

6 February 2013

Company announcement no. 2, 2013

ANNUAL REPORT 2012 FOR SPAR NORD BANK A/S

Comments by Lasse Nyby, CEO, on the financial statements:

"For Spar Nord, 2012 was one of the most eventful years in a long time. We have successfully completed a capital increase, we merged with Sparbank, and recently we launched a number of strategic initiatives intended to contribute to ensuring our future profitability and competitive clout. Thus, we have taken some of the important steps required in the Danish market with its sustained low activity and sluggish demand for financial products.

The most satisfactory thing about the financial statements is that in 2012 we recorded growth in all income areas, thus generating record-high core earnings before impairment of DKK 931 million. In addition, we experienced the largest inflow of new customers ever with 12,000 new retail and business customers net, while at the same time holding down our costs.

What is less positive is that parts of the business sector are still challenged by the unfavourable market conditions, and that this - together with the more specific guidelines issued by the Danish Financial Supervisory Authority during the year - has ramifications for the financial statements by way of an increased impairment level.

We expect that 2013 will be yet another year with low economic growth - and thus a year with our focus again being on winning market shares and particularly on running tight cost management."

Highlights from the financial statements:

- Pre-tax profits of DKK 290 million (after extraordinary items) (2011: DKK 345 million).
- Core income ended at DKK 2,432 million, up 13% on 2011.
- 5% growth in net interest income, 17% growth in net income from fees, charges and commissions and 86% growth in market-value adjustments.
- Core earnings before impairment of DKK 931 million - 33% up on 2011.
- Impairment of loans & advances of DKK 594 million (2011: DKK 404 million).
- 12,000 new customers (net) (2011: 7,000).
- Growth in market share: Total credit arranged grew 2%, excl. merger effect, against the sector's 0%, and deposits were up 7% compared to the sector's 4%.
- The Common Equity (Tier 1) ratio stood at 12.1% (2011: 10.4%), and excess coverage relative to the strategic liquidity target stood at DKK 14.8 billion (2011: DKK 3.9 billion).
- Merger with Sparbank is progressing according to plan - both as concerns synergies and non-recurring costs.
- Outlook for 2013: Core earnings before impairment of DKK 1,000-1,100 million - impairment of around 1% of total loans, advances and guarantees.

Sincerely yours,
Spar Nord Bank A/S

Ole Madsen
Senior Vice President, Corporate Communication

Direct tel.: +45 9634 4010
oma@sparnord.dk

A black and white photograph taken from a high angle looking down into a rowing boat. Four rowers are visible, positioned one behind the other. They are all wearing athletic gear and are in the middle of a stroke, with their oars dipping into the water. The water shows ripples and the wake of the boat. The rowers are seen from behind, emphasizing their physical effort and the synchronized movement of the team.

ANNUAL REPORT 2012

A LARGER AND SIMPLER BANK



spar nord

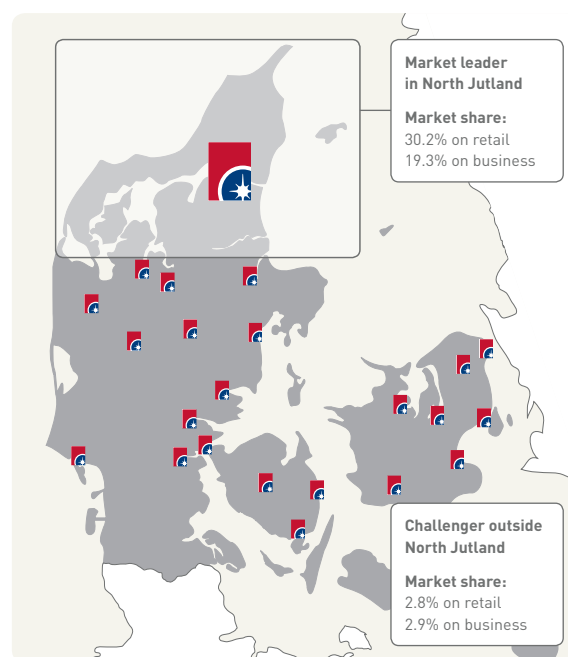
THE SPAR NORD GROUP AT A GLANCE



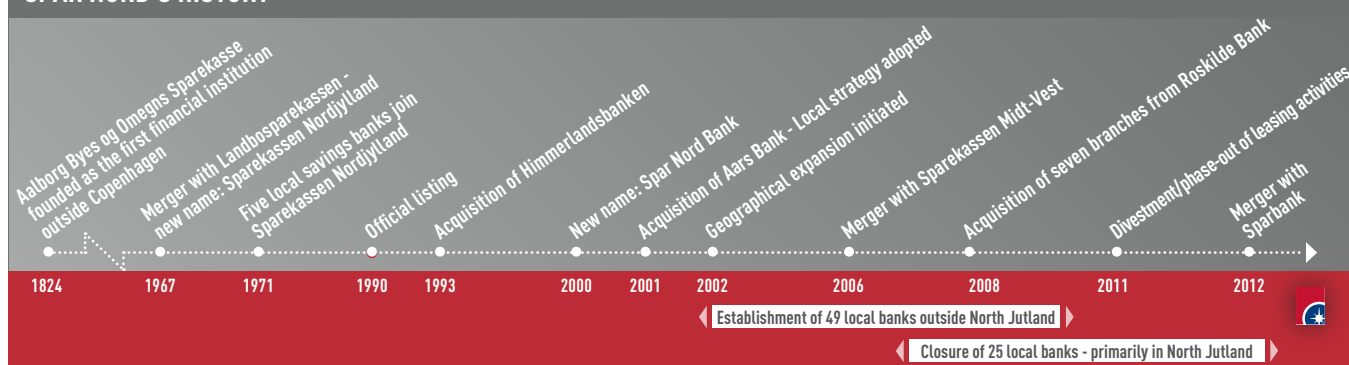
A SIMPLE RETAIL BANK

The core of Spar Nord's business model and strategy is the ambition to run an uncomplicated bank that focuses unequivocally on ordinary retail customers and small and medium-sized businesses in the local community. We have opted in to this strategic course – and thus opted out of large customers, complex business activities and product development – because we want to deploy the core competences inherent in our personal, actively involved customer service and create a bank that delivers solid and stable results.

Thus, Spar Nord's ambition is to combine the physical and psychological proximity of a local bank with the economies of scale that flow from being a nationwide chain. And with this in mind to expand the Bank's market share within the defined target groups.



SPAR NORD'S HISTORY



CONTENTS

MANAGEMENT'S REVIEW

The Spar Nord Group at a glance	2
Contents	3
Key performance features	4
An eventful year for Spar Nord	6
Macroeconomics and market trends	8
Merger with Sparbank	10
Performance indicators and financial ratios for the Group	12
The year in review - the Group	16
Business areas	21
Risks	26
Organization and corporate governance	30
Investor Relations	39
Spar Nord's corporate social responsibility	41

MANAGEMENT'S STATEMENT AND AUDITORS' REPORTS

Management's statement on the Annual Report	45
The Internal Audit Department's Statements	46
Independent Auditors' Statements	47

CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY'S FINANCIAL STATEMENTS

Income statement	50
Statement of comprehensive income	50
Balance sheet	51
Statement of changes in equity	52
Cash flow statement	55
Notes	57

THE SPAR NORD GROUP AT A GLANCE



SPAR NORD'S LOCAL BANKS

Spar Nord's Local Banks constitute the largest business unit in the Spar Nord Group. This business area comprises 34 bank regions with 90 local banks; 1,099 employees serve about 322,000 retail and business customers. Spar Nord's Local Banks offer banking services, such as loans and credits, credit and debit cards, payment services products and a wide range of savings products, nonlife insurance, life insurance and pension products.



THE TRADING, FINANCIAL MARKETS DIVISION & THE INTERNATIONAL DIVISION

This business area is composed of Markets, Asset Management, Shares Investment, Interest & Forex and the International Division. The business area serves the Group's own retail and business customers as well as institutional customers and also supplies wholesale services to small and medium-sized financial institutions.



LEASING (DISCONTINUING ACTIVITIES)

The Spar Nord Group is active in leasing in Denmark and Sweden, primarily via its subsidiaries Spar Nord Leasing and SN Finans Nord AB. The company mainly finances vehicles in the core areas transportation, farming and contracting. Since October 2011, leasing has been classified as a discontinuing activity, as the sustainable activities in Denmark have been transferred to the Jyske Bank Group, and the existing portfolio is being phased out.

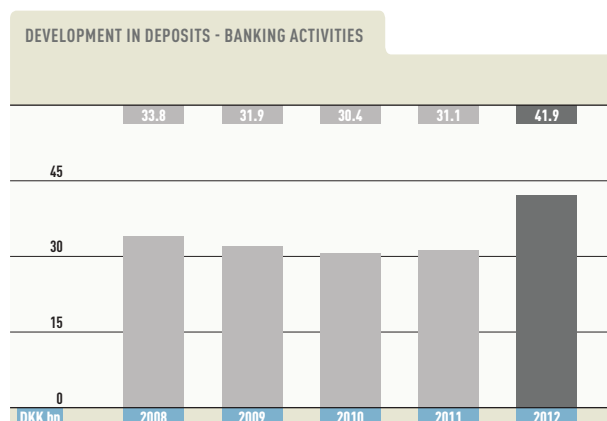
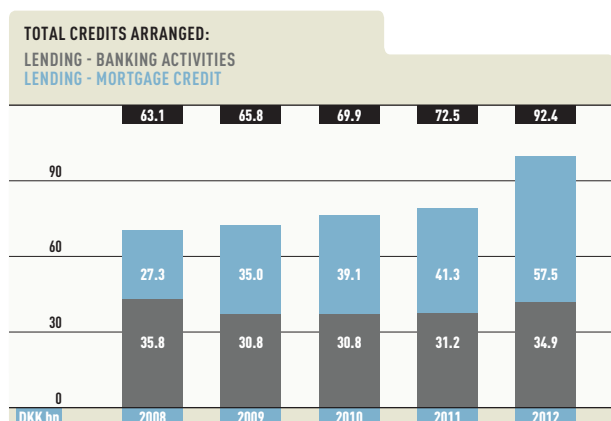
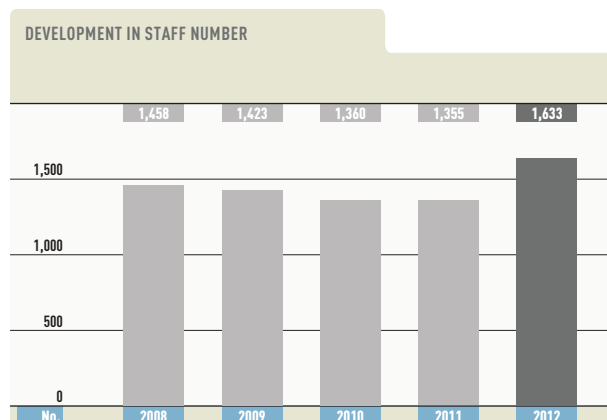
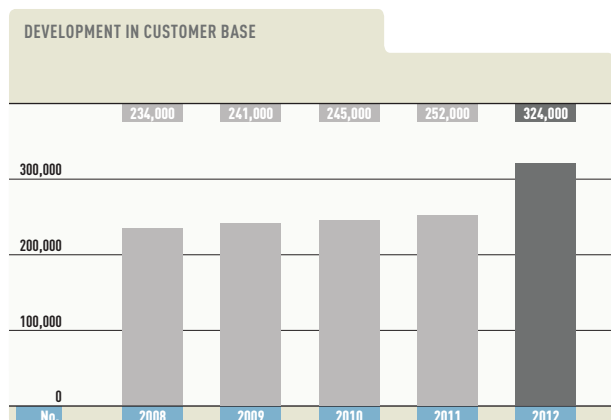
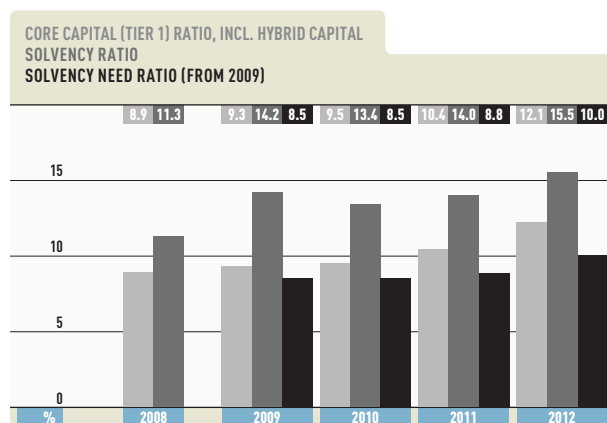
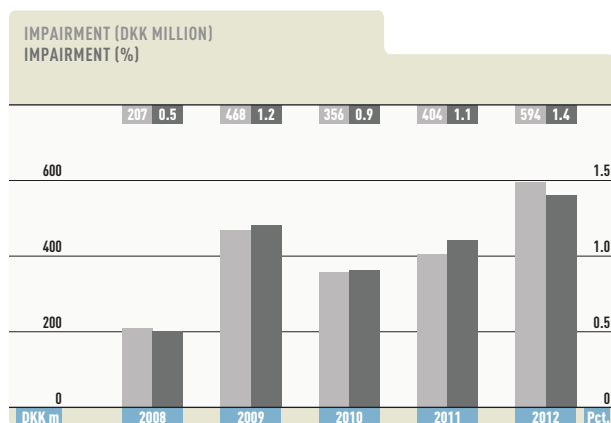
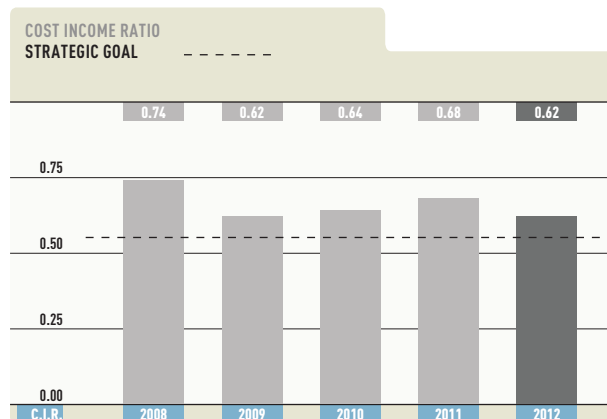
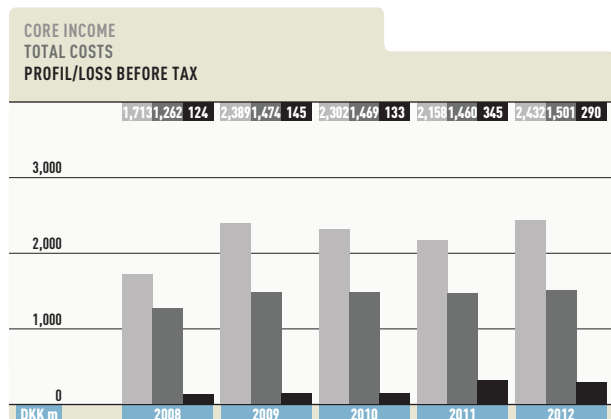
PRE-TAX PROFITS OF DKK 290 MILLION AFTER SHARP GROWTH IN CORE INCOME AND CORE EARNINGS BEFORE IMPAIRMENT

- The Group's core income ended at DKK 2,432 million, up 13% on 2011. Net interest income rose 5%, fuelled by a wider interest margin; net income from fees, charges and commissions grew 17% following heavy activity in the mortgage-credit area; and market-value adjustments doubled after extremely favourable growth on the bond side.
- The Group's total costs ended at DKK 1,501 million, which is 3% up on 2011 – adjusted for severance pay and costs arising out of the merger with Sparbank, this amounts to a reduction in costs.
- Core earnings before impairment thus ended at DKK 931 million – 33% up on 2011.
- Loan impairment, etc. ended at DKK 594 million against DKK 404 million in 2011, DKK 96 million of which constituted impairment in Q2 triggered by the more detailed guidelines issued by the Danish Financial Supervisory Authority.
- 2012 was yet another year seeing strong customer inflow – net 12,000 new retail and business customers – excl. intake in connection with the merger.
- Growth in market share – overall credit arranged grew by 2% against 0% for the sector, and deposits by 7% compared with 4% for the sector as a whole – both figures excl. the business volume acquired from Sparbank.
- Solid capital and cash position: The Common Equity (Tier 1) ratio stood at 12.1%, and the solvency ratio at 15.5%. Excess coverage relative to the solvency need ratio amounted to 5.5% (DKK 2.5 billion), and the excess cash coverage to DKK 14.8 billion.
- Merger with Sparbank completed according to plan – announced projections regarding synergies and non-recurring costs still expected to be met.
- Outlook for 2013: Core earnings before impairment and one-off costs connected with the Sparbank merger are expected to hover around DKK 1,000-1,100 million, and impairment is expected to be around 1% of total loans, advances and guarantees. Due to the merger, the forecasts as to impairment losses are subject to greater uncertainty than normally.

Q4 MARKED BY EXTRAORDINARY CIRCUMSTANCES

- Pre-tax profits of DKK 5 million versus DKK 135 million in Q3 2012, and DKK 69 million in Q4 2011.
- Core income of DKK 630 million versus DKK 561 million in Q3 2012, and DKK 564 million in Q4 2011 – growth driven by the merger with Sparbank.
- Loan impairment losses of DKK 156 million versus DKK 111 million in Q3 2012, and DKK 141 million in Q4 2011 – the increase relative to Q3 is attributable to a single exposure.
- Sharpening of strategy – towards a simpler bank: Elimination of 52 positions at headquarters and the regional pension and investment centres resulted in non-recurring costs of DKK 29 million. Future savings on payroll costs and other operating costs of about DKK 60 million.
- Trimming of the organization after the merger with Sparbank: Elimination of 100 positions at headquarters and the local banks result in non-recurring costs of DKK 34 million in 2012 and an anticipated DKK 13 million in 2013. Future payroll cost savings of about DKK 65 million.

KEY PERFORMANCE FEATURES



With 2012 a month behind us, we can safely say that the last year counted among the most eventful in Spar Nord's 189-year-long history. We had anticipated a busy year – but could never have envisioned that so much would happen, both internally and externally.

Unfortunately, the high activity level was not the result of an economy beginning to rebound, since economic growth in 2012 remained sluggish and demand for most financial products continued to be weak. Lending by the Danish banks came yet again under pressure, and thus business growth remained a basic question of winning market shares. In this essential area we succeeded in delivering a highly satisfactory performance, adding 12,000 new customers (net) to our customer portfolio and recording a volume of credit arranged that grew by 2% against 0% in the sector and deposits that rose 7% against the sector's 4%.

FOCUS ON CAPITAL

Going into 2012, capital headed the agenda, as we had deployed many resources on the liquidity side in 2011 – selling and phasing out our leasing activities and thus gaining independence from the international funding market, which had become all but impenetrable for medium-sized Danish banks after Amagerbanken collapsed.

In spring we decided to launch a capital increase that generated net proceeds of DKK 830 million – not because we were in any way thinly capitalized, but because we had to meet far stricter statutory requirements and market expectations and wanted the option to be part of the ongoing consolidation of the Danish banking sector. Thus, we boosted our Common Equity (Tier 1) ratio to 13.1% at end-Q1.

GOODBYE TO MOODY'S

Thanks to the phase-out of our leasing activities and the rise in deposit volume, in midyear our excess coverage on the liquidity side had, in fact, grown large enough to make us no longer dependent on funding from the international capital markets. For this reason, in May we chose to terminate our rating cooperation with Moody's. Terminating the agreement saves us both financial and staff resources – and has had no negative impact on our business. If at any time in future we need funding on the international market, we will be able to re-establish a setup with a rating, a programme for bond issues, etc., within a relatively short time.

MERGER WITH SPARBANK

The year's top story, and the one with the greatest prospects, came when we announced on 18 September that Spar Nord and Sparbank would merge, a move that attracted a great deal of attention from investors, analysts, customers and members of the press.

Wanting to improve our business' efficiency by adding more volume to our local banks, either through acquisitions or mergers, we had scanned the market on several occasions for a short list of interesting candidates and found the perfect strategic match in Sparbank, which offered a complementary branch network, a common IT platform and not least a common set of customers and culture to share.

Against this backdrop, a favourable framework for a transaction advantageous to all stakeholders took shape: A structure that would appeal to investors by offering greater potential for economies of scale and synergies, that would benefit customers by fortifying the distributive network, boosting competitiveness and offering unwavering local commitment, and that would benefit employees, because the merger would help create a bank with even greater success potential in future.

Today, almost five months after the merger plan was announced and three months after its adoption and implementation, we can report that all is going as well as, if not better than, expected and hoped. We will describe this in far greater detail in the group annual review.

SHARPER STRATEGY

Together with the organizational adaptations arising from the merger with Sparbank, in November we implemented a number of strategic initiatives targeted at our headquarters and support functions as well as our asset management functions, all for the purpose of further ensuring the Bank's future profitability and competitiveness.

The catchphrase for the implemented initiatives was and is "a simpler bank". By this we mean that we want to run an uncomplicated bank that focuses unequivocally on ordinary retail customers and small and medium-sized businesses in the local community.

We are opting in to this strategic course – and thus opting out of large customers, complex business activities and product development – because we want to deploy the core competences inherent in our personal, actively involved customer service and create a bank that delivers solid and stable results.

EMERGING FROM THE CRISIS WITH BLACK FIGURES

At first glance the 2012 figures appear to add up to a performance that was not quite satisfactory, our pre-tax profits having dropped by DKK 55 million, ending at DKK 290 million. That said, however, these figures represent a growth in core earnings before impairment of DKK 233 million, ending at DKK 931 million, after satisfactory growth reports from both the local banks and Trading, Financial Markets & the International Division.



The modest bottom line results extensively from the non-recurring costs of DKK 96 million defrayed in Q4 in connection with our merger and strategy adjustments. To this should be added that 2012 turned out to be yet another year characterized by major loan impairments, especially in the agricultural and property sectors.

What is more, we can establish that we have generated nine-digit profits every year since the financial crisis started. A performance that produces neither dazzling figures nor a satisfactory return on the capital invested by our owners, but results that, combined with the strategic decisions made along the way, have nevertheless enabled us to reinforce our position in readiness for the competition we will be facing in the years to come.

RESPECTABLE FUTURE PROSPECTS

So, at the beginning of 2013 the overall prospects for the future are brighter than they have been in recent years.

True, 2013 looks to be yet another year with moderate economic growth – and thus a year focused on winning market shares and particularly on running tight cost management. In this connection it is worth remembering that the Sparbank merger and the strategy sharpening that followed in its wake have already put us in good stead.

For one, the greater distributive strength we have gained through the merger gives us reason to expect that 2013 will also see a substantial net customer inflow as in previous years. On the cost side, we expect to continue realizing merger synergies of around DKK 110 million, and to attain further savings of about DKK 60 million related to the sharpened strategy.

If we meet these objectives and are spared from new, adverse events beyond our control, we will have an excellent launchpad for generating substantial growth in our core earnings before impairment – a situation that, coupled with a decline in impairment provisions, should crystallize into a substantial bottom line improvement.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Lasse Nyby'.

Lasse Nyby
Chief Executive Officer

A handwritten signature in black ink, appearing to read 'Torben Fristrup'.

Torben Fristrup
Chairman
of the Board of Directors

Contrary to widely held expectations at the beginning of the year, last year's trends in the Danish economy in many ways resembled those of the three previous years. In a year when the Americans went to the ballot polls and Europeans continued their struggle with the debt crisis, developments in the international economy were governed by political events for most of 2012, events that severely tested consumer confidence and confidence in the business sector for long stretches of the year. Thus, for Denmark 2012 was yet another year tainted by slow growth in consumption, investments and employment – and on the upside a low interest level and robust exports.

Globally, central banks continued to stimulate the economy through a lenient monetary policy and low interest rates. Nationalbanken, Denmark's central bank, was no exception, taking advantage of the strong Danish currency to lower interest rate levels to below the European average. The yield on short Danish government bonds was negative for most of the second half of the year, and the yield on short mortgage-credit bonds closed the year at around 0.5%. Despite moderately rising jobless rates and general uncertainty, the low interest rates helped keep Danish housing prices relatively stable following an almost 20% decline since their peak in 2007.

DENMARK WAS WELL PREPARED

Denmark has fared so well as to make international investors consider Denmark a safe haven primarily because, unlike many other European countries, Denmark was well equipped to tackle the crisis that hit the global economy in 2008. Fundamentally, major parts of the Danish economy have healthy balances and structures – as illustrated by the fact that Denmark is one of only 12 countries in total still receiving the highest credit rating from all the major credit rating agencies four years after the global financial crisis struck.

That Denmark remains in the throes of the crisis hinges on the fact that, like so many other countries in the pre-crisis years, Denmark experienced a housing and credit bubble that subsequently pushed the economy into a lower gear. Denmark's most important export markets, Germany, Sweden and Norway, have not been similarly affected, which has helped stabilize the Danish economy. On the

downside, major parts of Europe are suffering from a historically deep crisis, which of course dampens optimism in a small, open economy like Denmark's.

ANOTHER LOST GROWTH YEAR

After dropping by 5.7% in 2009, one of the sharpest dips in recent times, Danish economic activity has been largely unchanged since mid-2010. In 2012, two conflicting trends affected the economy. Firstly, consumption, measured in terms of retail sales, remains weak, despite the fact that more than DKK 25 billion of early retirement allowances has been repaid, and is now at its lowest level since 2004. Secondly, exports have bounced back to pre-crisis levels. At the same time, the level of investment activity in 2012 was slow, and the employment rate continued to decline. Thus, 2012 became yet another lost growth year, or, as Danish Minister for Economic Affairs and the Interior Margrethe Vestager predicted: 2012 will become an *annus horribilis*.

EXPECTATIONS OF WEAK RECOVERY IN 2013

Spar Nord expects overall Danish growth to end at -0.5% for 2012, and a 1.0% growth rate in 2013. As 2013 will become yet another year with a declining employment rate, consumer spending is expected to remain subdued – impacted positively by tax concessions but adversely by sustained uncertainty in the labour and housing markets coupled with declining real wages. However, the unknown in this equation is private households' dramatically rising bank deposits – a buffer that could trigger a larger rise in consumption than anticipated.

In 2012, investment activity was 20% below the pre-crisis level, and by all metes and bounds it will take several years to reach the pre-crisis peak again. However, together with the slightly better international business trends, the investment activity level in 2013 is expected to show more convincing signs of improvement following four years of investment drought. A built-up need for investment combined with a clarification of political conditions in both the USA and Europe and a sustained record-low interest level may boost investment activity more than anticipated.

THE DANISH SUPPLY BALANCE SHEET

Change - per year	2011	2012	2013
Gross domestic product	1.0	-0.5	1.0
Imports	5.3	3.1	2.5
Exports	7.0	1.6	1.5
Private consumption	-0.2	1.0	1.4
Public consumption	-0.4	0.0	0.6
Investments	0.3	1.8	3.0
Inventories (growth contributions)	-0.1	-0.1	0.2
Employment, %	-0.4	-0.5	-0.2

Source: Statistics Denmark, Danmarks Nationalbank (the central bank) and Spar Nord.

DANISH ECONOMIC INDICATORS

	2011	2012	2013
Inflation, %	2.8	2.4	2.0
Unemployment, %	6.2	6.2	6.4
Unemployment, '000	164	165	170
General government balance, DKK bn	-35	-70	-20
Balance of payments, DKK bn	116	105	95
Repo interest, end of year	0.70	0.10	0.35
3-mths CIBOR, end of year	1.00	0.30	0.45
10-year government bonds, end of year	1.70	1.20	2.50
DKK/USD, end of year	5.75	5.66	6.25

Source: Statistics Denmark, Danmarks Nationalbank (the central bank) and Spar Nord.

MACROECONOMICS AND MARKET TRENDS

SPAR NORD'S OUTLOOK FOR THE DANISH ECONOMY 2013

Spar Nord expects 2013 to be yet another year characterized by a relatively moderate demand for financing, and thus flat or negative growth in the sector's lending. Savings, and thus deposits in the financial sector, are expected to continue to climb.

On the activity and product side, Spar Nord expects the very low interest level to form the basis for a greater shift from passive deposits to more active savings and investment types.

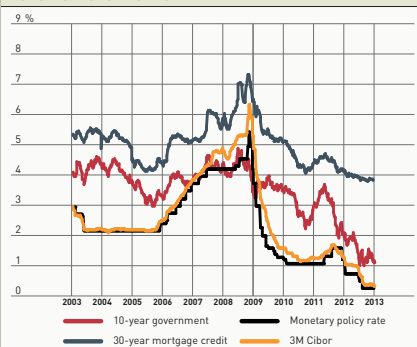
DEVELOPMENTS IN THE FINANCIAL SECTOR

The 2012 scenario for Denmark's financial sector was a replay of earlier years. Thus, despite a historically low interest level, demand for financing was low for the year. This was particularly true for Danish financial institutions, while mortgage-credit financing recorded continued growth. After having hovered at the same level in 2010 and 2011, lending by financial institutions to private households dropped by 4% in 2012. During the same period, mortgage-credit lending rose by 2%. The drop in bank lending to private households thus amounted to DKK 53 billion since the pre-crisis peak – a decline counterbalanced by an increase in mortgage-credit lending of DKK 195 billion, which means that total credit arranged for private households increased by DKK 142 billion.

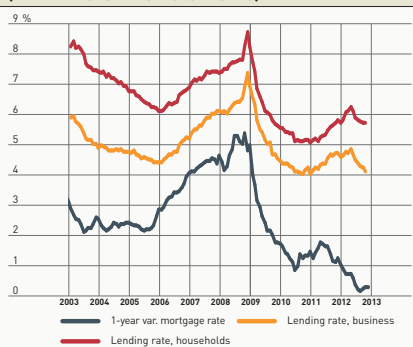
Bank lending to business customers has declined every year since the financial crisis began, and at sector level was 10% lower at end-2012 than at end-2011. Measured against the highest level before the crisis, this represents a decline of 35%.

Total deposits with Danish financial institutions amounted to DKK 1,243 billion at end-2012, of which DKK 505 billion represented Danish households' deposits in demand deposit accounts with the banks. Naturally, the high savings ratio puts a clamp on economic activity, but also helps establish a better starting point for a more self-sustaining and robust revival once the uncertainty wanes.

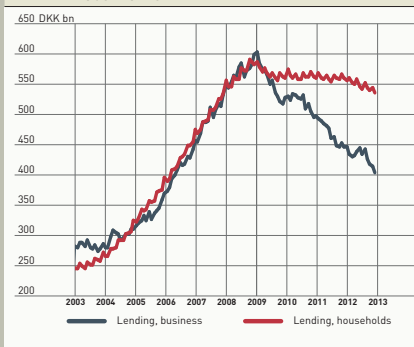
DANISH INTEREST, GOVERNMENT AND LONG MORTGAGE BONDS



DANISH INTEREST RATES (BANK AND SHORT MORTGAGE BONDS)

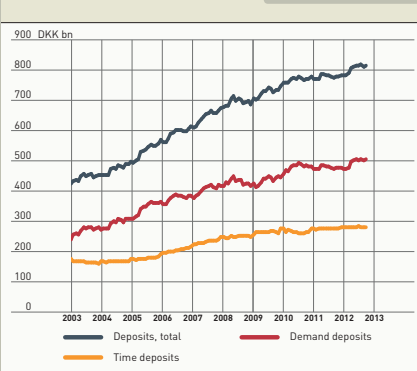


BANK LENDING TO BUSINESS AND PRIVATE HOUSEHOLDS

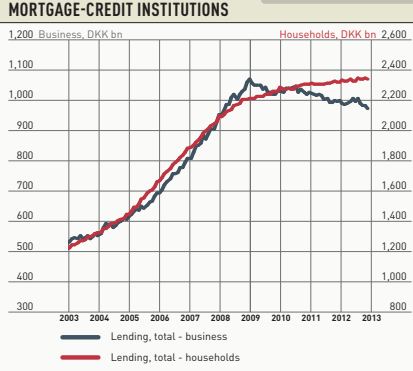


Source: Danmarks Nationalbank (the central bank).

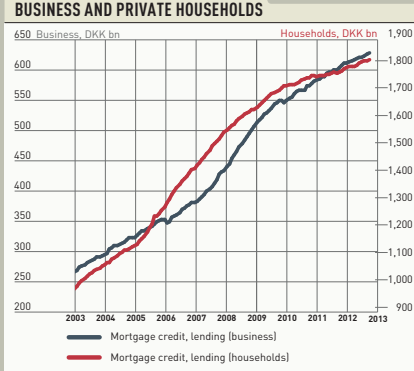
HOUSEHOLD DEPOSITS WITH BANKS



TOTAL LENDING BY BANKS AND MORTGAGE-CREDIT INSTITUTIONS



MORTGAGE-CREDIT LENDING TO BUSINESS AND PRIVATE HOUSEHOLDS



MERGER WITH SPARBANK

On 15 November 2012, after being sanctioned by the two companies' shareholders and approved by the relevant authorities, the merger of Spar Nord and Sparbank became a reality, and the two companies continued as one under the Spar Nord name.

The objective of the merger was and is to create a "new" bank with nationwide coverage and a strong market position in the North, Central and West Jutland regions as well as in a number of major cities elsewhere in Denmark. Moreover, the merger is intended to exploit the potential for enhancing efficiency and improving earning power that springs from the ability to serve a greater number of customers on the same production and support platform.

As a result of the merger, 21 of Sparbank's 23 local branches will be integrated into Spar Nord's existing bank regions Skive, Randers, Herning, Aarhus and Copenhagen, while the branches in Viborg and Holstebro will become new Spar Nord bank regions.

BUSINESS VOLUME AND ORGANIZATION

At the end of November 2012, the continuing bank had a bank lending portfolio of DKK 35.0 billion, a bank deposits portfolio of DKK 42.0 billion and guarantees for a total of DKK 5.5 billion. The customer portfolio numbered 320,000 individuals, catered for by 90 local banks with a total of 1,152 employees. The number of employees at headquarters was 491.

After the merger, the two organizations have been integrated and adapted, with the result that 100 positions at the two headquarters and the decentralized branches have been discontinued.

Customer numbers in the divisions concerned have gone up since the announcement of the merger.

OPENING BALANCE SHEET AND FAIR VALUE ADJUSTMENTS

In connection with the merger, fair value adjustments were made in the opening balance sheet of Sparbank's balance-sheet

items, including in particular lending, deposits, properties and deferred tax assets. The largest adjustment relates to Sparbank's lending portfolio, which has been adjusted downwards by DKK 434 million. On the deposits side, there was a negative adjustment of DKK 80 million relating to Sparbank's high fixed-rate deposits. After adjustments, the shareholders' equity in Sparbank comes to DKK 235 million.

EXCHANGE RATIO AND GOODWILL

The two boards of directors agreed that the exchange ratio would be such that Sparbank shareholders would receive two new Spar Nord shares for each share in Sparbank, corresponding to a total consideration of DKK 270 million, which resulted in a total goodwill payment of DKK 35 million based on the regulated shareholders' equity. After the merger, Sparbank's shareholders hold about 9% of Spar Nord's share capital.

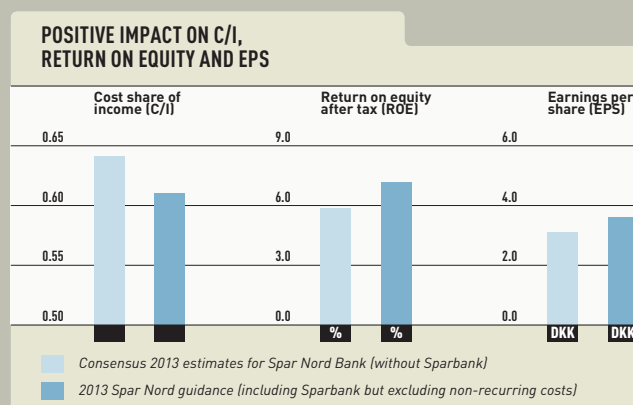
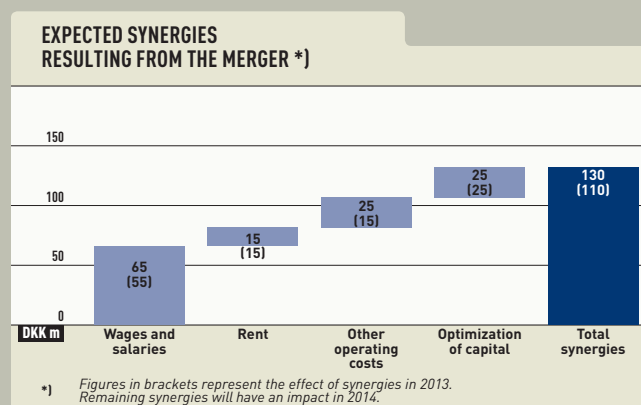
SYNERGIES AND NON-RECURRING COSTS

The merger is expected to produce annual synergies of around DKK 130 million once fully implemented in the merged bank. The staff and support units will particularly achieve the synergies, as the increase in the number of branch customers is not expected to result in a corresponding increase in the centralized units. To this should be added synergies connected with branch mergers and savings on the capital side. The integration process has proceeded in a manner that indicates the anticipated synergies will be realized.

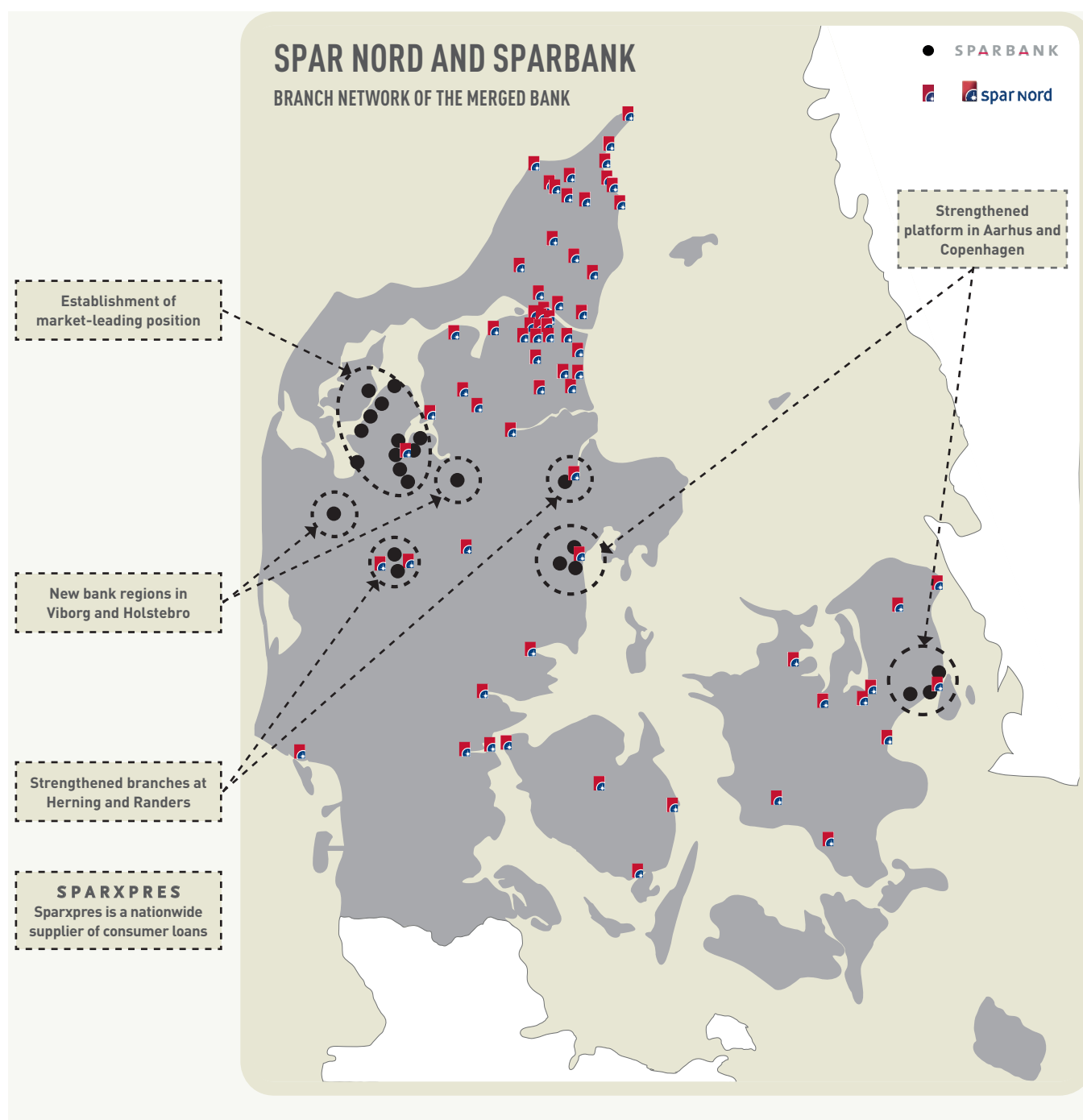
Non-recurring costs connected with the merger are expected to amount to DKK 110-120 million, of which DKK 67 million was defrayed in 2012.

OUTLOOK FOR 2013

The forecast for 2013 is still that the merger (that is, added business plus synergies) will contribute positively to Spar Nord's core earnings before impairment with about DKK 245 million. As a result of the review made, loan impairments, etc. are expected to be no higher for the acquired portfolio than in the rest of Spar Nord.



MERGER WITH SPARBANK



PERFORMANCE INDICATORS AND FINANCIAL RATIOS FOR THE GROUP

CORE EARNINGS - YEAR

PERFORMANCE INDICATORS

INCOME STATEMENT DKK m	2012	2011	Change in %	2010	2009	2008
Net interest income	1,542.4 *)	1,471.7	4.8	1,438.3	1,611.5	1,318.8
Net income from fees, charges and commissions	557.0	476.8	16.8	498.5	410.1	396.9
Market-value adjustments and dividends	241.9	130.3	85.6	270.2	300.2	-64.0
Other operating income	35.5	40.3	-11.9	34.1	30.8	29.4
Profit/loss on equity investments in associates and group enterprises	54.8	39.0	40.5	61.0	35.9	31.5
Core income	2,431.6	2,158.1	12.7	2,302.1	2,388.5	1,712.6
Salaries	905.8	882.5	2.6	875.5	845.1	759.9
Operating expenses	525.9	504.2	4.3	529.4	559.8	437.5
Depreciation, amortization and impairment	68.8	73.3	-6.1	63.7	68.9	64.1
Costs	1,500.5	1,460.0	2.8	1,468.6	1,473.8	1,261.5
Core earnings before impairment	931.1	698.1	33.4	833.5	914.7	451.1
Impairment of loans, advances and receivables, etc.	593.6 *)	404.4	46.8	356.3	467.6	206.7
Core earnings	337.5	293.7	14.9	477.2	447.1	244.4
Earnings from investment portfolios	40.9	3.0	-	-22.2	17.1	-229.3
Totalkredit (sale of shares)	0.0	0.0	-	0.0	0.0	92.9
Profit/loss on ordinary operations	378.4	296.7	27.5	455.0	464.2	108.0
Contributions to sector-wide solutions	-58.4	6.0	-	-324.2	-291.2	-81.3
Special merger-related items	-66.6	0.0	-	0.0	0.0	0.0
Profit/loss on continuing activities before tax	253.4	302.7	-16.3	130.8	173.0	26.7
The Group's leasing activities (discontinuing activities)	36.7	42.2	-13.0	2.2	-28.3	97.0
Profit/loss before tax	290.1	344.9	-15.9	133.0	144.7	123.7
Tax on continuing activities	55.9	52.9	5.7	27.1	33.9	4.5
Tax on discontinuing activities	10.4	17.2	-39.5	0.9	-6.7	23.9
Profit/loss	223.8	274.8	-18.6	105.0	117.5	95.3

BALANCE SHEET DISCLOSURES

DKK m						
Total assets	79,146	70,081	12.9	67,436	64,529	69,268
Loans and advances	39,058	38,702	0.9	39,952	38,315	45,376
Lending, banking activities	34,916	31,189	11.9	30,754	30,791	35,801
Lending, reverse transactions	116	393	-	1,517	0	2,220
Lending, leasing activities	4,026	7,120	-43.5	7,681	7,524	7,355
Deposits	48,923	37,415	30.8	36,882	35,998	38,019
Deposits, banking activities	41,922	31,088	34.8	30,391	31,931	33,833
Deposits, repo transactions	0	0	-	813	0	0
Deposits in pooled schemes	7,001	6,327	10.7	5,678	4,067	4,186
Subordinated debt	2,562	2,317	10.6	2,477	2,681	1,652
Shareholders' equity	5,975	4,627	29.1	4,374	4,143	4,024
Contingent liabilities	5,767	3,838	50.3	5,137	6,235	4,561
Risk-weighted items	46,307	42,188	9.8	43,406	41,692	42,813
Core capital (Tier 1), incl. hybrid core capital, after deductions	6,973	5,622	24.0	5,717	5,502	4,154
Impairment account and discount on commitments taken over	2,742 **)	1,143	-	1,027	1,100	606
Contractual non-performing loans	1,186	162	-	151	154	59
Business volume	93,748	79,955	17.3	81,971	80,548	87,956

*) In the 2012 core earnings format, an amount of DKK 5.3 million 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 from Sparbank; see note 3.

**) Spar Nord's impairment account amounts to DKK 1,330 million (note 56) and the discount on commitments taken over from Sparbank amounts to DKK 1,412 million.

The breakdown of earnings from investment portfolios, contributions to sector-wide solutions and special merger-related items, which have been recognized separately, appears from note 3.

Due to the phase-out of the Group's leasing activities, the individual items in the income statements for 2008 to 2010 have been reclassified, as the share of the individual items in the consolidated income statement relating to the Group's leasing activities has been reclassified to the account line, "Profit/loss on discontinuing activities", termed "The Group's leasing activities (discontinuing activities)".

PERFORMANCE INDICATORS AND FINANCIAL RATIOS FOR THE GROUP

CORE EARNINGS - YEAR

FINANCIAL RATIOS

	2012	2011	2010	2009	2008
SOLVENCY					
Solvency ratio, [%]	15.5	14.0	13.4	14.2	11.3
Core capital (Tier 1) ratio, incl. hybrid capital, [%]	15.1	13.3	13.2	13.2	9.7
Common Equity (Tier 1) ratio, [%]	12.1	10.4	9.5	9.3	8.9
EARNINGS					
Return on equity before tax	5.5	7.7	3.1	3.5	3.0
Return on equity after tax	4.2	6.1	2.5	2.9	2.3
Cost share of core income, continuing activities	DKK 0.62	0.68	0.64	0.62	0.74
Cost share of core income, incl. impairment of loans and advances, etc.	DKK 0.86	0.86	0.79	0.81	0.86
MARKET RISK					
Interest-rate risk	-1.1	-0.5	0.1	-0.3	0.3
Foreign-exchange position	1.4	6.9	2.9	2.9	9.1
Foreign-exchange risk	0.0	0.1	0.1	0.0	0.1
CREDIT RISK					
Loans and advances plus imp. account and discount hereon rel. to deposits	85.4	106.5	111.1	109.1	120.9
Loans and advances rel. to shareholders' equity	6.5	8.4	9.1	9.2	11.3
Increase in loans and advances for the year	0.9	-3.1	4.3	-15.6	10.8
Excess coverage rel. to statutory cash ratio requirement	211.5	163.9	109.1	157.0	86.7
Large exposures as % of capital base *)	16.5	0.0	0.0	10.9	12.3
Impairment ratio, continuing activities	1.4	1.1	0.9	1.2	0.5
EMPLOYEES AND BRANCHES					
Number of employees (full-time, end of year) (continuing activities)	1,633	1,355	1,360	1,423	1,458
Number of employees (full-time, end of year) (discontinuing activities)	20	42	111	107	96
Number of local banks	90	69	71	77	75
THE SPAR NORD BANK SHARE					
DKK PER SHARE OF DKK 10					
Share price, end of year	26	23	43	40	30
Net asset value (NAV)	48	58	54	53	52
Profit/loss for the year	1.7	3.4	1.3	1.5	1.2
Dividend	0	0	0	0	0
Return	13	-47	8	33	-60
Price/earnings	15	7	33	27	25

*) With reference to the Danish Financial Supervisory Authority's "Guidelines on the reporting of financial ratios", the financial ratio "Large exposures as % of capital base" has been adjusted for exposures to credit institutions below DKK 1 billion after deductions in 2010, 2011 and 2012 in accordance with section 145 of the Danish Financial Business Act, for which reason the financial ratio is not fully comparable with previous years.

Share-based financial ratios for previous periods have been multiplied by an adjustment factor of 0.7073 due to the capital increases in 2012.

The Danish Financial Supervisory Authority's layout and ratio system appear from note 62.

Ratio definitions appear from note 63.

PERFORMANCE INDICATORS AND FINANCIAL RATIOS FOR THE GROUP

CORE EARNINGS - QUARTERLY

PERFORMANCE INDICATORS

INCOME STATEMENT DKK m	2012 Q4	2012 Q3	2012 Q2	2012 Q1	2011 Q4
Net interest income	414.1 *)	368.4	374.0	385.9	401.8
Net income from fees, charges and commissions	138.4	123.1	143.6	151.9	117.1
Market-value adjustments and dividends	48.4	52.7	61.5	79.3	32.9
Other operating income	11.0	7.1	10.3	7.1	12.3
Profit/loss on equity investments in associates and group enterprises	18.2	10.1	12.8	13.7	0.0
Core income	630.1	561.4	602.2	637.9	564.1
Salaries	269.6	184.9	236.6	214.7	242.6
Operating expenses	140.0	115.6	127.4	142.9	122.2
Depreciation, amortization and impairment	17.1	15.4	20.9	15.4	23.0
Costs	426.7	315.9	384.9	373.0	387.8
Core earnings before impairment	203.4	245.5	217.3	264.9	176.3
Impairment of loans, advances and receivables, etc.	155.8 *)	111.2	220.8	105.8	141.4
Core earnings	47.6	134.3	-3.5	159.1	34.9
Earnings from investment portfolios *)	15.8	20.4	-1.2	5.9	-0.3
Profit/loss on ordinary operations	63.4	154.7	-4.7	165.0	34.6
Contributions to sector-wide solutions *)	-14.4	-16.5	-8.5	-19.0	24.1
Special merger-related items	-57.7	-8.9	0.0	0.0	0.0
Profit/loss on continuing activities before tax	-8.7	129.3	-13.2	146.0	58.7
The Group's leasing activities (Discontinuing activities)	14.0	5.9	18.8	-2.0	10.0
Profit/loss before tax	5.3	135.2	5.6	144.0	68.7
Tax on continuing activities	-4.6	33.7	-5.2	32.0	14.5
Tax on discontinuing activities	4.8	0.1	3.3	2.2	2.3
Profit/loss	5.1	101.4	7.5	109.8	51.9

BALANCE SHEET DISCLOSURES DKK m

Total assets	79,146	68,979	67,425	68,355	70,081
Loans and advances	39,058	34,991	34,395	36,717	38,702
Lending, banking activities	34,916	29,978	28,895	29,885	31,189
Lending, reverse transactions	116	698	556	431	393
Lending, leasing activities	4,026	4,315	4,944	6,401	7,120
Deposits	48,923	39,868	37,999	37,416	37,415
Deposits, banking activities	41,922	33,158	31,613	31,108	31,088
Deposits, repo transactions	0	0	0	0	0
Deposits in pooled schemes	7,001	6,710	6,386	6,308	6,327
Subordinated debt	2,562	1,801	1,806	1,798	2,317
Shareholders' equity	5,975	5,704	5,584	5,577	4,627
Contingent liabilities	5,767	4,508	5,938	3,928	3,838
Risk-weighted items	46,307	38,119	40,342	40,714	42,188
Core capital (Tier 1) [incl. hybrid core capital], after deductions	6,973	6,409	6,329	6,327	5,622
Impairment account and discount on commitments taken over	2,742 **)	1,343	1,321	1,189	1,143
Contractual non-performing loans	1,186	199	176	173	162
Business volume	93,748	79,367	78,332	78,061	79,955

*) In the 2012 core earnings format, an amount of DKK 5.3 million 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 from Sparbank; see note 3.

**) Spar Nord's impairment account amounts to DKK 1,330 million (note 56) and the discount on commitments taken over from Sparbank amounts to DKK 1,412 million.

The breakdown of earnings from investment portfolios, contributions to sector-wide solutions and special merger-related items, which have been recognized separately, appears from note 3.

PERFORMANCE INDICATORS AND FINANCIAL RATIOS FOR THE GROUP

CORE EARNINGS - QUARTERLY

FINANCIAL RATIOS

	2012 Q4	2012 Q3	2012 Q2	2012 Q1	2011 Q4
SOLVENCY					
Solvency ratio (%)	15.5	16.8	15.7	15.5	14.0
Core capital (Tier 1) ratio, incl. hybrid capital, (%)	15.1	16.8	15.7	15.5	13.3
Common Equity (Tier 1) ratio, (%)	12.1	14.3	13.2	13.1	10.4
EARNINGS					
Return on equity before tax	0.1	2.6	0.1	2.8	1.5
Return on equity after tax	0.1	2.0	0.1	2.2	1.2
Cost share of core income, continuing activities	DKK 0.68	0.56	0.64	0.58	0.69
Cost share of core income, incl. impairment of loans and advances etc.	DKK 0.92	0.76	1.01	0.75	0.94
MARKET RISK					
Interest-rate risk	-1.1	-0.9	-0.5	-0.7	-0.5
Foreign-exchange position	1.4	2.2	2.2	4.6	6.9
Foreign-exchange risk	0.0	0.0	0.1	0.1	0.1
CREDIT RISK					
Loans and advances plus impairment account and discount hereon	85.4	91.1	94.0	101.3	106.5
Loans and advances rel. to shareholders' equity	6.5	6.1	6.2	6.6	8.4
Increase in loans and advances for the period	11.6	1.7	-6.3	-5.1	-2.2
Excess coverage rel. to statutory cash ratio requirement	211.5	175.3	211.1	201.7	163.9
Large exposures as % of capital base	16.5	0.0	0.0	0.0	0.0
Impairment ratio, continuing activities	0.4	0.3	0.6	0.3	0.4
EMPLOYEES AND BRANCHES					
Number of employees (full-time, end of period) (continuing activities)	1,633	1,332	1,328	1,352	1,355
Number of employees (full-time, end of period) (discontinuing activities)	20	19	23	31	42
Number of branches	90	67	68	68	69
THE SPAR NORD BANK SHARE					
DKK PER SHARE OF DKK 10					
Share price, end of period	26	27	21	24	32
Net asset value (NAV)	48	50	49	49	82
Profit/loss for the period	0.0	1.0	0.1	1.3	0.9

Share-based financial ratios for Q4 2011 have been multiplied by an adjustment factor of 0.7073 due to the capital increases in 2012.

THE YEAR IN REVIEW - THE GROUP

INTRODUCTION

In 2012, the Spar Nord Group realized pre-tax profits of DKK 290 million, equal to a return on the beginning equity of 5.5% before tax.

The reason that profits ended DKK 55 million down on 2011 was the recent merger with Sparbank, which resulted in non-recurring costs, and the impairment losses triggered by the more specific guidelines issued by the Danish Financial Supervisory Authority.

The underlying operations performance was highly satisfactory, with core earnings before impairment and contributions to sector-wide solutions ending at DKK 931 million, which is DKK 233 million higher than in 2011. The increase breaks down on all income types.

The Group's costs ended 3% up on the two previous years. However, adjusted for costs related to the merger and the strategy adjustment this represented a 1% decline in underlying costs.

Loan impairment, etc. ended at a high level on account of the sustained challenging business trends, ending at DKK 594 million, equal to 1.4% of total loans, advances and guarantees.

From a strategic perspective, three events stood out in 2012: the capital increase in March, the merger with Sparbank in November and the subsequent sharpening of the Bank's strategy, aimed at making Spar Nord a simpler bank with unequivocal focus on ordinary retail customers and businesses in the local community.

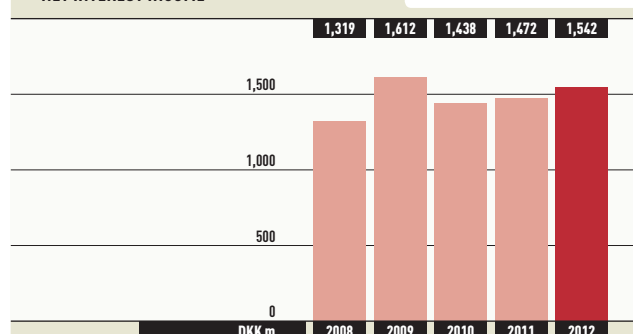
Overall, Management finds that in light of market conditions and the initiatives launched by the Group, 2012 can be termed a satisfactory year for Spar Nord.

