



**Interim report** for Q1 2020  
of Spar Nord

# Contents

## 2 – 9

### Management's review

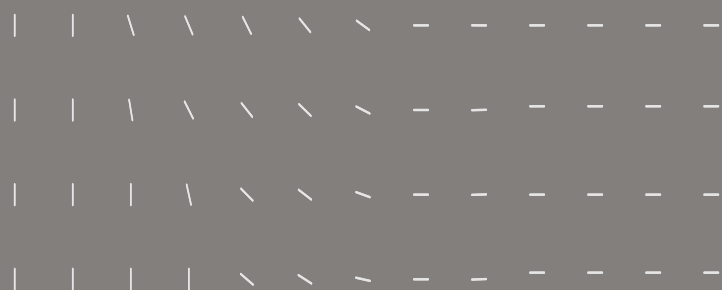
- 1 Highlights of the interim report
- 2 Performance indicators and financial ratios – Group
- 4 Management commentary on Q1 2020
- 9 Alternative performance measures

## 10 – 41

### Interim report for Q1 2020

#### Consolidated financial statements

- 10 Management's statement on the interim report
- 12 Income statement
- 13 Balance sheet
- 14 Statement of changes in equity
- 15 Cash flow statement
- 16 Notes to the financial statements



## Highlights of the interim report

DKKm	Q1 2020	Q1 2019	Index	Q1 2020	Q4 2019	Index
Net interest income	387	378	102	387	396	98
Net fee income	322	317	102	322	290	111
Market value adjustments and dividends	-11	118	-9	-11	67	-16
Other income	21	42	50	21	25	84
<b>Core income</b>	<b>719</b>	<b>854</b>	<b>84</b>	<b>719</b>	<b>779</b>	<b>92</b>
Staff costs	315	306	103	315	324	97
Operating expenses	204	212	97	204	215	95
<b>Costs and expenses</b>	<b>520</b>	<b>518</b>	<b>100</b>	<b>520</b>	<b>539</b>	<b>96</b>
<b>Core earnings before impairment</b>	<b>199</b>	<b>336</b>	<b>59</b>	<b>199</b>	<b>239</b>	<b>83</b>
Impairment of loans and advances, etc.	175	10	-	175	12	-
<b>Profit/loss before tax</b>	<b>24</b>	<b>326</b>	<b>7</b>	<b>24</b>	<b>227</b>	<b>10</b>
Tax	0	63	0	0	44	0
<b>Profit/loss for the year</b>	<b>24</b>	<b>263</b>	<b>9</b>	<b>24</b>	<b>182</b>	<b>13</b>

### Commenting on the interim report, Spar Nord's CEO Lasse Nyby said:

*Spar Nord won market share and generated one of the best financial results in the Danish banking sector in 2019. While we were off to a good start in 2020 with buoyant activity and business customers who are generally in quite good shape, the interim report we present today shows a profit of only DKK 24 million and return of equity of 0.5%. There are two reasons for the lacklustre performance – both of which are direct consequences of the COVID-19 crisis: Firstly, we have seen substantial negative market value adjustments on our holdings of listed securities driven by the market turbulence experienced in March. Secondly, we have made a provision of DKK 225 million to cover the credit losses, which unfortunately will be an unavoidable consequence of the slowing economic activity all over the world.*

*However, this does not change the fact that we still hold a strong market position, are prepared to help our customers through the crisis and are well prepared to face the challenges and opportunities of the upcoming period.*

## Performance indicators and financial ratios – Group

### Performance indicators

#### Income statement

DKKm	Q1 2020	Q1 2019	Change in %	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Full year 2019
Net interest income	387	378	2	387	396	402	397	378	1,573
Net fee income	322	317	2	322	290	315	304	317	1,225
Market value adjustments and dividends	-11	118	-109	-11	67	86	108	118	379
Other income	21	42	-50	21	25	70	24	42	160
<b>Core income</b>	<b>719</b>	<b>854</b>	<b>-16</b>	<b>719</b>	<b>779</b>	<b>873</b>	<b>833</b>	<b>854</b>	<b>3,338</b>
Staff costs	315	306	3	315	324	281	306	306	1,218
Operating expenses	204	212	-3	204	215	185	184	212	796
<b>Costs and expenses</b>	<b>520</b>	<b>518</b>	<b>0</b>	<b>520</b>	<b>539</b>	<b>466</b>	<b>491</b>	<b>518</b>	<b>2,014</b>
<b>Core earnings before impairment</b>	<b>199</b>	<b>336</b>	<b>-41</b>	<b>199</b>	<b>239</b>	<b>407</b>	<b>342</b>	<b>336</b>	<b>1,324</b>
Impairment of loans, advances and receivables etc.	175	10	-	175	12	9	-9	10	22
<b>Profit/loss before tax</b>	<b>24</b>	<b>326</b>	<b>-93</b>	<b>24</b>	<b>227</b>	<b>397</b>	<b>351</b>	<b>326</b>	<b>1,302</b>
Tax	0	63	-100	0	44	67	69	63	243
<b>Profit/loss for the year</b>	<b>24</b>	<b>263</b>	<b>-91</b>	<b>24</b>	<b>182</b>	<b>331</b>	<b>283</b>	<b>263</b>	<b>1,059</b>
Interest expenses to holders of additional tier 1 (AT1) capital	12	12	-1	12	12	12	12	12	49

#### Balance sheet

DKKm									
Total assets	94,457	87,701	8	94,457	93,113	94,151	89,354	87,701	93,113
<b>Loans and advances</b>	<b>50,400</b>	<b>45,249</b>	<b>11</b>	<b>50,400</b>	<b>51,312</b>	<b>48,982</b>	<b>47,023</b>	<b>45,249</b>	<b>51,312</b>
Lending, banking and leasing activities	43,017	40,566	6	43,017	43,157	42,514	42,096	40,566	43,157
Lending, reverse repo transactions	7,383	4,683	58	7,383	8,155	6,468	4,928	4,683	8,155
<b>Deposits</b>	<b>67,631</b>	<b>66,648</b>	<b>1</b>	<b>67,631</b>	<b>70,602</b>	<b>69,239</b>	<b>68,722</b>	<b>66,648</b>	<b>70,602</b>
Deposits, banking activities	51,552	50,959	1	51,552	53,279	52,874	52,696	50,959	53,279
Deposits, repo transactions	0	37	-	0	0	0	201	37	0
Deposits in pooled schemes	16,078	15,652	3	16,078	17,323	16,365	15,825	15,652	17,323
Issued bonds	2,585	-	-	2,585	2,637	-	-	-	2,637
Subordinated debt	1,293	1,327	-3	1,293	1,322	1,311	1,320	1,327	1,322
Additional tier 1 (AT1) capital	872	874	0	872	860	874	862	874	860
Shareholders' equity	8,915	8,625	3	8,915	8,901	8,743	8,424	8,625	8,901
Guarantees	14,596	12,421	18	14,596	14,766	16,070	13,867	12,421	14,766
Total risk exposure amount	56,548	54,543	4	56,548	55,963	57,157	56,152	54,543	55,963
Tier 1 capital	9,471	8,606	10	9,471	9,032	8,787	8,615	8,606	9,032
Impairment account	1,626	1,883	-14	1,626	1,503	1,525	1,824	1,883	1,503
Contractual non-performing loans	303	521	-42	303	303	337	528	521	303
Business volume	263,879	252,312	5	263,879	272,431	266,551	259,991	252,312	272,431



# Financial performance – core earnings, quarterly

## Financial ratios

		Q1 2020	Q1 2019	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Full year 2019
<b>Own funds</b>									
Own funds ratio		19.0	18.2	19.0	18.5	17.6	17.6	18.2	18.5
Tier 1 capital ratio		16.7	15.8	16.7	16.1	15.4	15.3	15.8	16.1
Common equity tier 1 capital ratio		15.3	14.2	15.3	14.6	13.9	13.8	14.2	14.6
<b>Earnings</b>									
Return on equity before tax excl. additional tier 1 (AT1) capital p.a. *)	%	0.5	14.8	0.5	9.9	18.0	16.2	14.8	14.5
Return on equity after tax excl. additional tier 1 (AT1) capital p.a. *)	%	0.5	11.8	0.5	7.9	14.9	12.9	11.8	11.7
Cost share of core income	DKK	0.72	0.61	0.72	0.69	0.53	0.59	0.61	0.60
Cost share of core income - incl. loan impairments, etc.	DKK	0.97	0.62	0.97	0.71	0.54	0.58	0.62	0.61
Return on assets	%	0.0	0.3	0.0	0.2	0.4	0.3	0.3	1.1
<b>Market risk and liquidity</b>									
Interest rate risk	%	0.1	1.0	0.1	0.6	0.3	1.0	1.0	0.6
Foreign exchange position	%	1.1	1.3	1.1	1.0	1.1	1.1	1.3	1.0
Foreign exchange risk	%	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Liquidity Coverage Ratio (LCR)	%	185	160	185	195	159	137	160	195
Bank and leasing loans relative to bank deposits	%	83.4	79.6	83.4	81.0	80.4	79.9	79.6	81.0
<b>Credit risk</b>									
Bank and leasing loans relative to shareholders' equity		4.8	4.7	4.8	4.8	4.9	5.0	4.7	4.8
Increase in loans and advances for the year	%	-0.3	2.6	-0.3	1.5	1.0	3.8	2.6	9.1
Sum of large exposures	%	82.6	76.1	82.6	83.6	82.0	84.6	76.1	83.6
Impairment ratio		0.3	0.0	0.3	0.0	0.0	0.0	0.0	0.0
<b>Employees and branches</b>									
Number of employees (full-time equivalents, end of period)		1,561	1,531	1,561	1,549	1,539	1,534	1,531	1,549
Number of branches		49	49	49	49	49	49	49	49
<b>Spar Nord share</b>									
<b>DKK per share of DKK 10</b>									
Share price, end of period		42	58	42	65	62	58	58	65
Net asset value (NAV) *)		72	70	72	72	71	69	70	72
Profit/loss for the period *)		0.1	2.0	0.1	1.4	2.6	2.2	2.0	8.2
Dividend	DKK	-	-	-	-	-	-	-	3.5
Return	%	-	-	-	-	-	-	-	32
Price/earnings *)		-	-	-	-	-	-	-	8

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

# Management commentary on Q1 2020

Spar Nord achieved a net profit of DKK 24 million in Q1 2020, which corresponds to an annualised return on equity of 0.5%. Seen in isolation, the performance is unsatisfactory, but management considers the profit satisfactory in a quarter impacted by the COVID-19 pandemic and its economic consequences.

