

Q1 2016 Quarterly Report for Spar Nord Bank A/S

Pressure on top line combined with declining costs and lower loan losses resulted in a pre-tax profit of DKK 204 million - guidance for full-year core earnings before loan losses reiterated

- Core income for Q1 amounted to DKK 734 million, equal to a 36% decline compared with Q1 2015 – adjusted for the impact of the sale of the Nørresundby Bank shareholding in 2015, this represented a 20% drop.
- Net interest income dropped by 12% compared with the same period last year, and by 5% relative to the previous quarter – the lending volume is growing, but the interest margin remains under pressure.
- Net income from fees, charges and commissions came to DKK 250 million, which is 20% down on last year's extraordinarily good Q1, but 5% up on the previous quarter.
- Market-value adjustments and dividends amounted to DKK 72 million, equal to a drop of 46% on last year (adjusted for the sale of the Nørresundby Bank shareholding).
- Costs and expenses came to DKK 475 million, which is 2% down on Q1 2015 – payroll costs grew by 1%, while other operating expenses declined by 7%.
- Thus, core earnings before impairment in Q1 ended at DKK 259 million, which is 41% down on the same period of 2015 after adjustments for the sale of the Nørresundby Bank shareholding, but 6% up on the previous quarter.
- Loan impairment losses shrank to DKK 55 million, equal to an annualized impairment ratio of 0.42% – the profit impact from impairment losses related to agriculture represents 100% of the total profit impact from impairment losses for Q1.
- The negative trend in lending volume has reversed, as the quarter ended with bank and leasing lending at DKK 1.1 billion, or 3%, up on end-2015.
- Preparations for IT migration from SDC to BEC are progressing according to plan, with completion of migration expected at the beginning of May – the benefits announced earlier are still expected to be realized.
- Full-year core earnings before impairment still expected to hover around DKK 1.1 billion and writedowns for impairment to be realized around the 2015 level.

DKK m	Q1 2016	Q4 2015	Change in %	Q1 2015	Change in %
Net interest income	396	416	-5	452	-12
Net income from fees, charges and commissions	250	239	5	312	-20
Core income	734	714	3	1,140	-36
Costs and expenses	475	469	1	484	-2
Core earnings before impairment	259	245	6	656	-61
Impairment of loans and advances, etc.	55	76	-28	98	-44
Profit/loss before tax	204	145	41	533	-62



Lasse Nyby, Chief Executive Officer, has the following comments on the financial statements:

- Generally, we find the quarterly financial statements satisfactory. Nevertheless, we must, of course, also recognize that the extremely low interest level and keen market competition make it more difficult for us to earn money on the traditional deposit and lending business. In this connection, it is gratifying that the business is doing well with growth in lending volume and respectable customer activity, all of which is reflected in a satisfactory income from fees, charges and commissions. And it is especially gratifying that we have a good grip on expenses, and that our loan impairment losses are following a downward trajectory despite the continuing economic hardships for agriculture.

- Internally, Q1 was characterized by preparations for the IT platform migration that will be completed in about a week. Without question, this is the largest project in the Bank's history and a project we expect to have a sweeping, positive impact both on our financial statements and our future development power. When the migration is behind us, we will focus on completing a new strategy plan, expected to be launched in autumn.

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Q1 2016 QUARTERLY REPORT

SPAR NORD BANK A/S

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PERFORMANCE INDICATORS AND FINANCIAL RATIOS - THE GROUP

CORE EARNINGS – QUARTERLY

DKK m	Q1 2016	Q1 2015	Change in %	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Full year 2015
INCOME STATEMENT									
Net interest income *)	395.8	452.0	-12.4	395.8	415.8	417.3	442.1	452.0	1,727.2
Net income from fees, charges and commissions	250.4	311.9	-19.7	250.4	239.2	221.9	257.3	311.9	1,030.3
Market-value adjustments and dividends	72.1	359.0	-79.9	72.1	43.4	35.5	69.0	359.0	506.9
Other operating income	7.6	9.7	-21.6	7.6	8.0	13.1	7.3	9.7	38.1
Profit/loss on equity investments in associates and group enterprises	7.6	7.4	2.7	7.6	7.8	7.7	5.4	7.4	28.3
Core income	733.5	1,140.0	-35.7	733.5	714.2	695.5	781.1	1,140.0	3,330.8
Salaries	279.4	276.9	0.9	279.4	290.8	232.2	298.3	276.9	1,098.2
Operating expenses	178.2	190.9	-6.7	178.2	165.3	157.7	165.3	190.9	679.2
Depreciation, amortization and impairment	17.1	16.5	3.6	17.1	13.3	19.3	16.4	16.5	65.5
Costs	474.7	484.3	-2.0	474.7	469.4	409.2	480.0	484.3	1,842.9
Core earnings before impairment	258.8	655.7	-60.5	258.8	244.8	286.3	301.1	655.7	1,487.9
Impairment of loans, advances and receivables, etc. *)	54.5	97.6	-44.2	54.5	75.5	73.8	68.7	97.6	315.6
Core earnings	204.3	558.1	-63.4	204.3	169.3	212.5	232.4	558.1	1,172.3
Contributions to sector-wide solutions	-	-24.7	-	-	-24.6	-24.7	-24.7	-24.7	-98.7
Profit/loss before tax	204.3	533.4	-61.7	204.3	144.7	187.8	207.7	533.4	1,073.6
Tax	39.6	69.3	-42.9	39.6	27.3	40.7	39.5	69.3	176.8
Profit/loss	164.7	464.1	-64.5	164.7	117.4	147.1	168.2	464.1	896.8
Of which, share attributable to interest expenses to holders of Additional Tier 1 (AT1) capital	5.9	-	-	5.9	6.1	6.0	1.4	-	13.5
BALANCE SHEET DISCLOSURES									
Total assets	79,432	78,184	1.6	79,432	76,357	79,958	79,832	78,184	76,357
Loans and advances	40,404	35,089	15.1	40,404	38,039	38,223	34,413	35,089	38,039
- Lending, banking activities	33,635	33,642	0.0	33,635	32,630	33,088	32,787	33,642	32,630
- Lending, reverse transactions	5,400	352	-	5,400	4,155	3,923	478	352	4,155
- Lending, leasing activities	1,369	1,095	25.0	1,369	1,254	1,212	1,148	1,095	1,254
Deposits	57,248	55,106	3.9	57,248	58,116	56,986	56,623	55,106	58,116
- Deposits, banking activities	43,802	42,955	2.0	43,802	44,366	44,206	44,098	42,955	44,366
- Deposits, repo transactions	364	0	-	364	370	464	0	0	370
- Deposits in pooled schemes	13,082	12,151	7.7	13,082	13,380	12,316	12,525	12,151	13,380
Subordinated debt	1,092	1,352	-19.2	1,092	1,089	1,154	1,351	1,352	1,089
Holders of Additional Tier 1 (AT1) capital instruments	414	-	-	414	412	406	401	-	412
Shareholders' equity	7,616	7,498	1.6	7,616	7,475	7,362	7,216	7,498	7,475
Contingent liabilities	9,373	9,270	1.1	9,373	9,585	9,426	10,349	9,270	9,585
Total risk exposure	46,943	47,601	-1.4	46,943	46,500	47,507	48,372	47,601	46,500
Core capital (Tier 1)	6,803	6,463	5.3	6,803	6,946	6,865	6,847	6,463	6,946
Impairment account and discount on commitments taken over **)	2,011	2,133	-5.7	2,011	1,998	2,080	2,048	2,133	1,998
Contractual non-performing loans	472	502	-6.0	472	514	672	536	502	514
Business volume	210,442	200,761	4.8	210,442	210,658	205,691	204,144	200,761	210,658

*) In the core earnings format, an amount was reclassified between the items Net interest income, Other operating income and Impairment of loans, advances and receivables, etc., which relates to the share of the discount, recognized as income, on commitments taken over from Sparbank and others; see note 3.

**) Spar Nord's impairment account amounts to DKK 1,861 million (end-2015: DKK 1,837 million) (note 12), and the discount on commitments taken over amounts to DKK 150 million (end-2015: DKK 161 million).

The definition and breakdown of contributions to sector-wide solutions, which have been recognized separately, appear from note 3.

PERFORMANCE INDICATORS AND FINANCIAL RATIOS - THE GROUP

CORE EARNINGS - QUARTERLY

DKK m	Q1 2016	Q1 2015	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Full year 2015
FINANCIAL RATIOS								
Own funds								
Total capital ratio, %	16.6	15.6	16.6	17.0	16.5	16.3	15.6	17.0
Core capital (Tier 1) ratio, %	14.5	13.6	14.5	14.9	14.5	14.2	13.6	14.9
Common Equity (Tier 1) ratio, %	13.8	13.6	13.8	14.4	13.9	13.5	13.6	14.4
Earnings								
Return on equity before tax, excl. Additional Tier 1 (AT1) capital, % *)	2.6	7.3	2.6	1.9	2.5	2.9	7.3	14.6
Return on equity after tax, excl. Additional Tier 1 (AT1) capital, % *)	2.1	6.4	2.1	1.6	2.0	2.3	6.4	12.2
Cost share of core income	0.65	0.42	0.65	0.66	0.59	0.61	0.42	0.55
Cost share of core income, incl. impairment of loans and advances, etc.	0.72	0.51	0.72	0.76	0.69	0.70	0.51	0.65
Return on assets, %	0.2	0.6	0.2	0.2	0.2	0.2	0.6	1.2
Market risk and liquidity								
Interest-rate risk, %	1.1	1.7	1.1	1.8	1.2	0.6	1.7	1.8
Foreign-exchange position, %	3.4	3.5	3.4	3.4	4.0	3.8	3.5	3.4
Foreign-exchange risk, %	0.0	0.1	0.0	0.1	0.1	0.1	0.1	0.1
Excess coverage relative to statutory cash ratio requirement, %	264.0	243.3	264.0	296.1	263.7	268.0	243.3	296.1
Liquidity Coverage Ratio (LCR)	152	-	152	145	158	142	-	145
Credit risk								
Loans and advances plus impairment account and discount hereon rel. to deposits, %	74.0	67.5	74.0	68.8	70.6	64.3	67.5	68.8
Loans and advances rel. to shareholders' equity	5.3	4.7	5.3	5.1	5.2	4.8	4.7	5.1
Increase in loans and advances for the period, %	3.3	-2.1	3.3	-1.2	1.1	-2.3	-2.1	-4.5
Large exposures as % of capital base	17.2	0.0	17.2	16.1	15.9	16.6	0.0	16.1
Impairment ratio, %	0.1	0.2	0.1	0.2	0.1	0.1	0.2	0.6
Employees and branches								
Number of employees (full-time, end of period)	1,551	1,514	1,551	1,538	1,522	1,508	1,514	1,538
Number of branches	70	71	70	70	70	70	71	70
The Spar Nord Share								
DKK per share of DKK 10								
Share price, end of period	63	67	63	61	76	74	67	61
Net asset value (NAV)	61	60	61	60	59	58	60	60
Profit/loss for the period *)	1.3	3.7	1.3	0.9	1.1	1.3	3.7	7.1
Dividend	-	-	-	-	-	-	-	3.0
Extraordinary dividend	-	2.0	-	-	-	-	2.0	2.0
Return	-	-	-	-	-	-	-	11
Price/earnings	-	-	-	-	-	-	-	9

*) Financial ratios have been calculated as if the Additional Tier 1 (AT1) capital were treated as a liability for accounting purposes.