INCOME

In 2012, net interest income amounted to DKK 1,542 million, equal to an advance of DKK 70 million, or 5% compared with 2011. The increase is attributable to a wider lending margin, coupled with ongoing optimization of the Group's funding structure. On the downside, market interest rates remained low with the resulting negative deposit margin and sustained pressure on the lending volume.

In the period following the completion of the merger, activities acquired from Sparbank contributed some DKK 50 million to results.

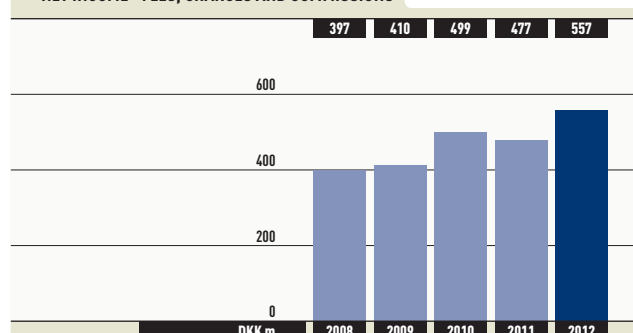
NET INTEREST INCOME



Net income from fees, charges and commissions ended at DKK 557 million, equal to an advance of DKK 80 million, or 17%, compared with 2011. The increase is attributable to an extremely high activity level in the mortgage-credit area, by way of both new lending and remortgaging activities. To this should be added mounting income from securities trading and sustained growth in the volume of insurance products arranged.

In the period following the completion of the merger, activities acquired from Sparbank contributed some DKK 10 million to results.

NET INCOME - FEES, CHARGES AND COMMISSIONS



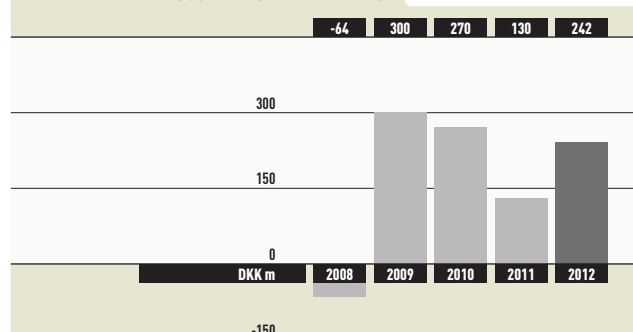
Market-value adjustments and dividends ended at DKK 242 million, which is DKK 112 million, or 86% up on 2011.

The increase is attributable primarily to the Group's bond portfolio, particularly the narrowing of the Danish mortgage bond spreads.

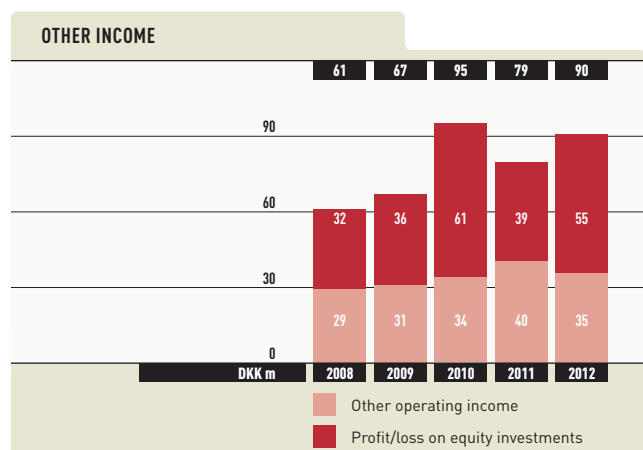
Market-value adjustments and dividends on the Bank's portfolio of shares in companies in the financial sector ended at approximately the same level as in 2011, while earnings on customers' hedging of interest and foreign-exchange risks dipped slightly.

In the period following the completion of the merger, activities acquired from Sparbank contributed some DKK 10 million to results.

MARKET VALUE ADJUSTMENTS AND DIVIDENDS



THE YEAR IN REVIEW - THE GROUP



Other operating income, which includes operation of properties and support services provided to other financial institutions, amounted to DKK 35 million compared with DKK 40 million in 2011. The profit on equity investments in associates, primarily Nørresundby Bank and Valueinvest Asset Management, amounted to DKK 55 million compared with DKK 39 million in 2011.

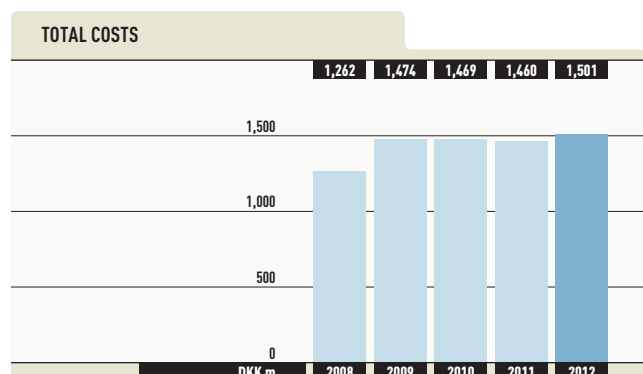
A MORE EFFICIENT BANK

Since 2009, Spar Nord's local banks' customer portfolio has grown by 83,000 new customers (net). During the same period, the staff number grew from 995 to 1,099 persons, which means that each employee now serves 22% more customers than three years ago.

The key factors in this development are changes in the North Jutland branch structure, a strategy adjustment at headquarters and support functions to achieve greater simplicity, and synergies connected with the Sparbank merger.

COSTS

The Group's total costs and expenses amounted to DKK 1,501 million, which is DKK 41 million up on 2011. Adjusted for operating costs assumed in connection with the merger, this represents an increase of DKK 2 million - even though DKK 29 million was defrayed in Q4 by way of special costs in connection with the implemented strategy adjustment.



Payroll costs ended at DKK 906 million, which is DKK 23 million, or 3%, up on 2011. This increase is attributable to costs related to disestablishment and severance pay, and to ordinary payroll costs taken over in connection with the merger.

Operating costs ended at DKK 526 million, which is DKK 22 million, or 4%, up on 2011. The increase is ascribable primarily to the merger. To this should be added a rise in IT costs.

The core income and costs realized correspond to a cost/income ratio of 0.62 (2011: 0.68). A figure that needs to be improved to around 0.55 in the coming years according to the Group's strategy.

CORE EARNINGS BEFORE IMPAIRMENT

The Group's core earnings before impairment amounted to DKK 931 million versus DKK 698 million in 2011. Of the total core earnings before impairment, business activities taken over from Sparbank accounted for some DKK 30 million.

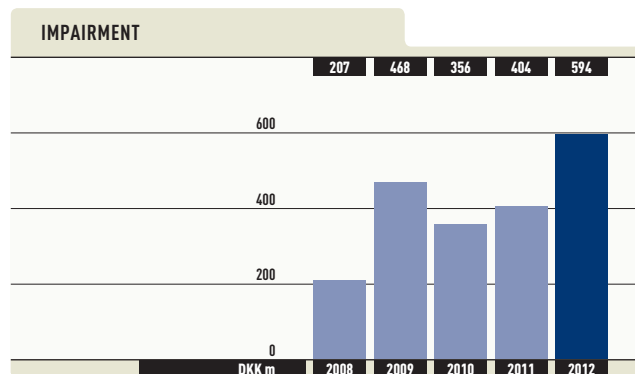
The realized results should be viewed in relation to expectations that core earnings before impairment would "hover around DKK 900 million", announced in July and reiterated in November when the implemented strategy adjustments were announced. At the beginning of this year under review, Management forecast core earnings before impairment to "hover around DKK 800 million."

IMPAIRMENT OF LOANS AND ADVANCES

The total impact on profit from loan impairment amounted to DKK 594 million in 2012, equal to 1.4% of total loans, advances and guarantees. Impairment losses were DKK 190 million higher than in 2011, which reflects the fact that 2012 was yet another year affected by a harsh business climate and thus challenging for a number of industries.

Impairment was substantial, particularly in the agricultural and property sectors, one reason being that in spring the Danish Financial Supervisory Authority announced a number of clarifications to its guidelines for the two sectors, which resulted in Spar Nord having to record impairment losses in the amount of DKK 96 million in Q2.

The above-mentioned rules were also applied in the second half of 2012 and have contributed to increasing the impairment level, particularly in the property area.



DKK 480 million of the total profit impact of DKK 594 million is attributable to business customers, corresponding to an impairment ratio of 2.0% for this customer category. Impairment losses on the Group's lending to private households amounted to DKK 114 million, equal to an impairment ratio of 0.7%.

THE YEAR IN REVIEW - THE GROUP

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

Line of business %	Bank lending and guarantees		Impairm. account/ discount on exposures taken over
	31.12.11	31.12.12	31.12.12
Agriculture, hunting and forestry	9.2	8.4	15.1
Fisheries	0.5	0.4	0.0
Industry and raw mat. extraction	2.5	3.5	2.1
Energy supply	4.4	4.2	1.1
Building and construction	2.8	3.4	4.7
Trade	8.7	8.0	4.9
Transport, hotels and restaurants	3.0	3.2	5.3
Information and communication	0.4	0.4	0.5
Financing and insurance	6.3	5.0	9.2
Real estate	13.2	13.0	17.0
Other business areas	5.6	6.5	12.5
Business customers, total	56.6	56.0	72.4
Public authorities	4.8	4.0	0.0
Retail customers	38.6	40.0	27.6
Total	100.0	100.0	100.0

*) Excl. discontinuing activities

The Group's impairment account and discount on exposures taken over (continuing activities) amounted to DKK 2,525 million at the end of the year, of which DKK 1,354 million is attributable to the latter.

EARNINGS FROM INVESTMENT PORTFOLIOS

Gains and losses on the liquidation portfolio of securities arising in connection with the closedown of the Group's Treasury function in 2008 and on the Bank's investments in unlisted shares via Erhvervsinvest Nord A/S and Erhvervsinvest K/S are recognized under earnings from investment portfolios.

In 2012, earnings from investment portfolios amounted to DKK 41 million versus DKK 3 million in 2011. The substantial improvement is attributable primarily to the positive adjustment of the value of the investment in Erhvervsinvest K/S.

MERGER-RELATED COSTS

The merger with Sparbank gave rise to costs of DKK 67 million in 2012. The costs are attributable to disestablishment and severance pay (DKK 33 million), adaptation of the branch structure (DKK 11 million), consultancy fees (DKK 14 million) and other merger-related costs (DKK 9 million).

The realized costs are lower than forecast. Merger-related costs of around DKK 40-50 million are expected for 2013; thus, total estimated merger costs are still about DKK 110-120 million.

CONTRIBUTIONS TO SECTOR-WIDE SOLUTIONS

Contributions to sector-wide solutions, which comprise Spar Nord's contributions to the Depositors' and Investors' Guarantee Fund (incl. Spar Nord's share of Nørresundby Bank's contribution), ended at DKK 58 million compared with an income of DKK 6 million in 2011.

The amount is composed of the "ordinary" contribution to the Guarantee Fund according to the new insurance-based model (a total of DKK 49 million) and contributions to cover losses incurred by Fjordbank Mors (a total of DKK 16 million). On the upside, previously paid contributions regarding Max Bank and Amagerbanken were adjusted in an amount totalling DKK 7 million.

RESULTS OF DISCONTINUING ACTIVITIES

In 2012, the Spar Nord Group recorded satisfactory pre-tax results of DKK 37 million on its leasing activities. Please refer to the "Business areas" section for a more detailed description.

PROFITS

Thus, the Group's pre-tax profits amounted to DKK 290 million versus DKK 345 million in 2011. The profit performance yields a pre-tax return on the beginning equity of 5.5%. After DKK 66 million in estimated tax, profits amount to DKK 224 million. The tax amounts to 23% of the pre-tax profits for the year.

In 2012 expenses for taxes and duties of DKK 168 million were incurred, of which DKK 102 million relates to payroll tax and the partial VAT deductibility.

Q4 2012

Profits amounted to DKK 5 million in Q4 compared with DKK 135 million in Q3 2012 and DKK 69 million in Q4 2011. The decline from Q3 to Q4 is attributable to merger-related costs, costs connected with the closedown of 152 positions and higher impairment provisions. On the upside, core income increased.

The net interest income in Q4 amounted to DKK 414 million versus DKK 368 million in Q3. The 12% increase is attributable primarily to activities taken over from Sparbank.

The net income from fees, charges and commissions in Q4 amounted to DKK 138 million versus DKK 123 million in Q3. The increase is attributable to mounting activity in securities trading and the activities taken over from Sparbank.

Market-value adjustments in Q4 came to DKK 48 million against DKK 53 million in Q3.

Costs ended at DKK 427 million in Q4 versus DKK 316 million in Q3. The 35% growth is primarily attributable to the DKK 29 million expensed in Q4 2012 by way of severance pay in connection with the closedown of positions and payroll costs at Sparbank in the amount of DKK 25 million. To this should be added the impact of the accrual principles applied to holiday pay obligations, which means that payroll costs are always higher in Q4.

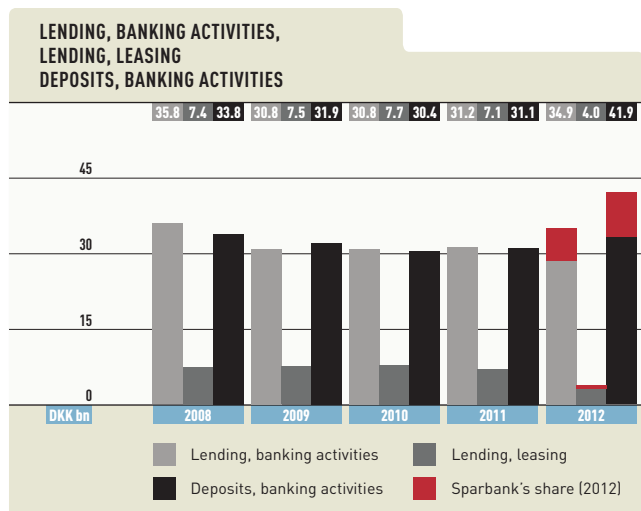
Impairment of loans and advances amounted to DKK 156 million in Q4 versus DKK 111 million in Q3. The increase in Q3 is due primarily to a DKK 43 million impairment loss relating to a single exposure in the property sector.

Earnings from investment portfolios amounted to DKK 16 million in Q4 versus DKK 20 million in Q3.

THE YEAR IN REVIEW - THE GROUP

BUSINESS VOLUME

The Group's total business volume (deposits, loans, advances and guarantees) amounted to DKK 93.7 billion at end-2012 – 17% up on end-2011. Loans and advances taken over from Sparbank amounted to DKK 17 billion, which meant a fall in business volume for the pre-merger Spar Nord of DKK 3.3 billion.

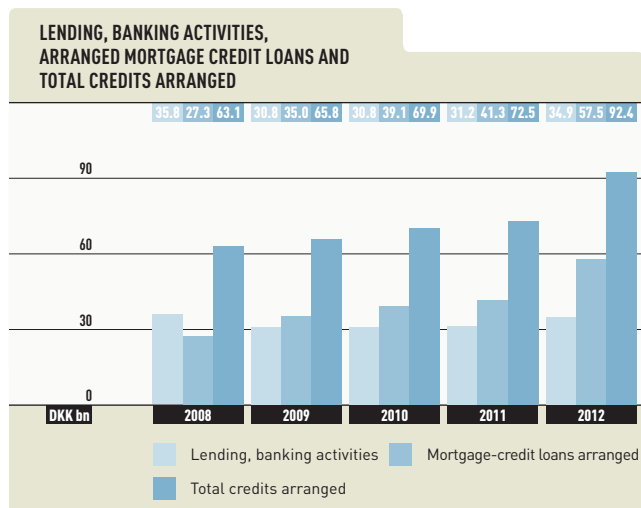


Lending, banking activities, stood at DKK 34.9 billion at end-2012 – DKK 3.7 billion or 12% up on end-2011. Loans and advances taken over from Sparbank amounted to DKK 6.5 billion, which meant a fall in lending, business activities for the pre-merger Spar Nord of DKK 2.8 billion.

During 2012, lending, leasing activities, shrank by DKK 3.1 billion to DKK 4.0 billion. In connection with the merger, leasing loans for a total of DKK 0.3 billion were taken over, but nevertheless there was a satisfactory reduction of Spar Nord's leasing loan portfolio of DKK 3.4 billion.

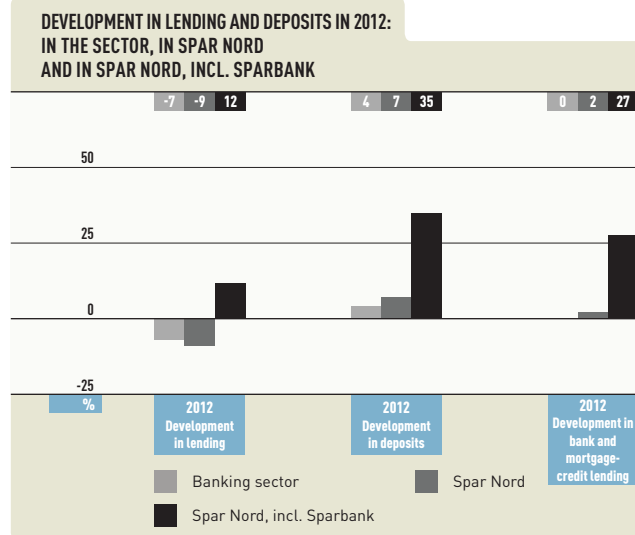
Deposits, banking activities, amounted to DKK 41.9 billion, which is DKK 10.8 billion, or 35%, up on end-2011. DKK 8.6 billion of the increase is attributable to deposits taken over from Sparbank.

From end-2011 to end-2012, guarantees increased from DKK 3.8 billion to DKK 5.8 billion, equal to 50%. The increase is attributable to the guarantees acquired in connection with the merger with Sparbank.



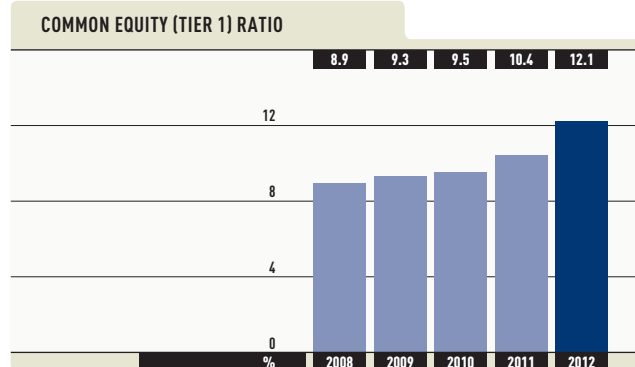
Since end-2011, mortgage-credit loans arranged at the pre-merger Spar Nord have increased DKK 3.9 billion, equal to 9%. The growth in mortgage-credit lending more than offsets the decline in bank lending, resulting in a combined 2% growth in total credit arranged.

If mortgage-credit loans taken over in connection with the merger are taken into account, then mortgage credit arranged grew by DKK 16.2 billion, equal to 39%, and total credit arranged by DKK 19.9 billion, equal to 27%.



CAPITAL

Spar Nord's objectives on the capital side are to have a Common Equity (Tier 1) ratio of at least 12%, a solvency ratio of at least 15% and a difference between the solvency ratio and the solvency need ratio of at least 3 percentage points.



Thus, the Group's Common Equity (Tier 1) ratio stood at 12.1% at end-2012 (end-2011: 10.4%), while the core capital ratio, incl. hybrid core capital, was 15.1% (end-2011: 13.3%).

During 2012, DKK 1,099 million was raised by way of new shareholders' equity, while supplementary capital for a total of DKK 1,089 million was redeemed prematurely, and new subordinated loans totalling DKK 400 million were floated.

The solvency ratio at end-2012 has been calculated at 15.5% (end-2011: 14.0%), which should be viewed in relation to Spar Nord having calculated the solvency need ratio at 10.0%. Thus, the Bank has an excess capital coverage of 5.5 percentage points, equal to DKK 2.5 billion.

THE YEAR IN REVIEW - THE GROUP

As from Q4 2012 Spar Nord calculates its solvency need ratio (the ICAAP result) according to the so-called 8+ method; see the guidelines issued by the Danish Financial Supervisory Authority.

LIQUIDITY

In terms of liquidity, the Group pursues the strategic goal of deploying long-term funding to finance lending at all times. Thus, the Group's objective is for deposits, senior loans, issued bonds, subordinated debt and shareholders' equity to exceed lending. Subordinated debt, senior loans and issued bonds due within 12 months are not included in this calculation.

STRATEGIC LIQUIDITY *)

DKK bn	2008	2009	2010	2011	2012
Deposits, banking activities	33.8	31.9	30.4	31.1	41.9
Senior loans/bond issues	9.4	10.4	9.3	10.2	9.6
Shareholders' equity & subord. debt	5.7	6.8	6.9	6.9	8.5
Generation of cash	48.9	49.1	46.6	48.2	60.0
Lending, banking activities	35.8	30.8	30.7	31.2	34.9
Lending, leasing activities	7.4	7.5	7.7	7.1	4.0
Maturity, senior, issued bonds and subord. debt < 1 year	4.3	3.4	2.3	6.0	6.3
Strategic liquidity	1.4	7.4	5.9	3.9	14.8

*) See note 58.

At end-2012, Spar Nord's excess coverage relative to the strategic liquidity target stood at DKK 14.8 billion, which represents an improvement of DKK 10.9 billion since end-2011.

The major improvement is attributable to the reduction in the Group's lending, generated by the phase-out of leasing activities, the increase in deposits, the injection of fresh equity and the utilization of the central bank's (Danmarks Nationalbank) LTRO facility at 30 September in the amount of DKK 3 billion.

The merger with Sparbank contributes with an improvement of the Group's strategic liquidity of DKK 2.3 billion.

CUSTOMER DEVELOPMENTS

Without taking into account the approx. 60,000 customers added from the merger, Spar Nord recorded a net customer intake of about 12,000 in 2012. This intake breaks down into 10,900 retail customers and 1,100 business customers. The result is in line with the Bank's strategic target for the year and thus satisfactory.

As a consequence of the generally low business activity level in Denmark, we did not reach the strategic target of 5% growth in the average business volume per customer in 2012. Thus, the decline ended at 4%, greatly due to the fact that mortgage credit, which is not included in the statement of business volume, represents an increasingly larger share of the total volume of credit arranged.

SHARPENING THE STRATEGY - TOWARDS A SIMPLER RETAIL BANK

Concurrently with the organizational adaptations connected with the Sparbank merger, Spar Nord implemented a number of strategic initiatives in November targeted at our headquarters and support functions as well as the asset management functions. The initiatives launched, which combined are to further reinforce the Bank's future profitability and competitiveness, are intended to sharpen the strategic focus on running a simpler retail bank.

These are some of the initiatives:

New organization at headquarters

The number of departments in the support organization will be reduced with a view to minimizing complexity and coordination needs.

Simpler structure in the asset management area

Responsibility for asset management advice and concepts is consolidated in Trading, Financial Markets & the International Division, and the structure of the regional pension and investment centres will be changed so that investment and asset management advisers are grouped together in larger, but more flexible units.

The IRB project suspended

Since it is unknown whether a transition to IRB models on the capital side will have effects that match the resources expended on them, the work to prepare an application to the Danish Financial Supervisory Authority in this respect has been suspended. The Bank will maintain and proceed with the business insight obtained and methods gained from the preparatory project.

Development projects and operating tasks will be adapted in light of the goal of running a simpler bank

As a consequence of the strategic endeavours to run a simpler and focused bank, the Bank has decided to suspend a number of development projects and operating tasks. The implemented initiatives mean that 52 positions at headquarters and the regional pension and investment centres have been terminated. 12 of these will be eliminated by voluntary retirement, etc., and 40 by dismissals.

Effects

The implemented adaptation will reduce the Group's future payroll costs by DKK 39 million, while non-recurring costs connected with disestablishment and severance pay, etc., of DKK 29 million were defrayed in 2012. In addition to the staff-related savings, the implemented initiatives are expected to result in savings on other operating costs of around DKK 20 million in 2013.

OUTLOOK FOR 2013

Spar Nord expects 2013 to be yet another year characterized by moderate economic growth and thus sustained subdued demand for financing.

Combined with the sustained low interest level, the weak demand is expected to put some pressure on net interest income. As for fees, charges and commissions, the slowdown in remortgaging activity is expected to have a negative impact, while growth is expected in the asset and investment area.

The merger with Sparbank, in concert with the strategic initiatives taken in Q4, is expected to boost cost efficiency.

In this light, core earnings before impairment are expected to hover around the DKK 1,000 - 1,100 million level.

The continued challenging business trends are expected to keep loan impairment, etc. at a high level, probably about 1% of total loans, advances and guarantees.

The uncertainty attaching to impairment is greater than normally, for one thing because of the merger.

In 2013, contributions to sector-wide solutions are expected to amount to an expense of some DKK 90 million, and costs in connection with the merger to some DKK 40-50 million.

On the capital side, the Common Equity (Tier 1) ratio is expected to be fortified by about 1 percentage point.

SPAR NORD'S LOCAL BANKS



Spar Nord's Local Banks constitute the largest business unit in the Spar Nord Group. This business area comprises 90 local banks throughout the country, which employ 1,099 employees and serve about 322,000 retail and business customers. Managing Directors Lars Møller, John Lundsgaard and Bent Jensen share the general responsibility for managing Spar Nord's Local Banks.

KEY FIGURES 2012

Core income:	DKK 1,957 m (2011:	DKK 1,869 m)
Costs and exp.:	DKK 1,222 m (2011:	DKK 1,234 m)
Impairment:	DKK 594 m (2011:	DKK 404 m)
Core earnings:	DKK 141 m (2011:	DKK 231 m)

EVENTS IN 2012

- 12,000 new retail and business customers - net
- 2% growth in total volume of credit arranged (bank + mortgage credit) - higher than the sector average
- Sharpening of strategy - towards a simpler bank

OUTLOOK FOR 2013

- Sustained growth in customer number - in line with 2012
- Continued low demand for financing
- Private households save up
- Respectable growth in earnings - one effect of merging with Sparbank

MARKET CONDITIONS

2012 was a year characterized by moderate economic growth and ever-challenging business trends. The investment needs of business enterprises remained subdued, and retail customers largely chose to save rather than spend. Thus, demand for financing was low in both the business and retail segments all year, and the total lending by Danish financial institutions shrank 5% during the year, while deposits grew by 4%.

Among business customers, those in the agricultural sector and the property business continued to encounter financial hardships, as did a broad spectrum of other industries and business types. The general situation remained positive for retail customers, as both housing prices and unemployment figures kept to a relatively stable curve, and disposable income for people in work remained high.

In the face of these challenging conditions, Spar Nord's Local Banks succeeded in winning additional market shares - as seen in the addition of 12,000 new customers, the 2% growth in the total volume of credit arranged compared with 0% for the sector as a whole, and the 13% growth in deposits versus 4% for the sector. Both figures do not take into account the merger effect.

FINANCIAL GROWTH

As a result of a respectable influx of customers coupled with a widening of the lending margin, Spar Nord's Local Banks recorded 2% growth in net interest income. At the same time, net income from fees, charges and commissions increased 16% after heavy activity in a number of areas.

Total costs and expenses amounted to DKK 1,222 million, which is DKK 12 million down on 2011. The decline is mainly attributable to a lower staff number at the local banks.

Loan impairment losses closed at DKK 594 million, equal to 1.5% of total loans, advances and guarantees. A total of DKK 480 million is attributable to business customers, corresponding to an impairment ratio of 2.1%. Agricultural customers accounted for loan impairment losses of as much as DKK 184 million, while DKK 161 million was incurred on property-related exposures. The balance of DKK 114 million is attributable to retail customers, corresponding to an impairment ratio of 0.7%.

Thus, core earnings amounted to DKK 141 million compared with last year's DKK 231 million.

The total business volume of Spar Nord's Local Banks stood at DKK 78.4 billion at end-2012, versus DKK 62.3 billion at end-2011. DKK 16.7 billion is attributable to activities taken over from Sparbank.

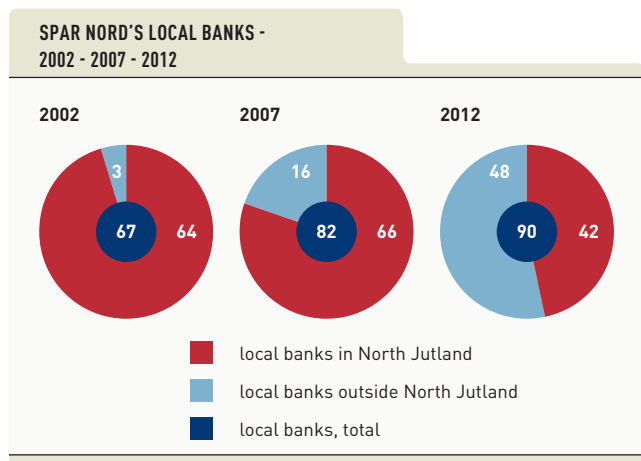
Lending, banking activities amounted to DKK 34.5 billion compared with DKK 30.9 billion a year earlier. Of this amount DKK 6.5 billion is attributable to activities taken over from Sparbank. During the year, mortgage-credit loans arranged by the local banks grew DKK 16.2 billion, with a total of DKK 57.5 billion having been arranged. Thus, the total volume of lending arranged grew DKK 19.9 billion to DKK 92.1 billion.

Bank deposits amounted to DKK 40.2 billion at end-2012 versus DKK 28.0 billion at end-2011. The pre-merger Spar Nord recorded a growth of as much as 13%.

BUSINESS AREAS

BUSINESS DEVELOPMENTS

Organizationally, Spar Nord's Local Banks merged with Sparbank and integrated 23 new local banks in 2012. During the year, 2 local banks were closed in North Jutland, so the Spar Nord chain now has 90 local banks, 13 of which are on the island of Zealand, 4 on the island of Funen and 73 in Jutland.



On the customer side, 2012 saw highly satisfactory growth both thanks to organic growth and to the merger with Sparbank. The merger meant an inflow of about 60,000 new customers, while the realized net customer intake was about 12,000 retail and business customers. The organizational net intake breaks down into about 10,000 customers outside North Jutland and 2,000 in the North Jutland region.

Thus, Spar Nord's Local Banks serve a total of some 26,000 business customers and some 296,000 retail customers.

In addition to the total net customer influx, the Star Customer loyalty programme attracted a great many new customers. In all, the number of Star Customers at the pre-merger Spar Nord grew by about 34,000 during 2012 to around 163,000.

The Bank's advisory and product areas recorded solid growth rates in the sale of life annuities and other insurance products - and a generally high activity level in the pension area.

In the investment area, the activity level was satisfactory, for one thing due to increasing demand for unit trust certificates issued by BankInvest, Valueinvest and Sparinvest.

OUTLOOK

2013 is expected to be yet another year characterized by relatively weak business trends and low demand from both businesses and private households.

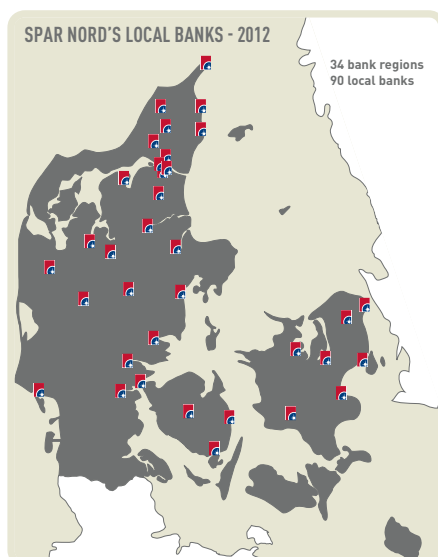
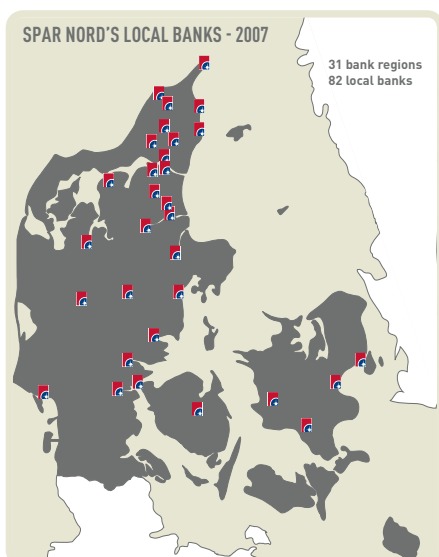
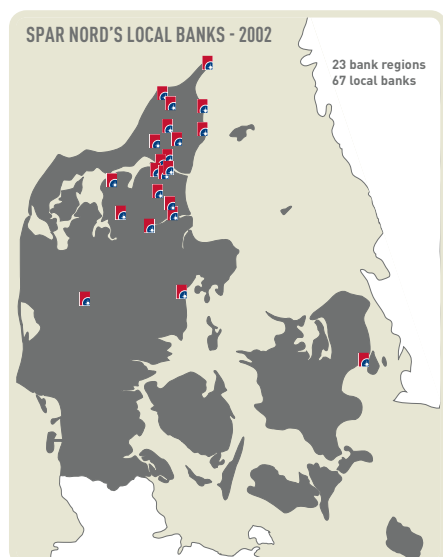
This makes growth via market shares a natural focus area, and Spar Nord expects that the local banks will be able to attract new customers in sufficient numbers to maintain the lending volume, for one thing because the Bank has expanded its distribution network in recent years.

The interest margin is expected to be in line with 2012. The general efforts in the sector to improve profitability are expected to widen the margin, while competition for attractive customers will reverse the trend. On the fee side, income is expected to advance, driven in part by an increase in the volume of standard products arranged.

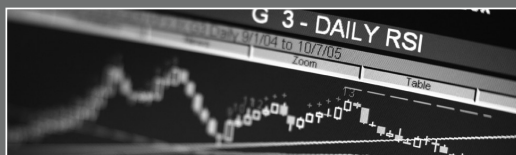
Thus, earnings are expected to show healthy growth compared with 2012, and the Bank also expects the local banks outside North Jutland to contribute a continually growing share of Spar Nord's Local Banks' total core earnings. Costs are expected to stay generally stable, and the cost ratio is thus forecast to improve.

Impairment is expected to remain at a high level.

Overall, 2013 is expected to be a year with respectable growth in core earnings before impairment at Spar Nord's Local Banks, due in part to the merger with Sparbank.



TRADING, FIN. MARKETS & THE INT. DIVISION



This business area is composed of Markets, Interest & Forex, Shares Investment, Asset Management and the International Division. It serves Spar Nord's own customers and institutional clients, and is also the nation's leading supplier of wholesale services to small and medium-sized financial institutions. Trading, Financial Markets & the International Division has a staff of about 67 employees, headed by Jan Gerhardt, General Manager.

KEY FIGURES 2012

Core income:	DKK 398 m	(2011: DKK 255 m)
Costs and exp.:	DKK 72 m	(2011: DKK 67 m)
Core earnings:	DKK 326 m	(2011: DKK 188 m)

EVENTS IN 2012

- Highly satisfactory earnings at Markets
- Continued growth on the bond market
- Strong year for Asset Management

OUTLOOK FOR 2013

- Positive development in interest-based products
- Stabilization of exchange-related earnings
- Rise in customers signing up for the Star Invest programme
- Drop in capital under management due to premature tax payments on capital pensions for tax rebate purposes

Trading, Financial Markets & the International Division recorded core earnings of DKK 326 million in 2012, equal to an advance of DKK 138 million, or 73%, compared with 2011. This increase is attributable to general growth in profits in all business units, and especially to interest rate trends, which developed in Spar Nord's favour.

MARKETS

Markets, which is responsible for managing the Bank's cash resources, reported a sharp upturn in profits compared with 2011. The satisfactory growth is due to the propitious turn that the market for Danish mortgage credit bonds has taken for Spar Nord. To this should be added that Markets has been successful in its active trading efforts in the market. As in 2011, the relatively recently established branch in Odense made a substantial positive contribution.

On the downside, revenue in the currency and derivative areas dropped.

BONDS

The Bonds Division recorded highly satisfactory results after a year with an activity level that was brisker than forecast, for one reason due to remortgagings, increasing income and a fall in the cost level. Activity was high particularly among institutional customers and wholesale customers (financial institutions).

In the year under review, Spar Nord's relative trading volume on the bond market, measured in terms of the volume of Nasdaq OMX mortgage bonds traded, grew to a level corresponding to around 7% of the total volume in Denmark, a percentage higher than the Bank's general market share.

Towards the end of the year, the division merged with the Interest & Forex division, which is now the name of the continuing division

INTEREST & FOREX

Over the past few years, Spar Nord has seen a general decline in customers' loans and investments denominated in foreign currency, and thus a decline in the volume of trading in interest- and currency-related products. Activity among the Bank's wholesale customers in the area has also declined.

On the upside, the low interest level sparked growth in customers' hedging of interest risks.

Towards the end of the year, the division merged with the Bonds division, the name of the continuing division being Interest & Forex.

BUSINESS AREAS

SHARES

In 2012 share prices rallied respectably, but major volatility throughout the year was also seen. Thus, the C20 index rose by 29.5%, MSCI Nordic by 21.6% and MSCI Europe by 17.6%.

Despite positive market conditions, brokerage income – particularly from trading with institutional and wholesale customers – was lower than anticipated due to investors' continued major aversion to risk-taking.

ASSET MANAGEMENT

Overall, 2012 was an excellent year for Spar Nord Asset Management.

In the vast majority of areas, the investment results generated, including for bond-based mandates, pension pools, etc., surpassed the relevant benchmarks.

Measured in terms of capital under management, 2012 saw a growth of about 4% to DKK 9.3 billion. Assets under management in pension pools grew especially sharply, whereas individual mandates lagged behind, primarily due to the decision to terminate individual share-based asset management agreements.

INTERNATIONAL DIVISION

The International Division reported satisfactory growth in profits, among other things due to an advance in trading with wholesale customers (financial institutions), achieved in spite of the fact that heightened consolidation in the sector means that Spar Nord serves fewer banks and other financial institutions.

OUTLOOK

On the interest side, no further drops in the yield on Danish mortgage bonds as in 2012 are expected, nor are Danish mortgage bond spreads expected to narrow. Accordingly, earnings in the area are expected to be somewhat lower than in the extremely strong 2012.

On the plus side, interest-based products continue to grow well, currency earnings are stabilizing as a whole, expected to remain at least at the current level, and corporate bond activity is increasing.

In response to the sustained low interest level on deposits, in 2013 more customers are expected to find actively managed savings and investment products attractive, including the Star Invest programme, in particular.

Finally, the volume of capital under management is expected to decline as many pension savers are expected to opt for the current tax rebate offered in connection with making tax prepayments on capital pensions.

Overall, core earnings for the year are expected to be somewhat down on 2012, but still at a satisfactory level.

LEASING



The Spar Nord Group is active in leasing in Denmark and Sweden, primarily via its subsidiary Spar Nord Leasing. The company mainly finances vehicles in the core areas transportation, farming and contracting. Since October 2011, leasing has been classified as a discontinuing activity, as the sustainable activities in Denmark have been transferred to the Jyske Bank Group, and the existing portfolio is being phased out.

KEY FIGURES 2012

Net income:	DKK 289 m	(2011: DKK 391 m)
Costs:	DKK 184 m	(2011: DKK 278 m)
Profit bef. imp.:	DKK 105 m	(2011: DKK 113 m)
Impairment:	DKK 68 m	(2011: DKK 71 m)
Result bef. tax:	DKK 37 m	(2011: DKK 42 m)

EVENTS IN 2012

- Total reduction of DKK 3.4 billion – more than anticipated
- Sale of Swedish portfolio of SEK 0.8 billion to Wasa Kredit
- Takeover of a portfolio of DKK 0.3 billion from Sparbank

OUTLOOK FOR 2013

- Reduction of loans by DKK 2.0 billion
- Break-even result

DISCONTINUING ACTIVITY

The subsidiary Finans Nord Easyfleet A/S and the sustainable activities of Finans Nord A/S were transferred to the Jyske Bank Group at 1 October 2011. The remaining leasing portfolio, operated by Spar Nord Leasing A/S and the Swedish subsidiary SN Finans Nord AB, will be liquidated as and when the appropriate lease contracts expire.

At the same time, Spar Nord concluded an agreement with Jyske Bank permitting Spar Nord's branches to continue providing advice on leasing products and to be an intermediary in arranging lease contracts.

When merging with Sparbank, Spar Nord acquired a leasing portfolio of DKK 0.3 billion, which also has the status of discontinuing activity.

MARKET DEVELOPMENTS

Spar Nord Leasing's activities encompass business financing via leasing and purchase contracts. Thus, cyclical trends affect the company, particularly market developments within the core areas transportation, farming and contracting.

Developments in 2012 were extensively a continuation of the performance recorded in 2011. Overall conditions were therefore better than in 2009 and 2010, but a number of customers in various industries continued to experience challenges.

As in the core areas in previous years, customers in the transport sector experienced difficulties. The agricultural sector, one of Spar Nord Leasing's activity areas, has not been particularly hard-hit in terms of leasing.

FINANCIAL PERFORMANCE

During 2012, the leasing loan portfolio was reduced from a total of DKK 7.1 billion to DKK 4.0 billion. Adjusted for the addition of DKK 0.3 billion from Sparbank, this amounted to a reduction of DKK 3.4 billion, which is more than forecast at the beginning of the year. The sale of part of the Swedish portfolio (SEK 0.8 billion) to Wasa Kredit in Q2 contributed to the phase-out.

Profits before impairment amounted to DKK 105 million compared with last year's DKK 113 million. The cautious improvement of market conditions was reflected in an impairment level of DKK 68 million – DKK 48 million lower than in the most difficult year, 2009, and DKK 3 million down on 2011.

After loan impairment, pre-tax profits ended at DKK 37 million (2011: DKK 42 million).

OUTLOOK

Total lending related to the Group's leasing activities is expected to have been reduced from DKK 4.0 billion to DKK 2.0 billion in 2013.

As a consequence of the smaller business volume, profits before impairment are forecast to be lower than in 2012. After loan impairment provisions, a break-even result is expected on discontinuing activities.

ESSENTIAL RISK CATEGORIES

CREDIT RISK

The risk of losses because counterparties fail to meet all or part of their payment obligations to the Group. Managed pursuant to the Bank's credit policy, which is geared to strike a balance between earnings and risks, and to ensure that the risk assumption is always quantified.

MARKET RISK

The risk of direct or indirect losses caused by deficient or erroneous internal procedures and processes, human errors, system errors or losses due to external events or incidents. Managed across the Group through a comprehensive system of business procedures and control measures.

OPERATIONAL RISK

The risk of direct or indirect losses caused by deficient or erroneous internal procedures and processes, human errors, system errors or losses due to external events or incidents. Managed across the Group through a comprehensive system of business procedures and control measures.

LIQUIDITY RISK

Liquidity risk is the risk that the Group's financing costs rise disproportionately, and that the Group is prevented from entering into new transactions because it lacks adequate cash funds. On the basis of the overarching policies and strategic limitations for the Group's liquidity risks set down by the Board of Directors, the Executive Board has issued specific, operational frameworks and limits for Trading, Financial Markets & the International Division.

Risk assumption is a key element in banking, and risk management is a central focus area throughout the Spar Nord Group. The various categories of risk the Group assumes and the initiatives taken to manage and monitor them, as well as the development of various risks are described in the Group's Risk Report, which can be accessed at www.sparnord.dk/ir. This section gives a general outline of the risk area.

INCLINATION TO ASSUME RISKS

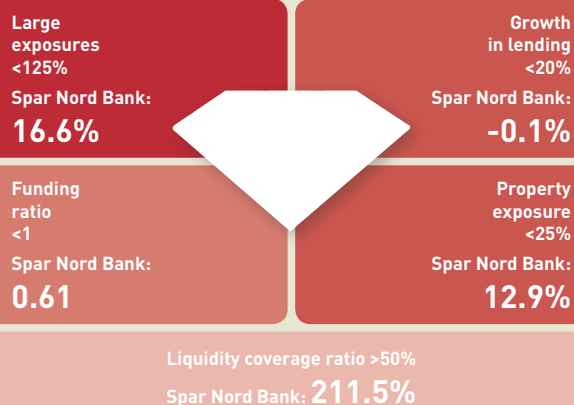
The risks assumed by Spar Nord and the proclivity for assuming risks within the individual risk categories spring from the Bank's general strategic goals. As a supplement, specific risk policies have been introduced, defining the general guidelines for handling and managing the Bank's risks. All policies are reviewed at least once a year.

The goal is to ensure that the connection between the Bank's vision, strategy and risk profile and day-to-day risk assumption is clear, and that the Bank has a risk profile that bears an appropriate proportion to its capital base at all times.

The core of Spar Nord's business is to run a bank for ordinary retail and business customers. Spar Nord endeavours to maintain a medium-to-low risk appetite, a policy reflected in its credit policy and dealings in the trading area.

THE SUPERVISORY AUTHORITY DIAMOND MODEL

At end-2012, Spar Nord Bank was comfortably within all threshold values.



RISKS

RISK MANAGEMENT AND CONTROL SYSTEMS

Risk management is a key focus area for Spar Nord's Board of Directors, Executive Board and other executive staff members. Spar Nord has a two-tier management structure, and a written agreement has been concluded (the so-called section 70 instruction) between the Board of Directors and the Executive Board, specifying the powers and authority of the latter. The Board of Directors lays down general policies, while the Executive Board is responsible for the day-to-day management of the Group. The Group's management structure reflects statutory requirements for listed Danish companies and the provisions of the Danish Financial Business Act.

Various risk management issues and related aspects are recurrent items on the agenda of Board of Directors' meetings, and Spar Nord has implemented a number of procedures and systems intended to ensure that risks are identified and appropriate mitigation actions taken, with an eye to ensuring compliance with applicable legislation.

Risk Management and control systems in connection with financial reporting

The Board of Directors and the Executive Board of the Spar Nord Group share the high-level responsibility for the Spar Nord Group's risk management and control systems when the financial statements are prepared. The Board of Directors and the Executive Board of Spar

Nord are composed so as to ensure that the appropriate internal control and risk management expertise is present to warrant appropriate financial reporting.

The Board of Directors of Spar Nord approves high-level policies, procedures and control systems, and also prepares a detailed annual plan for the internal audit and compliance functions. Policies, manuals and procedures within important areas in connection with the presentation of the financial statements are available, including a business procedure for the presentation of the financial statements, a business procedure for the finance function and other central functions, and an IT security policy.

The Board of Directors makes an annual review of the organization, its focus areas and resource allocation control systems to manage risk, and also annually assesses the risk of fraud in all business areas.

The risk management organization

The Group has a two-tier management structure with an Executive Board and a Board of Directors. The Board of Directors has formulated a set of written guidelines governing the Executive Board's actions in the risk area, clearly defining the areas of responsibility for each management echelon. The Board of Directors lays down general policies, while the Executive Board is responsible for the day-to-day management of the Group.

RISK MANAGEMENT - THE MOST IMPORTANT RISKS

RISK CATEGORY	Strategic perspective	Inclination to assume risks	Organization and responsibility	Systems and processes
Credit risk exposure to retail and business customers	<p>Retail customers and small and medium-sized businesses are the Bank's target group.</p> <p>Spar Nord pursues the strategic goal of generating sharp growth in customer numbers and average business volume.</p> <p>It is imperative for the Group that these goals are not met at the cost of credit quality.</p>	<p>The Bank's credit policy is geared to strike a balance between earnings and risks, and to ensure that the risk assumption is always quantified.</p> <p>It is Spar Nord's policy that all credit must be granted based on insight into the customers' financial position and that creditworthiness is a key parameter in all customer relations.</p> <p>Spar Nord does not enter into ordinary customer exposures of more than DKK 400 million or unsecured exposures of more than DKK 150 million. Exposures to trading partners in the financial sector are not comprised by these limits.</p>	<p>Customer advisers, in consultation with local managers, handle day-to-day management of the Bank's credit risks.</p> <p>The decentralized credit authorization limits range between DKK 2 and 10 million and are linked to qualifications and needs.</p> <p>Exposures that exceed the decentralized credit authorization limits are passed on for processing at Credit Rating or the Credit Committee, and all DKK 60+ million exposures and new exposures of DKK 30+ million need to be authorized by the Board of Directors.</p>	<p>Overall monitoring of the Group's credit risk exposure is managed by the Credit Quality function. This department monitors changes in the credit quality of all exposures and undertakes systematic credit quality control of the Bank's entire exposure portfolio.</p> <p>Credit scoring has been introduced in all the Bank's departments, and these tools are used at the local level to grant credit facilities. Thus, customers in the risk categories accorded the least risk exposure are likelier to be given higher credit limits or extensions than those with the greatest risk exposure. In addition, the systems are used for managing overdrafts and for pricing purposes.</p>
Credit risk exposure to financial counterparties	<p>As part of its trading in and holding of securities, foreign currency and derivative financial instruments and its payment services, etc., the Bank will experience credit risk exposure to financial counterparties.</p>	<p>Spar Nord's Management allocates lines for credit risk exposure to financial counterparties, based on the particular counterparty's risk profile, rating, size and solvency. The risks and lines of financial instruments are monitored constantly.</p>	<p>Risk and settlement lines to financial counterparties are authorized by the Credit Committee. Exposures that exceed the authority of the Credit Committee are authorized by the Board of Directors.</p>	<p>Overall monitoring of lines is handled by the credit organization.</p> <p>All lines are subject to review at least once a year based, among other things, on the financial statements of the financial counterparty.</p>

RISK MANAGEMENT - THE MOST IMPORTANT RISKS (continued)

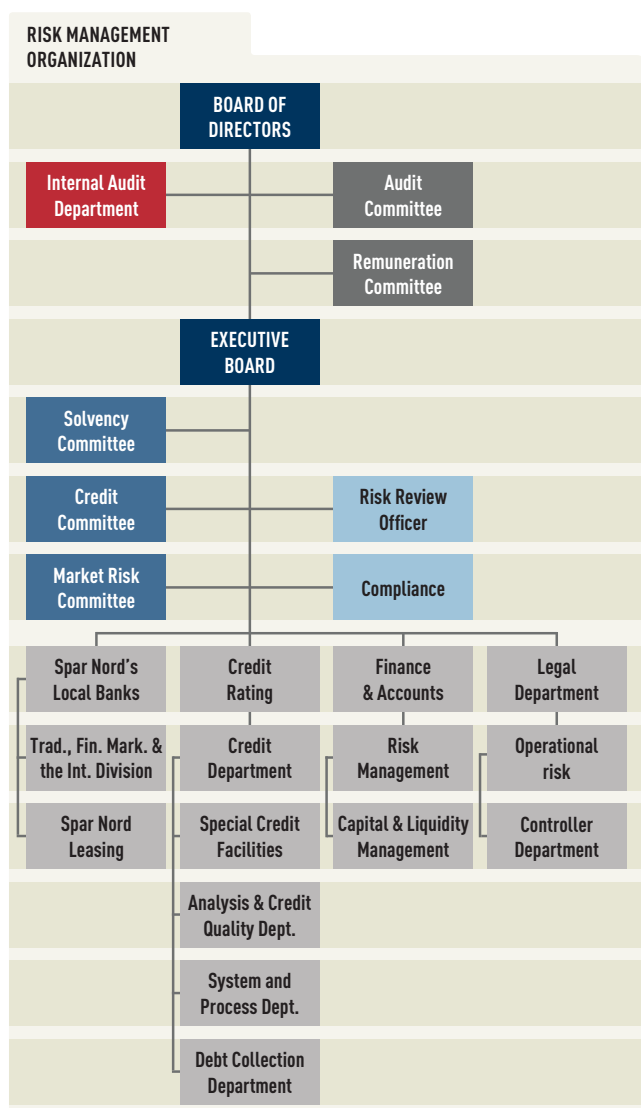
RISK CATEGORY	Strategic perspective	Inclination to assume risks	Organization and responsibility	Systems and processes
Market risk	<p>Market risks arise as an element in trading with and having portfolios of securities, foreign exchange and derivative financial instruments.</p> <p>The assumption of market risks constitutes a part of the Bank's activities that impacts greatly on overall earnings.</p>	<p>The Bank's primary market risk by way of interest risk in the trading portfolio is attached to the Bank's bond portfolio, which is related to the Bank's liquidity management.</p> <p>In addition, the Bank is also subject to an interest-rate risk attaching to the Bank's fixed-interest positions outside the trading portfolio.</p> <p>The Bank has a low level of risk as concerns shares in its trading portfolio.</p> <p>Through its ownership of a number of companies in the financial sector, the Bank has a major portfolio of other shares outside the trading portfolio.</p> <p>The risk is limited for other types of market risks.</p>	<p>Spar Nord's Board of Directors determines the overarching policies, frameworks and principles.</p> <p>The Middle Office function of the Finance & Accounts Department is responsible for monitoring and checking that the Bank's market risk does not exceed the boundaries of the instruction limits.</p>	<p>For its management of market risks, the Bank has put a three-tier instruction hierarchy in place. At the first tier-level, the Board of Directors issues the definition of the limits for the Spar Nord Group to the Executive Board. At the second tier, the Executive Board delegates limits to the other entities of the Group, with Trading, Financial Markets & the International Division being the distinctly largest entity. At the third and last tier, the executives of Trading, Financial Markets & the International Division are granted the limits within which they may operate.</p>
Operational risk	<p>Operational risks are primarily internal in nature. This is why Spar Nord focuses on having a satisfactory control environment for the Bank's activities.</p> <p>The Bank seeks to align controlling operational risk with profit management and thus supporting the Bank's decisions.</p>	<p>The Bank pursues the policy of striking a balance between the scope of operational risks and cost trimming.</p> <p>The focus is on lowering the risk by coordinating the risk-reducing activities between the local and central responsibilities.</p> <p>Focusing on a heightened reporting level creates a basis for making individual risks visible, thus permitting the appropriate mitigating action to be taken subsequently.</p>	<p>Business procedures and systems are critical areas reviewed on an ongoing basis by the audit and compliance departments with a view to assessing risks and making recommendations to limit individual risks. Spar Nord develops IT systems, business procedures and other systems on an ongoing basis. Responsibility for risk management in this connection lies with the responsible units.</p> <p>In connection with projects, a risk assessment report must be prepared, specifying risks, potential consequences and initiatives to limit such risks.</p> <p>Spar Nord's security policy, including IT security policy, is reviewed annually and approved by the Board of Directors.</p>	<p>Spar Nord has contingency plans for dealing with critical areas like capital and liquidity. In addition, the Bank has contingency plans for dealing with situations involving long-term IT outage.</p> <p>In practice, this work is organized using guidelines, business procedures and systems that cover various areas of the Bank's activities.</p>
Liquidity risk	<p>One of Spar Nord's objectives in the liquidity area is to support its strategic goal of generating growth in customer numbers and average business volume.</p>	<p>The Bank adapts its liquidity buffer to the current market situation on an ongoing basis.</p> <p>Thus, the Group's strategic objective is for deposits, senior loans, issued bonds, subordinated debt and shareholders' equity to exceed lending. Subordinated debt, senior loans and issued bonds due within 12 months are not included in this calculation.</p>	<p>Liquidity management is divided into short-term and long-term liquidity management.</p> <p>Managing short-term liquidity is the responsibility of the Bank's Trading area. Managing long-term liquidity is the responsibility of Finance & Accounts.</p>	<p>Managing the Bank's general liquidity is subject to a number of control mechanisms.</p> <p>A fixed goal for the day-to-day liquidity buffer coupled with a stress test is used for short-term liquidity requirements.</p> <p>Long-term liquidity is managed by focusing on strategic liquidity and using liquidity projections.</p>

RISKS

The Board of Directors is responsible for ensuring that the Group has an appropriate organization and that risk policies and limits are established for all important risk categories. In addition, all major credit facilities must be submitted to the Board of Directors for approval. The Board of Directors also makes decisions regarding general principles for handling and monitoring risks. Regular reporting to the Board of Directors is undertaken with a view to enabling the Board of Directors to check whether the total risk policies and the pre-defined limits are complied with.

The Board of Directors has set up an audit committee charged with monitoring and controlling accounting and auditing matters and undertaking the preparatory work concerning the Board of Directors' processing of accounting and auditing issues. The committee is composed of three members, one of whom is a member with special expertise in auditing and accounting matters, as required by statute, and who is also impartial.

