

To NASDAQ Copenhagen and the Press
3 May 2017

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Interim Report Q1 2017 for Spar Nord Bank A/S

Net profit of DKK 317 million, equal to a 15.5% return on equity

- Compared with last year's Q1, core income advanced by DKK 140 million (19%) to DKK 874 million. Net interest income was 1% down on last year, while net income from fees, charges and commissions improved DKK 44 million (18%), and market-value adjustments grew DKK 92 million (127%).
- Expenses totalled DKK 475 million – which is in line with last year – after an increase in payroll costs of DKK 5 million (2%) and a corresponding decline in other expenses.
- Core earnings before impairment amounted to DKK 399 million, which is DKK 140 million (54%) up on the same period last year.
- Impairment of loans and advances, etc. ended at DKK 2 million, which is somewhat lower than expected at the beginning of the year and should be viewed in relation to loan impairment losses of DKK 55 million in last year's Q1 and DKK 55 million in the previous quarter – the realized impact on profits comprises a DKK 94 million increase in groups of impairment losses.
- The total business volume amounted to DKK 223 billion at end-Q1, up 1% since January 1. Bank and leasing lending grew 2%, bank deposits dropped by the same figure, and the volume of mortgage-credit loans arranged increased 1%.
- The capital position remains robust with a Common Equity Tier 1 (CET 1) ratio of 13.8% and a total capital ratio of 17.6%, equal to an excess capital coverage of DKK 3.3 billion (6.9 percentage points) compared with the calculated capital requirement.
- The implementation of the Bank's new strategy is generally proceeding satisfactorily – in the first stage the primary focus was on prerequisite activities in the IT and process areas, and from the beginning of Q2 the implementation of customer-centric initiatives will begin.
- In light of the performance reflected in the interim financial statements for Q1 and the outlook for the rest of 2017, the forecast for full-year core earnings before impairment of DKK 1.1-1.2 billion is maintained, and loan impairment losses are still expected to be lower than in 2016.

DKK m	Q1 2017	Q4 2016	Change in %	Q1 2016	Change in %
Net interest income	393	395	-1	396	-1
Net income from fees, charges and commissions	294	275	7	250	18
Core income	874	783	12	734	19
Costs and expenses	475	543	-13	475	0
Core earnings before impairment	399	240	66	259	54
Impairment of loans and advances, etc.	2	55	-96	55	-96
Profit/loss before tax	398	185	115	204	95
Profit/loss after tax	317	148	114	165	92

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Lasse Nyby, Chief Executive Officer of Spar Nord, has the following comment on the financial statements:

We would be hard put not to be deeply satisfied with the interim financial statements we have now published. The post-tax profit of DKK 317 million constitutes one of our best performances and is an excellent head start on our new strategy period.

There are three key reasons why things have developed so favourably. First, our net income from fees, charges and commissions is developing excellently, especially in the housing and wealth management areas. Second, the development in market interest rates has impacted favourably on earnings on our bond portfolio. Third – and this is in fact the point I find most gratifying – our retail and business customers are actually in financial situations so good that we have essentially lost no money on our lending activities. The competition to win customers, and thus the pressure on our interest margin, has certainly not abated, but in Q1 the positive trends in other areas were more than ample to offset this factor.

Spar Nord

Interim Report

Q1 2017

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THE SPAR NORD GROUP

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Performance indicators and financial ratios - the Group

CORE EARNINGS - QUARTERLY

PERFORMANCE INDICATORS	Q1 2017	Q1 2016	Change in %	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Full year 2016
INCOME STATEMENT									
DKK m									
Net interest income *)	392.5	395.8	-0.8	392.5	395.3	412.9	417.2	395.8	1,621.2
Net income from fees, charges and commissions	294.4	250.4	17.6	294.4	274.5	259.7	268.1	250.4	1052.7
Market-value adjustments and dividends	163.7	72.1	127.0	163.7	104.4	142.5	114.7	72.1	433.7
Other operating income	10.8	7.6	42.1	10.8	1.4	11.0	9.7	7.6	29.7
Profit/loss on equity investments in associates and group enterprises	12.9	7.6	69.7	12.9	7.1	7.5	7.4	7.6	29.6
Core income	874.3	733.5	19.2	874.3	782.7	833.6	817.1	733.5	3,166.9
Salaries	284.6	279.4	1.9	284.6	306.9	248.5	306.9	279.4	1,141.7
Operating expenses	176.1	178.2	-1.2	176.1	192.6	140.5	149.1	178.2	660.4
Depreciation, amortization and impairment	14.3	17.1	-16.4	14.3	43.4	16.5	17.3	17.1	94.3
Costs	475.0	474.7	0.1	475.0	542.9	405.5	473.3	474.7	1,896.4
Core earnings before impairment	399.3	258.8	54.3	399.3	239.8	428.1	343.8	258.8	1,270.5
Impairment of loans, advances and receivables, etc. *)	1.5	54.5	-97.2	1.5	54.6	54.4	78.9	54.5	242.4
Profit/loss before tax	397.8	204.3	94.7	397.8	185.2	373.7	264.9	204.3	1,028.1
Tax	81.0	39.6	104.5	81.0	37.3	66.0	47.0	39.6	189.9
Profit/loss	316.8	164.7	92.3	316.8	147.9	307.7	217.9	164.7	838.2
Of which, share attributable to interest expenses to holders of Additional Tier 1 (AT1) capital	12.1	5.9	105.1	12.1	7.9	6.2	6.1	5.9	26.1
BALANCE SHEET DISCLOSURES									
DKK m									
Total assets	78,329	79,432	-1.4	78,329	78,473	78,957	77,476	79,432	78,473
Loans and advances	41,189	40,404	1.9	41,189	41,346	39,697	38,531	40,404	41,346
Lending, bank and leasing loans	35,761	35,004	2.2	35,761	35,093	35,106	35,003	35,004	35,093
Lending, reverse repo transactions	5,428	5,400	0.5	5,428	6,253	4,591	3,528	5,400	6,253
Deposits	60,455	57,248	5.6	60,455	61,005	60,926	59,649	57,248	61,005
Deposits, banking activities	45,581	43,802	4.1	45,581	46,464	47,046	46,295	43,802	46,464
Deposits, repo transactions	0	364	-	0	0	0	0	364	0
Deposits in pooled schemes	14,874	13,082	13.7	14,874	14,541	13,880	13,354	13,082	14,541
Subordinated debt	1,090	1,092	-0.2	1,090	1,093	1,095	1,093	1,092	1,093
Holders of Additional Tier 1 (AT1) capital instruments	876	414	111.6	876	862	404	397	414	862
Shareholders' equity	8,072	7,616	6.0	8,072	7,765	7,669	7,402	7,616	7,765
Contingent liabilities	11,935	9,373	27.3	11,935	12,334	11,885	10,847	9,373	12,334
Total risk exposure	47,741	46,943	1.7	47,741	47,485	47,778	46,823	46,943	47,485
Core capital (Tier 1 **)	7,374	6,803	8.4	7,374	7,427	6,943	6,875	6,803	7,427
Impairment account and discount on exposures taken over ***)	1,992	2,011	-0.9	1,992	1,994	2,020	2,024	2,011	1,994
Contractual non-performing loans	401	472	-15.1	401	443	439	468	472	443
Business volume	222,861	210,442	5.9	222,861	220,259	218,173	214,107	210,442	220,259

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

**) The core capital (Tier 1) for Q1 2017 excludes the recognition of profit/loss for the period.

***) Spar Nord's impairment account amounts to DKK 1,919 million (Q4 2016: DKK 1,891 million) (note 10) and the discount on commitments taken over amounts to DKK 73 million (Q4 2016: DKK 103 million).