MANAGEMENT'S COMMENTS ON Q1 2016

In Q1 2016, the Spar Nord Group recorded DKK 204 million in pre-tax profits compared with DKK 533 million in Q1 2015 and DKK 145 million in Q4 2015. This performance corresponds to an annualized 10.5% return on equity before tax.

Management finds this performance satisfactory, and accordingly reaffirms its DKK 1.1 billion full-year projection for total core earnings before impairment.

PRESSURE ON NET INTEREST INCOME

Net interest income amounted to DKK 396 million in Q1, which is DKK 56 million, or 12%, down on the same period last year – and DKK 20 million, or 5%, lower than in Q4 2015.

The decline compared with the same period of 2015 is attributable to a downturn in interest income on the Group's bond portfolio. Thus, the bond portfolio accounts for DKK 35 million of the DKK 56 million fall in net interest income in Q1 2016 compared with Q1 2015.

To this should be added that the low interest rate environment and the keen competition on the market put substantial pressure on interest earnings from the general deposit and lending business. At end-Q1 2016, the total interest margin was thus 38 base points lower than at the same time last year. Since 1 January, the interest margin has been reduced by 14 base points.

NET INCOME FROM FEES, CHARGES AND COMMISSIONS AT A SATISFACTORY LEVEL

Net income from fees, charges and commissions ended at DKK 250 million, which is DKK 62 million, or 20%, down on Q1 2015, at which time the activity level in the securities trading area and particularly the mortgage-credit area was unusually high.

Net income from fees, charges and commissions in the amount of DKK 250 million corresponds to an advance of DKK 11 million, or 5%, on Q4 2015. Among other things, the positive trend is attributable to the launching of the bonus programme, Star PLUS, which has contributed to boosting cross-selling.

MARKET-VALUE ADJUSTMENTS SQUEEZED IN A DIFFICULT SHARE AND BOND MARKET

Market-value adjustments and dividends came to DKK 72 million versus DKK 359 million in Q1 2015. Adjusted for the extraordinary income from the sale of the Nørresundby Bank shareholding in Q1 2015, this corresponds to a decline of DKK 61 million, or 46%, which is due particularly to the negative market conditions for both shares and bonds during the first two months of 2016.

OTHER INCOME AT AN UNCHANGED LEVEL

The item, "Other operating income" amounted to DKK 8 million against DKK 10 million during the same period of 2015, and the profit on equity investments in associates and group enterprises ended at DKK 8 million compared with DKK 7 million during the same period last year.

COSTS AND EXPENSES DOWN 2%

The Group's total costs and expenses ended at DKK 475 million, which is DKK 10 million, or 2%, down on the same period of 2015.

Wages and salaries accounted for DKK 279 million of the total expenses. The realized payroll costs came to DKK 3 million, up 1% on Q1 2015, which can be explained by ordinary pay increases under collective agreements combined with lower expenses for adjustment of holiday pay obligations and payroll tax. At end-Q1 2016, the Group had 1,551 employees – 37 more than at the same time in 2015.

Other operating expenses came to DKK 178 million, which is DKK 13 million, or 7%, down on last year's level. The decline is attributable particularly to last year's non-recurring expenses, for instance in connection with the divestment of the Nørresundby Bank shareholding.

As from Q1 2016, contributions will no longer be paid to the Danish Guarantee Fund for Depositors and Investors, but exclusively to the so-called Resolution Fund. Spar Nord's contributions to the latter Fund are included under operating expenses and amounted to DKK 2 million in Q1.

LOAN IMPAIRMENT LOSSES DOWN 44%

Impairment of loans and advances ended at DKK 55 million in Q1 2016 – a level that should be viewed in relation to DKK 98 million in Q1 2015, and DKK 76 million in the last quarter. DKK 55 million in impairment losses corresponds to an impairment ratio of 0.42% p.a. for the year to date.

MANAGEMENT'S COMMENTS ON Q1 2016

The Group's loans, advances and guarantees, by sector

Business sectors, %	Loans, advances and guarantees		Impairment account and discount on exposures taken over
	31.12.2015	31.03.2016	31.03.2016
Agriculture, hunting and forestry	7.0	6.8	42.8
Fisheries	0.2	0.2	0.1
Industry and raw materials extraction	5.1	4.9	2.6
Energy supply	4.0	3.5	0.8
Building and construction	3.1	3.1	3.5
Trade	7.1	7.3	4.4
Transport, hotels and restaurants	3.1	3.2	2.4
Information and communication	0.2	0.2	0.1
Financing and insurance	13.4	15.2	3.6
Real estate	11.3	11.5	15.2
Other business areas	5.1	5.1	3.6
Business customers, total	59.6	61.0	79.1
Public authorities	0.5	0.5	0.0
Retail customers	39.9	38.5	20.9
Total	100.0	100.0	100.0

DKK -3 million of the DKK 55 million profit impact is attributable to retail customers, representing an annualized impairment ratio of -0.06% for this customer category. DKK 3 million relates to business customers, excl. agricultural customers, corresponding to an annualized impairment ratio of 0.04%. The challenges seen in recent quarters continued for agricultural customers, as impairment losses on this customer category amounted to DKK 55 million, equal to 6.25% of the Group's loans, advances and guarantees to agricultural customers.

In light of developments in Q1, including changes in the outlook for agricultural customers, Management still expects annual impairment losses to end at the same level as in 2015.

Agricultural exposures by production line

31.03.2016 DKK m	Loans, advances and guarantees	Non-accrual loans	Of which impaired	Share impaired
Cattle producers	1,097.9	28.9	636.3	58.0
Pig producers	909.4	100.5	567.8	62.4
Plant cultivation	556.4	24.7	91.4	16.4
Mink farmers	94.0	0.0	25.1	26.7
Leasing	303.0	0.0	11.7	3.9
Other production lines	558.9	6.9	35.8	6.4
Total	3,519.6	161.0	1,368.1	38.9

Agricultural exposures by production line

31.03.2016 DKK m/%	Impairment balance	Written off	Impairment for the year	Impairment ratio of exposure	Percentage impaired
Cattle producers	384.5	29.8	32.3	35.0	60.4
Pig producers	384.3	0.2	22.5	42.3	67.7
Plant cultivation	56.2	0.0	-2.0	10.1	61.5
Mink farmers	10.5	0.0	2.4	11.2	42.0
Leasing	5.1	0.0	-0.3	1.7	43.7
Other production lines	20.7	0.0	0.1	3.7	57.8
Total	861.3	30.0	55.0	24.5	63.0

DKK 204 MILLION IN PRE-TAX PROFITS

The pre-tax profits can accordingly be calculated at DKK 204 million compared with DKK 533 million in Q1 2015 and DKK 145 million in Q4 2015.

TAX

The Group's effective tax rate was 19% in Q1 2016, and post-tax profits can thus be calculated at DKK 165 million, equal to a return on equity of 8.5%.

OTHER INFORMATION

TOTAL BUSINESS VOLUME OF DKK 210.4 BILLION

The Group's total business volume (deposits, loans, advances and guarantees, mortgage credits arranged and custody account balances) amounted to DKK 210.4 billion at end-Q1 2016 – DKK 0.2 billion down on the volume at end-2015.

Compared with end-2015, there was an increase in loans and advances of DKK 2.4 billion, of which DKK 1.1 billion is attributable to the banking and leasing activities, and the balance to reverse transactions. DKK 0.5 billion out of the growth in bank and leasing lending is attributable to the acquisition of a portfolio from FIH Erhvervsbank in February.

The volume of mortgage credit arranged has grown DKK 0.5 billion since 1 January, or 1%, to DKK 70.8 billion. In total, the volume of mortgage-credit loans arranged on behalf of retail customers (Totalkredit) amounted to DKK 59.6 billion and to DKK 11.2 billion for business customers (DLR Kredit).

Deposits, banking activities, dropped by DKK 0.6 billion, or 1%, since 1 January, and deposits in pooled schemes were down by DKK 0.3 billion, or 2%.

Finally, customers' custody account balances have declined DKK 0.8 billion, or 2%, since 1 January.

Of total loans, advances and guarantees in the amount of DKK 44.4 billion, 38% is attributable to retail customers and 62% to business customers.

STRONG CAPITAL POSITION

Spar Nord's objective on the capital side is to have a Common Equity Tier 1 (CET1) ratio of 12.0%, a total capital ratio of 15.5% and an excess coverage relative to the statutory requirement of at least 1 percentage point at all times. At end-Q1 2016, the Group's Common Equity Tier 1 (CET1) ratio stood at 13.8%, while the total capital ratio came to 16.6%, which should be viewed in relation to Spar Nord having calculated the individual solvency need at 9.4%. Thus, the Bank has an excess capital coverage of 7.2 percentage points, equal to DKK 3.4 billion.

DKK 150 million has been deducted from the capital statement, equal to the full scope of the share repurchase programme announced in February.

The current capital position would correspond to a Common Equity Tier 1 (CET1) ratio of 13.5%, had CRD IV been fully phased in.

STRATEGIC LIQUIDITY OF DKK 18.0 BILLION

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

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

At the end of Q1 2016, Spar Nord's strategic liquidity amounted to DKK 18.0 billion, down DKK 1.5 billion on end-2015.

The reduced excess coverage is attributable to the growth in lending coupled with a decline in deposits.

Strategic liquidity

	31.03 2016	31.12 2015	30.09 2015	30.06 2015	31.03 2015
DKK bn					
Deposits, banking activities	43.8	44.4	44.2	44.1	43.0
Senior loans/bond issues	0.1	0.0	0.1	0.0	0.0
Shareholders' equity and subordinated debt	9.1	9.0	8.9	9.0	8.9
Generation of cash	53.0	53.4	53.2	53.1	51.9
Lending, banking activities	33.6	32.6	33.1	32.8	33.6
Lending, leasing activities	1.4	1.3	1.2	1.1	1.1
Maturity, senior loans, issued bonds and subord. debt < 1 year	0.0	0.0	0.1	0.3	0.3
Strategic liquidity, total	18.0	19.5	18.8	18.9	16.9

As the table shows, at end-Q1 2016, Spar Nord is still facing a situation where the funding base consists almost exclusively of ordinary customer deposits, while the Bank is independent of funding from the capital markets.

