

Interim report Q1-Q3 2021 of Spar Nord

# Q1-Q3 2021 **Contents**

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# Q1-Q3 2021 Executive summary

#### Income statement

DKKm	Q1-Q3 2021	Q1-Q3 2020	Index	Q3 2021	Q2 2021	Index
Net interest income	1,288	1,186	109	442	432	102
Net fee income	1,140	918	124	372	372	100
Market value adjustments and dividends	297	301	99	81	126	64
Other income	115	48	237	36	42	86
Core income	2,841	2,454	116	931	972	96
Staff costs	1,010	949	106	305	352	87
Operating expenses	657	582	113	208	235	89
Costs and expenses	1,667	1,530	109	513	587	87
Core earnings before impairment	1,174	923	127	418	385	109
Impairment of loans and advances, etc.	-116	287	-	-15	-103	-
Profit/loss before tax	1,289	636	203	433	488	89
Ταχ	256	129	198	85	97	88
Profit/loss	1,034	507	204	348	391	89

"On the basis of performance during the first nine months of the year, we are happy and satisfied to report that 2021 promises to be a really good year for Spar Nord. We have experienced strong growth in our business – partly from the acquisition of BankNordik's Danish business, but also to a great extent owing to organic growth in lending, facilitation of mortgage loans and asset management activities. Overall, this means core earnings before impairment are up by as much as 27% relative to the same period of last year. Furthermore, we recorded loan impairment reversals for the first nine months of the year, driven in particular by an unchanged strong economic situation for the bank's retail and business customers. In addition, we are of course pleased that the Danish economy has generally recovered strongly from the COVID-19 crisis," said Spar Nord's CEO Lasse Nyby.

Spar Nord achieved a profit after tax of DKK 1,034 million in Q1-Q3 2021, which corresponds to an annualised return on equity of 13.2%. Overall, the performance in Q1-Q3 is considered highly satisfactory.

Core income amounted to DKK 2,841 million, which is DKK 387 million, or 16%, higher than in the yearearlier period.

At DKK 1,288 million, net interest income was 9% higher than last year, while net fee income rose 24% to DKK 1,140 million. Market value adjustments and dividends amounted to DKK 297 million, while other income ended at DKK 115 million.

Total costs and expenses amounted to DKK 1,667 million, against DKK 1,530 million in the same period of 2020. Of this amount, payroll costs amounted to DKK 1,010 million, corresponding to an increase of 6%, and operating expenses amounted to DKK 657 million, which is 13% higher than in the same period of last year.

Loan impairment charges were an income of DKK 116 million in Q1–Q3 2021, against an expense of DKK 287 million in the year-earlier period. Owing to a model adjustment, Spar Nord's management estimate relating to COVID–19 was increased by DKK 27 million in Q3 2021 to DKK 347 million, while management estimates regarding agriculture and model uncertainty were reduced. Finally, Spar Nord has made a new management estimate of DKK 62 million relating to collateral values on private property.

#### Business volume continues to grow

The Group's total business volume (deposits, loans, advances and guarantees, facilitation of mortgage loans, customers' custodianship accounts and life annuities) amounted to DKK 338.6 billion at 30 September 2021, which was DKK 47.3 billion higher than at end-2020. Of this amount, the acquisition of BankNordik's Danish business accounted for around DKK 27 billion.

The higher business volume was attributable in particular to a DKK 16.2 billion increase in the facilitation of mortgage loans, which amounted to DKK 110.8 billion at the end of Q3. Relative to year-end 2020, facilitation of mortgage loans rose by 17%.

Finally, an increase in customers' custodianship accounts of DKK 13.8 billion and an increase both in bank deposits of DKK 5.7 billion and in bank lending of DKK 5.0 billion contributed to the increase in overall business volume.

#### Outlook for 2021

As announced in company announcement no. 25 of 13 October 2020, Spar Nord upgraded its full-year financial guidance.

Spar Nord upgraded its full-year guidance for core earnings before impairment to DKK 1,475-1,575 million. At the same time, developments in customer finances meant that full-year impairment charges were expected to represent an income of around DKK 100 million. Guidance for profit after tax was upgraded to DKK 1,250-1,350 million.

On the basis of performance in Q3 2021, Spar Nord maintains its guidance for core earnings before impairment and net profit.

# Performance indicators and financial ratios -Group

#### Performance indicators

#### Income statement

Q1-Q3 2021	Q1-Q3 2020	Change in %	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Full year 2020
1,288	1,186	9	442	432	414	398	391	1,584
1,140	918	24	372	372	396	319	300	1,238
297	301	-1	81	126	90	133	137	433
115	48	137	36	42	37	22	21	71
2,841	2,454	16	931	972	938	872	850	3,326
1,010	949	6	305	352	353	344	289	1,293
657	582	13	208	235	214	224	190	806
1,667	1,530	9	513	587	567	568	479	2,099
1,174	923	27	418	385	371	304	371	1,227
-116	287	-140	-15	-103	2	22	53	309
1,289	636	103	433	488	368	282	318	918
256	129	98	85	97	73	52	66	181
1,034	507	104	348	391	295	230	252	737
44	38	16	16	16	12	11	11	49
	2021 1,288 1,140 297 1115 2,841 1,010 657 1,667 1,174 -116 1,289 256 1,034	2021         2020           1,288         1,186           1,140         918           297         301           115         48           2,841         2,454           1,010         949           657         582           1,667         1,530           1,174         923           -116         287           1,289         636           256         129           1,034         507	2021         2020         in %           1,288         1,186         9           1,140         918         24           297         301         -1           115         48         137           2,841         2,454         16           1,010         949         6           657         582         13           1,667         1,530         9           1,174         923         27           -116         287         -140           1,289         636         103           255         129         98           1,034         507         104	2021         2020         in %         2021           1,288         1,186         9         442           1,140         918         24         372           2977         301         -1         81           1115         48         137         36           2,841         2,454         16         931           1,010         949         6         305           657         582         13         208           1,667         1,530         9         513           1,174         923         27         418           -116         287         -140         -15           1,289         636         103         433           256         129         98         85           1,034         507         104         348	2021         2020         in %         2021         2021           1,288         1,186         9         442         432           1,140         918         24         372         372           297         301         -1         81         126           115         48         137         36         42           2,841         2,454         16         931         972           1,010         949         6         305         352           657         582         1.3         208         235           1,667         1,530         9         513         587           1,174         923         27         418         385           -116         287         -140         -15         -103           1,289         636         103         433         488           255         129         98         85         97           1,034         507         104         348         391	2021         2020         in %         2021         2021         2021           1,288         1,186         9         442         432         414           1,140         918         24         372         372         396           2977         301         -1         81         126         90           115         48         137         36         42         372           2,841         2,454         16         931         972         938           1,010         949         6         305         352         353           657         582         13         208         235         214           1,667         1,530         9         513         587         567           1,174         923         27         418         385         371           -116         287         -140         -15         -103         2           1,289         636         103         433         488         368           256         129         98         85         97         73           1,034         507         104         348         391         295 <td>2021         2020         in %         2021         2031         317         317         317         317         326         422         377         222         2,841         2,454         16         931         972         938         872           1,010         949         6         305         352         353         344         264         224</td> <td>2021         2020         in %         2021         2021         2021         2020         2020           1,288         1,186         9         442         432         414         398         391           1,140         918         24         372         372         396         319         300           297         301         -1         81         126         90         133         137           115         48         137         36         42         372         938         872         850           2,841         2,454         16         931         972         938         872         850           1,010         949         6         305         352         353         344         289           657         582         13         208         235         214         224         190           1,667         1,530         9         513         587         567         568         479           1,174         923         27         418         385         371         304         371           -116         287         -140         -15         -103         2</td>	2021         2020         in %         2021         2031         317         317         317         317         326         422         377         222         2,841         2,454         16         931         972         938         872           1,010         949         6         305         352         353         344         264         224	2021         2020         in %         2021         2021         2021         2020         2020           1,288         1,186         9         442         432         414         398         391           1,140         918         24         372         372         396         319         300           297         301         -1         81         126         90         133         137           115         48         137         36         42         372         938         872         850           2,841         2,454         16         931         972         938         872         850           1,010         949         6         305         352         353         344         289           657         582         13         208         235         214         224         190           1,667         1,530         9         513         587         567         568         479           1,174         923         27         418         385         371         304         371           -116         287         -140         -15         -103         2

#### **Balance** sheet

#### DKKm

DIKKIII									
Total assets	115,997	96,026	21	115,997	114,562	108,208	102,077	96,026	102,077
Loans and advances	60,012	49,397	21	60,012	57,862	55,245	52,312	49,397	52,312
Lending, banking and leasing activities	47,472	41,748	14	47,472	46,551	46,058	42,494	41,748	42,494
Lending, reverse repo transactions	12,540	7,649	64	12,540	11,312	9,187	9,819	7,649	9,819
Deposits	88,008	74,855	18	88,008	88,054	85,360	78,881	74,855	78,881
Deposits, banking activities	63,802	55,454	15	63,802	64,327	62,787	58,084	55,454	58,084
Deposits, repo transactions	0	250	-100	0	0	488	333	250	333
Deposits, pooled schemes	24,206	19,150	26	24,206	23,727	22,085	20,464	19,150	20,464
Issued bonds	4,825	2,625	84	4,825	4,847	2,651	2,670	2,625	2,670
Subordinated debt	1,529	1,317	16	1,529	1,334	1,327	1,333	1,317	1,333
Additional tier 1 (AT1) capital	1,659	807	106	1,659	1,402	1,407	794	807	794
Shareholders' equity	10,394	9,369	11	10,394	10,066	9,870	9,596	9,369	9,596
Guarantees	17,574	14,676	20	17,574	19,031	18,400	15,591	14,676	15,591
Total risk exposure amount	60,830	54,749	11	60,830	62,619	60,594	54,865	54,749	54,865
Tier 1 capital *)	10,774	9,890	9	10,774	10,741	10,482	10,193	9,890	10,193
Impairment account	1,584	1,708	-7	1,584	1,595	1,699	1,717	1,708	1,717
Contractual non-performing loans	279	284	-2	279	270	268	275	284	275
Business volume	338,616	280,094	21	338,616	336,437	326,604	291,310	280,094	291,310

\*) Tier 1 capital for Q1 and Q3 2021 are exclusive of recognition of profit/loss for the period. Tier 1 capital for Q2 2021 includes recognition of profit/loss for the half-year period.

