A photograph of a man with a beard and dark hair, wearing a dark grey t-shirt, carrying a young girl on his shoulders. The girl has long, light brown hair and is wearing a floral patterned shirt and pink rubber boots. They are outdoors, with a bright sunset or sunrise in the background, creating a warm, golden glow. The man is looking up and to the right, smiling, while the girl looks down. The background shows some blurred greenery and a clear sky.

**Interim report** H1 2021 of Spar Nord

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# Executive summary

## Income statement

DKKmn	1. H1 2021	H1 2020	Index	Q2 2021	Q1 2021	Index
Net interest income	846	795	107	432	414	104
Net fee income	768	618	124	372	396	94
Market value adjustments and dividends	216	164	132	126	90	140
Other income	79	27	288	42	37	114
<b>Core income</b>	<b>1,910</b>	<b>1,604</b>	<b>119</b>	<b>972</b>	<b>938</b>	<b>104</b>
Staff costs	705	660	107	352	353	100
Operating expenses	449	392	114	235	214	110
<b>Costs and expenses</b>	<b>1,154</b>	<b>1,052</b>	<b>110</b>	<b>587</b>	<b>567</b>	<b>104</b>
<b>Core earnings before impairment</b>	<b>755</b>	<b>552</b>	<b>137</b>	<b>385</b>	<b>371</b>	<b>104</b>
Impairment of loans and advances, etc.	-101	234	-	-103	2	-
<b>Profit/loss before tax</b>	<b>856</b>	<b>318</b>	<b>269</b>	<b>488</b>	<b>368</b>	<b>133</b>
Tax	170	63	271	97	73	132
<b>Profit/loss</b>	<b>686</b>	<b>255</b>	<b>269</b>	<b>391</b>	<b>295</b>	<b>133</b>

"We're very satisfied with our half-year profit of DKK 686 million and a return on equity of 13.4%, which also means the Bank's equity exceeds DKK 10 billion for the first time in Spar Nord's history. In terms of income, the first six months of the year were characterised by strong performance in our core business based on a high level of activity and business volume growth combined with a very strong performance in the financial markets. Our bottom-line performance was even more positive than our core earnings because, at the end of the period, we recorded loan impairment reversals that reconfirm the favourable developments in the credit quality of our retail and business customers despite continuing uncertainty attaching to COVID-19. Finally, in June we were pleased to successfully migrate the roughly 60,000 customers from BankNordik's Danish business to our products and systems", said Spar Nord's CEO Lasse Nyby.

Spar Nord achieved a profit after tax of DKK 686 million in H1 2021, which corresponds to an annualised return on equity of 13.4%. Overall, the first half performance is considered highly satisfactory.

The acquisition of BankNordik's Danish business at 1 February 2021 contributed core earnings before impairment of about DKK -20 million in H1, as one-off expenses of DKK 42 million were incurred in the period.

Core income amounted to DKK 1,910 million, which is DKK 306 million, or 19%, higher than in the year-earlier period.

At DKK 846 million, net interest income was 7% higher than last year, while net fee income rose 24% to DKK 768 million. Market value adjustments and dividends for the period amounted to DKK 216 million, against DKK 164 million in the same period of 2020.

Total costs and expenses amounted to DKK 1,154 million, against DKK 1,052 million in the same period of 2020. Of this amount, payroll costs amounted to DKK 705 million, corresponding to an increase of 7%, and operating expenses amounted to DKK 449 million, which is 14% higher than in the same period of last year.

Loan impairment charges were an income of DKK 101 million in H1 2021, against an expense of DKK 234 million in H1 2020. At the end of the period, the

Bank's management estimate relating to COVID-19 was unchanged at DKK 320 million.

## Record-high business volume after the acquisition of BankNordik's Danish business

The Group's total business volume (deposits, loans, advances and guarantees, facilitation of mortgage loans, customers' custodianship accounts and life annuities) amounted to DKK 336.4 billion at 30 June 2021, which was DKK 45.1 billion higher than at end-2020. Of this amount, DKK 26.9 billion was attributable to the acquisition of BankNordik's Danish business.

The higher business volume was attributable in particular to a DKK 15.0 billion increase in the facilitation of mortgage loans, which amounted to DKK 109.5 billion at the end of H1.

Finally, an increase in customers' custodianship accounts of DKK 12.6 billion and an increase both in bank deposits of DKK 6.2 billion and in bank lending of DKK 4.1 billion contributed to the increase in overall business volume.

## Outlook for 2021

As announced in company announcement no. 17 of 7 July 2021, Spar Nord upgraded its full-year financial guidance.

On the basis of the half-year profit, Spar Nord maintains its financial guidance, expecting core earnings before impairment of DKK 1,350-1,500 million and a net profit of DKK 1,100-1,300 million.



# Performance indicators and financial ratios – Group

## Performance indicators

### Income statement

DKKkm	H1 2021	H1 2020	Change in %	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Full year 2020
Net interest income	846	795	7	432	414	398	391	408	1,584
Net fee income	768	618	24	372	396	319	300	296	1,238
Market value adjustments and dividends	216	164	32	126	90	133	137	174	433
Other income	79	27	188	42	37	22	21	7	71
<b>Core income</b>	<b>1,910</b>	<b>1,604</b>	<b>19</b>	<b>972</b>	<b>938</b>	<b>872</b>	<b>850</b>	<b>885</b>	<b>3,326</b>
Staff costs	705	660	7	352	353	344	289	344	1,293
Operating expenses	449	392	14	235	214	224	190	188	806
<b>Costs and expenses</b>	<b>1,154</b>	<b>1,052</b>	<b>10</b>	<b>587</b>	<b>567</b>	<b>568</b>	<b>479</b>	<b>532</b>	<b>2,099</b>
<b>Core earnings before impairment</b>	<b>755</b>	<b>552</b>	<b>37</b>	<b>385</b>	<b>371</b>	<b>304</b>	<b>371</b>	<b>353</b>	<b>1,227</b>
Impairment of loans, advances and receivables etc.	-101	234	-143	-103	2	22	53	59	309
<b>Profit/loss before tax</b>	<b>856</b>	<b>318</b>	<b>169</b>	<b>488</b>	<b>368</b>	<b>282</b>	<b>318</b>	<b>294</b>	<b>918</b>
Tax	170	63	171	97	73	52	66	63	181
<b>Profit for the period</b>	<b>686</b>	<b>255</b>	<b>169</b>	<b>391</b>	<b>295</b>	<b>230</b>	<b>252</b>	<b>231</b>	<b>737</b>
Interest expenses to holders of additional tier 1 (AT1) capital	28	27	4	16	12	11	11	15	49

### Balance sheet

DKKkm									
Total assets	114,562	95,242	20	114,562	108,208	102,077	96,026	95,242	102,077
<b>Loans and advances</b>	<b>57,862</b>	<b>49,272</b>	<b>17</b>	<b>57,862</b>	<b>55,245</b>	<b>52,312</b>	<b>49,397</b>	<b>49,272</b>	<b>52,312</b>
Lending, banking and leasing activities	46,551	41,644	12	46,551	46,058	42,494	41,748	41,644	42,494
Lending, reverse repo transactions	11,312	7,629	48	11,312	9,187	9,819	7,649	7,629	9,819
<b>Deposits</b>	<b>88,054</b>	<b>73,227</b>	<b>20</b>	<b>88,054</b>	<b>85,360</b>	<b>78,881</b>	<b>74,855</b>	<b>73,227</b>	<b>78,881</b>
Deposits, banking activities	64,327	54,843	17	64,327	62,787	58,084	55,454	54,843	58,084
Deposits, repo transactions	0	166	-	0	488	333	250	166	333
Deposits, pooled schemes	23,727	18,218	30	23,727	22,085	20,464	19,150	18,218	20,464
Issued bonds	4,847	2,632	84	4,847	2,651	2,670	2,625	2,632	2,670
Subordinated debt	1,334	1,321	1	1,334	1,327	1,333	1,317	1,321	1,333
Additional tier 1 (AT1) capital	1,402	796	76	1,402	1,407	794	807	796	794
Shareholders' equity	10,066	9,125	10	10,066	9,870	9,596	9,369	9,125	9,596
Guarantees	19,031	14,494	31	19,031	18,400	15,591	14,676	14,494	15,591
Total risk exposure amount	62,619	54,627	15	62,619	60,594	54,865	54,749	54,627	54,865
Tier 1 capital *)	10,741	9,725	10	10,741	10,482	10,193	9,890	9,725	10,193
Impairment account	1,595	1,678	-5	1,595	1,699	1,717	1,708	1,678	1,717
Contractual non-performing loans	270	343	-21	270	268	275	284	343	275
Business volume	336,437	273,952	23	336,437	326,604	291,310	280,094	273,952	291,310

\*) Own funds for Q1 2021 are exclusive of recognition of profit/loss for the period.

## Financial performance – core earnings, quarterly

### Financial ratios

		H1 2021	H1 2020	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Full year 2020
<b>Own funds</b>									
Own funds ratio *)		19.3	20.2	19.3	19.5	21.0	20.4	20.2	21.0
Tier 1 capital ratio *)		17.2	17.8	17.2	17.3	18.6	18.1	17.8	18.6
Common equity tier 1 capital ratio *)		15.0	16.4	15.0	15.0	17.2	16.7	16.4	17.2
<b>Earnings</b>									
Return on equity before tax excl. additional tier 1 (AT1) capital p.a. **)	%	16.8	6.5	19.2	14.6	11.7	13.4	12.4	9.4
Return on equity after tax excl. additional tier 1 (AT1) capital p.a. **)	%	13.4	5.1	15.3	11.6	9.5	10.5	9.6	7.4
Cost share of core income	DKK	0.60	0.66	0.60	0.60	0.65	0.56	0.60	0.63
Cost share of core income – incl. impairment of loans, advances and receivables, etc.	DKK	0.55	0.80	0.50	0.61	0.68	0.63	0.67	0.72
Return on assets	%	0.6	0.3	0.3	0.3	0.2	0.3	0.2	0.7
<b>Market risk and liquidity</b>									
Interest rate risk	%	0.9	1.1	0.9	0.9	1.1	1.1	1.1	1.1
Foreign exchange position	%	1.0	1.1	1.0	0.8	0.9	0.9	1.1	0.9
Foreign exchange risk	%	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Liquidity Coverage Ratio (LCR)	%	257	231	257	234	241	216	231	241
Bank and leasing loans relative to bank deposits	%	72.4	75.9	72.4	73.4	73.2	75.3	75.9	73.2
<b>Credit risk</b>									
Bank and leasing loans relative to shareholders' equity (%)		4.6	4.6	4.6	4.7	4.4	4.5	4.6	4.4
Increase in loans and advances for the period	%	9.5	-3.5	1.1	8.4	1.8	0.3	-3.2	-1.5
Sum of large exposures	%	81.9	78.6	81.9	81.8	78.1	77.7	78.6	78.1
Impairment ratio		-0.1	0.4	-0.1	0.0	0.0	0.1	0.1	0.4
<b>Employees and branches</b>									
Number of employees (full-time equivalents, end of period)		1,635	1,560	1,635	1,640	1,545	1,553	1,560	1,545
Number of branches		57	49	57	57	51	49	49	51
<b>Spar Nord share</b>									
<b>DKK per share of DKK 10</b>									
Share price, end of period		71	53	71	68	60	47	53	60
Net asset value (NAV), **)		82	74	82	80	78	76	74	78
Profit/loss for the period **)		5.4	1.9	3.1	2.3	1.8	2.0	1.8	5.6

\*) Own funds for Q1 2021 are exclusive of recognition of profit/loss for the period.

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

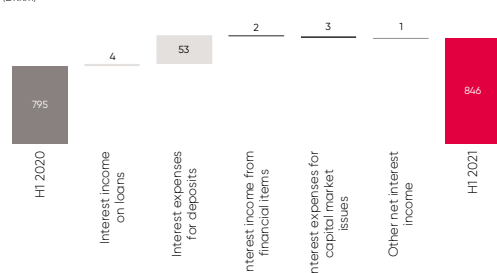
# Management commentary on H1 2021

Spar Nord achieved a profit after tax of DKK 686 million in H1 2021, which corresponds to an annualised return on equity of 13.4%. Overall, the first half performance is considered highly satisfactory.

## Income

Core income amounted to DKK 1,910 million, which is DKK 306 million, or 19%, higher than in the year-earlier period.

**Developments in net interest income**  
(DKKm)



Net interest income was DKK 846 million, against DKK 795 million in H1 2020.

In H1 2021, net interest income remained favourably affected by active measures to apply negative interest on deposits, and the acquisition of BankNordik's Danish business had a favourable impact on both interest income on loans and interest expenses for deposits.

Overall, the interest margin was reduced by 10 basis points from H1 2020 to H1 2021. This was driven by a decline in the average borrowing rate of 24 basis points (y/y), which was partly offset by a decline in the deposit margin of 14 basis points (y/y).

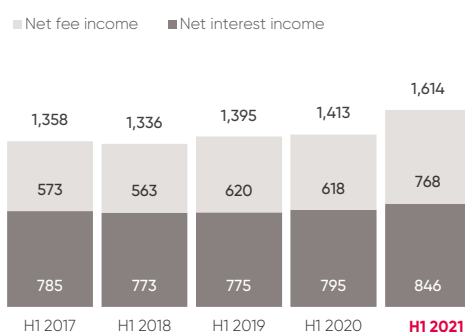
Lastly, net interest income in H1 2021 was adversely affected by a DKK 3 million increase in interest expenses for capital market issues, which was due to an additional issue of MREL capital in H1 2021 compared to the year-earlier period.

DKKm	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Interest income on loans	375	361	357	357	362
Interest expenses for deposits	-60	-52	-40	-36	-32
<b>Net interest income, deposits and loans</b>	<b>435</b>	<b>413</b>	<b>397</b>	<b>393</b>	<b>394</b>
Interest income from financial items	25	26	25	24	37
Interest expenses for capital market issues	18	15	15	16	15
Other net interest income	-11	-10	-9	-9	-8
<b>Total net interest income</b>	<b>432</b>	<b>414</b>	<b>398</b>	<b>391</b>	<b>408</b>

The acquisition of BankNordik's Danish business contributed net interest income of DKK 44 million in H1 2021.

Net fee income was DKK 768 million in H1 2021, against DKK 618 million in the same period of 2020. Net fee income thus accounted for 48% of total net interest and fee income in H1 2021 (H1 2020: 44%).

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



The positive trend in net fee income from early 2021 continued into the second quarter. Combined with the acquisition of BankNordik's Danish business, the persistently high level of activity in the housing area, securities trading and asset management resulted in an increase in net fee income of a full DKK 150 million relative to the first half of 2020.

In addition to growth in the facilitation of mortgage loans and asset management activities in H1 2021, part of the increase in net fee income was also attributable to last year's strong growth in business volume, which continues to materialise in the form of higher current income.

Higher net fees from payment services and cards, insurance and pension and a general adjustment of the Bank's fee structure in 2020 also contributed to the growth in net fee income.