Spar Nord's LCR ratio at end-Q1 2016 was 152%.

Liquidity Coverage Ratio (LCR)

	31.03 2016	31.12 2015	30.09 2015	30.06 2015	31.03 2015
%	152	145	158	142	-

PREPARATIONS FOR THE MIGRATION TO A NEW DATA PROCESSING CENTRE

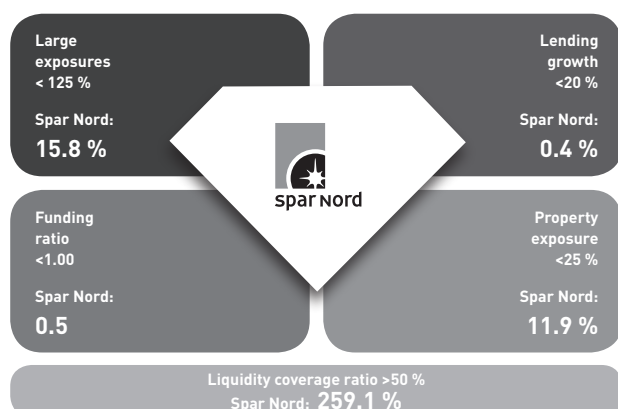
In October 2014, Spar Nord concluded an agreement with the BEC data processing centre regarding future cooperation in the IT area. The migration from Spar Nord's existing SDC platform to the new BEC platform is expected to be completed in May 2016, and preparations are proceeding according to plan.

OTHER INFORMATION

The total migration expenses are still expected to amount to about DKK 40 million, of which DKK 23 million was defrayed in 2015, and DKK 17 million is payable in 2016 (of which DKK 9 million in Q1). As a result of the migration, Spar Nord expects to realize annual savings of some DKK 35 million in 2016 and around DKK 55 million the following years.

The practical preparations mean that Spar Nord will not be able to launch major strategic initiatives dealing with branch structure or administrative processes until the migration to the new platform has been completed. Once the migration process has been completed, the new systems are expected to pave the way for a number of process improvements and thus boost efficiency.

THE SUPERVISORY AUTHORITY DIAMOND TEST MODEL



With reference to the forthcoming new calculation method for the reference point "Large exposures" announced by the Danish Financial Supervisory Authority, with the benchmark for the 20 largest exposures being fixed at 175% of the Common Equity Tier 1 (CET1), the Bank announces that at end-March the Bank's largest exposures amounted to 63.0%.

RISKS

Reference is made to the 2015 Annual Report and to the Group's Risk Report for 2015, which describe the most significant risks and elements of uncertainty that may affect the Group and the Parent Company.

OUTLOOK FOR 2016

The Annual Report for 2015 projected core earnings before impairment to end in the DKK 1.1 billion range for the full year 2016. In light of developments and prospects for the rest of 2016, the Bank repeats this projection.

Impairment of loans and advances for the full year is still expected to be on a par with 2015.

SPAR NORD SHARES HELD BY MEMBERS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

BOARD OF DIRECTORS	At 31.03.2016	At 31.12.2015	EXECUTIVE BOARD	At 31.03.2016	At 31.12.2015
Kjeld Johannesen	40,000	30,000	Lasse Nyby	47,784	47,784
Per Nikolaj Bukh	27,200	27,200	John Lundsgaard	71,113	69,133
Kaj Christiansen	7,800	7,800	Lars Møller	65,460	65,460
Torben Fristrup (retired on 20 April 2016)	38,300	38,300			
Morten Bach Gaardboe (took office on 20 April 2016)	-	-			
Laila Mortensen	0	0			
Ole Skov	7,054	7,054			
Jannie Skovsen	7,404	7,404			
Gitte Holmgaard Sørensen	2,486	2,486			
John Sørensen	5,160	5,160			

The holdings include all shares held by all members of the household.

OVERVIEW OF GROUP COMPANIES

	Share capital, end of period *) DKK m	Shareholders' equity, end of period *) DKK m	Profit/loss *) DKK m	Ownership interest 31.03.2016 %	Ownership interest 31.03.2015 %
Consolidated subsidiaries					
Aktieselskabet Skelagervej 15, Aalborg	27.0	1,508.8	50.6	100.0	100.0
Spar Nord Leasing A/S, Aalborg 1)	-	-	-	-	100.0

1) In Q3 2015, Spar Nord Leasing A/S and Spar Nord Bank A/S merged with accounting effect from 1 January 2015, with Spar Nord Bank A/S as the continuing company.

*) According to the most recent Annual Report.

PERFORMANCE INDICATORS AND FINANCIAL RATIOS - THE GROUP

THE DANISH FINANCIAL SUPERVISORY AUTHORITY'S LAYOUT AND RATIO SYSTEM

DKK m	Q1 2016	Q1 2015	Change in %	Q1 2016	Q1 2015	Q1 2014	Q1 2013	Q1 2012	Full year 2015
INCOME STATEMENT									
Interest income	442.7	531.8	-16.8	442.7	531.8	572.5	737.8	626.6	1,975.8
Interest expenses	40.5	66.3	-38.9	40.5	66.3	138.7	181.1	202.9	200.5
Net interest income	402.2	465.5	-13.6	402.2	465.5	433.8	556.7	423.7	1,775.3
Dividends on shares, etc.	1.2	7.8	-84.6	1.2	7.8	12.2	0.3	1.3	54.9
Fees, charges and commissions received	269.8	330.2	-18.3	269.8	330.2	218.6	208.5	161.2	1,125.9
Fees, charges and commissions paid	19.4	18.3	6.0	19.4	18.3	12.9	11.5	8.0	95.6
Net income from interest, fees, charges and commissions	653.8	785.2	-16.7	653.8	785.2	651.7	754.0	578.2	2,860.5
Market-value adjustments	70.9	351.2	-79.8	70.9	351.2	249.2	77.9	80.8	452.0
Other operating income	7.6	9.7	-21.6	7.6	9.7	16.0	31.0	45.1	47.8
Staff costs and administrative expenses	455.5	467.2	-2.5	455.5	467.2	437.9	440.1	386.2	1,768.2
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	17.1	16.5	3.6	17.1	16.5	18.1	34.3	39.9	65.5
Other operating expenses	2.1	25.3	-91.7	2.1	25.3	23.8	32.9	19.6	107.9
Impairment of loans, advances and receivables, etc.	60.9	111.1	-45.2	60.9	111.1	109.4	194.6	130.6	373.4
Profit/loss on equity investments in associates and group enterprises	7.6	7.4	2.7	7.6	7.4	21.4	31.6	16.2	28.3
Profit/loss before tax	204.3	533.4	-61.7	204.3	533.4	349.1	192.6	144.0	1,073.6
Tax	39.6	69.3	-42.9	39.6	69.3	37.6	43.9	34.2	176.8
Profit/loss	164.7	464.1	-64.5	164.7	464.1	311.5	148.7	109.8	896.8
BALANCE SHEET									
Total assets	79,432	78,184	1.6	79,432	78,184	76,026	78,492	68,355	76,357
Loans and advances	40,404	35,089	15.1	40,404	35,089	35,778	37,998	36,717	38,039
- Lending, banking activities	33,635	33,642	0.0	33,635	33,642	32,987	34,442	29,885	32,630
- Lending, reverse transactions	5,400	352	-	5,400	352	1,030	46	431	4,155
- Lending, leasing activities	1,369	1,095	25.0	1,369	1,095	1,761	3,510	6,401	1,254
Deposits	57,248	55,106	3.9	57,248	55,106	52,292	50,147	37,416	58,116
- Deposits, banking activities	43,802	42,955	2.0	43,802	42,955	42,427	42,700	31,108	44,366
- Deposits, repo transactions	364	0	-	364	0	0	0	0	370
- Deposits in pooled schemes	13,082	12,151	7.7	13,082	12,151	9,865	7,447	6,308	13,380
Subordinated debt	1,092	1,352	-19.2	1,092	1,352	2,992	2,548	1,798	1,089
Shareholders' equity	8,030	7,498	7.1	8,030	7,498	6,854	6,143	5,577	7,887
Contingent liabilities	9,373	9,270	1.1	9,373	9,270	5,312	5,485	3,928	9,585
Total risk exposure	46,943	47,601	-1.4	46,943	47,601	44,672	45,054	40,714	46,500
Core capital (Tier 1)	6,803	6,463	5.3	6,803	6,463	7,738	7,167	6,327	6,946
Impairment of loans, advances and receivables, etc.	1,861	1,868	-0.4	1,861	1,868	1,657	1,475	1,189	1,837
Contractual non-performing loans	472	502	-6.0	472	502	708	1,217	173	514

PERFORMANCE INDICATORS AND FINANCIAL RATIOS - THE GROUP

THE DANISH FINANCIAL SUPERVISORY AUTHORITY'S LAYOUT AND RATIO SYSTEM

DKK m	Q1 2016	Q1 2015	Q1 2016	Q1 2015	Q1 2014	Q1 2013	Q1 2012	Full year 2015
FINANCIAL RATIOS								
Own funds								
Total capital ratio, %	16.6	15.6	16.6	15.6	19.4	16.2	15.5	17.0
Core capital (Tier 1) ratio, %	14.5	13.6	14.5	13.6	17.3	15.9	15.5	14.9
Earnings								
Return on equity before tax, %	2.6	7.3	2.6	7.3	5.2	3.2	2.8	14.4
Return on equity after tax, %	2.1	6.4	2.1	6.4	4.7	2.5	2.2	12.0
Income/cost ratio	1.38	1.86	1.38	1.86	1.59	1.27	1.25	1.46
Return on assets, %	0.2	0.6	0.2	0.6	0.4	0.2	0.2	1.2
Market risk and liquidity								
Interest-rate risk, %	1.1	1.7	1.1	1.7	0.1	-0.2	-0.7	1.8
Foreign-exchange position, %	3.4	3.5	3.4	3.5	2.2	2.3	4.6	3.4
Foreign-exchange risk, %	0.0	0.1	0.0	0.1	0.0	0.0	0.1	0.1
Excess coverage relative to statutory cash ratio requirement, %	264.0	243.3	264.0	243.3	252.6	222.7	201.7	296.1
Liquidity Coverage Ratio (LCR)	152	-	152	-	-	-	-	145
Credit risk								
Loans and advances rel. to deposits, %	70.6	63.7	70.6	63.7	68.4	75.8	98.1	65.5
Loans and advances plus impairment rel. to deposits, %	73.7	67.0	73.7	67.0	71.6	78.7	101.3	68.5
Loans and advances relative to shareholders' equity	5.0	4.7	5.0	4.7	5.2	6.2	6.6	4.8
Increase in loans and advances for the period, %	3.3	-2.1	3.3	-2.1	-3.1	-2.5	-5.1	-4.5
Excess coverage relative to statutory cash ratio requirement, %	17.2	0.0	17.2	0.0	13.4	15.7	0.0	16.1
Large exposures as % of capital base								
Impairment ratio for the period, %	0.1	0.2	0.1	0.2	0.3	0.4	0.3	0.8
THE SPAR NORD SHARE								
DKK per share of DKK 10								
Profit/loss for the period	1.3	3.7	1.3	3.7	2.5	1.2	1.3	7.2
Net asset value (NAV)	61	60	61	60	55	49	49	60
Dividend	-	2.0	-	2.0	-	-	-	5.0
Share price/earnings for the period	48.5	18.1	48.5	18.1	24.0	26.7	18.5	8.5
Share price/NAV	1.0	1.1	1.0	1.1	1.1	0.7	0.5	1.0

MANAGEMENT'S STATEMENT ON THE INTERIM REPORT

The Board of Directors and the Executive Board have today reviewed and adopted the Interim Report of the Spar Nord Bank Group for the period from 1 January to 31 March 2016.