#### Financial ratios

		Q1-Q3 2021	Q1-Q3 2020	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Full year 2020
Own funds									
Own funds ratio *)		20.2	20.4	20.2	19.3	19.5	21.0	20.4	21.0
Tier 1 capital ratio *)		17.7	18.1	17.7	17.2	17.3	18.6	18.1	18.6
Common equity tier 1 capital ratio *)		15.0	16.7	15.0	15.0	15.0	17.2	16.7	17.2
Earnings									
Return on equity before tax excl. additional tier 1 (AT1) capital p.a. **)	%	16.6	8.7	16.7	19.2	14.6	11.7	13.4	9.4
Return on equity after tax excl. additional tier 1 (AT1) capital p.a. **)	%	13.2	6.8	13.3	15.3	11.6	9.5	10.5	7.4
Cost share of core income	DKK	0.59	0.62	0.55	0.60	0.60	0.65	0.56	0.63
Cost share of core income – incl. impair- ment of loans, advances and receivables,	DIKK	0.55	0.7/	0.57	0.50	0.41	0.40	0.47	0.70
etc.	DKK	0.55	0.74	0.53	0.50	0.61	0.68	0.63	0.72
Return on assets	%	0.9	0.5	0.3	0.3	0.3	0.2	0.3	0.7
Market risk and liquidity									
Interest rate risk	%	0.5	1.1	0.5	0.9	0.9	1.1	1.1	1.1
Foreign exchange position	%	0.5	0.9	0.5	1.0	0.8	0.9	0.9	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)	%	253	216	253	257	234	241	216	241
Bank and leasing loans relative to bank deposits	%	74.4	75.3	74.4	72.4	73.4	73.2	75.3	73.2
Credit risk									
Bank and leasing loans relative to share-									
holders' equity		4.6	4.5	4.6	4.6	4.7	4.4	4.5	4.4
Increase in loans and advances for the period	%	11.7	-3.3	2.0	1.1	8.4	1.8	0.3	-1.5
Sum of large exposures	%	89.3	77.7	89.3	81.9	81.8	78.1	77.7	78.1
Impairment ratio		-0.1	0.4	0.0	-0.1	0.0	0.0	0.1	0.4
Employees and branches									
Number of employees (full-time equiva- lents, end of period)		1,624	1,553	1,624	1,635	1,640	1,545	1,553	1,545
Number of branches		57	49	57	57	57	51	49	51
Spar Nord share									
DKK per share of DKK 10									
Share price, end of period		75	47	75	71	68	60	47	60
Net asset value (NAV), **)		85	76	85	82	80	78	76	78
			, 0	00			, 0	.0	

\*) Own funds for Q1 and Q3 2021 are exclusive of recognition of profit/loss for the period. Own funds for Q2 2021 include recognition of profit/loss for the half-year 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 share-holders' share of profit and equity. The shareholders' share of profit and equity appears from the statement of changes in equity.

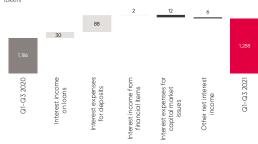
# Financial review Management commentary on Q1-Q3 2021

Spar Nord achieved a profit after tax of DKK 1,034 million in Q1–Q3 2021, which corresponds to an annualised return on equity of 13.2%. Overall, the performance in Q1–Q3 is considered highly satisfactory.

#### Income

Core income amounted to DKK 2,841 million, which is DKK 387 million, or 16%, higher than in the yearearlier period.

Developments in net interest income



Net interest income was DKK 1,288 million, against DKK 1,186 million in the year-earlier period.

Net interest income in Q1-Q3 2021 was positively affected by business volume growth, including the acquisition of BankNordik's Danish business, while developments in the average borrowing rate had the opposite effect.

In Q3 2021, however, the interest margin increased by 2 basis points relative to Q3 2020. This was driven by a decline in the average borrowing rate of 19 basis points (y/y), which was more than offset by a decline in the deposit margin of 21 basis points (y/y).

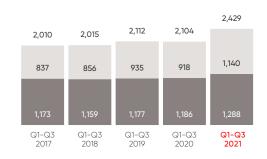
Lastly, net interest income in Q1-Q3 2021 relative to the year-earlier period was adversely affected by a DKK 12 million increase in interest expenses for capital market issues, which was due to an additional issue of MREL capital in Q2 2021.

DKKm	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Interest income on Ioans	383	375	361	357	357
Interest expenses for deposits	-70	-60	-52	-40	-36
Net interest income, deposits and loans	453	435	413	397	393
Interest income from financial items	28	25	26	25	24
Interest expenses for capital market issues	25	18	15	15	16
Other net interest income	-15	-11	-10	-9	-9
Total net interest income	442	432	414	398	391

Net fee income was DKK 1,140 million in Q1-Q3 2021, against DKK 918 million in the same period of 2020. Net fee income thus accounted for 47% of total net interest and fee income (Q1-Q3 2020: 44%).

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

Net fee income



Net fee income in Q1-Q3 2021 was positively impacted by the acquisition of BankNordik's Danish business and by an overall high level of activity in the housing area, securities trading and asset management activities. While securities trading and asset management activity remained buoyant in Q3 2021, activity in the housing area subsided slightly. Overall, net fee income in Q1-Q3 2021 was as much as DKK 222 million higher than in the same period of last year, or an increase of 24%.

Net fee income was also supported by last year's strong growth in business volume in the facilitation of mortgage loans and asset management.

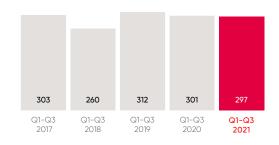
Finally, higher net fees from payment services and cards, insurance and pension and an ongoing adjustment of the Bank's fee structure contributed to the growth in net fee income relative to the same period of 2020.

DKKm	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Mortgage fees	126	123	132	106	110
Other transaction fees	29	27	48	27	30
Securities and asset management	115	109	115	104	88
Other fees	102	113	101	81	72
Total net fee income	372	372	396	319	300

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Market value adjustments and dividends amounted to DKK 297 million, against DKK 301 million in the same period of 2020.

Market value adjustments and dividends (DKKm)



The positive trends in the financial markets in Q1– Q3 2021 resulted in satisfactory market value adjustments of the Bank's equity portfolio of DKK 53 million, while the bond portfolio contributed DKK 7 million in spite of credit spread fluctuations and rising yields.

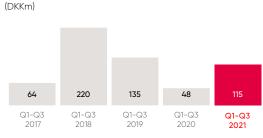
Market value adjustments and dividends on the portfolio of strategic shareholdings in the financial sector were at a highly satisfactory level of DKK 171 million, which is DKK 61 million higher than in the same period of 2020. Earnings were attributable both to Spar Nord's holding of shares in BI Holding (BankInvest) and PRAS and extraordinary gains related to, among other things, the Erhvervsinvest companies.

Finally, market value adjustments from currency trading and exchange rate gains were at a satisfactory level of DKK 64 million driven by high customer activity in Q1-Q3 2021.

DKKm	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Market value adjust- ments in Trading Di- vision, etc.	0	35	28	74	80
· · · · · · · · · · · · · · · · · · ·	0	55	20	/4	
Equity investments, incl. dividends	58	71	42	41	43
Currency trading and exchange rate					
gains	23	21	20	18	13
Total market value adjustments and div-					
idends	81	126	90	133	137

Other income amounted to DKK 115 million in Q1-Q3 2021, against DKK 48 million in the same period of 2020. The increase in other income was attributable in particular to positive adjustments regarding Spar Nord's shareholdings in Danske Andelskassers Bank (DAB), and adjustments in Q2 2021 regarding Vækst-Invest Nordjylland were also a positive contributor.

#### Other income



#### Costs and expenses

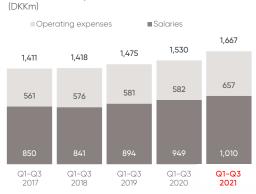
The Group's total costs and expenses amounted to DKK 1,667 million, against DKK 1,530 million in the same period of 2020.

Wages and salaries accounted for DKK 1,010 million of total costs and expenses. Realised payroll costs were DKK 61 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 September 2021, Spar Nord employed 1,624 people (FTE), which was 126 more than at 1 January 2021.

In H1 2021, the Bank incurred one-off costs of DKK 16 million for dismissal without service requirement and lay-offs in connection with the structuring of the Bank's future organisation.

#### Total cost and expenses



Operating expenses came to DKK 657 million, which is DKK 75 million higher than Q1-Q3 2020.

The increase in operating expenses was mainly ascribable to the acquisition of BankNordik's Danish business. Moreover, operating expenses were affected by an increase in IT costs, while other travel and marketing costs were again at a lower level than last year.

Furthermore, one-off costs totalling DKK 26 million were incurred in H1 2021 related to the taking over and refurbishing of branches and IT migration. No

significant additional one-off costs were incurred in Q3 2021.

The realised core income and costs corresponded to a Cost/Income Ratio of 0.59 (Q1-Q3 2020: 0.62).

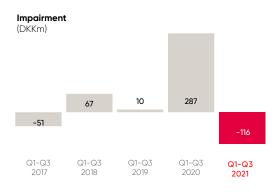
#### Loan impairment

Loan impairment charges were an income of DKK 116 million in Q1-Q3 2021, against an expense of DKK 287 million in the year-earlier period.

The continuing positive impairment trends were driven partly by positive developments in the Danish economy, partly by persistently strong credit quality for the Bank's retail and business customers.

In 2020, Spar Nord made a model-supported management estimate relating to COVID-19 of DKK 320 million. Based on a model adjustment, the management estimate was increased to DKK 347 million in Q3 2021. The management estimate is still believed to be sufficient to accommodate the effects of the COVID-19 crisis in connection with the expiry of the government's financial relief packages in the initial quarters of 2022.

In Q3 2021, Spar Nord made an additional management estimate of DKK 62 million relating to collateral values on private property. This management estimate was made to mitigate the risk attaching to recent years' rising housing prices, notably in the large cities.