The Board of Directors oversees the activities of the Group's Internal Audit Department, which reports to both the Board of Directors and the Executive Board. The Internal Audit Department bases its activities on the annual plan adopted by the Board of Directors. These activities include test examinations of business procedures and internal control systems in key areas subject to risk, including in connection with preparing the financial statements.



The Group's independent auditors are elected at the Annual General Meeting for one year at a time. The focus of the auditing team is discussed once a year between the Board of Directors and the auditors based on the recommendations of the audit committee.

The Executive Board is responsible for the day-to-day management of the Group. To this end, the Executive Board issues specific instructions for the Group's risks and its risk management procedures. The Executive Board reports regularly to the Board of Directors on the Group's risk exposure.

The Executive Board has appointed a number of committees and working parties that contribute to the Group's risk governance in specific areas, and which prepare cases and themes for processing by the Executive Board and Board of Directors.

Credit Committee

Credit applications that exceed the Credit Rating Department's authorization limits or involve a matter of principle will be dealt with by the Credit Committee, which is composed of the Chief Credit Officer and a member of the Executive Board. Frequently, matters that have been dealt with by the Credit Committee will be prepared for subsequent discussion among all members of the Board of Directors.

Market Risk Committee

The Market Risk Committee is composed of representatives of the Executive Board, Finance & Accounts and Trading, Financial Markets & the International Division. The Committee meets every quarter and reviews developments in the Bank's positions and risks as well as the liquidity situation and expectations regarding market developments and future plans. In addition, the Committee receives input from a more operationally slanted Capital Market Committee, for example regarding any issues that may require specific discussion in terms of principles.

Solvency Committee

The Solvency Committee is composed of members of the Executive Board, Credit Rating and Finance & Accounts. The objective of the Committee is to formulate targets and principles for calculating the appropriate capital base and the solvency need ratio (the ICAAP result). The Solvency Committee prepares a recommendation for the solvency need ratio (the ICAAP result) and passes it on to the Board of Directors for approval.

Risk Review Officer

The Risk Review Officer's area of responsibility comprises the Group's risk-prone activities across various risk areas and organizational units and risks deriving from outsourced functions. The Risk Review Officer is responsible for appropriate risk management of the Bank's operations, including providing an overview of its risks and the overall risk exposure. The Risk Review Officer has general responsibility for the Group's risk policies and monitoring and reporting risks across risk categories and organizational units. The Risk Review Officer reports to the Executive Board.

Compliance

The Group's Compliance function is charged with overseeing the Bank's compliance with financial legislation, banking sector standards and the Group's internal guidelines in all areas. The Executive Board oversees this function, which reports to the Board of Directors and is manned by staff members responsible for compliance and representatives of a cross-section of the Group's business areas who are engaged in decentralized compliance tasks. The activities of the Compliance function are rooted in the annual programme adopted by the Board of Directors.

BOARD OF DIRECTORS

TORBEN FRISTRUP



CHAIRMAN OF THE BOARD OF DIRECTORS

Born 1951. Member of the Board of Directors since 2003, Chairman of the Board of Directors since 2004. Member of the remuneration committee.

Chief Executive Officer, CUBIC-Modulsystem A/S, Manager, Regulus ApS and Fristrup Holding Aalborg ApS.

EDUCATION

Engineer, Executive education from IMD.

CHAIRMAN OF THE BOARD OF DIRECTORS

Brønderslev Industrielagering A/S, CUBIC Norge A/S, CUBIC-Modular System Ltd., CUBIC Svenska AB, Sjørring Maskinfabrik A/S.

MEMBER OF THE BOARD OF DIRECTORS

CUBIC-Modulsystem A/S, Erik Kauffelt's Foundation,

SPECIAL EXPERTISE

Managing small and medium-sized businesses, including strategic development, Industry and manual trades, HR.

SHAREHOLDING
31,500

DISINTERESTED

PER NIKOLAJ BUKH



DEPUTY CHAIRMAN OF THE BOARD OF DIRECTORS

Born 1965. Member of the Board of Directors since 2007, Deputy Chairman of the Board of Directors since 2009. Member of the audit committee. Member of the remuneration committee.

Professor, Aalborg University, General Manager, Danmarksgade 28, Frederikshavn ApS, P. N. Bukh ApS, Value Spread I ApS.

EDUCATION

MSc Econ., PhD.

MEMBER OF THE BOARD OF DIRECTORS

Jurist- & Økonomforbundets Forlag A/S, Jurist- & Økonomforbundets Forlagsfond, Jurist- & Økonomforbundets Forlag Holding A/S, The Spar Nord Foundation, Padborg Ejendomme A/S.

SPECIAL EXPERTISE

Finance and risk management, Financial markets, Public enterprises.

SHAREHOLDING
16,200

DISINTERESTED

KAJ CHRISTIANSEN



Born 1955. Member of the Board of Directors since 2012.

CEO of Frederikshavn Maritime Erhvervspark A/S since 1999.

EDUCATION

State-Authorized Public Accountant.

CHAIRMAN OF THE BOARD OF DIRECTORS

The Arena North Foundation.

MEMBER OF THE BOARD OF DIRECTORS

Northern Offshore Services A/S, The Spar Nord Foundation, Domus Aqua ApS, Ringvejens Erhvervsinvest A/S, Frederikshavn Maritime Erhvervspark A/S, The Kattegat Silo Foundation.

SPECIAL EXPERTISE

Properties, Marketing, Finance and risk management.

SHAREHOLDING
7,801

DISINTERESTED

LAILA MORTENSEN



Born 1965. Member of the Board of Directors since 2012.

CEO of Industripension Holding A/S, Industriens Pensionsforsikring A/S and chairman of the executive board of Industriens Pensionservice A/S.

EDUCATION

Graduate in insurance science; IMD business program (PED)

CHAIRMAN OF THE BOARD OF DIRECTORS

Industriens Pension IT A/S

MEMBER OF THE BOARD OF DIRECTORS

DSEB (former FUHU), Forsikring & Pension, Pensionsinfo, IP Butendiek Wind Komplementar ApS, IP Finans 1 ApS.

SPECIAL EXPERTISE

Experience in managing a financial business, Risk management - incl. operational risks, IT and IT risks.

SHAREHOLDING
0

DISINTERESTED

ORGANIZATION AND CORPORATE GOVERNANCE

BOARD OF DIRECTORS

CARSTEN NORMANN



Born 1962. Member of the Board of Directors since 2004.

Partner and Man. Director of Mayday Invest A/S, CEO of CN Holding ApS. Former Man. Director of Rema 1000 and Group Chief Executive of Dagrofa.

EDUCATION

MSc (International Business Economics), Board of Directors training for financial companies, Board licence from Board Governance A/S.

CHAIRMAN OF THE BOARD OF DIRECTORS

White & Brown A/S, Airvension A/S, FFV Energi & Miljø A/S.

MEMBER OF THE BOARD OF DIRECTORS

Zap-In Kontor supermarked A/S, Interfone A/S, Mayday Cars A/S, CaPa ApS, Laboris ApS, The Spar Nord Foundation.

SPECIAL EXPERTISE

Management, Retail Trade, Strategy, Marketing, Competence Development.

SHAREHOLDING

2,760

DISINTERESTED

FRITZ DAHL PEDERSEN



Born 1955. Member of the Board of Directors since 2012.

CEO of Fritz Dahl Pedersen Holding Aps, Bolette and Fritz Dahl Pedersen Ejendomsselskab Aps, Fritz Dahl Pedersen Biler Aps.

EDUCATION

Finances and sale.

MEMBER OF THE BOARD OF DIRECTORS

The Spar Vest Foundation, Spar Vest Tyskland A/S, Spar Vest Grønland A/S, Spar Vest Finans A/S, SVF Ejendomsservice A/S, Fritz Dahl Pedersen Holding Aps, Bolette and Fritz Dahl Pedersen Ejendomsselskab Aps, Dahl Pedersen Holding Aps.

SPECIAL EXPERTISE

Strategy and company management, Sale, Marketing, Customerservice/satisfaction.

SHAREHOLDING

1,800

DISINTERESTED

OLE SKOV



Born 1959. Employee-elected member of the Board of Directors since 2000.

Senior workplace representative, Spar Nord Bank A/S.

EDUCATION

Financial services background, Financial continuing education, Business diploma (accounts & financing), Board of Directors training for financial companies.

CHAIRMAN OF THE BOARD OF DIRECTORS

The Financial Services Union's "Spar Nord Kreds".

MEMBER OF THE BOARD OF DIRECTORS

The Personnel Foundation at Spar Nord, The Financial Services Union's executive committee.

SPECIAL EXPERTISE

HR, Business administration, Financial markets.

SHAREHOLDING

7,054

ORGANIZATION AND CORPORATE GOVERNANCE

BOARD OF DIRECTORS

JANNIE SKOVSEN



Born 1965. Employee-elected member of the Board of Directors since 2008.

Workplace representative, Spar Nord Bank A/S.

EDUCATION

Financial services background, Financial continuing education, Business diploma (Marketing).

MEMBER OF THE BOARD OF DIRECTORS

The Financial Services Union's "Spar Nord Kreds", (Deputy Chairman), The Spar Nord Foundation.

SPECIAL EXPERTISE

HR. Business administration.

SHAREHOLDING

4,938

GITTE HOLMGAARD SØRENSEN



Born 1965. Employee-elected member of the Board of Directors since 2012.

Workplace representative, Spar Nord Bank A/S.

EDUCATION

Financial services background, Financial continuing education, Business diploma (Financing).

MEMBER OF THE BOARD OF DIRECTORS

The Financial Services Union's "Spar Nord Kreds", The Spar Nord Foundation.

SPECIAL EXPERTISE

HR. Business administration.

SHAREHOLDING

2,708

HANS ØSTERGAARD



Born 1946. Member of the Board of Directors since 2009. Chairman of the audit committee.

Professional board member. Former state-authorized public accountant.

EDUCATION

State-authorized Public Accountant, BCom (Management Accounting), Board of Directors training for financial companies. Board licence from Board Governance A/S.

CHAIRMAN OF THE BOARD OF DIRECTORS

C.S. Electric ApS, C.S. Electric Nord ApS, HNC Group A/S, HNC Holding A/S, C.S.E. Holding A/S

SPECIAL EXPERTISE

Accounting and audit, risk management.

SHAREHOLDING

4,000

DISINTERESTED

ORGANIZATION AND CORPORATE GOVERNANCE

EXECUTIVE BOARD

LASSE NYBY



CHIEF EXECUTIVE OFFICER

Born 1960
Year of employment 1986
Joined the Executive Board 1995
CEO 2000

EDUCATION

Financial services background, BCom (Management Accounting), Executive education from Insead.

CHAIRMAN OF THE BOARD OF DIRECTORS

JSNA Holding A/S, Advizer ApS, Spar Nord Leasing A/S, SN Finans Nord AB, Spar Nord Ejendoms-selskab A/S, Aktieselskabet Skelagervej 15.

MEMBER OF THE BOARD OF DIRECTORS

Nykredit Holding A/S, PRAS A/S, Regional Banker's Association, The Danish Bankers Association, Vækst-Invest Nordjylland A/S, AP Pension Livsforsikrings-aktieselskab.

SHAREHOLDING

48,064

BENT JENSEN



MANAGING DIRECTOR

Born 1960
Year of employment 2012
Joined the Executive Board 2012

EDUCATION

BCom (Marketing), IAA, MBA.

MEMBER OF THE BOARD OF DIRECTORS

Aktieselskabet Skelagervej 15, EgnsINVEST Holding A/S, Factor Insurance Brokers A/S, Garanti Invest A/S, EgnsINVEST Management A/S, EgnsINVEST Ejendomme A/S, Høgsberg Assurance Service A/S.

SHAREHOLDING

1,348

JOHN LUNDGAARD



MANAGING DIRECTOR

Born 1964
Year of employment 1986
Joined the Executive Board 2000

EDUCATION

Financial services background, MBA.

CHAIRMAN OF THE BOARD OF DIRECTORS

Skandinavisk Data Center A/S, Factor Insurance Brokers A/S, Factor Insurance Brokers Jylland A/S, Høgsberg Assurance Service A/S.

MEMBER OF THE BOARD OF DIRECTORS

Aktieselskabet Skelagervej 15, FA, the Financial Sector's Employers' Organization, Ietpension Holding A/S, Spar Nord Ejendoms-selskab A/S, Datakomm A/S.

SHAREHOLDING

61,600

LARS MØLLER



MANAGING DIRECTOR

Born 1957
Year of employment 1984
Joined the Executive Board 2000

EDUCATION

Financial services background, Executive education from Insead.

CHAIRMAN OF THE BOARD OF DIRECTORS

BI Holding (the Bankinvest Group), BI Asset Management, BI Management.

MEMBER OF THE BOARD OF DIRECTORS

DLR Kredit A/S, Erhvervsinvest Nord A/S, Spar Nord Ejendoms-selskab A/S, BI Private Equity A/S.

SHAREHOLDING

60,960

For more information about the Executive Board members, please refer to the Bank's website, sparnord.dk/ir

On the website you will see a list of the shareholdings and other directorships of the Executive Board members. Updated each quarter.

ORGANIZATION AND CORPORATE GOVERNANCE

Spar Nord's Board of Directors and Executive Board consider corporate governance fundamental to maintaining a good relationship with internal and external stakeholders and to meeting the Group's financial and non-financial objectives.

Spar Nord's Management thus backs efforts to promote corporate governance, and has chosen to follow 77 of 79 of the most recent recommendations from the Danish Corporate Governance Committee and the supplementary recommendations from the Danish Bankers Association. A full overview of Spar Nord's position on the recommendations can be seen on its website at sparnord.dk/ir.

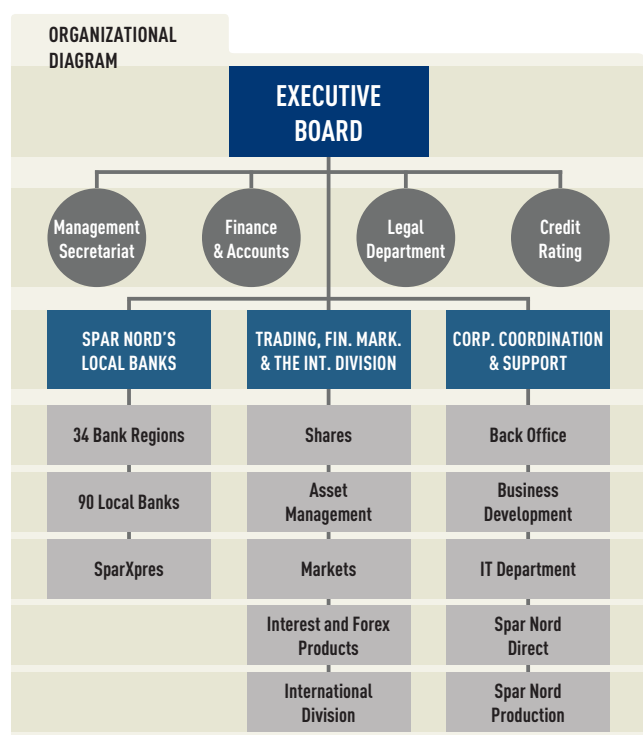
The pages below contain a more detailed introduction to Spar Nord's organizational and management structures, its approach to dialogue with the Company's stakeholders, the work of the Board of Directors and Executive Board, remuneration issues, and more.

ORGANIZATIONAL AND MANAGEMENT STRUCTURE

Spar Nord's organizational and management model is based on an "outside-in" management perspective. The largest business unit, Spar Nord's Local Banks, is divided into 34 decentralized bank regions, each with a great deal of local autonomy as concerns its business profile, marketing and staff policies. All general managers of the bank regions report to the Executive Board.

Apart from Spar Nord's Local Banks, the Spar Nord Group consists of two other profit centres: Trading, Financial Markets & the International Division and Spar Nord Leasing, which has been classified as a discontinuing activity since Q4 2011.

Headquarters in Aalborg is composed of Corporate Coordination & Support and four staff functions. All executive staff members at Corporate Coordination & Support and in the staff functions also report to the Executive Board.



THE ROLE OF SHAREHOLDERS AND INTERACTION WITH COMPANY MANAGEMENT

Spar Nord's Management considers it extremely important to maintain a good, ongoing dialogue with shareholders - and that the Bank aids both professional and private shareholders in obtaining the best possible insight into the Bank's goals and strategies.

Communication with shareholders

Spar Nord Bank holds about 40 shareholders' meetings each year throughout the country, with about 20,000 shareholders participating. Spar Nord further promotes good shareholder communication by presenting information that is always thorough, updated and accessible on the Company's website, sparnord.dk/ir. The website provides direct access to contacting both IR staff members and the Bank's Executive Board. In addition, the Bank publishes 'Spar Nord Nyt', a newsletter that presents information about the Company, the share and a wide range of other topics focusing on financial and non-financial issues.

To give all stakeholders an adequate picture of the Bank's position and developments, Spar Nord regularly issues press releases and company announcements as well as publishing interim and annual reports. The consolidated financial statements are prepared in accordance with IFRS. All financial statements are published simultaneously in Danish and English.

General Meeting

Basically, Spar Nord Bank follows the recommendations of the Corporate Governance Committee on preparing for Annual General Meetings, including the recommendations regarding the drafting of the convening notice and the issuing of proxies.

According to the Articles of Association, shareholders' rights to vote at General Meetings are exercised through delegates who are members of the Bank's bank committees. However, shareholders that hold at least 20,000 shares as of the record date one week before the relevant General Meeting (major shareholders) are entitled to exercise their voting rights at General Meetings.

Delegates that are also members of the Bank's bank committees represent the share capital listed as of the record date one week before the relevant General Meeting as belonging to the relevant shareholder region. Each delegate represents equal fractions of the share capital calculated based on the number of delegates immediately before the relevant General Meeting. A major shareholder represents the share capital registered, or requested to be registered, as of the record date (one week before the relevant General Meeting) as belonging to the relevant major shareholder.

Each year the Board of Directors assesses whether the capital and share structure still serves the interests of the shareholders and the Company.

ORGANIZATION AND CORPORATE GOVERNANCE

Until 30 April 2013 the Board of Directors is authorized to increase the Company's share capital by up to [number] shares. The increase may be effected with or without a pre-emptive right for the Company's shareholders. If the increase is effected without pre-emptive rights for the Company's shareholders, the new shares must be subscribed for at market price.

Alterations to the Articles of Association that cannot be made by the Board of Directors pursuant to statutory provisions may be made at the General Meeting when adopted by at least two thirds of the votes cast as well as of the voting stock represented at the relevant General Meeting.

DIALOGUE WITH STAKEHOLDERS: OPENNESS AND TRANSPARENCY

In addition to having a constructive dialogue with shareholders, Spar Nord considers a good dialogue with other stakeholder groups to be crucial to positive development. The Bank thus considers a good reputation and excellent relations with customers, employees and the external environment in general as important prerequisites for running a successful bank.

Spar Nord's Board of Directors has adopted a communication strategy for the Group, the objective of which is to create a common basis for the next few years' work strengthening the business through the Bank's relations with its stakeholders. The strategy covers the areas branding, marketing, PR, internal communication and investor relations.

The Bank's communication strategy springs from its business model, the "Local Strategy". As such, the strategy reflects Spar Nord's decentralized structure and shows how centrally initiated communication in the areas where this makes sense serves as the basis for local communication initiatives.

BOARD OF DIRECTORS

Since the merger with Sparbank, Spar Nord's Board of Directors has been composed of 10 members - seven elected by the shareholders and three by employees.

The Bank's Executive Board is not part of the Board of Directors but takes part in all of its meetings. The Board of Directors feels convinced that the size and composition selected will effectively underpin constructive debate and efficient decision processes.

New Directors are recruited through a formal, thorough and transparent process, based on a dialogue between the Board of Directors and the chairmen of the regional bank committees, and the nominees are presented at shareholder meetings prior to the Annual General Meeting.

The Board of Directors continuously works to promote diversity, including in relation to gender, across all managerial levels in the Group. Currently, the Board of Directors is composed of three women and seven men.

The number of employee-elected Directors and the electoral procedure for employee elections comply with the provisions of the Danish Companies Act. The electoral term is four years.

The members of the Board of Directors are elected for a term of two years at a time, and the age limit for members is 70. The members of the Board of Directors serve staggered terms, meaning that three or four members are up for election every year. Spar Nord Bank has decided on this practice - and not the one recommended by the Danish Corporate Governance Committee, viz. an electoral period of 12 months - to ensure better continuity in the Board of Directors' activities.

At least half of the Directors elected at the Annual General Meeting must be disinterested in accordance with the recommendation of the Danish Corporate Governance Committee. Currently, all Directors elected by the shareholders are disinterested.

The Board of Directors finds it important that all members have the time and energy to actively participate in the Board's work, and believes that a simple calculation of directorships makes no sense, as the workload varies greatly from one company to another. Those of the current Directors who hold senior management positions in other companies all hold a number of posts that the Board of Directors finds compatible with the board duties for Spar Nord.

The Spar Nord Board of Directors holds 11 ordinary meetings a year plus a strategy seminar and four meetings with the chairmen of the regional bank committees. In 2012, the Board of Directors held a total of 22 meetings. The total Board member attendance rate was 92%.

Board evaluation

Each year a comprehensive evaluation process is launched, with each Board member presenting an overview of the desired and actual situations as concerns a wide range of personal and professional qualifications - both at the individual level and in relation to the overall Board of Directors - and as concerns work processes and the Board's focus. The answers are discussed at Board level and subsequently among the chairmen of regional bank committees.

Since the evaluation was introduced, the preparation and processing of its results have been intended to play an integral role in the process of composing the Board of Directors and recruiting new board members. Thus, the objective has been to define profiles of future board members to ensure that Board members' combined competences match the needs and requirements of Spar Nord's business model.

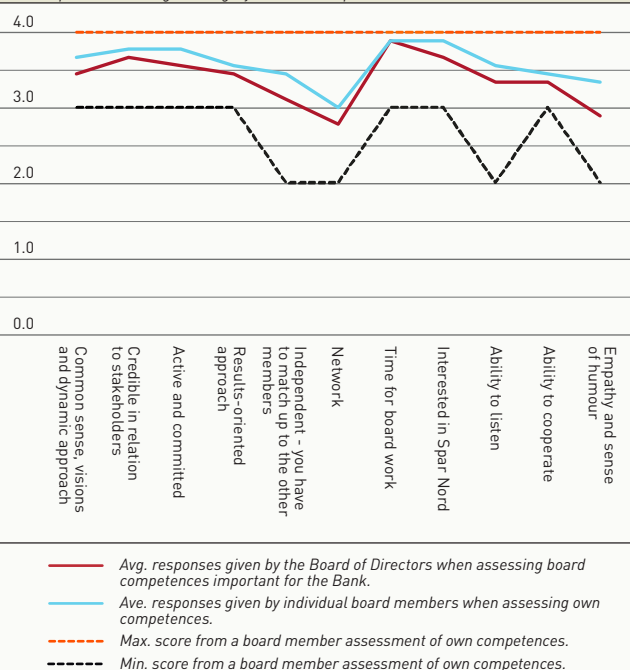
Using the business model as its stepping stone, the Board of Directors has identified a number of areas assessed to be the fundamental factors for defining the Board's need for competences. In this light, the Board of Directors assesses the competence level required in each individual area.

The areas identified appear from the figure below.

ORGANIZATION AND CORPORATE GOVERNANCE

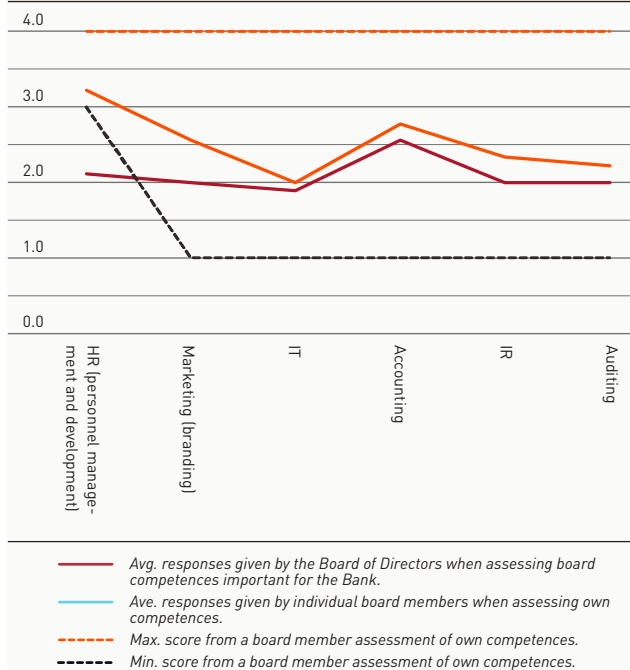
PERSONAL QUALITIES

With respect to responses regarding own competencies, these questions belong to category A. Personal qualities.



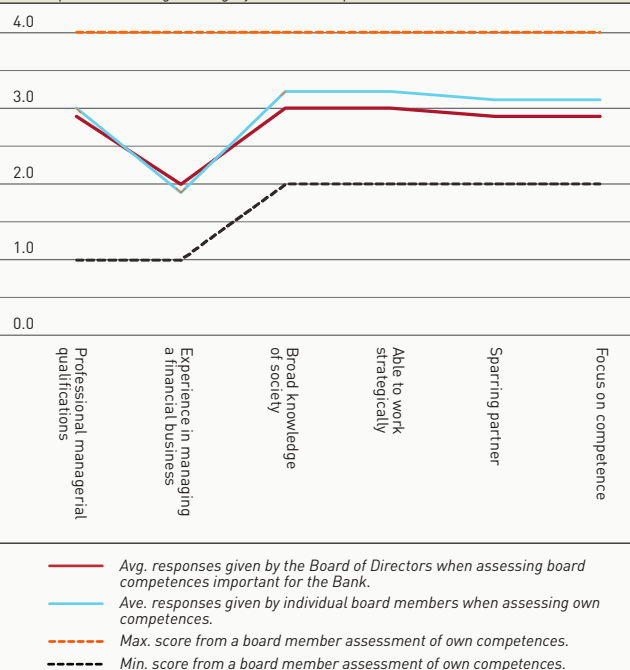
PROFESSIONAL EXPERTISE - AREAS OF KNOWLEDGE

With respect to responses regarding own competencies, these questions belong to category A. Personal qualities.



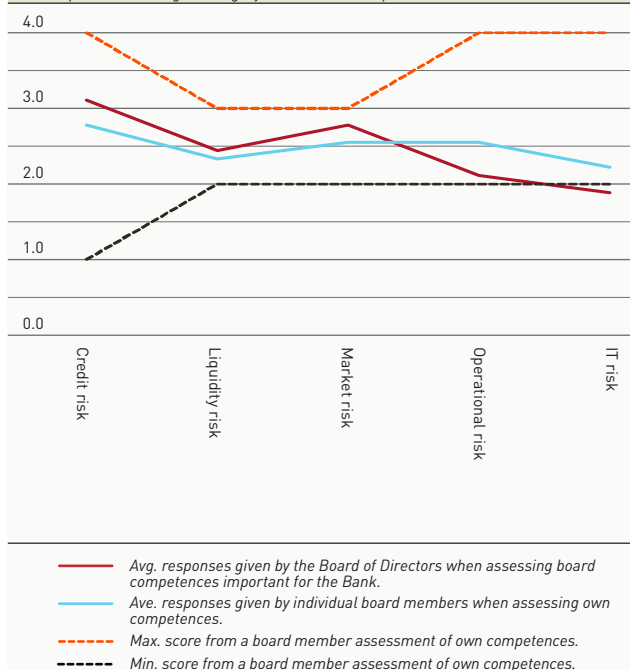
EXPERIENCE-BASED QUALITIES

With respect to responses regarding own competencies, these questions belong to category A. Personal qualities.

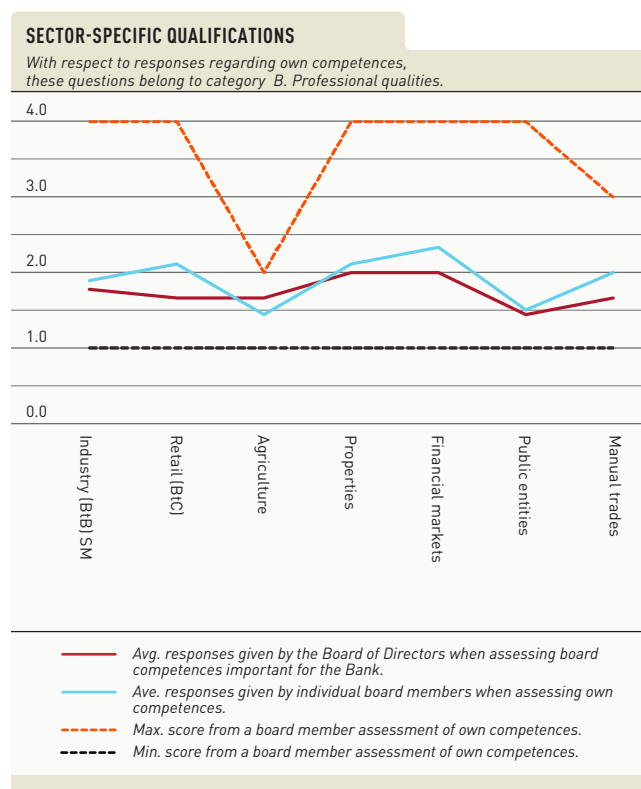


KNOWLEDGE OF RISK MAN. IN THE FINANCIAL SECTOR

With respect to responses regarding own competencies, these questions belong to category B. Professional qualities.



ORGANIZATION AND CORPORATE GOVERNANCE



The next step in the evaluation process is for each Director to assess his or her own competences within given areas. The most recent evaluation assessed the Board of Directors' average competences in almost all areas to be at a higher level than assessed to be needed on average, and in no respect is the highest competence score for any member below the average competence required.

In relation to the requirement that at least one Board member must have special insight into the business area and managerial experience from a financial institution, we wish to point out that Laila Mortensen, CEO of 'Industriens Pension', was elected to the Board at the Annual General Meeting held in 2012.

Committees appointed by the Board of Directors

Spar Nord Bank's Board of Directors has set up an audit committee charged with monitoring and controlling accounting and auditing matters and undertaking the preparatory work concerning the Board of Directors' processing of accounting and auditing issues.

The committee is composed of three members, one of whom is a member with special auditing and accounting expertise, as required by statute, and who is also impartial.

In addition, the Board of Directors has set up a remuneration committee with two members. The remuneration committee is charged with undertaking the preparatory work concerning the Board of Directors' processing of issues regarding remuneration, including the Group's remuneration policy.

The committees' terms of reference can be seen at sparnord.dk/ir, which also provides a presentation of the members and their qualifications.

Spar Nord's Board of Directors has chosen not to set up a nomination committee, as the Directors discharge the tasks connected with recommending nominees in a thorough and formalized dialogue with the chairmen of the local bank committees.

THE BOARD OF DIRECTORS IS RESPONSIBLE FOR THE FOLLOWING:

- Approving the Group's vision, mission, values, strategies and organizational structure - and monitoring whether the day-to-day management delivers results that match plans
- Making decisions regarding the Group's proclivity for assuming risks - and monitoring whether the day-to-day management acts in accordance with instructions
- Approving capital and liquidity plans
- Approving financial and non-financial reporting
- Appointing and dismissing Executive Board members and Head of the Internal Audit Department
- Appointing and dismissing the Chief Financial Officer, Chief Credit Officer and Senior Executive Vice President of Trading, Financial Markets & the International Division at the recommendation of the Executive Board
- Making decisions regarding distribution of net profit or loss and distribution of dividend
- Nomination of auditor candidates at the Annual General Meeting
- Approving policies, business procedures, etc.
- Overseeing financial statements presentation, risk management, etc.
- Discussing and making resolutions regarding acquisition and merger opportunities
- Making decisions regarding major capital investments
- Implementing remuneration policy into remuneration packages for Management
- Reviewing all important assets
- Monitoring and authorizing of major credit facilities
- Monitoring and granting of credit facilities with respect to related parties
- Convening of General Meetings

EXECUTIVE BOARD

The Executive Board is appointed by the Board of Directors and composed of Lasse Nyby, CEO, Bent Jensen, Managing Director, John Lundsgaard, Managing Director, and Lars Møller, Managing Director.

The Executive Board is the supreme decision-making body as concerns the Bank's day-to-day affairs, in compliance with the directions issued by the Board of Directors. The more specific distribution of duties between the Board of Directors and the Executive Board appears from the rules of procedures under which they both operate.

REMUNERATION OF THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

The remuneration of the Board of Directors and the salaries and other emoluments paid to the Executive Board are shown in the notes to the Annual Report. Directors are paid a fixed annual amount and do not participate in any bonus or option programmes.

The Board of Directors finds the Executive Board members' terms of service, including severance terms, to be in line with general practice in the area, and these terms are regularly reviewed. The Board of Directors finds that the overall remuneration is competitive and fair in light of the Executive Board's performance results and takes into account long-term value generation for shareholders.

According to the Group's remuneration policy, the Group does not operate with incentive schemes for the Board of Directors, the Executive Board and other key employees having an important influence on the Group's risk assumption functions.

INVESTOR RELATIONS

The overarching objective of Spar Nord's communication to investors and analysts is to ensure good and lasting relations. Spar Nord wants to maintain a high level of information and a high degree of accessibility and endeavours to make relevant and timely information available at all times. The Senior Vice President, Corporate Communications, and the Chief Executive Officer jointly manage Spar Nord's communication tasks.

IR ACTIVITIES

The Bank provides financial reporting and information via its IR website, sparnord.dk/ir, and also regularly communicates with investors and analysts at frequent bilateral meetings, plus at conferences and roadshows connected with the publication of the Group's annual and interim reports. In total, about 60 meetings with investors, primarily from Scandinavia, Great Britain and the USA, were held in 2012.

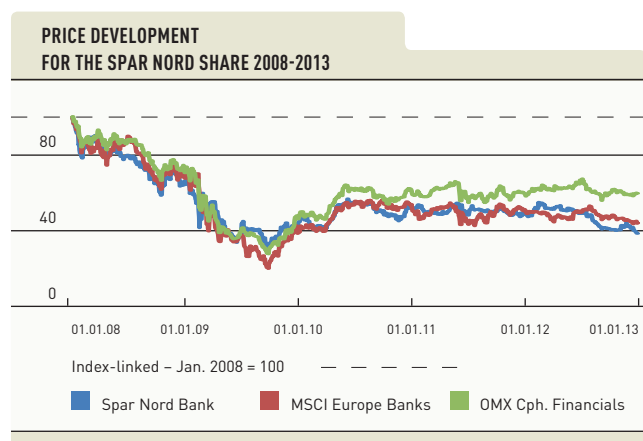
THE SPAR NORD SHARE

Spar Nord Bank is listed on the Nordic exchange, Nasdaq OMX Copenhagen, and ranges in the MidCap category.

At 31 December 2012, the share capital amounted to DKK 1,255,299,180, divided into shares in the denomination of DKK 10. The increase relative to end-2011 is due to Spar Nord's capital increase of DKK 570,688,100 implemented in March 2012 and a share issue of DKK 113,922,980 in November targeting Sparbank's shareholders.

The Spar Nord Bank share increased from a price of 23 at end-2011 to a price of 26 at end-2012, corresponding to 13%. At the end of the year, the market price was thus DKK 3.3 billion compared with DKK 1.8 billion at end-2011.

In 2012, the average daily trading volume was about 92,000 shares.



THE SPAR NORD BANK SHARE

	2011	2012
Share capital (DKK '000)	570,688	1,255,299
Share price/year-end *)	23	26
Total market value (DKK m)	1,826	3,264
Earnings per share for the year (DKK)	3.4	1.7
Dividend per share (DKK)	0	0
Net asset value (NAV) per share (DKK)	58	48
Share price/NAV per share (DKK)	0.4	0.5

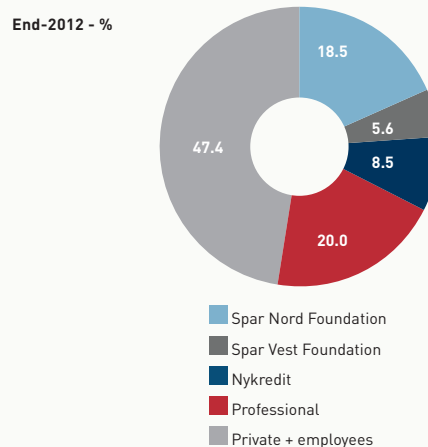
*) Share-based financial ratios have been multiplied by an adjustment factor of 0.7073 due to the capital increases in 2012. The actual listed price at end-2011 was 32.

BREAKDOWN OF SHAREHOLDERS

At 31 December 2012, Spar Nord Bank had about 126,000 shareholders. Shareholders holding less than 20,000 shares each account for 39% of the capital.

The Bank has three shareholders that have announced they hold more than 5% of the share capital. The Spar Nord Foundation, Østeraa 11, DK-9000 Aalborg, is the largest, with an interest of 18.5%. Nykredit Realkredit A/S, Kalvebod Brygge 1-3, DK-1780 Copenhagen V, ranks second with an interest of 8.5%. The Spar Vest Foundation, Adelgade 2, DK-7800 Skive, comes third in terms of size and has an interest of 5.6%.

BREAKDOWN OF SHAREHOLDERS BY TYPE



INVESTOR RELATIONS

BREAKDOWN OF SHAREHOLDERS BY PORTFOLIO SIZE - BEG. 2013

Distribution of shares	Number of registered shareholders	Shareholders' total shareholdings (units)
1 - 99 shares	53,220	1,465,557
100 - 999 shares	61,885	20,700,960
1,000 - 9,999 shares	10,601	23,299,681
10,000 - 19,999 shares	275	3,590,080
20,000 or more shares	198	68,662,589
Treasury shares	1	424,318
Shares not registered in name of shareholder		7,386,738
Total	126,180	125,529,918

ANNUAL GENERAL MEETING 2013

The Annual General Meeting will be held on 24 April 2013 in Aalborg Kongres- & Kultur Center.

DIVIDEND POLICY AND EXPECTATIONS

Spar Nord pursues the goal of generating a competitive return for its shareholders – by way of share price performance and dividends. Thus, the Bank's policy is to distribute dividends to shareholders in years when profits permit.

Spar Nord has formulated a strategic goal to create the basis for repaying hybrid core capital to the Danish Government, and in 2012 the Bank implemented a capital increase at a discount to the market price with pre-emptive rights for existing shareholders. In tandem with the Bank's internal solvency targets, this means that Spar Nord will use a significant portion of profits in future years for consolidation purposes.

The recommendation to be made to shareholders at the Annual General Meeting is that DKK 0 per share should be distributed for 2012.

FINANCIAL CALENDAR 2013

24 April	Quarterly Report, Q1 Annual General Meeting
14 August	Interim Report for the first six months
23 October	Quarterly Report, Q1-Q3

SPAR NORD'S PRINCIPLES

- Our engagement is business-driven - the measures we implement must contribute to our business.
- Our engagement is the sum of local initiatives - we work to give something back to the local communities in which we operate.
- Our active involvement and engagement are well considered - we operate and put the main emphasis on one project at a time.
- Our active involvement and engagement are focused - we would rather do one thing with single-minded purpose than two things halfway.
- Our engagement is dynamic - we evolve and scale over time.

Corporate Social Responsibility, or CSR, is something we take seriously at Spar Nord and have done so for many years. However, we prefer to translate this fashionable term into our own language and reality because experience shows that this produces better defined and more focused action.

At Spar Nord we have therefore grouped our initiatives and activities relating to social responsibility under the heading of "Active involvement and engagement".

Active involvement and engagement relate to very specific behaviour, not abstract principles. We believe that our responsibility as a company and a financial institution is anchored in close involvement with customers and the local community. A responsibility and an involvement that are embedded as given elements in our history and culture and on which our business depends.

Active involvement and engagement imply a presence manifest in tangibly physical proximity but also in less tangible qualities such as receptiveness and attentiveness. Both kinds of presence are pivotal to Spar Nord. All our business builds on local decision-making, local presence and active participation in the local community. We also take pride in placing the customer first, thereby showing our active involvement and engagement in the advice we give.

We are also actively involved and engaged internally. We listen to our employees. We also listen to ourselves, continuously reflecting on our market conduct and on where our involvement can best benefit both the community and Spar Nord. This is why engagement is intrinsic to our every action and, as such, one of our core values.

FOCUS AND MEASUREMENT

To target our active involvement and engagement and solidify these efforts, making them measurable, we approach our business and social responsibility with a continual focus on distinctive aspects of active involvement and engagement. We believe the best results are obtained by focusing on one initiative at a time. This also means that we develop our responsibility step by step over time. This helps ensure that new actions rest on strong foundations and bring lasting improvements.

We follow up the themes highlighted one year by measuring them in subsequent years. This ensures that words and headings become concrete action and palpable improvements for everyone involved.

INTERNATIONAL INITIATIVES

Spar Nord supports the Danish Government's endeavours to put Corporate Social Responsibility at the top of the agenda, and we also support the intentions underlying international initiatives like the UN Global Compact and PRI. Nevertheless, we have chosen not to formally commit ourselves to the two UN reporting initiatives. This decision should be viewed in light of the fact that we already endeavour to abide by the principles, and also that our activities are very locally slanted.

GENDER & CAREER

From 2010 to 2012, we made the theme topic "Gender & Career" our special area of focus. We chose this theme because for decades people have discussed how gender equality leads to better business. Thus, the theme Gender & Career harmonizes with the ideal of business-driven social responsibility, its purpose being to promote gender equality, to maximize talent potential regardless of gender and to create an even better match between the Bank's customers and the staff and executives who advise them.

Spar Nord's commercial target group consists of ordinary retail customers and local businesses. This makes having a broad composition at both the executive and non-executive levels desirable. In terms of gender the Bank thus aims to be an attractive workplace for both men and women, one where working life and private life strike a good balance.

SPAR NORD'S CORPORATE SOCIAL RESPONSIBILITY

EMPLOYEE DATA

	2011	2012
Employees (full-time)	1,397	1,653 ^{*)}
Of which women [%]	53	53
Of which men [%]	47	47
New appointments		64
Resignations		128
Average age (year)	45.2	45.2
Average seniority (year)	13.2	13.1
Female executives		
Mid-level managers (no./%)		38/24
Managing directors/executives (no./%)	7/14	8/16
Sickness absence (sector/Spar Nord)	3.0/2.7	- /2.3

^{*)} 1,520 after resignations decided in Q4 have been executed.

Recognizing that the current reality does not match the Bank's goals and visions, Spar Nord has launched a targeted action aimed at increasing the number of women in executive positions. Thus, gender and career have become a joint action area for the Group as a whole, with action being taken both centrally and locally.

Highlights among the initiatives implemented last year:

- A job bank for employees interested in an executive career was launched
- A mentor programme targeted at executive talents was developed and launched
- Job position profiles and recruitment procedures were evaluated
- Gender and career were integrated in staff performance appraisals
- A Ph.D. project on gender and career was conducted

Results

In 2012, the number and share of female executives rose from 7 to 8 and from 14% to 16%, while the share of female mid-level managers (departmental managers, customer managers, etc.) remained unchanged at 24% (38 persons).

In 2012, vacancies for one executive and six middle manager positions were advertised. 13% of the in-house applicants for managerial position and 21% of in-house applicants for middle manager positions were women.

FINANCIAL INSIGHT

We have decided to make "Financial insight" the next action highlighted. We chose this theme topic because a number of surveys show that children and young people extensively lack basic insight into financial concepts and issues – and thus the competences required to act and make decisions affecting one's personal finances.

Precisely because this topic is so important, the inclusion of financial insight in school curricula has gained widespread interest both politically and in the education and financial sectors. This will entail a lengthy process, but Spar Nord and other financial institutions can make a vital contribution by developing materials and making them available.

Educationally speaking, various aspects of personal finances notably constitute a highly relevant field of instruction – particularly in maths, but also in social sciences.

Spar Nord's initiatives

In step with the ideal of engagement, Spar Nord has prepared activities based on cooperation with primary and lower secondary schools in the local community. The goal is to develop a series of educational materials jointly with experts in maths and didactics and to make them available free of charge to schools and teachers that want to cover the subject in their lessons.

The first classroom material is a folder titled "Wising up on money", which caters to children aged 13 to 15 (classes 7 to 8) and addresses topics like interest, savings, loans and currency. This educational folder has now been distributed in 40,000 copies to schools nationwide – and has generally been received very positively.

In March 2013, a folder will be published with material aimed at the youngest classes and dealing with the basics required for financial understanding.

The free material is not only aimed at maths teachers but also available at Spar Nord's local banks for parents who want to discuss these topics with their children. Finally, Spar Nord's employees offer to give guest lectures to the relevant age brackets and to discuss the main topics contained in the material with them.

GOAL FOR 2013

The goal for 2013 is to get the educational material prepared by Spar Nord to 40,000 pupils in the relevant age brackets via the various channels available. Further, we want a representative sample of the teachers using the material to evaluate it with an average score of at least 4 (good) on a scale from 1 to 5.

ACTIVITIES IN THE LOCAL COMMUNITIES

Examples of some of the many ongoing activities in Spar Nord's local neighbourhoods are shown on p. 44. More than 500 local activities were undertaken in 2012 alone.

Klog på penge?

Hvis du vil hjælpe en ung til bedre økonomisk forståelse, så hent bogen 'Bliv klog på penge' i din nærmeste Spar Nord.

Bogen er gratis, og hvis du er lærer, sender vi dig dine classesæt kvit og frit.



Læs og bestil på www.sparnord.dk/klog



spar nord

SPAR NORD'S CORPORATE SOCIAL RESPONSIBILITY



Summer course for mathematics, physics and computer-game nerds

In 2012, the Spar Nord Foundation sponsored several alternative summer courses all over Denmark. More than 60 mathematics enthusiasts had fun working out functional equations and dynamic systems during the summer at the University of Copenhagen's Department of Chemistry & Mathematics.



Word Power at the Power Company

Denmark's only poetry festival - "Ordkraft" (Word Power) - was held for the second time in Aalborg in 2012 at the former power company. The subtlety and intricacy of words were thoroughly explored during the four festival days. Jørgen Leth is shown here reciting poetry, accompanied by "Det Glemte Kvarter" jazz band.



Town-wide Dieting Scheme

The collective diet "Randers on the Scales" got off to a very successful start in 2012. The concept will be enlarged in 2013 to include the towns of Skagen, Horsens, Esbjerg and Køge - with participants totaling 3,665.



Mushroom research

White patches on the mushroom map. The Spar Nord Foundation is supporting a new team of research scientists at Aalborg University whose daily work consists of discovering new substances in mushrooms - substances which could become the medicines of tomorrow.

MANAGEMENT'S STATEMENT ON THE ANNUAL REPORT

The Supervisory and Executive Boards have today reviewed and adopted the 2012 Annual Report of Spar Nord Bank A/S.

The Consolidated Financial Statements have been presented in accordance with International Financial Reporting Standards as adopted by the EU, and the Financial Statements for the Parent Company in accordance with the Danish Financial Business Act. Moreover, the Annual Report is presented in accordance with additional Danish disclosure requirements regarding annual reports for listed financial institutions.

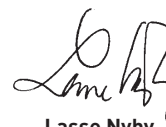
We consider the accounting policies applied to be appropriate, and in our opinion the Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2012 and of the results of the Group's and the Parent Company's operations and cash flows for the 2012 financial year.

In addition, we also consider the Management's review to give a fair presentation of the development in the Group's and Parent Company's activities and financial affairs, the results for the year and the Group's and the Parent Company's financial position as a whole, as well as a description of the significant risks and elements of uncertainty that may affect the Group or Parent Company.

We recommend the Annual Report for adoption by the shareholders at the Annual General Meeting.

Aalborg, 6 February 2013

EXECUTIVE BOARD



Lasse Nyby
Chief Executive Officer



Bent Jensen
Managing Director



John Lundsgaard
Managing Director



Lars Møller
Managing Director

BOARD OF DIRECTORS



Torben Fristrup
Chairman
of the Board of Directors



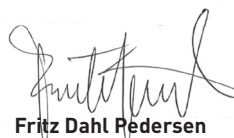
Per Nikolaj Bukh
Deputy Chairman
of the Board of Directors



Kaj Christiansen



Laila Mortensen



Fritz Dahl Pedersen



Carsten Normann



Ole Skov
Elected by the employees



Jannie Skovsen
Elected by the employees



Gitte Holmgaard Sørensen
Elected by the employees



Hans Østergaard

THE INTERNAL AUDIT DEPARTMENT'S STATEMENTS

We have audited the Consolidated Financial Statements and the Financial Statements of Spar Nord Bank A/S for the financial year 1 January - 31 December 2012, pp. 50-129. The Consolidated Financial Statements and the Parent Company's Financial Statements comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes for the Group and the Parent Company.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the EU, and Danish disclosure requirements for listed financial institutions. The Parent Company's Financial statements have been prepared in accordance with the Danish Financial Business Act.

In connection with the audit, we have read the Management's review and issued a statement in this regard.

Basis of opinion

We conducted our audit in compliance with the Executive Order issued by the Danish Financial Supervisory Authority on the planning and performance of audits in financial institutions, etc. and financial groups and in accordance with international auditing standards. This requires that we plan and perform our audit to obtain reasonable assurance that the Consolidated Financial Statements and the Parent Company's Financial Statements are free from material misstatement.

The audit was performed in accordance with the division of work agreed with the independent auditors and included an assessment of established procedures and internal controls, including the risk management system established by Management that is targeted at reporting procedures and significant business risks. We have examined, on a test basis, the evidence supporting the amounts and other disclosures in the Consolidated Financial Statements and the Parent Company's Financial Statements. Our audit also included assessing whether Management's choice of accounting policies is appropriate and whether Management's accounting estimates are reasonable, as well as the overall presentation of the Consolidated Financial Statements and the Parent Company's Financial Statements.

We have participated in the audit of material and risk-prone areas, and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion

In our opinion, the established procedures and internal controls function satisfactorily, including the risk management system established by Management that is targeted at the Group's and Parent Company's reporting procedures and significant business risks.

Further, in our opinion, the Consolidated Financial Statements and the Parent Company's Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2012 and of the results of the Group's and the Parent Company's operations and of the cash flows for the financial year 1 January - 31 December 2012 in accordance with International Financial Reporting Standards, as adopted by the EU, and Danish disclosure requirements for listed financial institutions in respect of the Consolidated Financial Statements, and in accordance with the Danish Financial Business Act in respect of the Parent Company's Financial Statements.

Statement on the Management's review

Pursuant to the Danish Financial Business Act, we have read the Management's review. We have not performed any other procedures in addition to our audit of the Consolidated Financial Statements and the Parent Company's Financial Statements.

On this basis, it is our opinion that the information given in the Management's review is consistent with the Consolidated Financial Statements and the Parent Company's Financial Statements.

Aalborg, 6 February 2013

Spar Nord Bank A/S

Internal Audit Department

Margit Nicolajsen

Margit Nicolajsen

Head of Internal Audit Department

INDEPENDENT AUDITOR'S STATEMENTS

TO THE SHAREHOLDERS OF SPAR NORD BANK A/S

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY'S FINANCIAL STATEMENTS

We have audited the Consolidated Financial Statements and the Financial Statements of Spar Nord Bank A/S for the financial year 1 January - 31 December 2012. The Consolidated Financial Statements and the Parent Company's Financial Statements comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and the Parent Company. The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Parent Company's Financial Statements have been prepared in accordance with the Danish Financial Business Act. Further, the Consolidated Financial Statements have been prepared in accordance with Danish disclosure requirements for listed financial institutions.

Management's responsibility for the Consolidated Financial Statements and the Parent Company's Financial Statements

Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements and the Parent Company's Financial Statements in accordance with International Financial Reporting Standards as adopted by the EU (the Consolidated Financial Statements), the Danish Financial Business Act (the Parent Company's Financial Statements) and Danish disclosure requirements for listed financial institutions. Moreover, Management is responsible for the internal control considered necessary by it to prepare Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility and basis of opinion

Our responsibility is to express an opinion on the Consolidated Financial Statements and the Parent Company's Financial Statements based on our audit. We have performed our audit in accordance with international auditing standards and additional requirements pursuant to Danish legislation on accountants. This requires that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance whether the Consolidated Financial Statements and the Parent Company's Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements and the Parent Company's Financial Statements. The audit procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements and the Parent Company's Financial Statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the Consolidated Financial Statements and the Parent Company's Financial Statements. The purpose is to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Company's internal control. An audit also includes assessing whether Management's choice of accounting policies is appropriate and whether Management's accounting estimates are reasonable, as well as the overall presentation of the Consolidated Financial Statements and the Parent Company's Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company's Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2012 and of the results of the Group's and the Parent Company's operations and of the cash flows for the financial year 1 January - 31 December 2012 in accordance with International Financial Reporting Standards, as adopted by the EU, and Danish disclosure requirements for listed financial institutions in respect of the Consolidated Financial Statements, and in accordance with the Danish Financial Business Act in respect of the Parent Company's Financial Statements.


STATEMENT ON THE MANAGEMENT'S REVIEW


Pursuant to the Danish Financial Business Act, we have read the Management's review. We have not performed any other procedures in addition to our audit of the Consolidated Financial Statements and the Parent Company's Financial Statements. On this basis, it is our opinion that the information given in the Management's review is consistent with the Consolidated Financial Statements and the Parent Company's Financial Statements.