Performance indicators and financial ratios - the Group

FINANCIAL RATIOS	Q1 2017	Q1 2016	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Full year 2016
OWN FUNDS								
Total capital ratio, % *)	17.6	16.6	17.6	17.7	16.6	16.8	16.6	17.7
Core capital (Tier 1) ratio, % *)	15.4	14.5	15.4	15.6	14.5	14.7	14.5	15.6
Common Equity Tier 1 (CET1) ratio, % *)	13.8	13.8	13.8	14.0	13.9	14.0	13.8	14.0
EARNINGS								
Return on equity before tax, excl. Additional Tier 1 (AT1) capital, % **)	4.9	2.6	4.9	2.3	4.9	3.5	2.6	13.2
Return on equity after tax, excl. Additional Tier 1 (AT1) capital, % **)	3.9	2.1	3.8	1.9	4.0	2.9	2.1	10.7
Cost share of core income	0.54	0.65	0.54	0.69	0.49	0.58	0.65	0.60
Cost share of core income, incl. impairment of loans and advances, etc.	0.55	0.72	0.55	0.76	0.55	0.68	0.72	0.68
Return on assets, %	0.4	0.2	0.4	0.2	0.4	0.3	0.2	1.1
MARKET RISK AND LIQUIDITY								
Interest-rate risk, %	-0.2	1.1	-0.2	1.2	0.4	0.7	1.1	1.2
Foreign-exchange position, %	3.3	3.4	3.3	3.2	3.1	3.0	3.4	3.2
Foreign-exchange risk, %	0.1	0.0	0.1	0.1	0.0	0.1	0.0	0.1
Excess coverage rel. to statutory cash ratio requirement, %	306.5	264.0	306.5	308.3	298.8	283.1	264.0	308.3
Liquidity Coverage Ratio (LCR)	168	152	168	171	155	161	152	171
CREDIT RISK								
Loans and advances plus impairment account and discount hereon rel. to deposits, %	71.3	74.0	71.3	70.9	68.3	67.9	74.0	70.9
Loans and advances rel. to shareholders' equity	5.1	5.3	5.1	5.3	5.2	5.2	5.3	5.3
Increase in loans and advances for the period, %	1.9	3.3	1.9	0.0	0.3	0.0	3.3	3.6
Large exposures as % of own funds	17.1	17.2	17.1	14.5	15.8	15.9	17.2	14.5
Impairment ratio, %	0.0	0.1	0.0	0.1	0.1	0.2	0.1	0.4
EMPLOYEES AND BRANCHES								
Number of employees (full-time, end of period)	1,528	1,551	1,528	1,540	1,548	1,556	1,551	1,540
Number of branches	56	70	56	58	66	70	70	58
THE SPAR NORD SHARE								
DKK PER SHARE OF DKK 10								
Share price, end of period	77	63	77	81	64	54	63	81
Net asset value (NAV) **)	66	61	66	63	62	60	61	63
Profit/loss for the period **)	2.5	1.3	2.5	1.2	2.4	1.7	1.3	6.6
Dividend	-	-	-	-	-	-	-	5.0
Return	-	-	-	-	-	-	-	38
Price/earnings **)	-	-	-	-	-	-	-	12

*) Own funds for Q1 2017 exclude the recognition of profit/loss for the period.

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

Management Commentary on Q1 2017

In Q1 2017, Spar Nord recorded a profit of DKK 317 million after tax, equal to a return on equity of 15.5% p.a. This profit is DKK 152 million, or 92%, up on Q1 2016 and considered highly satisfactory.

In light of the performance reflected in the interim financial statements for Q1 and the outlook for the rest of 2017, Management maintains its forecast for full-year core earnings before impairment of DKK 1.1-1.2 billion, and loan impairment losses are still expected to be lower than in 2016.

Net interest income in line with last year after positive one-off effects

The net interest income for Q1 amounted to DKK 393 million versus DKK 396 million during the same period last year, and DKK 395 million in Q4 2016.

On the upside, bank and leasing lending grew by DKK 0.7 billion (2%) since 1 January, while sustained narrowing of the lending margin and a further decline in interest income from the Bank's bond portfolio had a negative impact.

At end-Q1 2017, the lending margin was 17 basis points lower than at end-Q4 2016, and 15 basis points lower than at the same time last year, while at the end of the quarter the deposit margin was 2 basis points lower than at the end of 2016, and 15 basis points lower than at end-Q1 last year.

The reason that the narrowing of the lending margin and the reduction of the overall interest margin does not cause a larger decline in net interest income is a positive one-off effect amounting to DKK 12 million in Q1 relating to interest income on a substantial facility subject to impairment.

Net income from fees, charges and commissions at a highly satisfactory level

The net income from fees, charges and commissions for Q1 amounted to DKK 294 million versus DKK 250 million during the same period last year, and DKK 275 million in the previous quarter. Thus, net income from fees, charges and commissions accounted for 43% of total net income from interest and fees, charges and commissions for the quarter.

The driving force behind the satisfactory development in income from fees, charges and commissions is the sustained growth in mortgage-credit lending, pushed by both volume growth and price adjustments, and higher income related to investment and asset management in Q1 2016.

Moreover, other fees, charges and commissions increased, due to rising income from insurance arrangement activities, among other factors.

Finally, it should be noted that some fees, etc. were reclassified in connection with the migration to BEC.

Very strong market value adjustments after favourable developments for interest and spreads

Market-value adjustments and dividends ended at DKK 164 million, which is DKK 92 million, or 127%, up on the same period last year. The highly positive development is attributable to a strong performance in the bond area, above all because the spread between Danish mortgage-credit bonds and government bonds narrowed.

Market-value adjustments and dividends relating to strategic shareholdings in companies in the financial sector came to DKK 39 million against 31 million during the same period last year.

Growth in other income

The item other operating income came to DKK 11 million against DKK 8 million during the same period of 2016, and the profit on equity investments in associates and group enterprises ended at DKK 13 million compared with DKK 8 million last year.

Costs & expenses at an unchanged level

The Group's total costs and expenses amounted to DKK 475 million, which is in line with the same period of 2016.

Wages and salaries accounted for DKK 285 million of the total expenses. The realized payroll costs increased by DKK 5 million, or 2% up on Q1 2016, due mainly to pay rises under collective agreements and rising payroll taxes. At end-Q1 2017, the Group had 1,528 employees – 23 fewer than at the same time in 2016.

Other operating expenses came to DKK 176 million, which is DKK 2 million, or 1%, down on Q1 2016. This development is due, on the one hand, to a combination of the absence of last year's non-recurring expenses connected with IT migration and a decline in ongoing IT expenses, and on the other a number of expense items related to the implementation of a new strategy.

The core income and costs realized correspond to a cost/income ratio of 0.54 (Q1 2016: 0.65).

Impairment of loans and advances, etc. dropped to DKK 2 million

Impairment of loans and advances, etc. ended at DKK 2 million in Q1 2017 – a level that should be viewed against DKK 55 million in Q1 2016, and DKK 55 million in the previous quarter.

THE GROUP'S LOANS, ADVANCES AND GUARANTEES *) BY INDUSTRY

Line of business %	Loans, advances and guarantees		Impairment account and discount on exposures taken over
	31.12.16	31.03.17	31.03.17
Agriculture, hunting and forestry	6.9	6.8	37.9
Fisheries	0.2	0.2	0.1
Industry and raw materials extraction	5.4	5.8	2.7
Energy supply	3.3	3.4	1.6
Building and construction	3.9	4.3	3.1
Trade	7.8	7.7	4.5
Transport, hotels and restaurants	3.4	3.7	3.7
Information and communication	0.4	0.4	0.3
Financing and insurance	5.8	5.6	5.6
Real estate	12.2	11.4	14.0
Other business areas	5.4	5.4	3.8
Business customers, total	54.7	54.7	77.3
Public authorities	0.1	0.0	0.0
Retail customers	45.2	45.3	22.7
Total	100.0	100.0	100.0

*) Excl. reverse repo transactions

DKK 66 million of the DKK 2 million profit impact is attributable to retail customers, representing a 1.2% impairment ratio p.a. for this customer category. DKK -59 million of the profit impact relates to business customers, excl. agricultural customers, corresponding to an impairment ratio of -1.0% p.a. Finally, agricultural customers account for DKK -5 million of the profit impact during the period, equal to an impairment ratio of as much as -0.6% p.a. for this customer category.

The DKK 2 million profit impact is the combined result of a net income of DKK 39 million from individual impairment; an expense of DKK 94 million from impairment losses; and total income of DKK 53 million from claims previously written off and interest on impairment losses, etc.

The development in groups of impairment losses breaks down into a DKK 16 million decline in the rating-based and calculated impairment losses, and Management estimates resulting in groups of impairment losses on retail customers, DKK 85 million, and agricultural customers, DKK 25 million.