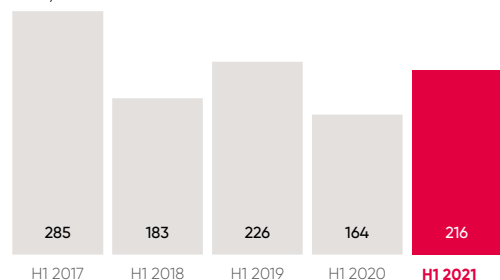
DKKm	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Mortgage fees	123	132	106	110	106
Other transaction fees	27	48	27	30	19
Securities and asset management	109	115	104	88	107
Other fees	113	101	81	72	65
<b>Total net fee income</b>	<b>372</b>	<b>396</b>	<b>319</b>	<b>300</b>	<b>296</b>

The acquisition of BankNordik's Danish business contributed net fee income totalling DKK 48 million in H1 2021.

## Financial review

Market value adjustments and dividends amounted to DKK 216 million, against DKK 164 million in the same period of 2020.

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



The positive trends in the financial markets in H1 resulted in highly satisfactory market value adjustments of the Bank's equity portfolio, while the bond portfolio contributed a small gain in spite of credit spread fluctuations and rising yields.

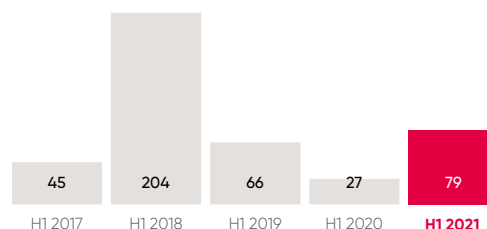
Market value adjustments on equities in the Trading Division amounted to DKK 49 million in H1, while bonds contributed DKK 11 million.

Market value adjustments and dividends on the portfolio of strategic shareholdings in the financial sector were at a highly satisfactory level and no less than DKK 46 million higher in H1 2021 than in the same period of 2020. Earnings were attributable both to Spar Nord's holding of shares in BI Holding (BankInvest) and PRAS as well as some extraordinary gains e.g. related to Erhvervsinvest companies.

DKKm	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Market value adjustments in Trading Division, etc.	35	28	74	80	134
Equity investments, incl. dividends	71	42	41	43	28
Currency trading and exchange rate gains	21	20	18	13	12
<b>Total market value adjustments and dividends</b>	<b>126</b>	<b>90</b>	<b>133</b>	<b>137</b>	<b>174</b>

Other income amounted to DKK 79 million in H1 2021, against DKK 27 million in the same period of 2020. The increase in other income was attributable to positive adjustments regarding Spar Nord's shareholdings in Danske Andelskassers Bank and Vækst-Invest Nordjylland.

**Other income**  
(DKKm)



### Costs and expenses

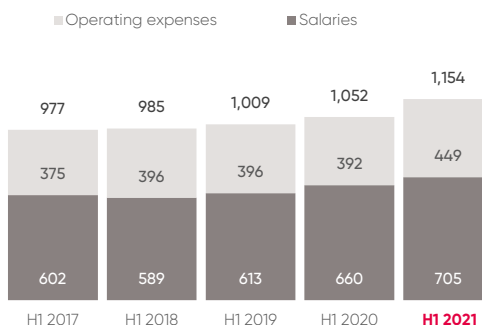
The Group's total costs and expenses amounted to DKK 1,154 million, against DKK 1,052 million in the same period of 2020. Underlying costs were reduced by DKK 13 million, as the acquisition of BankNordik's Danish business contributed total costs of DKK 115 million in the period.

Wages and salaries accounted for DKK 705 million of total costs and expenses. Realised payroll costs were DKK 46 million higher than in the same period of last year.

The higher payroll costs were primarily attributable to the addition of employees following the acquisition of BankNordik's Danish business. At 30 June 2021, Spar Nord employed 1,635 people (FTE), which was 137 more than at 1 January 2021.

In H1 2021, the acquisition of BankNordik's Danish business contributed costs of DKK 52 million, of which DKK 16 million was due to one-off costs for dismissal without service requirement and lay-offs in connection with the structuring of the Bank's future organisation in Q1 2021.

**Total cost and expenses**  
(DKKm)



Other operating expenses came to DKK 449 million, which is DKK 57 million higher than H1 2020.

## Financial review

Operating expenses were DKK 63 million higher due to the acquisition of BankNordik's Danish business. Of this amount, DKK 26 million were one-off costs related to the taking over and refurbishing of branches in Q1 2021 and IT migration in Q2 2021.

The DKK 6 million underlying drop in operating expenses covers a small increase in IT costs, while for example travel and marketing expenses were reduced.

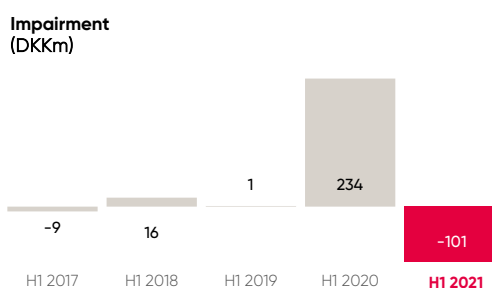
The realised core income and costs corresponded to a Cost/Income Ratio of 0.60 (H1 2020: 0.66).

### Loan impairment

Loan impairment charges etc. was an income of DKK 101 million, which compares to an expense of DKK 234 million in the year-earlier period.

The highly positive impairment trends reflect the continued improvement of macroeconomic trends, the positive development in existing impairment exposures and the general credit quality improvement among the Bank's retail and business customers, including in the agricultural sector.

In 2020, Spar Nord made a model-supported management estimate relating to COVID-19 of DKK 320 million. In H1 2021, the COVID-19 crisis alone resulted in very limited losses on individual exposures, so the management estimates of DKK 320 million is still considered sufficient. On the basis of continuing COVID-19-related uncertainties in H2 2021 and the expiry of the government's financial relief packages at the end of 2021, at 30 June 2021 Spar Nord kept the management estimate relating to COVID-19 unchanged.



At 30 June 2021, Spar Nord's total management estimates amounted to DKK 556 million, of which DKK 320 million related to COVID-19 as the largest single item. The remaining amount of DKK 236 million breaks down into DKK 139 million concerning land prices in the agricultural sector and DKK 97 million relating to model uncertainty.

The DKK -101 million impact on profits breaks down into DKK -27 million attributable to agricultural customers, DKK -54 million to other business customers, DKK -4 million to customers in the SparXpres consumer loan business and DKK -16 million to retail customers.

Stage 3 impairment at 30 June 2021 amounted to DKK 910 million (year-end 2020: DKK 941 million), while stage 1 and 2 impairment totalled DKK 685 million (year-end 2020: DKK 777 million).

### NPL ratio developments

	30.06.21	31.12.20
NPL (DKKm)	1,928	1,873
Exposure (DKKm)	61,764	54,884
NPL ratio	3.1	3.4

At the end of the period, the share of non-performing loans (NPL ratio) at Spar Nord was 3.1%.

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

Breakdown by industry	Loans, advances and guarantees		Impairment account	
Line of business, %	30.06.21	31.12.20	30.06.21	31.12.20
Public authorities	1.1	1.6	0.0	0.0
Agriculture, hunting and forestry	4.5	5.0	19.4	19.5
Fisheries	0.2	0.2	0.1	0.1
Industry and raw materials extraction	3.9	4.3	6.3	4.9
Energy supply	2.7	3.0	1.7	1.7
Building and construction	4.1	4.3	2.9	3.6
Trade	5.6	5.8	8.6	8.5
Transport, hotels and restaurants	4.0	4.2	8.7	9.0
Information and communication	0.5	0.4	0.5	0.5
Financing and insurance	5.4	5.5	6.5	6.5
Real estate	10.5	11.4	7.8	10.2
Other business areas	6.5	6.7	7.6	7.3
<b>Business customers, total</b>	<b>49.1</b>	<b>52.3</b>	<b>70.2</b>	<b>71.8</b>
<b>Total retail customers</b>	<b>50.9</b>	<b>47.7</b>	<b>29.8</b>	<b>28.2</b>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

\*) Excl. reverse repo transactions

Following the acquisition of BankNordik's Danish business, loans, advances and guarantees to retail customers at 30 June 2021 accounted for more than 50% of the Bank's total loans, advances and guarantees.

### Profit/loss

The profit before tax was DKK 856 million against DKK 318 million in H1 2020. The Group's effective tax rate was 20%, bringing net profit to DKK 686 million.

### Business volume

The Group's total business volume (deposits, loans, advances and guarantees, facilitated mortgage loans, customers' custodianship accounts and life annuities) amounted to DKK 336.4 billion at 30 June 2021, which was DKK 45.1 billion higher than at end-2020.

At the end of H1 2021, the acquisition of BankNordik's Danish business contributed a total business volume of DKK 26.9 billion.



## Financial review

### Business volume

DKKbn	30.06.21	30.06.20	30.06.19	30.06.18	30.06.17
Lending, banking and leasing activities	46.6	41.6	42.1	38.3	36.4
Deposits, banking activities	64.3	54.8	52.7	49.5	47.6
Deposits in pooled schemes	23.7	18.2	15.8	15.4	15.0
Guarantees	19.0	14.5	13.9	12.1	12.3
Loans and advances, mortgage loans	109.5	91.9	84.1	79.3	75.3
Custodianship accounts	69.8	50.3	49.2	48.0	49.6
Letpension, life annuities	3.5	2.5	2.2	1.8	1.4
<b>Total business volume</b>	<b>336.4</b>	<b>274.0</b>	<b>260.0</b>	<b>244.3</b>	<b>237.6</b>

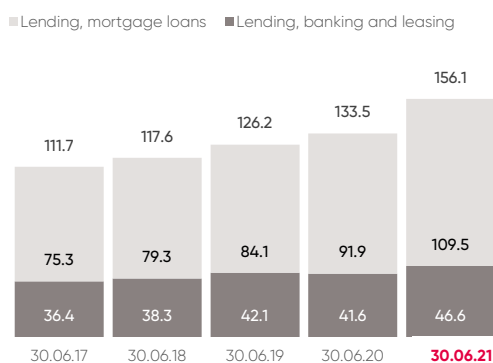
In H1 2021, the Bank recorded an increase in bank and leasing loans of DKK 4.1 billion, or 10%, to DKK 46.6 billion. Lending to retail customers increased by DKK 2.6 billion, of which DKK 2.3 billion was attributable to the acquisition of BankNordik's Danish business.

Leasing loans grew by DKK 0.6 billion, while loans to public-sector customers declined by DKK 0.2 billion. Lastly, loans to business customers rose by DKK 1.1 billion.

Over the course of the year, the volume of facilitated mortgage loans has grown by DKK 15.0 billion, or 16%, to DKK 109.5 billion. In total, the volume of facilitated mortgage loans amounted to DKK 98.1 billion from Totalkredit and DKK 11.4 billion from DLR Kredit.

The acquisition of BankNordik's Danish business contributed a volume of facilitated mortgage loans of DKK 11.0 billion.

### Total credits arranged (DKKbn)



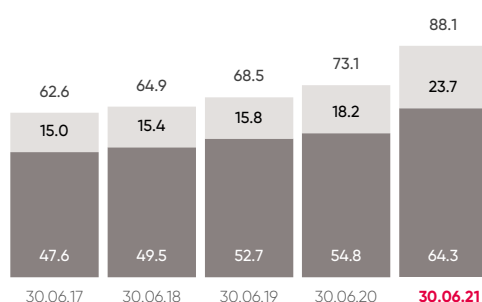
In H1 2021, deposits, banking activities, increased by DKK 6.2 billion to DKK 64.3 billion, equal to 11%. The acquisition of BankNordik's Danish business contributed retail customer deposits of DKK 5.9 billion.

The underlying increase in deposits of DKK 0.3 billion breaks down into an increase of DKK 1.0 billion from business customers and a fall of DKK 0.7 billion from retail customers.

Deposits in pooled schemes rose by DKK 3.3 billion, or 16%, to DKK 23.7 billion, while customers' custodianship accounts rose by DKK 12.6 billion, or 22%, to DKK 69.8 billion.

### Total deposits (DKKbn)

■ Lending in pooled schemes ■ Deposits, banking activities



As a result of developments in deposit and lending volumes, the loan-to-deposit ratio at 30 June 2021 stood at 72.

### Capital position

Since being designated a SIFI institution, Spar Nord has pursued a goal on the capital side of having a common equity tier 1 (CET1) ratio of 13.5% and an own funds ratio of 17.5%.

	30.06.21	30.06.20	30.06.19	30.06.18	30.06.17
Common equity tier 1 capital ratio	15.0	16.4	13.8	14.4	13.2
Tier 1 capital ratio	17.2	17.8	15.3	16.0	14.8
Own funds ratio	19.3	20.2	17.6	18.9	16.9

At 30 June 2021, the common equity tier 1 (CET1) ratio was 15.0%, while the own funds ratio was 19.3%. The latter should be viewed relative to the individual solvency need calculated by Spar Nord at 9.6% plus the 3.5% combined buffer requirement, bringing the total capital requirement to 13.1%. Thus, at 30 June 2021 Spar Nord has an excess capital coverage of 6.1 percentage points, equal to DKK 3.8 billion.

Compared with Q1 2021, the Bank's capital ratios have been reduced by 0.2 percentage point. Overall, own funds increased by DKK 264 million in Q2 2021, primarily owing to the recognition of the profits for H1 2021 less expected dividends for the period and IFRS 9 effects. The risk exposure has increased by DKK 2.0 billion, which is due to an increase in retail loans and guarantees, a higher bond portfolio and new rules on counterparty risks.

## Financial review

Spar Nord must comply with the same requirements regarding eligible liabilities (MREL requirements) as other SIFIs. For Spar Nord, the requirement will be phased in during the period until mid-2022. When the MREL requirement has been fully phased in, Spar Nord must have total capital of about 26% of the total risk exposure amount (REA).

The Bank expects that the MREL requirement, when fully phased-in, will lead to a total need for issuing MREL capital of around DKK 6-7 billion. In Q2 2021, Spar Nord issued MREL capital totalling DKK 2.2 billion; DKK 1.8 billion in May and DKK 0.4 billion in June.

At 30 June 2021, Spar Nord had issued total MREL capital of DKK 4.8 billion. The Bank currently expects to issue additional MREL capital of around DKK 2.0 billion before the final phasing in at 1 July 2021.