At 30 September 2021, Spar Nord's total management estimates amounted to DKK 610 million, of which COVID-19 represented DKK 347 million and collateral values on private property represented DKK 62 million. The remaining amount of DKK 201 million breaks down into DKK 125 million attributable to land prices in the agricultural sector (DKK 139 million at end-Q2 2021) and DKK 76 million relating to model uncertainty (DKK 97 million at end-Q2 2021).

The DKK -116 million impact on profits breaks down into DKK -32 million attributable to agricultural customers, DKK -46 million to other business customers, DKK -3 million to customers in the SparXpres consumer loan business and DKK -35 million to retail customers.

Stage 3 impairment at 30 September 2021 amounted to DKK 1,057 million (year-end 2020: DKK

941 million), while stage 1 and 2 impairment totalled DKK 528 million (year-end 2020: DKK 777 million).

#### NPL ratio developments

	30.09.21	31.12.20
NPL (DKKm)	1,824	1,873
Exposure (DKKm)	63,918	54,884
NPL ratio	2.9	3.4

At the end of Q3, the share of non-performing loans (NPL ratio) at Spar Nord was 2.9%.

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

Breakdown by industry	Loans, a and gua		Impair acco	
Line of business, %	30.09.21	31.12.20	30.09.21	31.12.20
Public authorities	1.3	1.6	0.0	0.0
Agriculture, hunting and forestry	4.5	5.0	18.8	19.5
Fisheries	0.2	0.2	0.1	0.1
Industry and raw materials ex- traction	4.3	4.3	6.9	4.9
Energy supply	2.7	3.0	1.3	1.7
Building and construction	4.5	4.3	2.9	3.6
Trade	5.9	5.8	8.4	8.5
Transport, hotels and restau- rants	4.1	4.2	9.3	9.0
Information and communication	0.6	0.4	0.7	0.5
Financing and insurance	5.5	5.5	8.4	6.5
Real estate	10.4	11.4	6.3	10.2
Other business areas	6.9	6.7	7.1	7.3
Business customers, total	50.7	52.3	70.2	71.8
Total retail customers	49.3	47.7	29.9	28.2
Total	100.0	100.0	100.0	100.0

\*) Excl. reverse repo transactions

#### Profit/loss

The profit before tax was DKK 1,289 million against DKK 636 million in Q1-Q3 2020. The Group's effective tax rate was 20%, bringing net profit to DKK 1,034 million.

#### **Business volume**

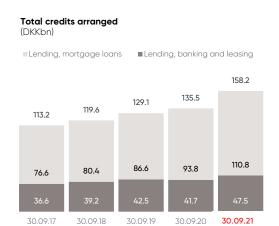
The Group's total business volume (deposits, loans, advances and guarantees, facilitated mortgage loans, customers' custodianship accounts and life annuities) amounted to DKK 338.6 billion at 30 September 2021, which was DKK 47.3 billion higher than at end-2020.

#### Business volume

DKKbn	30.09.21	30.09.20	30.09.19	30.09.18	30.09.17
Lending, banking and leasing activities	47.5	41.7	42.5	39.2	36.6
Deposits, banking activities	63.8	55.5	52.9	49.0	48.1
Deposits in pooled schemes	24.2	19.2	16.4	15.7	15.2
Guarantees	17.6	14.7	16.1	12.0	11.7
Loans and ad- vances, mortgage loans	110.8	93.8	86.6	80.4	76.6
Custodianship accounts	71.1	52.6	49.8	48.4	50.5
Letpension, life annuities	3.7	2.7	2.3	1.9	1.5
Total business volume	338.6	280.1	266.5	246.6	240.3

In Q1-Q3 2021, the Bank recorded an increase in bank and leasing loans of DKK 5.0 billion, or 12%, to DKK 47.5 billion. Lending to retail customers increased by DKK 2.5 billion, while lending to business customers increased by DKK 1.8 billion. Finally, leasing loans grew by DKK 0.8 billion, while loans to public-sector customers declined by DKK 0.1 billion.

Over the course of the year, the volume of facilitated mortgage loans has grown by DKK 16.2 billion, or 17%, to DKK 110.8 billion. In total, the volume of facilitated mortgage loans amounted to DKK 99.4 billion from Totalkredit and DKK 11.4 billion from DLR Kredit.

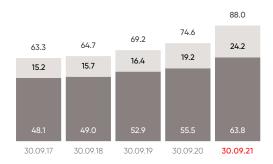


In Q1-Q3 2021, deposits, banking activities increased by DKK 5.7 billion to DKK 63.8 billion, equal to 10%. Of the increase in deposits, retail customers accounted for DKK 4.4 billion and business customers for DKK 1.3 billion.

Deposits in pooled schemes rose by DKK 3.7 billion to DKK 24.2 billion, while customers' custodianship accounts rose by DKK 13.8 billion to DKK 71.1 billion.

#### **Total deposits** (DKKbn)

Lending in pooled scheemes Deposits, banking activities



As a result of developments in deposit and lending volumes, the loan-to-deposit ratio at 30 September 2021 stood at 74.

#### **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%.

	30.09.21	30.09.20	30.09.19	30.09.18	30.09.17
Common equity tier					
1 capital ratio	15.0	16.7	13.9	14.3	14.2
Tier 1 capital ratio	17.7	18.1	15.4	15.9	15.8
Own funds ratio	20.2	20.4	17.6	18.7	17.9

At 30 September 2021, the common equity tier 1 (CET1) ratio was 15.0%, while the own funds ratio was 20.2%. The latter should be viewed relative to the individual solvency need calculated by Spar Nord at 9.7% plus the 3.5% combined buffer requirement, bringing the total capital requirement to 13.2%. Thus, at 30 September 2021 Spar Nord had an excess capital coverage of 6.1 percentage points, equal to DKK 3.7 billion.

The Bank has opted not to recognised the profit for Q3 in own funds. If the results for the quarter had been recognised, the common equity tier 1 capital ratio and total capital ratio would have been 0.3 of a percentage point higher.

Compared with Q2 2021, the Bank's capital ratio has been increased by 0.9 percentage point. Overall, own funds increased by DKK 230 million in Q3 2021, with the issuance of additional tier 1 (AT1) capital of DKK 250 million and tier 2 capital of DKK 200 million in Q3 2021 contributing positively. A reduced impact of the IFRS transitional scheme and deduction for purchasing additional shares in DAB had the opposite effect.

In Q3 2021, the risk exposure was reduced by DKK 1.8 billion, with a DKK 1.0 billion reduction in credit risk and a DKK 0.8 billion reduction in market risk. The reduced credit risk exposure was due primarily to a decline in guarantees and higher collateral and a fall in exposures with a high capital weighting. The reduced market risk exposure was primarily driven by a reduction in the bond portfolio and gross interest rate risk.

When the MREL requirement has been phased in, Spar Nord must comply with the same requirements regarding eligible liabilities (MREL requirements) as other SIFIs. Fully phased in, the requirement means that 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. At 30 September 2021, Spar Nord had issued total MREL capital of DKK 4.8 billion.

#### **Calibrated MREL requirement**

%	30.09.21	01.07.22
Solvency ratio	9.7	9.7
Requirement for loss-absorption amount	9.7	9.7
Solvency ratio	9.7	9.7
Capital conservation buffer requirement	2.5	2.5
SIFI buffer requirement	1.0	1.0
Phasing in	-3.5	0.0
Requirement for recapitalisation amount	9.6	13.2
Total MREL	19.3	22.8
Capital conservation buffer requirement	2.5	2.5
Countercyclical buffer requirement	0.0	0.0
SIFI buffer requirement	1.0	1.0
Total MREL and combined buffer requirement	22.8	26.3

#### Excess coverage, calibrated MREL requirement

DKKm / %	30.09.21
Own funds	12,289
Non-preferred senior capital	4,801
Other MREL-eligible liabilities	0
Total capital	17,091
Deduction – separate combined buffer requirement	-2,130
Total MREL-eligible liabilities	14,961
MREL and combined buffer requirement	13,871
MREL requirement	11,741
Excess coverage, MREL requirement	3,220
MREL and combined buffer percentage	28.1
NEP (%)	24.6
Excess coverage, MREL requirement in %-points	5.3

#### 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)	30.09.21	30.06.21	31.03.21	31.12.20	30.09.20
Deposits, banking activities	63.8	64.3	62.8	58.1	55.5
Senior loans/ bond issues	4.8	4.8	2.7	2.7	2.6
Shareholders' equity and subordinated debt	13.6	12.8	12.6	11.7	11.5
Liquidity procurement	82.2	82.0	78.0	72.5	69.6
Lending, banking and leasing activities	47.5	46.6	46.1	42.5	41.7
Maturity < 1 year	0.0	0.0	0.0	0.0	0.0
Strategic liquidity, total	34.7	35.4	32.0	30.0	27.8

At the end of Q3 2021, Spar Nord's strategic liquidity amounted to DKK 34.7 billion, up DKK 4.7 billion compared with end-2020. The increase was driven primarily by the increase in deposits and the issue of additional MREL capital in Q2 2021. Finally, Spar Nord issued additional tier 1 and tier 2 capital totalling DKK 1.1 billion in Q1-Q3 2021.

Spar Nord's LCR ratio at 30 September 2021 was 253, while the NSFR ratio was 128%.

#### Rating

Spar Nord has an external rating with rating agency Moody's. Spar Nord has an Adjusted Baseline 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.

#### Mandatory takeover offer of DAB

In company announcement no. 18 of 17 August 2021, Spar Nord announced that the Bank had acquired an additional 4.6% of the shares in DAB, increasing Spar Nord's total shareholding in DAB from 32.07% to 36.67%.

As a result of the increased shareholding, pursuant to section 45 of the Danish Capital Markets Act, Spar Nord was required to submit a mandatory takeover offer to all of DAB's other shareholders. The takeover bid with an offer price of DKK 10.35 was submitted on 9 September, with the offer period running until 11 October 2021.

In company announcement no. 24 of 12 October 2021, Spar Nord announced the final result of the mandatory takeover offer. Spar Nord received valid acceptances for a total of 76,709 shares, equal to 0.04%. Currently, Spar Nord's shareholding in DAB amounts to 36.71%.