The Interim Financial Statements have not been audited or subjected to a review by the Group's auditor.

The Consolidated Interim Financial Statements are presented in accordance with IAS 34 "Interim Financial Reporting", as adopted by the EU. Moreover, the Interim Report is presented in accordance with additional Danish disclosure requirements regarding interim reports for listed financial institutions.

In our opinion, the Interim Financial Statements give a true and fair view of the Group's financial position at 31 March 2016 and of the results of the Group's operations and cash flows for the period from 1 January to 31 March 2016.

In addition, we also 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, 27 April 2016

EXECUTIVE BOARD



Lasse Nyby
Chief Executive Officer



John Lundsgaard
Managing Director



Lars Møller
Managing Director

BOARD OF DIRECTORS



Kjeld Johannesen
Chairman of the Board of Directors



Per Nikolaj Bukh
Deputy Chairman of the Board of Directors



Kaj Christiansen



Morten Bach Gaardboe



Laila Mortensen



Ole Skov
Elected by the employees



Jannie Skovsen
Elected by the employees



Gitte Holmgaard Sørensen
Elected by the employees



John Sørensen

INCOME STATEMENT - THE GROUP

Note	DKK m	Q1 2016	Q1 2015	Full year 2015
4	Interest income	442.7	531.8	1,975.8
5	Interest expenses	40.5	66.3	200.5
	Net interest income	402.2	465.5	1,775.3
	Dividends on shares, etc.	1.2	7.8	54.9
6+8	Fees, charges and commissions received	269.8	330.2	1,125.9
7+8	Fees, charges and commissions paid	19.4	18.3	95.6
	Net income from interest, fees, charges and commissions	653.8	785.2	2,860.5
9	Market-value adjustments	70.9	351.2	452.0
	Other operating income	7.6	9.7	47.8
10	Staff costs and administrative expenses	455.5	467.2	1,768.2
	Depreciation, amortization and impairment of intangible assets and property, plant and equipment	17.1	16.5	65.5
	Other operating expenses	2.1	25.3	107.9
12	Impairment of loans, advances and receivables, etc.	60.9	111.1	373.4
	Profit/loss on equity investments in associates and group enterprises	7.6	7.4	28.3
	Profit/loss before tax	204.3	533.4	1,073.6
	Tax	39.6	69.3	176.8
	Profit/loss	164.7	464.1	896.8
	Allocated to:			
	The shareholders of the Parent Company, Spar Nord Bank A/S	158.8	464.1	883.3
	Holders of Additional Tier 1 (AT1) capital instruments	5.9	0.0	13.5
	Profit/loss	164.7	464.1	896.8
	EARNINGS PER SHARE			
	Earnings per share (DKK)	1.3	3.7	7.2
	Diluted earnings per share (DKK)	1.3	3.7	7.2
STATEMENT OF COMPREHENSIVE INCOME				
	Profit/loss for the period	164.7	464.1	896.8
	Other comprehensive income			
	Items that cannot be reclassified to the income statement:			
	Net revaluation of corporate properties	0.4	0.4	6.9
	Other capital movements in associates	0.0	-1.1	-0.8
	Other comprehensive income after tax	0.4	-0.7	6.1
	Comprehensive income, total	165.1	463.4	902.9
	Allocated to:			
	The shareholders of the Parent Company, Spar Nord Bank A/S	159.2	464.1	889.4
	Holders of Additional Tier 1 (AT1) capital instruments	5.9	0.0	13.5
	Comprehensive income, total	165.1	464.1	902.9

BALANCE SHEET - THE GROUP

Note	DKK m	31.03.2016	31.03.2015	Full year 2015
ASSETS				
	Cash balances and demand deposits with central banks	999.4	2,253.0	610.4
11	Receivables from credit institutions and central banks	3,692.7	3,728.9	2,741.3
	Lending, banking activities	33,634.8	33,642.6	32,630.5
	Lending, reverse transactions	5,400.2	352.1	4,155.1
	Lending, leasing activities	1,368.7	1,094.6	1,253.7
	Loans, advances and other receivables at amortized cost, total	40,403.7	35,089.3	38,039.3
	Bonds at fair value	15,616.5	18,596.8	16,053.6
	Shares, etc.	1,762.3	1,554.2	1,658.3
	Equity investments in associates	103.9	80.2	82.4
	Assets linked to pooled schemes	13,081.9	12,150.7	13,380.0
	Intangible assets	210.4	220.8	214.5
	Investment properties	145.6	155.4	144.6
	Corporate properties	542.9	534.7	547.0
	Land and buildings, total	688.5	690.1	691.6
	Other property, plant and equipment	94.8	111.0	99.6
	Current tax assets	90.3	240.3	91.0
	Deferred tax assets	3.6	16.9	6.0
	Temporary assets	27.3	31.1	27.4
13	Other assets	2,527.0	3,142.7	2,483.7
	Prepayments	130.2	278.2	178.1
	Total assets	79,432.5	78,184.2	76,357.2
SHAREHOLDERS' EQUITY AND LIABILITIES				
LIABILITIES OTHER THAN PROVISIONS				
	Payables to credit institutions and central banks	7,285.0	7,704.0	3,739.5
14	Deposits and other payables	44,165.8	42,955.3	44,736.3
	Deposits in pooled schemes	13,081.9	12,150.7	13,380.0
	Other non-derivative financial liabilities at fair value	1,593.9	1,528.5	1,219.7
15	Other liabilities	3,956.8	4,776.7	4,081.4
	Deferred income	22.7	18.6	25.7
	Total liabilities other than provisions	70,106.1	69,133.8	67,182.6
PROVISIONS FOR LIABILITIES				
	Provisions for deferred tax	122.8	125.6	122.8
	Provisions for losses on guarantees	59.0	42.0	42.9
	Other provisions	22.9	32.1	33.1
	Total provisions	204.7	199.7	198.8
SUBORDINATED DEBT				
16	Subordinated debt	1,091.7	1,352.3	1,088.8
	Total liabilities	71,402.5	70,685.8	68,470.2
SHAREHOLDERS' EQUITY				
	Share capital	1,255.3	1,255.3	1,255.3
	Revaluation reserves	96.7	89.8	96.3
	Statutory reserves	30.7	0.0	23.2
	Proposed dividend	376.6	451.9	376.6
	Retained earnings	5,856.3	5,701.4	5,723.3
	Shareholders' equity	7,615.6	7,498.4	7,474.7
	Holders of Additional Tier 1 (AT1) capital instruments	414.4	0.0	412.3
	Total shareholders' equity	8,030.0	7,498.4	7,887.0
	Total shareholders' equity and liabilities	79,432.5	78,184.2	76,357.2
OFF-BALANCE-SHEET ITEMS				
17	Contingent assets	5.2	6.1	5.2
18	Contingent liabilities	9,373.3	9,270.4	9,585.2
19	Other obligating agreements	490.6	701.7	540.5

STATEMENT OF CHANGES IN EQUITY - THE GROUP

The shareholders of the Parent Company, Spar Nord Bank A/S

DKK m	Share capital	Revaluation reserve	Statutory reserves	Proposed dividend	Retained earnings	Total	Additional Tier 1 (AT1) capital *)	Total
SHAREHOLDERS' EQUITY Q1 2016								
Shareholders' equity 01.01.2016	1,255.3	96.3	23.2	376.6	5,723.3	7,474.7	412.3	7,887.0
Changes in equity in Q1 2016:								
Comprehensive income in 2016								
Profit/loss for the period	-	-	7.5	-	151.3	158.8	5.9	164.7
Other comprehensive income								
Net revaluation of corporate properties	-	0.4	-	-	-	0.4	-	0.4
Other comprehensive income, total	-	0.4	-	-	-	0.4	-	0.4
Total comprehensive income for the period	-	0.4	7.5	-	151.3	159.2	5.9	165.1
Transactions with owners								
Disposal upon acquisition of treasury shares and Additional Tier 1 (AT1) capital	-	-	-	-	-134.3	-134.3	-3.8	-138.1
Addition upon sale of treasury shares and Additional Tier 1 (AT1) capital	-	-	-	-	114.7	114.7	-	114.7
Tax	-	-	-	-	1.3	1.3	-	1.3
Transactions with owners, total	-	-	-	-	-18.3	-18.3	-3.8	-22.1
Shareholders' equity 31.03.2016	1,255.3	96.7	30.7	376.6	5,856.3	7,615.6	414.4	8,030.0
SHAREHOLDERS' EQUITY Q1 2015								
Shareholders' equity 01.01.2015	1,255.3	89.4	571.4	200.8	4,916.1	7,033.0	0.0	7,033.0
Changes in equity in Q1 2015:								
Comprehensive income in 2015								
Profit/loss for the period	-	-	7.5	251.1	205.5	464.1	-	464.1
Other comprehensive income								
Net revaluation of corporate properties	-	0.4	-	-	-	0.4	-	0.4
Other capital movements in associates and group enterprises	-	-	-1.2	-	0.1	-1.1	-	-1.1
Other comprehensive income, total	-	0.4	-1.2	-	0.1	-0.7	-	-0.7
Total comprehensive income for the period	-	0.4	6.3	251.1	205.6	463.4	-	463.4
Transactions with owners								
Disposal upon acquisition of treasury shares	-	-	-	-	-138.2	-138.2	-	-138.2
Addition upon sale of treasury shares	-	-	-	-	140.2	140.2	-	140.2
Dividends received from associates recognized at net asset value	-	-	-845.9	-	845.9	0.0	-	0.0
Dissolution of revaluation reserves, associates	-	-	268.2	-	-268.2	0.0	-	0.0
Transactions with owners, total	-	-	-577.7	-	579.7	2.0	-	2.0
Shareholders' equity 31.03.2015	1,255.3	89.8	0.0	451.9	5,701.4	7,498.4	0.0	7,498.4

The share capital consists of 125,529,918 shares in the denomination of DKK 10.