AGRICULTURAL EXPOSURE BY PRODUCTION LINE

31.03.17 DKK m	Loans, advances and guarantees	Non-accrual loans	Of which impaired	Share impaired
Cattle producers	1,040.6	81.7	664.8	63.9
Pig producers	794.3	49.3	405.3	51.0
Plant cultivation	709.7	2.2	108.2	15.2
Mink farmers	95.8	2.4	41.8	43.7
Leasing	400.2	1.4	11.6	2.9
Other production lines	354.7	2.5	20.9	5.9
Total	3,395.3	139.5	1,252.6	36.9

AGRICULTURAL IMPAIRMENT BY PRODUCTION LINE

31.03.17 DKK m/%	Impairment account	Impaired	Impair- ment for the year	Impairment ratio of exposure	Percent- age impaired
Cattle producers	416.0	0.0	-13.5	40.0	62.6
Pig producers	244.5	8.7	-0.3	30.8	60.3
Plant cultivation	51.4	0.2	4.3	7.2	47.5
Mink farmers	19.5	0.0	3.4	20.4	46.7
Leasing	1.1	2.7	-0.6	0.3	10.1
Other production lines	16.0	0.0	1.7	4.5	76.5
Total	748.5	11.6	-5.1	22.0	59.8

The Group's total impairment account amounted to DKK 1,992 million at end-Q1. The Group's non-accrual loans amounted to DKK 401 million, and the cover ratio can thus be calculated at 5.0.

Pre-tax profit of DKK 398 million and net profit of DKK 317 million

Accordingly, the pre-tax profit can be calculated at DKK 398 million compared with DKK 204 million in Q1 last year.

The Group's effective tax rate was 20%, for which reason the net profit can be calculated at DKK 317 million.

Other information

The business volume grew 1% to DKK 223 billion

The total business volume (deposits, loans, advances and guarantees, custodianship accounts and mortgage credits arranged) amounted to DKK 222.9 billion at end-Q1 2017 – DKK 2.6 billion up on the volume at end-2016.

Compared with end-2016, this represents an increase in bank and leasing lending of DKK 0.7 billion. DKK 0.2 billion of the growth in bank and leasing lending is attributable to leasing, DKK 0.1 billion to business customers and DKK 0.4 billion to retail customers.

Since 1 January the volume of mortgage credit arranged has grown DKK 0.9 billion, or 1%, to DKK 74.5 billion. In total, the volume of mortgage-credit loans arranged on behalf of retail customers (Totalkredit) amounted to DKK 63.0 billion and to DKK 11.5 billion for business customers (DLR Kredit).

Deposits, banking activities, have dropped by DKK 0.9 billion, or 2%, since 1 January, and deposits in pooled schemes have increased DKK 0.3 billion, or 2%.

Finally, customers' custodianship accounts have increased DKK 1.9 billion, or 5%, since 1 January.

Robust capital position

On the capital side, Spar Nord pursues the goal of having a Common Equity Tier 1 (CET1) ratio of at least 12.0% and a total capital ratio of minimum 15.5%.

At end-Q1 2017, the Common Equity Tier 1 (CET1) ratio was 13.8%, while the total capital ratio came to 17.6%. This should be viewed relative to the individual solvency need calculated by Spar Nord at 9.4%, to which should be added the 1.3% combined buffer requirement; accordingly, the total capital requirement amounts to 10.7%. Thus, the Bank has an excess capital coverage of 6.9 percentage points, equal to DKK 3.3 billion.

On the basis of fully phased-in CRD IV rules, the current capital position would correspond to a Common Equity Tier 1 (CET1) ratio of 13.6%.

As from 2017, the ongoing consolidation is no longer recognized in own funds on a quarterly basis due to stricter requirements, including for the external review. Therefore, consolidation will only be performed once a year.

Strategic liquidity of DKK 19.4 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 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 2017, Spar Nord's strategic liquidity amounted to DKK 19.4 billion, down DKK 1.3 billion on end-2016. The decline is particularly attributable to a rise in lending and a decline in deposits, while the strengthened equity has the opposite effect.

STRATEGIC LIQUIDITY

DKK bn	31.03.17	31.12.16	30.09.16	30.06.16	31.03.16
Deposits, banking activities	45.6	46.5	47.0	46.3	43.8
Senior loans/bond issues	0.0	0.0	0.0	0.0	0.1
Shareholders' equity and subordinated debt	10.0	9.7	9.2	8.9	9.1
Generation of cash	55.6	56.2	56.2	55.2	53.0
Lending, banking and leasing activities	35.8	35.1	35.1	35.0	35.0
Maturity, senior loans, issued bonds and subord. debt < 1 year	0.4	0.4	0.0	0.0	0.0
Strategic liquidity, total	19.4	20.7	21.1	20.2	18.0

As the table shows, at end-Q1 2017, Spar Nord was still in a situation where the funding base consisted exclusively of ordinary customer deposits, equity and subordinated debt, while the Bank remains independent of funding from capital markets.

Spar Nord's LCR ratio at end-Q1 2017 was 168 (Q1 2016: 152).

Status on implementation of new strategy

Since Spar Nord launched its new strategy, The personal bank in a digital world, in November 2016, work has been ongoing on a number of important prerequisite activities, especially in the IT and the process area, which are intended to facilitate the daily work of our employees, where efficiency after the implemented IT migration is not yet the same as before, and also to pave the way for the implementation of more customer-centric initiatives.

Highlights of the activities completed in Q1:

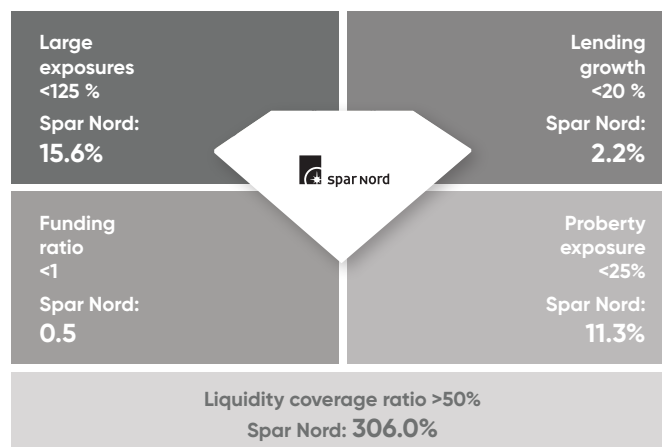
- Development of a number of new solutions within process automation and workflows
- Initiated implementation of new task sharing between local banks and the central customer service function
- Adaptation of the branch network, so that at the end of the first six months the Spar Nord chain will consist of 52 branches
- Decision regarding the implementation of a CEM system – expected to be completed with the first deliveries in the second half of 2017
- Implementation of a new business-centric concept and a new segmentation of business activities
- Launching of Private Banking as an independent focus area

In connection with the issuing of the interim report for Q2, a status review will be presented for the financial and non-financial KPIs forming part of the strategy.

The Supervisory Authority Diamond Test Model

The Supervisory Authority Diamond Test Model lists a number of basic reference points delineating a financial institution that can be considered to have a heightened risk profile. Violations of the principles contained in the Supervisory Authority Diamond Test Model are subject to sanctions by the Danish Financial Supervisory Authority.

At end-Q1 2017, Spar Nord was comfortably within all threshold values in the Supervisory Authority Diamond Test Model. Thus, at end-March, Spar Nord could report the following values in respect of the defined reference points:



As regards the calculation method for the reference point "Large exposures" specified 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), Spar Nord's 20 largest exposures amounted to 899% at end-Q1.

Risks

Reference is made to the 2016 Annual Report and to the Group's Risk Report for 2016, both of which describe the most significant risks and elements of uncertainty that may affect the Group and the Parent Company.

Outlook

The Annual Report for 2016 projected core earnings before impairment to end in the DKK 1.1-1.2 billion range for the full year 2017. In light of developments and prospects for the rest of 2017, the Bank repeats this projection.

Loan impairment losses are still expected to be lower than in 2016.

SPAR NORD SHARES HELD BY MEMBERS OF THE MANAGEMENT TEAM

BOARD OF DIRECTORS	At 31.03.17	At 31.12.16	EXECUTIVE BOARD	At 31.03.17	At 31.12.16
Kjeld Johannesen	50,000	50,000	Lasse Nyby	47,784	47,784
Per Nikolaj Bukh	27,200	27,200	John Lundsgaard	71,113	71,113
Kaj Christiansen	21,100	21,100	Lars Møller	65,460	65,460
Morten Bach Gaardboe	3,620	3,620			
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	Equity, end of period *) DKK m	Profit/loss *) DKK m
Consolidated subsidiaries			
Aktieselskabet Skelagervej 15, Aalborg	27.0	1,583.7	74.9

*) According to the most recent Annual Report.

