as from 19.06.2023. If the loan is not redeemed, interest will be fixed at CIBOR3 + a 2.10% margin.
- **d** Redeemable as from 18.10.2022. If the loan is not redeemed, interest will be fixed at STIBOR3 + a 2.50% margin.

Specification of cash flows and other movements

	30.09.20 DKKm	31.12.19 DKKm
Beginning of period	1,322	1,332
Cash flows		
New loans	-	-
Redeemed	-	_
Net transaction costs	-	_
Change in portfolio of own bonds	1	-5
Net cash flows	1	-5
Other movements		
Change in exchange rate adjustments	-7	-7
Amortised costs expensed	1	1
Total other movements	-6	-6
End of year	1,317	1,322

4.5 Issued bonds at amortised cost

Curren	cy Note	Principal DKKm	Interest rate	Received	Maturity	30.09.20 DKKm	31.12.19 DKKm
SEK	а	1,250	STIBOR3 + 1.05%	2019	05.12.23	879	893
DKK	b	1,350	CIBOR 3 + 1.00%	2019	05.12.25	1,347	1,348
DKK	С	400	0.7290%	2019	05.12.25	400	397
Issued	bonds, toto	le				2,625	2,637
Portfoli	o of own bo	onds relating to issi	ued bonds			-	
Issued	bonds, tota	nl				2,625	2.637

- $\pmb{\alpha} \quad \text{The bonds are redeemable from 05.12.2022. If the bonds are not redeemed, interest will be fixed at STIBOR3 + a 1.05\% margin. } \\$
- \mathbf{b} The bonds are redeemable from 05.12.2024. If the bonds are not redeemed, interest will be fixed at CIBOR3 + a 1.00% margin.
- c The bonds are redeemable from 05.12.2024. If the bonds are not redeemed, interest will be fixed at CIBOR3 + a 1.00% margin. The loan is comprised by the rules on hedge accounting. Reference is made to note 6.5 in the annual report for 2019.

Capital

Specification of cash flows and other movements	30.09.20 DKKm	31.12.19 DKKm
Beginning of period	2,637	0
Cash Flows		
New loans	-	2,635
Redeemed	_	-
Net transaction costs	-2	-5
Change in portfolio of own bonds	-	-
Net cash flows	-2	2,630
Other movements		
Change in exchange rate adjustments	-14	9
Change in interest rate hedging	4	-3
Amortised costs expensed	1	0
Total other movements	-9	7
End of year	2,625	2,637
	30.09.20 DKKm	31.12.19 DKKm
Shown by contractual term to maturity		
Up to 3 months	0	0
Over 3 months and up to 1 year	1	1
Between 1 year and 5 years	2,623	2,636
Over 5 years	-	-
Total	2,625	2,637

Risk Management

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	5.1.1	Summary, carrying amount of	
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		provisions by stages	34
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		losses	35

Main items

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

DKK **58,097** million

31.12.19: DKK **59,416** million

Credit exposure – excl. repo transactions

Retail/business

46.9% / 53.1%

31.12.19: 44.8% / 55.2%

Total impairment account

DKK **1,708** million

31.12.19: DKK **1,503** million

Impairment of loans, advances and receivables etc.

DKK 287 million

30.09.19: DKK 10 million

Risk Management

5.1 Credit risk

5.1.1 Summary, carrying amount of exposures

	Exposure before impair- ment DKKm	lm- pairment DKKm	Carrying impo amount DKKm	Recognised airment etc. total DKKm
30.09.20				
Loans and advances at amortised cost	51,034	1,638	49,397	267
Due from credit institutions and central banks	2,089	1	2,088	0
Guarantees	14,712	36	14,676	-5
Unutilised credit lines and loan commitments	25,591	34	25,557	25
Total	93,426	1,708	91,718	287
	Exposure before impair- ment DKKm	lm- pairment DKKm	Carrying impo amount DKKm	Recognised airment etc. total DKKm
31.12.19	before impair- ment	pairment	Carrying impo amount	airment etc. total
31.12.19 Loans and advances at amortised cost	before impair- ment	pairment	Carrying impo amount	airment etc. total
	before impair- ment DKKm	pairment DKKm	Carrying impo amount DKKm	airment etc. total DKKm
Loans and advances at amortised cost	before impair- ment DKKm	pairment DKKm	Carrying impo amount DKKm	total DKKm
Loans and advances at amortised cost Due from credit institutions and central banks	before impairment DKKm 52,764	pairment DKKm 1,453	Carrying impo amount DKKm 51,311 1,588	dirment etc. total DKKm

5.1.2 Impairments and provisions by stages

5.1.2 impairments and provisions by stages				
30.09.20	Stage 1 DKKm	Stage 2 DKKm	Stage 3 DKKm	Total DKKm
Loans and advances at amortised cost	158	591	889	1,638
Due from credit institutions and central banks	1	0	0	1
Guarantees	19	8	9	36
Unutilised credit lines and loan commitments	4	5	24	34
Impairments and provisions by stages, total	182	604	922	1,708
31.12.19	Stage 1 DKKm	Stage 2 DKKm	Stage 3 DKKm	Total DKKm
Loans and advances at amortised cost	134	258	1,061	1,453
Due from credit institutions and central banks	1	0	0	1