Aalborg, 6 February 2013

KPMG

Statsautoriseret Revisionspartnerselskab


Per Gunslev
State-authorized
Public Accountant


Lisbet Kragelund
State-authorized
Public Accountant

CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY'S FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY'S FINANCIAL STATEMENTS

Income statement	50	Statement of changes in equity	52
Statement of comprehensive income	50	Cash flow statement	55
Balance sheet	51	Notes	57

INCOME STATEMENT

NOTE

	Spar Nord The Group 2012 DKK m	Spar Nord The Group 2011 DKK m	Spar Nord Parent Company 2012 DKK m	Spar Nord Parent Company 2011 DKK m
4 Interest income	2,104.9	2,121.4	2,106.0	2,122.4
5 Interest expenses	557.2	649.9	557.3	650.0
Net interest income	1,547.7	1,471.5	1,548.7	1,472.4
6 Dividends on shares, etc.	16.2	10.3	16.2	10.3
7+9 Fees, charges and commissions received	612.9	532.8	612.9	532.8
8+9 Fees, charges and commissions paid	56.5	56.0	56.5	56.0
Net income from interest, fees, charges and commissions	2,120.3	1,958.6	2,121.3	1,959.5
10 Market-value adjustments	230.9	115.5	230.9	114.1
12 Other operating income	35.5	40.6	34.5	37.4
13+14+15 Staff costs and administrative expenses	1,493.4	1,380.7	1,495.8	1,382.9
16 Depreciation, amortization and impairment of intangible assets and property, plant and equipment	72.1	73.3	67.9	68.1
17 Other operating expenses	55.5	0.0	55.5	0.0
18+36+56 Impairment of loans, advances and receivables, etc.	599.0	402.9	599.0	404.4
19 Profit/loss on equity investments in associates and group enterprises	86.7	44.9	86.9	44.8
Profit/loss on continuing activities before tax	253.4	302.7	255.4	300.4
20 Tax on continuing activities	55.9	52.9	57.2	51.6
Profit/loss on continuing activities	197.5	249.8	198.2	248.8
47 Profit/loss on discontinuing activities	26.3	25.0	25.9	25.0
Profit/loss for the year	223.8	274.8	224.1	273.8
<i>Portion attributable to:</i>				
The shareholders of Spar Nord Bank A/S	223.8	274.8		

PROPOSAL FOR DISTRIBUTION OF NET PROFIT

Profit/loss for the year	224.1	273.8
Total available for distribution	224.1	273.8
Dividend distribution DKK 0 per share (2011: DKK 0 per share)	0.0	0.0
Reserve for net revaluation according to the equity method	126.1	69.8
Retained earnings	98.0	204.0
Total distribution	224.1	273.8

46 EARNINGS PER SHARE

Earnings per share (DKK)	1.9	3.4
Diluted earnings per share (DKK)	1.9	3.4
Earnings per share on continuing activities (DKK)	1.7	3.1
Diluted earnings per share on continuing activities (DKK)	1.7	3.1

STATEMENT OF COMPREHENSIVE INCOME

Profit/loss for the year	223.8	274.8	224.1	273.8
<i>Other comprehensive income</i>				
Exchange adjustment upon translation of foreign entity	4.3	0.8	4.3	0.8
Net revaluation of properties	9.1	-4.2	8.8	-4.2
Adjustment relating to associates	-0.3	-3.3	-0.3	-3.3
Tax on other comprehensive income	-16.0	-1.2	-16.0	-1.2
Other comprehensive income after tax	29.1	-5.5	28.8	-5.5
Total comprehensive income	252.9	269.3	252.9	268.3
<i>Portion attributable to:</i>				
The shareholders of Spar Nord Bank A/S	252.9	269.3	-	-

BALANCE SHEET

NOTE

	Spar Nord The Group 31.12.12 DKK m	Spar Nord The Group 31.12.11 DKK m	Spar Nord Parent Company 31.12.12 DKK m	Spar Nord Parent Company 31.12.11 DKK m
ASSETS				
Cash balances and demand deposits with central banks	2,341.2	641.0	2,341.2	641.0
21 Receivables from credit institutions and central banks	3,977.1	2,428.3	3,965.8	2,395.0
Lending, banking activities	34,916.1	31,189.1	36,802.1	37,179.2
Lending, reverse transactions	115.5	393.2	115.5	393.2
Lending, leasing activities	4,026.3	7,119.8	323.2	-
22 Loans, advances and other receivables at amortized cost	39,057.9	38,702.1	37,240.8	37,572.4
23 Bonds at fair value	20,249.3	16,421.2	20,249.3	16,421.2
24 Shares, etc.	1,202.4	1,040.4	1,189.7	1,027.7
25 Equity investments in associates	992.8	765.1	992.7	764.6
26 Equity investments in group enterprises	-	-	1,718.1	490.9
58 Assets linked to pooled schemes	7,001.5	6,327.1	7,001.5	6,327.1
27 Intangible assets	200.0	131.4	200.0	131.4
Investment properties	157.9	48.5	69.4	48.5
Corporate properties	622.4	456.6	522.1	426.5
28 Land and buildings, total	780.3	505.1	591.5	475.0
Operating lease assets	266.2	404.0	30.0	0.0
Other property, plant and equipment	131.3	139.6	129.9	136.4
29 Other property, plant and equipment, total	397.5	543.6	159.9	136.4
Current tax assets	17.5	10.3	17.8	10.6
37 Deferred tax assets	0.0	0.0	196.4	0.0
30 Temporary assets	90.9	87.5	24.9	1.8
31 Other assets	2,578.7	2,401.7	2,603.6	2,351.4
Prepayments	258.6	76.6	263.2	75.7
Total assets	79,145.7	70,081.4	78,756.4	68,822.2
SHAREHOLDERS' EQUITY AND LIABILITIES				
LIABILITIES OTHER THAN PROVISIONS				
32 Payables to credit institutions and central banks	8,710.8	12,090.9	8,410.0	11,640.4
33 Deposits and other payables	41,921.7	31,087.6	42,337.3	31,106.1
58 Deposits in pooled schemes	7,001.5	6,327.1	7,001.5	6,327.1
34 Issued bonds at amortized cost	6,093.3	8,021.3	6,093.3	8,021.3
Other non-derivative financial liabilities at fair value	1,682.7	769.8	1,682.7	769.8
Current tax liabilities	2.0	7.3	0.0	0.0
Temporary liabilities	0.2	0.0	0.2	0.0
35 Other liabilities	4,909.0	4,326.0	4,567.3	3,941.5
Deferred income	47.5	53.8	25.1	11.0
Total liabilities other than provisions	70,368.7	62,683.8	70,117.4	61,817.2
PROVISIONS FOR LIABILITIES				
37 Provisions for deferred tax	138.0	394.9	0.0	2.4
Provisions for losses on guarantees	27.3	1.8	27.3	1.8
Other provisions	74.9	56.8	74.9	56.7
Total provisions for liabilities	240.2	453.5	102.2	60.9
SUBORDINATED DEBT				
38 Subordinated debt	2,561.5	2,316.8	2,561.5	2,316.8
Total liabilities	73,170.4	65,454.1	72,781.1	64,194.9
SHAREHOLDERS' EQUITY				
Share capital	1,255.3	570.7	1,255.3	570.7
Revaluation reserves	91.6	62.4	91.5	62.4
Accumulated changes in value, total	91.6	62.4	91.5	62.4
Statutory reserves	503.1	450.7	843.2	765.2
Statutory reserves, total	503.1	450.7	843.2	765.2
Retained earnings	4,125.3	3,543.5	3,785.3	3,229.0
Total shareholders' equity	5,975.3	4,627.3	5,975.3	4,627.3
Total shareholders' equity and liabilities	79,145.7	70,081.4	78,756.4	68,822.2
OFF-BALANCE-SHEET ITEMS				
43 Contingent assets	14.5	0.0	0.0	0.0
44 Contingent liabilities	5,767.1	3,837.7	6,162.1	4,402.4
46 Other obligating agreements	596.5	520.9	647.4	541.3

STATEMENT OF CHANGES IN EQUITY

SHAREHOLDERS' EQUITY	Share capital DKK m	Revaluation reserve DKK m	Foreign-currency translation reserve DKK m	Statutory reserves DKK m	Proposed dividend DKK m	Retained earnings DKK m	Total DKK m
THE GROUP							
Shareholders' equity 01.01.12	570.7	58.2	4.2	450.7	0.0	3,543.5	4,627.3
<i>Comprehensive income in 2012</i>							
Profit/loss for the year	-	-	-	100.5	-	123.3	223.8
<i>Other comprehensive income</i>							
Exchange adjustment upon translation of foreign entity	-	-	4.3	-	-	-	4.3
Net revaluation of properties	-	8.9	-	-	-	0.2	9.1
Tax on other comprehensive income	-	16.0	-	-	-	-	16.0
Other capital movements in associates	-	-	-	-0.3	-	-	-0.3
Dissolution of revaluation reserves, group enterprises	-	-	-	3.7	-	-3.7	0.0
Other comprehensive income, total	-	24.9	4.3	3.4	0.0	-3.5	29.1
Total comprehensive income	-	24.9	4.3	103.9	0.0	119.8	252.9
<i>Transactions with owners</i>							
Capital increase *)	684.6	-	-	-	-	498.5	1,183.1
Cost of capital increase	-	-	-	-	-	-83.7	-83.7
Disposal upon acquisition of treasury shares	-	-	-	-	-	-695.1	-695.1
Addition upon sale of treasury shares	-	-	-	-	-	690.8	690.8
Dividends received from associates recognized at net asset value	-	-	-	-51.5	-	51.5	0.0
Transactions with owners, total	684.6	0.0	0.0	-51.5	0.0	462.0	1,095.1
Shareholders' equity 31.12.12	1,255.3	83.1	8.5	503.1	0.0	4,125.3	5,975.3
Shareholders' equity 01.01.11							
Shareholders' equity 01.01.11	570.7	61.2	3.4	440.1	0.0	3,299.0	4,374.4
<i>Comprehensive income in 2011</i>							
Profit/loss for the year	-	-	-	44.9	-	229.9	274.8
<i>Other comprehensive income</i>							
Exchange adjustment upon translation of foreign entity	-	-	0.8	-	-	-	0.8
Net revaluation of properties	-	-4.2	-	-	-	-	-4.2
Tax on other comprehensive income	-	1.2	-	-	-	-	1.2
Other capital movements in associates	-	-	-	-3.3	-	-	-3.3
Dissolution of revaluation reserves, associates	-	-	-	-9.7	-	9.7	0.0
Other comprehensive income, total	-	-3.0	0.8	-13.0	0.0	9.7	-5.5
Total comprehensive income	-	-3.0	0.8	31.9	0.0	239.6	269.3
<i>Transactions with owners</i>							
Disposal upon acquisition of treasury shares	-	-	-	-	-	-128.3	-128.3
Addition upon sale of treasury shares	-	-	-	-	-	111.9	111.9
Dividends received from associates recognized at net asset value	-	-	-	-21.3	-	21.3	0.0
Transactions with owners, total	-	-	-	-21.3	-	4.9	-16.4
Shareholders' equity 31.12.11	570.7	58.2	4.2	450.7	0.0	3,543.5	4,627.3

STATEMENT OF CHANGES IN EQUITY

SHAREHOLDERS' EQUITY

PARENT COMPANY

	Share capital DKK m	Revaluation reserve DKK m	Foreign-currency translation reserve DKK m	Statutory reserves DKK m	Proposed dividend DKK m	Retained earnings DKK m	Total DKK m
Shareholders' equity 01.01.12	570.7	58.2	4.2	765.2	0.0	3,229.0	4,627.3
<i>Comprehensive income in 2012</i>							
Profit/loss for the year	-	-	-	126.1	-	98.0	224.1
<i>Other comprehensive income</i>							
Exchange adjustment upon translation of foreign entity	-	-	4.3	-	-	-	4.3
Net revaluation of properties	-	8.8	-	-	-	-	8.8
Tax on other comprehensive income	-	16.0	-	-	-	-	16.0
Other capital movements in associates and group enterprises	-	-	-	-0.3	-	-	-0.3
Dissolution of revaluation reserves, group enterprises	-	-	-	3.7	-	-3.7	0.0
Other comprehensive income, total	-	24.8	4.3	3.4	0.0	-3.7	28.8
Total comprehensive income	-	24.8	4.3	129.5	0.0	94.3	252.9
<i>Transactions with owners</i>							
Capital increase *)	684.6	-	-	-	-	498.5	1,183.1
Costs of capital increase	-	-	-	-	-	-83.7	-83.7
Disposal upon acquisition of treasury shares	-	-	-	-	-	-695.1	-695.1
Addition upon sale of treasury shares	-	-	-	-	-	690.8	690.8
Dividends received from associates recognized at net asset value	-	-	-	-51.5	-	51.5	0.0
Transactions with owners, total	684.6	0.0	0.0	-51.5	0.0	462.0	1,095.1
Shareholders' equity 31.12.12	1,255.3	83.0	8.5	843.2	0.0	3,785.3	5,975.3
Shareholders' equity 01.01.11	570.7	61.2	3.4	729.5	0.0	3,010.6	4,375.4
<i>Comprehensive income in 2011</i>							
Profit/loss for the year	-	-	-	69.8	-	204.0	273.8
<i>Other comprehensive income</i>							
Exchange adjustment upon translation of foreign entity	-	-	0.8	-	-	-	0.8
Net revaluation of properties	-	-4.2	-	-	-	-	-4.2
Tax on other comprehensive income	-	1.2	-	-	-	-	1.2
Other capital movements in associates	-	-	-	-3.3	-	-	-3.3
Dissolution of revaluation reserves, associates	-	-	-	-9.5	-	9.5	0.0
Other comprehensive income, total	-	-3.0	0.8	-12.8	0.0	9.5	-5.5
Total comprehensive income	-	-3.0	0.8	57.0	0.0	213.5	268.3
<i>Transactions with owners</i>							
Disposal upon acquisition of treasury shares	-	-	-	-	-	-128.3	-128.3
Addition upon sale of treasury shares	-	-	-	-	-	111.9	111.9
Dividends received from associates recognized at net asset value	-	-	-	-21.3	-	21.3	0.0
Transactions with owners, total	-	-	-	-21.3	-	4.9	-16.4
Shareholders' equity 31.12.11	570.7	58.2	4.2	765.2	0.0	3,229.0	4,627.3

*) The capital increase breaks down as follows:

March 2012: Capital increase of 57,068,810 shares of nominally DKK 10 each. The share capital has been increased by DKK 570.7 million and Retained earnings by DKK 342.4 million (share premium).
November 2012: Capital increase in connection with the merger with Sparbank of 11,392,298 shares of nominally DKK 10 each. The share capital has been increased by DKK 113.9 million and Retained earnings by DKK 156.1 million (share premium).

Differences in accounting policies between the Parent Company's Financial Statements and the Consolidated Financial Statements

With the exception that subsidiaries are included in the Consolidated Financial Statements and recognized at net asset value in the Parent Company's Financial Statements, the accounting policies have been consistently applied. The difference between the shareholders' equity and profit or loss in the Group and in the Parent Company is due to properties being classified as investment properties in subsidiaries and as corporate properties in the Group. The difference consists of net depreciation and impairment on such properties; see below.

	Profit/loss		Shareholders' equity	
	2012	2011	2012	2011
Spar Nord Bank, the Group	223.8	274.8	5,975.3	4,627.3
Net depreciation and impairment, the Group's corporate properties	0.3	-1.0	0.0	0.0
Spar Nord Bank, the Parent Company	224.1	273.8	5,975.3	4,627.3

	Number of shares		Nominal value (DKK m)	
	2012	2011	2012	2011
Issued shares				
1 January	57,068,810	57,068,810	570.7	570.7
Capital increase, March 2012	57,068,810	0	570.7	0
Capital increase, November 2012	11,392,298	0	113.9	0
31 December – fully paid-up	125,529,918	57,068,810	1,255.3	570.7

The share capital consists of 125,529,918 shares in the denomination of DKK 10. No shares have been allocated special rights. There are no restrictions in terms of transferability and no restrictions on voting rights.

For as long as the Danish state contributes hybrid core capital, the payment of dividend may not exceed the profit for the year; nor may treasury shares be repurchased.

No dividend was paid in 2011 and 2012

STATEMENT OF CHANGES IN EQUITY

	Spar Nord The Group 2012	Spar Nord The Group 2011	Spar Nord Parent Company 2012	Spar Nord Parent Company 2011
NUMBER OF SHARES IN CIRCULATION				
Beginning of year	56,617,508	56,976,500	56,617,508	56,976,500
Capital increase, March 2012	57,068,810	0	57,068,810	0
Capital increase, November 2012	11,392,298	0	11,392,298	0
Acquisition/sale of treasury shares	-581,499	-358,992	-581,499	-358,992
End of year	124,497,117	56,617,508	124,497,117	56,617,508
Shares issued	57,068,810	57,068,810	57,068,810	57,068,810
Capital increase, March 2012	57,068,810	0	57,068,810	0
Capital increase, November 2012	11,392,298	0	11,392,298	0
The Group's treasury share portfolio	1,032,801	451,302	1,032,801	451,302
Outstanding shares in circulation	124,497,117	56,617,508	124,497,117	56,617,508

TREASURY SHARE PORTFOLIO

Number of shares	1,032,801	451,302	1,032,801	451,302
Nominal value, DKK m	10.3	4.5	10.3	4.5
Fair value, DKK m	26.6	14.4	26.6	14.4
Percentage of share capital	0.8	0.8	0.8	0.8

TREASURY SHARE PORTFOLIO, FAIR VALUE, DKK M

Portfolio, beginning of year	14.4	5.6	14.4	5.6
Acquisition of treasury shares	695.1	128.3	695.1	128.3
Sale of treasury shares	690.8	111.9	690.8	111.9
Market-value adjustment	7.9	-7.6	7.9	-7.6
Portfolio, end of year	26.6	14.4	26.6	14.4

TREASURY SHARES DEPOSITED AS COLLATERAL

Number of shares	2,860,322	1,287,466	2,860,322	1,287,466
Nominal value, DKK m	28.6	12.9	28.6	12.9
Fair value, DKK m	74.4	41.2	74.4	41.2
Percentage of share capital	2.3	2.3	2.3	2.3

Treasury shares deposited as collateral comprise collateral provided by customers in the form of Spar Nord shares.

The Bank uses treasury shares for trading with customers and shareholders.

Until the next Annual General Meeting, the Board of Directors is authorized to let the Bank acquire treasury shares of a nominal value of up to 10% of the share capital based on the listed price at the date of acquisition subject to a deviation of up to 10%.

	Spar Nord The Group 2012 DKK m	Spar Nord The Group 2011 DKK m	Spar Nord Parent Company 2012 DKK m	Spar Nord Parent Company 2011 DKK m
CAPITAL BASE AND SOLVENCY RATIO				
Shareholders' equity	5,975.3	4,627.3	5,975.3	4,627.3
Proposed dividend	0.0	0.0	0.0	0.0
Intangible assets, incl. share recognized in investments in associates	237.0	166.3	237.0	166.3
Deferred tax assets *)	27.6	0.0	196.4	0.0
Other primary deductions	6.4	0.0	6.5	0.0
Revaluation reserves	91.6	62.4	91.5	62.4
Common Equity (Tier 1) after primary deductions	5,612.7	4,398.6	5,443.9	4,398.6
Hybrid core capital **)	1,812.9	1,611.1	1,813.0	1,611.1
Other deductions	452.7	388.1	461.6	388.1
Core capital (Tier 1) incl. hybrid core capital after deductions	6,972.9	5,621.6	6,795.3	5,621.6
Subordinated debt (excl. hybrid core capital) **)	553.8	608.3	553.8	608.3
Revaluation reserves	91.6	62.4	91.5	62.4
Other deductions	452.7	388.1	461.6	388.1
Capital base after deductions	7,165.6	5,904.2	6,779.0	5,904.2
Risk-weighted items	46,307.4	42,187.8	46,414.3	42,633.5
Common Equity (Tier 1) ratio (%)	12.1	10.4	11.7	10.3
Core capital (Tier 1) ratio incl. hybrid core capital after deductions (%)	15.1	13.3	14.6	13.2
Solvency ratio (%)	15.5	14.0	15.0	13.8

*) The Group figure relates to a separate loss in a subsidiary; see note 37.

**) Including portfolio of own bonds.

For a specification of the unaudited solvency need (the ICAAP result), please see the section on capital in the group annual review.

CASH FLOW STATEMENT

NOTE

	Spar Nord The Group 31.12.12 DKK m	Spar Nord The Group 31.12.11 DKK m	Spar Nord Parent Company 31.12.12 DKK m	Spar Nord Parent Company 31.12.11 DKK m
OPERATIONS				
Profit/loss on continuing activities before tax	253.4	302.7	255.4	300.4
50 Profit/loss on discontinuing activities before tax	36.7	42.2	26.1	25.0
26 Foreign-currency translation, subsidiaries	4.3	0.8	0.0	0.0
28 Fair-value changes, investment properties	1.1	-3.2	1.1	-3.2
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	156.8	215.4	69.6	68.1
Gains and losses on the sale of intangible assets and property, plant and equipment	-0.4	-1.2	-0.4	-1.2
36+56 Adjustment of impairment of loans and advances, etc.	187.2	115.9	173.0	107.3
36 Provisions for liabilities	10.6	-77.1	10.7	-75.7
19 Profit/loss on equity investments in associates and group enterprises	-86.7	-44.9	-112.1	-69.8
Corporate income tax paid	-48.9	-3.1	-48.6	-2.6
Operations, total	514.1	547.5	374.8	348.3
WORKING CAPITAL				
21+32 Movement in credit institutions and central banks, net	-2,771.0	4,855.9	-2,622.1	4,495.2
22 Movement in loans, advances and other receivables at amortized cost	6,431.1	1,134.1	7,058.9	1,371.4
23 Movement in bonds at fair value	582.4	-2,783.9	582.4	-2,783.9
24 Movement in equity portfolio	-45.5	81.3	-45.6	81.2
34 Movement in issued bonds at amortized cost	-5,032.3	215.1	-5,032.3	215.1
Movement in other assets and other liabilities, net	1,105.1	-3,311.3	1,133.3	-3,105.3
33 Movement in deposits and other payables	2,565.6	-116.1	2,962.7	-115.0
Working capital, total	2,835.4	75.1	4,037.3	158.7
Cash generated from operations, total	3,349.5	622.6	4,412.1	507.0
INVESTMENTS				
25+26 Net investment in associates and group enterprises	-0.8	1.0	-1,009.8	1.0
27 Net investment in intangible assets	-9.0	-4.7	-9.0	-4.7
28+29+30 Net investment in other property, plant and equipment	-104.9	-121.2	-137.0	-36.0
Net investment in treasury shares	-4.3	-16.4	-4.3	-16.4
25+26 Dividends from associates and group enterprises	51.9	21.3	51.5	21.3
Investments, total	-67.1	-120.0	-1,108.6	-34.8
FINANCING				
38 Subordinated debt	-707.1	-160.2	-707.1	-160.2
Capital increase	913.0	0.0	913.1	0.0
Costs of capital increase	-83.7	0.0	-83.7	0.0
Financing, total	122.2	-160.2	122.3	-160.2
Movement in cash and cash equivalents for the year	3,404.6	342.4	3,425.8	312.0
Cash and cash equivalents, beginning of year	2,715.1	2,372.7	2,682.9	2,370.9
Movement in cash and cash equivalents for the year	3,404.6	342.4	3,425.8	312.0
Cash and cash equivalents, end of year	6,119.7	2,715.1	6,108.7	2,682.9
Cash and cash equivalents, end of year				
Cash, cash equivalents and demand deposits with central banks	2,136.0	641.0	2,136.0	641.0
Cash, cash equivalents and demand deposits with central banks, additions relating to merger	205.2	0.0	205.2	0.0
21 Receivables from credit institutions and central banks with less than 3 mths to maturity	3,521.3	2,074.1	3,510.3	2,041.9
Receivables from credit institutions and central banks with less than 3 mths to maturity, additions relating to merger	257.2	0.0	257.2	0.0
Total	6,119.7	2,715.1	6,108.7	2,682.9

Information about cash flows for discontinuing activities appears from note 50, Discontinuing activities.

LIST OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY'S FINANCIAL STATEMENTS

Note	Page	Note	Page
1 Accounting policies	58	31 Other assets	87
2 Significant accounting estimates and judgments	66	32 Payables to credit institutions and central banks	87
3 Business segments	68	33 Deposits and other payables	87
4 Interest income	71	34 Issued bonds at amortized cost	87
5 Interest expenses	71	35 Other liabilities	88
6 Dividends on shares, etc.	71	36 Provisions for liabilities	88
7 Fees, charges and commissions received	71	37 Provisions for deferred tax	90
8 Fees, charges and commissions paid	71	38 Subordinated debt	91
9 Net fees, charges and commissions received	71	39 Repo and reverse transactions	92
10 Market-value adjustments	72	40 Transfer of financial assets	92
11 Net financials, the Spar Nord Group	72	41 Collateral provided	92
12 Other operating income	73	42 Collateral accepted	93
13 Staff costs and administrative expenses	73	43 Hedge accounting	93
14 Share-based payment	76	44 Contingent assets	93
15 Audit fees	76	45 Contingent liabilities	94
16 Depreciation, amortization and impairment of intangible assets and property, plant and equipment	77	46 Other obligating agreements	94
17 Other operating expenses	77	47 Legal proceedings, etc.	95
18 Impairment of loans, advances and receivables, etc.	77	48 Earnings per share	95
19 Profit/loss on equity investments in associates and group enterprises	77	49 Business combinations	95
20 Tax	77	50 Discontinuing activities	97
21 Receivables from credit institutions and central banks	78	51 Related parties	99
22 Loans, advances and other receivables at amortized cost	78	52 Management's holdings of Spar Nord Bank shares	100
23 Bonds at fair value	80	53 Post-balance-sheet events	100
24 Shares, etc.	80	54 Fair-value information	100
25 Equity investments in associates	80	55 Risk management	102
26 Equity investments in group enterprises	82	56 Credit risk	103
27 Intangible assets	83	57 Market risk	117
28 Land and buildings	85	58 Liquidity risk	119
29 Other property, plant and equipment, total	86	59 Operational risk	124
30 Temporary assets	86	60 Capital management	125
		61 Pooled schemes	126
		62 Performance indicators and financial ratios	127
		63 Ratio definitions	129

NOTE 1 ACCOUNTING POLICIES

BASIS FOR PREPARING THE ANNUAL REPORT

Spar Nord Bank A/S is a public limited company with its registered office in Denmark. The Annual Report for the period from 1 January to 31 December 2012 comprises the Consolidated Financial Statements of Spar Nord Bank and its subsidiaries as well as the Financial Statements of the Parent Company.

The Consolidated Financial Statements are presented in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The Financial Statements of the Parent Company are presented in accordance with the Danish Financial Business Act, including the Danish Executive Order on the Presentation of Financial Statements by Credit Institutions and Stockbrokers, etc.

Moreover, the Annual Report is presented in accordance with additional Danish disclosure requirements for annual reports prepared by listed financial institutions, cf. the Danish Financial Business Act and the Executive Order regarding the application of IFRS standards in financial institutions issued pursuant to the Danish Financial Business Act.

On 6 February 2013, the Board of Directors and Executive Board reviewed and adopted the 2012 Annual Report of the Spar Nord Group. The Annual Report will be submitted for adoption by the shareholders at the Annual General Meeting on 24 April 2013.

Recognition and measurement generally

The Annual Report is presented in Danish kroner (DKK) and rounded to the nearest million DKK with one decimal.

Assets are recognized in the balance sheet if it is probable that future economic benefits will flow to the Group and the value of the assets can be measured reliably. Liabilities are recognized in the balance sheet when they are probable and can be measured reliably.

Upon initial recognition, assets and liabilities are measured at fair value. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Gains, losses and risks arising before the date of presentation of the Annual Report and the facts that confirm or rebut circumstances and conditions existing at the reporting date are taken into consideration upon recognition and measurement.

Income is recognized in the income statement as it is earned. Costs defrayed to generate earnings are recognized in the income statement. Value adjustments of financial assets, financial liabilities and derivative instruments are recognized in the income statement.

The policies regarding recognition and measurement in the Parent Company are compatible with IFRS. There is a difference between profit or loss and shareholders' equity in the Parent Company and the Group, which is due to properties being classified as investment properties in subsidiaries and as corporate properties in the Group. The difference consists of net depreciation and impairment on such properties.

The accounting policies, which are set out below, have been applied consistently for the financial year, also with regard to comparative figures, and are thus unchanged compared with last year.

Implementation of new financial reporting standards

In the Consolidated Financial Statements for 2012, Spar Nord Bank has implemented the changes to IFRS and IAS standards and new IFRIC interpretations adopted by the IASB that became effective on 1 January 2012. This did not affect recognition and measurement in 2012, thus not impacting profit or loss and diluted earnings per share.

Amendments to IAS 12 involve the presumption that Management intends to recover the carrying amount of investment properties measured at fair value through sale. The amendments have no impact on the Spar Nord Group, as deferred tax relating to the Group's investment properties is already determined based on an intention to sell.

DESCRIPTION OF ACCOUNTING POLICIES

Consolidated Financial Statements

The Consolidated Financial Statements cover the Parent Company, Spar Nord Bank, and group enterprises in which the Group controls financial and operational decisions. Spar Nord Bank is considered to exercise control when it holds more than half the voting rights in a company, whether directly or indirectly, or otherwise controls managerial or operational decisions.

Associates are companies that are not group enterprises but in which the Group holds equity investments and has significant influence, but not a controlling interest. Significant influence is typically obtained when a company, directly or indirectly, owns or holds more than 20% of the voting rights, but less than 50%.

In assessing whether the Group has a controlling interest or significant influence, the voting rights that can be exercised on the reporting date are taken into account.

The following group enterprises are included by means of full consolidation:

- Erhvervsinvest Nord A/S
- Aktieselskabet Skelagervej 15 (previously Skive Erhvervsinvest A/S), acquired as of 15 November 2012)
- Spar Nord Ejendomsselskab A/S
- Spar Nord Leasing A/S (being discontinued)
- SN Finans Nord AB (being discontinued)

The Consolidated Financial Statements are prepared by adding together items of a uniform nature. Intercompany income and expenses, gains and losses, shareholdings as well as intercompany balances are eliminated in consolidation. The financial statements used in preparing the Consolidated Financial Statements are drawn up in accordance with the Group's accounting policies.

Business combinations

Extra-group business combinations

Newly acquired (merged) companies are recognized in the Consolidated Financial Statements as from the date of acquisition. The date of acquisition is the date on which the Spar Nord Group obtains actual control of the acquired company.

Comparative figures are not adjusted for newly acquired, sold or wound-up companies. However, discontinued activities are presented separately.

The acquisition method is used for company acquisitions where the Spar Nord Group gains control of the acquired company. The identified assets, liabilities and contingent liabilities of the acquired companies are measured at their fair value as of the date of acquisition. Identifiable intangible assets are recognized if they are separable or arise from a contractual right. Allowance is made for the tax impact of the revaluations made.

Positive differences between the acquisition cost and the fair value of acquired, identified assets and liabilities (goodwill) are recognized under intangible assets. Goodwill is not amortized, but tested for impairment at least once a year. The initial impairment test is made before the end of the year of acquisition. On acquisition, goodwill is allocated to the cash-generating units that are subsequently subjected to impairment tests. Negative differences (negative goodwill) are recognized in profit or loss for the year at the date of acquisition.

The purchase sum paid for a company consists of the fair value of the agreed consideration in the form of transferred assets, assumed liabilities and issued equity instruments. Costs allocable to business combinations are recognized directly in profit or loss for the year when incurred.

In case of any uncertainty at the date of acquisition about the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the purchase sum, initial recognition is based on amounts preliminarily determined. If the identification or measurement of the purchase sum, acquired assets, liabilities or contingent liabilities proves to be incorrect on initial recognition, the determination is adjusted with retroactive effect, including goodwill, within 12 months after the acquisition, and comparative figures are restated. Subsequently goodwill is not adjusted. Changes to estimates of conditional purchase sums are recognized in profit or loss for the year.

Companies sold or wound up are recognized in the Consolidated Financial Statements until the date of divestment or the date of winding-up. Gains or losses upon the divestment or winding-up of group enterprises and associates are recognized as the difference between the selling price or the winding-up proceeds and the carrying amount of net assets, including goodwill, at the time of sale plus the defrayed and expected costs of divestment or winding-up.

Intra-group business combinations

The uniting-of-interests method is used for mergers between consolidated companies. When using the uniting-of-interests method, no adjustment is made to fair value in the discontinuing company and goodwill is not determined. The merging companies' assets and liabilities are basically combined by adding together carrying amounts on a line-by-line basis, adjusted for any differences in the accounting policies applied.

Foreign-currency translation

The Consolidated Financial Statements and the Parent Company's Financial Statements are presented in DKK, which is the Spar Nord Group's functional currency. Transactions denominated in a foreign currency are translated at the rate of exchange ruling at the date of the transaction. Exchange differences that arise between the exchange rate at the date of the transaction and the exchange rate at the payment date are recognized in the income statement under market-value adjustments.

Monetary items in foreign currencies are translated at the exchange rate prevailing at the reporting date. The difference between the exchange rate at the reporting date and the exchange rate at the time the balance arose is recognized in the income statement under market-value adjustments. Rates of exchange are assessed for illiquid currencies.

For the purpose of recognizing companies in currencies other than DKK in the Consolidated Financial Statements, income-statement items are translated at the exchange rate at the transaction date, and balance-sheet items are translated at the exchange rate at the reporting date. The exchange rate at the transaction date is calculated on the basis of the average rate for the individual months, to the extent this does not present a result differing significantly from that based on the exchange rate prevailing at the transaction date. Translation differences arising on the translation of these companies' beginning-of-year equity at the exchange rate on the reporting date, and on the translation of income statements from the exchange rate at the transaction date to the exchange rate at the reporting date, are recognized in shareholders' equity under a special reserve for translation adjustments via other comprehensive income.

Offsetting

Receivables and liabilities are offset when the Group has a legal right to set off the recognized amounts, while at the same time intending to make a net settlement or realize the asset and redeem the liability at the same time.

Financial instruments generally

Financial assets are classified in the following categories at the date of recognition:

- trading portfolio, which is valued at fair value
- loans, advances and receivables, which are valued at amortized cost
- held-to-maturity investments, which are valued at amortized cost
- financial assets designated at fair value, with value adjustments being recognized in the income statement (fair-value option)

Financial liabilities are classified in the following categories at the date of recognition:

- trading portfolio, which is valued at fair value
- other financial liabilities, which are valued at amortized cost

The Spar Nord Group does not have held-to-maturity investments.

Derivative instruments

Derivative instruments and unsettled spot transactions are recognized and measured at fair value at the trade date. Value adjustments are recognized in the income statement.

Positive fair values are recognized under Other assets and negative fair values under Other liabilities. In calculating the fair value, the listed bid/offer price is used to value listed instruments, while a valuation model based on recognized methods and current market data is used for unlisted instruments. Gains or losses at inception ("day 1-profit/loss") are not recognized for unlisted derivative instruments.

Interest from forward securities transactions, forward exchange contracts and interest and currency swaps is recognized net under Interest income. Positive market values are recognized under Other assets. Negative market values are recognized under Other liabilities.

The fair value of derivative instruments for which there is no active market is fixed, for simple products such as interest and currency swaps, according to generally accepted valuation principles. The parameters of valuation are all market-based, such as yield curves with illiquidity and credit risk premiums. To the greatest extent possible, such premiums are identified on the basis of external sources.

For more complex financial instruments that contain an option element and which are unlisted, i.e. OTC products, internally developed models are used, typically based on valuation techniques and methods that are generally accepted within the sector. At the reporting date, Spar Nord had swaptions, interest caps and floors and currency options that had been valued on the basis of more complex models. As far as possible, the parameters of valuation are market-based.

The values generated by valuation models are frequently estimates of values that cannot be determined unequivocally on the basis of market observations. Thus, in some cases, the valuation is made by including risk factors (liquidity and counterparty risks) as additional parameters.

Certain contracts include conditions that correspond to those for derivative instruments. Such embedded derivatives are segregated, recognized separately and measured at fair value on a recurring basis if they differ significantly from the relevant contract, unless the full contract is recognized and measured at fair value on an ongoing basis.

Bonds and shares, etc.

Bonds and shares, etc. are valued according to the following methods:

The portfolio of listed shares is measured at the listed prices quoted at the reporting date. Shares included in the trading portfolio are recognized on the settlement day at their fair value. Shares that are not included in the trading portfolio are measured at fair value with the ensuing changes in value in the income statement using the fair-value option.

The fair-value option makes it possible to account for securities outside the trading portfolio at fair value, as if they were part of the trading portfolio. It is a condition that such assets are managed on a fair-value basis, thus involving recognition of value adjustments in the income statement.

Unlisted unit trust certificates are measured at the price calculated by the unit trust.

The portfolio of listed bonds that are traded on the stock exchange is measured at the listed closing market price on the reporting date.

For illiquid and unlisted bonds with no current listed prices, estimated prices are used. Such estimated prices are calculated using the Bank's own valuation models, which are based on a yield curve plus a credit spread. The estimated prices are extensively calculated on the basis of observable inputs that are used to calculate the fair value.

Where observable inputs are not available, the fair value is calculated based on a basket of reference bonds and an assessment of the likelihood of loss on the underlying assets or based on an external assessment of the price.

If a reliable fair value cannot be identified, the investment will be measured at cost less any writedowns for impairment.

Securities are included in or removed from the balance sheet on the settlement day.

Repo/reverse transactions

If the sale is made subject to a repurchase agreement, securities sold are recognized in the balance sheet on the settlement day as if the securities were still part of the Group's portfolio. The amount received is recognized as a liability, and the difference between the offered price and the bid price is recognized as interest in the income statement over the term of the relevant instrument. The yield on the securities is recognized in the income statement.

Bought securities are not recognized in the balance sheet and the yield on such securities is not recognized in the income statement if a resale agreement is made simultaneously with the purchase. The purchase sum paid is recognized as a receivable, and the difference between the bid and offered price is recognized as interest in the income statement over the term of the relevant instrument.

Repo and reverse transactions are recognized and measured at amortized cost.

Hedge accounting

The Group uses derivative instruments to hedge interest risks attaching to fixed-interest assets and liabilities, which are measured at amortized cost. Such hedging instruments are measured at fair value and any changes in value are recognized in the income statement. When the criteria for the application of hedge accounting have been met, the carrying amount of the hedged assets and liabilities is adjusted for changes in fair value regarding the hedged risks (fair-value hedging). If the criteria for hedging are no longer met, the accumulated value adjustment of the hedged item is amortized over the remaining term to maturity.

INCOME STATEMENT

Interest income and expenses

Interest income and expenses relating to interest-bearing financial instruments that are measured at amortized cost are recognized in the income statement according to the effective interest method, based on the cost of the financial instrument. Interest includes amortization of fees that are an integral part of the effective yield on a financial instrument, including upfront fees and the amortization of any further difference between the cost and redemption price.

Interest income and expenses also include interest on financial instruments valued at fair value, with the exception of interest relating to assets and deposits in pools, which is recognized under market-value adjustments.

Interest on loans and advances individually written down for impairment is recognized as income on the basis of the written-down value.

Interest income and expenses comprise interest income on finance leases and purchase contracts. Interest income is calculated based on the agreed effective interest rate.

Fees, etc. from operating and finance leases are accrued over the remaining term of the leases and are recognized on an ongoing basis under Interest income (the Spar Nord Group's leasing activities are being phased out, for which reason the amount is recognized under Profit/loss on discontinuing activities).

Net fees, charges and commissions received

Fees, charges and commissions relating to loans, advances and receivables that are considered an integral part of such loans, etc. are recognized as part of the carrying amount of loans, advances and receivables and are recognized in the income statement over the term of the loans and advances as part of the effective interest rate. Commissions relating to guarantees are carried to income over the term of the guarantees. Income generated upon performing a given transaction, including securities and custodianship fees plus payment services fees, is recognized as income when the transaction has been performed.

Consideration for arranging mortgage-credit loans for Totalkredit and DLR is calculated on the basis of the offset model. Loan origination fees are recognized at the date of loan origination, and consideration for continuous services to the borrower is recognized in step with the Bank rendering such services and thus earning an entitlement to the consideration. Recognized losses that can be offset are treated as an income reduction during the period in which losses are offset.

Market-value adjustments

Market-value adjustments include realized and unrealized market-value adjustments of items in the trading portfolio of securities and derivative instruments as well as other shares at fair value (the fair-value option). In addition, the impact on profits/losses from exchange adjustments and fair-value hedge accounting is also recognized under market-value adjustments.

Other operating income

Other operating income includes items that are secondary to the Group's activities, including gains and losses on the sale of acquired investment and corporate properties, the sale of leased assets, etc.

Other operating income also includes rental income from operating leases and from properties after deducting operating expenses. (The Spar Nord Group's leasing activities are being phased out, for which reason the amount is recognized under Profit/loss on discontinuing activities).

Gains and losses on sales are calculated as the difference between the selling price less selling costs and the carrying amount at the date of the sale.

Staff costs and administrative expenses

Staff costs and administrative expenses comprise salaries, bonuses, the cost of employee bonds and equity-settled share options granted (management incentive schemes), holiday pay, anniversary lump sums, pension costs, etc.

Share-option scheme

The fair value of equity-settled share options granted (management incentive schemes) at the time of allocation is recognized in the income statement as a staff cost during the period when the employee provides the services that correspond to the options granted. The offsetting item is recognized in equity via other comprehensive income. In connection with recognition over the service period, an estimate is made of the number of share options granted, and the fair value is calculated based on an option model. In connection with a final statement of allocation, previously expensed amounts are adjusted based on the actual allocation of options. The share options may be exercised no sooner than three years after allocation. Options granted will not be affected by the employee's resignation. For a more detailed description of the option model, reference is made to note 14, share-based payment.

Other operating expenses

Other operating expenses contain items of a secondary nature relative to the Group's activities, including contributions to the statutory depositors' guarantee fund (insurance premium) and guarantee commissions regarding the government-backed guarantee scheme.

Profit/loss on equity investments in associates and group enterprises

Profits or losses on equity investments in associates and group enterprises comprise the proportionate share of the individual companies' results after tax.

Presentation of discontinuing activities

Discontinuing activities are shown as a separate item in the income statement termed "Profit/loss on discontinuing activities" and are supplemented by a note with more details about the discontinuing activities, including the type of income, costs, etc. Cash flows from operating, investing and financing activities for the discontinuing activities are also specified in a note.

Assets and liabilities relating to the discontinuing activities are recognized in unchanged form in the balance sheet items to which they belong.

Assets and liabilities relating to discontinuing activities intended for sale are recognized in Temporary assets and Temporary liabilities.

The comparative figures, including the five-year overview, have been restated to reflect the discontinuing activities.

The item "Profit/loss on discontinuing activities" in the income statement includes the post-tax profit/loss on the Spar Nord Group's leasing activities.

Tax

Spar Nord Bank A/S is taxed jointly with its Danish subsidiaries. The current Danish corporation tax is allocated to the jointly taxed Danish companies in proportion to their respective taxable incomes. Companies that utilize tax losses in other companies pay joint taxation contributions to the Parent Company equivalent to the tax base of the utilized losses, while companies whose tax losses are utilized by other companies receive joint taxation contributions from the Parent Company equivalent to the tax base of the utilized losses (full allocation). The jointly taxed companies are included in the Danish tax prepayment scheme.

Tax for the year, which comprises current tax for the year and any change in deferred tax, is recognized in the income statement with the portion attributable to the profit/loss for the year and in other comprehensive income with the portion attributable to other comprehensive income items, and in equity with the portion attributable to amounts recognized directly in equity.

Tax on discontinuing activities is recognized together with the other income and cost items relating to discontinuing activities in the line Profit/loss on discontinuing activities. The disclosures in the note regarding the discontinuing activities show the tax expense.

To the extent that deductions are allowed for the consequences of share-based payment schemes in the determination of taxable income in Denmark, the tax effect of the schemes is recognized within tax on profit/loss for the year. If the combined tax deductions exceed the total cost for accounting purposes, the tax effect of the excess deduction is recognized in equity via other comprehensive income.

BALANCE SHEET

Receivables from credit institutions and central banks

Receivables from credit institutions and central banks comprise receivables from other credit institutions and time deposits with central banks. Reverse transactions, which involve buying securities to be resold at a later date, and where the counterparty is a credit institution or a central bank, are recognized as Receivables from credit institutions and central banks. The valuation of Receivables from credit institutions and central banks is made as stated under Loans, advances and receivables at amortized cost.

Loans, advances and other receivables at amortized cost

This item comprises loans, advances and receivables, including mortgage deeds, receivables under finance leases, reverse transactions where the counterparty is not a credit institution or a central bank, and bonds for which no price was quoted in an active market at the time of acquisition.

Initial recognition is based on fair value plus transaction costs and less fees, charges and commissions received in connection with loan origination. Subsequently, loans, advances and receivables that are not reverse transactions are periodically remeasured at amortized cost using the effective interest method, less impairment provisions for bad and doubtful debts. The measurement of reverse transactions is described in the section Repo/reverse transactions.

Impairment

Loans, advances and receivables are monitored continuously to assess whether there is any objective indication of impairment and whether an impairment test shows any losses. This is done by individually assessing all significant and credit-quality flagged loans, advances and receivables and by classifying other loans, advances and receivables into categories with uniform characteristics with respect to credit risk and then assessing them on a portfolio basis.

Individual impairment

Impairment is based on an individual assessment of facilities when there is an objective indication of impairment of an individual facility.

There is an objective indication of impairment of loans and advances if one or more of the following events have occurred:

- the borrower is in considerable financial difficulty
- the borrower is in breach of his contract, e.g. in the form of non-payment of loan repayments and interest
- the Group grants the borrower special terms that would not have been granted in the absence of the borrower's financial difficulty
- the borrower is likely to become insolvent or subject to any other financial restructuring

Impairment is calculated as the difference between the carrying amount and the discounted value of the expected cash flows. The collateral is deducted at fair value, excluding the costs of realization. Any subsequent increase of the discounted value of the expected cash flows results in full or partial reversal of impairment. For fixed-interest loans and advances, the original effective interest rate is used to calculate the discounted value, while the current effective interest rate is used for floating-rate loans and advances.

If a borrower is in considerable financial difficulty, the loan will be written down to an amount that the borrower is expected to be able to service in future based on a financial restructuring. If restructuring proves impossible, the impairment will be based on the expected proceeds of insolvency proceedings.

Groups of impairment losses

Individually assessed loans and advances that are not subject to impairment and other loans and advances are classified into categories to assess the need for impairment by group. A portfolio assessment is made on the basis of groups of loans with uniform characteristics with respect to credit risk. Among other things, the portfolio impairment is intended to cover deterioration in the payment behaviour for the relevant portfolio and changes in other conditions that, based on experience, are related to the extent of non-payment in the relevant groups of loans, advances and receivables.

In the retail customer area, portfolio assessment is based on a behaviour score for seven categories. In the business customer area, the portfolio assessment is based on nine rating categories, which are categorized according to financial performance indicators, etc.

The calculation of groups of impairment losses is based on gross migration. Thus, following a gross addition, the total groups of impairment losses are composed of the sum total of the individual borrowers' deterioration in rating, without taking into account that other borrowers improved their rating during the period.

The groups of impairment losses in Spar Nord Bank are calculated as the difference between the carrying amount of the loans and advances and the present value of expected future payments. Expected future payments are calculated by setting up series of expected future payments and discounting them. The discount rate used is the weighted average of the agreed-upon effective interest rates on the individual loans and advances.

In Spar Nord Leasing, groups of impairment losses are based on a writedown of the portfolio of customers regarding which no individual impairment has been made. The groups of impairment losses are calculated separately for the industries Transport, Construction, Agriculture, Industry and other areas, as these groups have uniform characteristics with respect to credit risk.

The groups of impairment losses are based on a statistical model that incorporates external economic indicators in the form of unemployment rate and an index of consumer sentiment. Moreover, the model incorporates developments in the ratio of down payments and deposits, as a higher ratio of down payments or deposits will reduce group-based impairment losses.

Impairment losses, etc.

Impairment losses on loans and advances are charged to an impairment account, which is deducted from loans and advances. Any movement in the impairment account is recognized in the income statement under Impairment of loans, advances and receivables, etc. In case of any subsequent events that show that the impairment was not permanent, the impairment is reversed via Impairment of loans, advances and receivables, etc.

Loans and advances considered to be uncollectible are written off via the impairment account. Loans and advances are written off when established collection procedures have been observed as follows:

- the debtor has filed an insolvency petition and the liquidator has indicated the probable financial result of the insolvency proceedings
- the Spar Nord Group cancels debts either following a compulsory or private arrangement with creditors
- the Spar Nord Group considers collection of the debt completely unlikely for other reasons

No interest on the written-down portion of the individual loans and advances is carried to income.

Leasing

Lease contracts are classified as finance leases when all significant risks and returns associated with the title to an asset are transferred to the lessee. All other lease contracts are classified as operating leases.

Finance lease assets, with the Group as lessor, are recognized under loans and advances at the net investment in the leases less depreciation (repayments), calculated according to the annuity method over the term of the lease.

Income from leased assets is recognized based on the agreed effective interest rate in the lease, and is booked in the income statement under Interest income (the Spar Nord Group's leasing activities are being phased out, for which reason the amount is recognized under Profit/loss on discontinuing activities). Gains and losses on the sale of leased assets are booked as Other operating income (the Spar Nord Group's leasing activities are being phased out, for which reason the amount is recognized in Profit/loss on discontinuing activities).

Operating lease assets, with the Group as lessor, are recognized under Operating equipment and depreciated like the Group's other operating equipment. Rental income from operating leases is recognized on a straight-line basis over the relevant term of the lease, under Other operating income. (The Spar Nord Group's leasing activities are being phased out, for which reason the amount is recognized under Profit/loss on discontinuing activities).

Equity investments in group enterprises and associates

Equity investments in associates are recognized at the proportionate share of the net asset value (NAV) on the reporting date plus the carrying amount of goodwill acquired.

Equity investments in group enterprises in the Parent Company are recognized at the proportionate share of the net asset value (NAV) on the reporting date plus the carrying amount of goodwill acquired.

Goodwill is calculated and measured as described above under Business combinations.

The share of profit/loss for the year after tax is recognized in the income statement of the Parent Company under Profit/loss on equity investments in associates and group enterprises. In connection with the purchase or sale of group enterprises or associates, the results of such group enterprises or associates are included in the income statement from or until the takeover date, as the case may be. (The Parent Company's share of Spar Nord Leasing is recognized under Profit/loss on discontinuing activities because Spar Nord Leasing is being phased out).

Any gain or loss upon sale is calculated as the difference between the selling price and the carrying amount at the transfer date, including the carrying amount of goodwill, and is recognized under Other operating income/Other operating expenses.

Pension pools

Assets forming part of pension pools and customers' contributions to pension pools are presented in separate balance-sheet items. The return on pooled assets and contributions are presented together under market-value adjustments and are specified in Notes to income statement disclosures.

Intangible assets

Goodwill

Goodwill acquired is recognized at cost less accumulated writedowns for impairment, as described under Business combinations. The carrying amount is not systematically amortized.

Goodwill relating to associates is recognized under equity investments in associates.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the acquisition date. The identification of cash-generating units is based on the management structure and internal financial management.

Goodwill is not amortized, but a goodwill impairment test is made at least once a year for each cash-generating unit. Goodwill is written down to the recoverable amount via the income statement if the carrying amount of the cash-generating unit's net assets exceeds the higher of the net selling price and the value in use that corresponds to the present value of expected future cash flows from the unit.

Customer relations

Customer relations taken over in connection with company acquisitions are recognized at cost and are amortized on a straight-line basis over the expected useful life, which does not exceed ten years. The expected useful life depends on customer loyalty.

The useful life is reassessed annually. Any changes in amortization as a result of changes in useful life are recognized in future reporting periods as a change in accounting estimates.

Software

Software acquired is recognized at cost plus installation expenses and amortized according to the straight-line method over the expected useful life of a maximum of five years.

Land and buildings

Properties are recognized at cost upon acquisition and subsequently measured at fair value. Borrowing costs from general borrowing or loans that are directly attributable to the acquisition and construction of qualifying assets (properties) are attributed to the cost of the specific individual asset.

The fair value is calculated on the basis of current market data according to an asset return model that includes the property's rental income, operating expenses, as well as management and maintenance, etc. Operating expenses and maintenance costs are calculated on the basis of the condition of the individual property, construction year, materials used, etc. The fair value of the property is determined based on the calculated return on its operation and the individually determined rate of return. The return rate is fixed on the basis of the location of the individual property, potential use, the state of maintenance, quality, etc. The fair value of the individual property is reassessed annually based on the current market and the interest level.

Corporate properties are properties used by the Group for administrative purposes, as a branch or for other service activities. The carrying amount of corporate properties is systematically depreciated over the expected useful life of 50 years for buildings. Special installations in buildings are depreciated according to the straight-line method over a useful life of 20 years. Allowance is made for the expected residual value when calculating depreciation. The revaluation of corporate properties to fair value is recognized in Other comprehensive income and allocated to a special reserve under shareholders' equity. Revaluation reserves, while depreciation and impairment are recognized in the income statement under Depreciation, amortization and impairment of intangible assets and property, plant and equipment.

Land is not depreciated.

Investment properties are properties held to obtain rental income and/or capital gains, including properties let under operating leases and properties taken over. Investment properties are not depreciated. Changes in fair values are recognized in the Parent Company under Market-value adjustments, while the fair value changes in the Group are recognized under Other operating income. Rental income is recognized in the income statement under Other operating income.

Other property, plant and equipment

Operating equipment in the form of IT equipment, cars, furniture and fixtures and leasehold improvements are recognized at cost less accumulated depreciation and impairment. The basis of depreciation for property, plant and equipment is the difference between cost and residual value at the end of its useful life, and the residual value is assessed regularly. Leasehold improvements are depreciated over the term of the lease, however maximum ten years. For other operating equipment, depreciation is made on a straight-line basis over the expected useful life of a maximum of five years.

Impairment

Property, plant and equipment are subjected to an impairment test when there are indications of impairment, and they are written down to the recoverable amount, which is the higher of the net selling price and the value in use. The impairment losses are recognized in the income statement.

Temporary assets

Temporary assets comprise assets taken over as a result of the liquidation of customer exposures, the intention being to sell the assets within 12 months. Assets taken over are recognized at the lower of carrying amount and fair value, less any selling costs.

The assets are not depreciated as from the time when they are classified as temporary.

Losses on impairment arising upon initial classification as temporary assets and any gains or losses arising on subsequent measurement at the lower of carrying amount and fair value, less any selling costs, are recognized in the income statement under the items to which they relate. Gains and losses are disclosed in the notes.

Assets and related liabilities are presented in separate lines in the balance sheet.

Payable and deferred taxes

Current tax payable and current tax receivable are recognized in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax on taxable incomes relating to prior years, and tax paid on account.

Deferred tax is measured in accordance with the balance sheet liability method on all temporary differences between the carrying amount and tax base of assets and liabilities. However, deferred tax is not recognized in respect of temporary differences regarding goodwill that is not amortizable for tax purposes and other items for which temporary differences have arisen at the time of acquisition without this having an impact on the profit/loss or the taxable income. Where the tax base may be calculated according to different taxation rules, deferred tax is measured based on Management's planned use of the assets, or, as the case may be, the planned repayment of the liability.

Deferred tax is recognized in the balance sheet within the balance sheet headings Deferred tax assets and Deferred tax liabilities and is recognized on the basis of the applicable tax rate.

Deferred tax assets, including the tax base of losses qualifying for carryforward trade loss relief, are recognized within Other non-current assets at the amount at which they are expected to be realized, either by set-off against taxes on future earnings, or through set-off against deferred tax liabilities within the same taxable entity and jurisdiction.

Deferred tax assets and liabilities are set off if the company has a legal right to set off current tax liabilities and tax assets or intends to either settle current tax liabilities and tax assets on a net basis, or realize the assets and the liabilities at the same time.

Deferred tax is adjusted to reflect eliminations of unrealized intercompany gains and losses.

Deferred tax is measured on the basis of the tax rules and tax rates applicable in the respective countries at the time when the deferred tax is expected to crystallize in the form of current tax, based on the legislation in force at the reporting date. Any changes in deferred tax resulting from changed tax rates are recognized in the income statement.

Other assets

Other assets include interest and commissions receivable as well as the positive market value of derivative instruments.

Financial liabilities

Payables to credit institutions and central banks as well as deposits include amounts received in connection with repo transactions, which involve selling securities to be repurchased at a later date. Payables to credit institutions and central banks as well as deposits are recognized initially at the proceeds received net of transaction costs incurred. Payables to credit institutions and central banks as well as deposits not classified as repo transactions are subsequently measured at amortized cost using the effective interest method. Thus, the difference between net proceeds and nominal value is recognized in the income statement under Interest expenses over the loan term.

Miscellaneous commitments are measured at net realizable value.

Other liabilities

Other liabilities include interest payable, the negative market value of financial instruments and employee benefits payable.

Provisions for liabilities

Provisions for liabilities include mainly guarantee commitments, provisions for losses on irrevocable credit commitments, legal actions and restructuring costs, etc.

Restructuring costs are recognized as liabilities, provided that a detailed, formal restructuring plan has been made public to the persons affected by the plan on or before the reporting date.

A provision is recognized when a legal or constructive obligation exists and when it is probable that the obligation will become effective and can be measured reliably.

Provisions are based on Management's best estimate of the amount of the commitments. In measuring provisions for liabilities, the provisions are discounted to net present value where the impact on the financial statements is material.

Bonds issued / Subordinated debt

Bonds issued comprise the Group's issued bonds. Subordinated debt consists of liabilities in the form of subordinated loan capital and other capital contributions which, in case of voluntary or compulsory liquidation, whether solvent or insolvent, will not be repaid until the claims of ordinary creditors have been met.

Bonds issued and subordinated debt are recognized at the issue date or the date of borrowing, as the case may be, at the proceeds received less directly attributable transaction costs. Subsequently issued bonds and subordinated debt are measured at amortized cost, using the effective interest method.

Shareholders' equity

Revaluation reserves

Revaluation reserves comprise revaluations of the Group's corporate properties after the recognition of deferred tax. The reserve is dissolved when properties are impaired, sold or otherwise disposed of.

Foreign-currency translation reserve

The foreign-currency translation reserve includes translation differences arising on the translation of profits/losses and net investments in foreign entities from their functional currencies into DKK. In addition, the reserve includes exchange adjustments of financial liabilities that hedge the net investment in foreign entities.

Upon full or partial realization of the net investment in a foreign entity, the translation difference relating to the relevant entity is recognized in the income statement.

Statutory reserves

Statutory reserves comprise value adjustments of equity investments in associates and group enterprises according to the equity method. The reserves are reduced by the dividends distributed to the Parent Company and other movements in the shareholders' equity of group enterprises and associates, or if the equity investments are realized in whole or in part.

Proposed dividend

Proposed dividend is recognized as a liability at the time of adoption at the Annual General Meeting (time of declaration). Dividend proposed to be distributed for the year is included under Shareholders' equity until adoption of the dividend proposal.

Treasury shares and own bonds

Treasury shares and own bonds are not recognized as assets. The acquisition cost and selling price for treasury shares as well as dividends on such shares are recognized directly in Retained earnings under shareholders' equity. The proceeds on the sale of treasury shares on the exercising of share options or employee shares are posted directly to shareholders' equity.

The portfolio and sales of own bonds are recognized directly in Issued bonds. Upon the acquisition of own bonds, any loss or gain is recognized as the difference between the acquisition cost and the carrying amount of the liability.

