



**Interim report Q1 2021 of Spar Nord**

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# Executive summary

## Income statement

| DKKm                                   | Q1 2021    | Q1 2020    | Index      | Q1 2021    | Q4 2020    | Index      |
|--|------------|------------|------------|------------|------------|------------|
| Net interest income                    | 414        | 387        | 107        | 414        | 398        | 104        |
| Net fee income                         | 396        | 322        | 123        | 396        | 319        | 124        |
| Market value adjustments and dividends | 90         | -11        | -          | 90         | 133        | 68         |
| Other income                           | 37         | 21         | 177        | 37         | 22         | 166        |
| <b>Core income</b>                     | <b>938</b> | <b>719</b> | <b>130</b> | <b>938</b> | <b>872</b> | <b>108</b> |
| Staff costs                            | 353        | 315        | 112        | 353        | 344        | 103        |
| Operating expenses                     | 214        | 204        | 105        | 214        | 224        | 95         |
| <b>Costs and expenses</b>              | <b>567</b> | <b>520</b> | <b>109</b> | <b>567</b> | <b>568</b> | <b>100</b> |
| <b>Core earnings before impairment</b> | <b>371</b> | <b>199</b> | <b>186</b> | <b>371</b> | <b>304</b> | <b>122</b> |
| Impairment of loans and advances, etc. | 2          | 175        | 1          | 2          | 22         | 11         |
| <b>Profit/loss before tax</b>          | <b>368</b> | <b>24</b>  | <b>-</b>   | <b>368</b> | <b>282</b> | <b>131</b> |
| Tax                                    | 73         | 0          | -          | 73         | 52         | 142        |
| <b>Profit/loss</b>                     | <b>295</b> | <b>24</b>  | <b>-</b>   | <b>295</b> | <b>230</b> | <b>128</b> |

"Our first-quarter performance with a net profit of DKK 295 million and return on equity of 11.6% confirm that we are off to a good start in 2021. Rising net interest income as well as strong net fee income contributed to the results for the quarter. The positive developments are still very much driven by strong retail customer activity in the housing market and in securities trading and asset management. The current lockdowns and the COVID-19 situation continue to cause much uncertainty, although it has still not resulted in major individual losses and impairment charges among our business customers. Lastly, we should mention that the process relating to integrating BankNordik's Danish business is progressing to plan, and we look forward to onboarding both customers and employees to Spar Nord and our products and systems towards the end of the second quarter", said Spar Nord's CEO Lasse Nyby.

Spar Nord achieved a profit after tax of DKK 295 million in Q1 2021, which corresponds to an annualised return on equity of 11.6%. Overall, the first quarter 2021 performance is considered highly satisfactory.

The acquisition of BankNordik's Danish business at 1 February 2021 contributed core earnings before impairment of DKK 8 million in Q1, on top of which comes one-off expenses of DKK 21 million.

Core income amounted to DKK 938 million, which is DKK 219 million, or 30%, higher than in the year-earlier period.

At DKK 414 million, net interest income was 7% higher than last year, while net fee income rose 23% to DKK 396 million. Market value adjustments and dividends for the period amounted to DKK 90 million, against DKK -11 million in the same period of 2020, which was strongly impacted by COVID-19 effects.

Total costs and expenses amounted to DKK 567 million, against DKK 520 million in the same period of 2020. Of this amount, payroll costs amounted to DKK 353 million, corresponding to an increase of DKK 38 million, and operating expenses amounted to DKK 214 million, which is DKK 10 million higher than in the same period of last year.

Loan impairment charges were an expense of only DKK 2 million in Q1 2021, against DKK 175 million in Q1 2020. At the end of the quarter, the Bank's management estimate relating to COVID-19 was unchanged at DKK 320 million.

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

The Group's total business volume (deposits, loans, advances and guarantees, facilitation of mortgage loans, customers' custodianship accounts and life annuities) amounted to DKK 326.6 billion at 31 March 2021, which was DKK 35.3 billion higher than at end-2020. Of this amount, DKK 26.0 billion was attributable to the acquisition of BankNordik's Danish business.

The higher business volume was attributable in particular to a DKK 13.1 billion increase in the facilitation of mortgage loans, which amounted to DKK 107.6 billion at the end of Q1 – exceeding DKK 100 billion for the first time in Spar Nord's history.

Finally, an increase in customers' custodianship accounts of DKK 9.3 billion and an increase both in bank deposits of DKK 4.7 billion and in bank lending of DKK 3.6 billion contributed to the increase in overall business volume.

## Outlook for 2021

At the beginning of 2021, Spar Nord forecast core earnings before impairment of around DKK 1,100-1,300 million and a net profit of around DKK 650-850 billion.

On the basis of Q1 developments and the outlook for the remainder of the year, on 20 April 2021 Spar Nord upgraded its forecast of core earnings before impairment to DKK 1,200-1,400 million, while the net profit is now forecast at DKK 850-1,050 million.

# Performance indicators and financial ratios – Group

## Performance indicators

### Income statement

| DKKm  | Q1<br>2021 | Q1<br>2020 | Change<br>in % | Q1<br>2021 | Q4<br>2020 | Q3<br>2020 | Q2<br>2020 | Q1<br>2020 | Full year<br>2020 |
|---|------------|------------|----------------|------------|------------|------------|------------|------------|-------------------|
| Net interest income   | 414        | 387        | 7              | 414        | 398        | 391        | 408        | 387        | 1,584             |
| Net fee income  | 396        | 322        | 23             | 396        | 319        | 300        | 296        | 322        | 1,238             |
| Market value adjustments and dividends                          | 90         | -11        | -              | 90         | 133        | 137        | 174        | -11        | 433               |
| Other income  | 37         | 21         | 77             | 37         | 22         | 21         | 7          | 21         | 71                |
| <b>Core income</b>  | <b>938</b> | <b>719</b> | <b>30</b>      | <b>938</b> | <b>872</b> | <b>850</b> | <b>885</b> | <b>719</b> | <b>3,326</b>      |
| Staff costs   | 353        | 315        | 12             | 353        | 344        | 289        | 344        | 315        | 1,293             |
| Operating expenses  | 214        | 204        | 5              | 214        | 224        | 190        | 188        | 204        | 806               |
| <b>Costs and expenses</b>                                       | <b>567</b> | <b>520</b> | <b>9</b>       | <b>567</b> | <b>568</b> | <b>479</b> | <b>532</b> | <b>520</b> | <b>2,099</b>      |
| <b>Core earnings before impairment</b>                          | <b>371</b> | <b>199</b> | <b>86</b>      | <b>371</b> | <b>304</b> | <b>371</b> | <b>353</b> | <b>199</b> | <b>1,227</b>      |
| Impairment of loans, advances and receivables etc.              | 2          | 175        | -99            | 2          | 22         | 53         | 59         | 175        | 309               |
| <b>Profit/loss before tax</b>                                   | <b>368</b> | <b>24</b>  | <b>-</b>       | <b>368</b> | <b>282</b> | <b>318</b> | <b>294</b> | <b>24</b>  | <b>918</b>        |
| Tax   | 73         | 0          | -              | 73         | 52         | 66         | 63         | 0          | 181               |
| <b>Profit for the period</b>                                    | <b>295</b> | <b>24</b>  | <b>-</b>       | <b>295</b> | <b>230</b> | <b>252</b> | <b>231</b> | <b>24</b>  | <b>737</b>        |
| Interest expenses to holders of additional tier 1 (AT1) capital | 12         | 12         | 0              | 12         | 11         | 11         | 15         | 12         | 49                |

### Balance sheet

| DKKm                                    |               |               |           |               |               |               |               |               |               |
|---|---------------|---------------|-----------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total assets                            | 108,208       | 94,457        | 15        | 108,208       | 102,077       | 96,026        | 95,242        | 94,457        | 102,077       |
| <b>Loans and advances</b>               | <b>55,245</b> | <b>50,400</b> | <b>10</b> | <b>55,245</b> | <b>52,312</b> | <b>49,397</b> | <b>49,272</b> | <b>50,400</b> | <b>52,312</b> |
| Lending, banking and leasing activities | 46,058        | 43,017        | 7         | 46,058        | 42,494        | 41,748        | 41,644        | 43,017        | 42,494        |
| Lending, reverse repo transactions      | 9,187         | 7,383         | 24        | 9,187         | 9,819         | 7,649         | 7,629         | 7,383         | 9,819         |
| <b>Deposits</b>                         | <b>85,360</b> | <b>67,631</b> | <b>26</b> | <b>85,360</b> | <b>78,881</b> | <b>74,855</b> | <b>73,227</b> | <b>67,631</b> | <b>78,881</b> |
| Deposits, banking activities            | 62,787        | 51,552        | 22        | 62,787        | 58,084        | 55,454        | 54,843        | 51,552        | 58,084        |
| Deposits, repo transactions             | 488           | 0             | -         | 488           | 333           | 250           | 166           | 0             | 333           |
| Deposits, pooled schemes                | 22,085        | 16,078        | 37        | 22,085        | 20,464        | 19,150        | 18,218        | 16,078        | 20,464        |
| Issued bonds                            | 2,651         | 2,585         | 3         | 2,651         | 2,670         | 2,625         | 2,632         | 2,585         | 2,670         |
| Subordinated debt                       | 1,327         | 1,293         | 3         | 1,327         | 1,333         | 1,317         | 1,321         | 1,293         | 1,333         |
| Additional tier 1 (AT1) capital         | 1,407         | 872           | 61        | 1,407         | 794           | 807           | 796           | 872           | 794           |
| Shareholders' equity                    | 9,870         | 8,915         | 11        | 9,870         | 9,596         | 9,369         | 9,125         | 8,915         | 9,596         |
| Guarantees                              | 18,400        | 14,596        | 26        | 18,400        | 15,591        | 14,676        | 14,494        | 14,596        | 15,591        |
| Total risk exposure amount              | 60,594        | 56,548        | 7         | 60,594        | 54,865        | 54,749        | 54,627        | 56,548        | 54,865        |
| Tier 1 capital *)                       | 10,482        | 9,471         | 11        | 10,482        | 10,193        | 9,890         | 9,725         | 9,471         | 10,193        |
| Impairment account                      | 1,699         | 1,626         | 4         | 1,699         | 1,717         | 1,708         | 1,678         | 1,626         | 1,717         |
| Contractual non-performing loans        | 268           | 303           | -12       | 268           | 275           | 284           | 343           | 303           | 275           |
| Business volume                         | 326,604       | 263,879       | 24        | 326,604       | 291,310       | 280,094       | 273,952       | 263,879       | 291,310       |