The company was a wholly owned subsidiary in 2016 and 2017.

Performance indicators and financial ratios – the Group

THE DANISH FINANCIAL SUPERVISORY AUTHORITY'S LAYOUT AND RATIO SYSTEM

INCOME STATEMENT	Q1 2017	Q1 2016	Change in %	Q1 2017	Q1 2016	Q1 2015	Q1 2014	Q1 2013	Full year 2016
DKK m									
Interest income	436.4	442.7	-1.4	436.4	442.7	531.8	572.5	737.8	1,815.5
Interest expenses	27.5	40.5	-32.1	27.5	40.5	66.3	138.7	181.1	144.7
Net interest income	408.9	402.2	1.7	408.9	402.2	465.5	433.8	556.7	1,670.8
Dividends on shares, etc.	3.4	1.2	183.3	3.4	1.2	7.8	12.2	0.3	47.9
Fees, charges and commissions received	324.5	269.8	20.3	324.5	269.8	330.2	218.6	208.5	1,174.8
Fees, charges and commissions paid	30.1	19.4	55.2	30.1	19.4	18.3	12.9	11.5	122.1
Net income from interest, fees, charges and commissions	706.7	653.8	8.1	706.7	653.8	785.2	651.7	754.0	2,771.4
Market-value adjustments	160.3	70.9	126.1	160.3	70.9	351.2	249.2	77.9	385.8
Other operating income	10.8	7.6	42.1	10.8	7.6	9.7	16.0	31.0	29.7
Staff costs and administrative expenses	458.3	455.5	0.6	458.3	455.5	467.2	437.9	440.1	1,788.8
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	14.3	17.1	-16.4	14.3	17.1	16.5	18.1	34.3	94.3
Other operating expenses	2.4	2.1	14.3	2.4	2.1	25.3	23.8	32.9	13.3
Impairment of loans, advances and receivables, etc.	17.9	60.9	-70.6	17.9	60.9	111.1	109.4	194.6	292.0
Profit/loss on equity investments in associates and group enterprises	12.9	7.6	69.7	12.9	7.6	7.4	21.4	31.6	29.6
Profit/loss before tax	397.8	204.3	94.7	397.8	204.3	533.4	349.1	192.6	1,028.1
Tax	81.0	39.6	104.5	81.0	39.6	69.3	37.6	43.9	189.9
Profit/loss	316.8	164.7	92.3	316.8	164.7	464.1	311.5	148.7	838.2
BALANCE SHEET									
DKK m									
Total assets	78,329	79,432	-1.4	78,329	79,432	78,184	76,026	78,492	78,473
Loans and advances	41,189	40,404	1.9	41,189	40,404	35,089	35,778	37,998	41,346
Lending, bank and leasing loans	35,761	35,004	2.2	35,761	35,004	34,737	34,748	37,952	35,093
Lending, reverse repo transactions	5,428	5,400	-	5,428	5,400	352	1,030	46	6,253
Deposits	60,455	57,248	5.6	60,455	57,248	55,106	52,292	50,147	61,005
Deposits, banking activities	45,581	43,802	4.1	45,581	43,802	42,955	42,427	42,700	46,464
Deposits, repo transactions	0	364	-	0	364	0	0	0	0
Deposits in pooled schemes	14,874	13,082	13.7	14,874	13,082	12,151	9,865	7,447	14,541
Subordinated debt	1,090	1,092	-0.2	1,090	1,092	1,352	2,992	2,548	1,093
Equity	8,948	8,030	11.4	8,948	8,030	7,498	6,854	6,143	8,627
Contingent liabilities	11,935	9,373	27.3	11,935	9,373	9,270	5,312	5,485	12,334
Total risk exposure	47,741	46,943	1.7	47,741	46,943	47,601	44,672	45,054	47,485
Core capital (Tier 1) *)	7,374	6,803	8.4	7,374	6,803	6,463	7,738	7,167	7,427
Impairment of loans, advances and receivables, etc.	1,919	1,861	3.1	1,919	1,861	1,868	1,657	1,475	1,891
Contractual non-performing loans	401	472	-15.1	401	472	502	708	1,217	443

*) The core capital (Tier 1) for Q1 2017 excludes the recognition of profit/loss for the period.

Performance indicators and financial ratios – the Group

THE DANISH FINANCIAL SUPERVISORY AUTHORITY'S LAYOUT AND RATIO SYSTEM

FINANCIAL RATIOS	Q1 2017	Q1 2016	Q1 2017	Q1 2016	Q1 2015	Q1 2014	Q1 2013	Full year 2016
Own funds								
Total capital ratio, % *)	17.6	16.6	17.6	16.6	15.6	19.4	16.2	17.7
Core capital (Tier 1) ratio, % *)	15.4	14.5	15.4	14.5	13.6	17.3	15.9	15.6
Earnings								
Return on equity before tax, %	4.5	2.6	4.5	2.6	7.3	5.2	3.2	12.5
Return on equity after tax, %	3.6	2.1	3.6	2.1	6.4	4.7	2.5	10.2
Income/cost ratio	1.81	1.38	1.81	1.38	1.86	1.59	1.27	1.47
Return on assets, %	0.4	0.2	0.4	0.2	0.6	0.4	0.2	1.1
Market risk and liquidity								
Interest-rate risk, %	-0.2	1.1	-0.2	1.1	1.7	0.1	-0.2	1.2
Foreign-exchange position, %	3.3	3.4	3.3	3.4	3.5	2.2	2.3	3.2
Foreign-exchange risk, %	0.1	0.0	0.1	0.0	0.1	0.0	0.0	0.1
Excess coverage relative to statutory cash ratio requirement, %	306.5	264.0	306.5	264.0	243.3	252.6	222.7	308.3
Credit risk								
Loans and advances rel. to deposits, %	68.1	70.6	68.1	70.6	63.7	68.4	75.8	67.8
Loans and advances plus impairment rel. to deposits, %	71.2	73.7	71.2	73.7	67.0	71.6	78.7	70.7
Loans and advances relative to equity	4.6	5.0	4.6	5.0	4.7	5.2	6.2	4.8
Increase in loans and advances for the period, %	1.9	3.3	1.9	3.3	-2.1	-3.1	-2.5	3.6
Large exposures as % of own funds	17.1	17.2	17.1	17.2	0.0	13.4	15.7	14.5
Impairment ratio for the period, %	0.0	0.1	0.0	0.1	0.2	0.3	0.4	0.5
THE SPAR NORD SHARE								
DKK per share of DKK 10								
Profit/loss for the period	2.6	1.3	2.6	1.3	3.7	2.5	1.2	6.8
Net asset value (NAV)	66	61	66	61	60	55	49	63
Dividend	-	-	-	-	2.0	-	-	5.0
Share price/earnings for the period	29.6	48.5	29.6	48.5	18.1	24.0	26.7	11.9
Share price/NAV	1.2	1.0	1.2	1.0	1.1	1.1	0.7	1.3

*) Own funds for Q1 2017 exclude the recognition of profit/loss for the period.

Management's Statement on the Interim Report

The Board of Directors and the Executive Board have today reviewed and adopted the Interim Financial Statements of the Spar Nord Bank Group for the period from 1 January to 31 March 2017.

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.

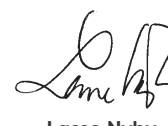
Moreover, the Interim Financial Statements are presented in accordance with additional Danish disclosure requirements regarding interim financial statements for listed financial institutions.

In our opinion, the Interim Financial Statements give a true and fair view of the Group's financial position at 31 March 2017 and of the results of the Group's operations and cash flows for the period from 1 January to 31 March 2017.