Core income amounted to DKK 719 million, which is DKK 60 million, or 8%, lower than in the preceding quarter and DKK 135 million, or 16%, lower than in the year-earlier period.

### Interest rate margin stabilised

Net interest income was DKK 387 million in Q1 2020, against DKK 396 million in the preceding quarter and DKK 378 million in Q1 2019.

The decline relative to the previous quarter was primarily attributable to higher interest expenses for MREL capital and one interest rate day fewer in Q1 than in Q4.

The overall interest margin remained stable in Q1 as the average lending margin fell by 6 basis points, while the average deposit margin improved by 7 basis points.

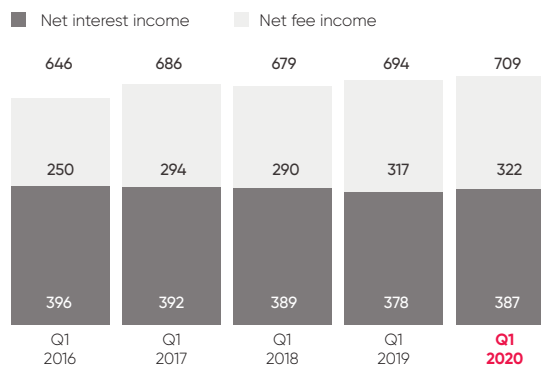
At 31 March, the lending volume (bank and leasing loans) was DKK 43.0 billion, which was on a level with the end of 2019 and 6% higher than a year earlier. At 31 March, the volume of deposits was DKK 51.6 billion, which was 3% lower than at the end of 2019 and 1% higher than a year earlier.

Effective from the middle of the second quarter of 2020, Spar Nord will change the interest rate on deposits for retail and business customers from minus 0.75% to minus 0.60% and change the exemption threshold for retail customers from DKK 750,000 to DKK 250,000 per person.

#### In the coming quarters, Spar Nord expects:

- Weaker underlying lending growth due to lower economic activity and reduced customer mobility
- Increased drawings on credit facilities from customers affected by the COVID-19 crisis
- A stabilisation of interest margins

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



### Continuing growth in net fee income

Net fee income was DKK 322 million in Q1 2020, against DKK 290 million in Q4 2019 and DKK 317 million in Q1 2019.

The continuing satisfactory trends in net fee income is attributable primarily to mortgage activities as last year's strong growth in the volume of mortgage loans arranged on behalf of Totalkredit and DLR Kredit is now materialising in the form of higher current income.

Spar Nord is witnessing an increase in income from securities trading and asset management services relative to the previous quarter due to a higher level of activity, while the level was below that of Q1 2019 mainly due to lower prices in this area.

Lastly, the Bank continues to record a satisfactory increase in income from the provision of life and pension insurance products.

#### In the coming quarters, Spar Nord expects:

- Pressure on activity-driven fees due to weaker economic activity and a decline in assets under management
- Robust base of volume-driven income

### Turbulent quarter for equity and bond markets

Market value adjustments and dividends amounted to a loss of DKK 11 million in Q1 2020, against an income of DKK 67 million in Q4 2019 and DKK 118 million in Q1 2019.

Market value adjustments were driven by the very turbulent market developments triggered by the COVID-19 crisis, including plummeting share prices and widening credit spreads on bonds.

## Financial review

### Market value adjustments and dividends (DKKm)



At the end of the quarter, the Bank had thus realised negative market value adjustments on equities, corporate bonds and mortgage bonds (DKK minus 68 million in Q1 against DKK 26 million in the preceding quarter and DKK 67 million in Q1 2019), while income related to equity holdings in the financial sector (including DLR Kredit, BankInvest and others), which were unchanged in Q1 2020 relative to the year-earlier period, added to performance.

After the end of the reporting period, the situation has improved with respect to both equity and bond prices.

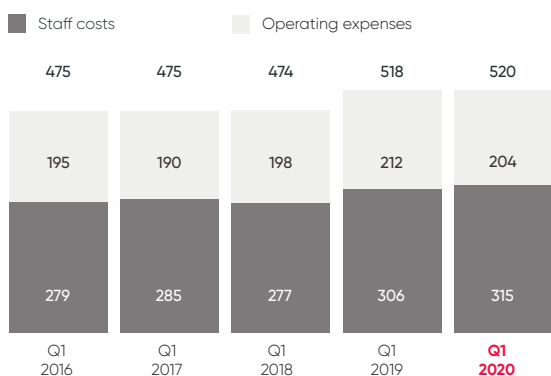
#### In the coming quarters, Spar Nord expects:

- General recovery after a turbulent Q1 – but elevated uncertainty
- Lower income from sector companies due to falling economic activity

### Expenses developing slightly better than expected

The Group's total costs and expenses amounted to DKK 520 million in Q1 2020, against DKK 518 million in the same period of 2019.

### Total costs (DKKm)



Wages and salaries accounted for DKK 315 million of total costs and expenses. Realised payroll costs were thus DKK 9 million higher than in the same period of last year.

The increase was due to pay rises under collective agreements and the fact that the Group employed 1,561 people (FTE) at 31 March 2020, which is 30 more than at the same time last year. Conversely, the Group incurred lower costs for overtime pay and redundancies compared with Q1 2019.

Other operating expenses came to DKK 204 million, which is DKK 7 million lower than in Q1 2019. The fall was primarily ascribable to costs incurred in Q1 2019 for preparing the offer for Danske Andelskassers Bank.

The realised core income and costs corresponded to a Cost/Income Ratio of 0.72 (Q1 2019: 0.61).

#### In the coming quarters, Spar Nord expects:

- Lower level of activity in certain areas provides opportunities for reducing payroll costs (compensatory time off etc.)
- Reduced costs for travelling, marketing etc.

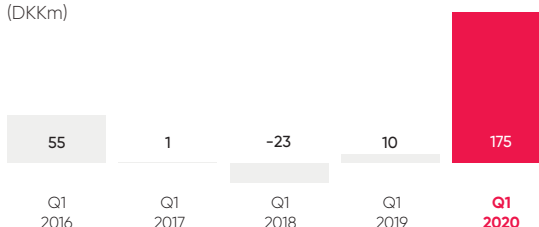
### COVID-19 crisis impacting loan impairment charges

Impairment of loans and advances amounted to DKK 175 million, which compares to DKK 12 million in the preceding quarter and DKK 10 million in the year-earlier period. Impairment for the period includes a management estimates of DKK 225 million due to the COVID-19 crisis.

The DKK 175 million impact on profits breaks down into DKK 132 million attributable to business customers ex. agriculture, DKK 69 million to retail customers and DKK 3 million to customers in the consumer loan business SparXpres, while DKK 29 million was reversed in respect of agricultural customers.

Spar Nord's impairment balance, which at 31 March 2020 amounted to DKK 1,626 million, contains management estimates totalling DKK 524 million, against DKK 303 million at end-2019.

### Impairments (DKKm)



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

Breakdown by industry Line of business %	Loans, advances and guarantees		Impairment account	
	31.03.20	31.12.19	31.03.20	31.12.19
Public authorities	1.7	2.0	0.0	0.0
Agriculture, hunting and forestry	5.0	4.7	23.9	27.1
Fisheries	0.2	0.2	0.2	0.1
Industry and raw materials extraction	5.0	5.0	6.0	5.1
Energy supply	3.1	2.8	1.7	0.9
Building and construction	4.1	4.3	3.6	3.0
Trade	7.2	7.0	6.8	5.6
Transport, hotels and restaurants	4.7	4.4	7.2	5.8
Information and communication	0.5	0.5	0.7	0.6
Financing and insurance	5.7	5.7	5.9	4.7
Real estate	11.5	12.3	10.7	11.5
Other business areas	6.4	6.3	5.9	10.6
<b>Business customers, total</b>	<b>54.9</b>	<b>55.2</b>	<b>72.4</b>	<b>74.7</b>
<b>Total retail customers</b>	<b>45.1</b>	<b>44.8</b>	<b>27.6</b>	<b>25.3</b>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

\*) Excl. reverse repo transactions

## NPL ratio developments

	31.03.20	31.12.19
NPL (DKKm)	1,934	2,004
Exposure (DKKm)	54,197	54,079
NPL ratio	3.6	3.7

Individual impairments (stage 3) at 31 March 2020 were DKK 1,235 million (year-end 2019: DKK 1,083 million), DKK 445 of which were management estimates, while stage 1 and 2 impairments totalled DKK 391 million (year-end 2019: DKK 420 million).

### In the coming quarters, Spar Nord expects:

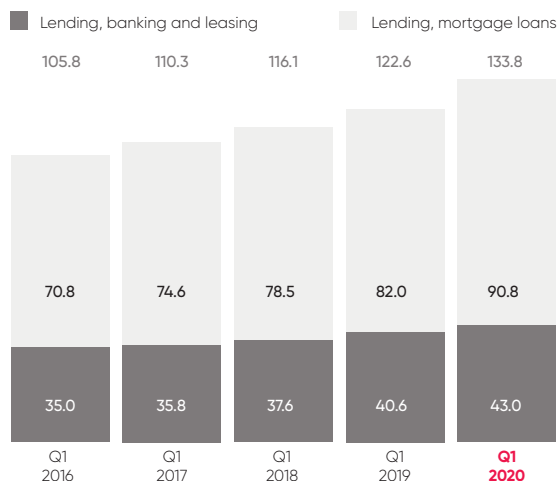
- Additional impairments especially on business customer loans due to the COVID-19 crisis
- A persistent high level of uncertainty with respect to the depth and duration of the crisis

## Net profit of DKK 24 million

Spar Nord reported a profit before tax of DKK 24 million in Q1 2020, against DKK 182 million in Q4 2019 and DKK 263 million in Q1 2019.

Given the modest pre-tax profit of DKK 24 million, tax-exempt income from strategic shares and holdings in associates combined with non-deductible expenses represent a relatively high proportion, which means that tax for Q1 2020 amounted to DKK 0 for a net profit of DKK 24 million.

## Total credits arranged (DKKbn)



## Total business volume of DKK 264 billion

The Group's total business volume (deposits, loans, advances and guarantees, mortgage credits arranged, customers' custodianship accounts and life annuities) amounted to DKK 263.9 billion at 31 March 2020, which was DKK 8.6 billion lower than at end-2019.

The lower overall business volume is predominantly ascribable to the turbulent situation in the financial markets in a quarter marked by COVID-19.

Compared with end-2019, bank and leasing loans fell DKK 0.1 billion, while the volume of mortgage loans arranged rose by DKK 2.1 billion.