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

## Financial performance – core earnings, quarterly

### Financial ratios

|   |     | Q1<br>2021 | Q1<br>2020 | Q1<br>2021 | Q4<br>2020 | Q3<br>2020 | Q2<br>2020 | Q1<br>2020 | Full year<br>2020 |
|---|-----|------------|------------|------------|------------|------------|------------|------------|-------------------|
| <b>Own funds</b>  |     |            |            |            |            |            |            |            |                   |
| Own funds ratio **)   |     | 19.5       | 19.0       | 19.5       | 21.0       | 20.4       | 20.2       | 19.0       | 21.0              |
| Tier 1 capital ratio **)  |     | 17.3       | 16.7       | 17.3       | 18.6       | 18.1       | 17.8       | 16.7       | 18.6              |
| Common equity tier 1 capital ratio **)  |     | 15.0       | 15.3       | 15.0       | 17.2       | 16.7       | 16.4       | 15.3       | 17.2              |
| <b>Earnings</b>   |     |            |            |            |            |            |            |            |                   |
| Return on equity before tax excl. additional tier 1 (AT1) capital p.a. *)             | %   | 14.6       | 0.5        | 14.6       | 11.7       | 13.4       | 12.4       | 0.5        | 9.4               |
| Return on equity after tax excl. additional tier 1 (AT1) capital p.a. *)              | %   | 11.6       | 0.5        | 11.6       | 9.5        | 10.5       | 9.6        | 0.5        | 7.4               |
| Cost share of core income   | DKK | 0.60       | 0.72       | 0.60       | 0.65       | 0.56       | 0.60       | 0.72       | 0.63              |
| Cost share of core income – incl. impairment of loans, advances and receivables, etc. | DKK | 0.61       | 0.97       | 0.61       | 0.68       | 0.63       | 0.67       | 0.97       | 0.72              |
| Return on assets  | %   | 0.3        | 0.0        | 0.3        | 0.2        | 0.3        | 0.2        | 0.0        | 0.7               |
| <b>Market risk and liquidity</b>  |     |            |            |            |            |            |            |            |                   |
| Interest rate risk  | %   | 0.9        | 0.1        | 0.9        | 1.1        | 1.1        | 1.1        | 0.1        | 1.1               |
| Foreign exchange position   | %   | 0.8        | 1.1        | 0.8        | 0.9        | 0.9        | 1.1        | 1.1        | 0.9               |
| Foreign exchange risk   | %   | 0.1        | 0.1        | 0.1        | 0.1        | 0.1        | 0.1        | 0.1        | 0.1               |
| Liquidity Coverage Ratio (LCR)  | %   | 234        | 185        | 234        | 241        | 216        | 231        | 185        | 241               |
| Bank and leasing loans relative to bank deposits                                      | %   | 73.4       | 83.4       | 73.4       | 73.2       | 75.3       | 75.9       | 83.4       | 73.2              |
| <b>Credit risk</b>  |     |            |            |            |            |            |            |            |                   |
| Bank and leasing loans relative to shareholders' equity (%)                           |     | 4.7        | 4.8        | 4.7        | 4.4        | 4.5        | 4.6        | 4.8        | 4.4               |
| Increase in loans and advances for the period   | %   | 8.4        | -0.3       | 8.4        | 1.8        | 0.3        | -3.2       | 1.2        | -1.5              |
| Sum of large exposures  | %   | 81.8       | 82.6       | 81.8       | 78.1       | 77.7       | 78.6       | 82.6       | 78.1              |
| Impairment ratio  |     | 0.0        | 0.3        | 0.0        | 0.0        | 0.1        | 0.1        | 0.3        | 0.4               |
| <b>Employees and branches</b>   |     |            |            |            |            |            |            |            |                   |
| Number of employees (full-time equivalents, end of period)                            |     | 1,640      | 1,561      | 1,640      | 1,545      | 1,553      | 1,560      | 1,561      | 1,545             |
| Number of branches  |     | 57         | 49         | 57         | 51         | 49         | 49         | 49         | 51                |
| <b>Spar Nord share</b>  |     |            |            |            |            |            |            |            |                   |
| <b>DKK per share of DKK 10</b>  |     |            |            |            |            |            |            |            |                   |
| Share price, end of period  |     | 68         | 42         | 68         | 60         | 47         | 53         | 42         | 60                |
| Net asset value (NAV) *)  |     | 80         | 72         | 80         | 78         | 76         | 74         | 72         | 78                |
| Profit/loss for the period *)   |     | 2.3        | 0.1        | 2.3        | 1.8        | 2.0        | 1.8        | 0.1        | 5.6               |

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

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

# Management commentary on Q1 2021

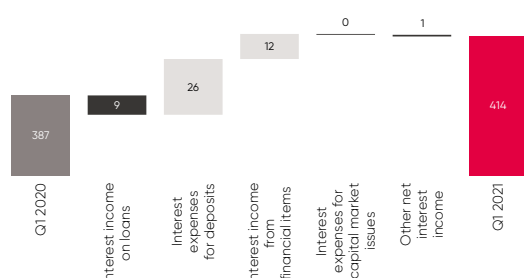
Spar Nord achieved a profit after tax of DKK 295 million in Q1 2021, which corresponds to an annualised return on equity of 11.6%. Overall, the first quarter performance is considered highly satisfactory.

## Income

Core income amounted to DKK 938 million, which is DKK 65 million, or 8%, higher than in the preceding quarter and DKK 219 million, or 30%, higher than in the year-earlier period.

Net interest income was DKK 414 million in Q1 2021, against DKK 398 million in the preceding quarter and DKK 387 million in Q1 2020.

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



In Q1 2021, net interest income was favourably affected by active measures to apply negative interest on deposits and the acquisition of BankNordik's Danish business. Finally, income from the placement of the Bank's excess liquidity contributes to net interest income.

Detracting from net interest income was a DKK 9 million drop in lending, which was primarily attributable to a fall in the lending margin of 5 basis points compared with Q4 2020.

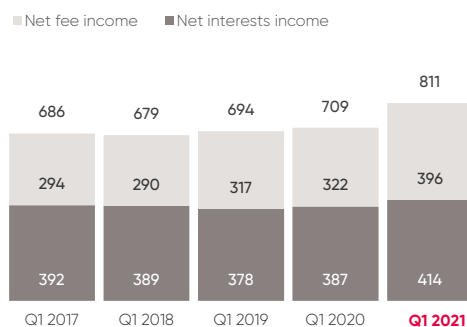
Overall, however, the interest margin rose from year-end 2020 to Q1 2021 as the deposit margin was reduced by 10 basis points.

The acquisition of BankNordik's Danish business contributed net interest income of DKK 17 million in Q1 2021.

| DKKm   | Q1 2021    | Q4 2020    | Q3 2020    | Q2 2020    | Q1 2020    |
|--|------------|------------|------------|------------|------------|
| Interest income on loans                       | 361        | 357        | 357        | 362        | 370        |
| Interest expenses for deposits                 | -52        | -40        | -36        | -32        | -25        |
| <b>Net interest income, deposits and loans</b> | <b>413</b> | <b>397</b> | <b>393</b> | <b>394</b> | <b>395</b> |
| Interest income from financial items           | 26         | 25         | 24         | 37         | 14         |
| Interest expenses for capital market issues    | 15         | 15         | 16         | 15         | 14         |
| Other net interest income                      | -10        | -9         | -9         | -8         | -8         |
| <b>Total net interest income</b>               | <b>414</b> | <b>398</b> | <b>391</b> | <b>408</b> | <b>387</b> |

Net fee income was DKK 396 million in Q1 2021, against DKK 319 million in Q4 2020 and DKK 322 million in the same period of 2020. Net fee income thus accounted for a record-high 49% of total net interest and fee income in Q1 2021 (Q1 2020: 45%).

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



The positive trend in net fee income from 2020 continued into the first quarter of 2021. Combined with the acquisition of BankNordik's Danish business, the persistently high level of activity in the housing area, securities trading and asset management resulted in an increase in net fee income on the preceding quarter of a full DKK 77 million.

In addition to growth in the facilitation of mortgage loans and asset management activities in Q1 2021, part of the increase in net fee income was also attributable to last year's strong growth in business volume, which is now materialising in the form of higher current income.

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

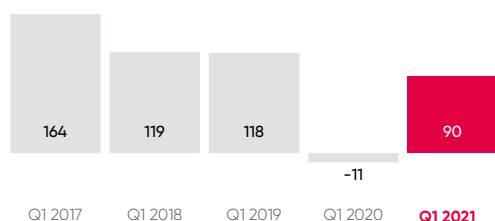
| DKKm                            | Q1 2021    | Q4 2020    | Q3 2020    | Q2 2020    | Q1 2020    |
|---------------------------------|------------|------------|------------|------------|------------|
| Mortgage fees                   | 132        | 106        | 110        | 106        | 112        |
| Other transaction fees          | 48         | 27         | 30         | 19         | 31         |
| Securities and asset management | 115        | 104        | 88         | 107        | 103        |
| Other fees                      | 101        | 81         | 72         | 65         | 76         |
| <b>Total net fee income</b>     | <b>396</b> | <b>319</b> | <b>300</b> | <b>296</b> | <b>322</b> |

The acquisition of BankNordik's Danish business contributed net fee income totalling DKK 20 million in Q1 2021.

## Financial review

Market value adjustments and dividends totalled DKK 90 million in Q1 2021, against DKK 133 million in Q4 2020 and DKK -11 million in Q1 2020.

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



The buoyant trends in the financial markets in Q1 resulted in decent market value adjustments of the Bank's equity portfolio, while rising yields meant that the bond portfolio only contributed a small gain.

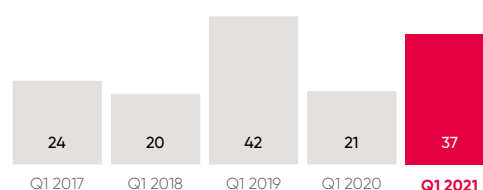
Market value adjustments on equities in the Trading Division amounted to DKK 19 million in Q1, while bonds contributed DKK 7 million. Overall, earnings in the Trading Division were DKK 95 million higher than in the year-earlier period.

Market value adjustments and dividends on the portfolio of strategic shares were DKK 3 million higher than in Q1 2020. There was a positive contribution from Spar Nord's increased holding of shares in BI Holding (BankInvest), while a lower ownership share in DLR Kredit detracted from performance.

| DKKm  | Q1 2021   | Q4 2020    | Q3 2020    | Q2 2020    | Q1 2020    |
|---|-----------|------------|------------|------------|------------|
| Market value adjustments in Trading Division, etc.  | 28        | 74         | 80         | 134        | -68        |
| Equity investments, incl. dividends                 | 42        | 41         | 43         | 28         | 39         |
| Currency trading and exchange rate gains            | 20        | 18         | 13         | 12         | 18         |
| <b>Total market value adjustments and dividends</b> | <b>90</b> | <b>133</b> | <b>137</b> | <b>174</b> | <b>-11</b> |

Other income was DKK 37 million in Q1 2021, against DKK 22 million in the preceding quarter and DKK 21 million in Q1 2020. The increase in other income was partly attributable to positive adjustments to the recognised profit from Danske Andelskassers Bank for 2020.

**Other income**  
(DKKm)



### Costs and expenses

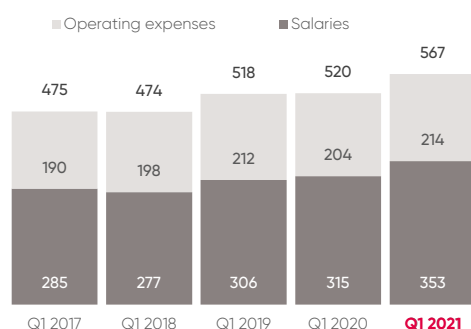
The Group's total costs and expenses amounted to DKK 567 million, against DKK 520 million in the same period of 2020.

Wages and salaries accounted for DKK 353 million of total costs and expenses. Realised payroll costs were DKK 38 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 31 March 2021, Spar Nord employed 1,640 people (FTE), which was 142 more than at 1 January 2021.

In Q1 2021, the acquisition of BankNordik's Danish business contributed costs of DKK 32 million, of which DKK 16 million was due to one-off costs for dismissal without service requirement and lay-offs in connection with the structuring of the Bank's future organisation.

**Total cost and expenses**  
(DKKm)



Other operating expenses came to DKK 214 million, which is DKK 10 million higher than Q1 2020. Relative to the same period of last year, there was a small increase in IT costs, while other staff, travel and marketing costs were lower than last year.

## Financial review

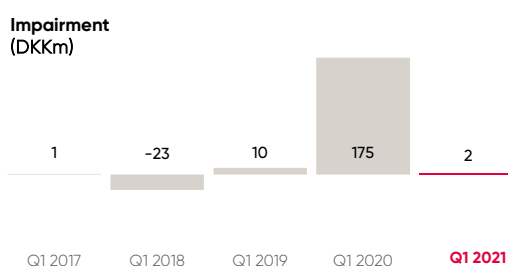
Operating expenses were DKK 20 million higher due to the acquisition of BankNordik's Danish business. Of this amount, DKK 5 million were one-off costs related to the taking over and refurbishing of branches and preparations for IT migration.

The realised core income and costs corresponded to a Cost/Income Ratio of 0.60 (Q1 2020: 0.72).

### Loan impairment

Loan impairment etc. was an expense of DKK 2 million, which compares to DKK 22 million in the preceding quarter and DKK 175 million in the year-earlier period.

In 2020, Spar Nord made a model-supported management estimate relating to COVID-19 of DKK 320 million. Because of the extension of the government's financial relief packages, the COVID-19 crisis still only caused moderate losses on individual exposures in Q1 2021. At present, the management estimates of DKK 320 million are believed to be sufficient to accommodate any future losses relating to COVID-19.



At 31 March 2021, Spar Nord's total management estimates amounted to DKK 566 million, of which DKK 320 million related to COVID-19 as the largest single item. The remaining amount of DKK 246 million breaks down into DKK 144 million concerning land prices in the agricultural sector and DKK 102 million relating to model uncertainty.

The DKK 2 million impact on profits breaks down into DKK -16 million attributable to agricultural customers, DKK 28 million to other business customers, DKK -1 million to customers in the SparXpres consumer loan business and DKK -9 million to retail customers.

Stage 3 impairment at 31 March 2021 amounted to DKK 908 million (year-end 2020: DKK 941 million), while stage 1 and 2 impairment totalled DKK 791 million (year-end 2020: DKK 777 million).

### NPL ratio developments

|                 | 31.03.21 | 31.12.20 |
|-----------------|----------|----------|
| NPL (DKKm)      | 1,898    | 1,873    |
| Exposure (DKKm) | 59,447   | 54,884   |
| NPL ratio       | 3.2      | 3.4      |

At the end of the quarter, the share of non-performing loans (NPL ratio) at Spar Nord was 3.2%.