DKKm	DKKm	DKKm	DKKm
134	258	1,061	1,453
1	0	0	1
17	5	18	40
3	3	3	9
155	265	1,083	1,503
	134 1 17 3	134 258 1 0 17 5 3 3	134 258 1,061 1 0 0 17 5 18 3 3 3

5.1.3 Exposures before impairments and provisions by stages

30.09.20	Stage 1 DKKm	Stage 2 DKKm	Stage 3 DKKm	Total DKKm
Loans and advances at amortised cost	40,274	8,934	1,827	51,034
Due from credit institutions and central banks	2,089	0	0	2,089
Guarantees	13,761	794	157	14,712
Unutilised credit lines and loan commitments	22,999	2,484	108	25,591
Exposures before impairments and provisions by stages, total	79,123	12,211	2,092	93,426
31.12.19	Stage 1 DKKm	Stage 2 DKKm	Stage 3 DKKm	Total DKKm
Loans and advances at amortised cost	43,773	6,992	1,999	52,764
Due from credit institutions and central banks	1,588	0	0	1,588
Guarantees	13,907	707	192	14,807
Unutilised credit lines and loan commitments	21,919	1,394	99	23,412
Exposures before impairments and provisions by stages, total	81,188	9,093	2,290	92,571

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".

Risk Management

5.1.4 Impairments and provisions for losses

Analysis of changes in impairments for the period broken down by stages and correlated to recognised impairments, etc.

30.09.20	Stage 1 DKKm	Stage 2 DKKm	Stage 3 DKKm	Total DKKm	Recognised impairments etc. DKKm
Impairment, beginning of year	155	265	1,083	1,503	
Impairments re. new exposures during the year, including new accounts to existing customers	53	11	25	89	89
Reversed impairments re. repaid accounts	-24	-25	-65	-115	-115
Change in impairments at 1 January, transfer to/from stage 1	64	-39	-25	-	-
Change in impairments at 1 January, transfer to/from stage 2	-22	55	-33	-	-
Change in impairments at 1 January, transfer to/from stage 3	-1	-11	13	-	-
Impairments during the year due to change in credit risk	-42	347	33	338	338
Previously impaired, now finally lost	-	0	-122	-122	-
Other movements (interest rate correction etc.)	-	-	15	15	-
Loss without prior impairment	-	-	-	-	22
Amounts recovered on previously impaired receivables	-	-	-	-	-47
Impairments and provisions for losses, total	182	604	922	1,708	287

31.12.19	Stage 1 DKKm	Stage 2 DKKm	Stage 3 DKKm		Recognised mpairments etc. DKKm
Impairment, beginning of year	106	308	1,531	1,945	-
Impairments re. new exposures during the year, including new accounts to existing customers	68	51	156	275	275
Reversed impairments re. repaid accounts	-29	-41	-197	-267	-267
Change in impairments at 1 January, transfer to/from stage 1	198	-150	-48	-	-
Change in impairments at 1 January, transfer to/from stage 2	-16	159	-143	-	-
Change in impairments at 1 January, transfer to/from stage 3	-2	-9	10	-	_
Impairments during the year due to change in credit risk	-171	-22	215	22	22
Change in impairments due to model changes and risk parameters, net	0	-30	0	-30	-30
Previously impaired, now finally lost	0	0	-463	-463	_
Other movements (interest rate correction etc.)	-	_	21	21	_
Loss without prior impairment	-	_	-	-	88
Amounts recovered on previously impaired receivables	-	-	-	-	-65
Impairments and provisions for losses, total	155	265	1,083	1,503	22

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.

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Other notes

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Other notes

6.1 Collateral	30.09.20 DKKm	31.12.19 DKKm
Collateral provided through clearing systems, with central counterparties and other infrastructure institutions:		
Deposits, clearing	158	178
Collateral provided for the market value of derivatives transactions	466	345
Positive market value of derivative contracts subject to netting	168	180
Collateral provided as part of repo transactions	591	2,766
Total collateral	1,383	3,470
6.2 Contingent assets	30.09.20 DKKm	31.12.19 DKKm
Unrecognised deferred tax assets	17	17
6.3 Contingent liabilities	30.09.20 DKKm	31.12.19 DKKm
Guarantees	14,676	14,766
Other binding commitments	1,201	515
Total contingent liabilities	15,876	15,281
Guarantees		
Financial guarantees	5,761	5,482
Loss guarantees for mortgage loans	5,745	5,458
Registration and refinancing guarantees	2,427	3,121
Other contingent liabilities	742	705
Total guarantees	14,676	14,766

Reference is made to note 2.7 in Annual Report 2019 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 30.09.2020 and 31.12.2019. The corporate income tax receivable within the tax pool amounted to DKK 172 million at 30.09.2020 (31.12.2019: DKK 54 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 2020 have been included as a pro-rata share of the annual contributions. The Bank's contribution to the Resolution Fund at 30.09.2020 amounted to DKK 13 million (30.09.2019: DKK 5 million). The Bank's contribution has increased because Finansiel Stabilitet has informed the banks that an error has been identified in the calculation of the above risk factors. The error results in a adjustment of the Bank's contributions for the period 2015-2019 totalling DKK 3.4 million, which is recognised at 30.09.2020.