### Calibrated MREL requirement

%	30.06.21	01.07.22
Solvency ratio	9.6	9.6
<b>Requirement for loss-absorption amount</b>	<b>9.6</b>	<b>9.6</b>
Solvency ratio	9.6	9.6
Capital conservation buffer requirement	2.5	2.5
SIFI buffer requirement	1.0	1.0
Phasing in	-7.0	0.0
<b>Requirement for recapitalisation amount</b>	<b>6.1</b>	<b>13.1</b>
<b>Total MREL</b>	<b>15.7</b>	<b>22.7</b>
Capital conservation buffer requirement	2.5	2.5
Countercyclical buffer requirement	0.0	0.0
SIFI buffer requirement	1.0	1.0
<b>Total MREL and combined buffer requirement</b>	<b>19.2</b>	<b>26.2</b>

### Excess coverage, calibrated MREL requirement

DKKm / %	30.06.21
Own funds	12,059
Non-preferred senior capital	4,824
Other MREL-eligible liabilities	0
<b>Total capital</b>	<b>16,883</b>
Deduction – separate combined buffer requirement	-2,193
<b>Total MREL-eligible liabilities</b>	<b>14,690</b>
MREL and combined buffer requirement	12,039
MREL requirement	9,846
<b>Excess coverage, MREL requirement</b>	<b>4,844</b>
MREL and combined buffer percentage	27.0
NEP (%)	23.5
<b>Excess coverage, MREL requirement in %-points</b>	<b>7.7</b>

### Liquidity

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, additional tier 1 capital, senior loans and issued bonds with a contractual due date

within 12 months do not form a part of the Bank's strategic liquidity.

### Strategic liquidity

(DKKbn)	30.06.21	31.03.21	31.12.20	30.09.20	30.06.20
Deposits, banking activities	64.3	62.8	58.1	55.5	54.8
Senior loans/bond issues	4.8	2.7	2.7	2.6	2.6
Shareholders' equity and subordinated debt	12.8	12.6	11.7	11.5	11.2
<b>Liquidity procurement</b>	<b>82.0</b>	<b>78.0</b>	<b>72.5</b>	<b>69.6</b>	<b>68.7</b>
Lending, banking and leasing activities	46.6	46.1	42.5	41.7	41.6
Maturity < 1 year	0.0	0.0	0.0	0.0	0.0
<b>Strategic liquidity, total</b>	<b>35.4</b>	<b>32.0</b>	<b>30.0</b>	<b>27.8</b>	<b>27.1</b>

At the end of June 2021, Spar Nord's strategic liquidity amounted to DKK 35.4 billion, up DKK 5.4 billion on end-2020. The increase was driven primarily by the acquisition of a deposit surplus from BankNordik's Danish business and the issue of additional MREL capital in Q2 2021.

Spar Nord's LCR ratio at 30 June 2021 was 257%, while the NSFR ratio was 129%.

### Rating

Spar Nord has an external rating with rating agency Moody's. Spar Nord has an Adjusted Base-line credit assessment of baa1 and a Banking deposit rating of A1 with a stable outlook. Spar Nord's Senior Non-Preferred issues have been assigned a rating of A3 by Moody's.

### Acquisition of BankNordik's Danish business

In mid-June 2021, Spar Nord successfully carried out its IT migration from SDC to BEC, as a result of which some 60,000 customers from BankNordik's Danish business from 19 June 2021 were subject to Spar Nord's products and business terms.

In H1 2021, Spar Nord incurred one-off costs of DKK 42 million due to the acquisition of BankNordik's Danish business. Additional one-off costs in 2021 relating to the acquisition are expected to be to the tune of DKK 8-10 million.

As expected, the acquisition of BankNordik's Danish business contributed to profits in H1 2021, and Spar Nord's expectations to future core earnings before impairment are unchanged at around DKK 110 million as of 2022.

### The Supervisory Diamond

Some years ago, the Danish FSA launched a model, the Supervisory Diamond, which lists a number of quantitative reference points, stipulating what can

## Financial review

be considered a financial institution with an increased risk profile.

Failure to comply with the reference points in the Supervisory Diamond will trigger a reaction from the Danish FSA.

At 30 June 2021, Spar Nord was still comfortably within all the reference points, achieving the values shown below:

### The Supervisory Diamond

		Thresh- old val- ues	30.06.21	30.06.20
Sum of large exposures	%	<175	81.9	78.6
Growth in lending	%	<20	11.8	-1.1
Property exposure	%	<25	9.7	10.6
Funding ratio		<1	0.4	0.5
Liquidity benchmark	%	>100	270	247

### Outlook for 2021

As announced in company announcement no. 17 of 7 July 2021, Spar Nord upgraded its full-year financial guidance.

On the back of strong customer activity and positive financial market developments, Spar Nord upgraded its full-year guidance for core earnings before impairment to DKK 1,350-1,500 million. At the same time, the credit quality of its retail and business customers made Spar Nord expect a small amount of income from impairment charges for the full year. Guidance for profit after tax was upgraded to DKK 1,100-1,300 million.

On the basis of performance in H1 2021, Spar Nord maintains its guidance for core earnings before impairment and net profit.

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## 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. As there are no adjusting items, 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 5 of the management commentary and in the other sections of the management commentary.

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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.

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Cost share of core income

Total costs/core income.

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Cost share of core income – incl. impairment of loans, advances and receivables, etc.

Total costs plus impairment of loans, advances and receivables, etc./core income.

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Bank and leasing loans relative to bank deposits

Bank and leasing loans as a percentage of bank deposits

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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

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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 A/S for the period from 1 January to 30 June 2021.

The 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.

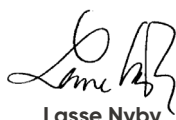
The interim financial statements are unaudited and have not been reviewed, but the external auditor has verified the profit. This verification included procedures consistent with the requirements relating to a review. Hence, it was ascertained that the conditions for ongoing recognition of the profit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

In our opinion, the Interim Financial Statements give a true and fair view of the Group's and Parent Company's financial position at 30 June 2021 and of the results of the Group's and Parent Company's operations and the Group's cash flows for the period from 1 January to 30 June 2021.

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

Aalborg, 19 August 2021

### Executive Board



**Lasse Nyby**  
Chief Executive Officer



**John Lundsgaard**  
Managing Director



**Lars Møller**  
Managing Director



**Martin Kudsk Rasmussen**  
Managing Director

### Board of Directors



**Kjeld Johannesen**  
Chairman of the Board of Directors



**Lene Aaen**



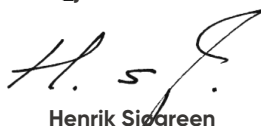
**André Rogaczewski**



**Kim Østergaard**



**Kai Christiansen**



**Henrik Sjøgreen**



**Per Nikolaj Bukh**  
Deputy Chairman of the Board of Directors



**Morten Bach Gaardboe**



**Janne Skovsen**

the period in own funds were met.



# Consolidated financial statements

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# Income statement

Note	H1 2021	H1 2020	Q2 2021	Q2 2020	Full year 2020
	DKKm	DKKm	DKKm	DKKm	DKKm
Interest income calculated under the effective interest method	881	829	448	406	1,647
Other interest income	50	52	25	38	100
2.2 + 2.3 <b>Interest income</b>	<b>931</b>	<b>881</b>	<b>473</b>	<b>444</b>	<b>1,747</b>
2.2 + 2.3 Interest expenses	85	86	41	36	163
<b>Net interest income</b>	<b>846</b>	<b>795</b>	<b>432</b>	<b>408</b>	<b>1,584</b>
2.4 Fees, charges and commissions received	851	699	414	334	1,396
2.4 Fees, charges and commissions paid	83	81	42	38	158
2.5 Market value adjustments and dividends	216	164	126	174	433
2.6 Other income	79	27	42	7	71
2.7 Staff costs	705	660	352	344	1,293
2.8 Operating expenses	449	392	235	188	806
<b>Profit/loss before loan impairment (core earnings before impairment)</b>	<b>755</b>	<b>552</b>	<b>385</b>	<b>353</b>	<b>1,227</b>
2.9 Impairment of loans, advances and receivables etc.	-101	234	-103	59	309
<b>Profit/loss before tax</b>	<b>856</b>	<b>318</b>	<b>488</b>	<b>294</b>	<b>918</b>
2.10 Tax	170	63	97	63	181
<b>Profit for the period</b>	<b>686</b>	<b>255</b>	<b>391</b>	<b>231</b>	<b>737</b>
Appropriation:					
The shareholders of the Parent Company Spar Nord Bank A/S	658	228	375	216	688
Holders of additional tier 1 (AT1) capital instruments	28	27	16	15	49
<b>Profit for the period</b>	<b>686</b>	<b>255</b>	<b>391</b>	<b>231</b>	<b>737</b>
<b>Earnings per share for the period</b>					
Earnings per share for the period (DKK)	5.4	1.9	3.1	1.8	5.6
Diluted earnings per share for the period (DKK)	5.4	1.9	3.1	1.8	5.6

## Statement of comprehensive income

<b>Profit for the period</b>	<b>686</b>	<b>255</b>	<b>391</b>	<b>231</b>	<b>737</b>
<b>Other comprehensive income</b>					
<b>Items that cannot be reclassified to the income statement:</b>					
Adjustment relating to associates	-1	-3	0	-2	-1
Net revaluation of domicile property	1	1	1	1	7
<b>Other comprehensive income after tax</b>	<b>0</b>	<b>-2</b>	<b>1</b>	<b>-1</b>	<b>6</b>
<b>Total comprehensive income</b>	<b>686</b>	<b>253</b>	<b>392</b>	<b>230</b>	<b>743</b>
Appropriation:					
The shareholders of the Parent Company Spar Nord Bank A/S	658	226	376	215	694
Holders of additional tier 1 (AT1) capital instruments	28	27	16	15	49
<b>Total comprehensive income</b>	<b>686</b>	<b>253</b>	<b>392</b>	<b>230</b>	<b>743</b>

# Group

## Balance sheet

Note		30.06.21 DKKm	31.12.20 DKKm	30.06.20 DKKm
	<b>Assets</b>			
	Cash balances and demand deposits with central banks	1,071	1,126	1,224
	Due from credit institutions and central banks	3,584	1,259	1,831
5.1.1	Loans, advances and other receivables at amortised cost	57,862	52,312	49,272
	Bonds at fair value	22,511	21,647	19,364
	Shares, etc.	1,800	1,789	1,719
	Investments in associates	585	529	509
	Assets linked to pooled schemes	23,727	20,464	18,218
	Intangible assets	434	171	172
	Land and buildings	774	782	770
	Other property, plant and equipment	106	112	107
	Current tax assets	153	98	233
	Temporary assets	5	5	6
3.1	Other assets	1,715	1,675	1,624
	Prepayments and deferred income	236	108	193
	<b>Total assets</b>	<b>114,562</b>	<b>102,077</b>	<b>95,242</b>
	<b>Equity and liabilities</b>			
	<b>Liabilities</b>			
	Due to credit institutions and central banks	1,681	4,167	3,236
3.2	Deposits and other payables	64,327	58,416	55,009
	Deposits in pooled schemes	23,727	20,464	18,218
4.5	Issued bonds at amortised cost	4,847	2,670	2,632
	Other non-derivative financial liabilities at fair value	2,517	835	1,219
3.3	Other liabilities	4,497	3,677	3,536
	Prepayments and deferred income	72	28	64
	Deferred tax	17	19	21
	Provisions	75	78	66
4.4	Subordinated debt	1,334	1,333	1,321
	<b>Total liabilities</b>	<b>103,094</b>	<b>91,687</b>	<b>85,321</b>
	<b>Equity</b>			
	Share capital	1,230	1,230	1,230
	Revaluation reserves	101	100	93
	Statutory reserves	130	94	76
	Proposed dividend	0	185	0
	Retained earnings	8,605	7,987	7,726
	<b>Shareholders' equity</b>	<b>10,066</b>	<b>9,596</b>	<b>9,125</b>
4.3	Holders of additional tier 1 (AT1) capital instruments	1,402	794	796
	<b>Total equity</b>	<b>11,468</b>	<b>10,390</b>	<b>9,921</b>
	<b>Total equity and liabilities</b>	<b>114,562</b>	<b>102,077</b>	<b>95,242</b>

# Statement of changes in equity

	Share capital	Revaluation reserve	Statutory reserves	Proposed dividend	Retained earnings	Shareholders of Spar Nord Bank A/S	Additional tier 1 (AT1) capital	Total equity
	DKKm	DKKm	DKKm	DKKm	DKKm	DKKm	DKKm	DKKm
<b>Equity at 30.06.21</b>								
<b>Equity at 31.12.20</b>	<b>1,230</b>	<b>100</b>	<b>94</b>	<b>185</b>	<b>7,987</b>	<b>9,596</b>	<b>794</b>	<b>10,390</b>
<b>Comprehensive income at 30.06.21</b>								
Profit for the period	-	-	56	-	602	658	28	686
<b>Other comprehensive income</b>								
Adjustment relating to associates	-	-	-20	-	19	-1	-	-1
Net revaluation of properties	-	1	-	-	-	1	-	1
<b>Other comprehensive income, total</b>	<b>-</b>	<b>1</b>	<b>-20</b>	<b>-</b>	<b>19</b>	<b>0</b>	<b>-</b>	<b>0</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>1</b>	<b>35</b>	<b>-</b>	<b>622</b>	<b>658</b>	<b>28</b>	<b>686</b>
<b>Transactions with owners</b>								
Issue of additional tier 1 (AT1) capital, net transaction costs	-	-	-	-	-4	-4	600	596
Interest paid on additional tier 1 (AT1) capital	-	-	-	-	-	-	-20	-20
Dividends paid	-	-	-	-185	-	-185	-	-185
Dividends received, treasury shares	-	-	-	-	0	0	-	0
Disposal upon acquisition of treasury shares and additional tier 1 (AT1) capital	-	-	-	-	-262	-262	-	-262
Addition upon sale of treasury shares and additional tier 1 (AT1) capital	-	-	-	-	261	261	0	262
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-185</b>	<b>-4</b>	<b>-188</b>	<b>580</b>	<b>392</b>
<b>Equity at 30.06.21</b>	<b>1,230</b>	<b>101</b>	<b>130</b>	<b>0</b>	<b>8,605</b>	<b>10,066</b>	<b>1,402</b>	<b>11,468</b>
<b>Equity at 30.06.20</b>								
<b>Equity at 31.12.19</b>	<b>1,230</b>	<b>92</b>	<b>116</b>	<b>431</b>	<b>7,032</b>	<b>8,901</b>	<b>860</b>	<b>9,761</b>
<b>Comprehensive income at 30.06.2020</b>								
Profit for the period	-	-	4	-	224	228	27	255
<b>Other comprehensive income</b>								
Adjustment relating to associates	-	-	-44	-	42	-3	-	-3
Net revaluation of properties	-	1	-	-	-	1	-	1
<b>Other comprehensive income, total</b>	<b>-</b>	<b>1</b>	<b>-44</b>	<b>-</b>	<b>42</b>	<b>-2</b>	<b>-</b>	<b>-2</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>1</b>	<b>-40</b>	<b>-</b>	<b>265</b>	<b>226</b>	<b>27</b>	<b>253</b>
<b>Transactions with owners</b>								
Issue of additional tier 1 (AT1) capital, net 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	-	-	-	-	-233	-233	-	-233
Addition upon sale of treasury shares and additional tier 1 (AT1) capital	-	-	-	-	231	231	3	234
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-431</b>	<b>428</b>	<b>-3</b>	<b>-91</b>	<b>-94</b>
<b>Equity at 30.06.20</b>	<b>1,230</b>	<b>93</b>	<b>76</b>	<b>0</b>	<b>7,726</b>	<b>9,125</b>	<b>796</b>	<b>9,921</b>

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.