Q1 2016 Q1 2015 Full year 2015

TREASURY SHARE PORTFOLIO

Number of shares	478,751	129,174	139,401
Percentage of share capital	0.4	0.1	0.1

The Group has launched a share repurchase programme worth DKK 150 million, to be implemented in the period from mid-February to end-2016. At end-March 2016, the Group had repurchased 384,931 shares worth DKK 22 million.

*) The Additional Tier 1 (AT1) capital has a perpetual term, with voluntary payment of interest and repayments of principal, for which reason it is treated as shareholders' equity for accounting purposes. On 10 June 2015, Spar Nord issued bonds for DKK 400 million, with an option for early redemption as from 10 June 2020. Interest is paid on the loan at the rate of 6.052% p.a. until 10 June 2020, after which date interest will be fixed at CIBOR6 + a 5.4% margin. If Spar Nord's Common Equity Tier 1 (CET1) ratio falls below 5 1/8%, the loan will be written down. The loan can be written up again based on the rules laid down in CRR.

CASH FLOW STATEMENT - THE GROUP

DKK m	Q1 2016	Q1 2015	Full year 2015
OPERATIONS			
Profit/loss before tax	204.3	533.4	1,073.6
Fair-value changes, investment properties and temporary assets	0.2	0.0	4.0
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	17.1	16.5	65.5
Gains and losses on the sale of intangible assets and property, plant and equipment	-0.1	0.0	0.2
Adjustment of impairment of loans and advances, etc.	24.7	12.5	-19.0
Provisions for liabilities	5.9	3.0	5.0
Profit/loss on equity investments in associates and group enterprises	-7.6	-7.4	-28.3
Corporate income tax paid	-36.4	-214.5	-153.6
Operations, total	208.1	343.5	947.4
WORKING CAPITAL			
Movement in credit institutions and central banks, net	3,520.3	-2,687.7	-6,598.5
Movement in loans, advances and other receivables at amortized cost	-1,839.6	845.7	-2,072.7
Movement in bonds at fair value	437.2	1,637.2	4,180.4
Movement in equity portfolio	-104.0	-137.3	-241.5
Movement in issued bonds at amortized cost	0.0	-22.6	-22.6
Movement in other assets and other liabilities, net	250.7	-242.1	-484.4
Movement in deposits and other payables	-570.5	719.5	2,500.5
Working capital, total	1,694.1	112.7	-2,738.8
Cash generated from operations, total	1,902.2	456.2	-1,791.4
INVESTMENTS			
Acquisition of activities from FIH Erhvervsbank	-549.5	0.0	0.0
Acquisition of associates and group enterprises	-14.0	0.0	-0.1
Sale of associates and group enterprises	-54.2	75.7	22.2
Acquisition of intangible assets	0.0	-0.2	-6.0
Sale of intangible assets	0.0	0.0	0.0
Acquisition of property, plant and equipment	-7.6	-8.3	-50.5
Sale of property, plant and equipment	4.6	10.1	28.6
Dividends from associates and group enterprises	0.0	846.0	864.3
Investments, total	-620.7	923.3	858.5
FINANCING			
Subordinated debt	54.2	-356.0	-619.5
Additional Tier 1 (AT1) capital recognized in shareholders' equity	2.9	0.0	395.9
Dividends paid, excluding dividends on treasury shares	-3.8	0.0	-451.6
Acquisition of treasury shares	114.7	140.2	-636.3
Sale of treasury shares	-134.3	-138.2	639.2
Financing, total	33.7	-354.0	-672.3
Movements in cash and cash equivalents for the period	1,315.2	1,025.5	-1,605.2
Cash and cash equivalents, beginning of period	3,295.2	4,900.4	4,900.4
Movements in cash and cash equivalents for the period	1,315.2	1,025.5	-1,605.2
Cash and cash equivalents, end of period	4,610.4	5,925.9	3,295.2
Cash and cash equivalents, end of period			
Cash, cash equivalents and demand deposits with central banks	999.4	2,253.0	610.4
Receivables from credit institutions and central banks with less than 3 mths to maturity	3,611.0	3,672.9	2,684.8
Total	4,610.4	5,925.9	3,295.2

Note

1 ACCOUNTING POLICIES

The Interim Financial Statements of the Spar Nord Group covering the period from 1 January to 31 March 2016 have been prepared in accordance with IAS 34, "Interim Financial Reporting", as adopted by the EU, and additional Danish disclosure requirements for interim reports of listed financial institutions.

Apart from the changes set out below, the accounting policies have been applied consistently with those adopted in the 2015 Annual Report, which contains the complete wording of the accounting policies applied.

Changed accounting policies

Spar Nord has implemented the standards and interpretations that entered into force in the EU as from 2016.

The implementation of the above-mentioned new standards and interpretations has not materially affected recognition and measurement.

2 ACCOUNTING ESTIMATES

The measurement of certain assets and liabilities requires Management to estimate how future events will impact on the value of such assets and liabilities. Estimates of significance to the financial reporting are made in connection with determining the impairment of loans and advances, the fair value of unlisted financial instruments, provisions, etc. Estimates are based on assumptions that Management considers appropriate but which are uncertain by their nature.

The most significant estimates that Management makes in applying the Group's accounting policies and the most important uncertainty affecting estimates made when preparing the condensed Interim Financial Statements are unchanged from the estimates made in connection with the preparation of the Financial Statements at 31 December 2015 and the uncertainties prevailing at that time.

NOTES - THE GROUP

Note	DKK m	Spar Nord's Local Banks	Trading, Financial Markets & the International Division	Other areas	Core earnings *)	Reclassifications and Other items after core earnings **)	The Group, total
3 BUSINESS SEGMENTS - Q1 2016							
INCOME STATEMENT							
		365.5	13.9	16.4	395.8	6.4	402.2
		249.9	1.3	-0.8	250.4	0.0	250.4
		36.2	26.4	9.5	72.1	0.0	72.1
		3.3	0.1	4.2	7.6	0.0	7.6
		0.0	0.0	7.6	7.6	0.0	7.6
		654.9	41.7	36.9	733.5	6.4	739.9
		375.5	11.6	87.6	474.7	0.0	474.7
		279.4	30.1	-50.7	258.8	6.4	265.2
		55.5	0.0	-1.0	54.5	6.4	60.9
		223.9	30.1	-49.7	204.3	0.0	204.3

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

***) The relation to the Group is specified in the column Reclassifications and Other items after core earnings. Reclassifications have impacted the items Net interest income and Impairment of loans, advances and receivables, etc. with an amount of DKK 6.4 million.

NOTES - THE GROUP

Note	DKK m	Spar Nord's Local Banks	Trading, Financial Markets & the International Division	Other areas	The Group, total
3 BUSINESS SEGMENTS - Q1 2016 (CONTINUED)					
BALANCE SHEET					
	Loans, advances and other receivables at amortized cost	35,005.4	5,438.2	-39.9	40,403.7
	Equity investments in associates and group enterprises	0.0	0.0	103.9	103.9
	Intangible assets and property, plant and equipment *)	228.3	0.4	765.0	993.7
	Miscellaneous assets **)	14,891.4	21,458.5	1,581.3	37,931.2
	Total allocated assets	50,125.1	26,897.1	2,410.3	79,432.5
	Deposits and other payables	43,880.9	1,002.0	-717.1	44,165.8
	Shareholders' equity (allocated capital)	4,112.1	717.4	3,200.5	8,030.0
	Miscellaneous liabilities	13,251.2	7,234.3	6,751.2	27,236.7
	Total allocated shareholders' equity and liabilities	61,244.2	8,953.7	9,234.6	79,432.5
DISCLOSURES - TOTAL INCOME/REVENUE					
	Internal income/revenue	-26.9	11.3	161.3	145.7
	Internal income and eliminations offset against costs	0.0	-12.7	-133.0	-145.7
	Income/revenue, external customers	681.8	43.1	15.0	739.9
	Income/revenue, total	654.9	41.7	43.3	739.9
FINANCIAL RATIOS					
	Return on equity % ***)	22.1	16.4	-	-
	Cost share of core income	0.57	0.28	-	-
	Total risk exposure, end of period	35,960	5,463	5,520	46,943
	Number of employees (full-time, end of period)	1,110	64	377	1,551

As in previous years, the Group uses core earnings as its profit target.

The reporting segments correspond to the Group's organizational units, and an internal follow-up is carried on in this regard.

Description of the activities of the business areas:

- For a description of the activities of Spar Nord's Local Banks and Trading, Financial Markets & the International Division, please see the 2015 Annual Report, p. 58.
- The activities of the Local Banks include the Group's leasing activities, and the activities of Other areas include Corporate Coordination & Support and Staff Functions, which are the Group's support functions.

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

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

*) All assets are located in Denmark.

**) Temporary assets amount to DKK 27.3 million, of which DKK 3.0 million relates to the Group's leasing activities and DKK 24.3 million relates to Other areas.

***) The rate of return on equity p.a. has been calculated on allocated capital, which amounts to 12% of the average total risk exposure.

NOTES - THE GROUP

Note	DKK m	Spar Nord's Local Banks	Trading, Financial Markets & the International Division	Other areas	Core earnings *)	Reclassifications and Other items after core earnings **)	The Group, total
3 BUSINESS SEGMENTS - Q1 2015							
INCOME STATEMENT							
		387.9	49.3	14.8	452.0	13.5	465.5
		302.8	7.1	2.0	311.9	0.0	311.9
		29.1	100.5	229.4	359.0	0.0	359.0
		6.7	0.1	2.9	9.7	0.0	9.7
		0.0	0.0	7.4	7.4	0.0	7.4
		726.5	157.0	256.5	1,140.0	13.5	1,153.5
		398.3	9.4	76.6	484.3	24.7	509.0
		328.2	147.6	179.9	655.7	-11.2	644.5
		98.1	0.0	-0.5	97.6	13.5	111.1
		230.1	147.6	180.4	558.1	-24.7	533.4
		-	-	-24.7	-24.7	24.7	0.0
		230.1	147.6	155.7	533.4	0.0	533.4

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

**) The relation to the Group is specified in the column Reclassifications and Other items after core earnings. Reclassifications and Other items after core earnings of DKK -24.7 million consist of Contributions to sector-wide solutions. Reclassifications have impacted the items Net interest income and Impairment of loans, advances and receivables, etc. with an amount of DKK 13.5 million.