Contingent assets and contingent liabilities

Contingent assets and contingent liabilities comprise potential assets and liabilities deriving from past events, and whose existence is dependent on the occurrence of future, uncertain events that are beyond the Spar Nord Group's full control.

Contingent assets are disclosed where an inflow of economic benefits is probable.

Contingent liabilities are disclosed if they may, but most probably will not, result in an outflow of resources. In addition, the Group discloses information about current liabilities that have not been recognized because they are unlikely to result in an outflow of resources from the Group or cannot be reliably measured.

Cash flow statement

The cash flow statement shows cash flows for the year, broken down by operating, investing and financing activities, the year's movements in cash and cash equivalents and the cash and cash equivalents at the beginning and end of the year. Cash generated from operations is calculated according to the indirect method as the profit/loss before tax, adjusted for non-cash operating items and any changes in working capital.

Cash generated from investments comprises payments associated with the purchase and sale of intangible assets and property, plant and equipment, associates and group enterprises as well as treasury shares. Cash generated from financing comprises dividends paid and movements in the shareholders' equity and subordinated debt.

Cash and cash equivalents comprise cash balances, demand deposits with central banks and receivables from credit institutions and central banks with less than three months to maturity.

Segment information

Segment information is reported in accordance with the Spar Nord Group's accounting policies and follows the organizational structure as reflected in its internal management reporting.

Transactions between segments are settled on an arm's length basis. Centrally incurred expenses, such as salaries, rent, depreciation, etc. are allocated to the individual segments based on an assessment of the proportionate share of the overall activity level. Segment assets and liabilities are the operating assets and operating liabilities that are used or have arisen in connection with the operation of a segment and which are directly associated with or can be reasonably allocated to the segment. The individual segment includes a calculated share of equity. The item Earnings from investment portfolios, etc. is regarded as an intra-organizational activity and comprises income from the Bank's trading portfolio and earnings from Erhvervsinvest Nord A/S and Erhvervsinvest K/S limited partnerships, etc. Other income and expenses are charged to Unallocated, and this item also includes the subsidiaries Spar Nord Ejendomsselskab A/S and Aktieselskabet Skelagervej 15.

Calculation of performance indicators and financial ratios (Core earnings)

The Group's performance indicators and financial ratios (Core earnings) appearing from the Management's review differ from the Consolidated Financial Statements format. The relationship between Core earnings and the Consolidated Financial Statements format is shown in note 3, Business segments.

The profit/loss on discontinuing activities is presented in performance figures and financial ratios (Core earnings) in the line The Group's leasing activities (discontinuing activities) and shown before tax. The disclosures in the note regarding the profit/loss on discontinuing activities show the tax expense relating to discontinuing activities.

Ratio definitions appear from note 63.

Disclosures regarding standards that have not yet entered into force

The International Accounting Standards Board (IASB) has published a number of new financial reporting standards (IAS and IFRS) and interpretations (IFRIC), which Spar Nord is not required to observe in preparing the 2012 Annual Report.

The standards and interpretations that have been endorsed by the EU and having effective dates that differ from the effective dates required by the standards or interpretations issued by the IASB will be implemented prematurely, if allowed, as of the IASB effective dates for financial years commencing 1 January 2013 or later. Other than stated below, none of the new standards and interpretations are expected to have any major impact on the financial reporting for the Spar Nord Group:

- IFRS 9 changes the classification and measurement of financial assets and liabilities (the current IAS 39). In future, financial assets will be divided into two main classifications – those measured at amortized cost and those measured at fair value – to be presented in either profit or loss or in other comprehensive income. The existing measurement classifications are fair value presented in profit or loss, available-for-sale, held-to-maturity, and loans, advances and receivables. The provisions applying to financial liabilities will be amended so that changes to own credit risk will no longer impact the income statement, but will be recognized in other comprehensive income only. The Spar Nord Group expects the standard to have minor significance for the Group, but has not yet determined the impact. The standard applies to financial years commencing on 1 January 2015 and beyond. The standard has not yet been approved by the EU.

- IFRS 10 changes the rules for including an entity in the Consolidated Financial Statements. IFRS 10 provides that an investor must include another entity in its consolidated financial statements when it has de facto control over it, even though the investor does not hold the majority of shares or voting rights. Moreover, the potential voting rights and rights of conversion must be assessed, as – combined with other rights – they may lead to a requirement for consolidation before they become exercisable. Presently, the Spar Nord Group does not expect the standard to have significance for the Group, but has not yet determined the impact. According to IFRS, the standard applies to financial years commencing on 1 January 2013 and beyond. The effective date in the EU applies to financial years commencing on 1 January 2014 and beyond.

- IFRS 12 contains disclosure requirements for both consolidated and non-consolidated enterprises, joint ventures and associates. The objective is to disclose information that makes it possible for financial statement users to assess the basis for control, risks associated with interests in non-consolidated enterprises, any restrictions relating to consolidated assets and liabilities and the involvement of non-controlling interests in the Group's activities. The standard will exclusively have relevance for the disclosure requirements in Spar Nord Bank. According to IFRS, the standard applies to financial years commencing on 1 January 2013 and beyond. The effective date in the EU applies to financial years commencing on 1 January 2014 and beyond.

- IFRS 13 replaces the guidance about fair value measurement set out in the individual IFRS standards, thus laying down one single definition of fair value and giving extensive guidelines about the application of the standard. In addition, the standard contains disclosure requirements for the measurement of fair value. The standard will exclusively have relevance for the disclosure requirements in the Spar Nord Group. The standard applies to financial years commencing on 1 January 2013 and beyond.

NOTE 2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

In order to determine the carrying amount of certain assets and liabilities, Management has to make a number of estimates and judgments of future circumstances that significantly affect the carrying amount of assets and liabilities.

Management's estimates and judgments are based on assumptions that Management considers appropriate but which are uncertain and unpredictable by their nature. The assumptions may be incomplete or inaccurate, and unexpected future events or circumstances may arise. Consequently, making estimates and judgments is difficult by nature, and when they also involve customer relationships and other counterparties, they will be subject to uncertainty. It may be necessary to change previous estimates as a result of changes in the circumstances forming the basis of such estimates, or due to new knowledge or subsequent events.

Critical estimates and judgments have the most substantial impact on the financial statements in the following areas:

- business combinations
- impairment of loans
- fair value of investment and corporate properties
- fair value of financial instruments
- classification of equity investments
- impairment test for goodwill and other intangible assets

Business combinations

On the acquisition (merger) of companies, the identifiable assets, liabilities and contingent liabilities of the acquired company must be recognized at fair value according to the acquisition method. The most significant assets usually consist of goodwill, loans and advances, investment assets and properties, and the most significant liabilities usually consist of deposits, issued bonds and subordinated debt. For a large number of the acquired assets and liabilities, there are no effective markets that can be used to determine the fair value. This applies in particular to loans and advances acquired. Consequently, Management makes estimates in connection with determining the fair value of the acquired assets, liabilities and contingent liabilities. Depending on the nature of the item, the determination of fair value may be subject to uncertainty and may possibly have to be adjusted subsequently.

The fair value of the identifiable assets, liabilities and contingent liabilities appears from note 49, Business combinations. This note also outlines the methods used for determining the fair values of the acquisitions made in 2012.

Impairment of loans

Testing the impairment of individual loans and advances requires estimates of factors subject to great uncertainty. The test involves estimates of the most probable future cash flows that the customer can generate.

In 2012, the Danish Financial Supervisory Authority published more detailed rules for financial institutions' individual assessment and impairment of loans and advances, which are outlined in the Annual Report. The transition to these more detailed rules has involved a change in the Spar Nord Group's accounting estimates, thus extraordinarily increasing the impairment of loans and advances recognized in Q2 2012 by DKK 96 million. Consequently, the profit after tax and the shareholders' equity were negatively impacted by DKK 72 million as at 30 June 2012. The above-mentioned rules were also applied in the second half of 2012.

Loans for which there is no objective indication of impairment are included in a group that is subjected to an impairment test at portfolio level.

In connection with testing the impairment of a group of loans and advances, it is essential to identify the events that give an objective indication of losses on the group. The valuation of the present value of cash flows generated by customers in the group is subject to uncertainty when historical data and empirical assessments are used to adjust the assumptions and for the purpose of reflecting the current situation.

Loans and advances are assigned to groups having uniform credit risk exposure using the Bank's rating/score model. Customers are subjected to ongoing scoring, and if calculations show that customers have changed credit risk properties, they will be transferred to new score classes on an ongoing basis. Thus, the downgrading of a customer to a weaker group serves as an indicator of the deterioration.

If the Group is aware at the reporting date that circumstances have occurred that have either worsened or improved the expected future payment pattern, and these changes have not been taken into account in the models, the appropriate action will be taken to correct this, based on a qualified management estimate.

Spar Nord Bank uses a credit system with statistically based scoring models for both retail and business customers.

In addition to its scoring and rating systems, the Bank uses an additional assessment method in its impairment model, where customers showing danger signals are flagged. Customers may be flagged both decentrally and centrally. Credit-quality flagging corresponds to a downgrading to the weakest rating/score class.

Credit-quality flagging is based on important Management estimates. In light of the situation of the financial sector and developments in the national economy in particular, these estimates have entailed an increase in the number of credit-quality flagged customers from the beginning to end of 2012.

The matters particularly affecting Management's estimates throughout 2012 are falling property prices, increasing unemployment and declining demand for numerous products and services.

To reduce the risk attaching to individual exposures in the Group, Spar Nord accepts collateral consisting mainly of mortgages and charges over physical assets, securities and vehicles, of which mortgages on real property are the most common type of collateral. The valuation of such collateral is based on significant estimates made by Management. This also means that we must expect relatively large impacts on operating results in 2013. Loans and advances amounted to DKK 39,058 million, equal to about 49% of the Group's assets at end-2012.

Reference is made to note 22, Loans, advances and other receivables at amortized cost, and to note 56, Credit risk, for further details.

Fair value of investment and corporate properties

The fair value of the Group's investment and corporate properties is determined on the basis of the so-called return method. This means that future cash flows are determined on the basis of the Group's estimate of the future profit on ordinary operations and the required rate of return for each individual property, while taking into account such factors as location and state of maintenance. An external valuation supporting these estimates has been obtained for all major properties. A number of these assumptions and estimates materially affect the calculations and include such parameters as developments in rent, costs and required rate of return. Any changes to these parameters as a result of, for example, changed market conditions will affect the expected return, and thus the fair value of the investment and corporate properties.

The accounting estimate of deferred tax on revaluations of properties was changed in Q2 2012 due to a more detailed calculation method that is based on an individual assessment of each property. The effect of the changed estimate amounts to + DKK 16.0 million, which has been recognized in other comprehensive income. The shareholders' equity has been positively impacted by DKK 16.0 million, whereas the results have not been affected.

Investment and corporate properties amounted to DKK 780 million, equal to about 1% of the Group's assets at end-2012.

Fair value of financial instruments

Spar Nord Bank measures a number of financial instruments at fair value, including all derivative instruments as well as shares and bonds.

Assessments are made in connection with determining the fair value of financial instruments in the following areas:

- choosing valuation method
- determining when available listed prices do not reflect the fair value
- calculating fair-value adjustments to provide for relevant risk factors, such as credit, model and liquidity risks
- assessing which market parameters are to be monitored
- making estimates of future cash flows and return requirements for unlisted shares

In these situations, the decisions are based on an opinion in accordance with the Group's accounting policies. All such decisions are approved by the relevant group functions.

As part of its day-to-day operations, Spar Nord Bank has acquired strategic equity investments. Strategic equity investments are measured at fair value based on the information available about trading in the relevant company's equity investments or, in the alternative, by using a valuation model based on generally accepted methods and current market data, including an assessment of expected future earnings and cash flows. The valuation will also be affected by co-ownership, trading with the relevant company and shareholders' agreements, etc. If a reliable fair value cannot be identified, the investment will be valued at cost less any writedowns for impairment.

Measurements of financial instruments that are based on observable market data to a limited extent only - such as the measurement of unlisted shares and certain bonds for which there is no active market - are subject to estimates. The estimated fair value of illiquid bonds significantly depends on the credit spread estimate. If the credit spread widens 50 basis points, the fair value of the bonds will decrease DKK 0.1 million. More details are provided in the applicable paragraphs of note 1, Accounting policies, and in note 54, Fair-value information. Financial instruments measured on the basis of non-observable input accounted for DKK 195 million, equal to about 0.2% of the Group's assets at end-2012.

Classification of equity investments

Equity investments are recognized and measured differently, depending on their classification. Estimates are required to determine whether the assumptions for making the relevant classification have been observed. Particularly the distinction between associates (significant influence) and other investments, as well as determining whether the criteria for using the fair-value option have been met, is of major importance.

Shares measured according to the fair-value option amounted to DKK 1,042 million, equal to about 1% of the Group's assets at end-2012.

The dividing line between associates and shares relates mainly to the classification of the equity investment in Nørresundby Bank, recognized at the share of net asset value, equal to DKK 696 million. The share of the listed price amounts to DKK 348 million.

Impairment test for goodwill and other intangible assets

In connection with the annual impairment test of goodwill, etc., or when there are indications that impairment is necessary, Management estimates how the sections of the company to which goodwill and customer relations, etc. relate will be able to generate sufficient positive net cash flows in future to support the value of goodwill, customer relations and other net assets in the company.

Estimates of future cash flows must be made many years ahead, which naturally involves some uncertainty. The uncertainty is reflected by the discount rate chosen. Many of the elements included in the discount rate have developed adversely during the past year.

Goodwill and customer relations amounted to DKK 189 million, equal to 0.2% of the Group's assets at end-2012.

Reference is also made to note 27, Intangible assets.

NOTE 3 BUSINESS SEGMENTS

The Group is organized into different business areas and resource and support functions, according to product and service characteristics. The reporting segments correspond to the Group's organizational units based on customer affiliation, and an internal follow-up is carried on in this regard.

The business segments Corporate Coordination & Support, Staff Functions, Unallocated and Eliminations for 2012 and the comparative figures for 2011 have been combined under the business segment Other areas.

Spar Nord's Local Banks cater to all types of retail and business customers. Corporate Banking provides services to large business customers and high-net-worth personal customers. Spar Nord's Local Banks (the retail bank unit) constitute the largest organizational unit in the Spar Nord Group, consisting of 90 local banks throughout the country, of which 23 branches were incorporated in connection with the merger with Sparbank.

Trading, Financial Markets & the International Division is composed of Markets, Shares, Asset Management and Bonds, Interest & Forex, and the International Division. The activities of Trading & Financial Markets centre on forex and securities, including hedging and managing the transactions made by the local banks' customers. Moreover, Trading & Financial Markets cooperates with a number of the Bank's largest business customers and retail customers, as well as managing some of the Bank's own positions. The International Division offers products and advice associated with export and import.

Other areas comprise Corporate Coordination & Support, Staff Functions, Unallocated and Eliminations.

Corporate Coordination & Support and Staff Functions perform support functions and related services for the Group.

Unallocated consists of other income and expenses, including the subsidiaries Spar Nord Ejendomsselskab and Aktieselskabet Skelagervej 15.

Reclassifications and areas eliminated in the calculation of core earnings in the Group's annual review:

Reclassifications comprise the share of the discount, recognized as income, on commitments taken over from Sparbank in connection with the merger. In its internal follow-up and control, Spar Nord treats this item as Adjustment of impairment of loans and advances and also presents it as such in the core earnings format in the Group's annual review.

According to the Group's accounting policies, adjustments of the discount on commitments taken over from Sparbank are included under Interest income. The item is included under Other interest income in the note relating to interest income.

Other items after core earnings comprise Contributions to sector-wide solutions, Special merger-related items and Earnings from investment portfolios, etc.

Contributions to sector-wide solutions consist of paid guarantee commission (costs) and contributions to the Depositors' and Investors' Guarantee Fund.

Special merger-related items consist of net items relating to the merger with Sparbank. The merger-related items comprise the costs of valuers, financial advisers, attorneys, accountants and other consultants, as well as non-recurring costs in the form of severance pay, etc.

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.

The Group's leasing activities (discontinuing activities) consist of the Spar Nord Leasing Group and the leasing activities acquired as a result of the merger with Sparbank in mid-November 2012. Organizationally, the leasing activities acquired in the merger with Sparbank are placed in the Spar Nord Bank Parent Company. The results for the Spar Nord Group's leasing activities are presented in a separate line, Profit/loss on discontinuing activities (The Group's leasing activities (discontinuing activities)). The balance-sheet items regarding the discontinuing activities are recognized in unchanged form in the respective items. The Group's leasing activities are being phased out in step with the expiry of the lease contracts.

Other matters:

An internal interest rate is calculated for all business segments. The internal interest rate is used to equalize differences between assets and liabilities (surplus/deficit of liquidity) among the business segments. The internal interest rate is calculated per currency on the basis of market rates plus a liquidity premium.

Centrally incurred costs and a few income items are basically allocated between the individual business segments on the basis of cost. An allocation is made from the unit paying the costs based on an assessment of each individual unit's proportionate share of the overall activity level.

Other income and costs are allocated to the business segments to whose operation they are directly related or can reasonably be allocated.

The assets and liabilities of the business segments are the operating assets and operating liabilities that are employed by a segment for its operations and that are either directly attributable to the segment or can reasonably be allocated to the segment. The individual business segment has allocated capital equal to 8% of the average risk-weighted items of the business area (2011: 8%). In the business segment, the item Unallocated represents the difference between allocated capital and shareholders' equity.

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

Information about income broken down by products and services

The Group's business areas are organized according to differences in products and services, and products and services are uniform within the individual business areas.

Income from the business area Local Banks mainly comprises income from interest, fees, charges and commissions related to products within lending and deposits. The customers consist of retail, business and public customers.

Income from the business area Trading, Financial Markets & the International Division comprises interest and market-value adjustments on forex and trading products as well as interest income and market-value adjustments on the Bank's portfolio of securities.

Income from the business area The Group's leasing activities (Spar Nord Leasing and the leasing activities acquired as a result of the merger with Sparbank) comprises income related to both finance and operating leases. The income is recognized under Profit/loss on discontinuing activities.

As a consequence of IFRS requirements, the Bank must disclose whether 10% or more of its income derives from a single customer. The Spar Nord Bank Group has no such customers.

NOTES

NOTE

SEGMENT INFORMATION

BUSINESS SEGMENTS 2012

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's leasing activities (discontinuing activities)***)	The Group, total
INCOME STATEMENT							
Net interest income	1,345.9	200.1	-3.6	1,542.4	5.3	-	1,547.7
Net income from fees, charges and commissions	529.1	17.1	10.8	557.0	-0.6	-	556.4
Market-value adjustments and dividends	72.3	179.3	-9.7	241.9	5.2	-	247.1
Other operating income	9.4	1.2	24.9	35.5	-	-	35.5
Profit/loss on equity investments in associates and group enterprises	0.0	0.0	54.8	54.8	31.9	-	86.7
Core income/revenue, total	1,956.7	397.7	77.2	2,431.6	41.8	-	2,473.4
Operating expenses, depreciation and amortization	1,222.0	71.8	206.7	1,500.5	120.5	-	1,621.0
Core earnings before impairment	734.7	325.9	-129.5	931.1	-78.7	-	852.4
Impairment of loans, advances and receivables, etc.	593.7	0.3	-0.4	593.6	5.4	-	599.0
Core earnings / profit/loss on ordinary operations	141.0	325.6	-129.1	337.5	-84.1	-	253.4
Contributions to sector-wide solutions	-	-	-58.4	-58.4	58.4	-	0.0
Special merger-related items	-	-	-66.6	-66.6	66.6	-	0.0
Profit/loss on continuing activities before tax	141.0	325.6	-254.1	212.5	40.9	-	253.4
The Group's leasing activities (Discontinuing activities) ***)	-	-	-	-	-	36.7	36.7
Profit/loss before tax	141.0	325.6	-254.1	212.5	40.9	36.7	290.1

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

**) The relation to the Group is specified in the columns Reclassifications and Other items after core earnings and Leasing activities (discontinuing activities). Reclassifications and Other items after core earnings of DKK -84.1 million consist of: Earnings from investment portfolios, DKK 40.9 million, Contributions to sector-wide solutions, DKK -58.4 million, and Special merger-related items, DKK -66.6 million. Reclassifications have impacted the items Net interest income and Impairment of loans, advances and receivables, etc. with an amount of DKK 5.3 million. Contributions to sector-wide solutions and Special merger-related items have primarily impacted the item Operating expenses, depreciation and amortization, with a total of DKK 120.5 million.

***) For further information about discontinuing activities, please see note 50.

	Spar Nord's Local Banks	Trading, Financial Markets & the Intern. Division	Other areas	Earnings from investment portfolios, etc.	The Group's leasing activities (discontinuing activities)**)	The Group, total
BALANCE SHEET						
Loans, advances and other receivables at amortized cost	34,537.3	557.4	-63.1	0.0	4,026.3	39,057.9
Equity investments in associates and group enterprises	0.0	0.0	956.8	36.0	0.0	992.8
Intangible assets and property, plant and equipment *)	254.8	1.7	833.7	0.0	287.6	1,377.8
Miscellaneous assets **)	7,696.1	26,781.0	2,986.3	145.4	108.4	37,717.2
Total assets						79,145.7
Deposits and other payables	40,154.4	1,859.8	-692.5	0.0	600.0	41,921.7
Shareholders' equity (allocated capital)	2,659.0	463.7	2,559.9	13.7	279.0	5,975.3
Miscellaneous liabilities	6,613.7	4,807.4	16,855.3	8.1	2,964.2	31,248.7
Total shareholders' equity and liabilities						79,145.7

DISCLOSURES - TOTAL INCOME/REVENUE

Internal income/revenue	-72.5	33.9	632.3	-0.2	0.0	593.5
Internal income and eliminations offset against costs	0.0	-20.8	-572.5	-0.2	0.0	-593.5
Income/revenue, external customers, Denmark	2,029.2	384.6	17.4	42.2	0.0	2,473.4
Income/revenue, total	1,956.7	397.7	77.2	41.8	0.0	2,473.4

DISCLOSURES, CASH FLOW STATEMENT

Depreciation, amortization and impairment ***)	19.8	0.6	51.7	0.0	84.7	156.8
Additions, intangible assets and property, plant & equipment *)	-2.1	-0.4	-216.0	0.0	104.6	-113.9
Non-cash oper. items excl. depr., amort. and imp. of int. assets and prop., plant & equipm.	0.0	0.0	-121.4	0.0	1.4	-120.0
Impairment and reversal of impairment losses on loans and advances, etc.	173.0	0.0	0.0	-0.3	14.5	187.2

FINANCIAL RATIOS

Return on equity [%] ****)	5.0	104.1	-	-	-	
Cost share of core income	0.62	0.18	-	-	-	
Risk-weighted items, end of year	33,236	5,796	3,616	172	3,487	46,307
Number of employees (full-time, end of year)	1,099	67	467	-	20	1,653

*) Assets located in countries other than Denmark amounted to DKK 12.0 million at 31 December 2012.

**) Temporary assets amount to DKK 90.9 million, of which DKK 76.2 million relates to the Group's leasing activities and DKK 14.7 million relates to Other areas.

***) No significant writedowns for impairment have been made on assets forming part of the continuing activities.

****) The rate of return on equity per annum has been calculated on allocated capital, which amounts to 8% of the average risk-weighted items.

NOTES

NOTE

SEGMENT INFORMATION

BUSINESS SEGMENTS 2011

DKK m

	Spar Nord's Local Banks	Trading, Financial Markets & the Intern. Division	Other areas	Core earnings*)	Other items after core earnings**)	The Group's leasing activities (discontinuing activities)***)	The Group, total
INCOME STATEMENT							
Net interest income	1,313.1	206.9	-48.3	1,471.7	-0.2	-	1,471.5
Net income from fees, charges and commissions	456.0	14.0	6.8	476.8	0.0	-	476.8
Market-value adjustments and dividends	90.8	32.4	7.1	130.3	-4.5	-	125.8
Other operating income	9.3	2.1	28.9	40.3	0.3	-	40.6
Profit/loss on equity investments in associates and group enterprises	0.0	0.0	39.0	39.0	5.9	-	44.9
Core income/revenue, total	1,869.2	255.4	33.5	2,158.1	1.5	-	2,159.6
Operating expenses, depreciation and amortization	1,233.8	67.1	159.1	1,460.0	-6.0	-	1,454.0
Core earnings before impairment	635.4	188.3	-125.6	698.1	7.5	-	705.6
Impairment of loans, advances and receivables, etc.	404.3	0.1	0.0	404.4	-1.5	-	402.9
Core earnings / profit/loss on ordinary operations	231.1	188.2	-125.6	293.7	9.0	-	302.7
Contributions to sector-wide solutions	-	-	6.0	6.0	-6.0	-	0.0
Profit/loss on continuing activities before tax	231.1	188.2	-119.6	299.7	3.0	-	302.7
The Group's leasing activities (discontinuing activities) ***)	-	-	-	-	0.0	42.2	42.2
Profit/loss before tax	231.1	188.2	-119.6	299.7	3.0	42.2	344.9

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

**) The relation to the Group is specified in the columns Other items after core earnings and Leasing activities (discontinuing activities). Other items after core earnings of DKK 9.0 million consist of: Earnings from investment portfolios, DKK 3.0 million, and Contributions to sector-wide solutions, DKK 6.0 million. Contributions to sector-wide solutions has primarily impacted the item Operating expenses, depreciation and amortization, with a total of DKK 6.0 million.

***) For further information about discontinuing activities, please see note 50.

BALANCE SHEET

	Spar Nord's Local Banks	Trading, Financial Markets & the Intern. Division	Other areas	Earnings from investment portfolios, etc.	The Group's leasing activities (discontinuing activities)**)	The Group, total
Loans, advances and other receivables at amortized cost	30,859.7	942.0	-219.4	0.0	7,119.8	38,702.1
Equity investments in associates and group enterprises	0.0	0.0	726.0	39.1	0.0	765.1
Intangible assets and property, plant and equipment *)	195.8	2.0	575.1	0.0	407.2	1,180.1
Miscellaneous assets **)	7,236.2	19,343.2	2,438.8	158.8	257.1	29,434.1
Total assets						70,081.4
Deposits and other payables	27,951.9	2,868.8	266.9	0.0	0.0	31,087.6
Shareholders' equity (allocated capital)	2,249.7	398.8	1,475.4	21.2	482.2	4,627.3
Miscellaneous liabilities	6,289.2	9,751.2	10,987.1	0.0	7,339.0	34,366.5
Total shareholders' equity and liabilities						70,081.4

DISCLOSURES - TOTAL INCOME/REVENUE

Internal income/revenue	-59.6	66.9	588.1	-10.8	0.0	584.6
Internal income and eliminations offset against costs	0.0	-24.8	-559.8	0.0	0.0	-584.6
Income/revenue, external customers, Denmark	1,928.8	213.3	5.2	12.3	0.0	2,159.6
Income/revenue, total	1,869.2	255.4	33.5	1.5	0.0	2,159.6

DISCLOSURES, CASH FLOW STATEMENT

Depreciation, amortization and impairment ***)	21.0	0.3	52.0	0.0	142.1	215.4
Additions, intangible assets and property, plant & equipment *)	-12.1	-1.5	-29.4	0.0	-84.1	-127.1
Non-cash oper. items excl. depr., amort. and imp. of int. assets and prop., plant & equipm.	0.0	0.0	-126.9	0.0	-0.6	-127.5
Impairment and reversal of impairment losses on loans and advances, etc.	107.3	0.0	0.0	-4.5	13.1	115.9

FINANCIAL RATIOS

Return on equity [%] ****)	9.3	63.7	-	-	-	
Cost share of core income	0.66	0.26	-	-	-	
Risk-weighted items, end of year	28,122	4,986	2,789	263	6,028	42,188
Number of employees (full-time, end of year)	959	73	323	-	42	1,397

*) Assets located in other countries than Denmark amounted to DKK 19.0 million at 31 December 2011.

**) Temporary assets amount to DKK 87.5 million, of which DKK 85.7 million relates to Spar Nord Leasing, and DKK 1.8 million relates to Other areas.

***) No significant writedowns for impairment have been made on assets forming part of the continuing activities. For details regarding impairment of goodwill in Spar Nord Leasing, please see note 50.

****) The rate of return on equity per annum has been calculated on allocated capital, which amounts to 8% of the average risk-weighted items.

NOTES

NOTE

Spar Nord The Group 2012 DKK m	Spar Nord The Group 2011 DKK m	Spar Nord Parent Company 2012 DKK m	Spar Nord Parent Company 2011 DKK m
---	---	--	--

4 INTEREST INCOME

Receivables from credit institutions and central banks	17.2	37.5	17.1	37.4
Loans, advances and other receivables	1,933.2	1,889.8	1,934.3	1,890.9
Interest income, discontinuing activities *)	-148.6	-186.8	-148.6	-186.8
Bonds	350.5	387.7	350.6	387.7
Foreign-exchange contracts	-10.9	17.4	-10.9	17.4
Interest-rate contracts	-41.8	-24.2	-41.8	-24.2
Derivative instruments, total	-52.7	-6.8	-52.7	-6.8
Other interest income	5.3	0.0	5.3	0.0
Total interest income	2,104.9	2,121.4	2,106.0	2,122.4

Of which, income from genuine purchase and resale transactions booked under

Receivables from credit institutions and central banks	-0.4	11.5	-0.4	11.5
Loans, advances and other receivables	0.4	3.0	0.4	3.0

*) Discontinuing activities are described in more detail in note 50

5 INTEREST EXPENSES

Credit institutions and central banks	34.9	117.1	35.0	117.1
Deposits and other payables	351.7	302.3	351.4	302.4
Issued bonds	163.8	253.8	163.8	253.8
Interest expenses, discontinuing activities *)	-149.0	-186.8	-148.6	-186.8
Subordinated debt	155.6	163.3	155.6	163.3
Other interest expenses	0.2	0.2	0.1	0.2
Total interest expenses	557.2	649.9	557.3	650.0

Of which, interest expenses from genuine sale and repo transactions booked under

Payables to credit institutions and central banks	14.7	36.2	14.7	36.2
Deposits and other payables	0.0	0.7	0.0	0.7

*) Discontinuing activities are described in more detail in note 50

6 DIVIDENDS ON SHARES, ETC.

Shares, etc. in the Bank's trading portfolio	1.8	2.1	1.8	2.1
Shares at fair value (the fair-value option)	14.4	8.2	14.4	8.2
Dividends on shares, etc., total	16.2	10.3	16.2	10.3

7 FEES, CHARGES AND COMMISSIONS RECEIVED

Securities trading and custody accounts	113.9	111.8	113.9	111.8
Asset management	99.6	103.4	99.6	103.4
Payment services	63.6	60.2	63.6	60.2
Loan transaction fees	238.7	170.8	238.7	170.8
of which, mortgage credit institutions	152.7	117.6	152.7	117.6
Guarantee commissions	41.9	38.8	41.9	38.8
Other fees, charges and commissions	55.2	47.8	55.2	47.8
Total fees, charges and commissions received	612.9	532.8	612.9	532.8

8 FEES, CHARGES AND COMMISSIONS PAID

Securities trading and custody accounts	23.5	44.2	23.5	44.2
Asset management	3.5	0.9	3.5	0.9
Guarantee commissions	0.2	0.2	0.2	0.2
Other fees, charges and commissions	29.3	10.7	29.3	10.7
Total fees, charges and commissions paid	56.5	56.0	56.5	56.0

9 NET FEES, CHARGES AND COMMISSIONS RECEIVED

Securities trading and custody accounts	90.4	67.6	90.4	67.6
Asset management	96.1	102.5	96.1	102.5
Payment services	63.6	60.2	63.6	60.2
Loan transaction fees	238.7	170.8	238.7	170.8
of which, mortgage credit institutions	152.7	117.6	152.7	117.6
Guarantee commissions	41.7	38.6	41.7	38.6
Other fees, charges and commissions	25.9	37.1	25.9	37.1
Total net fees, charges and commissions received	556.4	476.8	556.4	476.8

NOTES

NOTE

Spar Nord
The Group
2012
DKK m

Spar Nord
The Group
2011
DKK m

Spar Nord
Parent Company
2012
DKK m

Spar Nord
Parent Company
2011
DKK m

10 MARKET-VALUE ADJUSTMENTS

Other loans, advances and receivables at fair value	4.0	-12.5	4.0	-12.5
Bonds	160.6	154.8	160.6	154.8
Shares, etc.	21.5	16.4	21.5	11.8
Investment properties	-	-	-1.1	3.2
Currency	25.6	169.6	25.6	169.6
Foreign-exchange, interest, share, commodity and other contracts and derivative instruments	-12.4	-185.5	-12.4	-185.5
Assets linked to pooled schemes	444.4	-171.7	444.4	-171.7
Deposits in pooled schemes	-444.4	171.7	-444.4	171.7
Miscellaneous commitments	31.6	-27.3	32.7	-27.3
Total market-value adjustments	230.9	115.5	230.9	114.1
Trading portfolio	225.1	101.1	225.1	99.7
Other shares at fair value (the fair-value option)	5.8	14.4	5.8	14.4
Total market-value adjustments	230.9	115.5	230.9	114.1

11 NET FINANCIALS, THE SPAR NORD GROUP

2012	Interest income DKK m	Interest expenses DKK m	Net interest DKK m	Market-value adjustments DKK m	Dividend DKK m	Total DKK m
<i>Net financials at amortized cost</i>						
Receivables from and payables to credit institutions and central banks	17.5	20.2	-2.7	0.0	0.0	-2.7
Lending and deposits, banking activities	1,932.8	351.7	1,581.1	0.0	0.0	1,581.1
Repo and reverse transactions	0.0	14.7	-14.7	0.0	0.0	-14.7
Other issued bonds	0.0	163.8	-163.8	0.0	0.0	-163.8
Subordinated debt	0.0	155.6	-155.6	31.6	0.0	-124.0
Net interest, discontinuing activities	-148.6	-149.0	0.4	0.0	0.0	0.4
Other financial instruments	5.3	0.2	5.1	0.0	0.0	5.1
Total	1,807.0	557.2	1,249.8	31.6	0.0	1,281.4
<i>Net financials at fair value</i>						
Trading portfolio	297.9	0.0	297.9	193.5	1.8	493.2
Other financial investment assets	0.0	0.0	0.0	5.8	14.4	20.2
Total	297.9	0.0	297.9	199.3	16.2	513.4
Total net income from financials	2,104.9	557.2	1,547.7	230.9	16.2	1,794.8

2011	Interest income DKK m	Interest expenses DKK m	Net interest DKK m	Market-value adjustments DKK m	Dividend DKK m	Total DKK m
<i>Net financials at amortized cost</i>						
Receivables from and payables to credit institutions and central banks	25.9	80.9	-55.0	0.0	0.0	-55.0
Lending and deposits, banking activities	1,886.8	301.6	1,585.2	0.0	0.0	1,585.2
Repo and reverse transactions	14.6	36.9	-22.3	0.0	0.0	-22.3
Other issued bonds	0.0	253.8	-253.8	0.0	0.0	-253.8
Subordinated debt	0.0	163.3	-163.3	-27.3	0.0	-190.6
Net interest, discontinuing activities	-186.8	-186.8	0.0	0.0	0.0	0.0
Other financial instruments	0.0	0.2	-0.2	0.0	0.0	-0.2
Total	1,740.5	649.9	1,090.6	-27.3	0.0	1,063.3
<i>Net financials at fair value</i>						
Trading portfolio	380.9	0.0	380.9	128.4	2.1	511.4
Other financial investment assets	0.0	0.0	0.0	14.4	8.2	22.6
Total	380.9	0.0	380.9	142.8	10.3	534.0
Total net income from financials	2,121.4	649.9	1,471.5	115.5	10.3	1,597.3

Spar Nord Bank does not have held-to-maturity investments.

NOTES

NOTE

	Spar Nord The Group 2012 DKK m	Spar Nord The Group 2011 DKK m	Spar Nord Parent Company 2012 DKK m	Spar Nord Parent Company 2011 DKK m
12 OTHER OPERATING INCOME				
Gain on sale of shares and equity investments in associates and group enterprises	0.0	1.9	0.0	1.7
Gain on sale of investment and corporate properties	0.2	1.4	0.2	1.4
Gain on sale of operating equipment	0.2	0.1	0.2	0.1
Other income	29.5	30.0	29.5	30.1
<i>Operation of investment properties</i>				
Rental income	8.5	6.8	6.2	6.8
Operating expenses	1.5	1.8	1.4	1.7
Maintenance	0.3	0.3	0.2	0.3
Changes in value, investment properties	-1.1	3.2	-	-
Net interest expenses	0.0	0.7	0.0	0.7
Other operating income, total	35.5	40.6	34.5	37.4

13 STAFF COSTS AND ADMINISTRATIVE EXPENSES				
Staff costs	938.9	882.6	938.6	882.5
Administrative expenses	554.5	498.1	557.2	500.4
Total staff costs and administrative expenses	1,493.4	1,380.7	1,495.8	1,382.9

Staff costs:

Salaries	784.2	736.5	783.9	736.4
Share-based payment	-	-	-	-
Pensions	90.3	84.6	90.3	84.6
Social security costs	64.4	61.5	64.4	61.5
Total staff costs	938.9	882.6	938.6	882.5

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

The Board of Directors

Number	10	8	10	8
Fixed pay	2.4	2.5	2.4	2.5
Variable pay	0.0	0.0	0.0	0.0
Pension	0.0	0.0	0.0	0.0
Total remuneration	2.4	2.5	2.4	2.5

Breakdown of remuneration to Board of Directors

Torben Fristrup	0.5	0.5	0.5	0.5
Per Nikolaj Bukh	0.4	0.4	0.4	0.4
Kaj Christiansen (took office on 18 April 2012)	0.1	0.0	0.1	0.0
Jan Høholt Jensen (retired on 18 April 2012)	0.1	0.3	0.1	0.3
Niels Kristian Kirketerp (retired on 18 April 2012)	0.1	0.2	0.1	0.2
Laila Mortensen (took office on 18 April 2012)	0.1	0.0	0.1	0.0
Carsten Normann	0.2	0.2	0.2	0.2
Fritz Dahl Pedersen (took office on 15 November 2012 in connection with the merger with Sparbank)	0.0	0.0	0.0	0.0
Per Søndergaard Pedersen (retired on 20 December 2011)	0.0	0.2	0.0	0.2
Ole Skov	0.3	0.2	0.3	0.2
Jannie Skovsen	0.2	0.2	0.2	0.2
Gitte Holmgaard Sørensen (took office on 18 April 2012)	0.1	0.0	0.1	0.0
Hans Østergaard	0.3	0.3	0.3	0.3
Total fees earned and paid	2.4	2.5	2.4	2.5
- Of which, committee fees	0.3	0.3	0.3	0.3

The Board of Directors' remuneration in the Parent Company and the Group is identical.

The subsidiaries' boards of directors are composed of persons employed by Spar Nord Bank, the Parent Company, and none of them have received remuneration as members of the subsidiaries' boards of directors.

The remuneration of the Board of Directors is based on intragroup management agreement.

The members of the Board of Directors receive a fixed fee. In addition, a fixed fee is paid to members of the audit committee.

The members of the Board of Directors are not covered by the corporate pension schemes.

Material risk takers

Number	13	13	13	12
Fixed pay	15.2	17.7 *)	15.2	12.8
Variable pay **)	0.0	1.0	0.0	1.0
Pension	1.9	1.9	1.9	1.7
Total remuneration earned and paid	17.1	20.6	17.1	15.5

*) This includes a retention allowance of DKK 3.6 million in connection with the divestment of Finans Nord Easyfleet A/S and the future activities of Spar Nord Leasing A/S.

**) Variable pay in 2011 comprise performance-based compensation earned in the year preceding the financial year.

NOTES

NOTE

In accordance with section 77 of the Danish Financial Business Act, Spar Nord Bank's remuneration policy defines the group of persons who are material risk takers and also stipulates that no variable remuneration components may be paid to this group. The remuneration policy was adopted at the Annual General Meeting on 28 April 2011. The remuneration policy is available at the Bank's website sparnord.dk/ir/dk/governance.

According to the remuneration policy, the Board of Directors and the Executive Board are included in the group of material risk takers. The Board of Directors' and Executive Board's remuneration and number of members, etc. are not included in the above specification. The specifications of the Board of Directors' and Executive Board's remuneration etc. must be included in the total calculation and specification of the Bank's material risk takers.

	Spar Nord The Group 2012 DKK m	Spar Nord The Group 2011 DKK m	Spar Nord Parent Company 2012 DKK m	Spar Nord Parent Company 2011 DKK m
<i>Executive Board</i>				
Number	4	3	4	3
Base salary	9.9	9.2	9.9	9.2
- less fees received from directorships	1.7	1.6	1.7	1.6
The Bank's expense, base salary	8.2	7.6	8.2	7.6
Variable pay	0.0	0.0	0.0	0.0
Pension	1.1	1.0	1.1	1.0
Total remuneration earned and paid	9.3	8.6	9.3	8.6

Compared to 2011, the Executive Board was increased by one member in 2012 in connection with the merger with Sparbank

Breakdown of remuneration to Executive Board

Lasse Nyby *)

Base salary	3.5	3.3	3.5	3.3
- less fees received from directorships	0.6	0.5	0.6	0.5
The Bank's expense, base salary	2.9	2.8	2.9	2.8
Variable pay	0.0	0.0	0.0	0.0
Pension	0.4	0.4	0.4	0.4
Total remuneration earned and paid	3.3	3.2	3.3	3.2

Bent Jensen *)**]

Base salary	0.3	-	0.3	-
- less fees received from directorships	0.0	-	0.0	-
The Bank's expense, base salary	0.3	-	0.3	-
Variable pay	0.0	-	0.0	-
Pension	0.1	-	0.1	-
Total remuneration earned and paid	0.4	-	0.4	-

John Lundsgaard

Base salary	3.1	3.0	3.1	3.0
- less fees received from directorships	0.6	0.6	0.6	0.6
The Bank's expense, base salary	2.5	2.4	2.5	2.4
Variable pay	0.0	0.0	0.0	0.0
Pension	0.3	0.3	0.3	0.3
Total remuneration earned and paid	2.8	2.7	2.8	2.7

Lars Møller *)

Base salary	3.0	2.9	3.0	2.9
- less fees received from directorships	0.5	0.5	0.5	0.5
The Bank's expense, base salary	2.5	2.4	2.5	2.4
Variable pay	0.0	0.0	0.0	0.0
Pension	0.3	0.3	0.3	0.3
Total remuneration earned and paid	2.8	2.7	2.8	2.7

*) To which must be added employer-paid car

**) Bent Jensen took office in connection with the merger with Sparbank on 15 November 2012.

The Parent Company and the Group have the same Executive Board. The Executive Board receives remuneration for its Group executive board duties based on the management agreements with the individual subsidiaries.

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 and material risk takers are comprised by defined-contribution pension plans.

Lasse Nyby, John Lundsgaard and Lars Møller are subject to special contractual provisions upon resignation in connection with transition to a retirement plan between age 60 and 64. If they retire under AP Pension's retirement plan, the Bank pays the value in use of the regular contributions until age 64. Provisions have been made for the probability that they will exercise the special contractual terms upon resignation in connection with transition to retirement, such provisions amounting to a total of DKK 1.1 million (2011: DKK 0.7 million).

Incentive schemes:

No new share-option schemes were established for any of the Bank's staff groups.

NOTES

NOTE

	Spar Nord The Group 2012 DKK m	Spar Nord The Group 2011 DKK m	Spar Nord Parent Company 2012 DKK m	Spar Nord Parent Company 2011 DKK m
<i>Administrative expenses:</i>				
IT expenses	256.1	229.2	256.0	229.1
Marketing costs	85.8	86.9	85.8	86.9
Cost of premises	82.4	75.6	85.3	78.1
Staff costs and travelling expenses	53.7	46.2	53.7	46.2
Office expenses	30.7	28.3	30.7	28.3
Other administrative expenses	45.8	31.9	45.7	31.8
Total	554.5	498.1	557.2	500.4

The amount of loans, mortgages, pledges, sureties or guarantees and the associated collateral provided on behalf of the below-mentioned board members:

<i>Loans, advances and loan commitments, etc.</i>	Interest rates 2012	Interest rates 2011		
Executive Board	2.53-5.38	1.25- 3.25	4.9	3.6
Board of Directors	0.53-7.75	1.25-10.23 *)	56.8	45.1
Of which, unutilized loan commitments and guarantees, Executive Board			3.9	1.2
Of which, unutilized loan commitments and guarantees, Board of Directors			31.4	24.9

*) *The interest rates pertain to loans in different currencies.*

Employee-elected Directors are eligible for bank staff loans/credits.

Mastercard debit balances are interest free for the Bank's customers, as well as for the Executive Board and Board of Directors.

Deposits:

Executive Board	4.1	3.6	4.1	3.6
Board of Directors	7.9	7.5	7.9	7.5

Collateral provided:

Executive Board	0.0	0.0	0.0	0.0
Board of Directors	28.3	14.3	28.3	14.3

Tax deduction for salaries to the Executive Board:

Pursuant to the Act on State-Funded Capital Injections to Credit Institutions, only 50% of the Executive Board salaries may be deducted for tax purposes until the governmental hybrid capital has been repaid. In 2012 tax deductions of DKK 4.7 million were made (2011: DKK 4.3 million).

Number of employees:

The average number of employees during the financial year in terms of full-time employees:

- continuing activities *)	1,377.9	1,356.9	1,377.9	1,356.9
- discontinuing activities	25.0	97.8	0.4	-

*) *Of this number, the net addition in connection with the merger with Sparbank accounted for an average number of employees of 39.5 in 2012.*

NOTES

NOTE 14 SHARE-BASED PAYMENT

Share-option scheme

No share-option schemes were established in 2012. The only schemes are the Spar Nord Bank share-option scheme under which shares were allocated in 2005-2007, as well as the share-option scheme under which shares were allocated in 2008, taken over in connection with the merger with Sparbank in November 2012.

The two share-option schemes are outlined below.

The share-option scheme established within the framework of Spar Nord Bank:

In the period 2005-2007, Spar Nord Bank had a share-option scheme for the Executive Board and executive staff members. The share-option scheme comprised a total of 664,371 share options at 31 December 2012 (2011: 1,382,301). Each share option entitles the option holder to buy one issued share of nom. DKK 10 in Spar Nord Bank A/S.

The share option scheme ran until 2007 with an annual allocation of max. 930,000 options. The Board of Directors made an annual decision on the number of share options to be allocated to each of the above-mentioned persons.

The options were issued at an exercise price that corresponds to a simple average of "price (all trades)" five days before and five days after the publishing of the annual report for the relevant allocation period.

Options granted will not be affected by the employee's resignation. As a main rule, the options granted are not transferable. Special provisions apply in case of the option holder's death.

The options may be exercised after at least three years and a max. of five years as from the respective dates of allocation. The options may only be exercised during a period of six weeks after the publishing of annual reports or interim financial reports. The last exercise period of the share-option scheme runs six weeks from the publication of the Annual Report for 2012.

The options can only be settled by way of shares.

Share-option scheme established within the framework of Sparbank:

The Sparbank share-option scheme for executive staff members, under which shares were allocated in 2008, was taken over in connection with the merger with Sparbank in November 2012. The share-option scheme comprised 50,000 share options at 31 December 2012.

The share-option scheme merely comprises executive staff, as the Executive Board members of Sparbank waived the right to participate. The share-option exercise period expires in 2015.

Specification of outstanding share options:

Share options	Number		Average exercise price, DKK	Fair value per option *), DKK	Total fair value *), DKK m
	Executive Board, the Group	Other executive staff members			
Allocated 2005-2007					
Beginning of 2011	319,371	1,762,800			
Lapsed	0	0			
Exercised	0	0			
Expired	118,140	581,730			
End-2011	201,231	1,181,070	92.5 - 98.4	11.6 - 27.2	8.3 - 18.1
Additions relating to merger	0	50,000	141.0	29.7	1.5
Lapsed	0	0			
Exercised	0	0			
Expired	108,837	609,093			
End-2012	92,394	621,977	98.4 -141.0	27.2-29.7	1.5-18.1
Number of options that may be exercised at the end of 2011	201,231	1,181,070			
Number of options that may be exercised at the end of 2012	92,394	621,977			

*) At the time of allocation.

The exercise price for share options issued within the framework of Spar Nord Bank has been changed as a result of the capital increase in 2012.

The outstanding options correspond to 0.6% (2011: 2.4%) of the share capital if all share options are exercised.

The average share price for **exercised options** at the time of exercise is of no relevance, as no options were exercised in 2011 and 2012.

For **outstanding options** at 31 December 2012, the average remaining term was 2.0 year (2011: 0.2 year), and the exercise price for each option is in the DKK 98.4-141.0 range (2011: DKK 92.5-98.4 per option).

Employee shares

Currently, the Spar Nord Group has no established bonus schemes for any employees by way of allocation of shares qualifying for special tax privileges, based on certain performance-contingent assumptions.

15 AUDIT FEES *)

	Spar Nord The Group 2012 DKK m	Spar Nord The Group 2011 DKK m	Spar Nord Parent Company 2012 DKK m	Spar Nord Parent Company 2011 DKK m
Fees to the audit firm elected at the General Meeting	3.8	3.4	3.5	2.8
Fees to other audit firms for services other than audit	0.2	0.2	0.1	0.1
Total audit fees	4.0	3.6	3.6	2.9

Total fees to the audit firm elected at the General Meeting break down as follows:

Statutory audit	1.1	1.2	0.8	0.9
Other assurance engagements **)	1.4	0.6	1.4	0.6
Tax and VAT advice ***)	0.8	0.3	0.8	0.3
Other services ****)	0.5	1.3	0.5	1.0
Total fees to the audit firm elected at the General Meeting	3.8	3.4	3.5	2.8

*) Including discontinuing activities

**) Of which fees for merger-related services, DKK 1.3 million

***) Of which fees for merger-related services, DKK 0.5 million

****) Of which fees for merger-related services, DKK 0.5 million

NOTES

NOTE

	Spar Nord The Group 2012 DKK m	Spar Nord The Group 2011 DKK m	Spar Nord Parent Company 2012 DKK m	Spar Nord Parent Company 2011 DKK m
16 DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT				
<i>Intangible assets</i>				
Customer relations, amortization	3.4	2.9	3.4	2.9
Other intangible assets, amortization	4.5	3.3	4.5	3.3
<i>Property, plant and equipment</i>				
Corporate properties, depreciation	12.8	12.0	12.3	11.5
Corporate properties, net revaluations and impairment	9.2	9.7	5.4	5.0
Other property, plant and equipment, depreciation	42.2	45.4	42.3	45.4
Total depreciation, amortization and impairment of intangible assets and property, plant and equipment	72.1	73.3	67.9	68.1
17 OTHER OPERATING EXPENSES				
Contributions to sector-wide solutions	54.4	-6.2	54.4	-6.2
Miscellaneous operating expenses	1.1	6.2	1.1	6.2
Other operating expenses, total	55.5	0.0	55.5	0.0

Contributions to sector-wide solutions in 2012 primarily consisted of contributions to the statutory depositors' guarantee fund in Denmark under which the participating institutions pay a fixed annual contribution of 2.5‰ of the guaranteed deposits ("insurance-based model"). The comparative figures for 2011 comprise guarantee commission to the Winding-Up Company (Afviklingselskabet Finansielt Stabilitet), which was calculated on the basis of the risk-weighted items of the individual member of the Private Contingency Association.

18 IMPAIRMENT OF LOANS, ADVANCES AND RECEIVABLES, ETC.				
Loans and advances	597.3	404.4	597.3	404.7
Guarantees	1.7	-1.5	1.7	-0.3
Total impairment of loans, advances and receivables, etc.	599.0	402.9	599.0	404.4

The impairment accounts for loans & advances and guarantees, respectively, are shown in notes 36 and 56.

19 PROFIT/LOSS ON EQUITY INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES				
Profit/loss on equity investments in associates	86.7	44.9	86.7	44.9
Profit/loss on equity investments in group enterprises	0.0	0.0	0.2	-0.1
Total profit/loss on equity investments in associates and group enterprises	86.7	44.9	86.9	44.8

20 TAX				
<i>Tax for the year can be broken down as follows:</i>				
Tax on profit/loss on continuing activities	55.9	52.9	57.2	51.6
Tax on profit/loss on discontinuing activities	10.4	17.2	0.2	0.0
Tax on other comprehensive income	-16.0	-1.2	-16.0	-1.2
Total tax	50.3	68.9	41.4	50.4

Tax on profit/loss on continuing activities breaks down as follows:

Current tax	0.3	75.2	0.0	75.8
Deferred tax, the year	59.5	-17.2	59.2	-19.1
Deferred tax, prior year(s)	-3.0	-5.2	-3.2	-5.2
Post-adjustment of tax calculated for prior years	-0.9	0.1	1.2	0.1
Tax on profit/loss for the year on continuing activities	55.9	52.9	57.2	51.6

The effective tax rate on continuing activities results as follows:

Current Danish tax rate, %	25.0	25.0	25.0	25.0
Profit/loss on equity investments and market-value adjustment of shares, %	-1.3	-4.1	-1.3	-4.1
Non-deductible costs and non-taxable income, %	-0.8	-1.7	-1.2	-2.0
Adjustment of taxes relating to prior years, %	-0.8	-1.7	-0.1	-1.7
Total effective tax rate, %	22.1	17.5	22.4	17.2

Tax on other comprehensive income The Group	2012			2011		
	Before tax	Tax income/ expense	After tax	Before tax	Tax income/ expense	After tax
Adjustment relating to associates	-0.3	0.0	-0.3	-3.3	0.0	-3.3
Exchange-rate adjustments upon translation of foreign entity	4.3	0.0	4.3	0.8	0.0	0.8
Net revaluation of properties	9.1	16.0	25.1	-4.2	1.2	-3.0
Tax on other comprehensive income, total	13.1	16.0	29.1	-6.7	1.2	-5.5

NOTES

NOTE

	Spar Nord The Group 31.12.12 DKK m	Spar Nord The Group 31.12.11 DKK m	Spar Nord Parent Company 31.12.12 DKK m	Spar Nord Parent Company 31.12.11 DKK m
21 RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS				
Receivables from central banks, subject to notice	0.0	7.6	0.0	7.6
Receivables from credit institutions	3,977.1	2,420.7	3,965.8	2,387.4
Total receivables from credit institutions and central banks	3,977.1	2,428.3	3,965.8	2,395.0
Of which, subordinated receivables	18.1	10.0	18.1	10.0
<i>Shown by term to maturity</i>				
Demand deposits	207.4	1,184.0	196.4	1,151.8
Up to 3 months	3,571.1	890.1	3,571.1	890.1
Over 3 months and up to 1 year	141.7	59.3	141.6	58.9
Over 1 year and up to 5 years	38.8	262.7	38.6	262.0
Over 5 years	18.1	32.2	18.1	32.2
Total	3,977.1	2,428.3	3,965.8	2,395.0
<i>Of which, genuine purchase and resale transactions</i>				
Reverse transactions	1,730.5	818.9	1,730.5	818.9
22 LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTIZED COST				
Loans and advances, banking activities *)	34,916.1	31,189.1	36,802.1	37,179.2
Loans and advances, reverse transactions	115.5	393.2	115.5	393.2
Loans and advances, leasing activities	4,026.3	7,119.8	323.2	-
Loans, advances and other receivables at amortized cost, total	39,057.9	38,702.1	37,240.8	37,572.4
<i>*) The item "Loans and advances, banking activities" comprises all loans and advances except those classified as reverse transactions and leasing activities and includes loans and advances in the business areas Spar Nord's Local Banks and Trading, Financial Markets & the International Division.</i>				
<i>Broken down by category</i>				
Overdraft facilities	22,967.9	21,250.0	24,033.1	26,290.4
Lease contracts	3,699.3	6,252.9	323.2	-
Mortgage deeds	43.0	19.1	43.0	19.1
Other loans and advances	12,347.7	11,180.1	12,841.5	11,262.9
Total	39,057.9	38,702.1	37,240.8	37,572.4
Of which, subordinated receivables	11.2	0.5	11.2	0.5
<i>Shown by term to maturity</i>				
Demand deposits	4,146.7	1,417.9	4,184.1	1,418.2
Up to 3 months	3,245.3	6,439.6	3,506.9	10,924.1
Over 3 months and up to 1 year	9,620.7	10,695.9	9,857.6	10,792.0
Over 1 year and up to 5 years	10,543.4	12,437.7	8,419.7	7,658.6
Over 5 years	11,501.8	7,711.0	11,272.5	6,779.5
Total	39,057.9	38,702.1	37,240.8	37,572.4
<i>Loans and advances, leasing activities</i>				
Lease contracts, etc.	3,699.3	6,252.9	323.2	-
Sales contracts	327.0	866.9	0.0	-
Total loans and advances, leasing activities	4,026.3	7,119.8	323.2	-

Finance lease assets, with the Group as lessor, comprise agricultural equipment, passenger cars and trucks, industrial machinery, contractor's equipment, etc.