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

| Breakdown by industry<br>Line of business, % | Loans, advances and guarantees |              | Impairment account |              |
|--|--------------------------------|--------------|--------------------|--------------|
|  | 31.03.21                       | 31.12.20     | 31.03.21           | 31.12.20     |
| Public authorities                           | 1.1                            | 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 extraction        | 4.1                            | 4.3          | 5.5                | 4.9          |
| Energy supply                                | 2.7                            | 3.0          | 1.9                | 1.7          |
| Building and construction                    | 4.0                            | 4.3          | 3.5                | 3.6          |
| Trade  | 6.1                            | 5.8          | 9.1                | 8.5          |
| Transport, hotels and restaurants            | 4.1                            | 4.2          | 9.3                | 9.0          |
| Information and communication                | 0.5                            | 0.4          | 0.4                | 0.5          |
| Financing and insurance                      | 5.6                            | 5.5          | 6.7                | 6.5          |
| Real estate                                  | 10.3                           | 11.4         | 9.0                | 10.2         |
| Other business areas                         | 6.8                            | 6.7          | 8.2                | 7.3          |
| <b>Business customers, total</b>             | <b>49.9</b>                    | <b>52.3</b>  | <b>72.5</b>        | <b>71.8</b>  |
| <b>Total retail customers</b>                | <b>50.1</b>                    | <b>47.7</b>  | <b>27.5</b>        | <b>28.2</b>  |
| <b>Total</b>                                 | <b>100.0</b>                   | <b>100.0</b> | <b>100.0</b>       | <b>100.0</b> |

\*) Excl. reverse repo transactions

Following the acquisition of BankNordik's Danish business, loans, advances and guarantees to retail customers at 31 March 2021 for the first time accounted for more than 50% of the Bank's total loans, advances and guarantees.

### Profit/loss

The profit before tax was DKK 368 million, against DKK 282 million in Q4 2020 and DKK 24 million in Q1 2020. The Group's effective tax rate was 20%, bringing net profit to DKK 295 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 326.6 billion at 31 March 2021, which was DKK 35.3 billion higher than at end-2020.

The acquisition of BankNordik's Danish business at the end of Q1 2021 contributed a total business volume of DKK 26.0 billion.

### Business volume

| DKKbn                                   | 31.03.21     | 31.03.20     | 31.03.19     | 31.03.18     | 31.03.17     |
|---|--------------|--------------|--------------|--------------|--------------|
| Lending, banking and leasing activities | 46.1         | 43.0         | 40.6         | 37.6         | 35.8         |
| Deposits, banking activities            | 62.8         | 51.6         | 51.0         | 47.8         | 45.6         |
| Deposits in pooled schemes              | 22.1         | 16.1         | 15.7         | 15.1         | 14.9         |
| Guarantees                              | 18.4         | 14.6         | 12.4         | 11.4         | 11.9         |
| Loans and advances, mortgage loans      | 107.6        | 90.8         | 82.0         | 78.5         | 74.6         |
| Custodianship accounts                  | 66.5         | 45.3         | 48.6         | 48.8         | 49.6         |
| Letspension, life annuity               | 3.1          | 2.5          | 2.1          | 1.7          | 1.3          |
| <b>Total business volume</b>            | <b>326.6</b> | <b>263.9</b> | <b>252.3</b> | <b>240.9</b> | <b>233.7</b> |



## Financial review

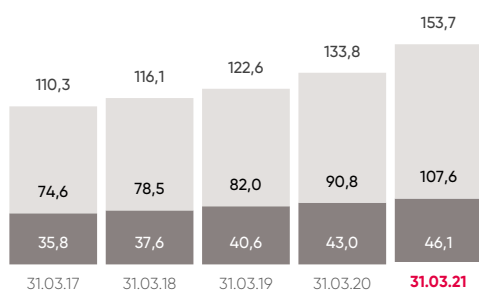
In Q1 2021, the Bank recorded an increase in bank and leasing loans of DKK 3.6 billion, or 8%, to DKK 46.1 billion. Lending to retail customers increased by DKK 2.1 billion as a result of the acquisition of BankNordik's Danish business. Leasing loans grew by DKK 0.2 billion, while loans to public-sector customers declined by DKK 0.2 billion. Loans to business customers rose by DKK 1.5 billion, primarily as a result of customers increasingly drawing on business credit lines.

Over the course of the year, the volume of facilitated mortgage loans grew by DKK 13.1 billion to DKK 107.6 billion, equal to 14%. In total, the volume of facilitated mortgage loans amounted to DKK 96.2 billion from Totalkredit and DKK 11.5 billion from DLR Kredit. This marked the first time in Spar Nord history that facilitated mortgage loans exceeded DKK 100 billion.

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

### Total credits arranged (DKKbn)

■ Lending, mortgage loans ■ Lending, banking and leasing

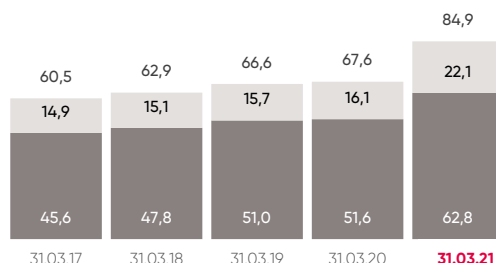


In Q1 2021, deposits, banking activities increased by DKK 4.7 billion to DKK 62.8 billion, equal to 8%. The acquisition of BankNordik's Danish business contributed retail customer deposits of DKK 5.5 billion. The underlying decline in deposits of DKK 0.8 billion breaks down into a fall of DKK 0.5 billion from business customers and a fall of DKK 0.3 billion from retail customers.

Deposits in pooled schemes rose by DKK 1.6 billion, or 8%, to DKK 22.1 billion, while customers' custodianship accounts rose by DKK 9.3 billion, or 16%, to DKK 66.5 billion.

### Total deposits (DKKbn)

■ Lending in pooled schemes ■ Deposits, banking activities



As a result of developments in deposit and lending volumes, the loan-to-deposit ratio at 31 March 2021 stood at 73.

### 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%.

|                                    | 31.03.21 | 31.03.20 | 31.03.19 | 31.03.18 | 31.03.17 |
|------------------------------------|----------|----------|----------|----------|----------|
| Common equity tier 1 capital ratio | 15.0     | 15.3     | 14.2     | 14.0     | 13.8     |
| Tier 1 capital ratio               | 17.3     | 16.7     | 15.8     | 15.6     | 15.4     |
| Own funds ratio                    | 19.5     | 19.0     | 18.2     | 17.8     | 17.6     |

At 31 March 2021, the common equity tier 1 (CET1) ratio was 15.0%, while the own funds ratio was 19.5%. This 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 31 March 2021 Spar Nord has an excess capital coverage of 6.1 percentage points, equal to DKK 3.7 billion.

Compared with year-end 2020, the Bank's capital ratios have been reduced by 1.5 percentage point, which is mainly due to the acquisition of BankNordik's Danish business. Overall, own funds increased by DKK 282 million in Q1, with the issuance of additional tier 1 (AT1) capital of DKK 600 million in March 2021 contributing positively, while goodwill of DKK 207 million related to the acquisition of BankNordik has the opposite effect. The risk exposure has risen by DKK 5.7 billion, which in addition to the acquisition of BankNordik's Danish business is primarily attributable to the increase in business loans.

The Bank has opted not to recognise the positive result for the year in own funds for Q1 2021. The effect of this income therefore awaits recognition 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.

## Financial review

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

The Bank still expects the phasing in of the new requirements in coming years to lead to a total need for issuing MREL capital to the tune of DKK 6 billion. The Bank currently expects to issue for up to DKK 2 billion before the next phasing in at 1 July 2021.

### Calibrated MREL requirement

| %   | 31.03.21    | 01.07.22    |
|---|-------------|-------------|
| Solvency ratio                                    | 9.7         | 9.7         |
| <b>Requirement for loss-absorption amount</b>     | <b>9.7</b>  | <b>9.7</b>  |
| Solvency ratio                                    | 9.7         | 9.7         |
| Capital conservation buffer requirement           | 2.5         | 2.5         |
| SIFI buffer requirement                           | 1.0         | 1.0         |
| Phasing in  | -7.0        | 0.0         |
| <b>Requirement for recapitalisation amount</b>    | <b>6.2</b>  | <b>13.2</b> |
| <b>Total MREL</b>                                 | <b>15.8</b> | <b>22.8</b> |
| Capital conservation buffer requirement           | 2.5         | 2.5         |
| Countercyclical buffer requirement                | 0.0         | 0.0         |
| SIFI buffer requirement                           | 1.0         | 1.0         |
| <b>Total MREL and combined buffer requirement</b> | <b>19.3</b> | <b>26.3</b> |

### Excess coverage, calibrated MREL requirement

| DKKm / %   | 31.03.21      |
|--|---------------|
| Own funds  | 11,795        |
| Non-preferred senior capital                         | 2,634         |
| Other non-MREL-eligible liabilities                  | 0             |
| <b>Total capital</b>                                 | <b>14,429</b> |
| Deduction – separate combined buffer requirement     | -2,122        |
| <b>Total MREL-eligible liabilities</b>               | <b>12,307</b> |
| MREL and combined buffer percentage                  | 23.8          |
| NEP (%)  | 20.3          |
| MREL and combined buffer requirement                 | 11,722        |
| MREL requirement                                     | 9,600         |
| Excess coverage, MREL requirement                    | 2,707         |
| <b>Excess coverage, MREL requirement in %-points</b> | <b>4.5</b>    |

### Liquidity

Spar Nord has defined strategic liquidity as the difference between bank and leasing loans and the long-term funding (bank deposits, senior loans, issued bonds, subordinated debt and equity). Subordinated debt, additional tier 1 capital, senior loans and issued bonds with a contractual due date within 12 months do not form a part of the Bank's strategic liquidity.

### Strategic liquidity

| (DKKbn)                                    | 31.03.21    | 31.12.20    | 30.09.20    | 30.06.20    | 31.03.20    |
|--|-------------|-------------|-------------|-------------|-------------|
| Deposits, banking activities               | 62.8        | 58.1        | 55.5        | 54.8        | 51.6        |
| Senior loans/bond issues                   | 2.7         | 2.7         | 2.6         | 2.6         | 2.6         |
| Shareholders' equity and subordinated debt | 12.6        | 11.7        | 11.5        | 11.2        | 11.1        |
| <b>Liquidity procurement</b>               | <b>78.0</b> | <b>72.5</b> | <b>69.6</b> | <b>68.7</b> | <b>65.2</b> |
| Lending, banking and leasing activities    | 46.1        | 42.5        | 41.7        | 41.6        | 43.0        |
| Maturity < 1 year                          | 0.0         | 0.0         | 0.0         | 0.0         | 0.4         |
| <b>Strategic liquidity, total</b>          | <b>32.0</b> | <b>30.0</b> | <b>27.8</b> | <b>27.1</b> | <b>21.8</b> |

At the end March 2021, Spar Nord's strategic liquidity amounted to DKK 32.0 billion, up DKK 2.0 billion compared with end-2020. The increase was driven primarily by the acquisition of a deposit surplus from BankNordik's Danish business.

Spar Nord's LCR ratio at 31 March 2021 was 234.

### Rating

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

### Acquisition of BankNordik's Danish business

Following receipt of the regulatory approval at the end of January 2021, the transaction was finalised, and BankNordik's Danish business was acquired on 1 February 2021.

In mid-March 2021, the future organisation and branch structure in the acquired business was determined. This resulted in the establishment of a new banking area on the island of Amager, the amalgamation of branches and laying off of 27 employees.

Also in mid-March 2021, customers of BankNordik's Danish business were notified that, from 19 June 2021, they will be subject to Spar Nord's products and business terms as the IT migration from SDC to BEC is expected to take place in the weekend 19-20 June 2021.

As expected, the acquisition of BankNordik's Danish business contributed to profits in Q1 2021, and the Bank's expectations to future core earnings before impairment are unchanged at around DKK 110 million as of 2022.

## Financial review

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

### The Supervisory Diamond

|                        |   | Threshold values | 31.03.21 | 31.03.20 |
|------------------------|---|------------------|----------|----------|
| Sum of large exposures | % | <175             | 81.8     | 82.6     |
| Growth in lending      | % | <20              | 7.1      | 6.0      |
| Property exposure      | % | <25              | 9.6      | 10.7     |
| Funding ratio          |   | <1               | 0.5      | 0.5      |
| Liquidity benchmark    | % | >100             | 250      | 189      |

### Outlook for 2021

At the beginning of 2021, Spar Nord forecast core earnings before impairment of around DKK 1,100–1,300 million, slightly lower impairment charges than in 2020 and a net profit of around DKK 650–850 million.