NOTES - THE GROUP

Note	DKK m	Spar Nord's Local Banks	Trading, Financial Markets & the International Division	Other areas	The Group, total
3 BUSINESS SEGMENTS - Q1 2015 (CONTINUED)					
BALANCE SHEET					
	Loans, advances and other receivables at amortized cost	34,767.2	443.8	-121.7	35,089.3
	Equity investments in associates and group enterprises	0.0	0.0	80.2	80.2
	Intangible assets and property, plant and equipment *)	267.2	0.7	754.0	1,021.9
	Miscellaneous assets **)	12,326.1	25,651.5	4,015.2	41,992.8
	Total allocated assets	47,360.5	26,096.0	4,727.7	78,184.2
	Deposits and other payables	42,815.0	776.0	-635.7	42,955.3
	Shareholders' equity (allocated capital)	4,268.2	848.4	2,381.8	7,498.4
	Miscellaneous liabilities	11,608.8	7,624.5	8,497.2	27,730.5
	Total allocated shareholders' equity and liabilities	58,692.0	9,248.9	10,243.3	78,184.2
DISCLOSURES - TOTAL INCOME/REVENUE					
	Internal income/revenue	-29.9	18.2	155.1	143.4
	Internal income and eliminations offset against costs	0.0	-15.7	-127.7	-143.4
	Income/revenue, external customers	756.4	154.5	242.6	1,153.5
	Income/revenue, total	726.5	157.0	270.0	1,153.5
FINANCIAL RATIOS					
	Return on equity, % ***)	20.5	86.9	-	-
	Cost share of core income	0.55	0.06	-	-
	Total risk exposure, end of period	35,568	7,070	4,963	47,601
	Number of employees (full-time, end of period)	1,099	67	348	1,514

As in previous years, the Group uses core earnings as its profit target.

The reporting segments correspond to the Group's organizational units, and an internal follow-up is carried on in this regard.

DESCRIPTION OF THE ACTIVITIES OF THE BUSINESS AREAS:

- For a description of the activities of Spar Nord's Local Banks and Trading, Financial Markets & the International Division, please see the 2015 Annual Report, p. 58.
- The activities of the Local Banks include leasing activities, and the activities of Other areas include Corporate Coordination & Support and Staff Functions, which are the Group's support functions.
- Earnings from investment portfolios, etc. consist of earnings from the Bank's trading portfolio, Erhvervsinvest Nord A/S and companies from which investment in unlisted shares is carried on.

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

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

*) All assets are located in Denmark.

**) Temporary assets amount to DKK 31.1 million, of which DKK 3.6 million relates to leasing activities and DKK 27.5 million relates to Other areas.

***) The rate of return on equity p.a. has been calculated on allocated capital, which amounts to 12% of the average total risk exposure.

NOTES - THE GROUP

Note	DKK m	Q1 2016	Q1 2015	Full year 2015
4	INTEREST INCOME			
	Receivables from credit institutions and central banks	1.2	1.3	6.4
	Loans, advances and other receivables	419.0	468.6	1,798.4
	Bonds	33.0	67.9	195.6
	Foreign-exchange contracts	1.0	-9.0	-22.9
	Interest-rate contracts	-17.9	-11.1	-51.8
	Derivative instruments, total	-16.9	-20.1	-74.7
	Other interest income	6.4	14.1	50.1
	Total interest income	442.7	531.8	1,975.8
	<i>Of which, income from genuine purchase and resale transactions booked under</i>			
	Receivables from credit institutions and central banks	-2.5	-3.4	-14.9
	Loans, advances and other receivables	-2.6	-0.1	-3.7
5	INTEREST EXPENSES			
	Credit institutions and central banks	-1.0	-2.7	-10.7
	Deposits and other payables	28.5	47.9	142.8
	Subordinated debt	13.0	21.1	67.8
	Other interest expenses	0.0	0.0	0.6
	Total interest expenses	40.5	66.3	200.5
	<i>Of which, interest expenses from genuine sale and repo transactions booked under</i>			
	Payables to credit institutions and central banks	2.3	3.9	16.9
	Deposits and other payables	0.1	0.0	0.2
6	FEES, CHARGES AND COMMISSIONS RECEIVED			
	Securities trading and custody accounts	34.3	60.4	209.5
	Asset management	54.9	62.5	241.3
	Payment services	22.4	20.9	90.2
	Loan transaction fees	105.4	140.8	485.1
	- of which, mortgage-credit institutions	75.6	79.9	310.4
	Guarantee commissions	7.9	8.6	31.9
	Other fees, charges and commissions	44.9	37.0	67.9
	Total fees, charges and commissions received	269.8	330.2	1,125.9
7	FEES, CHARGES AND COMMISSIONS PAID			
	Securities trading and custody accounts	4.1	4.7	31.7
	Asset management	0.1	0.1	0.3
	Guarantee commissions	0.0	0.0	0.4
	Other fees, charges and commissions	15.2	13.5	63.2
	Total fees, charges and commissions paid	19.4	18.3	95.6
8	NET FEES, CHARGES AND COMMISSIONS RECEIVED			
	Securities trading and custody accounts	30.2	55.7	177.8
	Asset management	54.8	62.4	241.0
	Payment services	22.4	20.9	90.2
	Loan transaction fees	105.4	140.8	485.1
	- of which, mortgage-credit institutions	75.6	79.9	310.4
	Guarantee commissions	7.9	8.6	31.5
	Other fees, charges and commissions	29.7	23.5	4.7
	Total net fees, charges and commissions received	250.4	311.9	1,030.3
9	MARKET-VALUE ADJUSTMENTS			
	Other loans, advances and receivables at fair value	-0.9	0.3	0.1
	Bonds	37.2	73.6	-68.1
	Shares, etc.	38.6	265.3	355.1
	Currency	-24.2	153.9	113.9
	Foreign-exchange, interest, share, commodity and other contracts and derivative instruments	19.9	-143.9	44.2
	Assets linked to pooled schemes	-466.5	1,048.7	1,107.4
	Deposits in pooled schemes	466.5	-1,048.7	-1,107.4
	Market-value adjustments	0.2	0.0	0.0
	Miscellaneous commitments	0.1	2.0	6.8
	Total market-value adjustments	70.9	351.2	452.0

NOTES - THE GROUP

Note	DKK m	Q1 2016	Q1 2015	Full year 2015
10	STAFF COSTS AND ADMINISTRATIVE EXPENSES			
	Staff costs	279.3	276.8	1,098.2
	Administrative expenses	176.2	190.4	670.0
	Total staff costs and administrative expenses	455.5	467.2	1,768.2
	<i>Staff costs</i>			
	Salaries	231.3	225.4	876.0
	Share-based payment	-	-	-
	Pensions	25.8	24.8	98.8
	Social security costs	22.2	26.6	123.4
	Total staff costs	279.3	276.8	1,098.2
	<i>Of which, remuneration to present and previous members of the Executive Board and Board of Directors amounts to:</i>			
	<i>Board of Directors</i>			
	Number	9	10	9
	Fixed pay	0.8	0.8	3.1
	Pension	-	-	-
	Total remuneration	0.8	0.8	3.1
	<i>Executive Board</i>			
	Number	3	4	3
	Base salary	2.5	3.3	10.4
	- less fees received from directorships	0.1	0.3	1.3
	The Bank's expense, base salary	2.4	3.0	9.1
	Pension, ordinary contribution	0.4	0.5	1.6
	Total remuneration earned and paid	2.8	3.5	10.7
	<i>Breakdown of remuneration to Executive Board</i>			
	Lasse Nyby *)			
	Base salary	0.9	0.9	3.8
	- less fees received from directorships	0.0	0.2	0.5
	The Bank's expense, base salary	0.9	0.7	3.3
	Pension, ordinary contribution	0.2	0.2	0.6
	Total remuneration earned and paid	1.1	0.9	3.9
	John Lundsgaard			
	Base salary	0.8	0.8	3.4
	- less fees received from directorships	0.0	0.0	0.2
	The Bank's expense, base salary	0.8	0.8	3.2
	Pension, ordinary contribution	0.1	0.1	0.5
	Total remuneration earned and paid	0.9	0.9	3.7
	Lars Møller *)			
	Base salary	0.8	0.8	3.2
	- less fees received from directorships	0.1	0.1	0.6
	The Bank's expense, base salary	0.7	0.7	2.6
	Pension, ordinary contribution	0.1	0.1	0.5
	Total remuneration earned and paid	0.8	0.8	3.1
	Bent Jensen			
	Base salary	-	0.8 *)	-
	- less fees received from directorships	-	0.0	-
	The Bank's expense, base salary	-	0.8	-
	Pension, ordinary contribution	-	0.1	-
	Total remuneration earned and paid	-	0.9	-
	Bent Jensen stepped down from his position on 20 May 2015. (The expense in 2015 amounted to DKK 12.5 million, of which remuneration accounted for DKK 11.9 million). Provisions for later payment represented DKK 7.5 million at 31 March 2016 (end-2015: DKK 8.5 million). DKK 1.0 million was paid in Q1 2016 (2015: DKK 4.0 million), of which remuneration accounted for DKK 0.8 million (2015: DKK 3.6 million).			
	*) To which must be added employer-paid car.			
	Termination rules: The members of the Executive Board have a term of notice of 12 months and will receive compensation on termination of employment corresponding to two years' pay.			
	Pension obligation: Like the other employees, members of the Executive Board are comprised by defined-contribution pension plans.			
	Incentive scheme: No new share-option schemes were established for any of the Bank's staff groups.			
	Number of employees: The average number of employees in terms of full-time employees	1,545.4	1,510.1	1,518.0