# Group

## Cash flow statement

	H1 2021	H1 2020	Full year 2020
	DKKm	DKKm	DKKm
<b>Operations</b>			
Profit/loss before tax	856	318	918
Fair value changes, investment properties and temporary assets	0	1	1
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	45	40	80
Gains and losses on the sale of intangible assets and property, plant and equipment	0	0	2
Adjustment of loan impairment etc.	-122	175	214
Adjustment of subordinated debt, issued bonds etc.	-6	-6	51
Provisions	-3	12	24
Income from investments in associates	-56	-4	-29
Corporate income tax paid	-226	-240	-225
<b>Operating activities, total</b>	<b>489</b>	<b>295</b>	<b>1,036</b>
<b>Working capital</b>			
Movement in credit institutions and central banks, net	-2,987	-827	105
Movement in loans, advances and other receivables at amortised cost	-5,428	1,865	-1,215
Movement in bonds at fair value	-864	-2,866	-5,149
Movement in equity portfolio	-11	21	-50
Movement in other assets and other liabilities, net	2,403	251	-13
Movement in deposits and other payables	5,911	1,730	5,137
<b>Working capital, total</b>	<b>-976</b>	<b>173</b>	<b>-1,185</b>
<b>Cash generated from operations, total</b>	<b>-487</b>	<b>468</b>	<b>-149</b>
<b>Investments</b>			
Acquisition of associates	-21	-79	-80
Sale of associates	0	0	0
Acquisition of intangible assets	-268	-1	-3
Acquisition of property, plant and equipment	-40	-22	-44
Sale of property, plant and equipment	4	13	17
Dividends from associates	19	42	49
<b>Investing activities, total</b>	<b>-306</b>	<b>-47</b>	<b>-61</b>
<b>Financing</b>			
4.4 Subordinated debt	4	2	-4
4.3 Additional tier 1 (AT1) capital included in equity	576	-91	-116
4.5 Issued bonds	2,181	-2	-2
Dividends paid, excluding dividends on treasury shares	-184	0	0
Acquisition of treasury shares	-262	-233	-431
Sale of treasury shares	261	231	433
Repayment of lease liabilities	-15	-12	-25
<b>Financing activities, total</b>	<b>2,562</b>	<b>-107</b>	<b>-145</b>
<b>Movements in cash and cash equivalents for the period</b>	<b>1,769</b>	<b>315</b>	<b>-355</b>
Cash and cash equivalents, beginning of year	2,385	2,740	2,740
Movements in cash and cash equivalents for the period	1,769	315	-355
<b>Cash and cash equivalents, end of year</b>	<b>4,154</b>	<b>3,055</b>	<b>2,385</b>
<b>Cash and cash equivalents, end of year</b>			
Cash, cash equivalents and demand deposits with central banks	1,071	1,224	1,126
Due from credit institutions and central banks within less than 3 months	3,083	1,831	1,259
<b>Total</b>	<b>4,154</b>	<b>3,055</b>	<b>2,385</b>



# Notes to the financial statements

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## Section 1

# 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 2020.

Annual Report 2020 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 2021.

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 2020.

## Section 2

# Income statement

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### Main items

Net interest income

**DKK 846** million

H1 2020: **DKK 795** million

Impairment of loans and advances, etc.

**DKK -101** million

H1 2020: **DKK 234** million

Net fee income

**DKK 768** million

H1 2020: **DKK 618** million

Profit/loss before tax

**DKK 856** million

H1 2020: **DKK 318** million

Costs and expenses

**DKK 1,154** million

H1 2020: **DKK 1,052** million

Profit/loss after tax

**DKK 686** million

H1 2020: **DKK 255** million

Profit/loss before loan impairment charges

**DKK 755** million

H1 2020: **DKK 552** million

C/I ratio

**0.60**

H1 2020: **0.66**

## Section 2

# Income statement

## 2.1 Business segments

<b>H1 2021</b> DKKm	Spar Nord's Local Banks	Trading Division	Other areas	Core earnings*) and Group
<b>Income statement</b>				
Net interest income	763	49	34	846
Net fee income	762	5	1	768
Market value adjustments and dividends	128	51	37	216
Other income	14	0	65	79
<b>Core income/revenue, total</b>	<b>1,667</b>	<b>106</b>	<b>137</b>	<b>1,910</b>
Staff costs and operating expenses	1,048	24	82	1,154
<b>Core earnings before impairment</b>	<b>619</b>	<b>82</b>	<b>55</b>	<b>755</b>
Impairment of loans, advances and receivables etc.	-106	1	4	-101
<b>Profit/loss before tax</b>	<b>725</b>	<b>81</b>	<b>51</b>	<b>856</b>

\*) 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
<b>Balance sheet</b>				
Loans, advances and other receivables at amortised cost	46,295	11,555	12	57,862
Investments in associates	0	0	585	585
Intangible assets and property, plant and equipment *)	488	2	823	1,313
Other assets **)	1,413	28,165	25,224	54,802
<b>Allocated assets, total</b>	<b>48,197</b>	<b>39,722</b>	<b>26,643</b>	<b>114,562</b>
Deposits and other payables	63,436	275	617	64,327
Equity (allocated capital)	6,525	1,587	3,356	11,468
Other liabilities	24,145	4,705	9,918	38,767
<b>Allocated equity and liabilities, total</b>	<b>94,106</b>	<b>6,566</b>	<b>13,890</b>	<b>114,562</b>
<b>Disclosures – income/revenue, total</b>				
Internal income/revenue	-79	67	65	53
Internal income and eliminations, offset against costs	0	-53	0	-53
Income/revenue, external customers	1,746	91	72	1,910
<b>Income/revenue, total</b>	<b>1,667</b>	<b>106</b>	<b>137</b>	<b>1,910</b>
<b>Financial ratios</b>				
Return on equity, % ***)	24.1	12.3	-	-
Cost share of core income	0.63	0.22	-	-
Total risk exposure amount, end of period	48,336	11,753	2,531	62,619
Number of employees (full-time equivalents, end of period)	1,071	70	494	1,635

\*) All assets are located in Denmark.

\*\*) Temporary assets amount to DKK 5 million, of which DKK 1 million relates to lease activities and DKK 4 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.

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 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 56 of Annual Report 2020.
- 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.



## Section 2

# Income statement

H1 2020 DKKm	Spar Nord's Local Banks	Trading Division	Other areas	Core earnings*) and Group
<b>Income statement</b>				
Net interest income	710	56	29	795
Net fee income	615	1	2	618
Market value adjustments and dividends	98	69	-4	164
Other income	11	0	16	27
<b>Core income/revenue, total</b>	<b>1,434</b>	<b>127</b>	<b>43</b>	<b>1,604</b>
Staff costs and operating expenses	1,001	30	21	1,052
<b>Core earnings before impairment</b>	<b>433</b>	<b>96</b>	<b>23</b>	<b>552</b>
Impairment of loans, advances and receivables etc.	235	0	-1	234
<b>Profit/loss before tax</b>	<b>198</b>	<b>96</b>	<b>23</b>	<b>318</b>

\*) 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
<b>Balance sheet</b>				
Loans, advances and other receivables at amortised cost	41,405	7,868	0	49,272
Investments in associates	0	0	509	509
Intangible assets and property, plant and equipment *)	251	0	797	1,049
Other assets **)	19,583	23,519	1,309	44,411
<b>Allocated assets, total</b>	<b>61,239</b>	<b>31,387</b>	<b>2,615</b>	<b>95,242</b>
Deposits and other payables	53,872	537	600	55,009
Equity (allocated capital)	6,034	1,321	2,566	9,921
Other liabilities	18,514	5,037	6,761	30,312
<b>Allocated equity and liabilities, total</b>	<b>78,420</b>	<b>6,895</b>	<b>9,927</b>	<b>95,242</b>

<b>Disclosures – income/revenue, total</b>				
Internal income/revenue	-74	71	390	387
Internal income and eliminations, offset against costs	0	-57	-330	-387
Income/revenue, external customers	1,508	113	-17	1,604
<b>Income/revenue, total</b>	<b>1,434</b>	<b>127</b>	<b>43</b>	<b>1,604</b>

<b>Financial ratios</b>				
Return on equity, % ***)	5.9	15.6	-	-
Cost share of core income	0.70	0.24	-	-
Total risk exposure amount, end of period	43,228	9,071	2,328	54,627
Number of employees (full-time equivalents, end of period)	1,021	68	471	1,560

\*) All assets are located in Denmark.

\*\*) Temporary assets amount to DKK 6 million, of which DKK 5 million relates to lease activities and DKK 1 million relates to other areas.

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

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 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 56 of Annual Report 2020.
- 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 totalled approximately DKK 400 million per year, the vast majority of which was 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.

## Section 2

# Income statement

## 2.2 Interest income

	H1 2021	H1 2020
	DKKm	DKKm
Due from credit institutions and central banks	-3	-6
Loans, advances and other receivables	716	711
Bonds	31	38
Derivatives	19	14
Other interest income	0	0
<b>Total interest income after offsetting negative interest income</b>	<b>763</b>	<b>757</b>
Negative interest income offset against interest income	33	40
Negative interest expenses offset against interest expenses	135	84
<b>Total interest income before offsetting negative interest income</b>	<b>931</b>	<b>881</b>
<b>Of which, interest income from reverse repo transactions booked under</b>		
Due from credit institutions and central banks	-6	-8
Loans, advances and other receivables	-20	-21

Negative interest income amounts to DKK 33 million (30.06.2020: DKK 40 million) and relates to repo transactions and bonds. Negative bond yields of DKK 7 million (30.06.2020: DKK 10 million) is offset against interest income from bonds.

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

## 2.3 Interest expenses

	H1 2021	H1 2020
	DKKm	DKKm
Credit institutions and central banks	0	-5
Deposits and other payables	-116	-62
Issued bonds	15	12
Subordinated debt	17	17
Other interest expenses	0	0
<b>Total interest expenses after offsetting negative interest expenses</b>	<b>-83</b>	<b>-38</b>
Negative interest expenses offset against interest expenses	135	84
Negative interest income offset against interest income	33	40
<b>Total interest expenses before offsetting negative interest expenses</b>	<b>85</b>	<b>86</b>
<b>Of which, interest expenses from repo transactions booked under</b>		
Credit institutions and central banks	-3	-11
Deposits and other payables	-4	-3

Negative interest expenses amount to DKK 135 million (30.06.2020: DKK 84 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.

## Section 2

### Income statement

#### 2.4 Fees, charges and commissions received

	H1 2021	H1 2020
	DKKm	DKKm
Securities trading and custody accounts	248	232
Payment services	93	76
Loan transaction fees	348	279
of which mortgage credit institutions	255	218
Guarantee commission	16	15
Other fees, charges and commissions	146	98
<b>Total fees, charges and commissions received</b>	<b>851</b>	<b>699</b>
<b>Total fees, charges and commissions paid</b>	<b>83</b>	<b>81</b>
<b>Total net fees, charges and commissions received</b>	<b>768</b>	<b>618</b>

#### 2.5 Market value adjustments and dividends

	H1 2021	H1 2020
	DKKm	DKKm
Other loans, advances and receivables at fair value	4	-3
Bonds	-69	53
Shares, etc.	88	23
Investment properties	0	-1
Currency	42	29
Foreign exchange, interest, share, commodity and other contracts and derivatives	77	3
Assets linked to pooled schemes	1,759	378
Deposits in pooled schemes	-1,759	-378
<b>Total market value adjustments</b>	<b>142</b>	<b>105</b>
Dividends on shares, etc.	74	59
<b>Market value adjustments and dividends on shares, etc., total</b>	<b>216</b>	<b>164</b>

#### 2.6 Other income

	H1 2021	H1 2020
	DKKm	DKKm
Payments under operating leases and other rental income	6	4
Other income	-10	11
Operation of investment properties	8	7
<b>Total other operating income</b>	<b>23</b>	<b>23</b>
Income from investments in associates	56	4
<b>Other income, total</b>	<b>79</b>	<b>27</b>

## Section 2

### Income statement

#### 2.7 Staff costs

	H1 2021	H1 2020
	DKKm	DKKm
Salaries	560	535
Pensions	69	56
Social security costs	76	68
<b>Total staff costs</b>	<b>705</b>	<b>660</b>

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

<b>Board of Directors</b>		
Number	9	9
Fixed remuneration	2.2	2.1
Pension	-	-
<b>Total remuneration</b>	<b>2.2</b>	<b>2.1</b>

<b>Executive Board</b>		
Number	4	4
Base salary *)	8.7	7.5
- less fees received from directorships	0.5	0.5
<b>The Bank's expense, base salary</b>	<b>8.1</b>	<b>7.0</b>
Pension	1.3	1.1
<b>Total remuneration earned and paid</b>	<b>9.5</b>	<b>8.1</b>

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

Martin Kudsk Rasmussen was appointed as managing director and a member of the Executive Board on 1 April 2020.

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 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.

#### Number of employees

Average number of employees in the financial year converted into full-time equivalents	1,616	1,559
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#### 2.8 Operating expenses

	H1 2021	H1 2020
	DKKm	DKKm
IT costs	266	214
Marketing expenses	26	34
Cost of premises	26	26
Staff costs and travel expenses	22	22
Office expenses	10	9
Other administrative expenses	53	47
<b>Operating expenses</b>	<b>403</b>	<b>352</b>
<b>Depreciation, amortisation and impairment</b>	<b>45</b>	<b>40</b>
<b>Total operating expenses</b>	<b>449</b>	<b>392</b>

## Section 2

### Income statement

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

	H1 2021	H1 2020
	DKKm	DKKm
Impairment re. new exposures during the year, including new accounts to existing customers	94	59
Reversed impairment re. repaid accounts	128	76
Impairment during the year due to change in credit risk	-49	268
Loss without prior impairment	24	12
Amounts recovered on previously impaired receivables	41	29
Value adjustment of properties taken over	0	0
<b>Total impairment of loans and receivables etc.</b>	<b>-101</b>	<b>234</b>

See note 5.1.4 for an explanation of impairment and provision for losses on guarantees etc. at 30.06.2021.