The lease contracts are entered into for a term of zero to eight years, with individually agreed lease payments. The leases are floating-rate and a fixed-rate contracts in foreign and Danish currency.

The contracts can be terminated during the lease term. The Spar Nord Group is phasing out the leasing activities.

NOTES

NOTE

	Spar Nord The Group 31.12.12 DKK m	Spar Nord The Group 31.12.11 DKK m	Spar Nord Parent Company 31.12.12 DKK m	Spar Nord Parent Company 31.12.11 DKK m
--	---	---	--	--

Lease payments broken down according to contractual term to maturity *)

Gross investments in finance leases

Up to 1 year	1,271.1	814.3	55.4	-
1 – 5 years	2,571.3	5,368.7	275.8	-
Over 5 years	207.4	754.9	27.6	-
Total	4,049.8	6,937.9	358.8	-
Of which, unearned, future financial income	350.5	685.0	35.6	-
Net investments in finance leases	3,699.3	6,252.9	323.2	-

Net investments in finance leases

Up to 1 year	1,161.9	733.9	49.9	-
1 – 5 years	2,348.1	4,838.6	248.4	-
Over 5 years	189.3	680.4	24.9	-
Total	3,699.3	6,252.9	323.2	-

*) The Group's lease contracts consist mainly of finance leases and are recognized in the balance sheet under lending, leasing activities.

Accumulated impairment of uncollectible minimum lease payments receivable	46.3	42.5	0.0	-
Lease payments recognized in the income statement under the item Interest income in note 50, Discontinuing activities.	260.2	330.6	16.1	-
Average remaining term of the lease contracts (years)	1.8	2.3	1.6	-

Gross loans, advances and guarantees broken down by sectors and industries (%)

Public authorities	3.8	4.0	3.9	4.0
<i>Business customers</i>				
Agriculture, hunting, forestry and fisheries	10.6	12.4	8.6	8.2
Industry and raw materials extraction	4.2	3.7	3.3	2.1
Energy supply	4.1	3.9	4.1	3.8
Building and construction	4.3	5.0	3.2	2.4
Trade	8.2	8.6	7.8	7.4
Transport, hotels and restaurants	4.6	6.4	2.9	2.5
Information and communication	0.4	0.4	0.4	0.4
Financing and insurance	4.7	5.5	9.8	20.5
Real estate	11.8	11.3	12.1	11.2
Other business areas	6.5	6.6	5.8	4.8
Business customers, total	59.4	63.8	58.0	63.3
Retail customers	36.8	32.2	38.1	32.7
Total credit risks	100.0	100.0	100.0	100.0

NOTES

NOTE

	Spar Nord The Group 31.12.12 DKK m	Spar Nord The Group 31.12.11 DKK m	Spar Nord Parent Company 31.12.12 DKK m	Spar Nord Parent Company 31.12.11 DKK m
23 BONDS AT FAIR VALUE				
Mortgage-credit bonds	17,155.2	14,646.3	17,155.2	14,646.3
Government bonds	271.4	252.3	271.4	252.3
Other bonds	2,822.7	1,522.6	2,822.7	1,522.6
Bonds at fair value, total	20,249.3	16,421.2	20,249.3	16,421.2

Of which, subordinated receivables	11.2	6.5	11.2	6.5
------------------------------------	------	-----	------	-----

All bonds form part of the Bank's trading portfolio

24 SHARES, ETC.				
Shares/unit trust certificates listed on Nasdaq OMX Copenhagen A/S	102.2	72.6	102.2	72.6
Shares/unit trust certificates listed on other stock exchanges	17.3	9.4	17.3	9.4
Unlisted shares at fair value	1,082.9	958.4	1,070.2	945.7
Total shares, etc.	1,202.4	1,040.4	1,189.7	1,027.7
Trading portfolio	160.8	122.6	148.1	109.9
Other shares at fair value using the fair-value option	1,041.6	917.8	1,041.6	917.8
Total shares	1,202.4	1,040.4	1,189.7	1,027.7

Securities that are not included in the Group's trading portfolio are measured at fair value with the ensuing changes in value in the income statement using the fair-value option.

The securities form part of a portfolio that is managed – and on which the returns are measured on the basis of fair value – in accordance with a documented risk management and investment strategy.

25 EQUITY INVESTMENTS IN ASSOCIATES				
Total purchase price, beginning of year	327.9	332.4	310.2	301.6
Reclassified from shares, etc.	144.1	6.7	144.1	6.7
Additions relating to merger	35.1	0.0	35.1	0.0
Additions	0.2	6.7	0.2	6.7
Disposals	10.9	17.9	0.0	4.8
Total purchase price, end of year	496.4	327.9	489.6	310.2
Revaluations and impairment, beginning of year	437.2	413.4	454.4	443.7
Reclassified from shares, etc.	13.8	-5.9	13.8	-5.9
Profit/loss	86.7	44.9	86.7	44.9
Dividend	51.9	21.3	51.5	21.3
Other capital movements recognized in other comprehensive income	-0.3	-3.3	-0.3	-3.3
Reversal of revaluations and impairment losses	-10.9	-9.4	0.0	3.7
Revaluations and impairment, end of year	496.4	437.2	503.1	454.4
Book portfolio, end of year	992.8	765.1	992.7	764.6
Of which, credit institutions	695.6	662.0	695.6	662.0
Value of the portfolio of listed shares at the official year-end prices	347.8	342.0	347.8	342.0

NOTES

NOTE

ASSOCIATES

2012

	Registered office	Revenue DKK m	Profit/loss for the year DKK m	Assets DKK m	Liabilities DKK m	Spar Nord The Group Ownership interest %	Ownership interest				
							Spar Nord Parent Company Ownership interest %	Spar Nord The Group Shareholders' equity DKK m	Spar Nord The Group Profit/loss for the year DKK m	Spar Nord Parent Company Shareholders' equity DKK m	Spar Nord Parent Company Profit/loss for the year DKK m
Core Property Management A/S	Copenhagen	-	7.5	26.9	2.9	20.0	20.0	4.8	1.5	4.8	1.5
Fjerritslev Gruppen ApS [1]	Fjerritslev	-	0.0	0.3	0.0	33.3	0.0	0.1	0.0	-	-
Høgsberg Assurance Service A/S	Hørsholm	-	-3.2	6.5	0.5	36.8	36.8	2.2	-1.2	2.2	-1.2
JSNA Holding A/S	Aalborg	-	-0.4	4.1	0.0	33.3	33.3	1.4	-0.1	1.4	-0.1
Nørresundby Bank A/S [2]	Nørresundby	421.4	40.8	9,358.7	8,077.0	50.2	50.2	643.4	20.5	643.4	20.5
Skandinavisk Data Center A/S	Copenhagen	1,294.9	20.1	1,310.7	465.3	23.5	23.5	198.8	4.7	198.8	4.7
ValueInvest Asset Management S.A.	Luxembourg	-	43.0	83.4	12.8	24.3	24.3	17.1	10.4	17.1	10.4

Other significant equity investments

Erhvervsinvest K/S	Aalborg	-	21.0	203.6	0.6	22.0	22.0	44.6	4.6	44.6	4.6
Nørager Industrihuse I/S	Nørager	0.1	0.1	0.9	0.0	33.3	33.3	0.3	0.0	0.3	0.0
K/S IRMTRAUT plejehjem	Randers	3.6	-9.9	46.6	58.2	20.0	20.0	-2.3	-2.0	-2.3	-2.0

1) Owned by Erhvervsinvest Nord A/S, Aalborg.

2) The voting rights in Nørresundby Bank A/S are restricted. Significant influence is considered to exist due to other factors.

ASSOCIATES

2011

	Registered office	Revenue DKK m	Profit/loss for the year DKK m	Assets DKK m	Liabilities DKK m	Spar Nord The Group Ownership interest %	Ownership interest				
							Spar Nord Parent Company Ownership interest %	Spar Nord The Group Shareholders' equity DKK m	Spar Nord The Group Profit/loss for the year DKK m	Spar Nord Parent Company Shareholders' equity DKK m	Spar Nord Parent Company Profit/loss for the year DKK m
Core Property Management A/S	Copenhagen	-	5.2	32.1	2.2	20.0	20.0	6.0	1.0	6.0	1.0
Fjerritslev Gruppen ApS [1]	Fjerritslev	-	0.0	1.5	0.0	33.3	0.0	0.5	0.0	-	-
Høgsberg Assurance Service A/S	Hørsholm	-	-6.8	10.0	0.9	26.7	26.7	2.4	-1.8	2.4	-1.8
JSNA Holding A/S	Aalborg	-	0.2	4.6	0.2	33.3	33.3	1.5	0.1	1.5	0.1
Nørresundby Bank A/S [2]	Nørresundby	418.5	59.1	9,903.2	8,648.3	50.2	50.2	630.4	29.7	630.4	29.7
ValueInvest Asset Management S.A.	Luxembourg	-	33.1	68.7	8.7	24.3	24.3	14.5	8.0	14.5	8.0

Other significant equity investments

Erhvervsinvest K/S	Aalborg	-	34.8	198.4	0.9	22.0	22.0	43.4	7.7	43.4	7.7
Nørager Industrihuse I/S	Nørager	0.1	0.0	1.0	0.0	33.3	33.3	0.3	0.0	0.3	0.0

1) Owned by Erhvervsinvest Nord A/S, Aalborg.

2) The voting rights in Nørresundby Bank A/S are restricted. Significant influence is considered to exist due to other factors.

NOTES

NOTE

**Spar Nord
The Group
31.12.12
DKK m**

Spar Nord
The Group
31.12.11
DKK m

**Spar Nord
Parent Company
31.12.12
DKK m**

Spar Nord
Parent Company
31.12.11
DKK m

26 EQUITY INVESTMENTS IN GROUP ENTERPRISES

Total purchase price, beginning of year	3.7	3.7	175.9	175.9
Additions relating to merger	0.0	0.0	188.5	0.0
Additions *)	0.0	0.0	1,009.0	0.0
Disposals	3.7	0.0	3.7	0.0
Total purchase price, end of year	0.0	3.7	1,369.7	175.9
Revaluations and impairment, beginning of year	-3.7	-3.7	315.0	289.3
Profit/loss	0.0	0.0	25.4	24.9
Dividend	0.0	0.0	0.0	0.0
Other capital movements	0.0	0.0	4.3	0.8
Reversal of revaluations and impairment losses	-3.7	0.0	-3.7	0.0
Revaluations and impairment, end of year	0.0	-3.7	348.4	315.0
Book portfolio, end of year	0.0	0.0	1,718.1	490.9

In 2011, the divestment of the subsidiary Finans Nord Easyfleet A/S resulted in a profit of DKK 3.4 million

*) Additions in 2012 relate to a capital increase of DKK 1,000.0 million in Aktieselskabet Skelagervej 15 and a contribution of DKK 9.0 million to Spar Nord Ejendomsselskab A/S.

GROUP ENTERPRISES

**Share capital
End of year
DKK m**

**Shareholders' equity
End of year
DKK m**

**Profit/loss for
the year
DKK m**

**Spar Nord
The Group
2012
%**

Spar Nord
The Group
2011
%

**Spar Nord
Parent Company
2012
%**

Spar Nord
Parent Company
2011
%

Consolidated companies

Erhvervsinvest Nord A/S, Aalborg	30.0	41.9	-0.2	100.0	100.0	100.0	100.0
Aktieselskabet Skelagervej 15, Aalborg (1)	27.0	1,191.5	-41.6	100.0	-	100.0	-
Spar Nord Ejendomsselskab A/S, Aalborg	12.0	10.0	-2.6	100.0	100.0	100.0	100.0
Spar Nord Leasing A/S, Aalborg (2)	10.0	474.8	25.4	100.0	100.0	100.0	100.0
SN Finans Nord AB, Sweden (3)	74.6	93.1	-11.4	100.0	100.0	-	-
Finans Nord Cross Border A/S, Aalborg (4)	0.0	0.0	0.0	-	100.0	-	-

Non-consolidated companies

Beluni Inc., USA (5)	-	-	-	-	100.0	-	100.0
----------------------	---	---	---	---	-------	---	-------

1) Previously Skive Erhvervsinvest A/S. Acquired in connection with the merger with Sparbank A/S as at 15 November 2012.

2) Previously Finans Nord A/S. The company's activities are being phased out.

3) The company's activities are being phased out.

4) The company merged with Spar Nord Leasing A/S as at 1 January 2012.

5) The company was liquidated at the beginning of 2012.

All companies are subsidiaries that are wholly owned, directly or indirectly, by Spar Nord Bank A/S.

NOTES

NOTE

27 INTANGIBLE ASSETS

Goodwill

	Spar Nord The Group 31.12.12 DKK m	Spar Nord The Group 31.12.11 DKK m	Spar Nord Parent Company 31.12.12 DKK m	Spar Nord Parent Company 31.12.11 DKK m
Total purchase price, beginning of year	135.4	135.4	106.4	106.4
Additions relating to merger	35.2	0.0	35.2	0.0
Total purchase price, end of year	170.6	135.4	141.6	106.4
Amortization and impairment, beginning of year	30.7	5.2	1.7	1.7
Impairment for the year	0.0	25.5	0.0	0.0
Amortization and impairment, end of year	30.7	30.7	1.7	1.7
Book portfolio, end of year	139.9	104.7	139.9	104.7

Customer relations

Total purchase price, beginning of year	29.3	29.3	29.3	29.3
Additions relating to merger	32.3	0.0	32.3	0.0
Additions	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0
Total purchase price, end of year	61.6	29.3	61.6	29.3
Amortization and impairment, beginning of year	9.1	6.2	9.1	6.2
Amortization for the year	3.4	2.9	3.4	2.9
Amortization and impairment, end of year	12.5	9.1	12.5	9.1
Book portfolio, end of year	49.1	20.2	49.1	20.2

Other intangible assets

Total purchase price, beginning of year	32.4	26.8	32.4	26.8
Reclassification, other property, plant and equipment	0.0	1.0	0.0	1.0
Additions	9.0	4.6	9.0	4.6
Disposals	0.0	0.0	0.0	0.0
Total purchase price, end of year	41.4	32.4	41.4	32.4
Amortization and impairment, beginning of year	25.9	22.6	25.9	22.6
Amortization for the year	4.5	3.3	4.5	3.3
Amortization and impairment, end of year	30.4	25.9	30.4	25.9
Book portfolio, end of year	11.0	6.5	11.0	6.5

The remaining amortization periods are six to ten years for customer relations (2011: seven years), one to five years for other intangible assets (2011: one to five years), and goodwill had an indefinite useful life in both 2012 and 2011.

Spar Nord koncernen	Purchase price 01.01.12	Additions 2012	Purchase price 31.12.12	Amort. and impairment 01.01.12	Amort. and impairment 2012	Amort. and impairment 31.12.12	Book portfolio 31.12.12
Goodwill							
DKK m							
Banking activities, Roskilde Bank branches	86.8	0.0	86.8	0.0	0.0	0.0	86.8
Banking activities, Sparbank	-	35.2	35.2	-	0.0	0.0	35.2
Banking activities, branches, Other	19.6	0.0	19.6	1.7	0.0	1.7	17.9
Banking activities, Spar Nord's Local Banks	106.4	35.2	141.6	1.7	0.0	1.7	139.9
Spar Nord Leasing (discontinuing activities)	29.0	0.0	29.0	29.0	0.0	29.0	0.0
Goodwill, total	135.4	35.2	170.6	30.7	0.0	30.7	139.9

DKK m	Purchase price 01.01.11	Additions 2011	Purchase price 31.12.11	Amort. and impairment 01.01.11	Amort. and impairment 2011	Amort. and impairment 31.12.11	Book portfolio 31.12.11
Banking activities, Roskilde Bank branches	86.8	0.0	86.8	0.0	0.0	0.0	86.8
Banking activities, Sparbank	-	-	-	-	-	-	-
Banking activities, branches, Other	19.6	0.0	19.6	1.7	0.0	1.7	17.9
Banking activities, Spar Nord's Local Banks	106.4	0.0	106.4	1.7	0.0	1.7	104.7
Spar Nord Leasing (discontinuing activities)	29.0	0.0	29.0	3.5	25.5	29.0	0.0
Goodwill, total	135.4	0.0	135.4	5.2	25.5	30.7	104.7

NOTES

NOTE

IMPAIRMENT TEST

In recent years, the Group's markets have developed negatively, with increasing unemployment, falling property prices and low growth rates.

The impairment test compares the carrying amount with the estimated present value of the anticipated future cash flows. The special debt structure in financial groups means that the calculation basis for the present value of future cash flows is based on a simplified equity model. The equity model is based on approved strategies and earnings estimates for the cash-generating business areas for the next five years.

The impairment test in 2012 did not give rise to any writedowns for impairment of goodwill.

The impairment test in 2011 resulted in a need to impair goodwill in Spar Nord Leasing (previously Finans Nord) to DKK 0 due to the decision to phase out the Spar Nord Leasing activities, with future cash flows relating to the phase-out of the existing portfolio.

Goodwill

The Spar Nord Group's goodwill with an indefinite useful life is tested annually for impairment. The activities are tested on the identified cash-generating unit to which the assets have been allocated. Goodwill is allocated to the cash-generating business areas – Spar Nord's Local Banks and Spar Nord Leasing.

In the preliminary cost allocation, see note 49, the merger with Sparbank on 15 November 2012 results in goodwill being determined at DKK 35.2 million (2011 DKK 0.0 million).

For more detailed descriptions of the activities taken over and the determination of goodwill, reference is made to note 49. The goodwill is attributable to synergies in Spar Nord's Local Banks.

Combined with low money-market rates and high lending losses, the low economic growth forecast for the near future is expected to result in reduced earnings. Earnings are expected to normalize gradually in the current budget period.

The most significant parameter for projection of future cash flows is growth in balance-sheet items. For the terminal period (>5 years), the model is based on a growth estimate of 1.5% (2011: 2.0%).

This level does not exceed the forecast for the general economic growth in the markets in question.

In addition, the projection of cash flows has been impacted by developments in the interest margin, cost ratio and impairment of loans and advances, etc.

	2012			2011		
	Assumed average annual growth 1-5 years	Assumed average annual growth > 5 years	Pre-tax required rate of return	Assumed average annual growth 1-5 years	Assumed average annual growth > 5 years	Pre-tax required rate of return
%						
Spar Nord's Local Banks	1.5	1.5	13.3	2.0	2.0	13.3
Spar Nord Leasing (discontinuing activities)	-	-	-	-	-	13.3

The estimated cash flows are discounted by a pre-tax required rate of return, conservatively fixed at 13.3% (2011: 13.3%).

Customer relations

The carrying amount of customer relations recognized in connection with the merger with Sparbank amounts to DKK 31.9 million at 31 December 2012 (2011: DKK 0.0 million).

For more detailed descriptions of the activities taken over and the determination of goodwill, reference is made to note 49.

The carrying amount of customer relations recognized in Holbæk Bank Region is DKK 17.2 million (2011: DKK 20.2 million).

The assumptions used in 2008 for recognizing customer relations have been compared with the corresponding realized results – primarily income in excess of net interest income and the cost ratio.

The realized results are in line with expectations, for which reason there are no indications of impairment.

Other intangible assets

Management has not identified factors showing any need for carrying out an impairment test in respect of other intangible assets.

Other intangible assets comprise software used by the Bank and are amortized at the rates stated in the accounting policies.

Sensitivity analyses

Management assesses that probable changes in basic assumptions will not lead the carrying amount of goodwill to exceed its recoverable amount.

Sensitivity analyses show that the goodwill relating to Spar Nord's Local Banks is robust to changes in assumptions – even an increase in the discount rate of more than 40% (2011: more than 50%) or a reduction of pre-tax results of more than 30% (2011: more than 30%) or negative growth in balance-sheet items would not lead to impairment.

Projections for the budget period mean that 67% of the present value of expected cash flows in Spar Nord's Local Banks relates to the terminal period (2011: 70%).

NOTES

NOTE 28 LAND AND BUILDINGS

	Spar Nord The Group 31.12.12 DKK m	Spar Nord The Group 31.12.11 DKK m	Spar Nord Parent Company 31.12.12 DKK m	Spar Nord Parent Company 31.12.11 DKK m
<i>Investment properties</i>				
Fair value, beginning of year	48.5	61.4	48.5	61.4
Transferred from corporate properties	0.0	2.6	0.0	2.6
Additions relating to merger	108.5	0.0	20.0	0.0
Additions, including improvements	2.6	0.3	2.6	0.3
Disposals	0.6	17.4	0.6	17.4
Dissolution of revaluation reserve, recogn. in other comprehensive income (prev. corporate properties)	0.0	1.6	0.0	1.6
Fair-value adjustment	-1.1	3.2	-1.1	3.2
Fair value, end of year	157.9	48.5	69.4	48.5
Required rate of return used in calculating the fair value (%)	6.8-14.5	7.5-9.0	7.5-14.5	7.5-9.0

The fair-value adjustment is recognized in the item Market-value adjustments in the Parent Company's Financial Statements and in Other operating income in the Consolidated Financial Statements.

The fair value method has been chosen for measuring investment properties.
Investment properties consist mainly of business rental units.
The periods of non-terminability for Spar Nord Bank in the leases do not exceed 20 years.

As concerns information regarding return on investment properties, please refer to note 12.

Note 12 includes operating expenses relating to investment properties that did not generate any rental income during the year for:

0.2	0.4	0.2	0.4
-----	-----	-----	-----

Corporate properties

Total purchase price, beginning of year	554.2	525.5	512.8	485.4
Transferred from other property, plant and equipment	0.0	9.4	0.0	9.4
Transferred to investment properties	0.0	-5.4	0.0	-5.4
Additions	178.7	24.7	104.5	23.4
Disposals	0.0	0.0	0.0	0.0
Total purchase price, end of year	732.9	554.2	617.3	512.8
Depreciation and impairment, beginning of year	97.6	72.7	86.3	66.6
Transferred from other property, plant and equipment	0.0	3.4	0.0	3.4
Transferred to investment properties	0.0	-2.8	0.0	-2.8
Depreciation for the year	12.8	12.0	12.3	11.5
Net revaluations and impairment via the income statement	9.2	9.7	5.4	5.0
Changes in value recognized in other comprehensive income	-9.1	2.6	-8.8	2.6
Reversal of depreciation and impairment on disposals	0.0	0.0	0.0	0.0
Depreciation and impairment, end of year	110.5	97.6	95.2	86.3
Fair value, end of year	622.4	456.6	522.1	426.5
Most recent official property valuation	593.4	424.6	519.3	407.8
Required rate of return used in calculating the fair value (%)	5.8-10.0	6.0-8.0	5.8-10.0	6.0-8.0
Carrying amount if corporate properties were measured according to the cost method	552.1	392.8	451.8	362.7

Net revaluations and impairment losses via other comprehensive income are recognized in the item Depreciation, amortization and impairment of intangible assets and property, plant and equipment.

An amount of DKK 0.0 million was recognized in 2012 [2011: DKK 1.3 million] in the Spar Nord Group under additions, corporate properties, regarding improvements to properties in the subsidiary Spar Nord Ejendomsselskab A/S.

No borrowing costs were recognized in 2012 and 2011.

The valuation of corporate properties has been determined based on observable prices and other valuation methods.
An expected residual value of 20-40% of the purchase price is recognized in the depreciation base of properties acquired.

In December 2012, an external valuation of all major properties was obtained from a real estate agent to support the calculation of fair value, including the rental rates and rates of return used. Management is of the opinion that no changes in value occurred during the period ending on 31 December 2012.

Due to developments in the real property market, the required rates of return used for investment and corporate properties were slightly higher in 2012 than in 2011.
Overall, the required rates of return remained within the 5.8 - 10.0% range [2011: 6 - 8 %] for corporate properties and the 6.8 - 14.5% range [2011: 7.5 - 9%] for investment properties.

Sensitivity analyses

The most important assumptions used in calculating the fair value of corporate and investment properties are the required rate of return and the rental level.
All other things being equal, a 0.5 percentage point increase in the required rate of return will reduce the fair value by DKK 50.9 million [2011: DKK 28.6 million].

NOTES

NOTE 29 OTHER PROPERTY, PLANT AND EQUIPMENT, TOTAL

	Spar Nord The Group 31.12.12 DKK m	Spar Nord The Group 31.12.11 DKK m	Spar Nord Parent Company 31.12.12 DKK m	Spar Nord Parent Company 31.12.11 DKK m
Total purchase price, beginning of year	928.6	882.7	334.9	328.0
Transferred to finance leases	-24.9	0.0	0.0	0.0
Transferred from other intangible assets	0.0	-1.0	0.0	-1.0
Transferred to corporate properties	0.0	-9.4	0.0	-9.4
Additions relating to merger	40.1	0.0	40.1	0.0
Additions	51.4	194.3	28.4	30.9
Disposals	165.3	138.0	16.2	13.6
Total purchase price, end of year	829.9	928.6	387.2	334.9
Depreciation and impairment, beginning of year	385.0	278.9	198.5	170.1
Transferred to corporate properties	0.0	-3.4	0.0	-3.4
Depreciation and impairment for the year	126.9	162.0	44.0	45.4
Reversal of depreciation and impairment for the year	79.5	52.5	15.2	13.6
Depreciation and impairment, end of year	432.4	385.0	227.3	198.5
Carrying amount, end of year	397.5	543.6	159.9	136.4

The figures at end-2012 include various fully written-off assets used for the Bank's and the Group's operations.

The initial cost of these assets was DKK 105.7 million (2011: DKK 78.5 million) in the Parent Company and DKK 106.1 million (2011: DKK 59.0 million) in the Group.

Lease contracts

Operating lease assets are recognized at	266.2	404.0	30.0	-
--	-------	-------	------	---

The lease contracts were entered into for a term of zero to eight years, with individually agreed lease payments.

The contracts can be terminated during the lease term.

The Spar Nord Group is phasing out the leasing activities.

Operating leases

Up to 1 year	136.7	60.5	17.0	-
1 – 5 years	128.1	341.9	13.0	-
Over 5 years	1.4	1.6	0.0	-
Total	266.2	404.0	30.0	-

Lease payments relating to operating lease assets are recognized in the income statement under Profit/loss on discontinuing activities. In note 50, which specifies the profit or loss on discontinuing activities, the lease payments are included under Other operating income at an amount of

121.1	146.9	18.1	-
-------	-------	------	---

Average remaining term of the lease contracts (years)	1.0	1.8	1.0	-
---	-----	-----	-----	---

30 TEMPORARY ASSETS

Total purchase price, beginning of year	149.3	139.4	14.3	12.7
Additions relating to merger	24.1	0.0	24.1	0.0
Additions	160.2	161.4	0.8	3.0
Disposals	183.9	151.5	1.8	1.4
Total purchase price, end of year	149.7	149.3	37.4	14.3
Depreciation and impairment, beginning of year	61.8	59.6	12.5	12.5
Movements for the year	-3.0	2.2	0.0	0.0
Depreciation and impairment, end of year	58.8	61.8	12.5	12.5
Carrying amount, end of year	90.9	87.5	24.9	1.8

Temporary assets comprise properties taken over in connection with the Bank's non-accrual loans.

In the Group, this item also includes assets repossessed under non-performing leases in the form of passenger cars and vans, trucks, agricultural machinery and heavy construction machinery.

Both properties and leased assets are expected to be disposed of within 12 months.

Properties are sold through estate agents, while leased assets are sold on the usual marketplace for the individual types of assets - primarily by auction or through dealers.

If, contrary to expectation, the assets are not sold within 12 months, they are reclassified to investment properties or, as the case may be, other property, plant and equipment.

NOTES

NOTE

	Spar Nord The Group 31.12.12 DKK m	Spar Nord The Group 31.12.11 DKK m	Spar Nord Parent Company 31.12.12 DKK m	Spar Nord Parent Company 31.12.11 DKK m
31 OTHER ASSETS				
Positive fair value of derivative instruments, etc.	2,067.5	1,837.5	2,067.5	1,837.5
Miscellaneous receivables	82.9	153.7	97.6	86.6
Interest and commissions receivable	380.9	381.1	391.2	398.1
Miscellaneous assets	47.4	29.4	47.3	29.2
Other assets, total	2,578.7	2,401.7	2,603.6	2,351.4
32 PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS				
Payables to central banks	3,224.0	237.2	3,224.0	237.2
Payables to credit institutions	5,486.8	11,853.7	5,186.0	11,403.2
Total payables to credit institutions and central banks	8,710.8	12,090.9	8,410.0	11,640.4
<i>Shown by term to maturity</i>				
On demand	1,020.2	2,350.7	1,020.2	2,350.7
Up to 3 months	4,498.7	9,103.5	4,197.9	9,103.0
Over 3 months and up to 1 year	0.0	161.4	0.0	11.4
Over 1 year and up to 5 years	3,000.0	309.5	3,000.0	9.5
Over 5 years	191.9	165.8	191.9	165.8
Total	8,710.8	12,090.9	8,410.0	11,640.4
<i>Of which, genuine sale and repo transactions</i>				
Repo transactions	2,945.0	5,010.8	2,945.0	5,010.8
Mortgage debt on real property	0.6	0.0	0.6	0.0
The carrying amount of the mortgaged properties amounts to	0.7	0.0	0.7	0.0
33 DEPOSITS AND OTHER PAYABLES				
On demand	27,252.5	19,484.7	27,668.1	19,503.2
Subject to notice	4,065.0	4,990.1	4,065.0	4,990.1
Time deposits	5,328.9	3,389.1	5,328.9	3,389.1
Special types of deposit	5,275.3	3,223.7	5,275.3	3,223.7
Deposits and other payables, total	41,921.7	31,087.6	42,337.3	31,106.1
<i>Shown by term to maturity</i>				
On demand	27,252.5	19,484.7	27,668.1	19,503.2
Up to 3 months	2,502.3	4,231.0	2,502.3	4,231.0
Over 3 months and up to 1 year	2,606.3	1,826.1	2,606.3	1,826.1
Over 1 year and up to 5 years	5,801.2	3,336.0	5,801.2	3,336.0
Over 5 years	3,759.4	2,209.8	3,759.4	2,209.8
Total	41,921.7	31,087.6	42,337.3	31,106.1
<i>Of which, genuine sale and repo transactions</i>				
Repo transactions	0.0	0.0	0.0	0.0
34 ISSUED BONDS AT AMORTIZED COST				
<i>Shown by term to maturity</i>				
On demand	0.0	0.0	0.0	0.0
Up to 3 months	1,269.9	0.0	1,269.9	0.0
Over 3 months and up to 1 year	4,520.0	3,731.1	4,520.0	3,731.1
Over 1 year and up to 5 years	303.4	4,290.2	303.4	4,290.2
Over 5 years	0.0	0.0	0.0	0.0
Issued bonds at amortized cost, total	6,093.3	8,021.3	6,093.3	8,021.3
<i>Of which issued bonds acquired in connection with the merger with Sparbank amount to DKK 3,104.3 million.</i>				
<i>No new bonds were issued in 2012</i>				

NOTES

NOTE

	Spar Nord The Group 31.12.12 DKK m	Spar Nord The Group 31.12.11 DKK m	Spar Nord Parent Company 31.12.12 DKK m	Spar Nord Parent Company 31.12.11 DKK m
35 OTHER LIABILITIES				
Miscellaneous payables	1,758.0	1,463.3	1,718.4	1,470.8
Negative fair value of derivative instruments, etc.	2,173.6	1,865.8	2,173.6	1,865.8
Interest and commissions payable	230.2	193.9	182.3	149.6
Miscellaneous liabilities	747.2	803.0	493.0	455.3
Other liabilities, total	4,909.0	4,326.0	4,567.3	3,941.5

36 PROVISIONS FOR LIABILITIES				
Provisions for deferred tax (see separate note 37)	138.0	394.9	0.0	2.4
Provisions for losses on guarantees	27.3	1.8	27.3	1.8
Provisions for losses in connection with legal proceedings	13.4	11.5	13.4	11.5
Other provisions for liabilities	55.2	40.4	55.2	40.3
Provisions for unutilized credit lines	6.3	4.9	6.3	4.9
Total provisions for liabilities	240.2	453.5	102.2	60.9

Provisions for losses on guarantees

Beginning of year	1.8	4.5	1.8	3.3
Additions relating to merger	25.0	0.0	25.0	0.0
New provisions	1.9	0.4	1.9	0.4
Reversal of provisions	1.4	1.9	1.4	0.7
Definitively lost	0.0	1.2	0.0	1.2
Provisions for losses on guarantees, end of year	27.3	1.8	27.3	1.8

The share of provisions for losses on guarantees taken over in connection with the merger amounted to DKK 25.0 million at end-2012 (not included in note 56).

Losses on guarantees recognized in the income statement

New provisions	1.9	0.4	1.9	0.4
Reversal of provisions	1.4	1.9	1.4	0.7
Losses without prior provisions	1.2	0.0	1.2	0.0
Recognized in the income statement	1.7	-1.5	1.7	-0.3

Provisions for losses in connection with legal proceedings

Beginning of year	11.5	7.9	11.5	7.9
Additions relating to merger	6.2	0.0	6.2	0.0
New provisions	3.4	10.7	3.4	10.7
Reversal of provisions	7.7	7.1	7.7	7.1
End of year	13.4	11.5	13.4	11.5

Other provisions for liabilities

Beginning of year	40.4	119.2	40.3	118.9
Additions relating to merger	1.8	0.0	1.8	0.0
New provisions	15.5	4.7	15.5	4.5
Reversal of provisions	2.5	83.5	2.4	83.1
End of year	55.2	40.4	55.2	40.3

Provisions for unutilized credit lines

Beginning of year	4.9	4.1	4.9	4.1
New provisions	6.3	4.9	6.3	4.9
Reversal of provisions	4.9	4.1	4.9	4.1
End of year	6.3	4.9	6.3	4.9

Provisions for unutilized credit lines recognized in the income statement

New provisions	6.3	4.9	6.3	4.9
Reversal of provisions	4.9	4.1	4.9	4.1
Recognized in the income statement	1.4	0.8	1.4	0.8

Shown by term to maturity

Up to 3 months	34.4	7.2	34.4	7.2
Over 3 months and up to 1 year	37.9	31.0	37.9	31.0
Over 1 year and up to 5 years	159.4	15.6	21.4	15.6
Over 5 years	8.5	399.7	8.5	7.1
Total	240.2	453.5	102.2	60.9

NOTES

NOTE

Broken down by term to maturity, shown by category for the Spar Nord Group

	Up to 3 months DKK m	3 months and up to 1 year DKK m	Over 1 year and up to 5 years DKK m	Over 5 years DKK m	Total DKK m
2012					
Provisions for deferred tax	0.0	0.0	138.0	0.0	138.0
Provisions for losses on guarantees	27.3	0.0	0.0	0.0	27.3
Provisions for losses in connection with legal proceedings	0.0	13.1	0.0	0.3	13.4
Other provisions for liabilities	0.8	24.8	21.4	8.2	55.2
Provisions for unutilized credit lines	6.3	0.0	0.0	0.0	6.3
Total provisions for liabilities	34.4	37.9	159.4	8.5	240.2

	Up to 3 months DKK m	3 months and up to 1 year DKK m	Over 1 year and up to 5 years DKK m	Over 5 years DKK m	Total DKK m
2011					
Provisions for deferred tax	0.0	0.0	0.0	394.9	394.9
Provisions for losses on guarantees	1.8	0.0	0.0	0.0	1.8
Provisions for losses in connection with legal proceedings	0.0	11.1	0.0	0.4	11.5
Other provisions for liabilities	0.5	19.9	15.6	4.4	40.4
Provisions for unutilized credit lines	4.9	0.0	0.0	0.0	4.9
Total provisions for liabilities	7.2	31.0	15.6	399.7	453.5

Uncertainty attaches to the due dates of liabilities for which provision has been made.

Provisions for deferred tax are specified in note 37.

Provisions for losses on guarantees have been made based on an individual assessment.

Provisions for losses in connection with legal proceedings have been made based on an individual assessment.

Other provisions for liabilities include provisions for rent commitments and anniversary lump sums.

Moreover, issues not relating to customer relations are recognized under this item. Further information is not provided due to the nature of the issues involved.

Provisions for unutilized credit lines relate to provisions for losses on unutilized credit lines.

NOTES

NOTE 37 PROVISIONS FOR DEFERRED TAX

	Spar Nord The Group 31.12.12 DKK m	Spar Nord The Group 31.12.11 DKK m	Spar Nord Parent Company 31.12.12 DKK m	Spar Nord Parent Company 31.12.11 DKK m
Beginning of year	394.9	333.7	2.4	9.4
Additions relating to merger	-267.2	0.0	-239.0	0.0
Deferred tax for the year recognized in the profit/loss for the year on continuing activities	59.5	-17.2	59.2	-19.1
Deferred tax for the year recognized in the profit/loss on discontinuing activities	-24.6	86.3	0.2	0.0
Deferred tax relating to prior years recognized in the profit/loss for the year on continuing activities	-3.0	-5.2	-3.2	-5.2
Deferred tax relating to prior years recognized in the profit/loss for the year on discontinuing activities	0.1	0.0	0.0	0.0
Adjustment, payment of joint taxation contributions	-5.7	-1.5	0.0	18.5
Deferred tax for the year recognized in other comprehensive income	-16.0	-1.2	-16.0	-1.2
End of year	138.0	394.9	-196.4	2.4

Spar Nord Bank, the Group

Changes in deferred tax in 2012

	Beginning of year	Recognized in the profit/loss for the year	Recognized in other comprehensive income and additions relating to merger	End of year
Intangible assets	20.1	6.2	-2.4	23.9
Property, plant and equipment	99.6	0.9	-93.6	6.9
Loans, advances and other receivables at amortized cost	328.4	-35.7	-113.9	178.8
Shares	-0.9	6.0	-5.1	0.0
Receivables from credit institutions and central banks	29.3	-20.7	2.1	10.7
Provisions for liabilities	-12.9	-11.0	-2.1	-26.0
Tax loss *)	-50.2	50.8	-28.2	-27.6
Miscellaneous	-18.5	29.8	-40.0	-28.7
Total	394.9	26.3	-283.2	138.0

*) DKK 16.0 million, which has been recognized in other comprehensive income, relates to the item Property, plant and equipment.

Changes in deferred tax in 2011

	Beginning of year	Recognized in the profit/loss for the year	Recognized in other comprehensive income and additions relating to merger	End of year
Intangible assets	15.8	4.3	0.0	20.1
Property, plant and equipment	119.3	-18.5	-1.2	99.6
Loans, advances and other receivables at amortized cost	355.3	-26.9	0.0	328.4
Shares	6.5	-7.4	0.0	-0.9
Receivables from credit institutions and central banks	27.8	1.5	0.0	29.3
Provisions for liabilities	-11.1	-1.8	0.0	-12.9
Tax loss *)	-167.2	117.0	0.0	-50.2
Miscellaneous	-12.7	-5.8	0.0	-18.5
Total	333.7	62.4	-1.2	394.9

Spar Nord Bank, the Parent Company

Changes in deferred tax in 2012

	Beginning of year	Recognized in the profit/loss for the year	Recognized in other comprehensive income and additions relating to merger	End of year
Intangible assets	20.1	6.2	-2.4	23.9
Property, plant and equipment	-0.9	42.8	-93.6	-51.7
Loans, advances and other receivables at amortized cost	-13.6	0.5	-113.9	-127.0
Shares	-0.9	6.0	-5.1	0.0
Receivables from credit institutions and central banks	29.1	-20.6	2.1	10.6
Provisions for liabilities	-12.9	-11.0	-2.1	-26.0
Tax loss	0.0	-14.9	0.0	-14.9
Miscellaneous	-18.5	47.2	-40.0	-11.3
Total	2.4	56.2	-255.0	-196.4

*) DKK 16.0 million, which has been recognized in other comprehensive income, relates to the item Property, plant and equipment.

Changes in deferred tax in 2011

	Beginning of year	Recognized in the profit/loss for the year	Recognized in other comprehensive income and additions relating to merger	End of year
Intangible assets	15.8	4.3	0.0	20.1
Property, plant and equipment	11.1	-10.8	-1.2	-0.9
Loans, advances and other receivables at amortized cost	-9.4	-4.2	0.0	-13.6
Shares	6.5	-7.4	0.0	-0.9
Receivables from credit institutions and central banks	27.6	1.5	0.0	29.1
Provisions for liabilities	-11.1	-1.8	0.0	-12.9
Tax loss	-18.4	18.4	0.0	0.0
Miscellaneous	-12.7	-5.8	0.0	-18.5
Total	9.4	-5.8	-1.2	2.4

The utilization of the deferred tax asset depends on future taxable income over and above the income arising due to the reversal of existing taxable temporary differences.

Spar Nord Bank A/S expects to realize sufficient taxable income in the next few years to enable utilization of the deferred tax asset.

The tax loss of DKK 28.2 million recognized in the Spar Nord Group upon the merger relates to the joint taxation loss that can be utilized by the subsidiary Aktieselskabet Skelagervej 15 [previously Skive Erhvervsinvest].

NOTES

NOTE

Deferred tax assets not recognized in the balance sheet

	Beginning of year	Recognized in the profit/loss for the year	Recognized in other compre- hensive income	Additions relating to merger	End of year
<i>Deferred tax assets not recognized relate to:</i>					
Ring fence losses on properties	3.1	0.0	0.0	-3.1	0.0
Tax loss	0.0	0.0	0.0	14.5	14.5
Deferred tax assets not recognized, total	3.1	0.0	0.0	11.4	14.5

All deferred tax liabilities are recognized in the balance sheet.

The temporary differences have arisen on the realization of properties. Ring fence losses on properties in 2012 were lost on the merger with Sparbank.

*J) The tax loss not recognized in the balance sheet relates to the subgroup joint taxation income in Aktieselskabet Skelagervej 15 of DKK 58 million, equal to a tax base of DKK 14.5 million. As the time horizon for utilizing this tax base is long, it has not been recognized in the balance sheet.

Spar Nord The Group 31.12.12 DKK m	Spar Nord The Group 31.12.11 DKK m	Spar Nord Parent Company 31.12.12 DKK m	Spar Nord Parent Company 31.12.11 DKK m
---	---	--	--

38 SUBORDINATED DEBT

Subordinated debt consists of liabilities in the form of subordinated loan capital and hybrid core capital which, in case of the Bank's voluntary or compulsory liquidation, whether solvent or insolvent, will not be repaid until the claims of the ordinary creditors have been met.

Hybrid core capital ranks junior to subordinated loan capital. Premature redemption of subordinated debt is subject to the approval of the Danish Financial Supervisory Authority.

Subordinated debt is included in the capital base, etc. pursuant to the Danish Financial Business Act. Spar Nord Bank A/S is the borrower with respect to all loans.

Principal									
Currency	Note	Mil.	Interest rate	Received	Maturity				
NOK	a	220.0	3.740%	2006	20.02.2015	0.0	210.9	0.0	210.9
DKK	b	200.0	3.070%	2006	14.11.2014	200.0	0.0	200.0	0.0
EUR	c	40.0	2.563%	2007	28.03.2015	0.0	297.4	0.0	297.4
DKK	d	100.0	1.908%	2007	03.12.2015	0.0	100.0	0.0	100.0
DKK	e	58.0	8.000%	2010	25.11.2020	57.7	0.0	57.7	0.0
DKK	f	400.0	6.043%	2012	28.11.2022	397.6	0.0	397.6	0.0
Supplementary capital contributions, total						655.3	608.3	655.3	608.3

Hybrid core capital

Principal									
Currency	Note	Mil.	Interest rate	Received	Maturity				
DKK	g	350.0	5.250%	2005	Perpetual	375.1	378.6	375.1	378.6
DKK	h	200.0	4.804%	2005	Perpetual	214.2	0.0	214.2	0.0
DKK	i	1,265.0	9.690%	2009	Perpetual	1,317.0	1,331.3	1,317.0	1,331.3

Portfolio of own bonds	-0.1	-1.4	-0.1	-1.4
------------------------	------	------	------	------

Subordinated debt, total	2,561.5	2,316.8	2,561.5	2,316.8
---------------------------------	----------------	----------------	----------------	----------------

Interest on subordinated debt	153.9	162.2	153.9	162.2
Costs of raising subordinated debt	1.7	1.1	1.7	1.1

- a Redeemed on 20.02.2012.
- b Redeemable every six months as from 16.11.2011.
- c Redeemed on 28.03.2012.
- d Redeemed on 03.12.2012.
- e Redeemable as from 25.11.2015, after which date interest is fixed at Danmarks Nationalbank's 5-year swap rate + a 5.416% margin.
- f Redeemable as from 28.11.2017, after which date interest is fixed at DKKC3M + a 5.00% margin.
- g Redeemable as from 16.03.2015, after which date interest is fixed at DKKC3M + a 2.33% margin.
- h Redeemable as from 09.09.2015, after which date interest is fixed at DKKC3M + a 2.60% margin.
- i Redeemable as from 30.05.2014 - 30.06.2014 at par, from 01.07.2014 - 30.06.2015 at a price of 105 and after that at a price of 110.

The subordinated debt under items b), e) and h) was acquired in connection with the merger with Sparbank.

In addition, a loan of DKK 480.3 million was acquired in connection with the merger with Sparbank.

The loan was subsequently repaid on 12 December 2012.

NOTES

NOTE 39 REPO AND REVERSE TRANSACTIONS

In repo transactions, which involve selling securities to be repurchased at a later date, the securities remain on the balance sheet, and the amount received is recognized under payables to credit institutions and central banks or deposits. Securities forming part of repo transactions are treated as assets provided as collateral for liabilities. The counterparty is entitled to sell the securities or deposit them as collateral for other loans.

In reverse transactions, which involve buying securities to be resold at a later date, Spar Nord Bank is entitled to sell the securities or deposit them as collateral for other loans. The securities are not recognized on the balance sheet, and the amount paid is recognized as receivables from credit institutions and central banks or loans and advances.

40 TRANSFER OF FINANCIAL ASSETS

At the end of the year, the Bank had transferred the following financial assets in respect of which the Bank has not ceased recognizing the assets in their entirety.

Fair value, with value adjustments via results in the trading portfolio

	Spar Nord The Group 31.12.12 DKK m	Spar Nord Parent Company 31.12.12 DKK m
Carrying amount of transferred financial assets	2,943.3	2,943.3
Carrying amount of related liability	2,943.3	2,943.3
Fair value of transferred bonds	2,990.8	2,990.8
Fair value of related liability	2,943.4	2,943.4

The Bank has entered into agreements regarding the sale of securities as genuine sale and repo transactions. When it lends or sells securities subject to a repurchase agreement, the Bank receives cash or other financial assets upon the transfer of the securities to the counterparty. The counterparty is entitled to sell or repledge the securities lent or sold according to the repurchase agreements, but the counterparty is obliged to return the securities upon expiry of the contract. Such transactions are carried out on terms and conditions fixed on the basis of the applicable ISDA Collateral Guidelines. If the value of the securities increases or decreases, the Bank may make or receive a demand for payment of additional cash collateral in specific circumstances. The Bank has decided that it will essentially retain all the risks and benefits attaching to these securities, and therefore it has not ceased recognizing them. In addition, the Bank recognizes a financial liability for the cash received as collateral.

The carrying amount and fair value of the securities lent and sold subject to a repurchase agreement amounted to DKK 2,943.3 million at 31 December 2012 (2011: DKK 5,010.8 million). Bonds are classified as Trading portfolio.

41 COLLATERAL PROVIDED

At the end of the year, the following securities were deposited in connection with margining and securities settlement, etc.

With Danmarks Nationalbank (the central bank), the Royal Bank of Scotland (RBS) and foreign clearing centres

	Spar Nord The Group 31.12.12 DKK m	Spar Nord The Group 31.12.11 DKK m	Spar Nord Parent Company 31.12.12 DKK m	Spar Nord Parent Company 31.12.11 DKK m
Bonds included in the trading portfolio	6,044.7	4,831.1	6,044.7	4,831.1
Shares outside the trading portfolio	894.6	290.8	894.6	290.8
Deposits, futures clearing	10.0	21.9	10.0	21.9

In credit institutions

Provided under CSA agreements, etc. for derivatives trades	1,391.0	895.7	1,391.0	895.7
Received under CSA agreements, etc. for derivatives trades	159.6	58.5	159.6	58.5

Bonds sold as an element in genuine sale and repo transactions	2,943.3	5,010.8	2,943.3	5,010.8
Bonds bought as an element in genuine sale and repo transactions	1,730.5	818.9	1,730.5	818.9

Vis-à-vis customers

Provided under CSA agreements, etc. for derivatives trades	0.0	0.0	0.0	0.0
Received under CSA agreements, etc. for derivatives trades	8.0	0.0	8.0	0.0

Bonds sold as an element in genuine sale and repo transactions	0.0	0.0	0.0	0.0
Bonds bought as an element in genuine sale and repo transactions	115.5	393.2	115.5	393.2

Uncollateralized securities deposited may be released on demand.

Assets deposited as collateral for own liabilities towards Danmarks Nationalbank (the central bank), Danish and foreign clearing centres and banks with which the Bank has concluded CSA agreements are all based on standard agreements customarily used by financial market participants. Apart from cash, the collateral consists of government bonds and mortgage-credit bonds with varying terms to maturity.

Collateral provided to Danmarks Nationalbank is to cover any overdrafts associated with sum clearing and usual borrowing against collateral. Collateral provided to Danish and foreign clearing centres is exclusively related to margining. Collateral deposited under CSA agreements relating to ISDA agreements has in all cases been provided in accordance with the standard terms and conditions of the CSA agreements, which are governed by English law.

The minimum value of collateral required to be provided with Danmarks Nationalbank amounted to DKK 3,350.0 million at end-2012 (2011: DKK 350.0 million).

NOTES

NOTE 42 COLLATERAL ACCEPTED

In connection with reverse transactions and agreements regarding securities-based loans, collateral that can be sold or repledged pursuant to the terms of the appropriate agreement is accepted.

	Spar Nord The Group 31.12.12 DKK m	Spar Nord The Group 31.12.11 DKK m	Spar Nord Parent Company 31.12.12 DKK m	Spar Nord Parent Company 31.12.11 DKK m
Reverse transactions				
Collateral accepted that can be repledged or sold	1,840.1	1,213.2	1,840.1	1,213.2
Of which, repledged or sold	1,678.8	769.3	1,678.8	769.3
Agreements regarding securities-based loans				
Collateral accepted that can be repledged or sold	16.2	14.6	16.2	14.6
Of which, repledged or sold	3.8	0.5	3.8	0.5

43 HEDGE ACCOUNTING

Spar Nord Group 2012	Carrying amount DKK m	Purchase price DKK m	Fair value DKK m	Nominal value DKK m
Assets				
Loans and advances	89.6	75.0	89.6	75.0
Interest-risk-hedged financial instruments				
Derivatives (swap contracts)	-14.6	-	-14.6	75.0
Liabilities				
Subordinated debt	2,309.8	2,215.0	2,309.8	2,215.0
Interest-risk-hedged financial instruments				
Derivatives (swap contracts)	94.2	-	94.2	2,215.0
2011				
Assets				
Loans and advances	87.8	75.0	87.8	75.0
Interest-risk-hedged financial instruments				
Derivatives (swap contracts)	-12.8	-	-12.8	75.0
Liabilities				
Issued bonds at amortized cost	3,732.3	3,717.1	3,732.3	3,717.1
Interest-risk-hedged financial instruments				
Derivatives (swap contracts)	13.7	-	13.7	3,717.1
Subordinated debt	1,712.5	1,615.0	1,712.5	1,615.0
Interest-risk-hedged financial instruments				
Derivatives (swap contracts)	96.7	-	96.7	1,615.0

Spar Nord Bank hedges the interest-rate risk attaching to selected fixed-interest assets and liabilities. The effectiveness of such hedging is measured on a continuing basis.

The table below shows the value adjustment of hedged assets and liabilities as well as hedging derivatives recognized under market-value adjustments.

	Spar Nord The Group 31.12.12 DKK m	Spar Nord The Group 31.12.11 DKK m	Spar Nord Parent Company 31.12.12 DKK m	Spar Nord Parent Company 31.12.11 DKK m
Hedging of fixed-interest assets				
Hedged loans and advances	1.9	5.9	1.9	5.9
Hedging derivatives	-1.9	-5.8	-1.9	-5.8
Impact on profit/loss	0.0	0.1	0.0	0.1
Hedging of fixed-interest liabilities				
Hedged deposits	17.5	-27.3	17.5	-27.3
Hedging derivatives	-17.6	27.0	-17.6	27.0
Impact on profit/loss	-0.1	-0.3	-0.1	-0.3

44 CONTINGENT ASSETS

The Group has an unutilized tax loss of DKK 58.0 million, equal to a tax base of DKK 14.5 million, which has not been recognized in the balance sheet as the time horizon for utilizing it is long. The unutilized tax loss has arisen as a result of the merger between Spar Nord Bank A/S and Sparbank A/S, but is a separate loss specifically relating to Aktieselskabet Skelagervej 15 (a previous, jointly taxed subsidiary of Sparbank A/S), which means that only Aktieselskabet Skelagervej 15 can utilize the tax loss.

The subgroup joint taxation loss arose during the period of joint taxation between Aktieselskabet Skelagervej 15 and Sparbank A/S, during which period tax losses were realized.

NOTES

NOTE

45 CONTINGENT LIABILITIES

	Spar Nord The Group 31.12.12 DKK m	Spar Nord The Group 31.12.11 DKK m	Spar Nord Parent Company 31.12.12 DKK m	Spar Nord Parent Company 31.12.11 DKK m
Financial guarantees	2,044.8	1,658.2	2,439.7	2,222.9
Loss guarantees for mortgage-credit loans	1,709.9	783.0	1,709.9	783.0
Registration and refinancing guarantees	1,362.6	963.5	1,362.6	963.5
Other contingent liabilities	649.8	433.0	649.9	433.0
Total contingent liabilities	5,767.1	3,837.7	6,162.1	4,402.4

Financial guarantees largely consist of payment guarantees.

Loss guarantees for mortgage-credit loans have been granted for the highest-risk portion of mortgage-credit loans to personal customers and on business properties. The guarantee lies within 80% of the property value for personal customers, and within 60-80% of the value of business properties.

Registration and refinancing guarantees are furnished in connection with Land Registry processing upon the arrangement and refinancing of mortgage-credit loans.

Other contingent liabilities relate mainly to performance bonds and letters of credit. This item also includes:

Reference is made to note 13 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. These contingent liabilities do not differ by type from the Spar Nord Group's contingent liabilities.

Participation in the statutory depositors' guarantee fund in Denmark requires the participating institutions to pay a fixed annual contribution of 2.5‰ of the guaranteed net deposits ("insurance-based model"). Payments to the Financial Institutions Department must continue until the amounts in the fund exceed 1% of the guaranteed net deposits. The Financial Institutions Department covers the direct losses associated with the winding-up of Danish financial institutions in accordance with Bank Packages 3 and 4, where such losses can be attributed to the guaranteed net deposits. Any losses in connection with the final winding-up will be covered by the guarantee fund via the Winding-up and Restructuring Department in which Spar Nord guarantees slightly more than 3% of any losses.

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

46 OTHER OBLIGATING AGREEMENTS

	Spar Nord The Group 31.12.12 DKK m	Spar Nord The Group 31.12.11 DKK m	Spar Nord Parent Company 31.12.12 DKK m	Spar Nord Parent Company 31.12.11 DKK m
Irrevocable credit commitments	0.0	0.0	0.0	0.0
Miscellaneous	596.5	520.9	647.4	541.3
Other obligating agreements, total	596.5	520.9	647.4	541.3

Miscellaneous is composed of:

Lease obligations, with the Group as lessee

Spar Nord Bank is the lessee under a number of operating leases. Operating leases are lease agreements under which Spar Nord Bank 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. The lease agreements are not recognized in the balance sheet. The minimum lease payments are broken down by lease term below:

Operating lease obligations

Up to 1 year	25.8	21.0	32.1	23.8
1 – 5 years	44.2	50.0	71.7	60.6
Over 5 years	14.5	18.9	31.6	25.9
Total	84.5	89.9	135.4	110.3

Lease payments of DKK 21.9 million (2011: DKK 23.8 million) have been recognized for the Group under Staff costs and administrative expenses.