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, 3 May 2017

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

	Q1 2017 DKK m	Q1 2016 DKK m	Full year 2016 DKK m
NOTE 4 Interest income	436.4	442.7	1,815.5
5 Interest expenses	27.5	40.5	144.7
Net interest income	408.9	402.2	1,670.8
Dividends on shares, etc.	3.4	1.2	47.9
6 Fees, charges and commissions received	324.5	269.8	1,174.8
6 Fees, charges and commissions paid	30.1	19.4	122.1
Net income from interest, fees, charges and commissions	706.7	653.8	2,771.4
7 Market-value adjustments	160.3	70.9	385.8
Other operating income	10.8	7.6	29.7
8 Staff costs and administrative expenses	458.3	455.5	1,788.8
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	14.3	17.1	94.3
Other operating expenses	2.4	2.1	13.3
10 Impairment of loans, advances and receivables, etc.	17.9	60.9	292.0
Profit/loss on equity investments in associates and group enterprises	12.9	7.6	29.6
Profit/loss before tax	397.8	204.3	1,028.1
Tax	81.0	39.6	189.9
Profit/loss for the period	316.8	164.7	838.2

ALLOCATED TO:

The shareholders of the Parent Company, Spar Nord Bank A/S	304.7	158.8	812.1
Holders of Additional Tier 1 (AT1) capital instruments	12.1	5.9	26.1
Profit/loss for the period	316.8	164.7	838.2

EARNINGS PER SHARE

Earnings per share for the period (DKK)	2.5	1.3	6.6
Diluted earnings per share for the period (DKK)	2.5	1.3	6.6

STATEMENT OF COMPREHENSIVE INCOME

Profit/loss for the period	316.8	164.7	838.2
Other comprehensive income			
Items that cannot be reclassified to the income statement:			
Net revaluation of corporate properties	0.4	0.4	-5.0
Other comprehensive income after tax	0.4	0.4	-5.0
Comprehensive income, total	317.2	165.1	833.2
<i>Allocated to:</i>			
The shareholders of the Parent Company, Spar Nord Bank A/S	305.1	159.2	807.1
Holders of Additional Tier 1 (AT1) capital instruments	12.1	5.9	26.1
Profit/loss for the period	317.2	165.1	833.2

Balance sheet - the Group

NOTE

	31.03.2017 DKK m	31.03.2016 DKK m	Full year DKK m	
ASSETS				
	Cash balances and demand deposits with central banks	1,146.0	999.4	595.3
9	Receivables from credit institutions and central banks	2,199.4	3,692.7	2,178.8
	Lending, bank and leasing loans	35,761.0	35,003.5	35,092.2
	Lending, reverse repo transactions	5,428.0	5,400.2	6,253.4
	Loans, advances and other receivables at amortized cost, total	41,189.0	40,403.7	41,345.6
	Bonds at fair value	14,242.3	15,616.5	14,936.1
	Shares, etc.	1,530.5	1,762.3	1,557.2
	Equity investments in associates	104.6	103.9	118.4
	Assets linked to pooled schemes	14,873.6	13,081.9	14,541.5
	Intangible assets	191.6	210.4	194.4
	Investment properties	135.0	145.6	135.0
	Corporate properties	515.6	542.9	518.5
	Land and buildings, total	650.6	688.5	653.5
	Other property, plant and equipment	86.5	94.8	91.1
	Current tax assets	86.5	90.3	17.9
	Deferred tax assets	0.0	3.6	0.0
	Temporary assets	22.8	27.3	33.9
11	Other assets	1,889.1	2,527.0	2,086.3
	Prepayments	116.5	130.2	123.5
	Total assets	78,329.0	79,432.5	78,473.5
EQUITY AND LIABILITIES				
LIABILITIES OTHER THAN PROVISIONS				
	Payables to credit institutions and central banks	2,592.1	7,285.0	2,429.8
12	Deposits and other payables	45,581.2	44,165.8	46,464.2
	Deposits in pooled schemes	14,873.6	13,081.9	14,541.5
	Other non-derivative financial liabilities at fair value	2,542.2	1,593.9	2,007.8
13	Other liabilities	2,497.0	3,956.8	3,084.1
	Deferred income	27.0	22.7	24.0
	Total liabilities other than provisions	68,113.1	70,106.1	68,551.4
PROVISIONS FOR LIABILITIES				
	Provisions for deferred tax	108.5	122.8	108.5
	Provisions for losses on guarantees	42.8	59.0	67.0
	Other provisions	27.1	22.9	26.3
	Total provisions	178.4	204.7	201.8
SUBORDINATED DEBT				
14	Subordinated debt	1,089.5	1,091.7	1,093.2
	Total liabilities	69,381.0	71,402.5	69,846.4
EQUITY				
	Share capital	1,255.3	1,255.3	1,255.3
	Revaluation reserves	91.7	96.7	91.3
	Statutory reserves	0.0	30.7	22.3
	Proposed dividend	627.7	376.6	627.7
	Retained earnings	6,096.8	5,856.3	5,768.1
	Shareholders' equity	8,071.5	7,615.6	7,764.7
	Holders of Additional Tier 1 (AT1) capital instruments	876.5	414.4	862.4
	Total equity	8,948.0	8,030.0	8,627.1
	Total equity and liabilities	78,329.0	79,432.5	78,473.5
OFF-BALANCE-SHEET ITEMS				
15	Contingent assets	6.9	5.2	6.9
16	Contingent liabilities	11,934.9	9,373.3	12,334.1
17	Other obligating agreements	500.9	490.6	500.9

Statement of capital - the Group

CHANGES IN EQUITY

	The shareholders of the Parent Company, Spar Nord Bank A/S							Total DKK m	Additional Tier 1 (AT1) capital *) DKK m	Total DKK m
	Share capital DKK m	Re- valuation reserve DKK m	Statutory reserves DKK m	Proposed dividend DKK m	Retained earnings DKK m					
Equity 31.03.17										
Equity 01.01.17	1,255.3	91.3	22.3	627.7	5,768.1	7,764.7	862.4	8,627.1		
<i>Comprehensive income in 2017</i>										
Profit/loss for the period	-	-	12.9	-	291.8	304.7	12.1	316.8		
<i>Other comprehensive income</i>										
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	12.9	-	291.8	305.1	12.1	317.2		
<i>Transactions with owners</i>										
Disposal upon acquisition of treasury shares and Additional Tier 1 (AT1) capital	-	-	-	-	-102.4	-102.4	-	-102.4		
Addition upon sale of treasury shares and Additional Tier 1 (AT1) capital	-	-	-	-	101.4	101.4	2.0	103.4		
Revaluation reserves in associates	-	-	-6.4	-	6.4	0.0	-	0.0		
Dividends received from associates recognized at net asset value	-	-	-28.8	-	28.8	0.0	-	0.0		
Tax	-	-	-	-	2.7	2.7	-	2.7		
Transactions with owners, total	-	-	-35.2	-	36.9	1.7	2.0	3.7		
Equity 31.03.17	1,255.3	91.7	0.0	627.7	6,096.8	8,071.5	876.5	8,948.0		
Equity 31.03.16										
Equity 01.01.16	1,255.3	96.3	23.2	376.6	5,723.3	7,474.7	412.3	7,887.0		
<i>Comprehensive income in 2016</i>										
Profit/loss for the period	-	-	7.5	-	151.3	158.8	5.9	164.7		
<i>Other comprehensive income</i>										
Net revaluation of 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		
<i>Transactions with owners</i>										
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		
Equity 31.03.16	1,255.3	96.7	30.7	376.6	5,856.3	7,615.6	414.4	8,030.0		
TREASURY SHARE PORTFOLIO						Q1 2017	Q1 2016	Full year 2016		
Number of shares						2,603,399	478,751	2,591,335		
Percentage of share capital						2.1	0.4	2.1		

Spar Nord launched a share repurchase programme worth DKK 150 million on 15 February 2016, to be implemented in the period until 31 December 2016. The share repurchase programme was completed on 29 December 2016.

Additional Tier 1 (AT1) capital

Currency	Note	Principal		Received	Maturity	Q1	Q1	Full year
		DKK m	Interest rate			2017	2016	2016
						DKK m	DKK m	DKK m
DKK	a	400.0	6.052 %	2015	Perpetual	418.7	414.4	412.7
DKK	b	450.0	5.500 %	2016	Perpetual	457.8	-	449.7
Additional Tier 1 (AT1) capital issued under CRR, total						876.5	414.4	862.4

a Issued on 10 June 2015, with an option for early redemption as from 10 June 2020. Interest is payable 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 5.400% margin.

b Issued on 6 December 2016, with an option for early redemption as from 6 December 2021. Interest is payable on the loan at the rate of 5.500% p.a. until 6 December 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.