#### 2.10 Effective tax rate

	H1 2021	H1 2020
	%	%
Current tax rate	22.0	22.0
Income from investments and market value adjustment of shares, %	-3.0	-4.7
Non-deductible expenses and non-taxable income, %	0.9	2.4
Adjustment of prior-year taxes, %	0.0	0.1
<b>Total effective tax rate</b>	<b>19.9</b>	<b>19.8</b>



## Balance sheet

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### Main items

Lending, banking and leasing activities

**DKK 46,551** million

31.12.20: **DKK 42,494** million

Deposits, banking activities

**DKK 64,327** million

31.12.20: **DKK 58,084** million

Bonds at fair value

**DKK 22,511** million

31.12.20: **DKK 21,647** million

Deposits in pooled schemes

**DKK 23,727** million

31.12.20: **DKK 20,464** million

## Section 3

### Balance sheet

#### 3.1 Other assets

	30.06.21	31.12.20
	DKKm	DKKm
Positive fair value of derivatives, etc.	687	777
Miscellaneous receivables	534	497
Interest and commissions receivable	59	62
Capital contribution in BEC Financial Technologies	387	312
Other assets	48	27
<b>Total other assets</b>	<b>1,715</b>	<b>1,675</b>

#### 3.2 Deposits and other payables

	30.06.21	31.12.20
	DKKm	DKKm
Repo transactions	0	333
Demand deposits	59,384	53,631
Subject to notice	1,992	1,899
Time deposits, excluding repo business	0	2
Special types of deposits	2,951	2,552
<b>Total deposits and other payables</b>	<b>64,327</b>	<b>58,416</b>

#### 3.3 Other liabilities

	30.06.21	31.12.20
	DKKm	DKKm
Miscellaneous payables	3,546	2,379
Negative fair value of derivatives, etc.	502	743
Interest and commissions payable	25	22
Lease liabilities	134	137
Other liabilities	290	394
<b>Total other liabilities</b>	<b>4,497</b>	<b>3,677</b>

## Section 3

### Balance sheet

#### 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 2020.

Reference is also made to note 3.3.4 to Annual Report 2020 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	Fair value through profit or loss	Amortised cost	Fair value through profit or loss
	30.06.21	30.06.21	31.12.20	31.12.20
	DKKm	DKKm	DKKm	DKKm
Cash balances and demand deposits with central banks	1,071	0	1,126	0
Due from credit institutions and central banks	3,584	0	1,259	0
Loans, advances and other receivables at amortised cost	57,862	0	52,312	0
Bonds at fair value	0	22,511	0	21,647
Shares, etc.	0	1,800	0	1,789
Assets linked to pooled schemes	0	23,727	0	20,464
Positive fair value of derivatives	0	687	0	777
<b>Total financial assets</b>	<b>62,517</b>	<b>48,725</b>	<b>54,698</b>	<b>44,677</b>
Due to credit institutions and central banks	1,681	0	4,167	0
Deposits and other payables	64,327	0	58,416	0
Deposits in pooled schemes	0	23,727	0	20,464
Issued bonds at amortised cost	4,847	0	2,670	0
Other non-derivative financial liabilities at fair value	0	2,517	0	835
Lease liabilities	134	0	137	0
Negative fair value of derivatives	0	502	0	743
Subordinated debt	1,334	0	1,333	0
<b>Total financial liabilities</b>	<b>72,323</b>	<b>26,746</b>	<b>66,724</b>	<b>22,043</b>

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

#### Day 1 gains (customer margin)

When valuing unlisted derivative instruments, the initial customer margin, etc. is amortised over the remaining term to maturity. At 30.06.2021, the customer margin, etc. not yet amortised amounted to DKK 53 million (31.12.2020: DKK 63 million).

In Day 1 gains, DKK 6 million (31.12.2020: DKK 8 million) was offset from CVA at 30.06.2021, which is the credit value component of derivatives.

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

	Quoted prices Level 1	Observable inputs Level 2	Non-observable inputs Level 3	Total
30.06.21	DKKm	DKKm	DKKm	DKKm
Bonds at fair value	0	22,511	0	22,511
Shares, etc.	211	47	1,542	1,800
Assets linked to pooled schemes	18,979	4,354	394	23,727
Positive fair value of derivatives	0	687	0	687
<b>Total financial assets</b>	<b>19,190</b>	<b>27,600</b>	<b>1,936</b>	<b>48,725</b>
Deposits in pooled schemes	0	23,727	0	23,727
Other non-derivative financial liabilities at fair value	0	2,517	0	2,517
Negative fair value of derivatives	0	502	0	502
<b>Total financial liabilities</b>	<b>0</b>	<b>26,746</b>	<b>0</b>	<b>26,746</b>

## Section 3

### Balance sheet

	Quoted prices Level 1	Observable inputs Level 2	Non-observa- ble inputs Level 3	Total
	DKKm	DKKm	DKKm	DKKm
<b>31.12.20</b>				
Bonds at fair value	0	21,647	0	21,647
Shares, etc.	217	16	1,556	1,789
Assets linked to pooled schemes	16,074	4,025	365	20,464
Positive fair value of derivatives	0	776	0	777
<b>Total financial assets</b>	<b>16,292</b>	<b>26,464</b>	<b>1,921</b>	<b>44,677</b>
Deposits in pooled schemes	0	20,464	0	20,464
Other non-derivative financial liabilities at fair value	0	835	0	835
Negative fair value of derivatives	0	743	0	743
<b>Total financial liabilities</b>	<b>0</b>	<b>22,043</b>	<b>0</b>	<b>22,043</b>

In 2020 and 2021, no transfers have been made to or from non-observable inputs (Level 3).

	Fair value based on net asset value, cf. sharehold- ers' agreements	Other	Fair value based on net asset value, cf. sharehold- ers' agreements	Other
	DKKm	DKKm	DKKm	DKKm
<b>Level 3</b>	<b>30.06.21</b>	<b>30.06.21</b>	<b>31.12.20</b>	<b>31.12.20</b>
Equities	1,135	407	1,179	377
Assets linked to pooled schemes	-	394	-	365
Positive fair value of derivatives	-	0	-	0

#### Sensitivities:

Change in fair value of shares if the profit/loss of the companies changes by 10%	14	-	12	-
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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)

	30.06.21	31.12.20
	DKKm	DKKm
Carrying amount, beginning of period	1,921	1,858
Value adjustments through profit or loss	41	95
Market value adjustments in other comprehensive income	0	0
Purchase	70	40
Sale	96	71
Transferred to/from Level 3	0	0
<b>Carrying amount, end of year</b>	<b>1,936</b>	<b>1,921</b>
Value adjustments through profit or loss of assets held at the reporting date	41	83

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

## Section 4

# Capital

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### Main items

Target:  
Common equity tier 1 capital ratio

**13.5%**

31.12.20: **13.5%**

Common equity tier 1 capital ratio

**15.0%**

31.12.20: **17.2%**

Target:  
Own funds ratio

**17.5%**

31.12.20: **17.5%**

Own funds ratio

**19.3%**

31.12.20: **21.0%**

Earnings per share for the period

**DKK 5.4**

30.06.20: **DKK 1.9**

## Section 4

# Capital

### 4.1 Own funds

	30.06.21	31.12.20
	DKKm	DKKm
Equity	11,468	10,390
Phasing in of IFRS 9	317	433
Additional tier 1 (AT1) capital included in equity	1,402	794
Proposed dividend	343	185
Intangible assets	346	141
Other primary deductions	72	53
Deduction – Holdings of insignificant CET1 instruments	109	132
Deduction – Holdings of significant CET1 instruments	143	95
<b>Common equity tier 1 capital</b>	<b>9,369</b>	<b>9,422</b>
Additional tier 1 (AT1) capital *)	1,373	773
Other deductions	2	2
<b>Tier 1 capital</b>	<b>10,741</b>	<b>10,193</b>
Subordinated debt, excl. Additional Tier 1 (AT1) capital *)	1,321	1,324
Other deductions	3	3
<b>Own funds</b>	<b>12,059</b>	<b>11,514</b>
Weighted risk exposure amount, credit risk etc.	50,864	45,277
Weighted risk exposure amount, market risk	5,581	3,994
Weighted risk exposure amount, operational risk	6,174	5,594
<b>Total risk exposure amount</b>	<b>62,619</b>	<b>54,865</b>
Common equity tier 1 capital ratio	15.0	17.2
Tier 1 capital ratio	17.2	18.6
Own funds ratio	19.3	21.0

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

### 4.2 Treasury share portfolio

	30.06.21	31.12.20
Number of shares	75,248	58,063
Percentage of share capital	0.1	0.0

### 4.3 Additional tier 1 (AT1) capital

						30.06.21	31.12.20
		Principal	Interest rate	Received	Maturity	DKKm	DKKm
Currency	Note	DKKm					
DKK	a	600	3.25%	2021	Perpetual	606	-
DKK	b	330	6.00%	2020	Perpetual	334	344
DKK	c	450	5.50%	2016	Perpetual	462	450
<b>Additional tier 1 (AT1) capital issued under CRR, total</b>						<b>1,402</b>	<b>794</b>

**A** Issued on 08.03.2021, with an option of early redemption as from 08.09.2026. The loan carries interest at a rate of 3.25% p.a. until 08.09.2026, after which date interest will be fixed at CIBOR6 + a 3.244% margin. If Spar Nord's common equity tier 1 (CET1) ratio falls below 7%, the loans will be written down. The loans can be written up again based on the rules laid down in CRR.

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

**C** 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.

## Section 4

# Capital

### Specification of cash flows

	30.06.21	31.12.20
	DKKm	DKKm
Issue of additional tier 1 (AT1) capital	600	330
Redemption of additional tier 1 (AT1) capital	0	-400
Net transaction costs	-4	0
Change in portfolio of own bonds	0	3
Interest paid	-20	-49
<b>Net cash flows</b>	<b>576</b>	<b>-116</b>

## 4.4 Subordinated debt

### Supplementary capital contributions

						30.06.21	31.12.20
						DKKm	DKKm
Currency	Note	Principal DKKm	Interest rate	Received	Maturity		
DKK	a	350	CIBOR6 + 2.40%	2018	29.05.2029	349	349
DKK	b	150	2.9298%	2018	29.05.2029	150	150
DKK	c	400	2.5348%	2018	19.06.2028	400	400
SEK	d	600	STIBOR3 + 2.50%	2017	18.10.2027	441	443
<b>Supplementary capital contributions, total</b>						<b>1,339</b>	<b>1,342</b>
Portfolio of own bonds relating to subordinated debt						-5	-9
<b>Total subordinated debt</b>						<b>1,334</b>	<b>1,333</b>

**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

	30.06.21	31.12.20
	DKKm	DKKm
<b>Beginning of period</b>	<b>1,333</b>	<b>1,322</b>
<b>Cash Flows</b>		
New loans	0	0
Redeemed	0	0
Net transaction costs	0	0
Change in portfolio of own bonds	4	-4
<b>Net cash flows</b>	<b>4</b>	<b>-4</b>
<b>Other movements</b>		
Change in exchange rate adjustments	-3	15
Amortised costs expensed	0	1
<b>Total other movements</b>	<b>-3</b>	<b>16</b>
<b>End of year</b>	<b>1,334</b>	<b>1,333</b>

## Section 4

# Capital

### 4.5 Issued bonds at amortised cost

						30.06.21	31.12.20
						DKKm	DKKm
Currency	Note	Principal DKKm	Interest rate	Received	Maturity		
NOK	a	500	2.8230%	2021	30.06.2032	366	-
NOK	b	950	2.1110%	2021	26.11.2026	689	-
NOK	c	750	NIBOR3 + 1.05%	2021	26.05.2028	546	-
SEK	d	800	STIBOR3 + 0.80%	2021	26.05.2026	586	-
SEK	e	1,250	STIBOR3 + 1.05%	2019	05.12.2023	918	923
DKK	f	1,350	CIBOR3 + 1.00%	2019	05.12.2025	1,348	1,347
DKK	g	400	0.7290%	2019	05.12.2025	397	399
<b>Issued bonds, total</b>						<b>4,849</b>	<b>2,670</b>
Portfolio of own bonds relating to issued bonds						-2	0
<b>Issued bonds, total</b>						<b>4,847</b>	<b>2,670</b>

- a** The bonds are redeemable from 30.06.2031. If the bonds are not redeemed, interest will be fixed at NIBOR3 + a 1.166% margin.  
**b** The bonds are redeemable from 26.11.2025. If the bonds are not redeemed, interest will be fixed at NIBOR3 + a 0.86% margin.  
**c** The bonds are redeemable from 26.05.2027. If the bonds are not redeemed, interest will be fixed at NIBOR3 + a 1.05% margin.  
**d** The bonds are redeemable from 26.05.2025. If the bonds are not redeemed, interest will be fixed at STIBOR3 + a 0.80% margin.  
**e** The bonds are redeemable from 05.12.2022. If the bonds are not redeemed, interest will be fixed at STIBOR3 + a 1.05% margin.  
**f** The bonds are redeemable from 05.12.2024. If the bonds are not redeemed, interest will be fixed at CIBOR3 + a 1.00% margin.  
**g** 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 loans a, b and g are comprised by the rules on hedge accounting. Reference is made to note 6.5 in the annual report for 2020.

#### Specification of cash flows and other movements

			30.06.21	31.12.20
			DKKm	DKKm
<b>Beginning of period</b>			<b>2,670</b>	<b>2,637</b>
<b>Cash Flows</b>				
New loans			2,192	0
Redeemed			0	0
Net transaction costs			-9	-2
Change in portfolio of own bonds			-2	0
<b>Net cash flows</b>			<b>2,181</b>	<b>-2</b>
<b>Other movements</b>				
Change in exchange rate adjustments			0	31
Change in interest rate hedging			-4	3
Amortised costs expensed			1	2
<b>Total other movements</b>			<b>-3</b>	<b>35</b>
<b>End of year</b>			<b>4,847</b>	<b>2,670</b>
			30.06.21	31.12.20
			DKKm	DKKm
<b>Shown by contractual term to maturity</b>				
Up to 3 months			1	0
Over 3 months and up to 1 year			3	1
Between 1 year and 5 years			3,932	2,668
Over 5 years			911	0
<b>Total</b>			<b>4,847</b>	<b>2,670</b>



## Risk management

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5.1.4 Impairment and provisions for losses .....	39

### Main items

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

**DKK 67,165** million

31.12.20: **DKK 59,784** million

Credit exposure – excl. reverse repo transactions  
Retail/business

**50.9% / 49.1%**

31.12.20: **47.7% / 52.3%**

Total impairment account

**DKK 1,595** million

31.12.20: **DKK 1,717** million

Impairment on loans, advances and other receivables,  
etc.

**DKK –101** million

30.06.20: **DKK 234** million

## Section 5

# Risk management

### 5.1 Credit risk

A description of Spar Nord's credit policy is provided in note 5.1.1 to Annual Report 2020.