Deposits, banking activities declined by DKK 1.7 billion since end-2019, while deposits in pooled schemes fell DKK 1.2 billion. Lastly, customers' custodianship accounts declined by DKK 7.5 billion.

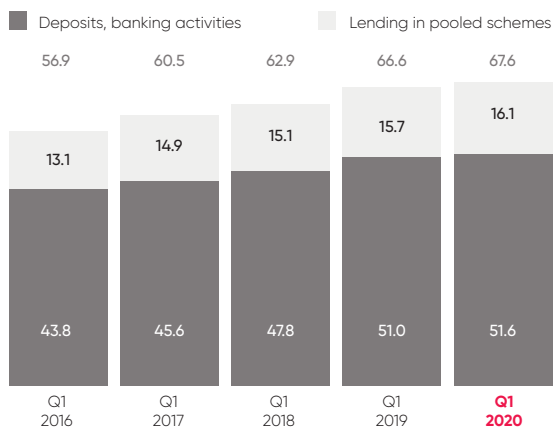
## Business volume

DKKbn	31.03.20	31.03.19	31.03.18	31.03.17	31.03.16
Lending, banking and leasing activities	43.0	40.6	37.6	35.8	35.0
Deposits banking activities	51.6	51.0	47.8	45.6	43.8
Deposits in pooled schemes	16.1	15.7	15.1	14.9	13.1
Guarantees	14.6	12.4	11.4	11.9	9.4
Loans and advances, mortgage loans	90.8	82.0	78.5	74.6	70.8
Custodianship accounts	45.3	48.6	48.8	49.6	46.9
Letspension, life annuity	2.5	2.1	1.7	1.3	-
<b>Total business volume</b>	<b>263.9</b>	<b>252.3</b>	<b>240.9</b>	<b>233.7</b>	<b>218.9</b>



## Financial review

### Total deposits (DKKbn)



### Strategic liquidity of DKK 21.8 billion

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

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

At the end of March 2020, Spar Nord's strategic liquidity amounted to DKK 21.8 billion, down DKK 1.6 billion compared with end-2019. The change was due primarily to a decline in deposits.

Spar Nord's LCR ratio at 31 March 2020 was 185.

### Strategic liquidity

(DKKbn)	31.03.20	31.12.19	30.09.19	30.06.19	31.03.19
Deposits, banking activities	51.6	53.3	52.9	52.7	51.0
Senior loans/bond issues	2.6	2.6	0.0	0.0	0.0
Equity and subordinated debt	11.1	11.1	10.9	10.6	10.8
<b>Liquidity procurement</b>	<b>65.2</b>	<b>67.0</b>	<b>63.8</b>	<b>63.3</b>	<b>61.8</b>
Lending, banking and leasing activities	43.0	43.2	42.5	42.1	40.6
Maturity, senior issued bonds, subordinated debt and additional tier 1 capital <1 year	0.4	0.4	0.4	0.4	0.0
<b>Strategic liquidity, total</b>	<b>21.8</b>	<b>23.4</b>	<b>20.9</b>	<b>20.8</b>	<b>21.2</b>

### Calibrated MREL requirement

%	31.03.2020	01.01.2022
Solvency ratio		95
Capital conservation buffer requirement		2.5
SIFI buffer requirement		1.0
Countercyclical buffer requirement		0.0
<b>Requirement for loss-absorption amount</b>	<b>12.5</b>	<b>13.0</b>
Requirement for recapitalisation amount	6.1	13.0
<b>Total MREL requirement</b>	<b>18.6</b>	<b>26.0</b>

### Excess coverage calibrated MREL requirement

DKKbn	01.01.2020
Own funds	10,752
Non-preferred senior capital	2,570
Other non-MREL-eligible liabilities	0
<b>Total MREL-eligible liabilities</b>	<b>13,322</b>
MREL capital ratio	23.6
MREL requirement in %-points	18.6
MREL requirement	10,504
Excess coverage	2,819
<b>Excess coverage in percentage points</b>	<b>5.0</b>

### Common equity tier 1 capital ratio of 15.3% and own funds ratio of 19.0%

On the capital side, Spar Nord pursues the goal of having a common equity tier 1 (CET1) ratio of 13.5% and an own funds ratio of 17.5%.

At 31 March 2020, the common equity tier 1 (CET1) ratio was 15.3%, while the own funds ratio was 19.0%. This should be viewed relative to the individual solvency need calculated by Spar Nord at 9.5% plus the 3.0% combined buffer requirement, as a result of which the total capital requirement is 12.5%. Thus, Spar Nord has an excess capital coverage of 6.5 percentage points, equal to DKK 3.7 billion.

	31.03.20	31.03.19	31.03.18	31.03.17	31.03.16
Common equity tier 1 capital ratio	15.3	14.2	14.0	13.8	13.8
Tier 1 capital ratio	16.7	15.8	15.6	15.4	14.5
Own funds ratio	19.0	18.2	17.8	17.6	16.6

### Recommendation regarding appropriation of profit for 2019

As announced in company announcement no. 6 of 19 March 2020, as a result of the political decision to introduce a ban on public gatherings and the subsequent executive order on postponement of the deadline for filing annual reports for 2019, Spar Nord resolved to cancel its annual general meeting convened for 31 March 2020.

A new annual general meeting will be convened once the situation allows it.

On 22. April, Spar Nord's Board of Directors announced that it will recommend to the next general meeting that no dividends be paid in respect of the 2019 financial year. The Board of Directors had previously proposed a dividend in respect of 2019 of DKK 3.50 per share, equal to 41% of the net profit for the year. With this new recommendation, Spar Nord's Board of Directors supports the political intentions to ensure an appropriate mitigation of the COVID-19 pandemic and its consequences for the Danish economy.

The recommendation does not change Spar Nord's overall dividend policy.

### Issue of additional tier 1 (AT1) capital

As part of its ongoing capital structure efforts, in early April Spar Nord today concluded an agreement with institutional investors to issue additional tier 1 (AT1) capital totalling DKK 330 million, a fixed interest rate of 6.00% and the option of early redemption after five years.

10 June 2020 is Spar Nord's first option of early redemption of another loan categorised as additional tier 1 capital of DKK 400 million.

### Plan for issuing MREL capital

Being designated a SIFI institution, Spar Nord must comply with minimum requirements for eligible liabilities (MREL requirements), which are being phased in from the beginning of 2019 to the beginning of 2022.

Spar Nord's MREL requirements have been determined at twice the calculated solvency need plus twice the combined buffer requirement with the exception of the countercyclical buffer requirement, which will only be included once in the MREL requirement.

Following the recent decision by the Danish authorities to dissolve the countercyclical buffer, Spar Nord will, when the MREL requirement has been fully phased in, require total capital of about 26% of the total risk exposure amount.

Spar Nord currently expects that the Bank will issue MREL capital for approximately DKK 1.0 billion in H2 2020 and MREL capital for approximately DKK 2.0 billion in 2021. Spar Nord currently expects to comply with the MREL requirement by the beginning of 2021 also without additional issues

### Management

On 11 March 2020, Spar Nord announced that Martin Kudsk Rasmussen had been appointed Managing Director and become a member of Spar Nord's Executive Board to take charge of the corporate segment, business development and a number of Spar Nord's banking areas.

The appointment is a part of Spar Nord's ongoing succession planning and is carried out to support the Bank's strategic ambitions of securing continuing growth in the corporate segment and maintaining the positive developments in decentralised banking areas.

On 31 March 2020, it was announced that Henrik Sjøgreen had been appointed as an observer to the Board of Directors and the risk committee as from 1 April 2020 and until, as expected, he is elected as a board member at the next annual general meeting.

As an observer to the Board, Henrik Sjøgreen will attend board meetings and meetings in the risk committee, but he will not serve as a member of or take part in voting procedures on the Board.

Lastly, on 1 April it was announced that employee elections to the Board of Directors had resulted in the election of Kim Østergaard, who will replace Gitte Holmgaard Sørensen.

### The Supervisory Authority Diamond Test Model

The Supervisory Authority Diamond Test Model lists a number of reference points stipulating what can basically be considered a financial institution with an increased risk profile. Violations of the principles contained in the Supervisory Authority Diamond Test Model are subject to supervisory reactions by the Danish FSA.

At 31 March 2020, Spar Nord remained comfortably within all threshold values in the Supervisory Authority Diamond Test Model. At 31 March 2020, Spar Nord could report the following values in respect of the defined reference points:

The Supervisory Authority Diamond Test Model	Threshold value	31.03.20	31.03.19	
Sum of large exposures	%	<175	82.6	76.1
Growth in lending	%	<20	6.0	8.0
Property exposure	%	<25	10.7	11.9
Funding ratio		<1	0.5	0.5
Liquidity benchmark	%	>100	189	158

### Outlook for 2020

At the beginning of 2020, Spar Nord forecast core earnings before impairment of around DKK 0.9-1.1 billion and a net profit of around DKK 625-825 billion.

As a result of the COVID-19 crisis and the derived price falls in the financial markets and uncertainty about the credit consequences of the crisis, Spar Nord opted in mid-March to suspend its financial guidance until more clarity about the situation is established.

On the basis of the financial results achieved for Q1 and the overall expectations for business developments in the upcoming quarters described in this interim report, Spar Nord now expects core earnings before impairment for the full-year 2020 in the DKK 0.7-1.0 billion range.

The wider range compared with the original guidance is due to uncertainty with respect to the level of activity and the substantial uncertainty that persists concerning financial market developments and thus Spar Nord's accounting item "Market value adjustments and dividends".

In view of the continuing strong uncertainty attaching to the macroeconomic and credit consequences of the COVID-19 crisis, Spar Nord is still not able to provide any meaningful guidance on loan impairment for the year and thus its full-year results. However, as appears from the above, Spar Nord expects to recognise additional impairment charges in the coming quarters, especially on business customer loans, due to the slowing economic activity.

## Alternative performance measures

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

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

Spar Nord uses core earnings as a performance measure. Since 2018, there has been no difference between "Core earnings before impairment" in the core earnings format and "Profit/loss before loan impairments" in the IFRS financial statements, as there is no discount on commitments taken over. In the core earnings format, the recognised share of discount on commitments taken over was previously presented together with loan impairments, etc., whereas in the IFRS financial statements it was included in interest income.

In previous years, other items in the core earnings format comprised contributions to sector-wide solutions.