#### 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 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 September 2021, Spar Nord was still comfortably within all the reference points, achieving the values shown below:

#### The Supervisory Diamond

		Thresh- old val- ues	30.09.21	30.09.20
Sum of				
large exposures	%	<175	89.3	77.7
Growth in lending	%	<20	13.7	-1.8
Property exposure	%	<25	9.6	10.7
Funding ratio		<1	-	0.5
Liquidity benchmark	%	>100	254	229

#### Outlook for 2021

As announced in company announcement no. 25 of 13 October 2020, Spar Nord upgraded its full-year financial guidance.

On the back of satisfactory business growth and positive financial market developments and lowerthan-expected costs, Spar Nord upgraded its fullyear guidance for core earnings before impairment to DKK 1,475-1,575 million. At the same time, developments in customer finances meant that full-year impairment charges were expected to represent an income of around DKK 100 million. Guidance for profit after tax was upgraded to DKK 1,250-1,350 million.

On the basis of performance in Q3 2021, Spar Nord maintains its guidance for core earnings before impairment and net profit.

# Q1-Q3 2021 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.

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

# Q1-Q3 2021 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 September 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.

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

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

Aalborg, 4 November 2021

**Executive Board** 

Lasse Nyby

Chief Executive Officer

Møller

Managing Director

Lundsgaard anaging Director

**Board of Directors** 

Kjeld Johannesen Chairman of the Board of Directors

André Rogaczewski

im Østerar

Christiansen

Henrik Sjøgreen

Martin Kudsk Rasmussen

Managing Director

Per Nikolaj Bukh Deputy Chairman of the Board of ors

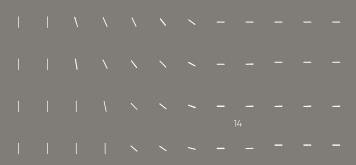
Morten Bach Gaardboe

June Jannie Skovsen

# Q1-Q3 2021 Consolidated financial statements

# 15 - 18

Income statement	.15
Statement of comprehensive income	.15
Balance sheet	.16
Statement of changes in equity	. 17
Cash flow statement	.18



# Group Income statement

		Q1-Q3 2021	Q1-Q3 2020	Q3 2021	Q3 2020	Full year 2020
Note		DKKm	DKKm	DKKm	DKKm	DKKm
	Interest income calculated under the effective interest method	1,351	1,234	471	405	1,647
	Other interest income	79	76	28	24	100
2.2 + 2.3	Interest income	1,430	1,310	499	429	1,747
2.2 + 2.3	Interest expenses	142	124	57	38	163
	Net interest income	1,288	1,186	442	391	1,584
2.4	Fees, charges and commissions received	1,268	1,041	417	341	1,396
2.4	Fees, charges and commissions paid	128	122	45	41	158
2.5	Market value adjustments and dividends	297	301	81	137	433
2.6	Other income	115	48	36	21	71
2.7	Staff costs	1,010	949	305	289	1,293
2.8	Operating expenses	657	582	208	190	806
	Profit/loss before loan impairment (core earnings before impairment)	1,174	923	418	371	1,227
2.9	Impairment of loans, advances and receivables etc.	-116	287	-15	53	309
	Profit/loss before tax	1,289	636	433	318	918
2.10	Tax	256	129	85	66	181
	Profit for the period	1,034	507	348	252	737
	Appropriation:					
	The shareholders of the Parent Company Spar Nord Bank A/S	990	469	332	241	688
	Holders of additional tier 1 (AT1) capital instruments	44	38	16	11	49
	Profit for the period	1,034	507	348	252	737
	Earnings per share for the period					
	Earnings per share for the period (DKK)	8.1	3.8	2.7	2.0	5.6
	Diluted earnings per share for the period (DKK)	8.1	3.8	2.7	2.0	5.6

# Statement of comprehensive income

Profit for the period	1,034	507	348	252	737
	_,		0.0		
Other comprehensive income					
Items that cannot be reclassified to the income statement:					
Adjustment relating to associates	-1	-2	0	1	-1
Net revaluation of domicile property	2	2	1	1	7
Other comprehensive income after tax	0	0	0	2	6
Total comprehensive income	1,034	507	348	253	743
Appropriation:					
The shareholders of the Parent Company Spar Nord Bank A/S	990	468	332	242	694
Holders of additional tier 1 (AT1)					
capital instruments	44	38	16	11	49
Total comprehensive income	1,034	507	348	253	743

# Group Balance sheet

		30.09.21	31.12.20	30.09.20
е		DKKm	DKKm	DKKm
	Assets			
	Cash balances and demand deposits with central banks	1,991	1,126	1,163
	Due from credit institutions and central banks	3,110	1,259	2,088
.1	Loans, advances and other receivables at amortised cost	60,012	52,312	49,397
	Bonds at fair value	20,953	21,647	18,872
	Shares, etc.	1,827	1,789	1,719
	Investments in associates	673	529	518
	Assets linked to pooled schemes	24,206	20,464	19,150
	Intangible assets	431	171	170
	Land and buildings	764	782	769
	Other property, plant and equipment	111	112	113
	Current tax assets	67	98	172
	Temporary assets	5	5	4
.1	Other assets	1,551	1,675	1,670
	Prepayments and deferred income	296	108	223
	Total assets	115,997	102,077	96,026
	Equity and liabilities			
	Liabilities			
	Due to credit institutions and central banks	2,759	4,167	2,043
.2	Deposits and other payables	63,802	58,416	55,705
	Deposits in pooled schemes	24,206	20,464	19,150
.5	Issued bonds at amortised cost	4,825	2,670	2,625
	Other non-derivative financial liabilities at fair value	2,354	835	783
.3	Other liabilities	4,249	3,677	4,084
	Prepayments and deferred income	132	28	46
	Deferred tax	16	19	21
	Provisions	71	78	76
.4	Subordinated debt	1,529	1,333	1,317
	Total liabilities	103,943	91,687	85,850
	Equity			
	Share capital	1,230	1,230	1,230
	Revaluation reserves	101	100	94
	Statutory reserves	141	94	84
	Proposed dividend	0	185	0
	Retained earnings	8,923	7,987	7,961
	Shareholders' equity	10,394	9,596	9,369
.3	Holders of additional tier 1 (AT1) capital instruments	1,659	794	807
	Total equity	12,054	10,390	10,176
	Total equity and liabilities	115,997	102,077	96,026

# Group Statement of changes in equity

DKKmDKKmDKKmDKKmDKKmDKKmDKKmDKKmDKKmDKKmEquity at 30.09.21Equity at 31.12.201,230100941857,9879,596794Comprehensive income at 30.09.21Profit for the period83-90699044Other comprehensive incomeAdjustment relating to associates37-36Net revaluation of properties22Other comprehensive income2-37-360Net revaluation of properties-2-37-360Total comprehensive income-246-94299044-Interest poid on additional tier 1 (AT1) capital	DKKm
Equity at 31.12.20         1,230         100         94         185         7,987         9,596         774           Comprehensive income at 30.09.21         -         -         83         -         906         990         44           Other comprehensive income         -         -         83         -         906         990         44           Other comprehensive income         -         -         -37         -         36         -1         -           Adjustment relating to associates         -         -         -37         -         36         0         -           Net revaluation of properties         -         2         -         -         -         2         -         -         2         -         -         2         -         -         2         -         -         -         2         -         -         -         2         -         -         -         2         -         -         -         2         - </th <th>10 700</th>	10 700
Comprehensive income at 30.09.21         Profit for the period       -       -       83       -       906       990       44         Other comprehensive income       -       -       -37       -       36       -1       -         Net revaluation of properties       -       2       -       -       2       -         Other comprehensive income       -       2       -       -       2       -         Other comprehensive income, total       -       2       -37       -       36       0       -         Total comprehensive income       -       2       46       -       942       990       44         Transactions with owners       Issue of additional tier 1 (AT1) capital, net transaction costs       -       -       -       -       6       850         Interest paid on additional tier 1 (AT1) capital       -	
Profit for the period83-900940Other comprehensive income37-36-1Adjustment relating to associates37-36-1Net revaluation of properties-22-Other comprehensive income, total-2-37-360-Total comprehensive income-246-94299044Transactions with owners246-94299044Issue of additional tier 1 (AT1) capital, net transaction costs <t< th=""><th>10,390</th></t<>	10,390
Other comprehensive income       -       -37       -       36       -1       -         Adjustment relating to associates       -       2       -       -       2       -         Net revaluation of properties       -       2       -       -       2       -         Other comprehensive income, total       -       2       -37       -       36       0       -         Total comprehensive income       -       2       46       -       942       990       44         Transactions with owners       -       -       2       46       -       942       990       44         Transaction costs       -       -       -       -       -       6       850         Interest paid on additional tier 1 (AT1) capital       -	
Adjustment relating to associates37-36-1-Net revaluation of properties-22Other comprehensive income, total-2-37-360-Total comprehensive income-246-94299044Transactions with owners6850Issue of additional tier 1 (AT1) capital, net transaction costs00 <td>1,034</td>	1,034
Adjustment relating to associates37-36-1-Net revaluation of properties-22Other comprehensive income, total-2-37-360-Total comprehensive income-246-94299044Transactions with ownersIssue of additional tier 1 (AT1) capital, net transaction costs6850Interest paid on additional tier 1 (AT1) capital <t< td=""><td></td></t<>	
Other comprehensive income, total-2-37-360-Total comprehensive income-246-94299044Transactions with ownersIssue of additional tier 1 (AT1) capital, net transaction costs6850Interest paid on additional tier 1 (AT1) capital30Dividends paid00-Dividends received, treasury shares00 </td <td>-1</td>	-1
Total comprehensive income       -       2       46       -       942       990       44         Transactions with owners       Issue of additional tier 1 (AT1) capital, net transaction costs       -       -       -       -       6       850         Interest paid on additional tier 1 (AT1) capital       -       -       -       -       -       -       -       -       30         Dividends paid       -	2
Transactions with owners         Issue of additional tier 1 (AT1) capital,         net transaction costs       -         Interest paid on additional tier 1 (AT1) capital         -       -         Dividends paid       -         -       -         Dividends received, treasury shares       -         -       -         Disposal upon acquisition of treasury shares and additional         -       -         Addition upon sale of treasury shares and additional	0
Issue of additional tier 1 (AT1) capital, net transaction costs6850Interest paid on additional tier 1 (AT1) capital000	1,034
Issue of additional tier 1 (AT1) capital, net transaction costs6850Interest paid on additional tier 1 (AT1) capital000	
net transaction costs6850Interest paid on additional tier 1 (AT1) capital000<	
Interest paid on additional tier 1 (AT1) capital </td <td>844</td>	844
Dividends paidDividends received, treasury shares00-Disposal upon acquisition of treasury shares and additional tier 1 (AT1) capital	-30
Dividends received, treasury shares       -       -       -       0       0       -         Disposal upon acquisition of treasury shares and additional tier 1 (AT1) capital       -	-185
Disposal upon acquisition of treasury shares and ad- ditional tier 1 (AT1) capital	0
	-369
	368
Total transactions with owners185 -7 -192 822	630
Equity at 30.09.21 1,230 101 141 0 8,923 10,394 1,659	12,054
Equity at 30.09.20	
Equity at 31.12.19 1,230 92 116 431 7,032 8,901 860	9,761
Comprehensive income at 30.09.20	
Profit for the period 16 - 452 469 38	507
Other comprehensive income	
Adjustment relating to associates         -         -         -         47         -2         -           Net revolucion of properties         -         2         -         -         2         -         -         2         -         -         2         -         -         -         2 <td>-2</td>	-2
Net revaluation of properties         -         2         -         -         2         -           Other comprehensive income, total         -         2         -48         -         47         0         -	2
Total comprehensive income         -         2         -32         -         499         468         38	507
Transactions with owners	
Issue of additional tier 1 (AT1) capital,	
net transaction costs 0 0 330	330
Redemption of additional tier 1 (AT1) capital         - </td <td>-400</td>	-400
Interest paid on additional tier 1 (AT1) capital	-24
Suspended dividend payment         - </td <td>0</td>	0
Disposal upon acquisition of treasury shares and ad-         -	-302
Addition upon sale of treasury shares and additional tier 1 (AT1) capital	304
Total transactions with owners         - <th< td=""><td></td></th<>	
Equity at 30.09.20 1,230 94 84 0 7,961 9,369 807	-92