Additional Tier 1 (AT1) capital, breakdown of cash flows	Q1	Q1	Full year
	2017	2016	2016
	DKK m	DKK m	DKK m
Cash flows, beginning of period	816.9	395.9	395.9
<i>Movements for the period:</i>			
Issue of Additional Tier 1 (AT1) capital	-	-	450.0
Net transaction costs	-	-	-3.0
Change in portfolio of own bonds	2.0	-3.8	-1.8
Interest paid	-	-	-24.2
Cash flows for the period, total	2.0	-3.8	421.0
Cash flows, end of period	818.9	392.1	816.9

NOTE

Cash flow statement - the Group

	Q1 2017 DKK m	Q1 2016 DKK m	Full year 2016 DKK m
OPERATIONS			
Profit/loss before tax	397.8	204.3	1,028.1
Fair-value changes, investment properties and temporary assets	0.3	0.2	11.1
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	14.3	17.1	94.3
Gains and losses on the sale of intangible assets and property, plant and equipment	0.0	-0.1	3.0
Adjustment of impairment of loans and advances, etc.	27.6	24.7	54.4
Provisions for liabilities	-23.4	5.9	17.3
Profit/loss on equity investments in associates and group enterprises	-12.9	-7.6	-29.6
Corporate income tax paid	-146.9	-36.4	-118.5
Operations, total	256.8	208.1	1,060.1
WORKING CAPITAL			
Movement in credit institutions and central banks, net	172.6	3,520.3	-1,326.2
Movement in loans, advances and other receivables at amortized cost	129.0	-1,839.6	-2,811.2
Movement in bonds at fair value	693.9	437.2	1,117.5
Movement in equity portfolio	26.7	-104.0	82.8
Movement in other assets and other liabilities, net	154.5	250.7	241.4
Movement in deposits and other payables	-883.0	-570.5	1,727.9
Working capital, total	293.7	1,694.1	-967.8
Cash generated from operations, total	550.5	1,902.2	92.3
INVESTMENTS			
Acquisition of activities from FIH Erhvervsbank	0.0	-549.5	-549.5
Acquisition of associates and group enterprises	-2.1	-14.0	-25.8
Sale of associates and group enterprises	0.0	0.0	0.0
Acquisition of intangible assets	-0.2	0.0	-5.6
Sale of intangible assets	0.0	0.0	2.5
Acquisition of property, plant and equipment	-4.8	-7.6	-73.4
Sale of property, plant and equipment	12.2	4.6	22.9
Dividends from associates and group enterprises	28.8	0.0	37.6
Investments, total	33.9	-566.5	-591.3
FINANCING			
Subordinated debt	-3.7	2.9	4.4
Additional Tier 1 (AT1) capital recognized as equity (see breakdown under Statement of capital)	2.0	-3.8	421.0
Dividends paid, excluding dividends on treasury shares	0.0	0.0	-374.7
Share repurchase programme	0.0	0.0	-150.0
Acquisition of treasury shares	-102.4	-134.3	-508.2
Sale of treasury shares	101.4	114.7	512.4
Financing, total	-2.7	-20.5	-95.1
Movement in cash and cash equivalents for the period	581.7	1,315.2	-594.1
Cash and cash equivalents, beginning of period	2,701.1	3,295.2	3,295.2
Movement in cash and cash equivalents for the period	581.7	1,315.2	-594.1
Cash and cash equivalents, end of period	3,282.8	4,610.4	2,701.1
Cash and cash equivalents, end of period			
Cash, cash equivalents and demand deposits with central banks	1,146.0	999.4	595.3
Receivables from credit institutions and central banks with less than 3 mths to maturity	2,136.8	3,611.0	2,105.8
Total	3,282.8	4,610.4	2,701.1

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Notes - the Group

NOTE

1 ACCOUNTING POLICIES

The Interim Financial Statements of the Spar Nord Group covering the period from 1 January to 31 March 2017 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 2016 Annual Report, which contains the complete wording of the accounting policies applied.

Changed accounting policies

The Spar Nord Group has implemented the standards and interpretations that entered into force in the EU as from 2017.

The implementation of these 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 and provisions. 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 2016 and the uncertainties prevailing at that time.

NOTE

3 **Segment information****BUSINESS SEGMENTS - Q1 2017**

DKK m	Spar Nord's Local Banks	Trading, Financial Markets & the Intern. Division	Other areas	Core earnings*)	Reclas. and Other items after core earnings**)	The Group, total
INCOME STATEMENT						
Net interest income	367.5	9.0	16.0	392.5	16.4	408.9
Net income from fees, charges and commissions	295.1	0.2	-0.9	294.4	0.0	294.4
Market-value adjustments and dividends	38.7	107.1	17.9	163.7	0.0	163.7
Other operating income	4.6	0.2	6.0	10.8	0.0	10.8
Profit/loss on equity investments in associates and group enterprises	0.0	0.0	12.9	12.9	0.0	12.9
Core income/revenue, total	705.9	116.5	51.9	874.3	16.4	890.7
Operating expenses, depreciation and amortization	397.5	17.9	59.6	475.0	0.0	475.0
Core earnings before impairment	308.4	98.6	-7.7	399.3	16.4	415.7
Impairment of loans, advances and receivables, etc.	1.7	0.3	-0.5	1.5	16.4	17.9
Profit/loss before tax	306.7	98.3	-7.2	397.8	0.0	397.8

*) 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 16.4 million.

	Spar Nord's Local Banks	Trading, Financial Markets & the Intern. Division	Other areas	The Group, total
BALANCE SHEET				
Loans, advances and other receivables at amortized cost	35,595.7	5,437.4	155.9	41,189.0
Equity investments in associates and group enterprises	0.0	0.0	104.6	104.6
Intangible assets and property, plant and equipment *)	251.9	0.1	676.7	928.7
Miscellaneous assets **)	16,271.3	18,470.2	1,365.2	36,106.7
Total allocated assets	52,118.9	23,907.7	2,302.4	78,329.0
Deposits and other payables	44,705.0	368.8	507.4	45,581.2
Equity (allocated capital)	4,592.1	803.6	3,552.3	8,948.0
Miscellaneous liabilities	15,246.0	5,709.4	2,844.4	23,799.8
Total allocated equity and liabilities	64,543.1	6,881.8	6,904.1	78,329.0
Disclosures - total income/revenue				
Internal income/revenue	-31.9	18.0	150.1	136.2
Internal income and eliminations offset against costs	0.0	-13.4	-122.8	-136.2
Income/revenue, external customers	737.8	111.9	41.0	890.7
Income/revenue, total	705.9	116.5	68.3	890.7
Financial ratios				
Return on equity , % ***)	27.1	64.2	-	-
Cost share of core income	0.57	0.16	-	-
Total risk exposure, end of period	38,619	6,776	2,346	47,741
Number of employees (full-time, end of period)	1,079	74	375	1,528

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 2016 Annual Report, p. 55.
- The activities of Spar Nord's 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 22.8 million, of which DKK 10.9 million relates to the Group's leasing activities and DKK 11.9 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.

NOTE

3 **Segment information****BUSINESS SEGMENTS Q1 2016**

DKK m	Spar Nord's Local Banks	Trading, Financial Markets & the Intern. Division	Other areas	Core earnings*)	Reclas. and Other items after core earnings**)	The Group, total
INCOME STATEMENT						
Net interest income	365.5	13.9	16.4	395.8	6.4	402.2
Net income from fees, charges and commissions	249.9	1.3	-0.8	250.4	0.0	250.4
Market-value adjustments and dividends	36.2	26.4	9.5	72.1	0.0	72.1
Other operating income	3.3	0.1	4.2	7.6	0.0	7.6
Profit/loss on equity investments in associates and group enterprises	0.0	0.0	7.6	7.6	0.0	7.6
Core income/revenue, total	654.9	41.7	36.9	733.5	6.4	739.9
Operating expenses, depreciation and amortization	375.5	11.6	87.6	474.7	0.0	474.7
Core earnings before impairment	279.4	30.1	-50.7	258.8	6.4	265.2
Impairment of loans, advances and receivables, etc.	55.5	0.0	-1.0	54.5	6.4	60.9
Profit/loss before tax	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

	Spar Nord's Local Banks	Trading, Financial Markets & the Intern. Division	Other areas	The Group, total
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
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 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 2016 Annual Report, p. 55.
- The activities of Spar Nord's 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.