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

Return on equity before tax, excl. additional tier 1 (AT1) capital	Profit/loss before tax in per cent of shareholders' equity. The average equity is calculated as a simple average of the shareholders' equity at the beginning of the year and at the end of the year. Profit/loss before tax and shareholders' equity are calculated as if the additional tier 1 (AT1) capital were treated as a liability.
Return on equity after tax excl. additional tier 1 (AT1) capital	Profit/loss after tax in per cent of shareholders' equity. The average equity is calculated as a simple average of the shareholders' equity at the beginning of the year and at the end of the year. Profit/loss after tax and shareholders' equity are calculated as if the additional tier 1 (AT1) capital were treated as a liability.
Cost share of core income	Total costs/core income.
Cost share of core income – incl. impairment of loans, advances and receivables, etc.	Total costs plus impairment of loans, advances and receivables, 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.

## Management's statement on the interim report

The Board of Directors and the Executive Board have today discussed and adopted the Interim Financial Statements of Spar Nord Bank for the period from 1 January to 31 March 2020.

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

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

The interim financial statements are unaudited and have not been reviewed, but the external auditor has verified the profit. This verification included procedures consistent with the requirements relat-

ing to a review. Hence, it was ascertained that the conditions for ongoing recognition of the profit for the period in own funds were met.

In our opinion, the Interim Financial Statements give a true and fair view of the Group's financial position at 31 March 2020 and of the results of the Group's operations and cash flows for the period from 1 January to 31 March 2020.

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

Aalborg, 30 April 2020

### Executive Board



Lasse Nyby

Chief Executive Officer



John Lundsgaard

Managing Director



Lars Møller

Managing Director



Martin Kudsk Rasmussen

Managing Director

### Board of Directors



Kjeld Johannesen

Chairman of the Board of Directors



Per Nikolaj Bukh

Deputy Chairman of the Board of Directors



Lene Aaen



Kaj Christiansen



Morten Bach Gaardboe



Laila Mortensen



Jannie Skovsen



John Sørensen



Kim Østergaard

# Consolidated financial statements

## 12 - 15

- 12 Income statement
- 12 Statement of comprehensive income
- 13 Balance sheet
- 14 Statement of changes in equity
- 15 Cash flow statement





# Income statement

Note	Q1 2020 DKKm	Q1 2019 DKKm	Full year 2019 DKKm
	423	393	1,640
	14	15	63
2.2 + 2.3	<b>437</b>	<b>408</b>	<b>1,702</b>
2.2 + 2.3	50	31	129
	<b>387</b>	<b>378</b>	<b>1,573</b>
2.4	365	361	1,395
2.4	43	45	169
2.5	-11	118	379
2.6	21	42	160
2.7	315	306	1,218
2.8	204	212	796
	<b>199</b>	<b>336</b>	<b>1,324</b>
2.9	175	10	22
	<b>24</b>	<b>326</b>	<b>1,302</b>
2.10	0	63	243
	<b>24</b>	<b>263</b>	<b>1,059</b>
<i>Appropriation:</i>			
The shareholders of the Parent Company Spar Nord Bank A/S	12	251	1,010
Holders of additional tier 1 (AT1) capital instruments	12	12	49
	<b>24</b>	<b>263</b>	<b>1,059</b>
<b>Earnings per share</b>			
Earnings per share (DKK)	0.1	2.0	8.2
Diluted earnings per share (DKK)	0.1	2.0	8.2

## Statement of comprehensive income

<b>Profit/loss for the year</b>	<b>24</b>	<b>263</b>	<b>1,059</b>
<b>Other comprehensive income</b>			
<b>Items that cannot be reclassified to the income statement</b>			
Adjustment relating to associates	-1	-3	-6
Net revaluation of domicile property	1	1	-10
<b>Other comprehensive income after tax</b>	<b>0</b>	<b>-3</b>	<b>-16</b>
<b>Total comprehensive income</b>	<b>24</b>	<b>260</b>	<b>1,043</b>
<i>Appropriation:</i>			
The shareholders of the Parent Company Spar Nord Bank A/S	12	248	994
Holders of additional tier 1 (AT1) capital instruments	12	12	49
<b>Total comprehensive income</b>	<b>24</b>	<b>260</b>	<b>1,043</b>

# Balance sheet

<b>Assets</b>		<b>31.03.20</b> DKKm	<b>31.12.19</b> DKKm	<b>31.03.19</b> DKKm
	Cash balances and demand deposits with central banks	1,214	1,152	1,171
	Due from credit institutions and central banks	2,866	1,588	2,401
5.1.1	Loans, advances and other receivables at amortised cost	50,400	51,312	45,249
	Bonds at fair value	18,411	16,498	17,836
	Shares, etc.	1,648	1,740	1,768
	Investments in associates	512	470	387
	Assets linked to pooled schemes	16,078	17,323	15,652
	Intangible assets	172	174	177
	Land and buildings	779	788	786
	Other property, plant and equipment	111	113	127
	Current tax assets	295	54	258
	Temporary assets	8	11	6
3.1	Other assets	1,806	1,780	1,747
	Prepayments and deferred income	157	111	136
<b>Total assets</b>		<b>94,457</b>	<b>93,113</b>	<b>87,701</b>
<b>Equity and liabilities</b>				
<b>Liabilities</b>				
	Due to credit institutions and central banks	7,603	4,062	5,831
3.2	Deposits and other payables	51,552	53,279	50,996
	Deposits in pooled schemes	16,078	17,323	15,652
4.5	Issued bonds	2,585	2,637	-
	Other non-derivative financial liabilities at fair value	1,654	960	939
3.3	Other liabilities	3,778	3,664	3,102
	Prepayments and deferred income	55	30	44
	Deferred tax	20	20	173
	Provisions	52	54	137
4.4	Subordinated debt	1,293	1,322	1,327
<b>Total liabilities</b>		<b>84,670</b>	<b>83,352</b>	<b>78,202</b>
<b>Equity</b>				
	Share capital	1,230	1,230	1,230
	Revaluation reserves	93	92	103
	Statutory reserves	120	116	46
	Proposed dividend	0	431	431
	Retained earnings	7,472	7,032	6,816
<b>Shareholders' equity</b>		<b>8,915</b>	<b>8,901</b>	<b>8,625</b>
4.3	Holders of additional tier 1 (AT1) capital instruments	872	860	874
<b>Total equity</b>		<b>9,787</b>	<b>9,761</b>	<b>9,499</b>
<b>Total equity and liabilities</b>		<b>94,457</b>	<b>93,113</b>	<b>87,701</b>

# Statement of changes in equity

	Share capital DKKm	Revaluation reserve DKKm	Statutory reserves DKKm	Proposed dividend DKKm	Retained earnings DKKm	Share- holders of Spar Nord Bank A/S DKKm	Additional tier 1 (AT1) capital DKKm	Equity capital Total DKKm
<b>Equity at 31.03.20</b>								
<b>Equity at 01.01.20</b>	1,230	92	116	431	7,032	8,901	860	9,761
<b>Comprehensive income at 31.03.20</b>								
Profit/loss for the period	-	-	9	-	2	12	12	24
<b>Other comprehensive income</b>								
Adjustment relating to associates	-	-	-5	-	4	-1	-	-1
Net revaluation of properties	-	1	-	-	-	1	-	1
<b>Other comprehensive income, total</b>	-	1	-5	-	4	0	-	0
<b>Total comprehensive income for the period</b>	-	1	4	-	7	12	12	24
<b>Transactions with owners</b>								
Suspended dividend payment	-	-	-	-431	431	0	-	0
Disposal upon acquisition of treasury shares and additional tier 1 (AT1) capital	-	-	-	-	-132	-132	-	-132
Addition upon sale of treasury shares and additional tier 1 (AT1) capital	-	-	-	-	134	134	0	134
<b>Total transactions with owners</b>	-	-	-	-431	432	2	0	2
<b>Equity at 31.03.20</b>	1,230	93	120	0	7,472	8,915	872	9,787
<b>Equity at 31.03.19</b>								
<b>Equity at 01.01.19</b>	1,230	103	0	431	6,616	8,380	861	9,241
<b>Comprehensive income at 31.03.20</b>								
Profit/loss for the period	-	-	29	-	222	251	12	263
<b>Other comprehensive income</b>								
Adjustment relating to associates	-	-	17	-	-20	-3	-	-3
Net revaluation of properties	-	1	-	-	-	1	-	1
<b>Other comprehensive income, total</b>	-	1	17	-	-20	-3	-	-3
<b>Total comprehensive income for the period</b>	-	1	46	-	202	248	12	260
<b>Transactions with owners</b>								
Disposal upon acquisition of treasury shares and additional tier 1 (AT1) capital	-	-	-	-	-70	-70	-	-70
Addition upon sale of treasury shares and additional tier 1 (AT1) capital	-	-	-	-	67	67	1	68
<b>Total transactions with owners</b>	-	-	-	-	-3	-3	1	-2
<b>Equity at 31.03.19</b>	1,230	103	46	431	6,816	8,625	874	9,499

The share capital consists of 123,002,526 shares with a nominal value of DKK 10.

Additional tier 1 (AT1) capital is specified in note 4.3.

# Cash flow statement

	Q1 2020 DKKkm	Q1 2019 DKKkm	Full year 2019 DKKkm
<b>Operations</b>			
Profit/loss before tax	24	326	1,302
Fair value changes, investment properties and temporary assets	0	-1	-1
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	20	21	86
Gains and losses on the sale of intangible assets and property, plant and equipment	0	0	4
Adjustment of loan impairments etc.	123	-62	-442
Adjustment of subordinated debt, issued bonds etc.	-73	-5	1
Provisions	-2	-23	-127
Income from investments in associates	-9	-29	-110
Corporate income tax paid	-240	-191	-309
<b>Operating activities, total</b>	<b>-158</b>	<b>37</b>	<b>403</b>
<b>Working capital</b>			
Movement in credit institutions and central banks, net	3,541	3,390	1,596
Movement in loans, advances and other receivables at amortised cost	789	-882	-6,614
Movement in bonds at fair value	-1,913	-1,676	-338
Movement in equity portfolio	92	-1	28
Movement in other assets and other liabilities, net	639	97	677
Movement in deposits and other payables	-1,727	223	2,506
<b>Working capital, total</b>	<b>1,421</b>	<b>1,152</b>	<b>-2,145</b>
<b>Cash generated from operations, total</b>	<b>1,263</b>	<b>1,189</b>	<b>-1,742</b>
<b>Investments</b>			
Acquisition of associates	-37	-30	-51
Sale of associates	0	0	4
Acquisition of intangible assets	0	-1	-2
Acquisition of property, plant and equipment	115	-16	-58
Sale of property, plant and equipment	8	8	28
Dividends from associates	4	2	14
<b>Investing activities, total</b>	<b>89</b>	<b>-37</b>	<b>-66</b>
<b>Financing</b>			
4.4 Subordinated debt	-5	0	-5
4.3 Additional tier 1 (AT1) capital included in equity	0	1	-50
4.5 Issued bonds	-2	-	2,630
Dividends paid, excluding dividends on treasury shares	0	0	-430
Acquisition of treasury shares	-132	-70	-372
Sale of treasury shares	134	67	369
Repayment of lease liabilities	-6	-6	-24
<b>Financing activities, total</b>	<b>-12</b>	<b>-8</b>	<b>2,119</b>
<b>Movements in cash and cash equivalents for the year</b>	<b>1,340</b>	<b>1,144</b>	<b>311</b>
Cash and cash equivalents, beginning of year	2,740	2,428	2,428
Movements in cash and cash equivalents for the period	1,340	1,144	311
<b>Cash and cash equivalents, end of year</b>	<b>4,080</b>	<b>3,572</b>	<b>2,740</b>
<b>Cash and cash equivalents, end of year</b>			
Cash, cash equivalents and demand deposits with central banks	1,214	1,171	1,152
Due from credit institutions and central banks within less than 3 months	2,866	2,401	1,588
<b>Total</b>	<b>4,080</b>	<b>3,572</b>	<b>2,740</b>