NOTES - THE GROUP

Note	DKK m	Q1 2016	Q1 2015	Full year 2015
	<i>Administrative expenses:</i>			
	IT expenses	91.7	85.6	338.6
	Marketing costs	25.1	26.0	95.0
	Cost of premises	20.1	21.6	83.8
	Staff and travelling expenses	15.3	15.6	54.2
	Office expenses	8.1	9.6	30.6
	Other administrative expenses	15.9	32.0	67.8
	Total administrative expenses	176.2	190.4	670.0
11	RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS			
	Receivables from central banks, subject to notice	450.0	0.0	0.0
	Receivables from credit institutions	3,242.7	3,728.9	2,741.3
	Total receivables from credit institutions and central banks	3,692.7	3,728.9	2,741.3
12	IMPAIRMENT ACCOUNT			
	<i>Individual impairment of loans and advances</i>			
	Individual impairment, beginning of period	1,645.6	1,648.5	1,648.5
	New individual impairment	145.9	165.5	623.0
	Reversal of individual impairment losses	90.1	78.6	334.6
	Previously written down, now definitively lost	64.2	95.9	374.7
	Interest on impaired loans and advances taken to income	18.8	20.9	83.4
	Individual impairment, end of period	1,656.0	1,660.4	1,645.6
	<i>Groups of impairment losses, loans and advances</i>			
	Groups of impairment losses, beginning of period	137.5	162.6	162.6
	New groups of impairment losses	3.8	4.1	9.6
	Reversal of groups of impairment losses	5.7	1.7	34.7
	Groups of impairment losses, end of period	135.6	165.0	137.5
	<i>Total impairment of loans and advances</i>			
	Impairment, beginning of period	1,783.1	1,811.1	1,811.1
	New impairment	149.7	169.6	632.6
	Reversal of impairment losses	95.8	80.3	369.3
	Previously written down, now definitively lost	64.2	95.9	374.7
	Interest on impaired loans and advances taken to income	18.8	20.9	83.4
	Impairment, end of period	1,791.6	1,825.4	1,783.1
	<i>Impairment recognized in the income statement</i>			
	New impairment	149.7	169.6	632.6
	Reversal of impairment losses	95.8	80.3	369.3
	Losses without prior impairment	13.6	36.7	168.3
	Carried to income, previously written off	22.7	13.2	67.2
	Recognized in the income statement	44.8	112.8	364.4
	<i>Provisions for losses on guarantees</i>			
	Provisions, beginning of period	42.9	33.9	33.9
	New provisions	16.5	3.7	22.6
	Reversal of provisions	0.4	5.4	13.6
	Provisions for losses on guarantees, end of period	59.0	32.2	42.9
	<i>Provisions for losses on guarantees recognized in the income statement</i>			
	New provisions	16.5	3.7	22.6
	Reversal of provisions	0.4	5.4	13.6
	Recognized in the income statement	16.1	-1.7	9.0
	Impairment account for loans, advances and provisions for losses on guarantees, total	1,850.6	1,857.6	1,826.0
	<i>Impairment, other credit risks</i>			
	Impairment, other credit risks, beginning of period	10.5	10.5	10.5
	Impairment, other credit risks, total	10.5	10.5	10.5
	Impairment account for loans, advances, provisions for losses on guarantees and other credit risks, total	1,861.1	1,868.1	1,836.5
	Impairment of loans, advances and receivables, etc.			
	<i>The total recognition in the income statement under impairment of loans, advances and receivables, etc. can be broken down as follows:</i>			
	Impairment of loans, advances and receivables, etc.	44.8	112.8	364.4
	Provisions for losses on guarantees	16.1	-1.7	9.0
	Total impairment of loans, advances and receivables, etc.	60.9	111.1	373.4
	Non-performing loans	239.1	284.7	281.3
	<i>Interest on impaired receivables is calculated on the impaired balance only</i>			
	Interest on impaired loans and advances taken to income	18.8	20.9	83.4

NOTES - THE GROUP

Note	DKK m	Q1 2016	Q1 2015	Full year 2015				
13 OTHER ASSETS								
Positive fair value of derivative instruments, etc.		1,503.1	2,117.8	1,423.6				
Miscellaneous receivables		373.3	380.9	420.7				
Interest and commissions receivable		241.0	252.5	250.3				
Capital contribution to Foreningen Bankernes EDB Central ("BEC")		316.0	316.0	316.0				
Miscellaneous assets		93.6	75.5	73.1				
Other assets, total		2,527.0	3,142.7	2,483.7				
14 DEPOSITS AND OTHER PAYABLES								
Demand deposits		35,520.0	32,228.5	36,807.4				
Subject to notice		2,934.8	4,311.5	2,111.8				
Time deposits		2,066.9	2,399.9	2,104.0				
Special types of deposit		3,644.1	4,015.4	3,713.1				
Deposits and other payables, total		44,165.8	42,955.3	44,736.3				
15 OTHER LIABILITIES								
Miscellaneous payables		2,128.4	2,040.4	2,234.5				
Negative fair value of derivative instruments, etc.		1,340.7	2,241.8	1,476.5				
Interest and commissions payable		60.6	70.2	45.1				
Miscellaneous liabilities		427.1	424.3	325.3				
Other liabilities, total		3,956.8	4,776.7	4,081.4				
16 SUBORDINATED DEBT								
Currency	Note	Principal (DKK m)	Interest rate	Received	Maturity			
DKK	a	58.0	8.000%	2010	25.11.2020	-	57.9	-
DKK	b	400.0	6.043%	2012	28.11.2022	404.6	405.8	404.5
DKK	c	700.0	3.837%	2013	18.12.2023	697.8	697.0	697.6
Tier 2 capital (T2) contributions, total						1,102.4	1,160.7	1,102.1
Additional Tier 1 (AT1) capital								
DKK	d	200.0	4.804%	2005	Perpetual	-	202.9	-
Portfolio of own bonds relating to subordinated debt						-10.7	-11.3	-13.3
Subordinated debt, total						1,091.7	1,352.3	1,088.8
Interest on subordinated debt						12.6	20.6	66.0
Costs of raising subordinated debt						0.4	0.5	1.8
a. Redeemed on 25.11.2015.								
b. Redeemable as from 28.11.2017, after which date interest is fixed at CIBOR3 + a 5.00% margin.								
c. Redeemable as from 18.12.2018.								
d. Redeemed on 09.09.2015.								
17 CONTINGENT ASSETS								
Deferred tax assets not recognized in the balance sheet amounted to DKK 5.2 million at end-Q1 2016 (end-Q1 2015: DKK 6.1 million; end-2015: DKK 5.2 million).								

Note	DKK m	Q1 2016	Q1 2015	Full year 2015
18	CONTINGENT LIABILITIES			
	The Bank and all major wholly-owned subsidiaries are jointly registered for payroll tax and VAT and are jointly and severally liable for the payroll tax and VAT payable.			
	Financial guarantees	3,508.3	2,759.0	3,456.4
	Loss guarantees for mortgage-credit loans	4,203.1	2,843.9	3,978.4
	Registration and refinancing guarantees	1,032.3	3,106.7	1,514.8
	Other contingent liabilities	629.6	560.8	635.6
	Total contingent liabilities	9,373.3	9,270.4	9,585.2
	Reference is made to note 10 regarding the Executive Board's notice of termination and the associated compensation. In addition, the Spar Nord Group has contingent liabilities and other obligating agreements corresponding to the relative ownership interest in associates.			
	Spar Nord is taxed jointly with other Danish and foreign subsidiaries in the Spar Nord Group. As the management company, Spar Nord has unlimited, joint and several liability together with the other jointly taxed companies for the Danish corporate income tax payable. Due to the payment of tax on account, no tax was payable at end-Q1 2016, end-Q1 2015 and end-2015. The corporate income taxes receivable within the group of jointly taxed companies amounted to DKK 90.3 million at end-Q1 2016 (end-Q1 2015: DKK 240.3 million; end-2015: DKK 91.0 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 the retaxation balance 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 contributions to the Guarantee Fund are calculated based on the Bank's pro-rata share. In future, 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 contributions to 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.			
	No contributions are payable by the Bank to the Guarantee Fund for 2016. The Bank's contributions to the Resolution Fund for 2016 have been included as a pro-rata share of the annual contributions and are within the expected level.			
	Uncertainty attaches to the amount of the contingent liabilities and the possible due dates.			
19	OTHER OBLIGATING AGREEMENTS			
	Miscellaneous	490.6	701.7	540.5
	Other obligating agreements, total	490.6	701.7	540.5

Miscellaneous is composed of:

Lease obligations, with the Group as lessee *)

Spar Nord is the lessee under a number of operating leases. Operating leases are lease agreements under which Spar Nord has the right to use an asset for an agreed term against the payment of rental, without taking over the most significant risks and gains associated with the asset. The lease agreements concern the rental of properties and operating equipment and are not recognized in the balance sheet. The lease agreements until the legal notice of termination date represent an amount of DKK 83.5 million.

Data-processing centre:

In 2014, Spar Nord gave notice terminating its agreement with Skandinavisk Data Center A/S regarding the future provision of services in the IT area. At the same time as giving notice, Spar Nord entered into an agreement with BEC a.m.b.a. regarding the future provision of IT services.

The practical transfer from the platform of Skandinavisk Data Center A/S to that of BEC a.m.b.a. is scheduled to take place in May 2016.

The cost of withdrawal (exit fee) from the agreement with Skandinavisk Data Center A/S was expensed in 2014 for the period from the decision to change platform until the expiry of the notice period. The amount is included under Other liabilities. BEC a.m.b.a. will pay a contribution towards covering the exit fee, which has been offset against the expenses for the year. The amount is included under Other assets.

The IT expenses for the period from 1 January 2015 until the expected time of changing platform will be expensed continuously in the income statement. The expected IT expenses payable for the period until the change of IT platform are included under "Miscellaneous" above.

Spar Nord's membership of BEC a.m.b.a. means that in case of termination of the Bank's membership, it is liable to pay an exit fee. This liability is included under "Miscellaneous" above. In addition, a capital contribution to BEC a.m.b.a. has been included under Other assets.

The Spar Nord Group has no other significant obligating agreements.

*) According to the most recent Annual Report

NOTES WITHOUT REFERENCE NUMBERS - THE GROUP

Note

Acquisition of businesses and customer portfolios

In January 2016, Spar Nord entered into an agreement with FIH Erhvervsbank A/S regarding the acquisition of 34 business customer facilities with total loans of DKK 526 million, gross guarantees amounting to DKK 319 million, equal to net guarantees of DKK 64 million, and derivatives of DKK 30 million.

The acquisition of the portfolio has been recognized in accordance with the rules stipulated in IAS 39, according to which the loans acquired have been recognized at the agreed acquisition cost, equal to the fair value, which corresponds to an average price of the assets taken over of 100% of face value.

FAIR-VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial instruments recognized at fair value

The fair value is the amount at which a financial asset may be traded between knowledgeable, willing parties in an arm's length transaction. If there is an active market, the market price is used by way of a listed price or price quotation. If a financial instrument is quoted in a market that is not active, the Bank bases its valuation on the most recent transaction price. Adjustment is made for subsequent changes in market conditions, for instance, by including transactions in similar financial instruments that are assumed to be motivated by normal business considerations. For a number of financial assets and liabilities, no effective market exists. In this case, the Bank uses an estimated value, taking into account recent transactions in similar instruments and using discounted cash flows or generally accepted estimation and valuation techniques based on market conditions at the reporting date.

The most frequently used valuation models and estimation and valuation techniques include the pricing of transactions with future settlement and swap models that apply present value calculations, credit pricing models as well as option models, such as Black & Scholes models. In most cases, valuation is based substantially on observable inputs.

Unlisted shares recorded at fair value comprise unlisted shares that are not included in the Group's trading portfolio. These unlisted shares are recognized at fair value, using the Fair-Value Option (FVO), and are measured in accordance with provisions in shareholders' agreements and generally accepted valuation methods, etc.