On the basis of the Q1 financial statements and expectations for the remaining part of the year, the guidance for 2021 was upgraded in company announcement no. 12 of 20 April 2021.

For the full year 2021, the Bank now expects core earnings before impairment of around DKK 1,200–1,400 million. At the same time, loan impairment charges are expected to be much lower than in 2020, as a result of which net profit is generally expected to be in the DKK 850–1,050 million range.

## 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, 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 A/S for the period from 1 January to 31 March 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 31 March 2021 and of the results of the Group's operations and cash flows for the period from 1 January to 30 September 2020.

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

Aalborg, 5 May 2021

### Executive Board



**Lasse Nyby**  
Chief Executive Officer



**John Lundsgaard**  
Managing Director



**Lars Møller**  
Managing Director



**Martin Kudsk Rasmussen**  
Managing Director

### Board of Directors



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



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



**Lene Aaen**



**Kai Christiansen**

**Morten Bach Gaardboe**



**André Rogaczewski**

**Henrik Sjøgreen**



**Janne Skovsen**



**Kim Østergaard**

# Consolidated financial statements

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# Income statement

| Note  | Q1 2021<br>DKKm | Q1 2020<br>DKKm | Full year<br>2020<br>DKKm |
|---|-----------------|-----------------|---------------------------|
|   | 432             | 423             | 1,647                     |
|   | 26              | 14              | 100                       |
| 2.2 + 2.3   | <b>458</b>      | <b>437</b>      | <b>1,747</b>              |
| 2.2 + 2.3   | 44              | 50              | 163                       |
|   | <b>414</b>      | <b>387</b>      | <b>1,584</b>              |
| 2.4   | 437             | 365             | 1,396                     |
| 2.4   | 41              | 43              | 158                       |
| 2.5   | 90              | -11             | 433                       |
| 2.6   | 37              | 21              | 71                        |
| 2.7   | 353             | 315             | 1,293                     |
| 2.8   | 214             | 204             | 806                       |
|   | <b>371</b>      | <b>199</b>      | <b>1,227</b>              |
| 2.9   | 2               | 175             | 309                       |
|   | <b>368</b>      | <b>24</b>       | <b>918</b>                |
| 2.10  | 73              | 0               | 181                       |
|   | <b>295</b>      | <b>24</b>       | <b>737</b>                |
| Appropriation:  |                 |                 |                           |
| The shareholders of the Parent Company Spar Nord Bank A/S | 283             | 12              | 688                       |
| Holders of additional tier 1 (AT1) capital instruments    | 12              | 12              | 49                        |
|   | <b>295</b>      | <b>24</b>       | <b>737</b>                |
| <b>Earnings per share for the period</b>                  |                 |                 |                           |
| Earnings per share for the period (DKK)                   | 2.3             | 0.1             | 5.6                       |
| Diluted earnings per share for the period (DKK)           | 2.3             | 0.1             | 5.6                       |

## Statement of comprehensive income

|   |            |           |            |
|---|------------|-----------|------------|
| <b>Profit/loss for the period</b>                                 | <b>295</b> | <b>24</b> | <b>737</b> |
| <b>Other comprehensive income</b>                                 |            |           |            |
| <b>Items that cannot be reclassified to the income statement:</b> |            |           |            |
| Adjustment relating to associates                                 | -1         | -1        | -1         |
| Net revaluation of domicile property                              | 1          | 1         | 7          |
| <b>Other comprehensive income after tax</b>                       | <b>0</b>   | <b>0</b>  | <b>6</b>   |
| <b>Total comprehensive income</b>                                 | <b>295</b> | <b>24</b> | <b>743</b> |
| Appropriation:  |            |           |            |
| The shareholders of the Parent Company Spar Nord Bank A/S         | 282        | 12        | 694        |
| Holders of additional tier 1 (AT1) capital instruments            | 12         | 12        | 49         |
| <b>Total comprehensive income</b>                                 | <b>295</b> | <b>24</b> | <b>743</b> |

# Group

## Balance sheet

| Note                          | 31.03.21<br>DKKm   | 31.12.20<br>DKKm | 31.03.20<br>DKKm |               |
|-------------------------------|--|------------------|------------------|---------------|
| <b>Assets</b>                 |  |                  |                  |               |
|                               | Cash balances and demand deposits with central banks     | 183              | 1,126            | 1,214         |
|                               | Due from credit institutions and central banks           | 3,127            | 1,259            | 2,866         |
| 5.1.1                         | Loans, advances and other receivables at amortised cost  | 55,245           | 52,312           | 50,400        |
|                               | Bonds at fair value                                      | 21,786           | 21,647           | 18,411        |
|                               | Shares, etc.   | 1,772            | 1,789            | 1,648         |
|                               | Investments in associates                                | 553              | 529              | 512           |
|                               | Assets linked to pooled schemes                          | 22,085           | 20,464           | 16,078        |
|                               | Intangible assets  | 436              | 171              | 172           |
|                               | Land and buildings                                       | 784              | 782              | 779           |
|                               | Other property, plant and equipment                      | 109              | 112              | 111           |
|                               | Current tax assets                                       | 250              | 98               | 295           |
|                               | Temporary assets   | 6                | 5                | 8             |
| 3.1                           | Other assets   | 1,689            | 1,675            | 1,806         |
|                               | Prepayments and deferred income                          | 185              | 108              | 157           |
|                               | <b>Total assets</b>                                      | <b>108,208</b>   | <b>102,077</b>   | <b>94,457</b> |
| <b>Equity and liabilities</b> |  |                  |                  |               |
| <b>Liabilities</b>            |  |                  |                  |               |
|                               | Due to credit institutions and central banks             | 1,819            | 4,167            | 7,603         |
| 3.2                           | Deposits and other payables                              | 63,275           | 58,416           | 51,552        |
|                               | Deposits in pooled schemes                               | 22,085           | 20,464           | 16,078        |
| 4.5                           | Issued bonds at amortised cost                           | 2,651            | 2,670            | 2,585         |
|                               | Other non-derivative financial liabilities at fair value | 2,610            | 835              | 1,654         |
| 3.3                           | Other liabilities  | 3,000            | 3,677            | 3,778         |
|                               | Prepayments and deferred income                          | 64               | 28               | 55            |
|                               | Deferred tax   | 17               | 19               | 20            |
|                               | Provisions   | 82               | 78               | 52            |
| 4.4                           | Subordinated debt  | 1,327            | 1,333            | 1,293         |
|                               | <b>Total liabilities</b>                                 | <b>96,931</b>    | <b>91,687</b>    | <b>84,670</b> |
| <b>Equity</b>                 |  |                  |                  |               |
|                               | Share capital  | 1,230            | 1,230            | 1,230         |
|                               | Revaluation reserves                                     | 100              | 100              | 93            |
|                               | Statutory reserves                                       | 102              | 94               | 120           |
|                               | Proposed dividend  | 185              | 185              | 0             |
|                               | Retained earnings  | 8,253            | 7,987            | 7,472         |
|                               | <b>Shareholders' equity</b>                              | <b>9,870</b>     | <b>9,596</b>     | <b>8,915</b>  |
| 4.3                           | Holders of additional tier 1 (AT1) capital instruments   | 1,407            | 794              | 872           |
|                               | <b>Total equity</b>                                      | <b>11,277</b>    | <b>10,390</b>    | <b>9,787</b>  |
|                               | <b>Total equity and liabilities</b>                      | <b>108,208</b>   | <b>102,077</b>   | <b>94,457</b> |



# Statement of changes in equity

|  | Share capital | Revaluation reserve | Statutory reserves | Proposed dividend | Retained earnings | Shareholders of Spar Nord Bank A/S | Additional tier 1 (AT1) capital | Total equity  |
|--|---------------|---------------------|--------------------|-------------------|-------------------|------------------------------------|---------------------------------|---------------|
|  | DKKm          | DKKm                | DKKm               | DKKm              | DKKm              | DKKm                               | DKKm                            | DKKm          |
| <b>Equity at 31.03.21</b>  |               |                     |                    |                   |                   |                                    |                                 |               |
| <b>Equity at 31.12.20</b>  | <b>1,230</b>  | <b>100</b>          | <b>94</b>          | <b>185</b>        | <b>7,987</b>      | <b>9,596</b>                       | <b>794</b>                      | <b>10,390</b> |
| <b>Comprehensive income at 31.03.21</b>  |               |                     |                    |                   |                   |                                    |                                 |               |
| Profit for the period  | -             | -                   | 26                 | -                 | 257               | 283                                | 12                              | 295           |
| <b>Other comprehensive income</b>  |               |                     |                    |                   |                   |                                    |                                 |               |
| Adjustment relating to associates  | -             | -                   | -19                | -                 | 18                | -1                                 | -                               | -1            |
| Net revaluation of properties  | -             | 1                   | -                  | -                 | -                 | 1                                  | -                               | 1             |
| <b>Other comprehensive income, total</b>   | <b>-</b>      | <b>1</b>            | <b>-19</b>         | <b>-</b>          | <b>18</b>         | <b>0</b>                           | <b>-</b>                        | <b>0</b>      |
| <b>Total comprehensive income</b>  | <b>-</b>      | <b>1</b>            | <b>7</b>           | <b>-</b>          | <b>275</b>        | <b>282</b>                         | <b>12</b>                       | <b>295</b>    |
| <b>Transactions with owners</b>  |               |                     |                    |                   |                   |                                    |                                 |               |
| Issue of additional tier 1 (AT1) capital, net of transaction costs               | -             | -                   | -                  | -                 | -4                | -4                                 | 600                             | 596           |
| Disposal upon acquisition of treasury shares and additional tier 1 (AT1) capital | -             | -                   | -                  | -                 | -151              | -151                               | -                               | -151          |
| Addition upon sale of treasury shares and additional tier 1 (AT1) capital        | -             | -                   | -                  | -                 | 146               | 146                                | 1                               | 147           |
| <b>Total transactions with owners</b>  | <b>-</b>      | <b>-</b>            | <b>-</b>           | <b>-</b>          | <b>-9</b>         | <b>-9</b>                          | <b>601</b>                      | <b>592</b>    |
| <b>Equity at 31.03.21</b>  | <b>1,230</b>  | <b>100</b>          | <b>102</b>         | <b>185</b>        | <b>8,253</b>      | <b>9,870</b>                       | <b>1,407</b>                    | <b>11,277</b> |
| <b>Equity at 31.03.20</b>  |               |                     |                    |                   |                   |                                    |                                 |               |
| <b>Equity at 31.12.19</b>  | <b>1,230</b>  | <b>92</b>           | <b>116</b>         | <b>431</b>        | <b>7,032</b>      | <b>8,901</b>                       | <b>860</b>                      | <b>9,761</b>  |
| <b>Comprehensive income at 31.03.2020</b>  |               |                     |                    |                   |                   |                                    |                                 |               |
| Profit 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>   | <b>-</b>      | <b>1</b>            | <b>-5</b>          | <b>-</b>          | <b>4</b>          | <b>0</b>                           | <b>-</b>                        | <b>0</b>      |
| <b>Total comprehensive income</b>  | <b>-</b>      | <b>1</b>            | <b>4</b>           | <b>-</b>          | <b>7</b>          | <b>12</b>                          | <b>12</b>                       | <b>24</b>     |
| <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>  | <b>-</b>      | <b>-</b>            | <b>-</b>           | <b>-431</b>       | <b>432</b>        | <b>2</b>                           | <b>0</b>                        | <b>2</b>      |
| <b>Equity at 31.03.20</b>  | <b>1,230</b>  | <b>93</b>           | <b>120</b>         | <b>0</b>          | <b>7,472</b>      | <b>8,915</b>                       | <b>872</b>                      | <b>9,787</b>  |

The share capital consists of 123,002,526 shares with a nominal value of DKK 10.  
Additional tier 1 (AT1) capital is specified in note 4.6.