# Notes to the financial statements

## 17 – 41

### Section 1

18 Basis of preparation

### Section 2

19 Income statement

### Section 3

25 Balance sheet

### Section 4

29 Capital

### Section 5

33 Risk management

### Section 6

36 Other notes



# Basis of preparation

<b>Note</b>		<b>Page</b>
1.1	Accounting policies	18
	1.1.1 Basis of preparation of the interim report	18
	1.1.2 Accounting policy changes	
1.2	Significant accounting estimates and judgments	18



## Basis of preparation

### § 1.1 Accounting policies

#### 1.1.1 Basis of preparation of the interim report

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

Other than as set out below, the accounting policies are unchanged from those applied in Annual Report 2019.

Annual Report 2019 contains the full description of the accounting policies.

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

#### 1.1.2 Accounting policy changes

Spar Nord has implemented new or amended IFRS standards and interpretations taking effect in the EU for 2020.

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

### 1.2 Significant accounting estimates and judgments

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

In the presentation of the condensed Interim Financial Statements, the critical judgments made by Management in the application of the Group's accounting policies, and the considerable uncertainty related thereto, are identical to those applying to the presentation of the Financial Statements at 31 December 2019.

## Income statement

Note	Page
2.1 Business segments	20
2.2 Interest income	22
2.3 Interest expenses	22
2.4 Fees, charges and commissions received	22
2.5 Market value adjustments and dividends	23
2.6 Other income	23
2.7 Staff costs	23
2.8 Operating expenses	24
2.9 Impairment of loans, advances and receivables, etc.	24
2.10 Effective tax rate	24

### Main items

Net interest income

DKK **387** million

Q1 2019: DKK **378** million

Impairment of loans and advances, etc.

DKK **175** million

Q1 2019: DKK **10** million

Net fee income

DKK **322** million

Q1 2019: DKK **317** million

Profit/loss before tax

DKK **24** million

Q1 2019: DKK **326** million

Costs and expenses

DKK **520** million

Q1 2019: DKK **518** million

Profit/loss after tax

DKK **24** million

Q1 2019: DKK **263** million

Profit/loss before loan impairments

DKK **199** million

Q1 2019: DKK **336** million

C/I ratio

**0.72**

Q1 2019: **0.61**

## Section 2

# Income statement

### Business segments

Q1 2020

DKKm	Spar Nord's Local Banks	Trading Division	Other areas	Core earnings *) and Group
<b>Income statement</b>				
Net interest income	351	22	14	387
Net fee income	320	2	0	322
Market value adjustments and dividends	51	-62	1	-11
Other income	5	0	16	21
<b>Core income/revenue, total</b>	<b>727</b>	<b>-39</b>	<b>30</b>	<b>719</b>
Staff costs and operating expenses	504	16	1	520
<b>Core earnings before impairment</b>	<b>224</b>	<b>-54</b>	<b>30</b>	<b>199</b>
Impairment of loans, advances and receivables etc.	175	0	0	175
<b>Profit/loss before tax</b>	<b>49</b>	<b>-55</b>	<b>30</b>	<b>24</b>

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

	Spar Nord's Local Banks	Trading Division	Other areas	Group Total
<b>Balance sheet</b>				
Loans, advances and other receivables at amortised cost	42,770	7,630	0	50,400
Investments in associates	0	0	512	512
Intangible assets and property, plant and equipment *)	255	0	807	1,062
Other assets **)	17,440	23,604	1,440	42,483
<b>Allocated assets, total</b>	<b>60,464</b>	<b>31,234</b>	<b>2,759</b>	<b>94,457</b>
Deposits and other payables	50,510	451	591	51,552
Equity (allocated capital)	6,152	1,140	2,495	9,787
Other liabilities	16,337	8,030	8,751	33,118
<b>Allocated equity and liabilities, total</b>	<b>73,000</b>	<b>9,621</b>	<b>11,836</b>	<b>94,457</b>

### Disclosures – income/revenue, total

Internal income/revenue	-42	42	194	194
Internal income and eliminations, offset against costs	0	-30	-164	-194
Income/revenue, external customers	769	-51	1	719
<b>Income/revenue, total</b>	<b>727</b>	<b>-39</b>	<b>30</b>	<b>719</b>

### Financial ratios

Return on equity, % ***)	2.8	-18.3	-	-
Cost share of core income	0.69	-	-	-
Total risk exposure amount, end of period	45,209	8,854	2,484	56,548
Number of employees (full-time equivalents, end of period)	1,034	68	459	1,561

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

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

#### Description of business area activities:

- For a description of the activities of Spar Nord's Local Banks and Trading Division, please see page 52 of Annual Report 2019.
- The activities of the Local Banks include the Group's leasing activities, and the activities of Other Areas include central staffs and support functions.

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

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

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

\*) All assets are located in Denmark.

\*\*) Temporary assets amount to DKK 8 million, of which DKK 7 million relates to the Group's leasing activities and DKK 1 million relates to Other Areas.

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

## Section 2

# Income statement

### Business segments

Q1 2019

DKKm	Spar Nord's Local Banks	Trading Division	Other areas	Core earnings *) and Group
<b>Income statement</b>				
Net interest income	346	15	16	378
Net fee income	314	2	0	317
Market value adjustments and dividends	44	67	6	118
Other income	6	0	36	42
<b>Core income/revenue, total</b>	<b>711</b>	<b>85</b>	<b>58</b>	<b>854</b>
Staff costs and operating expenses	398	14	106	518
<b>Core earnings before impairment</b>	<b>312</b>	<b>71</b>	<b>-47</b>	<b>336</b>
Impairment of loans, advances and receivables etc.	10	0	0	10
<b>Profit/loss before tax</b>	<b>302</b>	<b>71</b>	<b>-47</b>	<b>326</b>

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

	Spar Nord's Local Banks	Trading Division	Other areas	Group Total
<b>Balance sheet</b>				
Loans, advances and other receivables at amortised cost	40,421	4,822	6	45,249
Investments in associates	0	0	387	387
Intangible assets and property, plant and equipment *)	247	0	843	1,090
Other assets **)	17,123	22,511	1,342	40,975
<b>Allocated assets, total</b>	<b>57,790</b>	<b>27,333</b>	<b>2,577</b>	<b>87,701</b>
Deposits and other payables	49,737	677	581	50,996
Equity (allocated capital)	5,981	1,066	2,452	9,499
Other liabilities	16,108	7,313	3,785	27,206
<b>Allocated equity and liabilities, total</b>	<b>71,826</b>	<b>9,056</b>	<b>6,819</b>	<b>87,701</b>

### Disclosures – income/revenue, total

Internal income/revenue	-35	23	143	131
Internal income and eliminations, offset against costs	0	-14	-117	-131
Income/revenue, external customers	745	76	32	854
<b>Income/revenue, total</b>	<b>711</b>	<b>85</b>	<b>58</b>	<b>854</b>

### Financial ratios

Return on equity, % ***)	21.4	27.7	-	-
Cost share of core income	0.56	0.16	-	-
Total risk exposure amount, end of period	44,304	7,896	2,343	54,543
Number of employees (full-time equivalents, end of period)	1,023	66	442	1,531

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

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

#### Description of business area activities:

- For a description of the activities of Spar Nord's Local Banks and Trading Division, please see page 52 of Annual Report 2019.
- The activities of the Local Banks include the Group's leasing activities, and the activities of Other Areas include central staffs and support functions.

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

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

\*) All assets are located in Denmark.

\*\*\*) Temporary assets amount to DKK 6 million, of which DKK 4 million relates to the Group's leasing activities and DKK 2 million relates to Other Areas.

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



## Section 2

# Income statement

### 2.2 Interest income

	Q1 2020 DKKm	Q1 2019 DKKm
Due from credit institutions and central banks	-4	-2
Loans, advances and other receivables	355	372
Bonds	17	16
Foreign-exchange contracts	-3	1
Interest-rate contracts	1	-2
<b>Total derivatives</b>	<b>-3</b>	<b>-1</b>
Other interest income	0	0
<b>Total interest income after offsetting negative interest income</b>	<b>365</b>	<b>386</b>
Negative interest income offset against interest income	27	8
Negative interest expenses offset against interest expenses	46	15
<b>Total interest income before offsetting negative interest income</b>	<b>437</b>	<b>408</b>
<b>Of which, interest income from reverse repo transactions booked under</b>		
Due from credit institutions and central banks	-5	-3
Loans, advances and other receivables	-15	-5

Negative interest income amounts to DKK 27 million (31.03.2019: DKK 8 million) and relates to repo transactions and bond yields.

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

### 2.3 Interest expenses

	Q1 2020 DKKm	Q1 2019 DKKm
Credit institutions and central banks	-7	5
Deposits and other payables	-29	-5
Issued bonds	6	0
Subordinated debt	8	8
Other interest expenses	0	0
<b>Total interest expenses after offsetting negative interest expenses</b>	<b>-22</b>	<b>8</b>
Negative interest expenses offset against interest expenses	46	15
Negative interest income offset against interest income	27	8
<b>Total interest expenses before offsetting negative interest expenses</b>	<b>50</b>	<b>31</b>
<b>Of which, interest expenses from repo transactions booked under</b>		
Credit institutions and central banks	-20	-3
Deposits and other payables	-34	0

Negative interest expenses amount to DKK 46 million (31.03.2019: DKK 15 million) and relate partly to deposits, partly to repo transactions.