#### 5.1.1 Summary of carrying amount of exposures

Summary of carrying amount of exposures	Exposure before impairment/provisions	Impairment/provisions	Carrying amount	Recognised impairment etc. total
	DKKm	DKKm	DKKm	DKKm
Loans and advances at amortised cost	59,385	1,523	<b>57,862</b>	-99
Due from credit institutions and central banks	3,585	2	<b>3,584</b>	1
Guarantees	19,091	60	<b>19,031</b>	3
Unutilised credit lines and loan commitments	29,085	11	<b>29,075</b>	-6
<b>Total</b>	<b>111,147</b>	<b>1,595</b>	<b>109,551</b>	<b>-101</b>

#### 31.12.20

Loans and advances at amortised cost	53,955	1,643	<b>52,312</b>	285
Due from credit institutions and central banks	1,259	1	<b>1,259</b>	0
Guarantees	15,648	57	<b>15,591</b>	17
Unutilised credit lines and loan commitments	27,323	17	<b>27,306</b>	8
<b>Total</b>	<b>98,185</b>	<b>1,717</b>	<b>96,468</b>	<b>309</b>

#### 5.1.2 Impairment and provisions by stages

	Stage 1	Stage 2	Stage 3	Total
	DKKm	DKKm	DKKm	DKKm
Loans and advances at amortised cost	140	483	900	<b>1,523</b>
Due from credit institutions and central banks	2	0	0	<b>2</b>
Guarantees	21	32	7	<b>60</b>
Unutilised credit lines and loan commitments	4	3	3	<b>11</b>
<b>Total</b>	<b>167</b>	<b>518</b>	<b>910</b>	<b>1,595</b>

#### 31.12.20

Loans and advances at amortised cost	170	543	929	<b>1,643</b>
Due from credit institutions and central banks	1	0	0	<b>1</b>
Guarantees	18	32	7	<b>57</b>
Unutilised credit lines and loan commitments	7	6	4	<b>17</b>
<b>Total</b>	<b>196</b>	<b>580</b>	<b>941</b>	<b>1,717</b>

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

	Stage 1	Stage 2	Stage 3	Total
	DKKm	DKKm	DKKm	DKKm
Loans and advances at amortised cost	52,258	5,124	2,004	<b>59,385</b>
Due from credit institutions and central banks	3,585	0	0	<b>3,585</b>
Guarantees	18,160	788	142	<b>19,091</b>
Unutilised credit lines and loan commitments	27,769	1,168	149	<b>29,085</b>
<b>Total</b>	<b>101,772</b>	<b>7,080</b>	<b>2,295</b>	<b>111,147</b>

#### 31.12.20

Loans and advances at amortised cost	44,661	7,426	1,868	<b>53,955</b>
Due from credit institutions and central banks	1,259	0	0	<b>1,259</b>
Guarantees	14,671	838	139	<b>15,648</b>
Unutilised credit lines and loan commitments	25,042	2,150	131	<b>27,323</b>
<b>Total</b>	<b>85,633</b>	<b>10,414</b>	<b>2,139</b>	<b>98,185</b>

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

Stage 3 exposures include exposures at a discount (impairment charges taken over) on customers acquired. The discount amounted to DKK 78 million at 30 June 2021.

## Section 5

### Risk management

#### 5.1.4 Impairment and provisions for losses

Analysis of changes in impairment and provisions for losses during the year broken down by stages and correlated to recognised impairment, etc.

	Stage 1	Stage 2	Stage 3	Total	Recognised impairment etc.
	DKKm	DKKm	DKKm	DKKm	DKKm
<b>30.06.21</b>					
Impairment and provisions for losses at 1 January	196	580	941	<b>1,717</b>	-
Impairment etc. re. new exposures during the year, including new accounts to existing customers	48	24	22	<b>94</b>	94
Reversed impairment re. repaid accounts	31	63	35	<b>128</b>	128
Change in impairment at 1 January, transfer to/from stage 1	126	-112	-14	-	-
Change in impairment at 1 January, transfer to/from stage 2	-32	44	-11	-	-
Change in impairment at 1 January, transfer to/from stage 3	-1	-30	31	-	-
Impairment during the year due to change in credit risk	-139	75	15	<b>-49</b>	-49
Previously impaired, now finally lost	0	0	-49	<b>-49</b>	-
Other movements (interest rate correction etc.)	0	0	11	<b>11</b>	-
Loss without prior impairment	-	-	-	-	24
Amounts recovered on previously impaired receivables	-	-	-	-	41
<b>Impairment and provisions for losses at 30 June</b>	<b>167</b>	<b>518</b>	<b>910</b>	<b>1,595</b>	<b>-101</b>

	Stage 1	Stage 2	Stage 3	Total	Recognised impairment etc.
	DKKm	DKKm	DKKm	DKKm	DKKm
<b>31.12.20</b>					
Impairment and provisions for losses at 1 January	155	265	1,083	<b>1,503</b>	-
Impairment etc. re. new exposures during the year, including new accounts to existing customers	74	19	35	<b>128</b>	128
Reversed impairment re. repaid accounts	33	33	96	<b>163</b>	163
Change in impairment at 1 January, transfer to/from stage 1	83	-46	-37	-	-
Change in impairment at 1 January, transfer to/from stage 2	-17	63	-46	-	-
Change in impairment at 1 January, transfer to/from stage 3	-2	-13	15	-	-
Impairment during the year due to change in credit risk	-63	324	109	<b>371</b>	371
Previously impaired, now finally lost	0	0	-138	<b>-138</b>	-
Other movements (interest rate correction etc.)	0	0	16	<b>16</b>	-
Loss without prior impairment	-	-	-	-	37
Amounts recovered on previously impaired receivables	-	-	-	-	64
<b>Impairment and provisions for losses at 31 December</b>	<b>196</b>	<b>580</b>	<b>941</b>	<b>1,717</b>	<b>309</b>

In 2020, the change in impairment was related to COVID-19-derived uncertainty.

The figures concerning impairment re. new exposures and reversed impairment charges 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 impairment at the beginning of the year.

## Section 6

# Other notes

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## Section 6

### Other notes

#### 6.1 Collateral

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

	30.06.21	31.12.20
	DKKm	DKKm
Deposits, clearing	172	173
Collateral provided for the market value of derivatives transactions	268	574
Positive market value of derivative contracts subject to netting	196	196
Collateral provided as part of repo transactions	882	1,315
Collateral provided for monetary policy loans	0	2,385
<b>Total collateral</b>	<b>1,519</b>	<b>4,643</b>

#### 6.2 Contingent assets

	30.06.21	31.12.20
	DKKm	DKKm
Unrecognised deferred tax assets	18	18

#### 6.3 Contingent liabilities

	30.06.21	31.12.20
	DKKm	DKKm
Guarantees	19,031	15,591
Other binding commitments	1,485	1,200
<b>Total contingent liabilities</b>	<b>20,516</b>	<b>16,791</b>

##### Guarantees

Financial guarantees	8,976	6,508
Loss guarantees for mortgage loans	6,446	5,834
Registration and refinancing guarantees	2,699	2,459
Other contingent liabilities	909	790
<b>Total guarantees</b>	<b>19,031</b>	<b>15,591</b>

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

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 subsidiary for the Danish corporate income tax payable. Due to the payment of tax on account, no tax was payable at 30.06.2021 and 31.12.2020. The corporate income tax receivable within the tax pool amounted to DKK 153 million at 30.06.2021 (31.12.2020: DKK 98 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 2021 have been included as a pro-rata share of the annual contributions. The Bank's contribution for the Resolution Fund at 30 June 2021 amounted to DKK 8 million (30.06.2020: DKK 10 million.). The Bank's expenses in 2020 included an adjustment of DKK 3.4 million after Finansiel Stabilitet informed the banks that it had determined the above risk factor incorrectly for all banks comprised by the Resolution Fund. The error concerned the period 2015–2019.

The amount of the contingent liabilities and the possible due dates are subject to uncertainty, for which reason this information has not been disclosed.

## Section 6

### Other notes

#### Other binding commitments

	30.06.21	31.12.20
	DKKm	DKKm
Data-processing centre	1,461	1,179
Lease liabilities, Spar Nord as lessee	25	21
<b>Other binding commitments, total</b>	<b>1,485</b>	<b>1,200</b>

#### Data-processing centre

Spar Nord has entered into an agreement with BEC Financial Technologies regarding the provision of IT services.

Spar Nord's membership of BEC Financial Technologies means that in case of termination of the Bank's membership, it is liable to pay an exit fee.

In addition, a capital contribution to BEC Financial Technologies has been recognised under Other assets.

The Spar Nord Group has no other significant binding agreements.

#### Lease liabilities, Spar Nord as lessee

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

Spar Nord has not entered into finance leases as a lessee.

### 6.4 Events after the balance sheet date

On 17 August 2021 Spar Nord acquired additional 8,548,439 shares in Danske Andelskassers Bank at a price of DKK 10.35 per share and has thus increased the total shareholding in DAB from 32.07% to 36.67%. The acquisition has been approved by The Danish FSA.

in DAB. This in accordance with section 45 of Executive Order no. 1767 of 27 November 2020 on capital markets. Spar Nord will publish an Offer Document as soon as possible and at latest on 14 September 2021.

As Spar Nord holds more than a third of the shares in DAB, Spar Nord has an obligation to submit a mandatory public takeover bid to all shareholders in DAB to acquire all outstanding shares

For further information, please refer to Company announcement no. 18/2021 from 17 August 2021.

### 6.5 Overview of group companies

		Share capital, end of period *)	Equity end of period *)	Profit/loss for the year *)	Ownership interest
	Activity	DKKm	DKKm	DKKm	%
Spar Nord Bank A/S	Banking	1,230	10,390	738	-
<b>Subsidiary</b>					
Aktieselskabet Skelagervej 15, Aalborg	Properties	27	265	12	100

\*) According to the most recent annual report.

### 6.6 Ownership at 30.06.2021

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 Business combinations

On 22 December 2020, Spar Nord announced an agreement for the conditional acquisition of BankNordik's Danish business.

The intention with the acquisition is to strengthen Spar Nord's market position in the retail customer segment in the Greater Copenhagen area and in the cities of Aarhus, Odense, Kolding and Haderslev. The agreement will also allow Spar Nord to achieve the potential for efficiency enhancement and improved earnings power which arises from the ability to serve a greater number of customers using the same production and support platform. Furthermore, Spar Nord expects to achieve positive synergies from the combination of BankNordik's branches with Spar Nord's branches in relevant geographical areas.

Closing of the transaction was subject to the approval of the Danish FSA and the Danish Competition and Consumer Authority. As Spar Nord received both regulatory approvals before the end of January 2021, the acquisition was finalised at 1 February 2021.

Spar Nord's profit, comprehensive income, balance sheet and cash flows for 2020 were therefore not affected by the acquisition of BankNordik's Danish business.

##### BankNordik's Danish business is recognised from 1 February 2021.

The preliminary fair values at the acquisition date are based on a non-final purchase price. When the final purchase price and fair value adjustments have been calculated, the fair values of net assets acquired will be adjusted.

BankNordik's Danish business is expected to contribute moderately to Spar Nord's profit before impairment in 2021, as one-off costs associated with the transaction are expected to amount to around DKK 50 million. From 2022, the acquired business is expected to contribute to a profit before impairment of around DKK 110 million.

Income and profit before impairment for 2021 in the post-acquisition period amounts to DKK 96 million and DKK 20 million, respectively. In addition, non-recurring costs of DKK 42 million have been recognised.

Income in Spar Nord for H1 2021 calculated on a pro forma basis as if BankNordik's Danish business had been acquired at 1 January 2021 would have amounted to around DKK 110-120 million.

The total purchase consideration is DKK -3,004 million, corresponding to Spar Nord receiving a net payment for BankNordik for acquiring net debts at the transaction because customer deposits and, by extension, total liabilities exceed the acquired loans, advances and total assets including goodwill. Concurrently with the settlement of the purchase consideration, Spar Nord has granted financing as a part of the agreement, in the form of standard senior debt with terms to maturity of up to 18 months.

Spar Nord is not under any obligation to pay any additional purchase consideration.

Spar Nord does not take over any obligation to pay severance amounts to BankNordik's data processing centre.

Spar Nord has in H1 so far incurred transaction costs relating to the acquisition of DKK 0 million (2020: DKK 2 million) for advisers, which amount has been recognised in operating expenses in the income statement.

In connection with the acquisition, goodwill has been made up at DKK 220 million after recognition at fair value of preliminary identifiable assets, liabilities and contingent liabilities. Goodwill represents the value of the existing employees and know-how

as well as expected synergies from the combination with Spar Nord.

The final agreed and paid goodwill of DKK 255 million is amortisable for tax purposes. The difference between this amount and goodwill for accounting purposes is explained by differences between the purchase price and the fair values of net assets acquired.

	Preliminary fair value at the date of acquisition	Preliminary fair value at the date of acquisition
	30.06.21	31.12.20
	DKKm	DKKm
Cash balances and demand deposits with central banks	15	15
Due from credit institutions and central banks	0	53
Loans, advances and other receivables at amortised cost	2,195	2,249
Shares, etc.	31	45
Assets linked to pooled schemes	790	800
Land and buildings	26	31
Other property, plant and equipment	11	25
Customer relations	48	0
Other assets	14	29
Prepayments and deferred income	0	0
<b>Total assets</b>	<b>3,130</b>	<b>3,247</b>
Deposits and other payables	5,537	5,628
Deposits in pooled schemes	790	800
Other liabilities	27	54
Prepayments and deferred income	1	1
Deferred tax	-2	-6
Provisions	0	0
<b>Total liabilities</b>	<b>6,354</b>	<b>6,478</b>
<b>Acquired net assets</b>	<b>-3,224</b>	<b>-3,232</b>
Goodwill	220	277
<b>Purchase consideration</b>	<b>-3,004</b>	<b>-2,954</b>
Consideration in the form of shares in Spar Nord Bank A/S	0	0
Cash consideration	-3,004	-2,954
<b>Purchase consideration</b>	<b>-3,004</b>	<b>-2,954</b>

##### Calculation of preliminary fair values of acquired assets and liabilities.

The fair value of loans and advances is based on an assessment of the market value of BankNordik's total lending. The fair value of loans and advances of DKK 2,195 million is measured at the present value of the cash flows expected to be received. The contractual receivable gross amount is calculated at DKK 2,322 million, of which DKK 113 million is not expected to be received. Total guarantees acquired amount to DKK 1,391 million for which no provisions for losses or fair value adjustments have been made. The guarantees are primarily mortgage credit guarantees.

The fair value of unlisted shares is based on the company's equity (net asset value) for accounting purposes, as the sale of such shares is governed by the shareholders' agreement for the company.

In connection with the acquisition, Spar Nord has calculated identifiable intangible assets in the form of customer relationships in the amount of DKK 48 million, which expresses the value of the acquired customer base from BankNordik.

## Section 6

### Other notes

The fair value of customer relationships is determined using recognised methods in which the expected future earnings from the acquired customers are assessed.

The fair value of domicile properties is estimated at the acquisition date using a return model.

The fair value of other property, plant and equipment is estimated on the basis of depreciated recoverable amount because they are not traded in an active market.

The value of deferred tax assets/liabilities comprises the tax value of fair value adjustments of, primarily, property plant and equipment and intangible assets. No deferred tax or tax losses have been acquired from BankNordik.

The fair value of deposits has been calculated as the contractual debt because the interest rate on deposits tracks the market rate and no material fixed-rate deposits are acquired.