# Group

## Cash flow statement

|  | Q1 2021      | Q1 2020      | Full year 2020 |
|--|--------------|--------------|----------------|
|  | DKKm         | DKKm         | DKKm           |
| <b>Operations</b>  |              |              |                |
| Profit/loss before tax   | 368          | 24           | 918            |
| Fair value changes, investment properties and temporary assets                                   | 0            | 0            | 1              |
| Depreciation, amortisation and impairment of intangible assets and property, plant and equipment | 22           | 20           | 80             |
| Gains and losses on the sale of intangible assets and property, plant and equipment              | 0            | 0            | 2              |
| Adjustment of loan impairment etc.   | 89           | 123          | 214            |
| Adjustment of subordinated debt, issued bonds etc.   | -24          | -73          | 51             |
| Provisions   | 4            | -2           | 24             |
| Income from investments in associates  | -26          | -9           | -29            |
| Corporate income tax paid  | -226         | -240         | -225           |
| <b>Operating activities, total</b>   | <b>208</b>   | <b>-158</b>  | <b>1,036</b>   |
| <b>Working capital</b>   |              |              |                |
| Movement in credit institutions and central banks, net   | 1,025        | 3,541        | 105            |
| Movement in loans, advances and other receivables at amortised cost                              | -3,021       | 789          | -1,215         |
| Movement in bonds at fair value  | -139         | -1,913       | -5,149         |
| Movement in equity portfolio   | 18           | 92           | -50            |
| Movement in other assets and other liabilities, net  | 1,061        | 639          | -13            |
| Movement in deposits and other payables  | 4,859        | -1,727       | 5,137          |
| <b>Working capital, total</b>  | <b>3,802</b> | <b>1,421</b> | <b>-1,185</b>  |
| <b>Cash generated from operations, total</b>   | <b>4,010</b> | <b>1,263</b> | <b>-149</b>    |
| <b>Investments</b>   |              |              |                |
| Acquisition of associates  | -17          | -37          | -80            |
| Sale of associates   | 0            | 0            | 0              |
| Acquisition of intangible assets   | -268         | 0            | -3             |
| Acquisition of property, plant and equipment   | -35          | 115          | -44            |
| Sale of property, plant and equipment  | 3            | 8            | 17             |
| Dividends from associates  | 18           | 4            | 49             |
| <b>Investing activities, total</b>   | <b>-298</b>  | <b>89</b>    | <b>-61</b>     |
| <b>Financing</b>   |              |              |                |
| 4.4 Subordinated debt  | 2            | -5           | -4             |
| 4.3 Additional tier 1 (AT1) capital included in equity   | 597          | 0            | -116           |
| 4.5 Issued bonds   | -2           | -2           | -2             |
| Dividends paid, excluding dividends on treasury shares   | 0            | 0            | 0              |
| Acquisition of treasury shares   | -151         | -132         | -431           |
| Sale of treasury shares  | 146          | 134          | 433            |
| Repayment of lease liabilities   | -6           | -6           | -25            |
| <b>Financing activities, total</b>   | <b>586</b>   | <b>-12</b>   | <b>-145</b>    |
| <b>Movements in cash and cash equivalents for the period</b>                                     | <b>4,297</b> | <b>1,340</b> | <b>-355</b>    |
| Cash and cash equivalents, beginning of year   | 2,385        | 2,740        | 2,740          |
| Movements in cash and cash equivalents for the period  | 4,297        | 1,340        | -355           |
| <b>Cash and cash equivalents, end of year</b>  | <b>6,682</b> | <b>4,080</b> | <b>2,385</b>   |
| <b>Cash and cash equivalents, end of year</b>  |              |              |                |
| Cash, cash equivalents and demand deposits with central banks                                    | 183          | 1,214        | 1,126          |
| Due from credit institutions and central banks within less than 3 months                         | 6,499        | 2,866        | 1,259          |
| <b>Total</b>   | <b>6,682</b> | <b>4,080</b> | <b>2,385</b>   |

# Notes to the financial statements

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## Section 1

# Basis of preparation

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## Basis of preparation

### § 1.1 Accounting policies

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

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

Other than as set out below, the accounting policies are unchanged from those applied in Annual Report 2020.

Annual Report 2020 contains the full description of the accounting policies.

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

#### 1.1.2 Accounting policy changes

Spar Nord has implemented new or amended IFRS standards and interpretations taking effect in the EU for 2021.

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

### 1.2 Significant accounting estimates and judgments

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

In the presentation of the condensed Interim Financial Statements, the critical judgments made by Management in the application of the Group's accounting policies, and the considerable uncertainty related thereto, are identical to those applying to the presentation of the Financial Statements at 31 December 2020.

## Section 2

# Income statement

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## Main items

Net interest income

**DKK 414** million

Q1 2020: **DKK 387** million

Impairment of loans and advances, etc.

**DKK 2** million

Q1 2020: **DKK 175** million

Net fee income

**DKK 396** million

Q1 2020: **DKK 322** million

Profit/loss before tax

**DKK 368** million

Q1 2020: **DKK 326** million

Costs and expenses

**DKK 567** million

Q1 2020: **DKK 520** million

Profit/loss after tax

**DKK 295** million

Q1 2020: **DKK 263** million

Profit/loss before loan impairment charges

**DKK 371** million

Q1 2020: **DKK 199** million

C/I ratio

**0.60**

Q1 2020: **0.72**

## Section 2

# Income statement

## 2.1 Business segments

| <b>Q1 2021</b><br>DKKm                             | Spar Nord's<br>Local Banks | Trading<br>Division | Other<br>areas | Core<br>earnings*)<br>and Group |
|--|----------------------------|---------------------|----------------|---------------------------------|
| <b>Income statement</b>                            |                            |                     |                |                                 |
| Net interest income                                | 371                        | 27                  | 16             | 414                             |
| Net fee income                                     | 391                        | 4                   | 2              | 396                             |
| Market value adjustments and dividends             | 64                         | 17                  | 9              | 90                              |
| Other income                                       | 6                          | 0                   | 31             | 37                              |
| <b>Core income/revenue, total</b>                  | <b>831</b>                 | <b>48</b>           | <b>58</b>      | <b>938</b>                      |
| Staff costs and operating expenses                 | 520                        | 11                  | 36             | 567                             |
| <b>Core earnings before impairment</b>             | <b>311</b>                 | <b>38</b>           | <b>22</b>      | <b>371</b>                      |
| Impairment of loans, advances and receivables etc. | -11                        | 1                   | 13             | 2                               |
| <b>Profit/loss before tax</b>                      | <b>323</b>                 | <b>37</b>           | <b>9</b>       | <b>368</b>                      |

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

|  | Spar Nord's<br>Local Banks | Trading<br>Division | Other<br>areas | Group,<br>total |
|--|----------------------------|---------------------|----------------|-----------------|
| <b>Balance sheet</b>                                       |                            |                     |                |                 |
| Loans, advances and other receivables at amortised cost    | 45,770                     | 9,474               | 0              | 55,245          |
| Investments in associates                                  | 0                          | 0                   | 553            | 553             |
| Intangible assets and property, plant and equipment *)     | 492                        | 2                   | 835            | 1,328           |
| Other assets **)   | 23,496                     | 26,087              | 1,499          | 51,082          |
| <b>Allocated assets, total</b>                             | <b>69,758</b>              | <b>35,563</b>       | <b>2,887</b>   | <b>108,208</b>  |
| Deposits and other payables                                | 61,940                     | 716                 | 620            | 63,275          |
| Equity (allocated capital)                                 | 5,835                      | 1,250               | 4,192          | 11,277          |
| Other liabilities  | 22,388                     | 4,998               | 6,269          | 33,655          |
| <b>Allocated equity and liabilities, total</b>             | <b>90,163</b>              | <b>6,964</b>        | <b>11,081</b>  | <b>108,208</b>  |
| <b>Disclosures – income/revenue, total</b>                 |                            |                     |                |                 |
| Internal income/revenue                                    | -38                        | 36                  | 29             | 27              |
| Internal income and eliminations,<br>offset against costs  | 0                          | -27                 | 0              | -27             |
| Income/revenue, external customers                         | 869                        | 40                  | 29             | 938             |
| <b>Income/revenue, total</b>                               | <b>831</b>                 | <b>48</b>           | <b>58</b>      | <b>938</b>      |
| <b>Financial ratios</b>                                    |                            |                     |                |                 |
| Return on equity, % ***)                                   | 22.1                       | 12.0                | -              | -               |
| Cost share of core income                                  | 0.63                       | 0.22                | -              | -               |
| Total risk exposure amount, end of period                  | 45,966                     | 12,087              | 2,541          | 60,594          |
| Number of employees (full-time equivalents, end of period) | 1,086                      | 72                  | 482            | 1,640           |

\*) All assets are located in Denmark.

\*\*\*) Temporary assets amount to DKK 6 million, of which DKK 3 million relates to lease activities and DKK 3 million relates to other areas.

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

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

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

### Description of business area activities:

- For a description of the activities of Spar Nord's Local Banks and Trading Division, please see page 56 of Annual Report 2020.
- The activities of the Local Banks include the Group's leasing activities, and the activities of Other areas include central staffs and support functions.

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

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

## Section 2

# Income statement

| Q1 2020<br>DKKm                                    | Spar Nord's<br>Local Banks | Trading<br>Division | Other<br>areas | Core<br>earnings*)<br>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.

| Balance sheet   | Spar Nord's<br>Local Banks | Trading<br>Division | Other<br>areas | Group,<br>total |
|---|----------------------------|---------------------|----------------|-----------------|
| 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,<br>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  |

\*) All assets are located in Denmark.

\*\*) Temporary assets amount to DKK 8 million, of which DKK 7 million relates to lease activities and DKK 1 million relates to other areas.

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

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

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

### Description of business area activities:

- For a description of the activities of Spar Nord's Local Banks and Trading Division, please see page 56 of Annual Report 2020.
- The activities of the Local Banks include the Group's leasing activities, and the activities of Other areas include central staffs and support functions.

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

From 2020, the Bank has made an additional allocation of key costs incurred, which 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.



## Section 2

# Income statement

## 2.2 Interest income

|  | Q1<br>2021 | Q1<br>2020 |
|--|------------|------------|
|  | DKKm       | DKKm       |
| Due from credit institutions and central banks                               | -1         | -4         |
| Loans, advances and other receivables  | 349        | 355        |
| Bonds  | 17         | 17         |
| Derivatives  | 9          | -3         |
| Other interest income  | 0          | 0          |
| <b>Total interest income after offsetting negative interest income</b>       | <b>374</b> | <b>365</b> |
| Negative interest income offset against interest income                      | 18         | 27         |
| Negative interest expenses offset against interest expenses                  | 66         | 46         |
| <b>Total interest income before offsetting negative interest income</b>      | <b>458</b> | <b>437</b> |
| <b>Of which, interest income from reverse repo transactions booked under</b> |            |            |
| Due from credit institutions and central banks                               | -2         | -5         |
| Loans, advances and other receivables  | -12        | -15        |

Negative interest income amounts to DKK 18 million (31.03.2020: DKK 27 million) and relates to repo transactions and bonds.

Negative bond yields of DKK 3 million (31.03.2020: DKK 6 million) is offset against interest income from bonds.

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

## 2.3 Interest expenses

|   | Q1<br>2021 | Q1<br>2020 |
|---|------------|------------|
|   | DKKm       | DKKm       |
| Credit institutions and central banks                                       | 1          | -7         |
| Deposits and other payables   | -56        | -29        |
| Issued bonds  | 6          | 6          |
| Subordinated debt   | 9          | 8          |
| Other interest expenses   | 0          | 0          |
| <b>Total interest expenses after offsetting negative interest expenses</b>  | <b>-41</b> | <b>-22</b> |
| Negative interest expenses offset against interest expenses                 | 66         | 46         |
| Negative interest income offset against interest income                     | 18         | 27         |
| <b>Total interest expenses before offsetting negative interest expenses</b> | <b>44</b>  | <b>50</b>  |
| <b>Of which, interest expenses from repo transactions booked under</b>      |            |            |
| Credit institutions and central banks                                       | -1         | -9         |
| Deposits and other payables   | -4         | -3         |

Negative interest expenses amount to DKK 66 million (31.03.2020: DKK 46 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<br>2021 | Q1<br>2020 |
|---|------------|------------|
|   | DKKkm      | DKKkm      |
| Securities trading and custody accounts                 | 129        | 116        |
| Payment services  | 41         | 40         |
| Loan transaction fees                                   | 188        | 148        |
| of which mortgage credit institutions                   | 132        | 112        |
| Guarantee commission                                    | 8          | 8          |
| Other fees, charges and commissions                     | 71         | 53         |
| <b>Total fees, charges and commissions received</b>     | <b>437</b> | <b>365</b> |
| <b>Total fees, charges and commissions paid</b>         | <b>41</b>  | <b>43</b>  |
| <b>Total net fees, charges and commissions received</b> | <b>396</b> | <b>322</b> |

#### 2.5 Market value adjustments and dividends

|  | Q1<br>2021 | Q1<br>2020 |
|--|------------|------------|
|  | DKKkm      | DKKkm      |
| Other loans, advances and receivables at fair value                              | 1          | 0          |
| Bonds  | -44        | -42        |
| Shares, etc.   | 59         | 20         |
| Currency   | 19         | 15         |
| Foreign exchange, interest, share, commodity and other contracts and derivatives | 53         | -6         |
| Assets linked to pooled schemes  | 724        | -1,525     |
| Deposits in pooled schemes   | -724       | 1,525      |
| Other liabilities  | 0          | 0          |
| <b>Total market value adjustments</b>  | <b>88</b>  | <b>-13</b> |
| Dividends on shares, etc.  | 2          | 2          |
| <b>Market value adjustments and dividends on shares, etc., total</b>             | <b>90</b>  | <b>-11</b> |

#### 2.6 Other income

|   | Q1<br>2021 | Q1<br>2020 |
|---|------------|------------|
|   | DKKkm      | DKKkm      |
| Payments under operating leases and other rental income | 3          | 2          |
| Other income  | 5          | 5          |
| Operation of investment properties                      | 4          | 4          |
| <b>Total other operating income</b>                     | <b>11</b>  | <b>11</b>  |
| Income from investments in associates                   | 26         | 9          |
| <b>Other income, total</b>                              | <b>37</b>  | <b>21</b>  |

## Section 2

# Income statement

## 2.7 Staff costs

|                          | Q1<br>2021 | Q1<br>2020 |
|--------------------------|------------|------------|
|                          | DKKm       | DKKm       |
| Salaries                 | 278        | 254        |
| Pensions                 | 37         | 28         |
| Social security costs    | 38         | 34         |
| <b>Total staff costs</b> | <b>353</b> | <b>315</b> |

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

#### 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                                    | 4          | 3          |
| Base salary *)                            | 4.3        | 3.3        |
| - less fees received from directorships   | 0.1        | 0.1        |
| <b>The Bank's expense, base salary</b>    | <b>4.2</b> | <b>3.2</b> |
| Pension                                   | 0.7        | 0.5        |
| <b>Total remuneration earned and paid</b> | <b>4.9</b> | <b>3.7</b> |

\*) The amount includes the value of a company-provided 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 one to two years' salary.