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

### 2.4 Fees, charges and commissions received

	Q1 2020 DKKm	Q1 2019 DKKm
Securities trading and custody accounts	116	123
Payment services	40	42
Loan transaction fees	148	137
of which mortgage credit institutions	112	103
Guarantee commission	8	7
Other fees, charges and commissions	53	52
<b>Total fees, charges and commissions received</b>	<b>365</b>	<b>361</b>
<b>Total fees, charges and commissions paid</b>	<b>43</b>	<b>45</b>
<b>Total net fees, charges and commissions received</b>	<b>322</b>	<b>317</b>

## Section 2

# Income statement

### 2.5 Market value adjustments and dividends

	Q1 2020 DKKkm	Q1 2019 DKKkm
Other loans, advances and receivables at fair value	0	0
Bonds	-42	32
Shares, etc.	20	56
Currency	15	14
Foreign exchange, interest, share, commodity and other contracts and derivatives	-6	13
Assets linked to pooled schemes	-1,525	903
Deposits in pooled schemes	1,525	-903
<b>Total market value adjustments</b>	<b>-13</b>	<b>115</b>
Dividends on shares, etc.	2	3
<b>Market value adjustments and dividends on shares, etc., total</b>	<b>-11</b>	<b>118</b>

### 2.6 Other income

	Q1 2020 DKKkm	Q1 2019 DKKkm
Payments under operating leases and other rental income	2	3
Other income	5	6
Operation of investment properties	4	4
<b>Total other operating income</b>	<b>11</b>	<b>13</b>
Income from investments in associates	9	29
<b>Other income, total</b>	<b>21</b>	<b>42</b>

### 2.7 Staff costs

	Q1 2020 DKKkm	Q1 2019 DKKkm
Salaries	254	247
Pensions	28	27
Social security costs	34	33
<b>Total staff costs</b>	<b>315</b>	<b>306</b>

#### Of which, remuneration to members of the Executive Board and Board of Directors and material risk takers:

##### Board of Directors

Number	9	9
Fixed remuneration	1.0	1.0
Pension	-	-
<b>Total remuneration</b>	<b>1.0</b>	<b>1.0</b>

##### Executive Board

Number	3	3
Base salary *)	3.0	2.9
- less fees received from directorships	0.1	0.0
<b>The Bank's expense, base salary</b>	<b>3.0</b>	<b>2.9</b>
Pension	0.5	0.5
<b>Total remuneration earned and paid</b>	<b>3.5</b>	<b>3.3</b>

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

The members of the Executive Board receive no variable pay.

Members of the Executive Board receive remuneration for their Group executive board duties based on the management agreement with the subsidiary.

##### Termination rules

The members of the Executive Board are entitled to a notice period of 12 months and will receive severance pay corresponding to two years' salary until their 64th birthday. Subsequently,

the severance pay will be reduced gradually, and no severance pay will be paid when member of the Executive Board has reached the age of 67.

##### Pension obligation

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

##### Number of employees

Average number of employees in the financial year converted into full-time equivalents	1,555	1,524
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## Section 2

### Income statement

#### 2.8 Operating expenses

	Q1 2020 DKKm	Q1 2019 DKKm
IT costs	106	99
Marketing expenses	22	25
Cost of premises	12	15
Staff costs and travel expenses	13	14
Office expenses	4	5
Other administrative expenses	27	32
<b>Operating expenses</b>	<b>184</b>	<b>191</b>
<b>Depreciation, amortisation and impairment</b>	<b>20</b>	<b>21</b>
<b>Total operating expenses</b>	<b>204</b>	<b>212</b>

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

	Q1 2020 DKKm	Q1 2019 DKKm
Impairments re. new exposures during the year, including new accounts to existing customers	28	44
Reversed impairments re. repaid accounts	-37	-66
Impairments during the year due to change in credit risk	190	38
Loss without prior impairment	6	11
Amounts recovered on previously impaired receivables	12	16
Value adjustment of properties taken over	0	-1
<b>Total impairment of loans and receivables etc.</b>	<b>175</b>	<b>10</b>

See note 5.1.4 for an explanation of impairments and provision for losses on guarantees etc. at 31.03.2020.

#### 2.10 Effective tax rate

	Q1 2020 DKKm	Q1 2019 DKKm
Current tax rate, %	22.0	22.0
Income from investments and market value adjustment of shares, %	-39.3	-3.8
Non-deductible expenses and non-taxable income, %	16.3	1.0
Adjustment of prior-year taxes, %	0.0	0.0
<b>Total effective tax rate</b>	<b>-1.0</b>	<b>19.2</b>

## Balance sheet

Note	Page
3.1 Other assets	26
3.2 Deposits and other payables	26
3.3 Other liabilities	26
3.4 Information on fair value of financial instruments	26

### Main items

Lending, banking and leasing activities

DKK **43,017** million

31.12.19: DKK **43,157** million

Deposits, banking activities

DKK **51,552** million

31.12.19: DKK **53,279** million

Guarantees

DKK **14,596** million

31.12.19: DKK **14,766** million

Deposits in pooled schemes

DKK **16,078** million

31.12.19: DKK **17,323** million

Bonds at fair value

DKK **18,411** million

31.12.19: DKK **16,498** million

## Section 3

# Balance sheet

<b>3.1 Other assets</b>	<b>31.03.20</b> DKKm	<b>31.12.19</b> DKKm
Positive fair value of derivatives, etc.	959	828
Miscellaneous receivables	271	376
Interest and commissions receivable	49	52
Capital contribution to Bankernes EDB Central a.m.ba.	500	500
Other assets	27	24
<b>Total other assets</b>	<b>1,806</b>	<b>1,780</b>

<b>3.2 Deposits and other payables</b>	<b>31.03.20</b> DKKm	<b>31.12.19</b> DKKm
Repo transactions	0	0
Demand deposits	47,260	48,509
Subject to notice	1,451	1,651
Time deposits, excluding repo business	108	40
Special types of deposits	2,734	3,078
<b>Total deposits and other payables</b>	<b>51,552</b>	<b>53,279</b>

<b>3.3 Other liabilities</b>	<b>31.03.20</b> DKKm	<b>31.12.19</b> DKKm
Miscellaneous payables	2,450	2,606
Negative fair value of derivatives, etc.	848	555
Interest and commissions payable	33	24
Lease liabilities	127	132
Other liabilities	320	348
<b>Total other liabilities</b>	<b>3,778</b>	<b>3,664</b>

### 3.4 Information on fair value of financial instruments

A more detailed description of the principles for recognition and measurement of financial assets and financial liabilities is provided in accounting policies in note 3.3.4 to Annual Report 2019.

Reference is also made to note 3.3.4 to Annual Report 2019 for information about differences between the carrying amount and fair value of financial assets and financial liabilities recognised at amortised cost.

<b>Recognition of financial assets and financial liabilities</b>	<b>Amortised cost</b> <b>31.03.20</b> DKKm	<b>Fair value through profit or loss</b> <b>31.03.20</b> DKKm	<b>Amortised cost</b> <b>31.12.19</b> DKKm	<b>Fair value through profit or loss</b> <b>31.12.19</b> DKKm
Cash balances and demand deposits with central banks	1,214	0	1,152	0
Due from credit institutions and central banks	2,866	0	1,588	0
Loans, advances and other receivables at amortised cost	50,400	0	51,312	0
Bonds at fair value	0	18,411	0	16,498
Shares, etc.	0	1,648	0	1,740
Assets linked to pooled schemes	0	16,078	0	17,323
Positive fair value of derivatives	0	959	0	828
<b>Total financial assets</b>	<b>54,480</b>	<b>37,096</b>	<b>54,051</b>	<b>36,389</b>
Due to credit institutions and central banks	7,603	0	4,062	0
Deposits and other payables	51,552	0	53,279	0
Deposits in pooled schemes	0	16,078	0	17,323
Issued bonds at amortised cost	2,585	0	2,637	0
Other non-derivative financial liabilities at fair value	0	1,654	0	960
Lease liabilities	127	0	132	0
Negative fair value of derivatives	0	848	0	555
Subordinated debt	1,293	0	1,322	0
<b>Total financial liabilities</b>	<b>63,159</b>	<b>18,580</b>	<b>61,432</b>	<b>18,839</b>

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

#### Day 1 gains

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

At 31.03.2020, the customer margin, etc. not yet amortised amounted to DKK 69 million (31.12.2019: DKK 68 million).

In Day 1 gains, DKK 7 million (31.12.2019: DKK 8 million) was offset from CVA at 31.03.2020, which is the credit value component of derivatives.

## Section 3

# Balance sheet

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

	Quoted prices Level 1 DKKm	Observable inputs Level 2 DKKm	Non-Observable inputs Level 3 DKKm	Total DKKm
<b>31.03.20</b>				
Bonds at fair value	0	18,411	0	18,411
Shares, etc.	121	26	1,501	1,648
Assets linked to pooled schemes	11,593	4,120	366	16,078
Positive fair value of derivatives	0	959	0	959
<b>Total financial assets</b>	<b>11,714</b>	<b>23,515</b>	<b>1,867</b>	<b>37,096</b>
Deposits in pooled schemes	0	16,078	0	16,078
Other non-derivative financial liabilities at fair value	2	1,652	0	1,654
Negative fair value of derivatives	0	848	0	848
<b>Total financial liabilities</b>	<b>2</b>	<b>18,579</b>	<b>0</b>	<b>18,580</b>

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

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

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

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

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

## Section 3

# Balance sheet

Level 3	Fair value based on net asset value, cf. shareholders' agree- ments	Fair value based on net asset value, cf. shareholders' agree- ments		Other
	31.03.20 DKKm	Other 31.03.20 DKKm	31.12.19 DKKm	31.12.19 DKKm
Equities	1,130	371	1,148	368
Assets linked to pooled schemes	-	366	-	342
Positive fair value of derivatives	-	0	-	0

### Sensitivities:

Change in the fair value of shares if the profit/loss of the companies change by 10%	13	-	11	-
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A substantial portion of the shares included under "Other" are valued based on future expected cash, market expectations as to the required rate of return on equity and comparable transactions.