The Group has not entered into finance leases in the capacity as lessee.

Data-processing centre

The Bank has concluded an agreement with the data-processing centre Skandinavisk Data Center A/S regarding provision of services in the IT area. Early cancellation of this agreement within the agreed notice period would result in the Bank incurring a maximum cost of DKK 512 million (2011: DKK 431 million), corresponding to the average monthly payments over a period of 36 months.

The Spar Nord Group has no other significant obligating agreements.

NOTES

NOTE 47 LEGAL PROCEEDINGS, ETC.

The Group is party to several legal proceedings. The cases are assessed continuously and the necessary provisions are made based on the estimated risk of loss.
The pending legal proceedings are not expected to materially affect the Group's financial position.

48 EARNINGS PER SHARE

	Spar Nord The Group 31.12.12 DKK m	Spar Nord The Group 31.12.11 DKK m	Spar Nord Parent Company 31.12.12 DKK m	Spar Nord Parent Company 31.12.11 DKK m
Profit/loss for the year	223.8	274.8		
Average number of shares	117,901,764	57,068,810		
Average number of treasury shares	742,052	271,806		
Average number of shares in circulation	117,159,712	56,797,004		
Average dilutive effect of outstanding share options	0	0		
Average number of outstanding shares (diluted)	117,159,712	56,797,004		
Earnings per share (DKK)	1.9	3.4		
Diluted earnings per share (DKK)	1.9	3.4		
Earnings per share on continuing activities (DKK)	1.7	3.1		
Diluted earnings per share on continuing activities (DKK)	1.7	3.1		

The issued share capital is divided into shares in the denomination of DKK 10. The Bank has only one share class.

Earnings and diluted earnings on discontinuing activities per share appear from note 50.

The calculation of earnings per share for continuing and discontinuing activities, respectively, is based on the same performance indicators as Earnings per share.

Profit/loss on discontinuing activities	26.3	25.0
Profit/loss on continuing activities	197.5	249.8
Profit/loss for the year	223.8	274.8

In calculating the diluted earnings per share, 714,371 share options have not been taken into account (2011: 1,382,301).

These share options are out-of-the-money, but potentially they may dilute earnings per share in future.

49 BUSINESS COMBINATIONS

On 18 September 2012, Spar Nord Bank published the merger agreement with Sparbank A/S, with Spar Nord Bank as the continuing company.

The objective of the merger is to create a bank with nation-wide coverage and a strong market position in the North, Central and West Jutland regions as well as in a number of major cities in other parts of Denmark. Moreover, the Spar Nord Group expects to realize cost cuts through economies of scale in connection with the merger.

The merger was adopted at General Meetings on 12 November 2012 and 13 November 2012, respectively. The Danish Financial Supervisory Authority approved the merger on 14 November 2012. The acquisition date was 15 November 2012, from which time the companies were merged. The results of the Sparbank activities will be recognized together with those of Spar Nord Bank as from the acquisition date.

The income and results for the period since the acquisition of Sparbank have been estimated as it is not possible to segregate the returns on shares, bonds and derivative instruments from those on Spar Nord Bank's other corresponding assets, in that the acquired shares, bonds and derivative instruments as at the acquisition date have been recognized together with Spar Nord Bank's corresponding assets. Based on the records available and a qualified estimate, the income amounts to about DKK 70 million and the pre-tax results for the year on the continuing activities range from DKK -30 to DKK -40 million. The pre-tax results for the period since the acquisition date have been negatively impacted by merger-related costs of DKK 67 million. Income has been calculated as net income from interest, fees, charges and commissions, market-value adjustments, other operating income and profit/loss on equity investments in associates and group enterprises. No other items, apart from the profit or loss for the year, are recognized in the statement of comprehensive income.

The Spar Nord Group's income for 2012 for continuing activities, determined on a pro-forma basis as if Sparbank A/S had been acquired as from 1 January 2012, has also been estimated. Based on the records available and a qualified estimate, the Spar Nord Group's income determined pro forma as if Sparbank A/S had been acquired on 1 January 2012 amounts to about DKK 2,950 million.

NOTES

NOTE

Specification of acquired assets and liabilities recognized at the acquisition date

Fair value at
the acquisition
date
DKK m

Cash balances and demand deposits with central banks	205.2
Receivables from credit institutions and central banks	265.7
Lending, banking activities	6,551.7
Lending, leasing activities	348.6
Loans, advances and other receivables	6,900.3
Bonds	4,410.5
Shares, etc.	295.6
Equity investments in group enterprises	188.5
Intangible assets	32.3
Investment properties	20.0
Corporate properties	0.0
Land and buildings, total	20.0
Operating lease assets	32.6
Other property, plant and equipment	7.5
Other property, plant and equipment, total	40.1
Current tax assets	1.4
Deferred tax assets	239.0
Temporary assets	24.1
Other assets	319.2
Prepayments	13.6
Total assets	12,955.5
Payables to credit institutions and central banks	17.5
Deposits and other payables	8,268.5
Issued bonds	3,104.3
Temporary liabilities	0.5
Other liabilities	337.4
Deferred income	7.7
Provisions for losses on guarantees	25.0
Other provisions	8.0
Subordinated debt	951.8
Total liabilities	12,720.7
Net assets acquired	234.8
Goodwill	35.2
Consideration paid	270.0
Consideration in the form of shares in Spar Nord Bank A/S	270.0
Cash consideration paid	0.0
Consideration paid	270.0

The merger was effected at the ratio of 2:1, meaning that shareholders of Sparbank received two new shares in Spar Nord Bank A/S for each share they held in Sparbank A/S. The treasury shares of Sparbank A/S were not exchanged in connection with the merger.

The total purchase sum amounts to DKK 270.0 million, determined as 11,392,298 shares at a listed price of Spar Nord Bank A/S' shares of DKK 23.7 at 14 November 2012. Spar Nord Bank A/S is under no obligation to pay any additional consideration.

Spar Nord Bank A/S has incurred transaction costs associated with the acquisition of DKK 14.1 million for advisers, which have been recognized in the item Staff costs and administrative expenses in the income statement for the 2012 financial year.

After recognizing identifiable assets, liabilities and contingent liabilities at fair value, goodwill relating to the acquisition has been calculated at DKK 35.2 million. Goodwill represents the value of the existing staff and know-how as well as expected synergies from the merger with the Spar Nord Group. The goodwill recognized is not amortizable for tax purposes.

NOTES

NOTE

Determination of fair values of acquired assets and liabilities

The fair value of loans and advances has been based on an assessment of the market value of Sparbank's loan portfolio.

The fair value of loans and advances is determined at the present value of the expected future cash flows, less expected transaction costs.

The gross amount of contractual receivables totals DKK 8,248.4 million. The net value of loans and advances before fair-value adjustments amounts to DKK 7,321.5 million, of which DKK 348.6 million relates to finance leases. The fair-value adjustments of loans and advances amount to DKK 428.9 million. In addition, adjustments of fixed-interest loans to the market rate represent DKK 7.7 million.

Moreover, the fair-value adjustment of guarantees amounts to DKK 5.5 million out of the total acquired guarantees of DKK 1,982.1 million.

The fair value of bonds and shares has been based on the listed closing market price, where possible. The fair value of unlisted bonds and shares is the amount at which an asset can be traded between knowledgeable, willing parties in an arm's length transaction. For the purpose of assessing the fair value at the acquisition date, valuation parameters for comparable assets traded in active markets are used, as well as suitable, generally accepted valuation models.

In connection with the acquisition of Sparbank A/S, Spar Nord Bank A/S has calculated identifiable intangible assets in the form of customers relations, recognized in the pre-acquisition balance sheet at fair value. The fair value of customer relations reflects the value of the customer base taken over from Sparbank A/S. The fair value of customer relations is determined by means of the Multi-Period Excess Earnings method (MEEM). Thus, customer relations are calculated at the present value of the net cash flows generated through sales to customers after deducting a reasonable return on all other assets that contribute to generating the relevant cash flows.

The fair value of investment properties at the acquisition date is assessed by using a combination of valuations made by external estate agents and discounted cash-flow models (DCF).

The fair value of other property, plant and equipment has been assessed on the basis of the depreciated recoverable amount, as such property, plant and equipment are not traded in an active market.

The value of deferred tax assets is based on Spar Nord Bank A/S' expected utilization of such deferred tax assets. The deferred tax assets recognized relate mainly to property, plant and equipment and finance lease assets that have been recognized under loans and advances in respect of which the Spar Nord Group can make use of future depreciation for tax purposes. Moreover, deferred tax on fair-value adjustments in connection with the opening balance sheet has been recognized, with the deferred tax related to fair-value adjustment of loans of advances accounting for the largest share. In connection with the preparation of the Consolidated Financial Statements in the Spar Nord Group, deferred tax assets are offset against deferred tax liabilities from other group companies. Spar Nord Bank A/S loses Sparbank's tax loss as a result of the merger. The tax loss can be utilized by the acquired subsidiary, Aktieselskabet Skelagervej 15, as a separate loss and has been recognized directly in the subsidiary. See note 37 for further details.

The fair value of deposits has been calculated by increasing the deposits by the market value (excess interest) relating to fixed-interest deposits. The fair value has been calculated by discounting the cash flows from fixed-interest deposits by the current market rates for similar fixed-interest loans in Spar Nord Bank A/S.

The fair value of pending lawsuits, appeals and complaints against Sparbank is determined based on the weighted probabilities of the assessed possible outcomes of the relevant lawsuits, appeals and complaints. The fair value of pending lawsuits against the acquired company is determined based on the weighted probabilities of the assessed possible outcomes of the relevant lawsuits.

Recognized contingent liabilities relate to lawsuits, appeals and complaints and amount to DKK 6.2 million, which is included in the item Other provisions. Due to the uncertainty attaching to the pending cases, it is not possible to indicate an expected repayment date.

The fair value of issued bonds and subordinated debt is based on the present value of the amounts required to repay the liabilities. Current liabilities are not discounted when the effect is insignificant.

The determination of fair value at the acquisition date has been made on a pro-forma basis as at 31 December 2012, in that the final valuation of loans in particular requires more time to ensure verification of the fair values.

There were no business combinations in 2011, for which reason no comparative figures are stated for 2011.

50 DISCONTINUING ACTIVITIES

Discontinuing activities comprise activities in Spar Nord Leasing and the leasing activities acquired in connection with the merger with Sparbank. In 2011, discontinuing activities comprised activities intended for sale (Finans Nord Easyfleet A/S) and activities being phased out (Spar Nord Leasing A/S, Finans Nord Cross Border A/S, SN Finans Nord AB, Sweden, and the merged leasing activities from Sparbank).

Spar Nord Leasing

On 22 September 2011, Spar Nord Bank A/S entered into an agreement regarding the sale of Finans Nord Easyfleet A/S effective 1 October 2011 and the transfer of Spar Nord Leasing A/S' future activities. The selling price amounted to DKK 41.2 million, equal to the carrying amount of Finans Nord Easyfleet A/S at 30 September 2011.

Various non-recurring costs and goodwill relating to Spar Nord Leasing A/S have been fully written down. The non-recurring costs of DKK 17.8 million, the writedown of goodwill of DKK 25.5 million and income of DKK 3.4 million relating to a gain on the sale of Finans Nord Easyfleet A/S have all been recognized in the consolidated income statement under Profit/loss on discontinuing activities.

Leasing activities from Sparbank

In connection with the merger with Sparbank at 15 November 2012, the leasing activities from Sparbank were classified as discontinuing assets, which means that the Spar Nord Group's total leasing activities at the end of 2012 were classified as discontinuing activities.

Total leasing activities

The income statement and cash flow statement disclosures cover activities intended for sale as well as discontinuing activities.

The information disclosed below under "Spar Nord Bank A/S, the Group" is the income and expenses, etc. that will no longer accrue once the activities of the Spar Nord Leasing Group have been discontinued completely. The items shown under "Spar Nord Bank A/S, Parent Company" are the items that will likewise cease to accrue in the Parent Company once Spar Nord Leasing's activities have been discontinued completely.

NOTES

NOTE

	Spar Nord The Group 31.12.12 DKK m	Spar Nord The Group 31.12.11 DKK m	Spar Nord Parent Company 31.12.12 DKK m	Spar Nord Parent Company 31.12.11 DKK m
Income statement disclosures – discontinuing activities				
Interest income	293.4	393.8	149.0	186.8
Interest expenses	159.0	189.4	148.6	186.8
Net interest income	134.4	204.4	0.4	0.0
Fees, charges and commissions received	5.1	7.5	0.6	1.0
Fees, charges and commissions paid	0.5	1.2	0.5	1.0
Net income from interest, fees, charges and commissions	139.0	210.7	0.6	0.0
Market-value adjustments	1.9	0.0	0.0	0.0
Other operating income	148.3	180.3	6.8	12.1
Staff costs and administrative expenses	88.9	129.2	4.3	7.4
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	84.7	142.1	1.7	0.0
Other operating expenses	10.7	6.8	0.4	4.7
Impairment of loans, advances and receivables, etc.	68.2	70.7	0.0	0.0
Profit/loss on equity investments in associates and group enterprises	0.0	0.0	25.2	25.0
Profit/loss before tax	36.7	42.2	26.1	25.0
Tax	10.4	17.2	0.2	0.0
Profit/loss	26.3	25.0	25.9	25.0
Profit/loss on assets intended for sale	0.0	1.2	0.0	1.2
Profit/loss on discontinuing activities	26.3	23.8	25.9	23.8
Total profit/loss on discontinuing activities	26.3	25.0	25.9	25.0
Cash flow statement disclosures – discontinuing activities				
Cash generated from operations	127.4	115.1	-6.1	1.3
Cash generated from investments	106.2	-84.1	6.1	0.0
Cash generated from financing	0.0	0.0	0.0	0.0
Total cash flows	233.6	31.0	0.0	1.3
No balance-sheet items relate to assets intended for sale, as Finans Nord Easyfleet A/S was divested at 1 October 2011				
Earnings per share on discontinuing activities (DKK)	0.2	0.3		
Diluted earnings per share on discontinuing activities (DKK)	0.2	0.3		
Tax on profit/loss on discontinuing activities breaks down as follows:				
Current tax	35.0	6.0	0.0	0.0
Deferred tax	-24.5	86.3	0.2	0.0
Payment of joint taxation contributions	0.0	-75.0	0.0	0.0
Post-adjustment of tax calculated for prior years	-0.1	-0.1	0.0	0.0
Tax on profit/loss for the year on discontinuing activities	10.4	17.2	0.2	0.0

NOTES

NOTE 51 RELATED PARTIES

	Parties with significant influence		Associates		Group enterprises *)		Board of Directors		Executive Board	
Spar Nord Group	2012 DKK m	2011 DKK m	2012 DKK m	2011 DKK m	2012 DKK m	2011 DKK m	2012 DKK m	2011 DKK m	2012 DKK m	2011 DKK m
Assets										
Loans, advances and loan commitments	-	-	160.5	-	-	-	56.8	45.1	4.9	2.5
Prepayments	-	-	154.2	-	-	-	-	-	-	-
Total	-	-	314.7	-	-	-	56.8	45.1	4.9	2.5
Liabilities										
Deposits	23.7	72.1	42.4	55.3	-	0.3	7.9	7.5	4.1	3.6
Total	23.7	72.1	42.4	55.3	0.0	0.3	7.9	7.5	4.1	3.6
Off-balance-sheet items										
Guarantees issued	-	-	-	-	-	-	0.6	-	-	1.1
Collateral accepted	-	-	512.0	-	-	-	-	-	-	-
Other obligating agreements	-	-	-	-	-	-	28.3	14.3	-	-
Total	-	-	512.0	-	-	-	28.9	14.3	-	1.1
Income statement										
Interest income	-	-	4.5	0.3	-	-	0.9	1.0	-	-
Interest expenses	0.2	1.0	0.2	0.6	-	-	0.1	-	-	-
Fees, charges and commissions received	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	51.9	21.3	-	-	-	-	-	-
Other income	-	-	8.0	-	-	-	-	-	-	-
Other expenses	2.8	2.8	172.1	-	-	-	-	-	-	-
Total	-3.0	-3.8	-107.9	21.0	-	-	0.8	1.0	-	-
Spar Nord Parent Company										
	2012 DKK m	2011 DKK m	2012 DKK m	2011 DKK m	2012 DKK m	2011 DKK m	2012 DKK m	2011 DKK m	2012 DKK m	2011 DKK m
Assets										
Loans, advances and loan commitments	-	-	160.5	-	1,886.1	5,990.2	56.8	45.1	4.9	2.5
Prepayments	-	-	154.2	-	-	-	-	-	-	-
Total	-	-	314.7	-	1,886.1	5,990.2	56.8	45.1	4.9	2.5
Liabilities										
Deposits	23.7	72.1	42.4	55.3	341.1	19.9	7.9	7.5	4.1	3.6
Total	23.7	72.1	42.4	55.3	341.1	19.9	7.9	7.5	4.1	3.6
Off-balance-sheet items										
Guarantees issued	-	-	-	-	394.9	564.7	0.6	-	-	1.1
Other obligating agreements	-	-	512.0	-	-	-	-	-	-	-
Collateral accepted	-	-	-	-	-	-	28.3	14.3	-	-
Total	-	-	512.0	-	394.9	564.7	28.9	14.3	-	1.1
Income statement										
Interest income	-	-	4.5	-	1.1	2.2	0.9	1.0	-	-
Interest expenses	0.2	1.0	0.2	0.6	0.1	0.1	0.1	-	-	-
Fees, charges and commissions received	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	51.5	21.3	-	-	-	-	-	-
Other income	-	-	8.0	-	-	-	-	-	-	-
Other expenses	2.8	2.8	172.1	-	2.9	2.5	-	-	-	-
Total	-3.0	-3.8	-108.3	20.7	-1.9	-0.4	0.8	1.0	-	-
Profit/loss on discontinuing activities (intercompany)	-	-	-	-	145.7	175.4	-	-	-	-
Total, including profit/loss on discontinuing activities	-3.0	-3.8	-108.3	20.7	143.8	175.0	0.8	1.0	-	-

*) Non-consolidated group enterprises Beluni Inc., which was liquidated at the beginning of 2012.

Related parties with significant influence are shareholders with holdings exceeding 20% of Spar Nord Bank A/S, or where significant influence is considered to exist due to other factors. Notes 25 and 26 contain a list of group enterprises and associates.

The interest rate for loans and advances to associates ranged between 4.03 - 6.66% in 2012 (2011: 4.51 - 5.01%) and between 2.06 - 5.57% (2011: 0.75 - 5.57%) for loans and advances to group enterprises. Moreover, for the subsidiary Spar Nord Leasing A/S, interest rates for the cost of funds + a premium have been agreed. In 2012, the interest rate ranged between 2.06 - 5.57% (2011: 0.75 - 5.57%).

Commitments and transactions with members of the Board of Directors and Executive Board comprise personal commitments of such parties and of their related parties.

The interest rate for loans and advances to Directors ranged between 0.53 - 7.75% in 2012 (2011: 1.25 - 10.23%) and between 2.53 - 5.38% (2011: 1.25 - 3.25%) for loans and advances to Executive Board members.

	Executive Board		Board of Directors	
The Group and the Parent Company	2012	2011	2012	2011
Loans and advances	1.0	0.2	24.8	20.2
Unutilized loan and guarantee commitments	3.9	1.2	31.4	24.9
Guarantees issued	0.0	1.1	0.6	0.0
Total loans and advances, loan commitments and guarantees	4.9	2.5	56.8	45.1

No transactions were concluded during the year with members of the Board of Directors, the Executive Board or executive staff members, other than transactions involving salary, emoluments, etc., securities trading and loans and provision of collateral. More details regarding the remuneration of the Board of Directors, the Executive Board and executive staff members appear from notes 13 and 14.

The respective shareholdings of the Executive Board and the Board of Directors appear from note 52.

Transactions between related parties, including credit facilities, are concluded on an arm's length basis.

Related parties holding at least 5% of the Bank's share capital at the end of 2012 comprised the Spar Nord Foundation, Aalborg, with a holding of 18.5% (2011: 29.0%), Nykredit Realkredit A/S, Copenhagen, with a holding of 8.5% (2011: 7.7%), and the Sparvest Foundation, Skive, with a holding of 5.6% (2011: 0.0%). These figures are based on the most recent reporting of holdings to the Bank.

The figures above do not include debt to related parties in the form of issued bonds. Such bonds are bearer securities, which means that Spar Nord Bank does not know the identity of the holders. Spar Nord Bank shares may be registered in the name of the holder.

NOTES

NOTE 52 MANAGEMENT'S HOLDINGS OF SPAR NORD BANK SHARES *)

	2012	2011
	Number of shares	Number of shares
Board of Directors		
Torben Fristrup	31,500	5,750
Per Nikolaj Bukh	16,200	4,100
Kaj Christiansen (took office on 18 April 2012)	7,801	0
Jan Høholt Jensen (retired on 18 April 2012)	-	3,416
Niels Kristian Kirketerp (retired on 18 April 2012)	-	7,155
Laila Mortensen (took office on 18 April 2012)	0	0
Carsten Normann	2,760	1,380
Fritz Dahl Pedersen (took office on 15 November 2012 in connection with the merger with Sparbank)	1,800	0
Ole Skov	7,054	3,162
Jannie Skovsen	4,938	2,331
Gitte Holmgaard Sørensen (took office on 18 April 2012)	2,708	0
Hans Østergaard	4,000	2,000
Executive Board		
Lasse Nyby	48,064	23,708
Bent Jensen (took office on 15 November 2012 in connection with the merger with Sparbank)	1,348	0
John Lundsgaard	61,600	30,112
Lars Møller	60,960	29,692

*) The holdings include all shares held by all members of the household

53 POST-BALANCE-SHEET EVENTS

No significant events have occurred after 31 December 2012.

54 FAIR-VALUE INFORMATION

The Group

Financial instruments are recognized in the balance sheet either at fair value or amortized cost.

The table below breaks down the individual financial instruments by valuation method.

	2012	2012	2011	2011
	Fair value	Amortized	Fair value	Amortized
	DKK m	cost	DKK m	cost
		DKK m		DKK m
<i>Financial assets</i>				
Cash balances and demand deposits with central banks	0.0	2,341.2	0.0	641.0
Receivables from credit institutions and central banks	0.0	3,977.1	0.0	2,428.3
Loans, advances and other receivables at amortized cost	0.0	39,057.9	0.0	38,702.1
Bonds at fair value	20,249.3	0.0	16,421.2	0.0
Shares, etc.	1,202.4	0.0	1,040.4	0.0
Assets linked to pooled schemes	7,001.5	0.0	6,327.1	0.0
Positive market value of derivative instruments	2,067.5	0.0	1,837.5	0.0
Total	30,520.7	45,376.2	25,626.2	41,771.4
<i>Financial liabilities</i>				
Payables to credit institutions and central banks	0.0	8,710.8	0.0	12,090.9
Deposits and other payables	0.0	41,912.7	0.0	31,087.6
Deposits in pooled schemes	7,001.5	0.0	6,327.1	0.0
Issued bonds at amortized cost	0.0	6,093.3	0.0	8,021.3
Subordinated debt	0.0	2,561.5	0.0	2,316.8
Negative market value of derivative instruments	2,173.6	0.0	1,865.8	0.0
Total	9,175.1	59,278.3	8,192.9	53,516.6

Deposits in pooled schemes have been reclassified from amortized cost to fair value.

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 Group 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.

Where possible, bonds are valued on the basis of listed prices. Otherwise estimated prices are used, calculated by using the Bank's own valuation models, which are based on a yield curve plus a credit spread. The estimated prices are extensively calculated on the basis of observable inputs.

A small portfolio of bonds has been valued using a basket of reference bonds combined with an assessment of the probability of loss on the underlying asset portfolio, or prices determined by third-party valuers.

Valuation techniques are generally used for OTC derivatives, unlisted assets and liabilities in the trading portfolio and unlisted shares recognized at fair value. 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 options models, such as Black & Scholes models. In most cases, valuation is based substantially on observable inputs.

When valuing derivatives, the initial customer margin is amortized over the remaining term to maturity. At the end of 2012, the customer margin not yet amortized amounted to DKK 54.7 million (2011: DKK 46.2 million).

NOTES

NOTE

Day-1 gains or losses

Gains or losses upon inception ("day 1-profit/loss") are not recognized for unlisted derivative instruments, but are recognized over the term of the relevant instrument.

	2012	2011
	DKK m	DKK m
Unamortized customer margin at 1 January	46.2	46.1
Net development in amortization of customer margin at 1 January	8.5	0.1
Unamortized customer margin at 31 December	54.7	46.2

Unlisted shares recorded at fair value, see note 24, 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.

2012	Listed prices Level 1 DKK m	Observable prices Level 2 DKK m	Non-observable prices Level 3 DKK m	Total DKK m
<i>Financial assets</i>				
Bonds at fair value	7,159.7	12,989.7	99.9	20,249.3
Shares, etc.	919.8	188.0	94.6	1,202.4
Assets linked to pooled schemes	5,449.2	1,552.3	0.0	7,001.5
Positive market value of derivative instruments	0.0	2,067.5	0.0	2,067.5
Total	13,528.7	16,797.5	194.5	30,520.7

Financial liabilities

Deposits in pooled schemes	0.0	7,001.5	0.0	7,001.5
Negative market value of derivative instruments	0.0	2,173.6	0.0	2,173.6
Total	0.0	9,175.1	0.0	9,175.1

2011	Listed prices Level 1 DKK m	Observable prices Level 2 DKK m	Non-observable prices Level 3 DKK m	Total DKK m
<i>Financial assets</i>				
Bonds at fair value	11,469.2	4,935.6	16.4	16,421.2
Shares, etc.	289.2	692.9	58.3	1,040.4
Assets linked to pooled schemes	5,238.0	1,089.1	0.0	6,327.1
Positive market value of derivative instruments	0.0	1,837.5	0.0	1,837.5
Total	16,996.4	8,555.1	74.7	25,626.2

Financial liabilities

Deposits in pooled schemes	0.0	6,327.1	0.0	6,327.1
Negative market value of derivative instruments	0.0	1,865.8	0.0	1,865.8
Total	0.0	8,192.9	0.0	8,192.9

Bonds, assets linked to pooled schemes and derivative instruments 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 an 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 non-observable 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 external prices, the fair value is fixed at the price quoted by an 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 non-observable inputs, the calculation includes shares valued according to generally accepted valuation principles, e.g., the discounting of future expected cash flows.
- The fair value has been determined reliably for all shares, and accordingly no shares have been recognized at cost.

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

In 2012, the Bank recognized unrealized market-value adjustments of DKK -2.0 million (2011: DKK 5.5 million) in respect of unlisted shares and bonds valued on the basis of non-observable inputs.

	2012	2011
	DKK m	DKK m
Carrying amount at 1 January	74.7	193.6
Market-value adjustments in the income statement	-2.0	5.5
Market-value adjustments in other comprehensive income	0.0	0.0
Purchase	121.7	2.6
Sale	42.1	127.0
Transferred to/from Level 3	42.2	0.0
Carrying amount at 31 December	194.5	74.7

Market-value adjustments in the income statement of assets held at the reporting date	-2.0	5.5
---	------	-----

Market-value adjustments in the income statement are recognized under the item Market-value adjustments.

Interest income on interest-based assets is recognized in the income statement under Interest income and is not included in the above statement.

Dividends on shares are recognized in the income statement under Dividends on shares, etc. and are not included in the above statement.

The estimated fair value of illiquid bonds has been substantially impacted by the assumption regarding the current credit spread. If the credit spread is assumed to widen by 50 basis points, this will reduce the fair value by DKK 0.1 million (2011: DKK 0.3 million). If the credit spread narrows by 50 basis points, this will increase the fair value by DKK 0.1 million (2011: DKK 0.3 million).

NOTES

NOTE

Financial instruments recognized at amortized cost – fair value information

	2012 Carrying amount DKK m	2012 Fair value DKK m	2011 Carrying amount DKK m	2011 Fair value DKK m
<i>Financial assets</i>				
Cash balances and demand deposits with central banks	2,341.2	2,341.2	641.0	641.0
Receivables from credit institutions and central banks	3,977.1	3,977.1	2,428.3	2,428.3
Loans, advances and other receivables at amortized cost	39,057.9	39,184.0	38,702.1	38,877.4
Total	45,376.2	45,502.3	41,771.4	41,946.7
<i>Financial liabilities</i>				
Payables to credit institutions and central banks	8,710.8	8,710.8	12,090.9	12,090.9
Deposits and other payables	41,912.7	42,016.5	31,087.6	31,201.5
Issued bonds at amortized cost	6,093.3	6,099.2	8,021.3	8,029.4
Subordinated debt	2,561.5	2,492.6	2,316.8	2,215.2
Total	59,278.3	59,319.1	53,516.6	53,537.0

The vast majority of amounts due to the Group, loans and advances, and deposits may not be assigned without the consent of customers, and an active market does not exist for such financial instruments. Consequently, the Group bases its fair-value estimates on data showing changes in market conditions after the initial recognition of the individual instrument that affect the price that would have been fixed if the terms had been agreed at the reporting date. Other parties may make other estimates.

The Group discloses information about the fair value of financial instruments at amortized cost on the basis of the following assumptions:

- For a number of the Group's deposits, loans and advances, the interest rate depends on interest developments.
- The fair value of loans and advances is calculated on the basis of a qualified estimate, taking into account that the Bank continuously adapts its loan terms to existing market conditions. The impairment recognized is assessed to correspond to the fair-value adjustment for the specific credit risk, based on an assessment of the Bank's total individual and group-based impairment.
- The fair value of fixed-rate deposits is calculated based on the interest rate for similar deposits.
- The fair value of issued bonds and subordinated debt is adjusted for listed debt at the most recent transaction price, while unlisted debt is recorded at amortized cost based on a qualified estimate.

55 RISK MANAGEMENT

The Spar Nord Group is exposed to a number of risks in various categories.

The most important categories of risks are as follows:

- Credit risk: The risk of loss due to the fact that counterparties are in full or partial breach of their payment obligations.
- Market risk: The risk of loss because the fair value of the Group's assets and liabilities varies with changes in market conditions.
- Liquidity risk: The risk of loss because the Group cannot meet its payment obligations via the ordinary liquidity reserves.
- Operational risk: The risk of losses owing to deficient or erroneous internal procedures and processes, human or system errors, or losses as a result of external events.

The following notes to the Annual Report contain the quantitative information regarding the Group's credit, market, liquidity and operational risks.

For more details, please refer to the unaudited Risk Report at www.sparnord.dk/ir/risk_report

NOTE 56 CREDIT RISK

Credit risk is the risk as a result of borrowers or other counterparties defaulting on their payment obligations, including the risks attaching to customers having financial difficulties, large facilities, concentration risks and risks attaching to granted, unutilized credit lines.

In 2012, Spar Nord made no major changes in assumptions, objectives, policies, exposures and calculation methods, etc. as compared to the year before.

Credit policy

Spar Nord's overall credit risk is controlled on the basis of the Group's credit policy, which the Board of Directors determines in conjunction with the overarching policies and frameworks for the Group's risk assumption. The pivotal objective of Spar Nord's credit policy is to ensure that earnings and risks are balanced, and that the assumption of risk is always quantified.

It is the Group's policy that all credit must be granted on the basis of insight into the customers' financial position and that creditworthiness – the customer's ability and will to meet current and future obligations – is a key parameter in all customer relations.

Spar Nord aims to develop long-term relationships with customers and does not want to use risk appetite as a competitive parameter. Spar Nord only wants to conclude transactions that conform to good banking practice and do not jeopardize the Group's reputation and professional profile.

As a basic rule, the Group does not grant loans and credit facilities based on collateral alone. Thus, the customer should show the will and have the ability to repay loans without the Group having to realize the collateral.

In its endeavours to ensure sound risk diversification of its credit exposure, Spar Nord has introduced a number of internal targets. The Group does not want to be exposed to individual customers or industries that might solely and separately jeopardize the Bank's independence. Consequently, Spar Nord has introduced a cap on credit facilities at DKK 400 million, of which the unsecured share of credit exposure may not exceed DKK 150 million in respect of any facility.

In determining the amount of exposure, due provision is made for the so-called "particularly secure claims", which are stated in the Danish Financial Supervisory Authority's Executive Order on Large Exposures. The DKK 400 million cap does not apply to trading partners in the financial sector.

In addition, the Group has introduced some trade and industry limitations. One of them is a long-term objective specifying that agricultural facilities may not exceed 10% of the Group's loans, advances and guarantees, and that property exposures must amount to a lower share of the Group's loans, advances and guarantees than the average for Danish financial institutions. Finally, Spar Nord also strives to maintain the share of retail customers at a level that is higher than the sector average and which amounts to more than 30% of the Group's total loans, advances and guarantees.

Credit control and credit risk monitoring

The credit facility process at Spar Nord is centrally managed. The decentralized credit authorization limits range between DKK 2 and 10 million for existing customers. As concerns new customers, the facility authorization rights are typically half of that for existing customers. The powers of authority in the credit area are governed by two factors: the individual local managers' ability and requirements and the wish that a certain share of authorizations from the local banks is to be dealt with by Credit Rating.

Customer advisers, in consultation with local managers, handle day-to-day management of the Bank's credit risks. If a credit facility exceeds the local loan approval limits, it will be passed on and dealt with by Credit Rating, the Credit Committee (General Manager of Credit Rating and an Executive Board member) or the Board of Directors.

Credit Rating may authorize facilities up to DKK 20 million for existing customers and DKK 15 million for new customers. The Credit Committee may authorize all facilities up to DKK 60 million, and up to DKK 30 million for new customers. All credit facilities in excess of DKK 60 million and all credit facilities exceeding DKK 30 million for new customers must be authorized by the Board of Directors.

Overall monitoring of the Group's credit risk exposure is managed by the Credit Quality function. This department oversees changes in the credit quality of all exposures and undertakes systematic credit quality control of the entire exposure portfolio.

The Credit Quality function reviews all new retail customer facilities above DKK 100,000 and all new business customer facilities above DKK 300,000. New customers with weak credit quality are registered on an ongoing basis.

The Group has developed IT tools for controlling and monitoring credit risks. The Bank's credit analysis system is used for monitoring purposes, and key data regarding credit facilities and customers' financial affairs are recorded in it. This is done to detect danger signals at an early stage as well as to monitor changes in the credit quality of portfolios and organizational units.

Every month a statistically-based scoring of both retail and business customers is performed. Credit scoring has been introduced in all the Bank's departments, and these tools are used at the local level to grant credit facilities. Thus, customers in the risk categories accorded the least risk exposure are likelier to be given higher credit limits or extensions than those with the greatest risk exposure. In addition, the systems are used for managing overdrafts and for pricing purposes.

No scoring models have been developed for Spar Nord Leasing's customers to manage existing agreements.

Whenever a credit rating is made, it is essential to ensure that the customer can pay interest and repay the debt without collateral having to be realized. Based on this approach, loan and credit facilities are granted primarily on the basis of ability and willingness to pay interest and repay the debt, and secondarily on the basis of the collateral provided. Mortgages and charges on real property, securities and vehicles make up the most common type of collateral. Spar Nord continuously monitors the value of the collateral provided.

Impairment

Spar Nord has defined a long list of risks that constitute an objective indication of impairment. Some risks are registered automatically in the systems, while others are registered manually by customer advisers and credit staff members.

All significant loans and advances and those slated for credit quality review are re-evaluated individually, and other loans are reviewed on a group basis. All loans and advances not impaired on an individual basis are assigned to groups having uniform credit risk exposure. If the review discloses objective indications of impairment, an impairment loss is recognized. Impairment is calculated as the difference between the carrying amount of loans and advances and the present value of anticipated future repayments on the loan. A credit facility need not be in default before impairment is recognized, and approval procedures regarding any new extension of credit are then automatically tightened.

As an important element in its risk management procedures, the Bank flags all credit facilities showing any signs of default risk. Steps are taken to normalize or wind up flagged credit facilities. Credit facilities are primarily flagged as a result of local initiatives, but action may also be taken at central level. Lists with candidates for flagging are sent to the individual advisers twice a year.

Groups of impairment losses are recognized when objective indications show that expected future losses exceed the loss expected upon loan establishment. Accordingly, in addition to objective indications of impairment for a group, group impairment losses are basically recognized when customers are transferred to other risk groups.

Credit scoring constitutes the primary source of customer categorization, but customers slated for credit review without individual impairment provisions also make up a group.

Interim impairment takes place on all facilities handed over to the Bank's internal debt-collection department, but the portion of a facility covered by sound, easily realizable collateral is not subjected to interim impairment.

Doubtful loans – loans for which interest accruals have been suspended because full collection of the principal is unlikely or because no interest has been paid for an extensive period of time – are subject to special scrutiny, and if repayment is considered doubtful and loss unavoidable, the loan is categorized as partially or fully impaired and uncollectible. Interest on the parts of facilities that have been written down for impairment is not recognized as income. If lenient terms are granted to customers in financial difficulty, this will be considered an objective indication of impairment, and individual impairment will be recognized in respect of that facility.

For more details, please refer to the unaudited Risk Report at www.sparnord.dk/ir/risk_report.

NOTES

NOTE

**Spar Nord
The Group
31.12.12
DKK m**

Spar Nord
The Group
31.12.11
DKK m

Credit exposure (carrying amounts)

The Group's credit exposure (carrying amounts) is composed of the following balance-sheet items and off-balance-sheet items

Credit risk, loans, advances and guarantees

Balance-sheet items

Loans, advances and other receivables at amortized cost	39,057.9	38,702.1
Impairment account for loans, advances and other receivables	1,327.7	1,141.0

Off-balance-sheet items

Contingent liabilities	5,767.1	3,837.7
Impairment account for guarantees	2.3	1.8

Credit exposure (carrying amounts), loans, advances and guarantees, total	46,155.0	43,682.6
--	-----------------	-----------------

Financial credit risk

Bonds at fair value	20,249.3	16,421.2
Receivables from credit institutions and central banks	3,977.1	2,428.3
Positive market value of derivative instruments, financial companies	740.0	678.1

Credit exposure (carrying amounts), financial credit risk, total	24,966.4	19,527.6
---	-----------------	-----------------

Breakdown of the Group's exposures by business area

In the ongoing risk monitoring process, the customer portfolio is divided into four groups, and at end-2012 a fifth group, Sparbank, was added. However, the fifth group will fairly quickly be incorporated into the other four groups once Sparbank's portfolios have been absorbed into the Bank's credit models for retail and business customers.

As appears from figure 1, bank lending to retail customers dropped by about DKK 0.8 billion in 2012. During the same period, the arrangement of mortgage-credit loans to the same customer group increased by DKK 2.9 billion, which means that total credits granted to retail customers rose by about 4.1% in 2012.

Business customers' facilities dropped by DKK 1.5 billion, equal to a decrease of 6.9%. The decrease breaks down on all lines of business and is mainly attributable to customers' reluctance to invest. Financial customers' facilities have shrunk primarily because of a drop in reverse lending.

The Group's total loans, advances and guarantees before offsetting of impairment amounted to DKK 46.2 billion (2011: DKK 43.7 billion). Developments appear from figure 1.

THE GROUP'S EXPOSURE BY CATEGORY

DKK bn

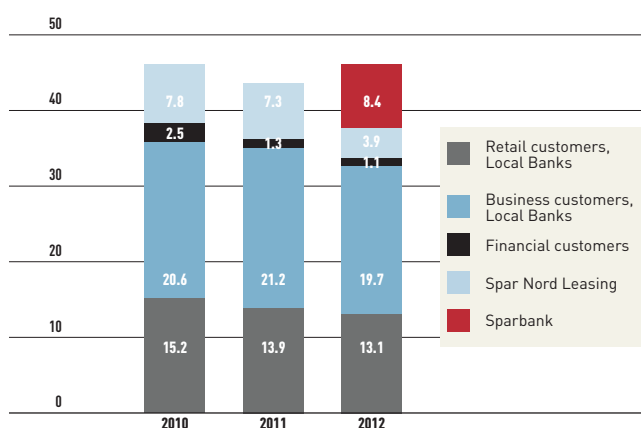


Figure 1

Classification of customers

Spar Nord Bank has developed methods and IT tools for controlling and monitoring credit risks. One tool used for monitoring purposes is the Bank's credit analysis system, in which key data regarding credit commitments and customers' financial affairs is recorded. This is done to detect danger signals from exposures at an early stage, while also monitoring portfolios and organizational units.

The credit scoring system has been introduced in all the Bank's departments and is also used for credit granting at the local level, in the sense that customers in the groups accorded the lowest risk exposure can be given higher credit limits than those accorded the highest risk exposure. In addition, the systems are used for managing overdrafts and serve as a guide for pricing purposes.

Customers are classified according to risk as an element in the Group's processing of credit applications. The customers are divided into 11 risk categories. Two risk categories are reserved for loan default customers, defined as exposures that are subject to writedowns, impairment or for which interest accruals have been suspended. The other borrowing customers are classified into categories 1 to 9 based on various scoring models. These models are used to measure the probability that the customer will default within a time horizon of 12 months.

The model applied to business customers employs four components: An accounting component used to risk classify the customer based on his most recent financial statements. A behavioural component that classifies the customer based on his account behaviour and credit authorization history. A component based on a business profile, with the classification of the customer being based on a qualitative assessment of significant key areas, such as management, market, etc. The fourth component is a cyclical element that is used to adjust the classification based on cyclical trends.

For retail customers, the model is exclusively based on a behavioural component and a cyclical component.

New retail customers are risk-classified according to an application scoring model that is based on classical credit performance indicators, such as assets, pay, disposable income, etc. This model is based on a combination of statistical/expert data. After six months, customers are subjected to a behavioural score scrutiny, and the results obtained using these two models are co-weighted in the transitional period until the twelfth month, after which the behavioural score is used as the primary source. New business customers are classified based on the accounting component, the business profile and the cyclical component until the sixth month, at which time the behavioural component is also applied.

Moreover, Spar Nord applies a qualitative risk classification, credit watchlists, in which the Spar Nord adviser flags any credit facility showing signs of default risk. For retail customers, these signs of default risk may for instance be divorce, unemployment, etc., and for business customers they could be marketing difficulties, the loss of key employees or suppliers, etc.

If a customer is flagged in the credit watchlist and is not in default, the customer will be downgraded by one rating category; it should be noted that a customer flagged in the credit watchlist does not qualify for rating in the best categories (one and two).

Public-sector customers and financial customers are not subject to risk classification.

A few business customers are still not rated using the Bank's business model, including newly established companies and other business customers who have no available financial statements that reflect the credit risk attaching to the customer.

Likewise, there are still some retail customers who are not scored, including associations and customers who have not yet been scored for the first time.

RETAIL CUSTOMERS' FACILITIES BY RISK CATEGORY *)

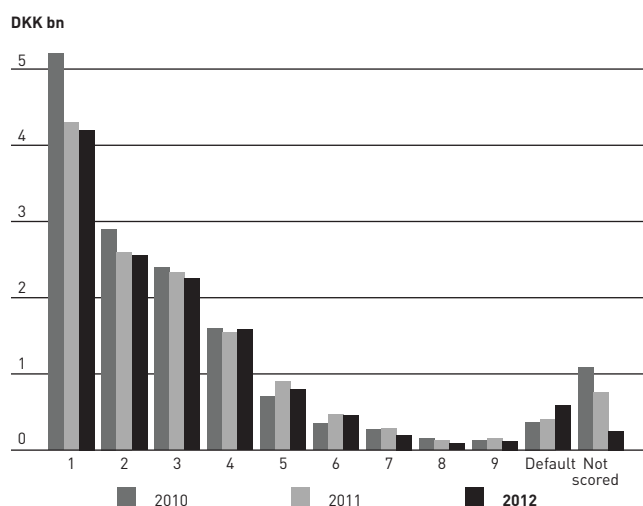
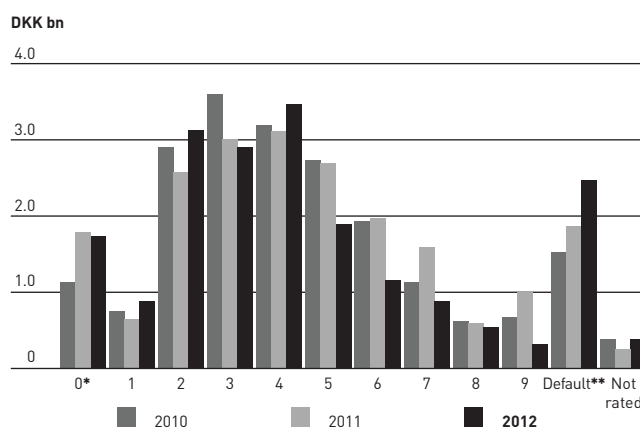


Figure 2 *) Excl. facilities taken over in connection with the merger with Sparbank.

BUSINESS CUSTOMERS BROKEN DOWN BY RISK CATEGORY *)



* Facilities with public-sector customers
** Facilities with individual impairment/depreciation

Figure 3 *) Excl. facilities taken over in connection with the merger with Sparbank.

In 2012, a new model for retail customers was introduced, as well as an adjustment of the scoring categories for business customers. The comparative figures for 2010 and 2011 have been restated.

As appears from figure 2 above, the average credit quality of retail customers remained unchanged from end-2011 to end-2012, with an average rating of 3.0.

Figure 3 shows that the average credit quality of business customers improved from end-2011 to end-2012, with the average rating category dropping from 5.1 to 4.9.

Properties

The Group's combined exposures to customers in the real property sector amounted to DKK 5.4 billion at end-2012, equal to 11.8% of the Group's total exposures. Total impairment on customers in the property sector grew from DKK 116 million to DKK 181 million in 2012.

Agriculture

The combined exposures to customers in the agricultural sector declined from DKK 5.2 billion to DKK 4.7 billion at end-2012. Customers in the agricultural sector accounted for 10.2% (2011: 12.0%) of the Group's total exposures at end-2012.

The Bank's loans and advances amounted to DKK 3.6 billion, of which DKK 0.4 billion has been taken over from Sparbank. Spar Nord Leasing's loans and advances to agricultural customers totalled DKK 1.1 billion. Spar Nord Bank's overall exposure to the agricultural sector was 7.9% (2011: 7.7%) of the Group's total exposures, while Spar Nord Leasing's share accounted for 2.3% (2011: 4.3%) of the Group's total exposures.

SHARE OF CREDIT EXPOSURE TO THE AGRICULTURAL SECTOR

%	2012	2011
Spar Nord Bank A/S	7.9	7.7
Spar Nord Leasing	2.3	4.3
The Group, total	10.2	12.0

Continuing activities *) **8.6** **9.2**

*) *Exclusive discontinuing activities*

Figure 4

AGRICULTURAL EXPOSURE BY SCORING CATEGORY CONTINUING ACTIVITIES

DKK bn

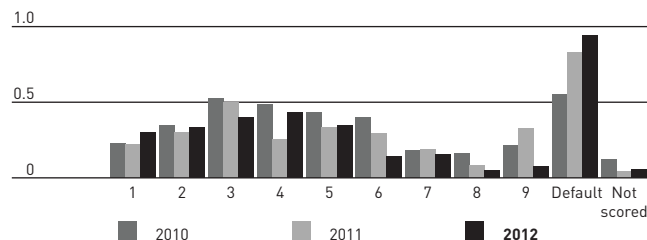


Figure 5

The figure showing the breakdown of agricultural exposure merely includes DKK 3.2 billion attributable to the pre-merger Spar Nord Bank.

It appears from the figure that the average credit quality of Spar Nord's agricultural customers declined from 2011 to end-2012, but the decline in 2011 was directly followed by a slight improvement in credit quality in 2012. The drop in credit quality during the period was primarily attributable to the large increase in the percentage of customers that defaulted.

As appears from developments in the scoring of Spar Nord Bank's agricultural customers, there was a slight improvement in the credit quality of the agricultural portfolio in the period from 2011 to 2012.

However, agriculture remains the sector in the Bank's business portfolio that showed the heaviest decline in credit quality in the period from 2009 to end-2012. This decline is also attributable to the steep rise in the percentage of customers defaulting. But at the same time, the Bank has recorded growth in the share of the best scoring categories. The Bank's impairment on the agricultural portfolio rose from DKK 37 million at end-2008 to DKK 356 million at end-2012.

Overall, the portfolio of agricultural customers is considered to be sound and characterized by satisfactory diversification in terms of production lines. Nevertheless, it must be ascertained that the agricultural sector is still facing problems. On the face of it, the situation looks better than at the end of 2011. Many customers are able to run a profitable business, and thus generate earnings, on the basis of the prices they can currently fetch on agricultural produce. As the price forecasts look reasonable at the same time, the situation has brightened for the agricultural portfolio compared to end-2011, which applies in particular to mink producers, plant cultivators and pig producers.

Spar Nord operates on the principle that when farmers cannot live up to the predetermined breakeven prices per produced unit (milk, pork, etc.), this will be defined as an objective indication of impairment. The calculation of breakeven prices is moreover based on a financing rate of 4% interest for each farmer, regardless of whether the actual average interest on the farmer's interest-bearing debt is lower. If a particular farming property that meets these requirements cannot present a realistic budget, impairment calculation procedures will be implemented. The anticipated value of the land is a crucial factor in determining the amount of impairment, and the current price calculation is based on the price indications published by the Danish Financial Supervisory Authority most recently in December 2012.

NOTES

NOTE

The Group's leasing activities

The Group's leasing activities account for 9.1% (2011: 16.6%) of the Group's total credit exposure and break down as follows by industry:

SPAR NORD LEASING	Loans, advances and guarantees		Total impairment	
	2012	2011	2012	2011
Line of business				
%				
Public authorities	0.2	0.2	0.0	0.0
Agriculture, hunting and forestry	26.0	25.7	11.7	11.1
Fisheries	0.0	0.0	0.2	0.0
Industry and raw materials extraction	14.6	10.2	13.5	17.1
Energy supply	1.7	1.4	4.5	1.6
Building and construction	13.1	16.1	10.1	9.0
Trade	7.6	7.8	20.9	16.1
Transport, hotels and restaurants	20.6	24.0	22.8	21.3
Information and communication	1.3	0.4	0.2	2.0
Financing and insurance	2.0	1.4	0.8	1.0
Real estate	1.5	1.5	0.3	0.9
Other business areas	11.3	11.2	14.9	19.9
Business customers, total	99.9	99.9	99.9	100.0
Retail customers, total	0.1	0.1	0.1	0.0
Total	100.0	100.0	100.0	100.0

Figure 6

As of 1 October 2011, the forward-looking leasing activities in Spar Nord Leasing were transferred to the Jyske Bank Group. The decision was made to phase out the Group's remaining leasing activities in Spar Nord Leasing in both Denmark and Sweden as and when the underlying agreements expired. It is expected that the majority of these assets will have been phased out by the end of 2015.

In line with Spar Nord Bank's policy, the credit application processing of the Group's leasing activities is based on an assessment of the customers' ability and willingness to meet their current and future obligations. Compared with the Bank, the situation is different for the leasing activities, in that the leasing company always has security in the assets, either through ownership or charges.

In terms of loans, advances and guarantees, the two largest business areas under the Group's leasing activities are agriculture and transport. Again in 2012, relatively moderate impairment losses were recognized on agriculture under the leasing activities. Both the transport and trade sectors experienced another year of financial hardship. Almost half the impairment on leasing activities in 2012 is attributable to transport and trade. However, the portfolio of repossessed equipment was at a relatively low level at end-2012, amounting to DKK 76.2 million (2011: DKK 85.7 million). Leasing loans of DKK 0.3 billion were added as a result of the merger with Sparbank.

The total profit impact of impairment and losses on the Group's leasing activities amounted to DKK 68.2 million in 2012 (2011: DKK 70.7 million), corresponding to an impairment ratio of 1.2% (2011: 0.9%) of average lending.

Concentration risk

Under section 145 of the Danish Financial Business Act, exposure to a single customer or a group of related customers, after deduction of particularly secure claims, may not exceed 25% of the capital base. Moreover, after deduction of particularly secure claims, the sum of all exposures that constitute 10% or more of the capital base may not exceed 800% of the capital base. According to the Danish Financial Supervisory Authority's "Guidelines on the reporting of financial statements", the financial ratio "Large exposures as % of capital base" has been corrected as from end-2010 in respect of exposures to credit institutions, etc. below DKK 1 billion after deductions. The Group submits quarterly reports to the Danish Financial Supervisory Authority on its compliance with these rules.

The Bank has internally introduced a more conservative cap on facilities of DKK 400 million, which corresponds to just under 10% of the capital base. Exposures to trading partners in the financial sector are not included for the purpose of calculating the Group's cap of DKK 400 million.

The Spar Nord Group has not had exposures to non-financial businesses or groups that exceed these limits.

The table below shows credit exposures to groups totalling 10% or more of the Group's capital base after particularly secure claims.

Credit exposure	2012 No.	2012 DKK m	2012 %	2011 No.	2011 DKK m	2011 %
The Group						
DKK m	Number of groups	Total exposure	Exposure excl. part. secure claims	Number of groups	Total exposure	Exposure excl. part. secure claims
Exposure > 10% of the capital base calculated pursuant to section 145	3	3,074.7	42.9	1	788.0	13.4
Exposure > 10% of the capital base calculated pursuant to section 145, after correcting for exposures to credit institutions, etc. below DKK 1 billion after deductions in accordance with the Danish Financial Supervisory Authority's "Guidelines on the reporting of financial statements".	1	1,181.6	16.5	0	0	0

Exposure > 10% of the capital base calculated pursuant to section 145 comprises credit exposures to trading partners in the financial sector exclusively.

NOTES

NOTE

THE GROUP'S LOANS, ADVANCES AND GUARANTEES BROKEN DOWN BY SIZE OF FACILITY *)

DKK m	Number 2012	Number 2011	Share in % 2012	Share in % 2011
0 - 0.1	55,748	41,900	1.5	1.0
0.1 - 0.5	33,381	29,864	12.4	11.9
0.5 - 1.0	10,090	9,234	10.9	10.9
1.0 - 5.0	6,797	6,679	23.2	25.6
5.0 - 10.0	800	803	9.2	10.2
10.0 - 20.0	363	370	8.6	9.3
20.0 - 50.0	208	194	10.7	11.1
50.0 - 100.0	61	51	7.1	6.1
100.0 -	48	39	16.4	13.9
Total	107,496	89,134	100.0	100.0

*) Excl. reverse transactions and SparXpress.

Figure 7

A breakdown by facility size shows that the Group's portfolio of loans, advances and guarantees is well-diversified, as 57.2% (2010: 59.6%) is attributable to facilities of less than DKK 10 million, and as the Group only has 48 (2011: 39) loan facility exposures of more than DKK 100 million.

Collateral accepted

The Group wants to reduce the risk attaching to individual exposures by accepting collateral, such as mortgages and charges over physical assets, securities and guarantees, etc. whenever possible. Mortgages and charges on real property, securities and vehicles make up the most common type of collateral. Mortgages on real property make up by far the most important collateral type provided to the Bank. Even though the properties have a wide geographical spread throughout Denmark, only a minor number of them are located in the Capital Region, where the 2009 price drop was most pronounced. Mortgages on real property consist mainly of mortgages on private housing.

MORTGAGES WITH POSITIVE EQUITY

	2012		2011	
	DKK bn	Share in %	DKK bn	Share in %
Private housing	9.5	57.0	8.2	65.1
Summer cottages	0.9	5.4	0.8	6.4
Agriculture	2.0	11.9	1.1	8.7
Offices and businesses	3.1	18.3	2.4	19.0
Other	1.2	7.4	0.1	0.8
Total	16.7	100.0	12.6	100.0

Figure 8

GEOGRAPHICAL BREAKDOWN OF MORTGAGES

	% 2012	% 2011
The Capital Region	10.6	7.8
Mid-Jutland Region	21.0	12.3
North Jutland Region	50.6	59.9
Region Zealand	7.0	8.6
Region South Denmark	8.6	10.2
International activities	2.2	1.2
Total	100.0	100.0

Figure 9

The Group monitors the value of the collateral on an ongoing basis. If the risk attaching to a counterparty increases, the collateral is subjected to a particularly critical scrutiny. The value is assessed based on the expected price to be fetched in a compulsory sale of the collateral, less any expenses arising from its realization.

The valuation of collateral for the agricultural sector, etc. has been described above under the classification of customers.

The Bank's valuation of mortgages on rental properties is based on the capacity of the properties to generate a return. Various requirements are made with regard to the rate of return, depending on the use of the property, the condition of the buildings and the physical location in Denmark. Residential rental property is valued on the basis of a required rate of return in the 6 - 10% range.