Acquired litigation, appeals and complaints are recognised at fair value, which is calculated on the basis of weighted probabilities of assessed possible outcomes of such cases. We are not familiar with any material cases to be recognised at the date of acquisition.

The calculation of the purchase price and the fair value of acquired assets and liabilities at the acquisition date at 1 February 2021 is preliminary. We expect fair values to be finally calculated at 31 December 2021.



## Section 6

### Other notes

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

##### Performance indicators

DKK m	H1 2021	H1 2020	Change in %	H1 2021	H1 2020	H1 2019	H1 2018	H1 2017	Full year 2020
<b>Income statement</b>									
Net interest and fee income	1,688	1,472	15	1,688	1,472	1,453	1,381	1,404	2,882
Market value adjustments	142	105	36	142	105	168	138	267	374
Staff costs and administrative expenses	1,100	1,001	10	1,100	1,001	963	951	945	2,000
Impairment on loans, advances and receivables, etc.	-101	234	-143	-101	234	1	16	19	309
Income from investments in associates	56	4	-	56	4	42	25	20	29
Profit for the period	686	255	169	686	255	546	630	575	737
<b>Balance sheet</b>									
Loans and advances	57,862	49,272	17	57,862	49,272	47,023	45,678	42,407	52,312
Equity	11,468	9,921	16	11,468	9,921	9,286	8,960	8,565	10,390
Total assets	114,562	95,242	20	114,562	95,242	89,354	83,561	79,595	102,077
<b>Financial ratios</b>									
<b>Own funds</b>									
Own funds ratio *)	19.3	20.2		19.3	20.2	17.6	18.9	16.9	21.0
Tier 1 capital ratio *)	17.2	17.8		17.2	17.8	15.3	16.0	14.8	18.6
<b>Earnings</b>									
Return on equity before tax	%	7.8	3.2	7.8	3.2	7.3	8.1	8.4	9.1
Return on equity after tax	%	6.3	2.6	6.3	2.6	5.9	7.1	6.7	7.3
Income/cost ratio		1.81	1.25	1.81	1.25	1.67	1.72	1.72	1.38
Return on assets	%	0.6	0.3	0.6	0.3	0.6	0.8	0.7	0.7
<b>Market risk and liquidity</b>									
Interest rate risk	%	0.9	1.1	0.9	1.1	1.0	0.8	0.2	1.1
Foreign exchange position	%	1.0	1.1	1.0	1.1	1.1	1.3	3.9	0.9
Foreign exchange risk	%	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Liquidity Coverage Ratio (LCR)	%	257	231	257	231	137	176	176	241
Excess coverage relative to statutory liquidity requirement	%	-	-	-	-	-	323.0	321.3	-
Loans and advances as % of deposits	%	65.7	67.3	65.7	67.3	68.4	70.4	67.5	66.3
<b>Credit risk</b>									
Loans and advances relative to equity		5.0	5.0	5.0	5.0	5.1	5.1	5.0	5.0
Increase in loans and advances for the period	%	9.5	-3.5	9.5	-3.5	6.4	3.5	3.6	-1.5
Sum of large exposures	%	81.9	78.6	81.9	78.6	84.6	79.1	17.5	78.1
Impairment ratio for the period		-0.1	0.3	-0.1	0.3	0.0	0.0	0.0	0.4
<b>The Spar Nord Bank share</b>									
<b>DKK per share of DKK 10</b>									
Profit/loss for the period		5.6	2.1	5.6	2.1	4.4	5.1	4.7	6.0
Net asset value (NAV)		82	74	82	74	69	66	63	78
Dividend		-	-	-	-	-	-	-	1.5
Share price/profit/loss for the period		12.6	25.3	12.6	25.3	13.2	13.3	18.1	10.0
Share price/NAV		0.9	0.7	0.9	0.7	0.8	1.0	1.3	0.8

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

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# Income statement

Note	H1 2021 DKKm	H1 2020 DKKm	Full year 2020 DKKm
7.2 Interest income	863	881	1,747
7.3 Interest expenses	16	86	163
<b>Net interest income</b>	<b>846</b>	<b>795</b>	<b>1,584</b>
Dividends on shares, etc.	74	59	60
7.4 Fees, charges and commissions received	851	699	1,396
7.4 Fees, charges and commissions paid	83	81	158
<b>Net interest and fee income</b>	<b>1,688</b>	<b>1,472</b>	<b>2,881</b>
7.5 Market value adjustments	128	105	373
Other operating income	19	18	34
7.6 Staff costs and administrative expenses	1,104	1,005	2,007
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	44	39	78
Other operating expenses	8	10	19
Income from investments in associates and group enterprises	77	11	41
7.7 Impairment of loans, advances and receivables etc.	-101	234	309
<b>Profit/loss before tax</b>	<b>856</b>	<b>317</b>	<b>916</b>
Tax	169	61	178
<b>Profit for the period</b>	<b>687</b>	<b>256</b>	<b>738</b>
Appropriation:			
The shareholders of the Parent Company Spar Nord Bank A/S	659	229	688
Holders of additional tier 1 (AT1) capital instruments	28	27	49
<b>Profit for the period</b>	<b>687</b>	<b>256</b>	<b>738</b>

## Statement of comprehensive income

<b>Profit for the period</b>	<b>687</b>	<b>256</b>	<b>738</b>
<b>Other comprehensive income</b>			
Items that cannot be reclassified to the income statement:			
Adjustment relating to associates	-1	-3	-1
Net revaluation of domicile property	0	0	6
<b>Other comprehensive income after tax</b>	<b>-1</b>	<b>-3</b>	<b>5</b>
<b>Total comprehensive income</b>	<b>686</b>	<b>253</b>	<b>743</b>
Appropriation:			
The shareholders of the Parent Company Spar Nord Bank A/S	658	226	694
Holders of additional tier 1 (AT1) capital instruments	28	27	49
<b>Total comprehensive income</b>	<b>686</b>	<b>253</b>	<b>743</b>

# Parent company

## Balance sheet

Note		30.06.21 DKKm	31.12.20 DKKm	30.06.20 DKKm
	<b>Assets</b>			
	Cash balances and demand deposits with central banks	1,071	1,126	1,224
	Due from credit institutions and central banks	3,584	1,259	1,831
	Loans, advances and other receivables at amortised cost	57,862	52,312	49,272
	Bonds at amortised cost	22,511	21,647	19,364
	Shares, etc.	1,781	1,785	1,714
	Investments in associates	585	529	509
	Investments in group enterprises	286	265	259
	Assets linked to pooled schemes	23,727	20,464	18,218
	Intangible assets	434	171	172
	Investment properties	49	69	70
	Domicile properties	401	383	381
	Domicile properties (leasing)	132	137	125
	<b>Land and buildings, total</b>	<b>581</b>	<b>590</b>	<b>577</b>
	Other property, plant and equipment	106	112	107
	Current tax assets	158	101	238
	Temporary assets	5	5	6
	Other assets	1,715	1,675	1,624
	Prepayments and deferred income	239	115	196
	<b>Total assets</b>	<b>114,645</b>	<b>102,155</b>	<b>95,311</b>
	<b>Equity and liabilities</b>			
	Due to credit institutions and central banks	1,681	4,167	3,236
7.8	Deposits and other payables	64,411	58,497	55,080
	Deposits in pooled schemes	23,727	20,464	18,218
	Issued bonds at amortised cost	4,847	2,670	2,632
	Other non-derivative financial liabilities at fair value	2,517	835	1,219
	Other liabilities	4,494	3,673	3,533
	Prepayments and deferred income	72	28	64
	<b>Total payables</b>	<b>101,748</b>	<b>90,333</b>	<b>83,981</b>
	Provisions for deferred tax	19	21	22
	Provision for losses on guarantees	60	57	37
	Other provisions	15	21	29
	<b>Total provisions</b>	<b>94</b>	<b>99</b>	<b>88</b>
	Subordinated debt	1,334	1,333	1,321
	<b>Total liabilities</b>	<b>103,177</b>	<b>91,765</b>	<b>85,389</b>
	Share capital	1,230	1,230	1,230
	Revaluation reserves	92	92	86
	Statutory reserves	-	-	-
	Proposed dividend	-	185	-
	Retained earnings	8,744	8,089	7,809
	<b>Shareholders' equity</b>	<b>10,066</b>	<b>9,596</b>	<b>9,125</b>
	Holders of additional tier 1 (AT1) capital instruments	1,402	794	796
	<b>Total equity</b>	<b>11,468</b>	<b>10,390</b>	<b>9,921</b>
	<b>Total equity and liabilities</b>	<b>114,645</b>	<b>102,155</b>	<b>95,311</b>
	<b>Off-balance sheet items</b>			
	Contingent assets	16	16	15
7.9	Contingent liabilities	19,031	15,591	14,494
7.10	Other binding commitments	1,485	1,200	1,208

# Statement of changes in equity

	Share capital DKKm	Revaluation reserve DKKm	Statutory reserves DKKm	Proposed dividend DKKm	Retained earnings DKKm	Shareholders of Spar Nord Bank A/S DKKm	Additional tier 1 (AT1) capital DKKm	Total equity DKKm
<b>Equity at 30.06.21</b>								
<b>Equity at 31.12.20</b>	<b>1,230</b>	<b>92</b>	<b>0</b>	<b>185</b>	<b>8,089</b>	<b>9,596</b>	<b>794</b>	<b>10,390</b>
<b>Comprehensive income at 30.06.21</b>								
Profit for the period	-	-	77	-	582	659	28	687
<b>Other comprehensive income</b>								
Adjustment relating to associates	-	-	-56	-	55	-1	-	-1
Adjustment relating to group enterprises	-	-	-21	-	21	0	-	0
Net revaluation of properties	-	-	-	-	-	0	-	0
<b>Other comprehensive income, total</b>	<b>-</b>	<b>-</b>	<b>-77</b>	<b>-</b>	<b>76</b>	<b>-1</b>	<b>-</b>	<b>-1</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>658</b>	<b>658</b>	<b>28</b>	<b>686</b>
<b>Transactions with owners</b>								
Issue of additional tier 1 (AT1) capital, net transaction costs	-	-	-	-	-4	-4	600	596
Interest paid on additional tier 1 (AT1) capital	-	-	-	-	-	-	-20	-20
Dividends paid	-	-	-	-185	-	-185	-	-185
Dividends received, treasury shares	-	-	-	-	0	0	-	0
Disposal upon acquisition of treasury shares and additional tier 1 (AT1) capital	-	-	-	-	-262	-262	-	-262
Addition upon sale of treasury shares and additional tier 1 (AT1) capital	-	-	-	-	261	261	0	262
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-185</b>	<b>-4</b>	<b>-188</b>	<b>580</b>	<b>392</b>
<b>Equity at 30.06.21</b>	<b>1,230</b>	<b>92</b>	<b>0</b>	<b>0</b>	<b>8,744</b>	<b>10,066</b>	<b>1,402</b>	<b>11,468</b>
<b>Equity at 30.06.20</b>								
<b>Equity at 31.12.19</b>	<b>1,230</b>	<b>86</b>	<b>0</b>	<b>431</b>	<b>7,155</b>	<b>8,901</b>	<b>860</b>	<b>9,761</b>
<b>Comprehensive income at 30.06.2020</b>								
Profit for the period	-	-	11	-	218	229	27	256
<b>Other comprehensive income</b>								
Adjustment relating to associates	-	-	-11	-	8	-3	-	-3
Net revaluation of properties	-	0	-	-	-	0	-	0
<b>Other comprehensive income, total</b>	<b>-</b>	<b>0</b>	<b>-11</b>	<b>-</b>	<b>8</b>	<b>-3</b>	<b>-</b>	<b>-3</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>226</b>	<b>226</b>	<b>27</b>	<b>253</b>
<b>Transactions with owners</b>								
Issue of additional tier 1 (AT1) capital, net 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	-	-	-	-	-233	-233	-	-233
Addition upon sale of treasury shares and additional tier 1 (AT1) capital	-	-	-	-	231	231	3	234
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-431</b>	<b>428</b>	<b>-3</b>	<b>-91</b>	<b>-94</b>
<b>Equity at 30.06.20</b>	<b>1,230</b>	<b>86</b>	<b>0</b>	<b>0</b>	<b>7,809</b>	<b>9,125</b>	<b>796</b>	<b>9,921</b>

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

# Parent company

## Capital position

<b>Treasury share portfolio</b>	<b>30.06.21</b>	<b>31.12.20</b>
Number of shares	75,248	58,063
Percentage of share capital	0.1	0.0
<b>Own funds</b>	<b>30.06.21</b>	<b>31.12.20</b>
	<b>DKKm</b>	<b>DKKm</b>
Equity	11,468	10,390
Phasing in of IFRS 9	317	433
Additional tier 1 (AT1) capital included in equity	1,402	794
Proposed dividend	343	185
Intangible assets	346	141
Other primary deductions	72	53
Deduction – Holdings of insignificant CET1 instruments	109	132
Deduction – Holdings of significant CET1 instruments	143	95
<b>Common equity tier 1 capital</b>	<b>9,369</b>	<b>9,422</b>
Additional tier 1 (AT1) capital *)	1,373	773
Other deductions	2	2
<b>Tier 1 capital</b>	<b>10,741</b>	<b>10,193</b>
Subordinated debt, excl. Additional Tier 1 (AT1) capital *)	1,321	1,324
Other deductions	3	3
<b>Own funds</b>	<b>12,059</b>	<b>11,514</b>
Weighted risk exposure amount, credit risk etc.	50,942	45,352
Weighted risk exposure amount, market risk	5,581	3,994
Weighted risk exposure amount, operational risk	6,158	5,575
<b>Total risk exposure amount</b>	<b>62,680</b>	<b>54,921</b>
Common equity tier 1 capital ratio	14.9	17.2
Tier 1 capital ratio	17.1	18.6
Own funds ratio	19.2	21.0

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

## Notes parent company

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## Section 7

### Notes parent company

#### § 7.1 Accounting policies

The interim report of the Parent Company Spar Nord A/S has been prepared in accordance with the provisions of the Danish Financial Business Act, including the Danish FSA's Executive Order on financial reports presented by credit institutions and investment companies (Executive Order on the presentation of financial statements).

The Parent Company's accounting policies are identical to those of the Group. For a description of accounting policies and changes thereto, please see accounting policies in note 1.1 to the consolidated financial statements.

Other than as described in note 1.1 to the consolidated financial statements, the accounting policies are unchanged from Annual Report 2020. A full description of the accounting policies is provided in Annual Report 2020.