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

	Q1-Q3 2021	Q1-Q3 2020	Full ye 202
Operations	DKKm	DKKm	DKK
Profit/loss before tax	1,289	636	9
Fair value changes, investment properties and temporary assets	0	1	
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		60	
Gains and losses on the sale of intangible assets and property, plant and equipment	0	0	
Adjustment of loan impairment etc.	-133	205	2
Adjustment of subordinated debt, issued bonds etc.	-31	-15	
Provisions	-8	22	
Income from investments in associates	-83	-16	-
Corporate income tax paid	-226	-246	-2
Operating activities, total	877	647	1,0
Working capital			
Movement in credit institutions and central banks, net	-1,908	-2,019	1
Movement in loans, advances and other receivables at amortised cost	-7,567	1,709	-1,2
Movement in bonds at fair value	694	-2,374	-5,1
Movement in equity portfolio	-38	21	-
Movement in other assets and other liabilities, net	2,163	276	-
Movement in deposits and other payables	5,386	2,426	5,1
Working capital, total	-1,269	39	-1,1
Cash generated from operations, total	-392	686	-1
Investments Acquisition of associates	-99	-80	-
	0	-80 0	
Acquisition of associates		0 -1	
Acquisition of associates Sale of associates	0 -268 -62	0 -1 -45	
Acquisition of associates Sale of associates Acquisition of intangible assets	0 -268 -62 10	0 -1 -45 16	-
Acquisition of associates Sale of associates Acquisition of intangible assets Acquisition of property, plant and equipment Sale of property, plant and equipment Dividends from associates	0 -268 -62 10 36	0 -1 -45 16 47	
Acquisition of associates Sale of associates Acquisition of intangible assets Acquisition of property, plant and equipment Sale of property, plant and equipment Dividends from associates Investing activities, total	0 -268 -62 10	0 -1 -45 16	-
Acquisition of associates Sale of associates Acquisition of intangible assets Acquisition of property, plant and equipment Sale of property, plant and equipment Dividends from associates Investing activities, total Financing	0 -268 -62 10 36	0 -1 -45 16 47	
Acquisition of associates Sale of associates Acquisition of intangible assets Acquisition of property, plant and equipment Sale of property, plant and equipment Dividends from associates Investing activities, total Financing Subordinated debt	0 -268 -62 10 36 -383 201	0 -1 -45 16 47 -63	-
Acquisition of associates Sale of associates Acquisition of intangible assets Acquisition of property, plant and equipment Sale of property, plant and equipment Dividends from associates Investing activities, total Financing Subordinated debt Additional tier 1 (AT1) capital included in equity	0 -268 -62 10 36 -383 -383 201 816	0 -1 -45 16 47 -63	-1
Acquisition of associates Sale of associates Acquisition of intangible assets Acquisition of property, plant and equipment Sale of property, plant and equipment Dividends from associates Investing activities, total Financing Subordinated debt Additional tier 1 (AT1) capital included in equity Issued bonds	0 -268 -62 10 36 -383 -383 201 816 2,182	0 -1 -45 16 47 -63 1 -91 -2	-
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Acquisition of associates Sale of associates Acquisition of intangible assets Acquisition of property, plant and equipment Sale of property, plant and equipment Dividends from associates Investing activities, total Financing Subordinated debt Additional tier 1 (AT1) capital included in equity Issued bonds Dividends paid, excluding dividends on treasury shares Acquisition of treasury shares	0 -268 -62 10 36 -383 -383 201 816 2,182 -184 -369	0 -1 -45 16 47 -63 -1 -91 -2 0 -302	- 
Acquisition of associates Sale of associates Acquisition of intangible assets Acquisition of property, plant and equipment Sale of property, plant and equipment Dividends from associates Investing activities, total Financing Subordinated debt Additional tier 1 (AT1) capital included in equity Issued bonds Dividends paid, excluding dividends on treasury shares Acquisition of treasury shares Sale of treasury shares	0 -268 -62 10 36 -383 -383 -383 -383 -383 -383 -383 -	0 -1 -45 16 47 -63 -63 -1 -91 -2 0 -302 301	
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Acquisition of associates Sale of associates Acquisition of intangible assets Acquisition of property, plant and equipment Sale of property, plant and equipment Dividends from associates Investing activities, total Financing Subordinated debt Additional tier 1 (AT1) capital included in equity Issued bonds Dividends paid, excluding dividends on treasury shares Acquisition of treasury shares Sale of treasury shares Repayment of lease liabilities Financing activities, total Movements in cash and cash equivalents for the period	0 -268 -62 10 36 -383 -383 201 816 2,182 -184 -369 367 -22 2,991 2,215	0 -1 -45 16 47 -63 -63 -19 -2 0 -302 301 -19 -112 511	-1 -4 4 -1 -4 -4 -4 -4 -4 -4 -4 -4 -4 -4 -4 -4 -4
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Acquisition of associates         Sale of associates         Acquisition of intangible assets         Acquisition of property, plant and equipment         Sale of property, plant and equipment         Dividends from associates         Investing activities, total         Financing         Subordinated debt         Additional tier 1 (AT1) capital included in equity         Issued bonds         Dividends paid, excluding dividends on treasury shares         Acquisition of treasury shares         Sale of treasury shares         Repayment of lease liabilities         Financing activities, total         Movements in cash and cash equivalents for the period         Cash and cash equivalents, beginning of year         Movements in cash and cash equivalents for the period	0 -268 -62 10 36 -383 -383 201 816 2,182 -184 -369 367 -22 2,991 2,215 2,385 2,215	0 -1 -45 16 47 -63 1 -91 -91 -91 -2 0 -302 301 -19 -112 511 2,740 511	1 1 4 -4 1 3 2,7 3
Acquisition of associates         Sale of associates         Acquisition of intangible assets         Acquisition of property, plant and equipment         Sale of property, plant and equipment         Dividends from associates         Investing activities, total         Financing         Subordinated debt         Additional tier 1 (AT1) capital included in equity         Issued bonds         Dividends paid, excluding dividends on treasury shares         Acquisition of treasury shares         Sale of treasury shares         Repayment of lease liabilities         Financing activities, total         Movements in cash and cash equivalents for the period         Cash and cash equivalents, end of year         Movements in cash and cash equivalents for the period         Cash and cash equivalents, end of year         Cash and cash equivalents, end of year	0 -268 -62 10 36 -383 -383 201 816 2,182 -184 -369 367 -22 2,991 2,215 2,385 2,215 4,600	0 -1 -45 16 47 -63 -63 -1 -91 -2 0 -302 -302 -302 -302 -302 -302 -301 -19 -112 511 2,740 511 3,251	
Acquisition of associates         Sale of associates         Acquisition of intangible assets         Acquisition of property, plant and equipment         Sale of property, plant and equipment         Dividends from associates         Investing activities, total         Financing         Subordinated debt         Additional tier 1 (AT1) capital included in equity         Issued bonds         Dividends paid, excluding dividends on treasury shares         Acquisition of treasury shares         Sale of treasury shares         Repayment of lease liabilities         Financing activities, total         Movements in cash and cash equivalents for the period         Cash and cash equivalents, beginning of year         Movements in cash and cash equivalents for the period	0 -268 -62 10 36 -383 -383 201 816 2,182 -184 -369 367 -22 2,991 2,215 2,385 2,215	0 -1 -45 16 47 -63 1 -91 -91 -91 -2 0 -302 301 -19 -112 511 2,740 511	1 1 4 -4 -4 1 1 1 2 4 4 1 1 2 2 2 2 2 2 2 2

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# Section 1 Basis of preparation

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#### **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 impairment, 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 1,288** million Q1-Q3 2020: **DKK 1,186** million

Net fee income

DKK 1,140 million

Q1-Q3 2020: **DKK 918** million

#### Costs and expenses

**DKK 1,667** million Q1-Q3 2020: **DKK 1,530** million

Profit/loss before loan impairment charges

**DKK 1,174** million Q1-Q3 2020: **DKK 923** million Impairment of loans and advances, etc.

DKK -116 million

Q1-Q3 2020: DKK 287 million

#### Profit/loss before ta>



Profit/loss after tax

DKK 1,034 million

Q1-Q3 2020: DKK 507 million

C/I ratio **0.59** Q1-Q3 2020: **0.62** 

#### Section 2

### **Income statement**

#### 2.1 Business segments

<mark>Q1-Q3 2021</mark> DKKm	Spar Nora's Local Banks	Trading Division	Other areas	Core earnings*) and Group
Income statement				
Net interest income	1,172	69	47	1,288
Net fee income	1,131	7	2	1,140
Market value adjustments and dividends	191	50	56	297
Other income	18	0	97	115
Core income/revenue, total	2,512	126	202	2,841
Staff costs and operating expenses	1,587	38	42	1,667
Core earnings before impairment	925	88	160	1,174
Impairment of loans, advances and receivables etc.	-124	0	7	-116
Profit/loss before tax	1,049	88	153	1,289