As regards derivative instruments with a positive fair value, the Bank makes a credit valuation adjustment (CVA) to allow for changes in the associated credit risk. The calculation of CVA is based on the customer's PD (Probability-of-Default), LGD (Loss-Given-Default) and EPE (Expected Positive Exposure). In the event that the customer has no external rating, the customer's PD is based on the Bank's own credit models.

The credit valuation adjustment (CVA) amounted to DKK 18.5 million at end-Q1 2016 (end-Q1 2015: DKK 20.7 million; end-2015: DKK 18.6 million).

NOTES WITHOUT REFERENCE NUMBERS - THE GROUP

Note DKK m

Breakdown of financial instruments relative to the fair-value hierarchy classification and the carrying amount	Listed prices Level 1 DKK m	Observable inputs Level 2 DKK m	Unobservable inputs Level 3 DKK m	Fair value Total DKK m	Carrying amount DKK m
Q1 2016					
<i>Financial assets</i>					
Bonds at fair value	12,585.0	3,031.5	0.0	15,616.5	15,616.5
Shares, etc.	178.2	0.4	1,583.7	1,762.3	1,762.3
Assets linked to pooled schemes	10,116.3	2,965.6	0.0	13,081.9	13,081.9
Positive fair value of derivative instruments	0.0	1,503.1	0.0	1,503.1	1,503.1
Financial assets, total	22,879.5	7,500.6	1,583.7	31,963.8	31,963.8
<i>Financial liabilities</i>					
Deposits in pooled schemes	0.0	13,081.9	0.0	13,081.9	13,081.9
Other non-derivative financial liabilities at fair value	1,382.5	211.4	0.0	1,593.9	1,593.9
Negative fair value of derivative instruments	0.0	1,340.7	0.0	1,340.7	1,340.7
Financial liabilities, total	1,382.5	14,634.0	0.0	16,016.5	16,016.5
Q1 2015					
<i>Financial assets</i>					
Loans, advances and other receivables at fair value					
Bonds at fair value	7,640.4	10,956.4	0.0	18,596.8	18,596.8
Shares, etc.	142.8	0.2	1,411.2	1,554.2	1,554.2
Assets linked to pooled schemes	10,609.3	1,541.4	0.0	12,150.7	12,150.7
Positive fair value of derivative instruments	0.0	2,117.8	0.0	2,117.8	2,117.8
Financial assets, total	18,392.5	14,615.8	1,411.2	34,419.5	34,419.5
<i>Financial liabilities</i>					
Deposits in pooled schemes	0.0	12,150.7	0.0	12,150.7	12,150.7
Other non-derivative financial liabilities at fair value	1,381.8	146.7	0.0	1,528.5	1,528.5
Negative fair value of derivative instruments	0.0	2,241.8	0.0	2,241.8	2,241.8
Financial liabilities, total	1,381.8	14,539.2	0.0	15,921.0	15,921.0
31.12.2015					
<i>Financial assets</i>					
Bonds at fair value	11,234.8	4,818.8	0.0	16,053.6	16,053.6
Shares, etc.	131.8	0.3	1,526.2	1,658.3	1,658.3
Assets linked to pooled schemes	10,685.7	2,694.3	0.0	13,380.0	13,380.0
Positive fair value of derivative instruments	0.0	1,423.6	0.0	1,423.6	1,423.6
Financial assets, total	22,052.3	8,937.0	1,526.2	32,515.5	32,515.5
<i>Financial liabilities</i>					
Deposits in pooled schemes	0.0	13,380.0	0.0	13,380.0	13,380.0
Other non-derivative financial liabilities at fair value	1,055.6	164.1	0.0	1,219.7	1,219.7
Negative fair value of derivative instruments	0.0	1,476.5	0.0	1,476.5	1,476.5
Financial liabilities, total	1,055.6	15,020.6	0.0	16,076.2	16,076.2

Bonds, assets linked to pooled schemes, derivative instruments and other non-derivative financial liabilities are valued according to the following principles:

- In case of listed prices, the fair value is fixed at the listed price or the price quoted by a recognized exchange or another external party.
- In case of pricing based on observable inputs, the fair value is calculated by means of a market-based yield curve plus/minus a credit spread, which is also calculated based on market prices.
- In case of pricing based on unobservable inputs, the calculation includes inputs based on the Bank's own valuations of individual elements, and also market data in some cases.

Shares are valued according to the following principles:

- In case of listed prices, the fair value is fixed at the price quoted by a recognized exchange or another external party.
- In case of pricing based on observable inputs, the fair value is calculated in accordance with the provisions of shareholders' agreements, etc. or inputs based on actual trades.
- In case of pricing based on unobservable inputs, the calculation includes shares valued according to generally accepted valuation principles, e.g., the discounting of future expected cash flows. Shares that are priced on the basis of the prices recommended by Lokale Pengeinstitutter (the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark) are included as unobservable inputs. The fair value has been determined reliably for all shares, and accordingly no shares have been recognized at cost.

A transfer is made between the categories in the valuation hierarchy if an instrument is classified differently on the reporting date as compared to the beginning of the financial year. Any reclassification is considered to have been made as of the reporting date.

In 2015, some types of bonds were transferred from a valuation category based on yield curves (Level 2) to a valuation category based on price quotation (Level 1).

The adjustment to fair value is included in market-value adjustments.

NOTES WITHOUT REFERENCE NUMBERS - THE GROUP

The fair values recommended by Lokale Pengeinstitutter (Lopi) (the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark) are based on shareholders' agreements for the individual companies and share trades completed. The fair value is often based on the companies' book equity (net asset value), which is used as a basis for the transaction price between shareholders. Spar Nord makes an independent assessment of the prices recommended, and verifies their consistency with the transactions made and financial statements as presented.

Level 3	31.03.2016			31.03.2015		
	Fair value based on net asset value from Lopi	Fair value based on other value from Lopi	Other	Fair value based on net asset value from Lopi	Fair value based on other value from Lopi	Other
Shares	1,190.4	5.8	387.5	983.8	5.8	421.6

Sensitivities:

Change of fair value if the results of the companies change by 10% (annualized)	9.8	-	-	6.1	-	-
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A substantial portion of the shares included under "Other" are valued based on the discounting of future expected cash flows from dividends or selling prices.

DKK m	Q1 2016	Q1 2015	Full year 2015
Financial instruments measured at fair value based on unobservable prices (Level 3)			
In Q1 2016, the Bank recognized unrealized market-value adjustments of DKK 0.4 million (Q1 2015: DKK 19.3 million; 2015: DKK 69.4 million) in respect of unlisted shares valued on the basis of unobservable inputs.			
Carrying amount, beginning of period	1,526.2	1,304.9	1,304.9
Market-value adjustments in the income statement	30.5	19.6	88.1
Market-value adjustments to other comprehensive income	0.0	0.0	0.0
Purchase	28.6	86.6	211.6
Sale	1.6	4.7	83.2
Transferred to/from Level 3	0.0	4.8	4.8
Carrying amount, end of period	1,583.7	1,411.2	1,526.2

NOTES WITHOUT REFERENCE NUMBERS - THE GROUP

DKK m	Q1 2016	Q1 2015	Full year 2015
OWN FUNDS			
Shareholders' equity	8,030.0	7,498.4	7,887.0
Additional Tier 1 (AT1) capital included in shareholders' equity	414.4	0.0	412.3
Proposed dividend	486.4	533.5	376.6
Intangible assets, incl. share recognized in investments in associates	208.8	217.0	212.0
Deferred tax assets *)	3.6	16.9	6.0
Other regulatory adjustments	24.3	61.5	45.7
Framework for share repurchase programme	150.0	-	-
Adjustments, equity investments	249.1	206.9	161.1
Common Equity Tier 1 (CET1)	6,493.4	6,462.6	6,673.3
Additional Tier 1 (AT1) capital **)	393.0	135.7	393.0
Other adjustments	83.0	135.7	120.8
Core capital (Tier 1)	6,803.4	6,462.6	6,945.5
Subordinated debt, excl. Additional Tier 1 (AT1) capital **)	1,078.4	1,118.0	1,078.0
Other adjustments	83.0	146.8	120.8
Own funds	7,798.8	7,433.8	7,902.7
Weighted risk exposure, credit risk, etc.	37,590.9	37,777.2	36,550.1
Weighted risk exposure, market risk	3,619.9	4,036.7	4,162.6
Weighted risk exposure, operational risk	5,732.3	5,787.2	5,787.2
Total risk exposure	46,943.1	47,601.1	46,499.9
Common Equity Tier 1 (CET1) ratio, %	13.8	13.6	14.4
Core capital (Tier 1) ratio, %	14.5	13.6	14.9
Total capital ratio, %	16.6	15.6	17.0
The capital adequacy calculation includes recognition of profit/loss for the period.			
*) Amount relating to a separate loss in a subsidiary.			
**) Including portfolio of own bonds.			
COLLATERAL			
Collateral provided through clearing systems, with central counterparties and other infrastructure institutions:			
Bonds	1,253.4	0.0	0.0
Deposits, clearing	110.7	142.2	91.1
Collateral provided for the market value of derivatives transactions	811.4	1,204.7	990.0
Positive market value of derivative contracts subject to netting	383.8	491.3	387.9
Collateral provided as part of sale and repo transactions	5,028.6	5,887.1	2,609.8
Other collateral provided	47.2	47.8	47.3
Total	7,635.1	7,773.1	4,126.1

NOTES WITHOUT REFERENCE NUMBERS - THE GROUP

DKK m	Q1 2016	Q1 2015	Full year 2015
HEDGE ACCOUNTING			
Assets			
<i>Loans and advances</i>			
Carrying amount	82.7	85.7	83.2
Purchase price	75.0	75.0	75.0
Fair value	82.7	85.7	83.2
Nominal value	75.0	75.0	75.0
<i>Interest-risk-hedging financial instruments</i>			
<i>Derivatives (swap contracts)</i>			
Carrying amount	-7.7	-10.6	-8.3
Fair value	-7.7	-10.6	-8.3
Synthetic principal/nominal value	75.0	75.0	75.0
Liabilities			
<i>Subordinated debt</i>			
Carrying amount	405.9	610.9	406.0
Purchase price	400.0	600.0	400.0
Fair value	405.9	610.9	406.0
Nominal value	400.0	600.0	400.0
<i>Interest-risk-hedging financial instruments</i>			
<i>Derivatives (swap contracts)</i>			
Carrying amount	5.9	10.9	6.2
Fair value	5.9	10.9	6.2
Synthetic principal/nominal value	400.0	600.0	400.0

Ownership at 31 March 2016

The Spar Nord Foundation, 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.