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

#### Pension obligation

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

#### Number of employees

|  |       |       |
|--|-------|-------|
| Average number of employees in the financial year converted into full-time equivalents | 1,593 | 1,555 |
|--|-------|-------|

## 2.8 Operating expenses

|  | Q1<br>2021 | Q1<br>2020 |
|--|------------|------------|
|  | DKKm       | DKKm       |
| IT costs   | 125        | 106        |
| Marketing expenses                               | 13         | 22         |
| Cost of premises                                 | 12         | 12         |
| Staff costs and travel expenses                  | 8          | 13         |
| Office expenses                                  | 6          | 4          |
| Other administrative expenses                    | 27         | 27         |
| <b>Operating expenses</b>                        | <b>192</b> | <b>184</b> |
| <b>Depreciation, amortisation and impairment</b> | <b>22</b>  | <b>20</b>  |
| <b>Total operating expenses</b>                  | <b>214</b> | <b>204</b> |

## Section 2

### Income statement

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

|  | Q1<br>2021 | Q1<br>2020 |
|--|------------|------------|
|  | DKKm       | DKKm       |
| Impairment re. new exposures during the year, including new accounts to existing customers | 51         | 28         |
| Reversed impairments re. repaid accounts   | -80        | -37        |
| Impairment during the year due to change in credit risk                                    | 37         | 190        |
| Loss without prior impairment  | 12         | 6          |
| Amounts recovered on previously impaired receivables                                       | 17         | 12         |
| Value adjustment of properties taken over  | 0          | 0          |
| <b>Total impairment of loans and receivables etc.</b>                                      | <b>2</b>   | <b>175</b> |

See note 5.1.4 for an explanation of impairment and provision for losses on guarantees etc. at 31.03.2021.

#### 2.10 Effective tax rate

|  | Q1<br>2021  | Q1<br>2020  |
|--|-------------|-------------|
|  | %           | %           |
| Current tax rate   | 22.0        | 22.0        |
| Income from investments and market value adjustment of shares, % | -3.1        | -39.3       |
| Non-deductible expenses and non-taxable income, %                | 1.0         | 16.3        |
| Adjustment of prior-year taxes, %                                | 0.0         | 0.0         |
| <b>Total effective tax rate</b>                                  | <b>19.9</b> | <b>-1.0</b> |

## Balance sheet

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### Main items

Lending, banking and leasing activities

**DKK 46,058** million

31.12.20: **DKK 42,494** million

Deposits, banking activities

**DKK 62,787** million

31.12.20: **DKK 58,084** million

Bonds at fair value

**DKK 21,786** million

31.12.20: **DKK 21,647** million

Deposits in pooled schemes

**DKK 22,085** million

31.12.20: **DKK 20,464** million

## Section 3

# Balance sheet

### 3.1 Other assets

|  | <b>31.03.21</b> | <b>31.12.20</b> |
|--|-----------------|-----------------|
|  | DKKm            | DKKm            |
| Positive fair value of derivatives, etc.           | 709             | 777             |
| Miscellaneous receivables                          | 573             | 497             |
| Interest and commissions receivable                | 67              | 62              |
| Capital contribution in BEC Financial Technologies | 312             | 312             |
| Other assets                                       | 27              | 27              |
| <b>Total other assets</b>                          | <b>1,689</b>    | <b>1,675</b>    |

### 3.2 Deposits and other payables

|  | <b>31.03.21</b> | <b>31.12.20</b> |
|--|-----------------|-----------------|
|  | DKKm            | DKKm            |
| Repo transactions                        | 488             | 333             |
| Demand deposits                          | 57,684          | 53,631          |
| Subject to notice                        | 2,324           | 1,899           |
| Time deposits, excluding repo business   | 1               | 2               |
| Special types of deposits                | 2,778           | 2,552           |
| <b>Total deposits and other payables</b> | <b>63,275</b>   | <b>58,416</b>   |

### 3.3 Other liabilities

|  | <b>31.03.21</b> | <b>31.12.20</b> |
|--|-----------------|-----------------|
|  | DKKm            | DKKm            |
| Miscellaneous payables                   | 1,985           | 2,379           |
| Negative fair value of derivatives, etc. | 570             | 743             |
| Interest and commissions payable         | 35              | 22              |
| Lease liabilities                        | 141             | 137             |
| Other liabilities                        | 269             | 394             |
| <b>Total other liabilities</b>           | <b>3,000</b>    | <b>3,677</b>    |

## Section 3

# Balance sheet

### 3.4 Information on fair value of financial instruments

A more detailed description of the principles for recognition and measurement of financial assets and financial liabilities is provided in accounting policies in note 3.3.4 to Annual Report 2020.

Reference is also made to note 3.3.4 to Annual Report 2020 for information about differences between the carrying amount and fair value of financial assets and financial liabilities recognised at amortised cost.

|  | Amortised cost | Fair value through profit or loss | Amortised cost | Fair value through profit or loss |
|--|----------------|-----------------------------------|----------------|-----------------------------------|
|  | 31.03.21       | 31.03.21                          | 31.12.20       | 31.12.20                          |
|  | DKKm           | DKKm                              | DKKm           | DKKm                              |
| Cash balances and demand deposits with central banks     | 183            | 0                                 | 1,126          | 0                                 |
| Due from credit institutions and central banks           | 3,127          | 0                                 | 1,259          | 0                                 |
| Loans, advances and other receivables at amortised cost  | 55,245         | 0                                 | 52,312         | 0                                 |
| Bonds at fair value                                      | 0              | 21,786                            | 0              | 21,647                            |
| Shares, etc.   | 0              | 1,772                             | 0              | 1,789                             |
| Assets linked to pooled schemes                          | 0              | 22,085                            | 0              | 20,464                            |
| Positive fair value of derivatives                       | 0              | 709                               | 0              | 777                               |
| <b>Total financial assets</b>                            | <b>58,555</b>  | <b>46,352</b>                     | <b>54,698</b>  | <b>44,677</b>                     |
| Due to credit institutions and central banks             | 1,819          | 0                                 | 4,167          | 0                                 |
| Deposits and other payables                              | 63,275         | 0                                 | 58,416         | 0                                 |
| Deposits in pooled schemes                               | 0              | 22,085                            | 0              | 20,464                            |
| Issued bonds at amortised cost                           | 2,651          | 0                                 | 2,670          | 0                                 |
| Other non-derivative financial liabilities at fair value | 0              | 2,610                             | 0              | 835                               |
| Lease liabilities  | 141            | 0                                 | 137            | 0                                 |
| Negative fair value of derivatives                       | 0              | 570                               | 0              | 743                               |
| Subordinated debt  | 1,327          | 0                                 | 1,333          | 0                                 |
| <b>Total financial liabilities</b>                       | <b>69,214</b>  | <b>25,265</b>                     | <b>66,724</b>  | <b>22,043</b>                     |

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

#### Day 1 gains (customer margin)

When valuing unlisted derivative instruments, the initial customer margin, etc. is amortised over the remaining term to maturity. At 31.03.2021, the customer margin, etc. not yet amortised amounted to DKK 61 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 31.02.2021, which is the credit value component of derivatives.

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

|  | Quoted prices Level 1 | Observable inputs Level 2 | Non-observable inputs Level 3 | Total         |
|--|-----------------------|---------------------------|-------------------------------|---------------|
|  | DKKm                  | DKKm                      | DKKm                          | DKKm          |
| <b>31.03.21</b>  |                       |                           |                               |               |
| Bonds at fair value                                      | 0                     | 21,786                    | 0                             | 21,786        |
| Shares, etc.   | 203                   | 21                        | 1,548                         | 1,772         |
| Assets linked to pooled schemes                          | 17,673                | 4,013                     | 399                           | 22,085        |
| Positive fair value of derivatives                       | 0                     | 709                       | 0                             | 709           |
| <b>Total financial assets</b>                            | <b>17,876</b>         | <b>26,529</b>             | <b>1,947</b>                  | <b>46,352</b> |
| Deposits in pooled schemes                               | 0                     | 22,085                    | 0                             | 22,085        |
| Other non-derivative financial liabilities at fair value | 0                     | 2,610                     | 0                             | 2,610         |
| Negative fair value of derivatives                       | 0                     | 570                       | 0                             | 570           |
| <b>Total financial liabilities</b>                       | <b>0</b>              | <b>25,265</b>             | <b>0</b>                      | <b>25,265</b> |

## Section 3

### Balance sheet

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

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

| Level 3   | Fair value based on net asset value, cf. shareholders' agreements | Other    | Fair value based on net asset value, cf. shareholders' agreements | Other    |
|---|---|----------|---|----------|
|   | 31.03.21  | 31.03.21 | 31.12.20  | 31.12.20 |
|   | DKKm  | DKKm     | DKKm  | DKKm     |
| Equities  | 1,162   | 386      | 1,179   | 377      |
| Assets linked to pooled schemes   | -   | 399      | -   | 365      |
| Positive fair value of derivatives  | -   | 0        | -   | 0        |
| <b>Sensitivities:</b>   |   |          |   |          |
| Change in fair value of shares if the profit/loss of the companies changes by 10% | 14  | -        | 12  | -        |

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)

|   | 31.03.21     | 31.12.20     |
|---|--------------|--------------|
|   | DKKm         | DKKm         |
| Carrying amount, beginning of period  | 1,921        | 1,858        |
| Value adjustments through profit or loss                                      | 42           | 95           |
| Market value adjustments in other comprehensive income                        | 0            | 0            |
| Purchase  | 65           | 40           |
| Sale  | 81           | 71           |
| Transferred to/from Level 3   | 0            | 0            |
| <b>Carrying amount, end of year</b>   | <b>1,947</b> | <b>1,921</b> |
| Value adjustments through profit or loss of assets held at the reporting date | 41           | 83           |

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



## Section 4

# Capital

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### Main items

Target:  
Common equity tier 1 capital ratio

**13.5%**

31.12.20: **13.5%**

Common equity tier 1 capital ratio

**15.0%**

31.12.20: **17.2%**

Target:  
Own funds ratio

**17.5%**

31.12.20: **17.5%**

Own funds ratio

**19.5%**

31.12.20: **21.0%**

Earnings per share for the period

**DKK 2.3**

31.03.20: **DKK 0.1**

## Section 4

# Capital

### 4.1 Own funds

|   | 31.03.21      | 31.12.20      |
|---|---------------|---------------|
|   | DKKm          | DKKm          |
| Equity  | 11,277        | 10,390        |
| Result not recognised                                       | 295           | -             |
| Phasing in of IFRS 9  | 400           | 433           |
| Additional tier 1 (AT1) capital included in equity          | 1,407         | 794           |
| Proposed dividend   | 185           | 185           |
| Intangible assets   | 348           | 141           |
| Other primary deductions                                    | 50            | 53            |
| Deduction – Holdings of insignificant CET1 instruments      | 94            | 132           |
| Deduction – Holdings of significant CET1 instruments        | 188           | 95            |
| <b>Common equity tier 1 capital</b>                         | <b>9,110</b>  | <b>9,422</b>  |
| Additional tier 1 (AT1) capital *)                          | 1,373         | 773           |
| Other deductions  | 2             | 2             |
| <b>Tier 1 capital</b>                                       | <b>10,482</b> | <b>10,193</b> |
| Subordinated debt, excl. Additional Tier 1 (AT1) capital *) | 1,316         | 1,324         |
| Other deductions  | 3             | 3             |
| <b>Own funds</b>  | <b>11,795</b> | <b>11,514</b> |
| Weighted risk exposure amount, credit risk etc.             | 49,621        | 45,277        |
| Weighted risk exposure amount, market risk                  | 4,799         | 3,994         |
| Weighted risk exposure amount, operational risk             | 6,174         | 5,594         |
| <b>Total risk exposure amount</b>                           | <b>60,594</b> | <b>54,865</b> |
| Common equity tier 1 capital ratio                          | 15.0          | 17.2          |
| Tier 1 capital ratio  | 17.3          | 18.6          |
| Own funds ratio   | 19.5          | 21.0          |

The capital adequacy calculation for Q1 2021 is exclusive of recognition of profit/loss for the period.