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

	Spar Nord's Local Banks	Trading Division	Other	
Balance sheet			areas	Group, total
Loans, advances and other receivables at amortised cost	47,223	12,785	5	60,012
Investments in associates	0	0	673	673
Intangible assets and property, plant and equipment *)	491	1	814	1,306
Other assets **)	1,550	26,982	25,473	54,005
Allocated assets, total	49,264	39,768	26,965	115,997
Deposits and other payables	63,038	192	572	63,802
Equity (allocated capital)	6,353	1,504	4,197	12,054
Other liabilities	24,624	5,647	9,870	40,141
Allocated equity and liabilities, total	94,014	7,344	14,640	115,997
Disclosures – income/revenue, total				
Internal income/revenue	-120	100	99	78
Internal income and eliminations,	0	-78	0	-78
offset against costs Income/revenue, external customers	2.633	-78	104	2,841
	, · · · ·			
Income/revenue, total	2,512	126	202	2,841
Financial ratios				
Return on equity, % ***)	22.8	8.4	-	-
Cost share of core income	0.63	0.30	-	-
Total risk exposure amount, end of period	47,056	11,142	2,632	60,830
Number of employees (full-time equivalents, end of period)	1,077	70	477	1,624

\*) All assets are located in Denmark. \*\*) Temporary assets amount to DKK Smillion, which primarily relates 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**

Q1-Q3 2020 DKKm	Spar Nord's Local Banks	Trading Division	Other areas	Core earnings*) and Group
Income statement				
Net interest income	1,065	79	42	1,186
Net fee income	913	2	3	918
Market value adjustments and dividends	141	153	7	301
Other income	16	0	32	48
Core income/revenue, total	2,136	234	85	2,454
Staff costs and operating expenses	1,476	48	7	1,530
Core earnings before impairment	660	185	78	923
Impairment of loans, advances and receivables etc.	288	1	-1	287
Profit/loss before tax	372	185	79	636

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

	Spar Nord's	Trading	Other	
Balance sheet	Local Banks	Division	areas	Group, total
Loans, advances and other receivables at amortised cost	41,514	7,883	0	49,397
Investments in associates	0	0	518	518
Intangible assets and property, plant and equipment *)	250	0	801	1,052
Other assets **)	1,427	23,228	20,404	45,059
Allocated assets, total	43,191	31,112	21,723	96,026
Deposits and other payables	54,620	503	582	55,705
Equity (allocated capital)	5,868	1,202	3,105	10,176
Other liabilities	19,425	3,427	7,294	30,145
Allocated equity and liabilities, total	79,913	5,132	10,981	96,026
Disclosures – income/revenue, total				
	110	0/	500	570
Internal income/revenue	-110	94	588	572
	-110	94 -73	-499	-572
Internal income/revenue Internal income and eliminations,				
Internal income/revenue Internal income and eliminations, offset against costs	0	-73	-499	-572
Internal income/revenue Internal income and eliminations, offset against costs Income/revenue, external customers	0 2,245	-73 213	-499 -5	-572 2,454
Internal income/revenue Internal income and eliminations, offset against costs Income/revenue, external customers Income/revenue, total	0 2,245	-73 213	-499 -5	-572 2,454
Internal income/revenue Internal income and eliminations, offset against costs Income/revenue, external customers Income/revenue, total Financial ratios	0 2,245 <b>2,136</b>	-73 213 <b>234</b>	-499 -5 <b>85</b>	-572 2,454
Internal income/revenue Internal income and eliminations, offset against costs Income/revenue, external customers Income/revenue, total Financial ratios Return on equity, % ***)	0 2,245 <b>2,136</b> 8.3	-73 213 <b>234</b> 21.3	-499 -5 <b>85</b>	-572 2,454

\*) All assets are located in Denmark.

\*\*) Temporary assets amount to DKK 4 million, of which DKK 2 million relates to lease

activities and DKK 2 million relates to other areas. •••••) The rate of return on equity per annum has been calculated on allocated capital,

which amounts to 13.5% of the average total risk exposure amount.

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

	Q1-Q3 2021	Q1-Q3 2020
	DKKm	DKKm
Due from credit institutions and central banks	-5	-8
Loans, advances and other receivables	1,088	1,061
Bonds	46	56
Derivatives	33	21
Other interest income	0	0
Total interest income after offsetting negative interest income	1,162	1,129
Negative interest income offset against interest income	52	53
Negative interest expenses offset against interest expenses	216	129
Total interest income before offsetting negative interest income	1,430	1,310
Of which, interest income from reverse repo transactions booked under		
Due from credit institutions and central banks	-8	-12

Loans, advances and other receivables

Negative interest income amounts to DKK 52 million (30.09.2020: DKK 53 million) and relates to repo transactions and bonds. Negative bond yields of DKK 13 million (30.09.2020: DKK 13 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.

-31

-28

#### 2.3 Interest expenses

	Q1-Q3 2021	Q1-Q3 2020
	DKKm	DKKm
Credit institutions and central banks	2	-4
Deposits and other payables	-186	-98
Issued bonds	31	18
Subordinated debt	26	26
Other interest expenses	1	0
Total interest expenses after offsetting negative interest expenses	-126	-57
Negative interest expenses offset against interest expenses	216	129
Negative interest income offset against interest income	52	53
Total interest expenses before offsetting negative interest expenses	142	124
Of which, interest expenses from repo transactions booked under		
Credit institutions and central banks	-4	-12
Deposits and other payables	-4	-3

Negative interest expenses amount to DKK 216 million (30.09.2020: DKK 129 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

	Q1-Q3 2021	Q1-Q3 2020
	DKKm	DKKm
Securities trading and custody accounts	375	330
Payment services	150	114
Loan transaction fees	509	427
of which mortgage credit institutions	381	328
Guarantee commission	26	23
Other fees, charges and commissions	208	147
Total fees, charges and commissions received	1,268	1,041
Total fees, charges and commissions paid	128	122
Total net fees, charges and commissions received	1,140	918

### 2.5 Market value adjustments and dividends

	Q1-Q3 2021	Q1-Q3 2020
	DKKm	DKKm
Other loans, advances and receivables at fair value	19	-4
Bonds	-51	111
Shares, etc.	149	85
Investment properties	0	-1
Currency	63	45
Foreign exchange, interest, share, commodity and other contracts and derivatives	43	6
Assets linked to pooled schemes	1,858	1,148
Deposits in pooled schemes	-1,858	-1,148
Total market value adjustments	222	241
Dividends on shares, etc.	75	59
Market value adjustments and dividends on shares, etc., total	297	301

### 2.6 Other income

						-Q3 021		Q1-0 202		
					DK	ίKm		DKK	m	
Payments under operating leases and other rental income						7			6	
Other income						14		-	16	
Operation of investment properties						11		-	10	
Total other operating income						32		<u> </u>	32	
Income from investments in associates	\		_	_		83	_	. :	16	
Other income, total					1	115		í	48	
	Υ.	$\sim$	~	_			_		~	

#### Section 2

#### **Income statement**

#### 2.7 Staff costs

	Q1-Q3 2021	Q1-Q3 2020
	DKKm	DKKm
Salaries	799	762
Pensions	102	86
Social security costs	109	101
Total staff costs	1,010	949

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

9	9
3.4	3.1
-	-
3.4	3.1
	-

#### **Executive Board**

Number	4	4
Base salary *)	12.6	11.3
- less fees received from directorships	1.0	0.9
The Bank's expense, base salary	11.6	10.4
Pension	2.0	1.8
Total remuneration earned and paid	13.6	12.2

 $^{\ast})$  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 reporting period converted into full-time equivalents	1,620	1,556
--	-------	-------

#### 2.8 Operating expenses

	Q1-Q3 2021	Q1-Q3 2020
	DKKm	DKKm
IT costs	388	319
Marketing expenses	40	50
Cost of premises	40	40
Staff costs and travel expenses	34	32
Office expenses	12	13
Other administrative expenses	75	67
Operating expenses	588	521
Depreciation, amortisation and impairment	68	60
Total operating expenses	657	582

## **Income statement**

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

	Q1-Q3 2021	Q1-Q3 2020
	DKKm	DKKm
Impairment re. new exposures during the year, including new accounts to existing customers	123	89
Reversed impairment re. repaid accounts	184	115
Impairment during the year due to change in credit risk	-13	338
Loss without prior impairment	42	22
Amounts recovered on previously impaired receivables	83	47
Value adjustment of properties taken over	0	0
Total impairment of loans and receivables etc.	-116	287

See note 5.1.4 for an explanation of impairment and provision for losses on guarantees etc. at 30.09.2021.