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

	31.03.20 DKKm	31.12.19 DKKm
Carrying amount, beginning of period	1,858	1,891
Value adjustments through profit or loss	63	110
Market value adjustments in other comprehensive income	0	0
Purchase	0	21
Sale	54	165
Transferred to/from Level 3	0	0
<b>Carrying amount, end of period</b>	<b>1,867</b>	<b>1,858</b>
Value adjustments through profit or loss of assets held at the reporting date	62	81

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

## Section 4

# Capital

Note	Page
4.1 Own funds	30
4.2 Treasury share portfolio	30
4.3 Additional tier 1 (AT1) capital	30
4.4 Subordinated debt	31
4.5 Issued bonds at amortised cost	31

### Main items

Target:  
Common equity tier 1 capital ratio

**13.5%**

31.12.19: **13.5%**

Own funds ratio

**15.3%**

31.12.19: **14.6%**

Target:  
Own funds ratio

**17.5%**

31.12.19: **17.5%**

Capital ratio

**19.0%**

31.12.19: **18.5%**

Earnings per share for the period

DKK **0.1**

31.3.19: DKK **2.0**



## Section 4

# Capital

### 4.1 Own funds

	31.03.20 DKKkm	31.12.19 DKKkm
Equity	9,787	9,761
Phasing in of IFRS 9	138	188
Additional tier 1 (AT1) capital included in equity	872	860
Proposed dividend	12	431
Intangible assets	142	143
Other primary deductions	51	47
Deduction – Holdings of insignificant CET1 instruments	118	205
Deduction – Holdings of significant CET1 instruments	101	71
<b>Common equity tier 1 capital</b>	<b>8,630</b>	<b>8,192</b>
Additional tier 1 (AT1) capital *)	843	843
Other deductions	2	3
<b>Tier 1 capital</b>	<b>9,471</b>	<b>9,032</b>
Subordinated debt, excl. additional tier 1 (AT1) capital *)	1,285	1,308
Other deductions	3	5
<b>Own funds</b>	<b>10,752</b>	<b>10,335</b>
Weighted risk exposure amount, credit risk etc.	47,063	47,068
Weighted risk exposure amount, market risk	3,891	3,340
Weighted risk exposure amount, operational risk	5,594	5,555
<b>Total risk exposure amount</b>	<b>56,548</b>	<b>55,963</b>
Common equity tier 1 capital ratio	15.3	14.6
Tier 1 capital ratio	16.7	16.1
Own funds ratio	19.0	18.5

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

### 4.2 Treasury share portfolio

	31.03.20 DKKkm	31.12.19 DKKkm
Number of shares	10,079	79,179
Percentage of share capital	0.0	0.1

### 4.3 Additional tier 1 (AT1) capital

Currency	Note	Principal DKKkm	Interest rate	Received	Maturity	31.03.20 DKKkm	31.12.19 DKKkm
DKK	a	400	6.052%	2015	Perpetual	417	412
DKK	b	450	5.50%	2016	Perpetual	456	449
<b>Additional tier 1 (AT1) capital issued under CRR, total</b>						<b>872</b>	<b>860</b>

- a** Issued on 10.06.2015, with an option of early redemption as from 10.06.2020. The loan carries interest at a rate of 6.052% p.a. until 10.06.2020, after which date interest will be fixed at CIBOR6 + a 5.40% margin.
- b** Issued on 06.12.2016, with an option of early redemption as from 06.12.2021. The loan carries interest at a rate of 5.50% p.a. until 06.12.2021, after which date interest will be fixed at CIBOR6 + a +5.166% margin.

If Spar Nord's common equity tier 1 (CET1) ratio falls below 5 1/8%, the loans will be written down. The loans can be written up again based on the rules laid down in CRR.

### Specification of cash flows

	31.03.20 DKKkm	31.12.19 DKKkm
Issue of additional tier 1 (AT1) capital	-	-
Net transaction costs	-	-
Change in portfolio of own bonds	0	-1
Interest paid	-	-49
<b>Total cash flows for the year</b>	<b>0</b>	<b>-50</b>

## Section 4

# Capital

### 4.4 Subordinated debt

#### Supplementary capital contributions

Currency	Note	Principal DKKm	Interest rate	Received	Maturity	31.03.20 DKKm	31.12.19 DKKm
DKK	a	350	CIBOR6 + 2.40 %	2018	29.05.29	349	349
DKK	b	150	2.9298 %	2018	29.05.29	149	149
DKK	c	400	2.5348 %	2018	19.06.28	400	400
SEK	d	600	STIBOR3 + 2.50 %	2017	18.10.27	404	428
<b>Supplementary capital contributions, total</b>						<b>1,303</b>	<b>1,326</b>
Portfolio of own bonds relating to subordinated debt						-10	-5
<b>Total subordinated debt</b>						<b>1,293</b>	<b>1,322</b>

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

#### Specification of cash flows and other movements

	31.03.20 DKKm	31.12.19 DKKm
<b>Beginning of period</b>	<b>1,322</b>	<b>1,332</b>
<b>Cash Flows</b>		
New loans	0	0
Redeemed	0	0
Net transaction costs	0	0
Change in portfolio of own bonds	-5	-5
<b>Net cash flows</b>	<b>-5</b>	<b>-5</b>
<b>Other movements</b>		
Change in exchange rate adjustments	-24	-7
Amortised costs expensed	0	1
<b>Total other movements</b>	<b>-24</b>	<b>-6</b>
<b>End of year</b>	<b>1,293</b>	<b>1,322</b>

### 4.5 Issued bonds at amortised cost

Currency	Note	Principal DKKm	Interest rate	Received	Maturity	31.03.20 DKKm	31.12.19 DKKm
SEK	a	1,250	STIBOR3 + 1.05 %	2019	05.12.23	842	893
DKK	b	1,350	CIBOR 3 + 1.00%	2019	05.12.25	1,347	1,348
DKK	c	400	0.7290 %	2019	05.12.25	396	397
<b>Issued bonds, total</b>						<b>2,585</b>	<b>2,637</b>
Portfolio of own bonds relating to issued bonds						0	0
<b>Issued bonds, total</b>						<b>2,585</b>	<b>2,637</b>

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

## Section 4

# Capital

### Specification of cash flows and other movements

	31.03.20 DKKm	31.12.19 DKKm
<b>Beginning of period</b>	<b>2,637</b>	<b>0</b>
<b>Cash Flows</b>		
New loans	0	2,635
Redeemed	0	0
Net transaction costs	-2	-5
Change in portfolio of own bonds	0	0
<b>Net cash flows</b>	<b>-2</b>	<b>2,630</b>
<b>Other movements</b>		
Change in exchange rate adjustments	-50	9
Change in interest rate hedging	0	-3
Amortised costs expensed	1	0
<b>Total other movements</b>	<b>-49</b>	<b>7</b>
<b>End of year</b>	<b>2,585</b>	<b>2,637</b>

	31.03.20 DKKm	31.12.19 DKKm
<b>Shown by contractual term to maturity</b>		
Up to 3 months	0	0
Over 3 months and up to 1 year	1	1
Between 1 year and 5 years	2,583	2,636
Over 5 years	0	0
<b>Total</b>	<b>2,585</b>	<b>2,637</b>

## Section 5

# Risk Management

Note		Page
5.1	Credit risk	34
5.1.1	Summary of carrying amount of exposures	34
5.1.2	Impairments and provisions by stages	34
5.1.3	Exposures before impairments and provisions by stages	34
5.1.4	Impairments and provisions for losses	35

### Main items

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

DKK **59,226** million

31.12.19: DKK **59,416** million

Total impairment account

DKK **1,626** million

31.12.19: DKK **1,503** million

Credit exposure – excl. repo transactions  
Retail/business

**45.1% / 54.9%**

31.12.19: **44.8% / 55.2%**

Impairment of loans, advances and  
receivables etc.

DKK **175** million

31.03.19: DKK **10** million

## Section 5

# Risk Management

### 5.1 Credit risk

Spar Nord's credit policy etc. is unchanged relative to the description in note 5.1.1 to Annual Report 2019.

#### 5.1.1 Summary, carrying amount of exposures

	Exposure before impairment DKKkm	Impairment DKKkm	Carrying amount DKKkm	Recognised impairment etc. total DKKkm
<b>31.03.20</b>				
Loans and advances at amortised cost	51,978	1,578	<b>50,399</b>	178
Due from credit institutions and central banks	2,867	1	<b>2,866</b>	0
Guarantees	14,631	35	<b>14,596</b>	-5
Unutilised credit lines and loan commitments	24,379	12	<b>24,367</b>	3
<b>Total</b>	<b>93,855</b>	<b>1,626</b>	<b>92,229</b>	<b>175</b>

	Exposure before impairment DKKkm	Impairment DKKkm	Carrying amount DKKkm	Recognised impairment etc. total DKKkm
<b>31.12.19</b>				
Loans and advances at amortised cost	52,764	1,453	<b>51,311</b>	128
Due from credit institutions and central banks	1,588	1	<b>1,588</b>	0
Guarantees	14,807	40	<b>14,766</b>	-39
Unutilised credit lines and loan commitments	23,412	9	<b>23,403</b>	-67
<b>Total</b>	<b>92,571</b>	<b>1,503</b>	<b>91,068</b>	<b>22</b>

#### 5.1.2 Impairments and provisions by stages

	Stage 1 DKKkm	Stage 2 DKKkm	Stage 3 DKKkm	Total DKKkm
<b>31.03.20</b>				
Loans and advances at amortised cost	131	226	1,221	<b>1,578</b>
Due from credit institutions and central banks	1	0	0	<b>1</b>
Guarantees	18	5	12	<b>35</b>
Unutilised credit lines and loan commitments	7	3	2	<b>12</b>
<b>Impairments and provisions by stages, total</b>	<b>157</b>	<b>234</b>	<b>1,235</b>	<b>1,626</b>

	Stage 1 DKKkm	Stage 2 DKKkm	Stage 3 DKKkm	Total DKKkm
<b>31.12.19</b>				
Loans and advances at amortised cost	134	258	1,061	<b>1,453</b>
Due from credit institutions and central banks	1	0	0	<b>1</b>
Guarantees	17	5	18	<b>40</b>
Unutilised credit lines and loan commitments	3	3	3	<b>9</b>
<b>Impairments and provisions by stages, total</b>	<b>155</b>	<b>265</b>	<b>1,083</b>	<b>1,503</b>

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

	Stage 1 DKKkm	Stage 2 DKKkm	Stage 3 DKKkm	Total DKKkm
<b>31.03.20</b>				
Loans and advances at amortised cost	43,633	6,413	1,932	<b>51,978</b>
Due from credit institutions and central banks	2,867	0	0	<b>2,867</b>
Guarantees	13,719	759	154	<b>14,631</b>
Unutilised credit lines and loan commitments	23,054	1,218	107	<b>24,379</b>
<b>Impairments and provisions by stages, total</b>	<b>83,273</b>	<b>8,390</b>	<b>2,192</b>	<b>93,855</b>