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

	Profit/loss		Equity	
	H1 2021	H1 2020	H1 2021	H1 2020
	DKKm	DKKm	DKKm	DKKm
Spar Nord Group	686	255	11,468	9,921
Net depreciation and impairment, Group domicile properties	1	1	0	0
<b>Spar Nord Parent Company</b>	<b>687</b>	<b>256</b>	<b>11,468</b>	<b>9,921</b>

#### 7.2 Interest income

	H1 2021	H1 2020
	DKKm	DKKm
Due from credit institutions and central banks	-3	-6
Loans, advances and other receivables	716	711
Bonds	31	38
Foreign-exchange contracts	12	9
Interest-rate contracts	7	5
<b>Total derivatives</b>	<b>19</b>	<b>14</b>
Other interest income	0	0
<b>Total interest income after offsetting negative interest income</b>	<b>763</b>	<b>757</b>
Negative interest income offset against interest income	33	40
Negative interest expenses offset against interest expenses	135	84
<b>Total interest income before offsetting negative interest income</b>	<b>931</b>	<b>881</b>
<b>Of which, interest income from reverse repo transactions booked under</b>		
Due from credit institutions and central banks	-6	-8
Loans, advances and other receivables	-20	-21

Negative interest income amounts to DKK 33 million (30.06.2020: DKK 40 million) and relates to repo transactions and bonds. Negative bond yields of DKK 7 million (30.06.2020: DKK 10 million) is offset against interest income from bonds.

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.



## Section 7

### Notes parent company

#### 7.3 Interest expenses

	H1 2021	H1 2020
	DKKm	DKKm
Credit institutions and central banks	0	-5
Deposits and other payables	-116	-62
Issued bonds	15	12
Subordinated debt	17	17
Other interest expenses	0	0
<b>Total interest expenses after offsetting negative interest expenses</b>	<b>-83</b>	<b>-38</b>
Negative interest expenses offset against interest expenses	135	84
Negative interest income offset against interest income	33	40
<b>Total interest expenses before offsetting negative interest expenses</b>	<b>85</b>	<b>86</b>
<b>Of which, interest expenses from repo transactions booked under</b>		
Credit institutions and central banks	-3	-11
Deposits and other payables	-4	-3

Negative interest expenses amount to DKK 135 million (30.06.2020: DKK 84 million) and relate partly to deposits, partly to repo transactions.

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

#### 7.4 Fees, charges and commissions received

	H1 2021	H1 2020
	DKKm	DKKm
Securities trading and custody accounts	248	232
Payment services	93	76
Loan transaction fees	348	279
of which mortgage credit institutions	255	218
Guarantee commission	16	15
Other fees, charges and commissions	146	98
<b>Total fees, charges and commissions received</b>	<b>851</b>	<b>699</b>
<b>Total fees, charges and commissions paid</b>	<b>83</b>	<b>81</b>
<b>Total net fees, charges and commissions received</b>	<b>768</b>	<b>618</b>

#### 7.5 Market value adjustments

	H1 2021	H1 2020
	DKKm	DKKm
Other loans, advances and receivables at fair value	4	-3
Bonds	-69	53
Shares, etc.	73	23
Investment properties	0	-1
Currency	42	29
Foreign exchange, interest, share, commodity and other contracts and derivatives	77	3
Assets linked to pooled schemes	1,759	378
Deposits in pooled schemes	-1,759	-378
<b>Total market value adjustments</b>	<b>128</b>	<b>105</b>

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#### 7.6 Staff costs and administrative expenses

	H1 2021	H1 2020
	DKKm	DKKm
Staff costs	705	660
Administrative expenses	399	345
<b>Total staff costs and administrative expenses</b>	<b>1,104</b>	<b>1,005</b>
Salaries	560	535
Pensions	69	56
Social security costs	76	68
<b>Total staff costs</b>	<b>705</b>	<b>660</b>
<b>Of which, remuneration to members of the Executive Board and Board of Directors:</b>		
Board of Directors	2.2	2.1
Executive Board	9.5	8.1
<b>Total remuneration</b>	<b>11.7</b>	<b>10.2</b>
<b>Number of employees</b>		
Average number of employees in the financial year converted into full-time equivalents	1,616	1,559

#### 7.7 Impairment of loans, advances and receivables etc.

	H1 2021	H1 2020
	DKKm	DKKm
Impairment re. new exposures during the year, including new accounts to existing customers	94	59
Reversed impairment re. repaid accounts	128	76
Impairment during the year due to change in credit risk	-49	268
Loss without prior impairment	24	12
Amounts recovered on previously impaired receivables	41	29
Value adjustment of properties taken over	0	0
<b>Total impairment of loans and receivables etc.</b>	<b>-101</b>	<b>234</b>

See note 7.11.4 for an explanation of impairment and provision for losses on guarantees etc. at 30.06.2021.

#### 7.8 Deposits and other payables

	30.06.21	31.12.20
	DKKm	DKKm
Demand deposits	59,468	53,712
Subject to notice	1,992	1,899
Time deposits	0	334
Special types of deposits	2,951	2,552
<b>Total</b>	<b>64,411</b>	<b>58,497</b>
Repo transactions hereof	0	333

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## 7.9 Contingent liabilities

	30.06.21	31.12.21
	DKKm	DKKm
Financial guarantees	8,976	6,508
Loss guarantees for mortgage loans	6,446	5,834
Registration and refinancing guarantees	2,699	2,459
Other contingent liabilities	909	790
<b>Total contingent liabilities</b>	<b>19,031</b>	<b>15,591</b>

## 7.10 Other binding commitments

Other binding commitments of DKK 1,485 million (31.12.2020: DKK 1,200 million) consist of lease obligations in which Spar Nord is lessee, and the liability to pay a withdrawal fee on potential withdrawal from BEC Financial Technologies.

See note 6.3 to the consolidated financial statements for a description hereof.

## 7.11 Exposures and impairment etc.

### 7.11.1 Summary of carrying amount of exposures

	Exposure before impairment/provisions	Impairment/provisions	Carrying amount	Recognised impairment etc. total
	DKKm	DKKm	DKKm	DKKm
<b>30.06.21</b>				
Loans and advances at amortised cost	59,385	1,523	57,862	-99
Due from credit institutions and central banks	3,585	2	3,584	1
Guarantees	19,091	60	19,031	3
Unutilised credit lines and loan commitments	29,085	11	29,075	-6
<b>Total</b>	<b>111,147</b>	<b>1,595</b>	<b>109,551</b>	<b>-101</b>

<b>31.12.20</b>				
Loans and advances at amortised cost	53,955	1,643	52,312	285
Due from credit institutions and central banks	1,259	1	1,259	0
Guarantees	15,648	57	15,591	17
Unutilised credit lines and loan commitments	27,323	17	27,306	8
<b>Total</b>	<b>98,185</b>	<b>1,717</b>	<b>96,468</b>	<b>309</b>

### 7.11.2 Impairment and provisions by stages

	Stage 1	Stage 2	Stage 3	Total
	DKKm	DKKm	DKKm	DKKm
<b>30.06.21</b>				
Loans and advances at amortised cost	140	483	900	1,523
Due from credit institutions and central banks	2	0	0	2
Guarantees	21	32	7	60
Unutilised credit lines and loan commitments	4	3	3	11
<b>Total</b>	<b>167</b>	<b>518</b>	<b>910</b>	<b>1,595</b>

<b>31.12.20</b>				
Loans and advances at amortised cost	170	543	929	1,643
Due from credit institutions and central banks	1	0	0	1
Guarantees	18	32	7	57
Unutilised credit lines and loan commitments	7	6	4	17
<b>Total</b>	<b>196</b>	<b>580</b>	<b>941</b>	<b>1,717</b>

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#### 7.11.3 Exposures before impairment and provisions by stages

	Stage 1	Stage 2	Stage 3	Total
30.06.21	DKKm	DKKm	DKKm	DKKm
Loans and advances at amortised cost	52,258	5,124	2,004	59,385
Due from credit institutions and central banks	3,585	0	0	3,585
Guarantees	18,160	788	142	19,091
Unutilised credit lines and loan commitments	27,769	1,168	149	29,085
<b>Total</b>	<b>101,772</b>	<b>7,080</b>	<b>2,295</b>	<b>111,147</b>

31.12.20				
Loans and advances at amortised cost	44,661	7,426	1,868	53,955
Due from credit institutions and central banks	1,259	0	0	1,259
Guarantees	14,671	838	139	15,648
Unutilised credit lines and loan commitments	25,042	2,150	131	27,323
<b>Total</b>	<b>85,633</b>	<b>10,414</b>	<b>2,139</b>	<b>98,185</b>

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

Stage 3 exposures include exposures at a discount (impairment charges taken over) on customers acquired. The discount amounted to DKK 78 million at 30 June 2021.

#### 7.11.4 Impairment and provisions for losses

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

	Stage 1	Stage 2	Stage 3	Recognised	
30.06.21	DKKm	DKKm	DKKm	Total impairment etc.	
Impairment and provisions for losses at 1 January	196	580	941	1,717	-
Impairment etc. re. new exposures during the year, including new accounts to existing customers	48	24	22	94	94
Reversed impairment re. repaid accounts	31	63	35	128	128
Change in impairment at 1 January, transfer to/from stage 1	126	-112	-14	-	-
Change in impairment at 1 January, transfer to/from stage 2	-32	44	-11	-	-
Change in impairment at 1 January, transfer to/from stage 3	-1	-30	31	-	-
Impairment during the year due to change in credit risk	-139	75	15	-49	-49
Previously impaired, now finally lost	0	0	-49	-49	-
Other movements (interest rate correction etc.)	0	0	11	11	-
Loss without prior impairment	-	-	-	-	24
Amounts recovered on previously impaired receivables	-	-	-	-	41
<b>Impairment and provisions for losses at 30 June</b>	<b>167</b>	<b>518</b>	<b>910</b>	<b>1,595</b>	<b>-101</b>

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	Stage 1	Stage 2	Stage 3	Recognised Total impairment etc.	
31.12.20	DKKm	DKKm	DKKm	DKKm	DKKm
Impairment and provisions for losses at 1 January	155	265	1,083	<b>1,503</b>	-
Impairment etc. re. new exposures during the year, including new accounts to existing customers	74	19	35	<b>128</b>	128
Reversed impairment re. repaid accounts	33	33	96	<b>163</b>	163
Change in impairment at 1 January, transfer to/from stage 1	83	-46	-37	-	-
Change in impairment at 1 January, transfer to/from stage 2	-17	63	-46	-	-
Change in impairment at 1 January, transfer to/from stage 3	-2	-13	15	-	-
Impairment during the year due to change in credit risk	-63	324	109	<b>371</b>	371
Previously impaired, now finally lost	0	0	-138	<b>-138</b>	-
Other movements (interest rate correction etc.)	0	0	16	<b>16</b>	-
Loss without prior impairment	-	-	-	-	37
Amounts recovered on previously impaired receivables	-	-	-	-	64
<b>Impairment and provisions for losses at 31 December</b>	<b>196</b>	<b>580</b>	<b>941</b>	<b>1,717</b>	<b>309</b>

In 2020, the change in impairment was related to COVID-19-derived uncertainty.

The figures concerning impairment re. new exposures and reversed impairment charges 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 impairment at the beginning of the year.

#### 7.12 Credit risk policy

A description of Spar Nord's credit policy etc. is provided in note 5.1.1 to Annual Report 2020.

#### 7.13 Events after the balance sheet date

On 17 August 2021 Spar Nord acquired additional 8,548,439 shares in Danske Andelskassers Bank at a price of DKK 10.35 per share and has thus increased the total shareholding in DAB from 32.07% to 36.67%. The acquisition has been approved by The Danish FSA.

As Spar Nord holds more than a third of the shares in DAB, Spar Nord has an obligation to submit a mandatory public takeover bid to all shareholders in DAB to acquire all outstanding shares

in DAB. This in accordance with section 45 of Executive Order no. 1767 of 27 November 2020 on capital markets. Spar Nord will publish an Offer Document as soon as possible and at latest on 14 September 2021.

For further information, please refer to Company announcement no. 18/2021 from 17 August 2021.

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

##### Performance indicators

DKKm	H1 2021	H1 2020	Change in %	H1 2021	H1 2020	H1 2019	H1 2018	H1 2017	Full year 2020
<b>Income statement</b>									
Net interest and fee income	1,688	1,472	15	1,688	1,472	1,453	1,381	1,401	2,881
Market value adjustments	128	105	22	128	105	168	138	266	373
Staff costs and administrative expenses	1,104	1,005	10	1,104	1,005	966	953	948	2,007
Impairment on loans, advances and receivables, etc.	-101	234	-143	-101	234	1	16	19	309
Income from investments in associates and group enterprises	77	11	-	77	11	48	30	30	41
Profit for the period	687	256	168	687	256	547	630	576	738
<b>Balance sheet</b>									
Loans and advances	57,862	49,272	17	57,862	49,272	47,023	45,678	42,280	52,312
Equity	11,468	9,921	16	11,468	9,921	9,286	8,960	8,565	10,390
Total assets	114,645	95,311	20	114,645	95,311	89,482	83,690	79,686	102,155
<b>Financial ratios</b>									
<b>Own funds</b>									
Own funds ratio *)	19.2	20.2		19.2	20.2	17.6	18.9	16.9	21.0
Tier 1 capital ratio *)	17.1	17.8		17.1	17.8	15.3	16.0	14.8	18.6
<b>Earnings</b>									
Return on equity before tax	%	7.8	3.2	7.8	3.2	7.3	8.1	8.4	9.1
Return on equity after tax	%	6.3	2.6	6.3	2.6	5.9	7.1	6.7	7.3
Income/cost ratio		1.81	1.25	1.81	1.25	1.67	1.72	1.72	1.38
Return on assets	%	0.6	0.3	0.6	0.3	0.6	0.8	0.7	0.7
<b>Market risk and liquidity</b>									
Interest rate risk	%	0.9	0.1	0.9	0.1	1.0	0.8	0.2	1.1
Foreign exchange position	%	1.0	1.1	1.0	1.1	1.1	1.3	3.9	0.9
Foreign exchange risk	%	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Liquidity Coverage Ratio (LCR)	%	255	229	255	229	135	174	173	239
Excess coverage relative to statutory liquidity requirement	%	-	-	-	-	-	322.4	320.8	-
Loans and advances as % of deposits	%	65.7	67.2	65.7	67.2	68.3	70.3	67.2	66.3
<b>Credit risk</b>									
Loans and advances relative to equity		5.0	5.0	5.0	5.0	5.1	5.1	4.9	5.0
Increase in loans and advances for the period	%	9.5	-3.5	9.5	-3.5	6.4	3.5	3.6	-1.5
Sum of large exposures	%	81.9	78.6	81.9	78.6	84.6	79.1	14.0	78.1
Impairment ratio for the period		-0.1	0.4	-0.1	0.4	0.0	0.0	0.0	0.4
<b>The Spar Nord Bank share</b>									
<b>DKK per share of DKK 10</b>									
Profit/loss for the period		5.6	2.1	5.6	2.1	4.4	5.1	4.7	6.0
Net asset value (NAV)		82	74	82	74	69	66	63	78
Dividend		-	-	-	-	-	-	-	1.5
Share price/profit/loss for the period		12.6	25.3	12.6	25.3	13.2	13.3	18.1	10.0
Share price/NAV		0.9	0.7	0.9	0.7	0.8	1.0	1.3	0.8

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



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

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