#### 2.10 Effective tax rate

	Q1-Q3 2021	Q1-Q3 2020
	%	%
Current tax rate	22.0	22.0
Income from investments and market value adjustment of shares, %	-3.0	-3.6
Non-deductible expenses and non-taxable income, %	0.9	1.8
Adjustment of prior-year taxes, %	-0.1	0.1
Total effective tax rate	19.8	20.3

# Section 3 Balance sheet

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3.1	Other assets	
3.2	Deposits and other payables	
3.3	Other liabilities	
3.4	Information on fair value of financial	
	instruments	31

### Main items

Lending, banking and leasing activities



Bonds at fair value **DKK 20,953** million

31.12.20: DKK 21,647 million

Deposits, banking activities

# DKK 63,802 million

## 31.12.20: DKK 58,084 million

Deposits in pooled schemes **DKK 24,206** million

31.12.20: DKK 20,464 million

Spar Nord Q1-Q3 2021

#### 3.1 Other assets

	30.09.21	31.12.20
	DKKm	DKKm
Positive fair value of derivatives, etc.	635	777
Miscellaneous receivables	419	497
Interest and commissions receivable	78	62
Capital contribution in BEC Financial Technologies	387	312
Other assets	32	27
Total other assets	1,551	1,675

#### 3.2 Deposits and other payables

	30.09.21	31.12.20
	DKKm	DKKm
Repo transactions	0	333
Demand deposits	58,959	53,631
Subject to notice	2,088	1,899
Time deposits, excluding repo business	0	2
Special types of deposits	2,754	2,552
Total deposits and other payables	63,802	58,416

#### 3.3 Other liabilities

	30.09.21	31.12.20
	DKKm	DKKm
Miscellaneous payables	3,288	2,379
Negative fair value of derivatives, etc.	512	743
Interest and commissions payable	41	22
Lease liabilities	132	137
Other liabilities	276	394
Total other liabilities	4,249	3,677

# 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
	30.09.21	30.09.21	31.12.20	31.12.20
	DKKm	DKKm	DKKm	DKKm
Cash balances and demand deposits with central banks	1,991	0	1,126	0
Due from credit institutions and central banks	3,110	0	1,259	0
Loans, advances and other receivables at amortised cost	60,012	0	52,312	0
Bonds at fair value	0	20,953	0	21,647
Shares, etc.	0	1,827	0	1,789
Assets linked to pooled schemes	0	24,206	0	20,464
Positive fair value of derivatives	0	635	0	777
Total financial assets	65,113	47,621	54,698	44,677
Due to credit institutions and central banks	2,759	0	4,167	0
Deposits and other payables	63,802	0	58,416	0
Deposits in pooled schemes	0	24,206	0	20,464
Issued bonds at amortised cost	4,825	0	2,670	0
Other non-derivative financial liabilities at fair value	0	2,354	0	835
Lease liabilities	132	0	137	0
Negative fair value of derivatives	0	512	0	743
Subordinated debt	1,529	0	1,333	0
Total financial liabilities	73,048	27,072	66,724	22,043

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 30.09.2021, 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 30.09.2021, which is the credit value component of derivatives.

#### Breakdown of financial instruments relative to the fairvalue hierarchy classification and carrying amount

		Non-observa-			
	Quoted prices Level 1	Observable inputs Level 2	ble inputs Level 3	Total	
30.09.21	DKKm	DKKm	DKKm	DKKm	
Bonds at fair value	0	20,953	0	20,953	
Shares, etc.	203	24	1,600	1,827	
Assets linked to pooled schemes	19,398	4,409	399	24,206	
Positive fair value of derivatives	0	635	0	635	
Total financial assets	19,601	26,020	2,000	47,621	
Deposits in pooled schemes	0	24,206	0	24,206	
Other non-derivative financial liabilities at fair value	0	2,354	0	2,354	
Negative fair value of derivatives	0	512	0	512	
Total financial liabilities	0	27,072	0	27,072	

## Section 3 **Balance sheet**

	Quoted prices Level 1	Observable inputs Level 2	Non-observa- ble inputs Level 3	Total
31.12.20	DKKm	DKKm	DKKm	DKKm
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
Total financial assets	16,292	26,464	1,921	44,677
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
Total financial liabilities	0	22,043	0	22,043

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

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
	30.09.21	30.09.21	31.12.20	31.12.20
	DKKm	DKKm	DKKm	DKKm
Equities	1,178	422	1,179	377
Assets linked to pooled schemes	-	399	-	365
Positive fair value of derivatives	_	0	_	0

Change in fair value of shares if the profit/loss of the companies changes by 10% 15

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

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

	30.09.21	31.12.20
	DKKm	DKKm
Carrying amount, beginning of period	1,921	1,858
Value adjustments through profit or loss	99	95
Market value adjustments in other comprehensive income	0	0
Purchase	83	40
Sale	103	71
Transferred to/from Level 3	0	0
Carrying amount, end of year	2,000	1,921
Value adjustments through profit or loss of assets held at the reporting date	98	83

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

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# Section 4 Capital

Note	e	Page
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4.5	Issued bonds at amortised cost	37

### Main items

l arget: Common equity tier 1 capital ratio



31.12.20: 13.5%

Target: Own funds ratio

17.5%

31.12.20: 17.5%

Earnings per share for the period

**DKK 8.1** 30.09.20: **DKK 3.8**  Common equity tier 1 capital ratio

15.0%

31.12.20: 17.2%

Own funds ratio

20.2%

31.12.20: **21.0**%

#### 4.1 Own funds

	30.09.21	31.12.20
	DKKm	DKKm
Equity	12,054	10,390
Result not recognised	304	-
Phasing in of IFRS 9	194	433
Additional tier 1 (AT1) capital included in equity	1,659	794
Proposed dividend	343	185
Intangible assets	350	141
Other primary deductions	71	53
Deduction – Holdings of insignificant CET1 instruments	95	132
Deduction – Holdings of significant CET1 instruments	273	95
Common equity tier 1 capital	9,152	9,422
Additional tier 1 (AT1) capital *)	1,623	773
Other deductions	2	2
Tier 1 capital	10,774	10,193
Subordinated debt, excl. Additional Tier 1 (AT1) capital *)	1,518	1,324
Other deductions	3	3
Own funds	12,289	11,514
Weighted risk exposure amount, credit risk etc.	49.836	45,277
Weighted risk exposure amount, market risk	4,820	3,994
Weighted risk exposure amount, operational risk	6,174	5,594
Total risk exposure amount	60,830	54,865
Common equity tier 1 capital ratio	15.0	17.2
Tier 1 capital ratio	17.7	18.6
Own funds ratio	20.2	21.0

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

#### 4.2 Treasury share portfolio

	30.09.21	31.12.20
Number of shares	96,799	58,063
Percentage of share capital	0.1	0.0

# Capital

#### 4.3 Additional tier 1 (AT1) capital

						30.09.21	31.12.20
						DKKm	DKKm
Currency	Note	Principal DKKm	Interest rate	Received	Maturity		
DKK	a	250	3.125%	2021	Perpetual	250	-
DKK	b	600	3.25%	2021	Perpetual	601	-
DKK	С	330	6.00%	2020	Perpetual	339	344
DKK	d	450	5.50%	2016	Perpetual	469	450
Additional tier	1 (AT1) capital is:	sued under CRR, total				1,659	794

**a** Issued on 30.09.2021, with an option of early redemption as from 30.09.2027. The loan carries interest at a rate of 3.125% p.a. until 30.09.2027, after which date interest will be fixed at CIBOR6 + a 2.962% 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 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.

**c** 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 15.94.2025, 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.

**d** 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.

#### Specification of cash flows

30.09.21	31.12.20
DKKm	DKKm
850	330
0	-400
-6	0
1	3
-30	-49
816	-116
	DKKm 850 0 -6 1 -30

# Capital

#### 4.4 Subordinated debt

#### Supplementary capital contributions

						30.09.21	31.12.20
						DKKm	DKKm
Currency	Note	Principal DKKm	Interest rate	Received	Maturity		
DKK	a	200	CIBOR3 + 1.30%	2021	30.09.33	199	-
DKK	b	350	CIBOR6 + 2.40%	2018	29.05.2029	349	349
DKK	С	150	2.9298%	2018	29.05.2029	150	150
DKK	d	400	2.5348%	2018	19.06.2028	400	400
SEK	е	600	STIBOR3 + 2.50%	2017	18.10.2027	438	443

Supplementary capital contributions, total	1,536	1,342
Portfolio of own bonds relating to subordinated debt	-7	-9
Total subordinated debt	1,529	1,333

a Redeemable as from 30.09.2028. If the loan is not redeemed, interest will be fixed at CIBOR3 + a 1.30% 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 29.05.2024. If the loan is not redeemed, interest will be fixed at CIBOR6 + a 2.40% margin.

d Redeemable as from 19.06.2023. If the loan is not redeemed, interest will be fixed at CIBOR3 + a 2.10% margin.

e Redeemable as from 18.10.2022. If the loan is not redeemed, interest will be fixed at STIBOR3 + a 2.50% margin.

#### Specification of cash flows and other movements

	30.09.21	31.12.20
	DKKm	DKKm
Beginning of period	1,333	1,322
Cash flows		
New loans	200	0
Redeemed	0	0
Net transaction costs	-1	0
Change in portfolio of own bonds	2	-4
Net cash flows	201	-4
Other movements		
Change in exchange rate adjustments	-5	15
Amortised costs expensed	1	1
Total other movements	-5	16
End of period	1,529	1,333

## Capital

#### 4.5 Issued bonds at amortised cost

						30.09.21	31.12.20
						DKKm	DKKm
Currency	Note	Principal DKKm	Interest rate	Received	Maturity		
NOK	a	500	2.8230%	2021	30.06.2032	358	-
NOK	b	950	2.1110%	2021	26.11.2026	682	-
NOK	С	750	NIBOR3 + 1.05%	2021	26.05.2028	546	-
SEK	d	800	STIBOR3 + 0.80%	2021	26.05.2026	583	-
SEK	е	1,250	STIBOR3 + 1.05%	2019	05.12.2023	913	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
Issued bonds,	, total					4,826	2,670
Portfolio of o	wn bonds relating	to issued bonds				-1	0
Issued bonds,	, total					4,825	2,670

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 0.86% margin.
e The bonds are redeemable from 05.12.2022. 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.
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.
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.