	Stage 1 DKKkm	Stage 2 DKKkm	Stage 3 DKKkm	Total DKKkm
<b>31.12.19</b>				
Loans and advances at amortised cost	43,773	6,992	1,999	<b>52,764</b>
Due from credit institutions and central banks	1,588	0	0	<b>1,588</b>
Guarantees	13,907	707	192	<b>14,807</b>
Unutilised credit lines and loan commitments	21,919	1,394	99	<b>23,412</b>
<b>Impairments and provisions by stages, total</b>	<b>81,188</b>	<b>9,093</b>	<b>2,290</b>	<b>92,571</b>

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

## Section 5

# Risk management

### 5.1.4 Impairments and provisions for losses

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

31.03.20	Stage 1 DKKm	Stage 2 DKKm	Stage 3 DKKm	Total DKKm	Recognised impairments etc. DKKm
Impairment, beginning of year	155	265	1,083	<b>1,503</b>	-
Impairments re. new exposures during the year, including new accounts to existing customers	17	1	10	<b>28</b>	28
Reversed impairments re. repaid accounts	-8	-8	-21	<b>-37</b>	-37
Change in impairments at 1 January, transfer to/from stage 1	39	-26	-13	<b>0</b>	-
Change in impairments at 1 January, transfer to/from stage 2	-7	18	-11	<b>0</b>	-
Change in impairments at 1 January, transfer to/from stage 3	0	-5	5	<b>0</b>	-
Impairments during the year due to change in credit risk	-40	-11	241	<b>190</b>	190
Previously impaired, now finally lost	0	0	-65	<b>-65</b>	-
Other movements (interest rate correction etc.)	0	0	7	<b>7</b>	-
Loss without prior impairment	-	-	-	-	6
Amounts recovered on previously impaired receivables	-	-	-	-	-12
<b>Impairments and provisions for losses, total</b>	<b>157</b>	<b>234</b>	<b>1,235</b>	<b>1,626</b>	<b>175</b>

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

The change in portfolio impairments was driven by an increase in gross lending and movements between the stages as illustrated in the table, which is the result of a change in customers' credit risk. In addition, impairments are affected by impaired macroeconomic factors.

The figures concerning impairments re. new exposures and reversed impairments re. repaid accounts include administrative movements in which the balance is moved between two accounts for the same customer.

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

## Section 6

# Other notes

<b>Note</b>	<b>Page</b>
6.1 Collateral	37
6.2 Contingent assets	37
6.3 Contingent liabilities	37
6.4 Other binding commitments	38
6.5 Group overview	38
6.6 Ownership at 31.03.2020	38
6.7 Performance indicators and financial ratios	
The Danish FSA's layout and ratio system	39

## Section 6

### Other notes

#### 6.1 Collateral

	31.03.20 DKKm	31.12.19 DKKm
Collateral provided through clearing systems, with central counterparties and other infrastructure institutions:		
Deposits, clearing	157	178
Collateral provided for the market value of derivatives transactions	524	345
Positive market value of derivative contracts subject to netting	229	180
Collateral provided as part of repo transactions	4,685	2,766
Collateral provided for monetary policy loans	2,523	0
<b>Total collateral</b>	<b>8,118</b>	<b>3,470</b>

#### 6.2 Contingent assets

	31.03.20 DKKm	31.12.19 DKKm
Unrecognised deferred tax assets	17	17

#### 6.3 Contingent liabilities

	31.03.20 DKKm	31.12.19 DKKm
Guarantees	14,596	14,766
Other binding commitments	536	515
<b>Total contingent liabilities</b>	<b>15,132</b>	<b>15,281</b>

##### Guarantees

Financial guarantees	5,586	5,482
Loss guarantees for mortgage loans	5,564	5,458
Registration and refinancing guarantees	2,719	3,121
Other contingent liabilities	727	705
<b>Total guarantees</b>	<b>14,596</b>	<b>14,766</b>

Reference is made to note 2.7 in Annual Report 2019 regarding the Executive Board's notice of termination and the associated compensation.

In addition, the Spar Nord Group has contingent liabilities and other binding agreements corresponding to the relative ownership interest in associates.

Spar Nord is taxed jointly with its Danish subsidiary in the Spar Nord Group. As management company, Spar Nord has unlimited, joint and several liability together with the other jointly taxed companies for the Danish corporate income tax payable. Due to the payment of tax on account, no tax was payable at 31.03.2020 and 31.12.2019. The corporate income tax receivable within the tax pool amounted to DKK 295 million at 30.09.2020 (31.12.2019: DKK 54 million). Any adjustments to the taxable income subject to joint taxation might entail an increase in the Parent Company's liability.

Spar Nord has made provisions for a deferred tax liability in respect of recaptured losses related to international joint taxation.

The Bank participates in the national restructuring and resolution scheme, with separate contributions being paid to the Guarantee Fund and the Resolution Fund. For both funds, separate target levels have been set, based on the sector's total deposits that are covered by the guarantee limit of EUR 100,000 (section 9(1) of the Act on a Depositor and Investor Guarantee Scheme).

The Guarantee Fund covers customers' deposits and securities pursuant to the Act on a Depositor and Investor Guarantee Scheme. The Bank's costs for the Guarantee Fund are calculated based on the Bank's pro-rata share. The amount of the contribution will be adjusted by an individual risk factor.

The Resolution Fund is to be used pursuant to the Act on Restructuring and Resolution of Certain Financial Enterprises for the purpose of covering the associated costs.

The Bank's costs for the Resolution Fund are calculated based on the Bank's pro-rata share of the sector's total equity and liabilities less own funds and covered deposits. This contribution will also be adjusted by an individually determined risk factor.

The Bank's costs for the Resolution Fund for 2020 have been included as a pro-rata share of the annual contributions. The Bank's contribution for the Resolution Fund at 31.03.2020 amounted to DKK 6 million (31.03.2020: DKK 2 million.). The Bank's contribution has increased because Finansiell Stabilitet has informed the banks that an error has been identified in the calculation of the above risk factors. The error results in an adjustment of the Bank's contributions for the period 2015-2019 totalling DKK 3.4 million, which is recognised at 31.03.2020.

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



## Section 6

### Other notes

#### 6.4 Other binding commitments

	31.03.20 DKKm	31.12.19 DKKm
Data-processing centre	520	500
Lease liabilities, Spar Nord as lessee	15	15
<b>Other binding commitments, total</b>	<b>536</b>	<b>515</b>

##### Data-processing centre

Spar Nord has entered into an agreement with Bankernes EDB Central a.m.b.a. regarding the provision of IT services.

Spar Nord's membership means that in case of termination of the Bank's membership, it is liable to pay an exit fee. In addition, a capital contribution to Bankernes EDB Central a.m.b.a. has been recognised under Other assets.

The Spar Nord Group has no other significant binding agreements.

In April 2020, the conditions for terminating membership of Bankernes EDB Central a.m.b.a. were changed, as a result of which the exit fee amounts to DKK 1,179 million.

##### Lease obligations, with the Group as lessee

In 2019, Spar Nord has disclosed lease liabilities for leases concluded at the balance sheet date but for which the lease asset has not yet been made available.

#### 6.5 Group overview

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

\*) According to the most recent annual report.

#### 6.6 Ownership at 31.03.20

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

## Section 6

### Other notes

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

##### Performance indicators

DKKm	Q1 2020	Q1 2019	Change in %	Q1 2020	Q1 2019	Q1 2018	Q1 2017	Q1 2016	Full year 2019
<b>Income statement</b>									
Net interest and fee income	711	697	2	711	697	686	707	654	2,858
Market value adjustments	-13	115	-111	-13	115	113	160	71	320
Staff costs and administrative expenses	494	495	0	494	495	458	458	456	1,917
Impairment of loans, advances and receivables etc.	175	10	-	175	10	-23	18	61	22
Income from investments in associates	9	29	-68	9	29	9	13	8	110
Profit/loss for the year	24	263	-91	24	263	311	317	165	1,059
<b>Balance sheet</b>									
Loans and advances	50,400	45,249	11	50,400	45,249	44,866	41,189	40,404	51,312
Equity	9,787	9,499	3	9,787	9,499	9,094	8,948	8,030	9,761
Total assets	94,457	87,701	8	94,457	87,701	80,934	78,329	79,432	93,113
<b>Financial ratios</b>									
<b>Own funds</b>									
Own funds ratio	19.0	18.2		19.0	18.2	17.8	17.6	16.6	18.5
Tier 1 capital ratio	16.7	15.8		16.7	15.8	15.6	15.4	14.5	16.1
<b>Earnings</b>									
Return on equity before tax	%	0.2	3.5	0.2	3.5	4.1	4.5	2.6	13.7
Return on equity after tax	%	0.2	2.8	0.2	2.8	3.5	3.6	2.1	11.1
Income/cost ratio		1.03	1.62	1.03	1.62	1.81	1.81	1.38	1.64
Return on assets	%	0.0	0.3	0.0	0.3	0.4	0.4	0.2	1.1
<b>Market risk and liquidity</b>									
Interest rate risk	%	0.1	1.0	0.1	1.0	0.8	-0.2	1.1	0.6
Foreign exchange position	%	1.1	1.3	1.1	1.3	1.4	3.3	3.4	1.0
Foreign exchange risk	%	0.1	0.1	0.1	0.1	0.0	0.1	0.0	0.1
Liquidity Coverage Ratio (LCR)	%	185	160	185	160	173	168	152	195
Excess coverage relative to statutory liquidity requirement	%	-	-	-	-	310.8	306.5	264.0	-
Loans and advances as % of deposits	%	74.5	67.9	74.5	67.9	71.4	68.1	70.6	72.7
<b>Credit risk</b>									
Loans and advances relative to equity		5.1	4.8	5.1	4.8	4.9	4.6	5.0	5.3
Increase in loans and advances for the year	%	-0.3	2.6	-0.3	2.6	1.3	1.9	3.3	9.1
Sum of large exposures	%	82.6	76.1	82.6	76.1	74.1	17.1	17.2	83.6
Impairment ratio for the year		0.3	0.0	0.3	0.0	0.0	0.0	0.1	0.1
<b>The Spar Nord Bank share</b>									
DKK per share of DKK 10									
Profit/loss for the year		0.2	2.1	0.2	2.1	2.5	2.6	1.3	8.6
Net asset value (NAV)		72	70	72	70	67	66	61	72
Dividend		-	-	-	-	-	-	2.0	3.5
Share price/profit/loss for the period		209.0	27.6	209.0	27.6	28.8	29.6	48.5	7.6
Share price/NAV		0.6	0.8	0.6	0.8	1.1	1.2	1.0	0.9



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

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