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

### 4.2 Treasury share portfolio

|                             | 31.03.21 | 31.12.20 |
|-----------------------------|----------|----------|
| Number of shares            | 143,102  | 58,063   |
| Percentage of share capital | 0.1      | 0.0      |

### 4.3 Additional tier 1 (AT1) capital

|  |      |           |               |          |           | 31.03.21     | 31.12.20   |
|--|------|-----------|---------------|----------|-----------|--------------|------------|
|  |      | Principal | Interest rate | Received | Maturity  | DKKm         | DKKm       |
| Currency   | Note | DKKm      |               |          |           |              |            |
| DKK  | a    | 600       | 3.25%         | 2021     | Perpetual | 601          | -          |
| DKK  | b    | 330       | 6.00%         | 2020     | Perpetual | 349          | 344        |
| DKK  | c    | 450       | 5.50%         | 2016     | Perpetual | 457          | 450        |
| <b>Additional tier 1 (AT1) capital issued under CRR, total</b> |      |           |               |          |           | <b>1,407</b> | <b>794</b> |

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

**b** Issued on 15.04.2020, with an option of early redemption as from 15.04.2025. The loan carries interest at a rate of 6.00% p.a. until 15.04.2025, after which date interest will be fixed at CIBOR6 + a 6.00% margin, but a minimum of 6.00%. If Spar Nord's common equity tier 1 (CET1) ratio falls below 5 1/8%, the loans will be written down. The loans can be written up again based on the rules laid down in CRR.

**c** Issued on 06.12.2016, with an option of early redemption as from 06.12.2021. The loan carries interest at a rate of 5.50% p.a. until 06.12.2021, after which date interest will be fixed at CIBOR6 + a 5.166% margin. If Spar Nord's common equity tier 1 (CET1) ratio falls below 5 1/8%, the loans will be written down. The loans can be written up again based on the rules laid down in CRR.

## Section 4

# Capital

### Specification of cash flows

|   | 31.03.21   | 31.12.20    |
|---|------------|-------------|
|   | DKKm       | DKKm        |
| Issue of additional tier 1 (AT1) capital      | 600        | 330         |
| Redemption of additional tier 1 (AT1) capital | 0          | -400        |
| Net transaction costs                         | -4         | 0           |
| Change in portfolio of own bonds              | 1          | 3           |
| Interest paid                                 | 0          | -49         |
| <b>Net cash flows</b>                         | <b>597</b> | <b>-116</b> |

## 4.4 Subordinated debt

### Supplementary capital contributions

|  |   |                   |                 |          |            | 31.03.21     | 31.12.20     |
|--|---|-------------------|-----------------|----------|------------|--------------|--------------|
|  |   | Principal<br>DKKm | Interest rate   | Received | Maturity   | DKKm         | DKKm         |
| DKK  | A | 350               | CIBOR6 + 2.40%  | 2018     | 29.05.2029 | 349          | 349          |
| DKK  | b | 150               | 2.9298%         | 2018     | 29.05.2029 | 150          | 150          |
| DKK  | c | 400               | 2.5348%         | 2018     | 19.06.2028 | 400          | 400          |
| SEK  | d | 600               | STIBOR3 + 2.50% | 2017     | 18.10.2027 | 436          | 443          |
| <b>Supplementary capital contributions, total</b>    |   |                   |                 |          |            | <b>1,334</b> | <b>1,342</b> |
| Portfolio of own bonds relating to subordinated debt |   |                   |                 |          |            | -7           | -9           |
| <b>Total subordinated debt</b>                       |   |                   |                 |          |            | <b>1,327</b> | <b>1,333</b> |

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

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

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

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

### Specification of cash flows and other movements

|                                     | 31.03.21     | 31.12.20     |
|-------------------------------------|--------------|--------------|
|                                     | DKKm         | DKKm         |
| <b>Beginning of period</b>          | <b>1,333</b> | <b>1,322</b> |
| <b>Cash Flows</b>                   |              |              |
| New loans                           | 0            | 0            |
| Redeemed                            | 0            | 0            |
| Net transaction costs               | 0            | 0            |
| Change in portfolio of own bonds    | 2            | -4           |
| <b>Net cash flows</b>               | <b>2</b>     | <b>-4</b>    |
| <b>Other movements</b>              |              |              |
| Change in exchange rate adjustments | -8           | 15           |
| Amortised costs expensed            | 0            | 1            |
| <b>Total other movements</b>        | <b>-8</b>    | <b>16</b>    |
| <b>End of period</b>                | <b>1,327</b> | <b>1,333</b> |

## Section 4

# Capital

### 4.5 Issued bonds at amortised cost

|   |      |                   |                 |          |            | 31.03.21     | 31.12.20     |
|---|------|-------------------|-----------------|----------|------------|--------------|--------------|
|   |      |                   |                 |          |            | DKKm         | DKKm         |
| Currency  | Note | Principal<br>DKKm | Interest rate   | Received | Maturity   |              |              |
| SEK   | a    | 1,250             | STIBOR3 + 1.05% | 2019     | 05.12.2023 | 908          | 923          |
| DKK   | b    | 1,350             | CIBOR3 + 1.00%  | 2019     | 05.12.2025 | 1,347        | 1,347        |
| DKK   | c    | 400               | 0.7290%         | 2019     | 05.12.2025 | 398          | 399          |
| <b>Issued bonds, total</b>                      |      |                   |                 |          |            | <b>2,653</b> | <b>2,670</b> |
| Portfolio of own bonds relating to issued bonds |      |                   |                 |          |            | -2           | 0            |
| <b>Issued bonds, total</b>                      |      |                   |                 |          |            | <b>2,651</b> | <b>2,670</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, see note 6.5 in Annual Report 2020.

### Specification of cash flows and other movements

|  |  | 31.03.21        | 31.12.20        |
|--|--|-----------------|-----------------|
|  |  | DKKm            | DKKm            |
| <b>Beginning of period</b>                   |  | <b>2,670</b>    | <b>2,637</b>    |
| <b>Cash Flows</b>                            |  |                 |                 |
| New loans                                    |  | 0               | 0               |
| Redeemed                                     |  | 0               | 0               |
| Net transaction costs                        |  | 0               | -2              |
| Change in portfolio of own bonds             |  | -2              | 0               |
| <b>Net cash flows</b>                        |  | <b>-2</b>       | <b>-2</b>       |
| <b>Other movements</b>                       |  |                 |                 |
| Change in exchange rate adjustments          |  | -16             | 31              |
| Change in interest rate hedging              |  | -1              | 3               |
| Amortised costs expensed                     |  | 0               | 2               |
| <b>Total other movements</b>                 |  | <b>-17</b>      | <b>35</b>       |
| <b>End of period</b>                         |  | <b>2,651</b>    | <b>2,670</b>    |
|  |  | <b>31.03.21</b> | <b>31.12.20</b> |
|  |  | DKKm            | 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                   |  | 2,649           | 2,668           |
| Over 5 years                                 |  | 0               | 0               |
| <b>Total</b>                                 |  | <b>2,651</b>    | <b>2,670</b>    |

# Risk management

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## Main items

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

**DKK 66,140** million

31.12.20: **DKK 59,784** million

Credit exposure – excl. reverse repo transactions  
Retail/business

**50.1% / 49.9%**

31.12.20: **47.7% / 52.3%**

Total impairment account

**DKK 1,699** million

31.12.20: **DKK 1,717** million

Impairment on loans, advances and other receivables, etc.

**DKK 2** million

31.03.20: **DKK 175** million

## Section 5

# Risk management

### 5.1 Credit risk

Spar Nord's credit policy is unchanged relative to the description 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          | Impairment   | Carrying amount | Recognised            |
|--|-------------------|--------------|-----------------|-----------------------|
|  | before impairment |              |                 | impairment etc. total |
| 31.03.21                                       | DKKm              | DKKm         | DKKm            | DKKm                  |
| Loans and advances at amortised cost           | 56,864            | 1,620        | 55,245          | -2                    |
| Due from credit institutions and central banks | 3,128             | 2            | 3,127           | 1                     |
| Guarantees                                     | 18,463            | 64           | 18,400          | 7                     |
| Unutilised credit lines and loan commitments   | 28,729            | 14           | 28,716          | -3                    |
| <b>Total</b>                                   | <b>107,185</b>    | <b>1,699</b> | <b>105,487</b>  | <b>2</b>              |

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

#### 5.1.2 Impairment and provisions by stages

| 31.03.21                                       | Stage 1    | Stage 2    | Stage 3    | Total        |
|--|------------|------------|------------|--------------|
|  | DKKm       | DKKm       | DKKm       | DKKm         |
| Loans and advances at amortised cost           | 179        | 545        | 895        | 1,620        |
| Due from credit institutions and central banks | 2          | 0          | 0          | 2            |
| Guarantees                                     | 19         | 35         | 10         | 64           |
| Unutilised credit lines and loan commitments   | 7          | 4          | 2          | 14           |
| <b>Total</b>                                   | <b>207</b> | <b>584</b> | <b>908</b> | <b>1,699</b> |

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

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

| 31.03.21                                       | Stage 1       | Stage 2      | Stage 3      | Total          |
|--|---------------|--------------|--------------|----------------|
|  | DKKm          | DKKm         | DKKm         | DKKm           |
| Loans and advances at amortised cost           | 48,052        | 6,842        | 1,970        | 56,864         |
| Due from credit institutions and central banks | 3,128         | 0            | 0            | 3,128          |
| Guarantees                                     | 17,513        | 791          | 159          | 18,463         |
| Unutilised credit lines and loan commitments   | 27,098        | 1,500        | 132          | 28,729         |
| <b>Total</b>                                   | <b>95,791</b> | <b>9,133</b> | <b>2,261</b> | <b>107,185</b> |

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

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

Stage 3 exposures include exposures at a discount (impairment charges taken over) on customers acquired. The discount amounted to DKK 83 million at 31 March 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            |          |
|--|------------|------------|------------|-----------------------|----------|
|  |            |            |            | Total impairment etc. |          |
| <b>31.03.21</b>  | DKKm       | DKKm       | DKKm       | DKKm                  | DKKm     |
| Impairment at 1 January, loans at amortised cost   | 196        | 580        | 941        | <b>1,717</b>          | -        |
| Impairment re. new exposures during the year, including new accounts to existing customers | 21         | 22         | 8          | <b>51</b>             | 51       |
| Reversed impairment re. repaid accounts  | -15        | -47        | -18        | <b>-80</b>            | -80      |
| Change in impairment at 1 January, transfer to/from stage 1                                | 54         | -50        | -4         | -                     | -        |
| Change in impairment at 1 January, transfer to/from stage 2                                | -14        | 17         | -2         | -                     | -        |
| Change in impairment at 1 January, transfer to/from stage 3                                | 0          | -2         | 2          | -                     | -        |
| Impairment during the year due to change in credit risk                                    | -35        | 65         | 6          | <b>37</b>             | 37       |
| Change in impairment due to model changes and risk parameters, net                         | 0          | 0          | 0          | <b>0</b>              | 0        |
| Previously impaired, now finally lost  | 0          | 0          | -31        | <b>-31</b>            | -        |
| Other movements (interest rate correction etc.)  | 0          | 0          | 6          | <b>6</b>              | -        |
| Loss without prior impairment  | -          | -          | -          | -                     | 12       |
| Amounts recovered on previously impaired receivables                                       | -          | -          | -          | -                     | -17      |
| <b>Impairment and provisions for losses at 31 March</b>                                    | <b>207</b> | <b>584</b> | <b>908</b> | <b>1,699</b>          | <b>2</b> |