NOTE

	Q1 2017 DKK m	Q1 2016 DKK m	Full year 2016 DKK m
4 INTEREST INCOME			
Receivables from credit institutions and central banks	0.5	1.2	2.8
Loans, advances and other receivables	414.2	419.0	1,688.3
Bonds	21.4	33.0	117.9
Foreign-exchange contracts	0.0	1.0	3.2
Interest-rate contracts	-16.5	-17.9	-69.9
Derivative instruments, total	-16.5	-16.9	-66.7
Other interest income	16.8	6.4	73.2
Total interest income	436.4	442.7	1,815.5
<i>Of which, income from genuine purchase and resale transactions booked under</i>			
Receivables from credit institutions and central banks	-2.9	-2.5	-9.8
Loans, advances and other receivables	-3.2	-2.6	-10.0
5 INTEREST EXPENSES			
Credit institutions and central banks	-0.9	-1.0	-4.1
Deposits and other payables	15.3	28.5	95.7
Subordinated debt	12.8	13.0	52.4
Other interest expenses	0.3	0.0	0.7
Total interest expenses	27.5	40.5	144.7
<i>Of which, interest expenses from genuine sale and repo transactions booked under</i>			
Payables to credit institutions and central banks	-2.6	-2.3	-11.0
Deposits and other payables	0.0	-0.1	-0.2
6 FEES, CHARGES AND COMMISSIONS RECEIVED			
Securities trading and custody accounts	106.8	89.2	454.8
Payment services	37.7	22.4	140.5
Loan transaction fees	117.3	105.4	458.2
of which, mortgage credit institutions	91.9	75.6	339.1
Guarantee commissions	7.4	7.9	35.5
Other fees, charges and commissions	55.3	44.9	85.8
Total fees, charges and commissions received	324.5	269.8	1,174.8
Total fees, charges and commissions paid	30.1	19.4	122.1
Total net fees, charges and commissions received	294.4	250.4	1,052.7
7 MARKET-VALUE ADJUSTMENTS			
Other loans, advances and receivables at fair value	-0.8	-0.9	-2.9
Bonds	27.7	37.2	163.3
Shares, etc.	53.7	38.6	131.7
Currency	6.7	-24.2	51.8
Foreign-exchange, interest, share, commodity and other contracts and derivative instruments	72.1	19.9	39.5
Assets linked to pooled schemes	465.8	-466.5	380.6
Deposits in pooled schemes	-465.8	466.5	-380.6
Miscellaneous assets	0.0	0.2	0.2
Miscellaneous commitments	0.9	0.1	2.2
Total market-value adjustments	160.3	70.9	385.8

NOTE

	Q1 2017 DKK m	Q1 2016 DKK m	Full year 2016 DKK m
8 STAFF COSTS AND ADMINISTRATIVE EXPENSES			
Staff costs	284.5	279.3	1,141.7
Administrative expenses	173.8	176.2	647.1
Total staff costs and administrative expenses	458.3	455.5	1,788.8

Staff costs:

Salaries	225.1	231.3	933.3
Share-based payment	-	-	-
Pensions	26.9	25.8	106.9
Social security costs	32.5	22.2	101.5
Total staff costs	284.5	279.3	1,141.7

Of which, remuneration to present and previous members of the Executive Board and Board of Directors amounts to:

The Board of Directors

Number	9	9	9
Fixed pay	0.8	0.8	3.2
Pension	-	-	-
Total remuneration	0.8	0.8	3.2

Executive Board

Number	3	3	3
Base salary	2.8	2.6	11.0
- less fees received from directorships	0.1	0.1	1.4
The Bank's expense, base salary	2.7	2.5	9.6
Pension, ordinary contribution	0.4	0.4	1.6
Total remuneration earned and paid	3.1	2.9	11.2

Breakdown of remuneration to Executive Board:

Lasse Nyby

Base salary *)	1.0	1.0	4.1
- less fees received from directorships	0.0	0.0	0.4
The Bank's expense, base salary	1.0	1.0	3.7
Pension, ordinary contribution	0.2	0.2	0.6
Total remuneration earned and paid	1.2	1.2	4.3

John Lundsgaard

Base salary	0.9	0.8	3.5
- less fees received from directorships	0.0	0.0	0.4
The Bank's expense, base salary	0.9	0.8	3.1
Pension, ordinary contribution	0.1	0.1	0.5
Total remuneration earned and paid	1.0	0.9	3.6

Lars Møller

Base salary *)	0.9	0.8	3.4
- less fees received from directorships	0.1	0.1	0.6
The Bank's expense, base salary	0.8	0.7	2.8
Pension, ordinary contribution	0.1	0.1	0.5
Total remuneration earned and paid	0.9	0.8	3.3

*) To which must be added employer-paid car. (The comparative figures for Q1 2016 have been restated).

The Executive Board receives no variable pay.

The Executive Board receives remuneration for its Group executive board duties based on the management agreement with the subsidiary.

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	1,532.8	1,545.4	1,547.8
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NOTE

	Q1 2017 DKK m	Q1 2016 DKK m	Full year 2016 DKK m
<i>Administrative expenses:</i>			
IT expenses	78.7	91.7	332.9
Marketing costs	30.7	25.1	90.6
Cost of premises	25.6	20.1	85.8
Staff and travelling expenses	15.1	15.3	55.5
Office expenses	6.0	8.1	24.2
Other administrative expenses	17.7	15.9	58.1
Total	173.8	176.2	647.1
9 RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS			
Receivables from central banks, subject to notice	0.0	450.0	0.0
Receivables from credit institutions	2,199.4	3,242.7	2,178.8
Total receivables from credit institutions and central banks	2,199.4	3,692.7	2,178.8
10 IMPAIRMENT ACCOUNT			
<i>Individual impairment of loans and advances</i>			
Individual impairment, beginning of period	1,686.3	1,645.6	1,645.6
New individual impairment	139.9	145.9	600.7
Reversal of individual impairment losses	170.4	90.1	318.9
Previously written down, now definitively lost	27.9	64.2	304.2
Other movements	15.7	18.8	63.1
Individual impairment, end of period	1,643.6	1,656.0	1,686.3
<i>Groups of impairment losses, loans and advances</i>			
Groups of impairment losses, beginning of period	123.6	137.5	137.5
New groups of impairment losses	94.2	3.8	0.0
Reversal of groups of impairment losses	1.5	5.7	15.2
Other movements	1.5	0.0	1.3
Groups of impairment losses, end of period	217.8	135.6	123.6
<i>Total impairment of loans and advances</i>			
Impairment, beginning of period	1,809.9	1,783.1	1,783.1
New impairment	234.1	149.7	600.7
Reversal of impairment losses	171.9	95.8	334.1
Previously written down, now definitively lost	27.9	64.2	304.2
Other movements	17.2	18.8	64.4
Impairment, end of period	1,861.4	1,791.6	1,809.9
<i>Impairment recognized in the income statement</i>			
New impairment	234.1	149.7	600.7
Reversal of impairment losses	171.9	95.8	334.1
Losses without prior impairment	12.5	13.6	114.3
Carried to income, previously written off	32.6	22.7	115.9
Recognized in the income statement	42.1	44.8	265.0
<i>Provisions for losses on guarantees</i>			
Provisions, beginning of period	67.0	42.9	42.9
New provisions	3.7	16.5	45.8
Reversal of provisions	27.9	0.4	21.7
Provisions for losses on guarantees, end of period	42.8	59.0	67.0
<i>Provisions for losses on guarantees recognized in the income statement</i>			
New provisions	3.7	16.5	45.8
Reversal of provisions	27.9	0.4	21.7
Recognized in the income statement	-24.2	16.1	24.1
Impairment account for loans, advances and provisions for losses on guarantees, total	1,904.2	1,850.6	1,876.9
<i>Impairment, other credit risks</i>			
Impairment, other credit risks, beginning of period	14.0	10.5	10.5
New impairment	0.3	0.0	3.5
Reversal of impairment losses	0.3	0.0	0.6
Other movements	0.3	0.0	0.6
Impairment, other credit risks, total	14.3	10.5	14.0
Impairment account for loans, advances, provisions for losses on guarantees and other credit risks, total	1,918.5	1,861.1	1,890.9

NOTE

16 **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.

	Q1 2017 DKK m	Q1 2016 DKK m	Full year 2016 DKK m
Financial guarantees	4,028.6	3,295.6	3,999.8
Loss guarantees for mortgage-credit loans	4,719.1	4,203.1	4,568.5
Registration and refinancing guarantees	2,284.9	1,032.3	2,885.3
Other contingent liabilities	902.3	842.3	880.5
Total contingent liabilities	11,934.9	9,373.3	12,334.1

Reference is made to note 8 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 its Danish subsidiary 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. The corporate income taxes payable within the group of jointly taxed companies amounted to DKK 86.5 million at 31 March 2017, and corporate income taxes receivable amounted to DKK 90.3 million at 31 March 2016 and DKK 17.9 million at 31 December 2016. 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 contribution to the Guarantee Fund is 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 contribution to the Resolution Fund is 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 is also adjusted by an individually determined risk factor.