#### Specification of cash flows and other movements

	30.09.21	31.12.20
	DKKm	DKKm
	DINII	DKKIII
Beginning of period	2,670	2,637
Cash flows		
New loans	2,192	0
Redeemed	0	0
Net transaction costs	-9	-2
Change in portfolio of own bonds	-1	0
Net cash flows	2,182	-2
Other movements		
Change in exchange rate adjustments	-10	31
Change in interest rate hedging	-19	3
Amortised costs expensed	2	2
Total other movements	-26	35
End of period	4,825	2,670
	30.09.21	31.12.20
	DKKm	DKKm
Shown by contractual term to maturity		
Up to 3 months	1	0
Over 3 months and up to 1 year	3	1
Between 1 year and 5 years	3,915	2,668
Over 5 years	906	0
Total	4,825	2,670

# Section 5 **Risk management**

#### 

### **Main items**

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



31.12.20: DKK 59,784 million

Credit exposure – excl. reverse repo transactions Retail/business

49.3% / 50.7%

31.12.20: 47.7% / 52.3%

Total impairment account

# DKK 1,584 million

## 31.12.20: DKK 1,717 million

Impairment on loans, advances and other receivables,

# DKK -116 million

30.09.20: DKK 287 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 be- fore impair- ment/provi- sions	Impairment/ provisions	Carrying imp amount	Recognised airment etc. total
30.09.21	DKKm	DKKm	DKKm	DKKm
Loans and advances at amortised cost	61,529	1,517	60,012	-108
Due from credit institutions and central banks	3,111	1	3,110	0
Guarantees	17,631	58	17,574	1
Unutilised credit lines and loan commitments	28,546	9	28,538	-8
Total	110,818	1,584	109,234	-116

#### 31.12.20

Total

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

#### 5.1.2 Impairment and provisions by stages

	Stage 1	Stage 2	Stage 3	Total
30.09.21	DKKm	DKKm	DKKm	DKKm
Loans and advances at amortised cost	133	337	1,047	1,517
Due from credit institutions and central banks	1	0	0	1
Guarantees	17	34	7	58
Unutilised credit lines and loan commitments	3	4	3	9
Total	153	374	1,057	1,584
31.12.20				
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

7 196

580

941

1,717

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

	Stage 1	Stage 2	Stage 3	Total
30.09.21	DKKm	DKKm	DKKm	DKKm
Loans and advances at amortised cost	56,163	3,495	1,871	61,529
Due from credit institutions and central banks	3,111	0	0	3,111
Guarantees	16,732	764	136	17,631
Unutilised credit lines and loan commitments	27,647	765	134	28,546
Total	103,653	5,024	2,141	110,818
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
Total	85,633	10,414	2,139	98,185

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".

The exposures include exposures at a discount (impairment charges taken over) on customers acquired. The discount amounted to DKK 50 million at 30 September 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		Recognised airment etc.
30.09.21	DKKm	DKKm	DKKm	DKKm	DKKm
Impairment and provisions for losses, beginning of period	196	580	941	1,717	-
Impairment etc. re. new exposures during the year, including new ac- counts to existing customers	60	26	36	123	123
Reversed impairment re. repaid accounts	46	75	63	184	184
Change in impairment at 1 January, transfer to/from stage 1	168	-146	-22	-	-
Change in impairment at 1 January, transfer to/from stage 2	-45	72	-27	-	-
Change in impairment at 1 January, transfer to/from stage 3	-19	-32	51	-	-
Impairment during the year due to change in credit risk	-162	-51	200	-13	-13
Previously impaired, now finally lost	0	0	-73	-73	-
Other movements (interest rate correction etc.)	0	0	14	14	-
Loss without prior impairment	-	-	-	-	42
Amounts recovered on previously impaired receivables	-	-	-	-	83
Impairment and provisions for losses, end of period	153	374	1,057	1,584	-116

	Stage 1	Stage 2	Stage 3		Recognised airment etc.
31.12.20	DKKm	DKKm	DKKm	DKKm	DKKm
Impairment and provisions for losses, beginning of period	155	265	1,083	1,503	-
Impairment etc. re. new exposures during the year, including new ac- counts to existing customers	74	19	35	128	128
Reversed impairment re. repaid accounts	33	33	96	163	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	371	371
Previously impaired, now finally lost	0	0	-138	-138	-
Other movements (interest rate correction etc.)	0	0	16	16	-
Loss without prior impairment	-	-	-	-	37
Amounts recovered on previously impaired receivables	-	-	-	-	64
Impairment and provisions for losses, end of period	196	580	941	1,717	309

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

#### 

#### 6.1 Collateral

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

	30.09.21	31.12.20
	DKKm	DKKm
Deposits, clearing	167	173
Collateral provided for the market value of derivatives transactions	279	574
Positive market value of derivative contracts subject to netting	225	196
Collateral provided as part of repo transactions	1,555	1,315
Collateral provided for monetary policy loans	0	2,385
Total collateral	2,225	4,643

#### 6.2 Contingent assets

30.09.21	31.12.20
DKKm	DKKm
Unrecognised deferred tax assets 18	18

#### 6.3 Contingent liabilities

	30.09.21	31.12.20
	DKKm	DKKm
Guarantees	17,574	15,591
Other binding commitments	1,481	1,200
Total contingent liabilities	19,055	16,791

#### Guarantees

Total guarantees	17,574	15,591
Other contingent liabilities	896	790
Registration and refinancing guarantees	2,239	2,459
Loss guarantees for mortgage loans	6,520	5,834
Financial guarantees	7,918	6,508

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 30.09.2021 and 31.12.2020. The corporate income tax receivable within the tax pool amounted to DKK 67 million at 30.09.2021 (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 to the Resolution Fund at 30.09.2021 amounted to DKK 12 million (30.09.2020: DKK 13 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.

### Other notes

#### Other binding commitments

	30.09.21	31.12.20
	DKKm	DKKm
Data-processing centre	1,461	1,179
Lease liabilities, Spar Nord as lessee	20	21
Other binding commitments, total	1,481	1,200

#### 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.

#### 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

No significant events have occurred after 30 September 2020.

#### 6.5 Overview of group companies

		Share capital, end of period *)	Equity end of period *)		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 30.09.2021

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. 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.

#### 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 because of one-off costs associated with the transaction. From 2022, the acquired business is expected to contribute a profit before impairment of around DKK 110 million.

Spar Nord' integration of BankNordik's Danish business has proceeded successfully and both customers and employees have built affiliation with Spar Nord's branches from before the acquisition and in the branches taken over. As the integration has been completed, Spar Nord will follow up on the acquisition with financial specifics, as the BankNordic portfolio is fully integrated in Spar Nord Bank and thus as an integral part of the financial follow-up and management process.

Against this background, it is impossible to disclose income and profit before impairment for 2021 in the post-acquisition period, but we can report that one-off costs amounted to DKK 42 million in H1 2021 and were not increased significantly in Q3 2021.

As a result of the completed integration and combined financial follow-up and management process, it is also not possible to disclose income for Spar Nord for January to September 2021 on a pro forma basis as if BankNordik's Danish business had been acquired at 1 January 2021.

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 Bank Nordik's data processing centre.

Spar Nord has 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 far value at the date of acqui- sition
	30.09.21	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
Intangible assets, customer relation-	4.9	0
ships	48	0
Other assets	14	29
Prepayments and deferred income	0	0
Total assets	3,130	3,247
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
Total liabilities	6,354	6,478
Acquired net assets	-3,224	-3,232
Goodwill	220	277
Purchase consideration	-3,004	-2,954
Consideration in the form of shares in Spar Nord Bank A/S	0	0
Cash consideration	-3,004	-2,954
Purchase consideration	-3,004	-2,954

# Calculation of preliminary fair values of acquired assets and liabilities at 1 February 2021.

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.

### Section 6 Other notes

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.

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										
DKKm		Q1-Q3 2021	Q1-Q3 2020	Change in %	Q1-Q3 2021	Q1-Q3 2020	Q1-Q3 2019	Q1-Q3 2018	Q1-Q3 2017	Full year 2020
Income statement										
Net interest and fee income		2,504	2,164	16	2,504	2,164	2,172	2,068	2,062	2,882
Market value adjustments		222	241	-8	222	241	253	207	280	374
Staff costs and administrative expenses		1,587	1,456	9	1,587	1,456	1,405	1,366	1,358	2,000
Impairment on loans, advances and receiva-										
bles, etc.		-116	287	-140	-116	287	10	67	-21	309
Income from investments in associates		83	16	416	83	16	102	28	27	29
Profit for the period		1,034	507	104	1,034	507	876	849	799	737
Balance sheet										
Loans and advances		60,012	49,397	21	60,012	49,397	48,982	46,636	45,471	52,312
Equity		12,054	10,176	18	12,054	10,176	9,617	9,184	8,793	10,390
Total assets		115,997	96,026	21	115,997	96,026	94,151	85,461	80,372	102,077
Financial ratios										
Own funds										
Own funds ratio *)		20.2	20.4		20.2	20.4	17.6	18.7	17.9	21.0
Tier 1 capital ratio *)		17.7	18.1		17.7	18.1	15.4	15.9	15.8	18.6
Earnings										
Return on equity before tax	%	11.5	6.4		11.5	6.4	11.4	11.3	11.7	9.1
Return on equity after tax	%	9.2	5.1		9.2	5.1	9.3	9.5	9.2	7.3
Income/cost ratio	/0	1.83	1.35		1.83	1.35	1.72	1.68	1.73	1.38
Return on assets	%	0.9	0.5		0.9	0.5	0.9	1.0	1.0	0.7
Market risk and liquidity	0.	0.5			0.5		0.7			
Interest rate risk	%	0.5	1.1		0.5	1.1	0.3	0.9	1.3	1.1
Foreign exchange position	%	0.5	0.9		0.5	0.9	1.1	1.5	5.2	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) Excess coverage relative to statutory liquidity	%	253	216		253	216	159	157	-	241
requirement	%	-	-		-	-	-	-	313.4	-
Loans and advances as % of deposits	%	68.2	66.0		68.2	66.0	70.7	72.1	71.8	66.3
Credit risk										
Loans and advances relative to equity		5.0	4.9		5.0	4.9	5.1	5.1	5.2	5.0
Increase in loans and advances for the		0.0			0.0		0.1	0.1	0.2	
period	%	11.7	-3.3		11.7	-3.3	7.5	5.7	4.4	-1.5
Sum of large exposures	%	89.3	77.7		89.3	77.7	82.0	74.4	18.7	78.1
Impairment ratio for the period		-0.1	0.4		-0.1	0.4	0.0	0.1	0.0	0.4
The Spar Nord Bank share										
DKK per share of DKK 10										
Profit/loss for the period		8.4	4.1		8.4	4.1	7.1	6.9	6.5	6.0
Net asset value (NAV)		85	76		85	76	71	68	64	78
Dividend		-	-		-	-	-	-	-	1.5
Share price/profit/loss for the period		8.9	11.5		8.9	11.5	8.7	8.7	12.0	10.0
Share price/NAV		0.9	0.6		0.9	0.6	0.9	0.9	1.2	0.8
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\*) Own funds for G3 2021 are exclusive of recognition of profit/loss for the period. Own funds for H1 2021 include recognition of profit/loss for the half-year 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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