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

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

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

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

## Section 6

# Other notes

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## Section 6

### Other notes

#### 6.1 Collateral

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

|  | 31.03.21     | 31.12.20     |
|--|--------------|--------------|
|  | DKKm         | DKKm         |
| Deposits, clearing   | 185          | 173          |
| Collateral provided for the market value of derivatives transactions | 350          | 574          |
| Positive market value of derivative contracts subject to netting     | 211          | 196          |
| Collateral provided as part of repo transactions                     | 1,481        | 1,315        |
| Collateral provided for monetary policy loans                        | 0            | 2,385        |
| <b>Total</b>   | <b>2,226</b> | <b>4,643</b> |

#### 6.2 Contingent assets

|                                  | 31.03.21 | 31.12.20 |
|----------------------------------|----------|----------|
|                                  | DKKm     | DKKm     |
| Unrecognised deferred tax assets | 18       | 18       |

#### 6.3 Contingent liabilities

|                                     | 31.03.21      | 31.12.20      |
|-------------------------------------|---------------|---------------|
|                                     | DKKm          | DKKm          |
| Guarantees                          | 18,400        | 15,591        |
| Other binding commitments           | 1,482         | 1,200         |
| <b>Total contingent liabilities</b> | <b>19,881</b> | <b>16,791</b> |

##### Guarantees

|   |               |               |
|---|---------------|---------------|
| Financial guarantees                    | 7,765         | 6,508         |
| Loss guarantees for mortgage loans      | 6,398         | 5,834         |
| Registration and refinancing guarantees | 3,363         | 2,459         |
| Other contingent liabilities            | 875           | 790           |
| <b>Total guarantees</b>                 | <b>18,400</b> | <b>15,591</b> |

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

Spar Nord is taxed jointly with its Danish subsidiary in the Spar Nord Group. As management company, Spar Nord has unlimited, joint and several liability together with the subsidiary for the Danish corporate income tax payable. Due to the payment of tax on account, no tax was payable at 31.03.2021 and 31.12.2020. The corporate income tax receivable within the tax pool amounted to DKK 250 million at 31.02.2021 (31.12.2020: DKK 98 million). Any adjustments to the taxable income subject to joint taxation might entail an increase in the Parent Company's liability.

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

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

The Guarantee Fund covers customers' deposits and securities pursuant to the Act on a Depositor and Investor Guarantee Scheme.

The Bank's costs for the Guarantee Fund are calculated based on the Bank's pro-rata share. The amount of the contribution will be adjusted by an individual risk factor.

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

The Bank's costs for the Resolution Fund are calculated based on the Bank's pro-rata share of the sector's total equity and liabilities less own funds and covered deposits. This contribution will also be adjusted by an individually determined risk factor. The Bank's costs for the Resolution Fund for 2021 have been included as a pro-rata share of the annual contributions. The Bank's contribution for the Resolution Fund at 31.03.2021 amounted to DKK 3 million (31.03.2020: DKK 6 million.). The Bank's expenses in 2020 included an adjustment of DKK 3.4 million after Finansielt Stabilitet informed the banks that it had determined the above risk factor incorrectly for all banks comprised by the Resolution Fund. The error concerned the period 2015-2019.

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

## Section 6

# Other notes

### Other binding commitments

|   | <b>31.03.21</b> | <b>31.12.20</b> |
|---|-----------------|-----------------|
|   | DKKm            | DKKm            |
| Data-processing centre                  | 1,461           | 1,179           |
| Lease liabilities, Spar Nord as lessee  | 21              | 21              |
| <b>Other binding commitments, total</b> | <b>1,482</b>    | <b>1,200</b>    |

#### Data-processing centre

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

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

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

The Spar Nord Group has no other significant binding agreements.

#### Lease liabilities, Spar Nord as lessee

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

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

## 6.4 Overview of group companies

|  |            | Share capital,<br>end of period *) | Equity<br>end of period *) | Profit/loss for<br>the year *) | Ownership in-<br>terest |
|--|------------|------------------------------------|----------------------------|--------------------------------|-------------------------|
| 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.

## 6.5 Ownership at 31.03.21

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

## Other notes

### 6.6 Business combinations

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

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

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

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

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

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

BankNordik's Danish business is expected to contribute moderately to Spar Nord's profit before impairment in 2021, as one-off costs associated with the transaction are expected to amount to around DKK 60 million. From 2022, the acquired business is expected to contribute to a profit before impairment of around DKK 110 million.

Income and profit before impairment for 2021 in the post-acquisition period amounts to DKK 39 million and DKK 8 million, respectively. In addition, non-recurring costs of DKK 21 million have been recognised.

Income for Spar Nord for Q1 2021 calculated on a pro forma basis as if BankNordik's Danish business had been acquired at 1 January 2021 would have amounted to around DKK 60 million.

The total purchase consideration is DKK -3,003 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 in Q1 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 222 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<br>fair value at the<br>date of<br>acquisition | Preliminary<br>fair value at the<br>date of<br>acquisition |
|---|--|--|
|   | DKKm   | DKKm   |
| Cash balances and demand deposits with central banks      | 15   | 15   |
| Due from credit institutions and central banks            | 0  | 53   |
| Loans, advances and other receivables at amortised cost   | 2,195  | 2,249  |
| Shares, etc.  | 31   | 45   |
| Assets linked to pooled schemes                           | 790  | 800  |
| Land and buildings  | 26   | 31   |
| Other property, plant and equipment                       | 11   | 25   |
| Customer relations  | 45   | 0  |
| Other assets  | 14   | 29   |
| Prepayments and deferred income                           | 0  | 0  |
| <b>Total assets</b>                                       | <b>3,128</b>   | <b>3,247</b>   |
| Deposits and other payables                               | 5,537  | 5,628  |
| Deposits in pooled schemes                                | 790  | 800  |
| Other liabilities   | 26   | 54   |
| Prepayments and deferred income                           | 1  | 1  |
| Deferred tax  | -2   | -6   |
| Provisions  | 0  | 0  |
| <b>Total liabilities</b>                                  | <b>6,353</b>   | <b>6,478</b>   |
| <b>Acquired net assets</b>                                | <b>-3,225</b>  | <b>-3,232</b>  |
| Goodwill  | 222  | 277  |
| <b>Purchase consideration</b>                             | <b>-3,003</b>  | <b>-2,954</b>  |
| Consideration in the form of shares in Spar Nord Bank A/S | 0  | 0  |
| Cash consideration  | -3,003   | -2,954   |
| <b>Purchase consideration</b>                             | <b>-3,003</b>  | <b>-2,954</b>  |

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

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

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

In connection with the acquisition, Spar Nord has tentatively calculated identifiable intangible assets in the form of customer relationships in the amount of DKK 45 million, which expresses the value of the acquired customer base from BankNordik.

## Section 6

### Other notes

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

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

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

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

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

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

The calculation of the purchase price and the fair value of acquired assets and liabilities at the date of acquisition at 1 February 2021 is preliminary, as the final calculation of the purchase price with BankNordik remains pending, and it will require more information and time to ensure a verification of the fair values. We expect fair values to be finally calculated at 31 December 2021.

## Section 6

### Other notes

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

| Performance indicators                                      | Q1<br>2021 | Q1<br>2020 | Change<br>in % | Q1<br>2021 | Q1<br>2020 | Q1<br>2019 | Q1<br>2018 | Q1<br>2017 | Full year<br>2020 |
|---|------------|------------|----------------|------------|------------|------------|------------|------------|-------------------|
| <b>DKK m</b>  |            |            |                |            |            |            |            |            |                   |
| <b>Income statement</b>                                     |            |            |                |            |            |            |            |            |                   |
| Net interest and fee income                                 | 813        | 711        | 14             | 813        | 711        | 697        | 686        | 707        | 2,882             |
| Market value adjustments                                    | 88         | -13        | -777           | 88         | -13        | 115        | 113        | 160        | 374               |
| Staff costs and administrative expenses                     | 541        | 494        | 10             | 541        | 494        | 495        | 458        | 458        | 2,000             |
| Impairment of loans, advances and receivables etc.          | 2          | 175        | -99            | 2          | 175        | 10         | -23        | 18         | 309               |
| Income from investments in associates                       | 26         | 9          | 175            | 26         | 9          | 29         | 9          | 13         | 29                |
| Profit/loss for the year                                    | 295        | 24         | 1134           | 295        | 24         | 263        | 311        | 317        | 737               |
| <b>Balance sheet</b>  |            |            |                |            |            |            |            |            |                   |
| Loans and advances  | 55,245     | 50,400     | 10             | 55,245     | 50,400     | 45,249     | 44,866     | 41,189     | 52,312            |
| Equity  | 11,277     | 9,787      | 15             | 11,277     | 9,787      | 9,499      | 9,094      | 8,948      | 10,390            |
| Total assets  | 108,208    | 94,457     | 15             | 108,208    | 94,457     | 87,701     | 80,934     | 78,329     | 102,077           |
| <b>Key figures</b>  |            |            |                |            |            |            |            |            |                   |
| <b>Own funds</b>  |            |            |                |            |            |            |            |            |                   |
| Own funds ratio *)  | 19.5       | 19.0       |                | 19.5       | 19.0       | 18.2       | 17.8       | 17.6       | 21.0              |
| Tier 1 capital ratio *)                                     | 17.3       | 16.7       |                | 17.3       | 16.7       | 15.8       | 15.6       | 15.4       | 18.6              |
| <b>Earnings</b>   |            |            |                |            |            |            |            |            |                   |
| Return on equity before tax                                 | %          | 3.4        | 0.2            | 3.4        | 0.2        | 3.5        | 4.1        | 4.5        | 9.1               |
| Return on equity after tax                                  | %          | 2.7        | 0.2            | 2.7        | 0.2        | 2.8        | 3.5        | 3.6        | 7.3               |
| Income/cost ratio   |            | 1.65       | 1.03           | 1.65       | 1.03       | 1.62       | 1.81       | 1.81       | 1.38              |
| Return on assets  | %          | 0.3        | 0.0            | 0.3        | 0.0        | 0.3        | 0.4        | 0.4        | 0.7               |
| <b>Market risk and liquidity</b>                            |            |            |                |            |            |            |            |            |                   |
| Interest rate risk  | %          | 0.9        | 0.1            | 0.9        | 0.1        | 1.0        | 0.8        | -0.2       | 1.1               |
| Foreign exchange position                                   | %          | 0.8        | 1.1            | 0.8        | 1.1        | 1.3        | 1.4        | 3.3        | 0.9               |
| Foreign exchange risk                                       | %          | 0.1        | 0.1            | 0.1        | 0.1        | 0.1        | 0.0        | 0.1        | 0.1               |
| Liquidity Coverage Ratio (LCR)                              | %          | 234.0      | 185            | 234.0      | 185        | 160        | 173        | 168        | 241               |
| Excess coverage relative to statutory liquidity requirement | %          | -          | -              | -          | -          | -          | 310.8      | 306.5      | -                 |
| Loans and advances as % of deposits                         | %          | 64.7       | 74.5           | 64.7       | 74.5       | 67.9       | 71.4       | 68.1       | 66.3              |
| <b>Credit risk</b>  |            |            |                |            |            |            |            |            |                   |
| Loans and advances relative to equity                       |            | 4.9        | 5.1            | 4.9        | 5.1        | 4.8        | 4.9        | 4.6        | 5.0               |
| Increase in loans and advances for the period               | %          | 8.4        | -0.3           | 8.4        | -0.3       | 2.6        | 1.3        | 1.9        | -1.5              |
| Sum of large exposures                                      | %          | 81.8       | 82.6           | 81.8       | 82.6       | 76.1       | 74.1       | 17.1       | 78.1              |
| Impairment ratio for the period                             |            | 0.0        | 0.3            | 0.0        | 0.3        | 0.0        | 0.0        | 0.0        | 0.6               |
| <b>The Spar Nord Bank share</b>                             |            |            |                |            |            |            |            |            |                   |
| <b>DKK per share of DKK 10</b>                              |            |            |                |            |            |            |            |            |                   |
| Profit/loss for the period                                  |            | 2.4        | 0.2            | 2.4        | 0.2        | 2.1        | 2.5        | 2.6        | 6.0               |
| Net asset value (NAV)                                       |            | 80         | 72             | 80         | 72         | 70         | 67         | 66         | 78                |
| Dividend  |            | -          | -              | -          | -          | -          | -          | -          | 1.5               |
| Share price/profit/loss for the period                      |            | 28.2       | 209.0          | 28.2       | 209.0      | 27.6       | 28.8       | 29.6       | 10.0              |
| Share price/NAV   |            | 0.8        | 0.6            | 0.8        | 0.6        | 0.8        | 1.1        | 1.2        | 0.8               |

\*) Own funds for Q1 2017 and Q1 2021 are exclusive of recognition of profit/loss for the period.



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

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CVR no. 13 73 75 84