The Bank's contribution to the Resolution Fund for 2017 has been included as a pro-rata share of the annual contribution.

The Bank's contribution to the Resolution Fund for Q1 2017 amounted to DKK 2.2 million (Q1 2016: DKK 1.8 million; 2016: DKK 8.9 million).

Uncertainty attaches to the amount of the contingent liabilities and the possible due dates.

17 **OTHER OBLIGATING AGREEMENTS**

	Q1 2017 DKK m	Q1 2016 DKK m	Full year 2016 DKK m
Miscellaneous	500.9	490.6	500.9
Other obligating agreements, total	500.9	490.6	500.9

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. The lease agreements are not recognized in the balance sheet. The lease agreements until the legal notice of termination date represent an amount of DKK 114.9 million.

*Data-processing centre *)*

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

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. 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

Acquisition of businesses and customer portfolios

No businesses and customer portfolios were acquired in Q1 2017.

FIH Erhvervsbank

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, the Bank essentially bases its valuation 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 6.5 million at 31 March 2017 (31 March 2016: DKK 18.5 million; 2016: DKK 9.9 million).

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	Un-observable inputs Level 3 DKK m	Fair value Total DKK m	Carrying amount DKK m
31.03.17					
<i>Financial assets</i>					
Bonds at fair value	11,592.9	2,649.4	0.0	14,242.3	14,242.3
Shares, etc.	163.6	0.9	1,366.0	1,530.5	1,530.5
Assets linked to pooled schemes	9,878.8	4,792.6	202.2	14,873.6	14,873.6
Positive fair value of derivative instruments	0.0	1,145.8	0.0	1,145.8	1,145.8
Total financial assets	21,635.3	8,588.7	1,568.2	31,792.2	31,792.2
<i>Financial liabilities</i>					
Deposits in pooled schemes	0.0	14,873.6	0.0	14,873.6	14,873.6
Other non-derivative financial liabilities at fair value	1,102.3	1,439.9	0.0	2,542.2	2,542.2
Negative fair value of derivative instruments	0.0	671.6	0.0	671.6	671.6
Total financial liabilities	1,102.3	16,985.1	0.0	18,087.4	18,087.4
31.03.16					
<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
Total financial assets	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
Total financial liabilities	1,382.5	14,634.0	0.0	16,016.5	16,016.5
31.12.16					
<i>Financial assets</i>					
Bonds at fair value	12,321.0	2,615.1	0.0	14,936.1	14,936.1
Shares, etc.	204.6	1.1	1,351.5	1,557.2	1,557.2
Assets linked to pooled schemes	10,663.3	3,679.6	198.6	14,541.5	14,541.5
Positive fair value of derivative instruments	0.0	1,284.2	0.0	1,284.2	1,284.2
Total financial assets	23,188.9	7,580.0	1,550.1	32,319.0	32,319.0
<i>Financial liabilities</i>					
Deposits in pooled schemes	0.0	14,541.5	0.0	14,541.5	14,541.5
Other non-derivative financial liabilities at fair value	1,327.0	680.8	0.0	2,007.8	2,007.8
Negative fair value of derivative instruments	0.0	865.5	0.0	865.5	865.5
Total financial liabilities	1,327.0	16,087.8	0.0	17,414.8	17,414.8

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 based on available prices for shares that are not listed.
- 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 and market expectations as to the required rate of return on equity. 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 2016, shares recognized under assets linked to pooled schemes were transferred from a valuation category based on listed prices (Level 1) to a valuation category based on unobservable inputs (Level 3). The adjustment to fair value is included in market-value adjustments.

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	31.03.17 DKK m			31.03.16 DKK m		
	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	998.7	6.2	361.1	1,190.4	5.8	387.5
Assets linked to pooled schemes	-	-	202.2	-	-	0.0
Sensitivities						
Change in the fair value of shares if the results of the companies change by 10% (annualized)	8.2	-	-	9.8	-	-

A substantial portion of the shares included under "Other" are valued based on the discounting of future expected cash flows from dividends, selling prices or market expectations as to the required rate of return on equity.

Financial instruments measured at fair value based on unobservable prices (Level 3)

In Q1 2017, the Bank recognized unrealized market-value adjustments of DKK 37.3 million (Q1 2016: DKK 0.4 million; 2016: DKK 64.9 million) in respect of unlisted shares valued on the basis of unobservable inputs.

	Q1 2017 DKK m	Q1 2016 DKK m	Full year 2016
Carrying amount, beginning of period	1,550.1	1,526.2	1,526.2
Market-value adjustments in the income statement	39.0	30.5	107.6
Market-value adjustments in other comprehensive income	0.0	0.0	0.0
Purchase	7.2	28.6	37.8
Sale	28.1	1.6	320.1
Transferred to/from Level 3	0.0	0.0	198.6
Carrying amount, end of period	1,568.2	1,583.7	1,550.1

OWN FUNDS

Equity	8,948.0	8,030.0	8,627.1
Profit/loss not included	316.8	-	-
Additional Tier 1 (AT1) capital included in equity	876.5	414.4	862.4
Proposed dividend	615.0	486.4	615.0
Intangible assets, incl. share recognized in investments in associates	194.2	208.8	196.4
Deferred tax assets *)	0.0	3.6	0.0
Other regulatory adjustments	46.2	24.3	48.3
Unutilized portion of DKK 150 million share repurchase limit	0.0	150.0	0.0
Adjustments, equity investments	327.0	249.1	240.4
Common Equity Tier 1 (CET1)	6,572.3	6,493.4	6,664.6
Additional Tier 1 (AT1) capital **)	843.0	393.0	843.0
Other adjustments	40.9	83.0	80.1
Core capital (Tier 1)	7,374.4	6,803.4	7,427.5
Subordinated debt, excl. Additional Tier 1 (AT1) capital **)	1,080.1	1,078.4	1,079.6
Other adjustments	40.9	83.0	80.1
Own funds	8,413.6	7,798.8	8,427.0
Weighted risk exposure, credit risk, etc.	38,571.9	37,590.9	38,215.5
Weighted risk exposure, market risk	3,478.0	3,619.9	3,537.7
Weighted risk exposure, operational risk	5,691.6	5,732.3	5,732.3
Total risk exposure	47,741.5	46,943.1	47,485.5
Common Equity Tier 1 (CET1) ratio, %	13.8	13.8	14.0
Core capital (Tier 1) ratio, %	15.4	14.5	15.6
Total capital ratio, %	17.6	16.6	17.7

The capital adequacy calculation for Q1 2017 excludes the recognition of profit/loss for the period.

*) Amount relating to a separate loss in a subsidiary.

***) Including portfolio of own bonds.

COLLATERAL PROVIDED	Q1 2017 DKK m	Q1 2016 DKK m	Full year 2016 DKK m
Collateral provided through clearing systems, with central counterparties and other infrastructure institutions:			
Bonds	0.0	1,253.4	0.0
Deposits, clearing	137.8	110.7	122.3
Collateral provided for the market value of derivatives transactions	428.3	811.4	523.2
Positive market value of derivative contracts subject to netting	240.5	383.8	249.8
Collateral provided as part of sale and repo transactions	1,462.4	5,028.6	1,403.3
Other collateral provided	44.1	47.2	44.3
Total	2,313.1	7,635.1	2,342.9

HEDGE ACCOUNTING**Assets**

Loans and advances			
Carrying amount	79.5	82.7	80.3
Fair value	79.5	82.7	80.3
Nominal value	75.0	75.0	75.0
Interest-risk-hedging financial instruments			
Derivatives (swap contracts)			
Carrying amount	-4.5	-7.7	-5.3
Fair value	-4.5	-7.7	-5.3
Synthetic principal/nominal value	75.0	75.0	75.0

Liabilities

Subordinated debt			
Carrying amount	396.2	398.1	401.0
Fair value	402.9	405.9	403.8
Nominal value	400.0	400.0	400.0
Interest-risk-hedging financial instruments			
Derivatives (swap contracts)			
Carrying amount	2.9	5.9	3.8
Fair value	2.9	5.9	3.8
Synthetic principal/nominal value	400.0	400.0	400.0

OWNERSHIP at 31.03.17

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.