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

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Other notes

Other binding commitments	30.09.20 DKKm	31.12.19 DKKm
Data-processing centre	1,179	500
Lease liabilities, Spar Nord as lessee	21	15
Other binding commitments, total	1,201	515

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 recognised under Other assets.

The Spar Nord Group has no other significant binding agreements. $\,$

Lease obligations, with the Group as lessee

The item concerns lease liabilities for leases concluded at the balance sheet date but for which the lease asset has not yet been made available.

6.4 Group overview	e Activity	Share capital nd of period*) DKKm	Equity end of period*) DKKm	Profit/loss for the year*) DKKm	Ownership interest %
Spar Nord Bank A/S	Banking	1,230	9,761	1,059	
Subsidiary Aktieselskabet Skelagervej 15, Aalborg	Real property	27	327	11	100

^{*)} According to the most recent annual report.

6.5 Ownership at 30.09.20

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.

Other notes

6.6 Performance indicators and financial ratios (Danish FSA's layout and ratio system)5-year overview

Performance indicators		Q1-Q3	Q1-Q3	Change	Q1-Q3	Q1-Q3	Q1-Q3	Q1-Q3	Q1-Q3	Full year
DKKm		2020	2019	in %	2020	2019	2018	2017	2016	2019
Income statement										
Net interest and fee income		2,164	2,172	0	2,164	2,172	2,068	2,062	2,091	2,858
Market value adjustments		241	253	-5	241	253	207	280	280	320
Staff costs and administrative expenses		1,456	1,405	4	1,456	1,405	1,366	1,358	1,295	1,917
Impairment of loans, advances and receivables etc.		287	10	_	287	10	67	-21	225	22
Income from investments in associates		16	102	-84	16	102	28	27	23	110
Profit/loss		507	876	-42	507	876	849	799	690	1,059
Palance sheet										
Balance sheet		/ 0 707	/ 0 000	1	/0.707	/ 0 000	///7/	/ - / 71	70 / 07	F1 710
Loans and advances Equity		49,397 10,176	48,982 9,617	1 6	49,397 10,176	48,982 9,617	46,636 9,184	45,471 8,793	39,697 8,073	51,312 9,761
Total assets		96,026	94,151	2	96,026	94,151	85,461	80,372	78,957	93,113
Total dissets		70,020	74,131		70,020	74,131	05,401	00,372	70,737	73,113
Financial ratios										
Own funds										
Own funds ratio *)		20.4	17.6		20.4	17.6	18.7	17.9	16.6	18.5
Tier 1 capital ratio *)		18.1	15.4		18.1	15.4	15.9	15.8	14.5	16.1
Earnings										
Return on equity before tax	%	6.4	11.4		6.4	11.4	11.3	11.7	10.6	13.7
Return on equity after tax	%	5.1	9.3		5.1	9.3	9.5	9.2	8.6	11.1
Income/cost ratio		1.35	1.72		1.35	1.72	1.68	1.73	1.53	1.64
Return on assets	%	0.5	0.9		0.5	0.9	1.0	1.0	0.9	1.1
Market risk and liquidity										
Interest rate risk	%	1.1	0.3		1.1	0.3	0.9	1.3	0.4	0.6
Foreign exchange position	%	0.9	1.1		0.9	1.1	1.5	5.2	3.1	1.0
Foreign exchange risk	%	0.1	0.1		0.1	0.1	0.1	0.1	0.0	0.1
Liquidity Coverage Ratio (LCR)	%	216	159		216	159	157	-	-	195
Excess coverage relative to statutory										
liquidity requirement	%					-	- 70.1	313.4	298.8	-
Loans and advances as % of deposits	%	66.0	70.7		66.0	70.7	72.1	71.8	65.2	72.7
Credit risk										
Loans and advances relative to equity		4.9	5.1		4.9	5.1	5.1	5.2	4.9	5.3
Increase in loans and advances for the period	%	-3.3	7.5		-3.3	7.5	5.7	4.4	3.6	9.1
Sum of large exposures	%	77.7	82.0		77.7	82.0	74.4	18.7	15.8	83.6
Impairment ratio for the period		0.4	0.0		0.4	0.0	0.1	0.0	0.4	0.1
The Spar Nord Bank share										
DKK per share of DKK 10										
Profit/loss for the period		4.1	7.1		4.1	7.1	6.9	6.5	5.6	8.6
Net asset value (NAV)		76	71		76	71	68	64	62	72
Dividend		-	-		-	-	-	-	-	3.5
Share price/profit/loss for the period		11.5	8.7		11.5	8.7	8.7	12.0	11.4	7.6
Share price/NAV		0.6	0.9		0.6	0.9	0.9	1.2	1.0	0.9



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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