THE GROUP'S UNSECURED SHARE OF CREDIT EXPOSURE

	Spar Nord The Group 2012	Spar Nord The Group 2011
Unsecured share in %		
< 10%	28.3	32.7
10 - 50%	16.4	17.0
50 - 75%	16.2	12.3
> 75%	39.2	38.0
Average unsecured share of credit exposure, %	51.7	49.3

Excess coverage by mortgages and other charges in respect of any facilities is not included.

The unsecured share of the Group's credit exposure in 2012 rose from 49.3% to 51.7%. The increase in the unsecured share is mainly attributable to retail customers, as the sharp drop in the activity level as regards mortgage-credit guarantees has caused the average unsecured share to rise. Repayments on loans, particularly among the customer groups providing the highest collateral, also push up the average unsecured share.

NOTES

NOTE

THE GROUP'S UNSECURED SHARE OF CREDIT EXPOSURE IN DKK M AND %

Line of business	2012		2011	
	DKK m	%	DKK m	%
Public authorities	1,745.0	99.6	1,735.4	99.5
Agriculture, hunting and forestry	1,249.2	26.5	1,898.9	36.3
Fisheries	97.1	53.9	83.6	47.1
Industry and raw materials extraction	998.6	50.6	790.6	48.4
Energy supply	956.5	51.0	747.7	43.6
Building and construction	966.0	49.0	763.5	34.9
Trade	2,710.8	71.6	2,626.8	70.1
Transport, hotels and restaurants	752.7	35.4	776.7	27.6
Information and communication	126.1	65.1	148.0	81.0
Financing and insurance	1,687.9	78.6	1,382.6	58.1
Real estate	3,033.3	55.9	2,784.1	56.5
Other business areas	1,672.5	55.1	1,525.5	53.2
Business customers, total	15,995.7	54.8	15,263.4	51.6
Retail customers, total	7,863.3	46.3	6,260.6	44.5
Total	23,859.0	51.7	21,524.0	49.3

Figure 10

In the event that Spar Nord Bank calls up collateral that cannot easily be converted to cash, the Bank pursues the policy of disposing of such assets as soon as possible. As concerns properties, their sale will be entrusted to a real estate agent. Repossessed leasing equipment will be re-leased or, alternatively, sold as soon as possible.

In 2012, the Group repossessed equipment and properties worth DKK 90.9 million (2011: DKK 87.5 million) in connection with non-performing loans, which is primarily attributable to the Group's leasing activities as a result of non-performing leases for passenger cars and vans, trucks, agricultural machinery and heavy construction machinery

The leased assets are valued and depreciated on an ongoing basis. Thus, in periods of declining prices for leased assets, the collateral calculated for the Group's leasing activities is reduced.

THE SPAR NORD BANK GROUP COLLATERAL AND CATEGORY

Collateral accepted	2012	2011
	DKK m	DKK m
Credit exposure, carrying amount	46,155.0	43,682.6
Value of collateral	22,296.0	22,158.6
Unsecured, total	23,859.0	21,524.0
Type of collateral		
Properties	10,083.0	8,373.2
Custody accounts / securities	1,125.0	2,021.0
Guarantees / suretyships	579.2	652.2
Vehicles	1,075.2	860.6
Cash	660.7	653.4
Other collateral	2,048.4	399.2
Collateral used, total	15,571.5	12,959.6
Spec. secured trans. (mortgage-credit inst. guarantees)	3,087.0	2,552.2
Total collateral accepted, excl. Spar Nord Leasing	18,658.5	15,511.8
Collateral accepted, leasing activities	3,637.5	6,646.8
Total	22,296.0	22,158.6

Figure 11

The reason that the property value under mortgages broken down by property type is calculated at DKK 16.7 billion (2011: DKK 12.6 billion) and that only DKK 10.1 billion (2011: DKK 8.4 billion) is recorded as collateral on the properties in the table above is that the DKK 16.7 billion (2011: DKK 12.6 billion) is the amount mortgaged to the Bank and recorded as collateral, while the DKK 10.1 billion (2011: DKK 8.4 billion) is the share actually used for calculating collateral regarding a facility. Some facilities are smaller than the collateral value, and collateral has also been provided by customers who do not currently have any facilities.

NOTES

NOTE

THE GROUP'S LEASING ACTIVITIES

The Group's leasing activities, which account for 9.1% (2011: 16.6%) of the Group's total loans, advances and guarantees, have their core competence in the financing of transport equipment, contractor's equipment, agricultural machinery, industrial machinery and vehicles.

The collateral for the Group's leasing activities consists mainly of ownership of or retention of title to this type of assets. Typically, such collateral is supplemented by a down payment or security deposit, and it is also common for the company's owner(s) to provide suretyship.

Through cooperation agreements with a number of banks, Spar Nord Leasing has provided financing against partial or full guarantees from the relevant banks. Such bank guarantees amount to DKK 575 million (2011: DKK 713 million).

Spar Nord Leasing	Agriculture, etc.	Manufacturing business	Building and construction	Transport	Other business areas	Total
2012						
DKK m						
Credit exposure	1,086.9	609.7	546.2	860.9	1,081.3	4,185.0
Value of collateral	1,028.0	464.6	503.4	761.8	879.7	3,637.5
Unsecured, total	58.9	145.1	42.8	99.1	201.6	547.5
Unsecured share of credit exposure, %	5.4	23.8	7.8	11.5	18.6	13.1
Type of collateral						
Custody accounts / securities	105.6	39.5	32.4	37.6	43.8	258.9
Guarantees / suretyships	172.8	143.2	94.5	108.2	177.0	695.7
Assets	749.6	281.9	376.5	616.0	658.9	2,682.9
Total	1,028.0	464.6	503.4	761.8	879.7	3,637.5

2011

DKK m						
Credit exposure	1,869.1	742.5	1,171.3	1,740.4	1,740.9	7,264.2
Value of collateral	1,767.6	642.9	1,087.2	1,592.1	1,557.0	6,646.8
Unsecured, total	101.5	99.6	84.1	148.3	183.9	617.4
Unsecured share of credit exposure, %	5.4	13.4	7.2	8.5	10.6	8.5
Type of collateral						
Custody accounts / securities	136.7	36.1	45.1	60.6	65.7	344.2
Guarantees / suretyships	262.6	219.1	143.0	188.0	271.0	1,083.7
Assets	1,368.3	387.7	899.1	1,343.5	1,220.3	5,218.9
Total	1,767.6	642.9	1,087.2	1,592.1	1,557.0	6,646.8

The collateral value of security deposits and guarantees has been deducted from the value of assets.

The collateral value relative to credit exposure is assessed on a case-by-case basis and compared with the creditworthiness of the individual customer and the estimated industry and market risks. Thus, the combined unsecured share for the industry and the total for the Group's leasing activities represent an average based on individual credit assessments of each customer's credit facilities.

NOTES

NOTE

	Spar Nord The Group 31.12.12 DKK m	Spar Nord The Group 31.12.11 DKK m	Spar Nord Parent Company 31.12.12 DKK m	Spar Nord Parent Company 31.12.11 DKK m
Impairment account for loans, advances and provisions for guarantees				
<i>Individual impairment of loans and advances</i>				
Individual impairment, beginning of year	1,050.4	931.0	916.4	806.9
New individual impairment	642.9	486.6	568.5	401.5
Reversal of individual impairment losses	233.1	181.9	185.8	130.4
Previously written down, now definitively lost	318.8	249.2	294.1	220.2
Interest on impaired loans and advances taken to income	88.9	63.9	81.9	58.6
Individual impairment, end of year	1,230.3	1,050.4	1,086.9	916.4
<i>Groups of impairment losses, loans and advances</i>				
Groups of impairment losses, beginning of year	90.6	91.4	79.9	80.6
New groups of impairment losses	6.8	2.4	2.0	2.3
Reversal of groups of impairment losses	0.0	3.2	0.0	3.0
Groups of impairment losses, end of year	97.4	90.6	81.9	79.9
<i>Total impairment of loans and advances</i>				
Impairment, beginning of year	1,141.0	1,022.4	996.3	887.5
New impairment	649.7	489.0	570.5	403.8
Reversal of impairment losses	233.1	185.1	185.8	133.4
Previously written down, now definitively lost	318.8	249.2	294.1	220.2
Interest on impaired loans and advances taken to income	88.9	63.9	81.9	58.6
Impairment, end of year	1,327.7	1,141.0	1,168.8	996.3
<i>Impairment recognized in the income statement</i>				
New impairment	649.7	489.0	570.5	403.8
Reversal of impairment losses	233.1	185.1	185.8	133.4
Losses without prior impairment	238.4	166.6	238.4	166.6
Carried to income, previously written off	25.8	32.3	25.8	32.3
Recognized in the income statement	629.2	438.2	597.3	404.7
Impairment, other credit risks	0.0	0.0	0.0	0.0
<i>Provisions for losses on guarantees</i>				
Provisions, beginning of year	1.8	4.5	1.8	3.3
New provisions	1.9	0.4	1.9	0.4
Reversal of provisions	1.4	1.9	1.4	0.7
Provisions previously made, now definitively lost	0.0	1.2	0.0	1.2
Provisions for losses on guarantees, end of year	2.3	1.8	2.3	1.8
<i>Provisions for losses on guarantees recognized in the income statement</i>				
New provisions	1.9	0.4	1.9	0.4
Reversal of provisions	1.4	1.9	1.4	0.7
Losses without prior provisions	1.2	0.0	1.2	0.0
Recognized in the income statement	1.7	-1.5	1.7	-0.3
Impairment account for loans, advances and provisions for guarantees, total	1,330.0	1,142.8	1,171.1	998.1
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.	629.2	438.2	597.3	404.7
Provisions for losses on guarantees	1.7	-1.5	1.7	-0.3
Total impairment of loans, advances and receivables, etc.	630.9	436.7	599.0	404.4
Recognized in profit/loss on discontinuing activities	31.9	33.8	0.0	-
Recognized in impairment of loans, advances and receivables, etc.	599.0	402.9	599.0	404.4
Total impairment recognized under profit/loss on discontinuing activities				
New impairment losses and reversal of impairment losses	31.9	33.8	0.0	-
Losses without prior impairment	40.3	40.5	0.0	-
Carried to income, previously written off	4.0	3.6	0.0	-
Recognized in the income statement	68.2	70.7	0.0	-
<i>Non-accrual loans amount to:</i>				
Continuing activities	391.6	65.3	391.6	65.3
Discontinuing activities	11.6	36.2	-	-
Total non-accrual loans	403.2	101.5	391.6	65.3
Interest on impaired receivables is calculated on the impaired balance only.				
<i>Interest on impaired loans and advances taken to income:</i>				
Continuing activities	81.9	58.6	81.9	58.6
Discontinuing activities	7.0	5.3	-	-
Total interest on impaired loans and advances taken to income	88.9	63.9	81.9	58.6

NOTES

NOTE

Credit facilities and impairment by industry

	2012				2011			
	Exposures The Group		Total impairment		Exposures The Group		Total impairment *)	
%	DKK m	%	DKK m	%	DKK m	%	DKK m	%
<i>Business customers</i>								
Public authorities	1,752.1	3.8	0.0	0.0	1,744.9	4.0	0.0	0.0
Agriculture, hunting, forestry and fisheries	4,898.1	10.6	375.4	28.2	5,414.6	12.4	315.5	27.6
Industry and raw materials extraction	1,972.7	4.2	45.6	3.4	1,634.2	3.7	63.9	5.6
Energy supply	1,877.0	4.1	12.7	1.0	1,716.7	3.9	6.4	0.6
Building and construction	1,970.4	4.3	64.5	4.8	2,185.6	5.0	50.1	4.4
Trade	3,785.0	8.2	121.9	9.2	3,745.6	8.6	95.8	8.4
Transport, hotels and restaurants	2,126.6	4.6	61.8	4.6	2,814.1	6.4	51.0	4.5
Information and communication	193.7	0.4	10.8	0.8	182.8	0.4	5.3	0.5
Financing and insurance	2,148.4	4.7	55.7	4.2	2,380.2	5.5	63.7	5.5
Real estate	5,428.2	11.8	180.6	13.6	4,923.7	11.3	115.7	10.1
Other business areas	3,037.6	6.5	87.5	6.6	2,868.5	6.6	117.2	10.2
Business customers, total	29,189.8	63.2	1,016.5	76.4	29,610.9	67.8	884.6	77.4
<i>Retail customers, total</i>	16,965.2	36.8	313.5	23.6	14,071.7	32.2	258.2	22.6
Loans, advances and guarantees, total	46,155.0	100.0	1,330.0	100.0	43,682.6	100.0	1,142.8	100.0
<i>Of which groups of impairment losses</i>								
Retail customers			55.9	57.4			43.0	47.5
Business customers			41.5	42.6			47.6	52.5
Groups of impairment losses			97.4	100.0			90.6	100.0

*) Groups of impairment losses are broken down by industry. The comparative figures for 2011 have been restated.

In connection with the Group's ongoing credit risk management, groups of impairment losses are not allocated to various industries but instead recognized as a combined item, broken down by retail and business customers, as groups of impairment losses have been calculated based on scoring models.

Individually impaired loans, etc.

	Spar Nord The Group 31.12.12 DKK m	Spar Nord The Group 31.12.11 DKK m	Spar Nord Parent Company 31.12.12 DKK m	Spar Nord Parent Company 31.12.11 DKK m
<i>Loans, advances and receivables</i>				
Sum total of individually impaired loans, advances and receivables	2,934.1	2,460.3	2,521.7	1,963.5
Impairment of loans, advances and receivables	1,230.3	1,050.4	1,086.9	916.4
Carrying amount of loans, advances and receivables	1,703.8	1,409.9	1,434.8	1,047.1
<i>Guarantees</i>				
Sum total of individual provisions for guarantees	117.3	64.6	117.3	64.6
Provisions for guarantees	2.3	1.8	2.3	1.8
Carrying amount of guarantees	115.0	62.8	115.0	62.8

The impairment account for individual impairment shown by cause of impairment

The Group	2012		2011	
	Credit exposure before impairment DKK m	Impairment DKK m	Credit exposure before impairment DKK m	Impairment DKK m
<i>Individual impairment of loans, advances, receivables and guarantees</i>				
Insolvent liquidation	103.3	71.3	167.0	94.3
Collection or suspension of payments	143.0	61.2	76.3	35.7
Other financial difficulties	2,805.1	1,100.1	2,281.6	922.2
Individual impairment of loans, advances, receivables and guarantees, total	3,051.4	1,232.6	2,524.9	1,052.2

NOTES

NOTE

The impairment account for individual impairment shown by cause of impairment

Parent Company	2012		2011	
	Credit exposure before impairment DKK m	Impairment DKK m	Credit exposure before impairment DKK m	Impairment DKK m
<i>Individual impairment of loans, advances, receivables and guarantees</i>				
Insolvent liquidation	47.6	26.0	76.6	51.4
Collection or suspension of payments	90.7	47.6	36.5	29.7
Other financial difficulties	2,500.7	1,015.6	1,915.0	837.1
Individual impairment of loans, advances, receivables and guarantees, total	2,639.0	1,089.2	2,028.1	918.2

Virtually all cases of insolvent liquidation, suspension of payments and collection proceedings are attributable to business customers. The customers are widely distributed on all sectors, with a slight overweight on trade exposures.

The collateral for individually impaired loans and for past-due loans that have not been individually impaired does not differ significantly from the Bank's other collateral.

CLAIMS DUE, BUT NOT IMPAIRED

The Group	Spar Nord Bank A/S The Group 31.12.12	Spar Nord Bank A/S The Group 31.12.11
DKK m		
0 - 30 days	194.1	176.8
31 - 60 days	10.5	26.3
61 - 90 days	3.8	11.0
> 90 days	29.1	34.8
Total	237.5	248.9

CLAIMS DUE, BUT NOT IMPAIRED

Parent Company	Total			
	Over-drawn 2012	Secured 2012	Over-drawn 2011	Secured 2011
DKK m				
0 - 30 days	188.6	103.3	157.4	144.4
31 - 60 days	7.0	5.7	19.5	17.5
61 - 90 days	3.5	3.0	8.9	7.6
> 90 days	23.6	10.0	15.9	12.0
Total	222.7	122.0	201.7	181.5

NOTES

NOTE The collateral has been calculated using the Bank's collateral registration system, in which all collateral is recorded on the basis of a conservative valuation.

Developments in unauthorized overdrafts are monitored on an ongoing basis at the Bank. During the past few years, this monitoring has been tightened up as a result of economic developments. Unauthorized overdrafts have been reduced on an ongoing basis, primarily as concerns retail customers, and unauthorized overdrafts with respect to business customers have been kept at a low level throughout the period.

The development can be seen from figures 12 and 13 below, which include a trendline for developments from month to month in the past two years. Throughout the entire period, development in retail customers' unauthorized overdrafts remained at a stable low level. Over the past two years, despite a slight increase, business customers' unauthorized overdrafts have remained at a low level of slightly above 0.3% of lending to business customers at the Local Banks. This development is considered highly satisfactory in light of economic trends.

RETAIL CUSTOMERS – DEVELOPMENT IN UNAUTHORIZED OVERDRAFTS

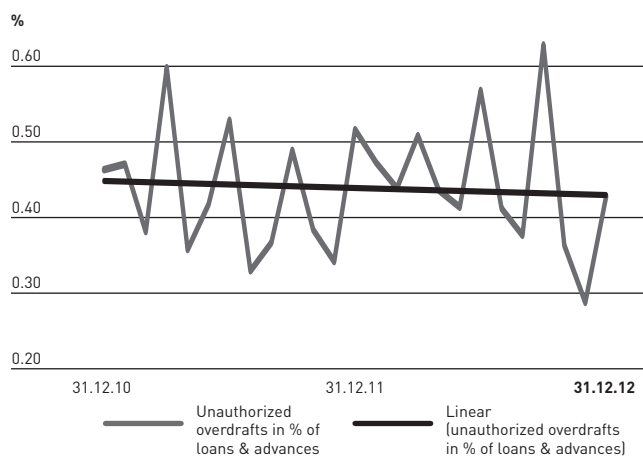


Figure 12

BUSINESS CUSTOMERS - DEVELOPMENT IN UNAUTHORIZED OVERDRAFTS

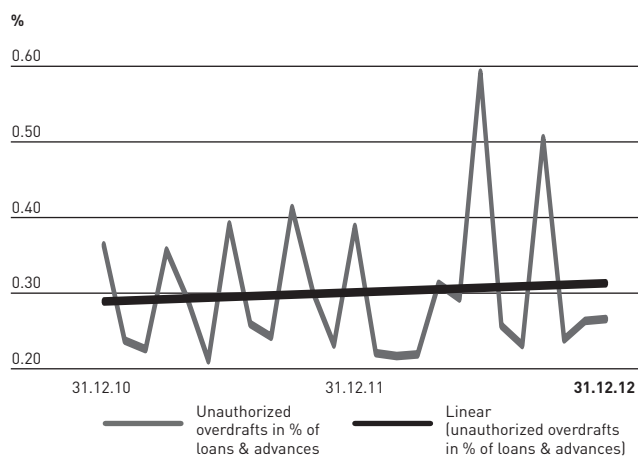


Figure 13

NOTES

NOTE

Financial credit risk

As part of its trading in and holding of securities, foreign currency and derivative instruments and its payment services, etc., the Bank will experience credit risk exposure to financial counterparties.

Spar Nord's Management allocates lines for credit risk exposure to financial counterparties, based on the particular counterparty's risk profile, rating, amount of exposure and solvency. The risks and lines of financial instruments are monitored constantly.

FINANCIAL CREDIT RISK

THE GROUP	2012 Carrying amount DKK m	2011 Carrying amount DKK m	2012 Risk portfolio DKK m	2011 Risk portfolio DKK m
AAA	18,898.1	9,228.3	16,156.8	7,219.0
AA	983.4	7,618.2	983.4	7,067.6
A	3,280.3	2,362.6	3,278.0	2,366.7
BBB	1,279.1	9.0	1,276.6	8.8
BB	7.5	4.3	3.6	4.3
B	29.7	29.6	29.8	29.9
CCC	0.1	0.4	0.2	0.4
CC	5.5	2.1	5.5	2.1
Unrated	460.9	244.5	459.1	245.5
Unallocated	21.8	28.6	21.8	28.6
Total financial credit risk	24,966.4	19,527.6	22,214.8	16,972.9

Overall, Management's assessment is that Spar Nord's credit exposure to financial counterparties remains at a moderate level, as 91.9 pct. (2011: 98.1 pct.) of the financial credit risk is attributable to counterparties with a rating of A or higher.

Bond portfolio

The Group's bond portfolio is the most significant source of financial credit risk.

BOND PORTFOLIO BY ISSUER TYPE *)

THE GROUP	2012 Carrying amount DKK m	2011 Carrying amount DKK m	2012 Risk portfolio DKK m	2011 Risk portfolio DKK m
Mortgage-credit bonds	17,155.2	14,646.3	14,747.6	12,320.2
Financial issuers	2,701.7	1,398.5	2,698.4	1,400.0
Corporate bonds and other issuers	121.0	124.1	113.2	125.4
Governmentt bonds	271.4	252.3	-61.5	20.8
Total	20,249.3	16,421.2	17,497.7	13,866.4

*) The bond portfolio plus spot and forward transactions (purchase + sale)

BOND PORTFOLIO BY RATING *)

THE GROUP	2012 Carrying amount DKK m	2011 Carrying amount DKK m	2012 Risk portfolio DKK m	2011 Risk portfolio DKK m
AAA	17,163.5	8,277.9	14,422.2	6,268.6
AA	211.3	6,621.8	211.3	6,071.2
A	1,730.7	1,486.2	1,728.4	1,490.2
BBB	1,113.4	4.1	1,110.9	3.9
BB	6.7	4.3	2.8	4.3
B	9.4	14.6	9.5	14.9
CCC	0.1	0.4	0.2	0.4
CC	5.5	2.1	5.5	2.1
Unrated	8.7	9.8	6.9	10.8
Total	20,249.3	16,421.2	17,497.7	13,866.4

*) The bond portfolio plus spot and forward transactions (purchase + sale)

Spar Nord's bond portfolio is composed of 84.3% mortgage-credit bonds (2011: 88.8%), 15.5% bonds from financial issuers (2011: 10.1%) and 0.2% from other issuers (2011: 1.1%).

NOTES

NOTE

Receivables from credit institutions

The other major source of financial credit risk is receivables from credit institutions and central banks. In this area, Spar Nord's exposure is typically to central banks with a triple A rating or Danish banks with which the Bank's Trading, Financial Markets & the International Division has a customer relationship.

RECEIVABLES FROM CREDIT INSTITUTIONS BY PRODUCT TYPE

THE GROUP	2012 Carrying amount DKK m	2011 Carrying amount DKK m	2012 Risk portfolio DKK m	2011 Risk portfolio DKK m
Reverse transactions	1,730.5	818.9	1,730.5	818.9
Unlisted CDOs	0.0	40.5	0.0	40.5
Deposits and unlisted bonds	550.9	196.9	550.9	196.9
Subordinated loans	18.1	10.0	18.1	10.0
Current accounts	186.0	287.7	186.0	287.7
CSA accounts, etc.	1,391.0	895.7	1,391.0	895.7
Commercial foreign business	26.0	26.9	26.0	26.9
Undisclosed	74.6	151.7	74.6	151.7
Receivables from credit institutions	3,977.1	2,428.3	3,977.1	2,428.3
Positive market value of derivative instruments, financial companies	740.0	678.1	740.0	678.1
Total	4,717.1	3,106.4	4,717.1	3,106.4

RECEIVABLES FROM CREDIT INSTITUTIONS BY RATING

THE GROUP	2012 Carrying amount DKK m	2011 Carrying amount DKK m	2012 Risk portfolio DKK m	2011 Risk portfolio DKK m
AAA	1,734.6	950.4	1,734.6	950.4
AA	772.1	996.4	772.1	996.4
A	1,549.6	876.4	1,549.6	876.4
BBB	165.7	4.9	165.7	4.9
BB	0.8	0.0	0.8	0.0
B	20.3	15.0	20.3	15.0
Unrated	452.2	234.7	452.2	234.7
Unallocated	21.8	28.6	21.8	28.6
Total	4,717.1	3,106.4	4,717.1	3,106.4

86.1% (2011: 90.8%) of Spar Nord's receivables from credit institutions concerns banks with an A rating or higher. Of the total receivables from credit institutions of DKK 4.7 billion (2011: DKK 3.1 billion), 36.8% (2011: 30.6%) is attributable to institutions with an AAA rating, 16.4% (2011: 32.0%) to institutions with an AA rating, and 32.9% (2011: 28.2%) to institutions with an A rating.

Receivables from credit institutions with no rating are mainly attributable to the Danish financial institutions that perform their clearing through Spar Nord Bank.

NOTES

NOTE 57 MARKET RISK

Market risk is defined as the risk that volatility in market conditions will change the market value of the Bank's assets and liabilities. Market risks are a consequence of the Bank's open positions in the financial markets and may be categorized as interest-rate risk, equity risk, exchange-rate risk, commodity risk and liquidity risk. Market risks are managed and hedged primarily by Spar Nord's Trading, Financial Markets & the International Division.

In 2012, Spar Nord made no major changes in assumptions, objectives, policies, exposures and calculation methods, etc. as compared to the year before.

Spar Nord's Board of Directors determines the overarching policies, frameworks and principles for risk management. The policies are concerned with identifying and estimating various types of market risk. The frameworks indicate specific limits on the extent of risk the Bank is ready to assume. The principles establish the methods to be used in calculating the various risk targets. The Board of Directors receives continuous reporting on risk developments and the utilization of allocated risk limits.

The aim of the Bank's market risk policy is to ensure that Spar Nord Bank has a market risk that at all times bears an appropriate relation to its capital base. Moreover, the market risk policy must ensure that the Bank continuously handles and manages its market risks on the basis of appropriate and updated procedures.

For its management of market risks, the Bank has established a three-tier instruction hierarchy. At the first tier, the Board of Directors issues the definition of the limits for the Spar Nord Group to the Executive Board. At the second tier, the Executive Board delegates limits to the other entities of the Group, with the Trading, Financial Markets & the International Division being the distinctly largest entity. At the third and last tier, the executives of the Trading, Financial Markets & the International Division are granted the limits within which they may operate.

The Middle Office function of the Finance & Accounts Department is responsible for estimating, monitoring, controlling and reporting market risks to the Board of Directors and the Executive Board. Market risks are controlled and monitored through an integrated risk management system. Procedures for ongoing follow-up on all types of market risk are in place for all entities that are subject to the instructions and any failure to adhere to these instructions is reported further up in the hierarchy. To ensure independence, the Middle Office function has no position-taking authority. All trades are settled by Spar Nord's Back Office Department according to the guidelines issued by the Danish Financial Supervisory Authority regarding functional separation.

As part of the instruction hierarchy, a number of limits have been set that are used to manage risks. In the long term, these limits are influenced by the Bank's business development. The most important limits applicable at the end of 2012 allow the Bank to:

- have a net interest-rate risk of 2.4% measured in relation to the Bank's core capital (Tier 1) incl. hybrid core capital after deductions, in case of a 1% increase in the interest rate;
- acquire bonds, measured in terms of the risk portfolio, for DKK 22 billion;
- acquire listed shares for DKK 250 million.

Interest-rate risk

The interest-rate risk is the risk of loss due to fluctuating interest rates. The majority of Spar Nord Bank's interest-rate risks derive from activities involving ordinary banking transactions, such as deposits and lending, as well as trade and position-taking in a number of interest-related products. Most of these activities incorporate simple interest-rate products such as interest swaps, bonds, futures and standard interest-rate options.

The interest-rate risk is calculated on the basis of the target duration and agreed cash flow. For managing the portfolio of Danish mortgage-credit bonds, the Bank uses model-based key risk indicators that provide for the inherent option element. For interest-rate options, the above-mentioned key indicators are supplemented by the most important risk factors expressing the sensitivity of the option premium based on the underlying parameters.

Spar Nord's interest-rate risk is calculated on the basis of target duration and agreed cash flow. For managing the Group's portfolio of convertible Danish mortgage-credit bonds, the Bank uses model-based key risk indicators that provide for the inherent option element. For interest-rate options, the above-mentioned key indicators are supplemented by the most important risk factors expressing the sensitivity of the option premium based on the underlying parameters.

The interest-rate risk is assessed on a daily basis and decisions are made in light of expectations for the macroeconomic situation and market developments. The Bank converts the interest-rate risk in foreign currencies into Danish kroner and offsets the negative interest-rate risk against the positive one to calculate the net interest-rate risk.

The interest-rate risk broken down by currency and duration is shown below, where the interest-rate risk denotes the expected loss on interest-rate positions due to a change in the interest rate of 1 percentage point.

INTEREST-RATE RISK SHOWN BY TERM TO MATURITY AND CURRENCY (DKK M)

2012	Less than 3 mths	3 mths - 1 year	1 year - 3 years	3 years - 7 years	Over 7 years	Total
DKK	5.8	-6.2	-75.6	-2.3	15.6	-62.7
EUR	4.1	-1.9	-11.6	-5.2	2.6	-12.0
USD	1.0	-0.1	-0.3	0.3	0.0	0.9
GBP	0.0	0.0	0.0	0.0	0.0	0.0
NOK	0.0	-0.1	0.0	0.0	0.0	-0.1
CHF	-1.5	-0.2	0.0	-0.3	0.0	-2.0
JPY	0.0	0.0	0.1	0.0	0.0	0.1
SEK	1.5	0.0	-1.0	-0.2	0.0	0.3
Miscellaneous	-0.2	0.0	0.0	0.0	0.0	-0.2
Total	10.7	-8.5	-88.4	-7.7	18.2	-75.7

2011	Less than 3 mths	3 mths - 1 year	1 year - 3 years	3 years - 7 years	Over 7 years	Total
DKK	1.7	3.4	-23.7	17.1	16.2	14.7
EUR	1.9	-5.0	-19.4	-22.0	-0.9	-45.4
USD	0.3	0.0	0.1	-0.2	0.0	0.2
GBP	0.0	0.0	0.0	0.0	0.0	0.0
NOK	0.0	0.0	0.0	0.0	0.0	0.0
CHF	-0.6	-0.2	-0.3	-0.3	0.1	-1.3
JPY	-0.1	-0.2	0.0	0.0	0.0	-0.3
SEK	2.7	0.2	0.3	0.0	0.0	3.2
Miscellaneous	-0.1	0.3	0.1	0.0	0.0	0.3
Total	5.8	-1.5	-42.9	-5.4	15.4	-28.6

As appears from the table, the Group is mainly exposed to DKK and EUR (2011: DKK and EUR). It also appears that since end-2011, the interest-rate risk has gone from being negative in the amount of DKK 28.6 million to being negative in the amount of DKK 75.7 million at end-2012.

If the yield curves are displaced parallel to each other upwards by one percentage point, a negative interest-rate risk would impact the shareholders' equity positively. In 2012, the interest-rate risk would have impacted the shareholders' equity positively by just under 1.6% (2011: 1.5%) as a maximum and negatively by -0.4% (2011: -0.3%) if interest rates were to increase by one percentage point.

NOTES

NOTE

Foreign-exchange risk

The foreign-exchange risk is the risk of loss on currency positions due to exchange-rate fluctuations. Spar Nord Bank calculates the foreign-exchange risk in two ways: The first calculation is based on the assumption that all exchange rates develop unfavourably for the Bank by 2%. The other calculation is based on a foreign-exchange indicator, which is computed based on the sum of all currencies in which the Bank has placed orders to sell ('gone short') and all the currencies in which the Bank has placed orders to buy ('gone long'). Foreign-exchange indicator 1 is calculated by correlating the higher of the two sums to the Bank's core capital (Tier 1) incl. hybrid core capital after deductions. Foreign-exchange indicator 2 denotes that if the Bank does not change foreign-exchange positions the next ten days, there is 1% probability that the Group will incur a loss that exceeds the value of the indicator.

	Spar Nord The Group 31.12.12 DKK m	Spar Nord The Group 31.12.11 DKK m	Spar Nord Parent Company 31.12.12 DKK m	Spar Nord Parent Company 31.12.11 DKK m
FOREIGN-EXCHANGE RISK				
Assets denominated in foreign currencies, total	12,453.9	15,848.0	12,352.0	15,198.1
Liabilities denominated in foreign currencies, total	8,561.1	11,661.4	8,551.2	11,144.2
Foreign-exchange indicator 1	94.3	390.4	134.8	440.8
Foreign-exchange indicator 1 in % of core capital (Tier 1) (incl. hybrid core capital) after deductions	1.4	6.9	2.0	7.8
Foreign-exchange indicator 2 in % of core capital (Tier 1) (incl. hybrid core capital) after deductions	0.0	0.1	0.0	0.0
<i>Foreign-exchange risk broken down by currency:</i>				
EUR	-0.1	-1.1	-0.2	-0.9
SEK	-1.8	-2.4	0.0	-0.1
USD	-0.1	-0.2	-0.1	-0.2
CHF	-0.2	-1.0	-0.2	-0.8
JPY	0.0	0.0	0.0	0.0
Other currencies	-0.1	-0.6	0.0	-0.6
Foreign-exchange risk regarding financial instruments, etc., total	-2.3	-5.3	-0.5	-2.6

The foreign-exchange risk denotes the loss in million DKK that the Spar Nord Group would incur if the exchange rate developed negatively by 2% relative to the Bank's exposure.

As appears from the table, the overall foreign-exchange risk for the Group in 2012 was DKK 3.0 million lower than at end-2011, totalling DKK -2.3 million at end-2012.

The foreign-exchange risk has been reduced for all currencies.

Equity risk

The equity risk is the risk of loss due to fluctuating share prices, calculated as the net value of long and short positions in shares and share-related instruments.

The equity positions have been determined depending on whether they are included in the trading portfolio or not.

EQUITY RISK

	Spar Nord The Group 31.12.12 DKK m	Spar Nord The Group 31.12.11 DKK m
<i>Equity risk in the trading portfolio:</i>		
Listed shares in the trading portfolio	119.5	82.0
Unlisted shares in the trading portfolio	41.3	40.6
Total shares in the trading portfolio	160.8	122.6

The shares in the trading portfolio are shares acquired with a view to trading. This includes shares acquired through the wholly-owned subsidiary Erhvervsinvest Nord A/S.

Shares outside the trading portfolio:

Shares in credit and financing institutions	684.2	458.4
Shares in unit trust management companies	90.5	53.3
Shares in pension institutions	20.1	16.1
Shares in data supplier	0.0	174.8
Shares in payment services business	182.7	161.4
Other shares	64.1	53.8
Shares in strategic partners, total	1,041.6	917.8
Realized gains	0.0	0.6
Unrealized gains	5.8	14.4
Total associates	992.8	765.1
Total shares outside the trading portfolio	2,034.4	1,682.9

NOTES

NOTE Shares outside the trading portfolio are characterized in that they have not been acquired with a view to trading. In addition, a distinction is made between shares in associates and shares in strategic partners.

Shares in associates include Nørresundby Bank A/S in which Spar Nord has a 50.2% interest, but due to voting right restrictions this interest is considered to give significant influence only, and not control.

Shares in strategic partners in the financial sector are shares in companies whose purpose is to support bank transactions in the fields of mortgage credit, payment services, unit trusts, etc. Spar Nord has no plans to sell its shares in this portfolio, as participation in the companies in question is considered a prerequisite for the Bank's operations.

In several of the sector companies, the shares are reallocated such that the ownership interest of the banks will reflect the business volume of the relevant bank with the sector company at all times. Typically, this reallocation is made based on the net asset value of the sector company in question. The recognized value of these shares is changed when new information is available that supports a change of valuation. In other sector companies, the shares are not reallocated, but instead measured based on a recognized valuation method. The adjustments of the values of the shares in these companies are also recognized in the income statement.

	Spar Nord The Group 31.12.12 DKK m	Spar Nord The Group 31.12.11 DKK m	Spar Nord Parent Company 31.12.12 DKK m	Spar Nord Parent Company 31.12.11 DKK m
<i>Shares included in the trading portfolio:</i>				
Long positions	160.8	122.6	148.1	109.9
Short positions	4.0	0.5	4.0	0.5
Gross portfolio	164.8	123.1	152.1	110.4

Reference is made to note 24 regarding the amount of shares recognized according to the fair-value option.

SENSITIVITY ANALYSIS

The sensitivity information shows the impact of isolated changes in interest rates and prices of shares in the trading portfolio, while the impact of changes in exchange rates is shown for positions both in and outside the trading portfolio.

	Impact equity		Impact on the income statement	
	End-2012	End-2011	End-2012	End-2011
	%	%	DKK m	DKK m
- Interest increase of 1 percentage point	-0.7	-0.4	-40.2	-18.6
- Interest decrease of 1 percentage point	0.7	0.4	40.2	18.6
- Share price decrease of 10%	-0.2	-0.2	-12.1	-9.2
- Exchange-rate fluctuation of 2% in unfavourable direction	0.0	-0.1	-1.7	-4.0

The impact on the income statement has been calculated after tax.

The impact on shareholders' equity is equal to the impact on profit or loss, calculated after tax. There is no direct impact on the shareholders' equity, as there are no held-to-maturity investments.

The percentage changes in interest rate, share prices and foreign-exchange rates shown in the sensitivity analysis have been calculated in relation to the shareholders' equity at the end of the year.

The sensitivity analysis shows the impact of changes in the interest rate, share prices and foreign-exchange rates.

The sensitivity to interest-rate changes has been calculated based on changes in the net interest-rate risk relative to shareholders' equity.

The sensitivity to share price decreases has been calculated based on the Bank's equity portfolio.

58 LIQUIDITY RISK

In 2012, Spar Nord made no major changes in assumptions, objectives, policies, exposures and calculation methods, etc. as compared to the year before. Liquidity risk is the risk that the Group's financings costs rise disproportionately, that the Group is prevented from entering into new transactions because it lacks adequate cash funds, and – ultimately – that the Group cannot honour its payment obligations on account of insufficient cash resources.

The Group performs cash management by currently monitoring and controlling the Bank's short-term and long-term liquidity risks, based on four elements:

- Strategic liquidity
- Cash resources
- Contingency liquidity plan
- Stress test

Other elements are:

- Funding structure
- Moody's "12-month scenario with no access to funding"

Based on the general policies and emergency goals for the Group's liquidity risk determined by the Board of Directors:

1. liquidity policy, including an emergency plan in case of insufficient or lacking cash resources,
2. plan for capital procurement and funding,

the Executive Board has defined specific and operational frameworks and limits for the Finance & Accounts Department and for Trading, Financial Markets & the International Division. Trading, Financial Markets & the International Division is responsible for day-to-day cash management, while the Finance & Accounts Department is responsible for managing long-term strategic funding.

The objective of the Group's cash management is thus to ensure suitable cash funds to allow the Bank to honour its payment obligations as and when they fall due, and to ensure reasonable funding costs. This work is carried out at three levels:

1. Deposits (excluding repo transactions), senior loans, issued bonds, subordinated debt and shareholders' equity must exceed lending (excluding reverse transactions), in which connection only the portion of subordinated debt, senior loans and issued bonds that has a term to maturity of more than 12 months is to be included.
2. The liquidity coverage ratio according to statutory requirements (section 152) must be minimum 50%, and the funding structure must meet the threshold value for the funding ratio in the Danish Financial Supervisory Authority's Diamond Test Model.
3. Minimum requirement for short-term liquidity, including requirements as to maturity, in simulated emergency scenarios if money-market funding is unavailable.

The Finance & Accounts Department is responsible for determining, monitoring and controlling that the Bank's liquidity risk lies within the limits set.

Strategic liquidity

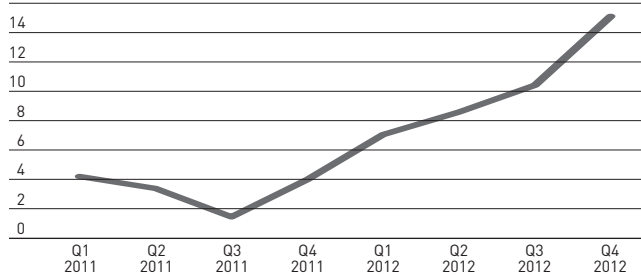
Spar Nord's strategic liquidity target indicates the Bank's objective for deposits excl. repo transactions, senior loans, issued bonds, subordinated debt and shareholders' equity to exceed lending, excl. reverse transactions. Subordinated debt, senior loans and issued bonds due within 12 months are not included in the calculation.

NOTES

NOTE

STRATEGIC LIQUIDITY

DKK bn



At end-2012, the Group had an excess coverage relative to its strategic liquidity target of DKK 14.8 billion. The excess coverage corresponds to an increase of DKK 10.9 billion compared to end-2011, when the excess coverage was calculated at DKK 3.9 billion.

The main reason for the increase is a growth in deposits of DKK 10.8 billion, of which about DKK 8.6 billion is attributable to the merger with Sparbank. On the downside, bank loans increased by DKK 3.7 billion. Viewed in isolation, the merger with Sparbank contributed DKK 6.5 billion to this amount. Moreover, the excess coverage has been impacted positively by the contribution of subordinated debt and shareholders' equity from the merger with Sparbank, as well as by the ongoing phase-out of the Group's leasing activities.

Subsequently, the strategic liquidity has been specified for the individual constituent parts

STRATEGIC LIQUIDITY

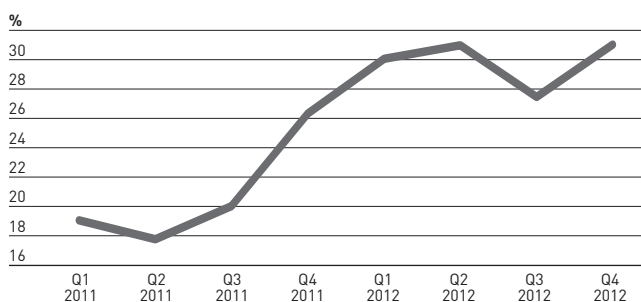
	The Group 31.12.12	The Group 31.12.11
	DKK m	DKK m
Deposits, banking activities	41,921.7	31,087.6
Senior loans	3,491.9	2,114.9
Issued bonds	6,093.3	8,021.3
Subordinated debt	2,561.5	2,316.8
Shareholders' equity	5,975.3	4,627.3
Generation of cash	60,043.7	48,167.9
Loans and advances, banking activities	34,916.1	31,189.1
Loans and advances, leasing activities	4,026.3	7,119.8
Loans and advances (bank and leasing activities)	38,942.4	38,308.9
Senior loans, issued bonds and subordinated debt having a term to maturity of less than 12 months	6,299.9	5,962.2
Excess coverage, strategic liquidity	14,801.4	3,896.8

Cash resources

Spar Nord's management of short-term liquidity is intended to ensure adequate, free liquidity to ensure that at all times the Bank lives up to the minimum liquidity requirement pursuant to section 152 of the Danish Financial Business Act and complies with the 50% limit determined in the Danish Supervisory Authority Diamond Test Model. Free liquidity is defined as uncollateralized listed securities, deposits on demand with credit institutions, certificates of deposit or cash balances. To this should be added Nationalbanken's credit commitments and unencumbered exchange-listed securities from the Bank's pooled assets.

Pursuant to section 152 of the Danish Financial Business Act, a bank's free liquidity must amount to at least 15% of its on-demand payables and at least 10% of the reduced liabilities (other than provisions) and guarantee commitments. As concerns Spar Nord, the excess coverage relative to the requirement that the free liquidity must at least amount to 15% of the Bank's on-demand payables has always been somewhat larger than the excess coverage relative to the 10% requirement. The compliance ratio relative to the requirement that the free liquidity must amount to at least 10% of the reduced liabilities (other than provisions) and guarantee commitments constituted 31.2% at end-2012 (2011: 26.4%).

COMPLIANCE RATIO RELATIVE TO THE 10% REQUIREMENT (SECTION 152(2))



Contingency liquidity plan

Spar Nord has prepared an emergency liquidity plan pursuant to section 71 of the Danish Financial Business Act. This plan contains a catalogue of possible courses of action to strengthen the Bank's liquidity in a critical situation. The catalogue contains a more detailed description of the expected impact and time span of the individual actions. The emergency liquidity plan enters into force if the Group can only meet the predetermined liquidity instructions with difficulty and with resulting sharply increased funding costs.

Stress test

In addition to the Bank's liquidity management models, the Bank prepares internal stress tests. The stress tests span a 12-month period and are calculated using three permanently defined scenarios: A business-specific, a market-specific and a mixed scenario.

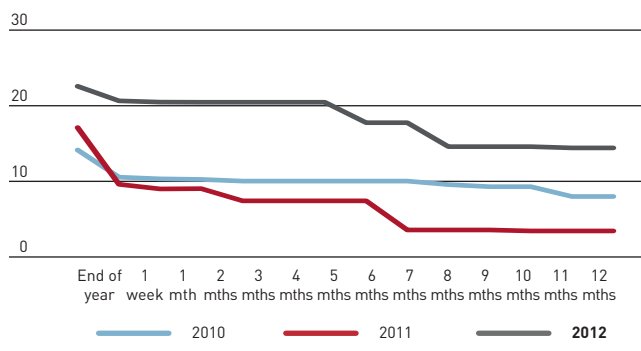
In addition, the Bank performs a stress test corresponding to Moody's "12-month scenario with no access to funding". This scenario operates on the assumption that the Bank has no access to capital markets during the period of calculation, for which reason senior loans, issued bonds and subordinated debt cannot be refinanced on maturity. On the other hand, the stable deposits base remains an accessible financing source, while only a moderate reduction in the Bank's assets is assumed.

NOTES

NOTE As appears from the figure below, the Group has positive liquidity for the full 12-month period.

MOODY'S 12-MTH SCENARIO WITH NO ACCESS TO FUNDING

DKK bn



Funding structure

The Group's assets are funded through four funding sources:

- Customer deposits
- Loans from or repo transactions with other credit institutions and Danmarks Nationalbank (the central bank)
- Issued bonds
- Subordinated debt and shareholders' equity.

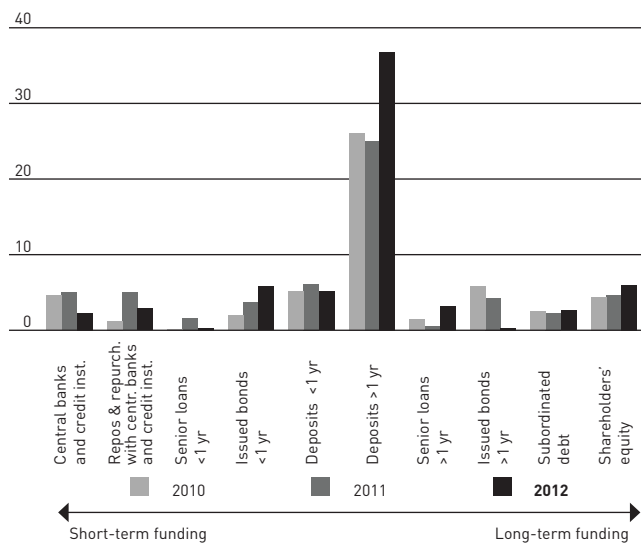
After the merger with Sparbank, customer deposits remain the Bank's largest funding source, at end-2012 amounting to 64.2% (2011: 53.5%) of the Bank's total funding, which is 10.7 percentage points up on end-2011. At end-2012, the sum of the Bank's subordinated debt and shareholders' equity aggregated DKK 8.5 billion, equal to 13.1%, representing an increase of 1.1 percentage points relative to end-2011.

In total, the Bank's long-term funding amounts to 74.8%, which is 11.5 percentage points up on end-2011.

The merger with Sparbank impacts the Bank's funding structure through a larger deposits base of DKK 8.6 billion, issued bonds with a term to maturity of less than one year in the amount of DKK 3.0 billion, and subordinated debt and shareholders' equity totalling DKK 0.7 billion.

FUNDING STRUCTURE

DKK bn



FUNDING

DKK m / %	2012	2011	2010	2012	2011	2010
Centr. banks and credit inst.	2,273.9	4,965.2	4,577.1	3.5	8.5	8.6
Repos and repurchases w/ centr. banks and credit inst.	2,945.0	5,010.8	1,163.3	4.5	8.6	2.2
Senior loans <1 year	300.0	1,636.8	82.7	0.5	2.8	0.2
Issued bonds <1 year	5,789.9	3,731.1	1,992.4	8.9	6.4	3.7
Deposits <1 year	5,108.6	6,057.1	5,095.5	7.8	10.4	9.6
Deposits >1 year	36,813.1	25,030.5	26,108.2	56.4	43.1	49.1
Senior loans >1 year	3,191.9	478.1	1,490.9	4.9	0.8	2.8
Issued bonds >1 year	303.4	4,290.2	5,813.8	0.4	7.4	10.9
Subord. debt	2,561.5	2,316.8	2,477.0	3.9	4.0	4.7
Shareholders' equity	5,975.3	4,627.3	4,374.4	9.2	8.0	8.2
Total	65,262.6	58,143.9	53,175.3	100.0	100.0	100.0

During 2012, Spar Nord redeemed senior loans and bonds for a total of DKK 6.6 billion and raised new funding amounting to DKK 3.0 billion. In September 2012, the Bank used Nationalbanken's LTRO facility and raised a senior loan of DKK 3 billion with securities used as collateral. The merger with Sparbank has added DKK 3.0 billion by way of issued bonds with maturity in 2013.

NOTES

NOTE

Moody's

Spar Nord was rated by Moody's in the period from 2007 to 2012. In May 2012, Spar Nord terminated its cooperation with Moody's and is therefore without official rating. The Bank based its decision mainly on its comfortable liquidity situation, which frees Spar Nord from having to issue bonds on the international capital market.

The Group's historical ratings appear from the table below:

MOODY'S FINANCIAL STRENGTH RATINGS

Official rating	2012	2011	2010	2009	2008
Long-term debt	Baa3	Baa2	A2	A2	A1
Short-term debt	P-2	P-2	P-1	P-1	P-1
Financial strength	C-	C-	C-	C-	C

	2012	2012	2011	2011
	<1 year DKK m	>1 year DKK m	<1 year DKK m	>1 year DKK m
Balance-sheet items broken down by expected time to maturity				
Assets				
Cash balances and demand deposits with central banks	2,341.2	0.0	641.0	0.0
Receivables from credit institutions and central banks	3,920.2	56.9	2,133.4	294.9
Loans, advances and other receivables at amortized cost	17,012.7	22,045.2	18,553.4	20,148.7
Bonds at fair value	12,991.0	7,258.3	9,382.1	7,039.1
Shares, etc.	119.5	1,082.9	82.0	958.4
Equity investments in associates	0.0	992.8	0.0	765.1
Assets linked to pooled schemes	1,028.4	5,973.1	813.8	5,513.3
Intangible assets	12.3	187.7	6.5	124.9
- Investment properties	157.9	0.0	48.5	0.0
- Corporate properties	13.4	609.0	11.1	445.5
Land and buildings, total	171.3	609.0	59.6	445.5
- Operating lease assets	32.1	234.1	85.7	318.3
- Other property, plant and equipment	49.2	82.1	37.0	102.6
Other property, plant and equipment, total	81.3	316.2	122.7	420.9
Current tax assets	17.5	0.0	10.3	0.0
Temporary assets	90.9	0.0	87.5	0.0
Other assets	1,198.3	1,380.4	1,175.1	1,226.6
Prepayments	258.6	0.0	76.6	0.0
Total	39,243.2	39,902.5	33,144.0	36,937.4
Liabilities				
Payables to credit institutions and central banks	5,518.9	3,191.9	11,615.6	475.3
Deposits and other payables	5,108.6	36,813.1	6,057.1	25,030.5
Deposits in pooled schemes	1,028.4	5,973.1	813.8	5,513.3
Issued bonds at amortized cost	5,789.9	303.4	3,731.1	4,290.2
Other non-derivative financial liabilities at fair value	1,682.7	0.0	769.8	0.0
Current tax liabilities	2.0	0.0	7.3	0.0
Temporary liabilities	0.2	0.0	0.0	0.0
Other liabilities	3,462.6	1,446.4	2,980.3	1,345.7
Deferred income	47.5	0.0	53.8	0.0
Total liabilities other than provisions	22,640.8	47,727.9	26,028.8	36,655.0
Provisions for deferred tax	0.0	138.0	0.0	394.9
Provisions for losses on guarantees	27.3	0.0	1.8	0.0
Other provisions	45.0	29.9	36.4	20.4
Subordinated debt	200.0	2,361.5	608.3	1,708.5
Total	22,913.1	50,257.3	26,675.3	38,778.8

Deposits comprise fixed-term deposits and demand deposits, etc. Fixed-term deposits are recognized at the maturity date. Contractually, demand deposits have ultra-short maturity, but are considered a stable funding source with an expected time to maturity of more than one year.

Bonds are broken down by duration.

NOTES

NOTE

Contractual term to maturity of financial liabilities

2012	Carrying amount DKK m	Contractual cash flows DKK m	Within 1 year DKK m	1 - 5 years DKK m	More than 5 years DKK m
<i>Non-derivative instruments</i>					
Payables to credit institutions and central banks	8,710.8	8,740.2	5,527.5	3,020.8	191.9
Deposits and other payables	41,921.7	43,100.9	32,591.2	6,219.7	4,290.0
Deposits in pooled schemes	7,001.5	7,001.5	1,028.4	1,808.2	4,164.9
Issued bonds at amortized cost	6,093.3	6,141.7	5,837.1	304.6	0.0
Other liabilities, excl. derivative instruments	2,735.4	2,735.4	2,735.4	0.0	0.0
Subordinated debt	2,561.5	2,856.6	381.6	2,475.0	0.0
Irrevocable credit commitments and contingent liabilities	5,767.1	5,767.1	3,133.3	1,553.9	1,079.9
<i>Derivative instruments</i>					
Forward contracts used as hedging instruments	2,173.6	2,118.9	711.4	625.4	782.1
31 December before liabilities destined for sale	76,964.9	78,462.3	51,945.9	16,007.6	10,508.8
Liabilities destined for sale	0.2	0.2	0.2	0.0	0.0
31 December adjusted for liabilities for sale	76,965.1	78,462.5	51,946.1	16,007.6	10,508.8
2011	Carrying amount DKK m	Contractual cash flows DKK m	Within 1 year DKK m	1 - 5 years DKK m	More than 5 years DKK m
<i>Non-derivative instruments</i>					
Payables to credit institutions and central banks	12,090.9	12,139.9	11,637.3	336.8	165.8
Deposits and other payables	31,087.6	31,642.8	25,657.9	3,540.8	2,444.1
Deposits in pooled schemes	6,327.1	6,327.1	813.8	1,656.0	3,857.3
Issued bonds at amortized cost	8,021.3	8,198.2	3,852.2	4,346.0	0.0
Other liabilities, excl. derivative instruments	2,460.2	2,460.2	2,460.2	0.0	0.0
Subordinated debt	2,316.8	2,592.4	753.9	1,838.5	0.0
Irrevocable credit commitments and contingent liabilities	3,837.7	3,837.7	2,518.8	671.8	647.1
<i>Derivative instruments</i>					
Forward contracts used as hedging instruments	1,865.8	1,819.6	510.1	580.9	728.6
31 December before liabilities destined for sale	68,007.4	69,017.9	48,204.2	12,970.8	7,842.9
Liabilities destined for sale	0.0	0.0	0.0	0.0	0.0
31 December adjusted for liabilities for sale	68,007.4	69,017.9	48,204.2	12,970.8	7,842.9

The maturity analysis shows the contractual, undiscounted cash flows and comprises agreed payments, including principal and interest.

As concerns liabilities with variable cash flow, such as floating-rate financial liabilities, the information is based on the conditions existing on the reporting date.

Issued bonds at amortized cost and subordinated debt are deemed to fall due at the time when the Spar Nord Group may choose between redeeming the debt or paying an increased interest rate/increased redemption price. If instead the Spar Nord Group chooses to extend the loans, no principal but only interest of DKK 185.4 million (2011: DKK 157.7 million) falls due for payment within 1 year, DKK 922.8 million (2011: DKK 1,210.4 million) within 1-5 years and DKK 2,405.1 million (2011: DKK 1,615.0 million) after 5 years. Combined, the Spar Nord Group has subordinated debt with a perpetual term totalling DKK 1,815.0 million (2011: DKK 1,615.0 million). For loans with a perpetual term, no interest has been calculated for the period after five years in the supplementary information shown above. The annual interest on loans with a perpetual term amounts to DKK 150.6 million (2011: DKK 141.1 million).

As regards deposits in pension pools, only the customers' deposits in the pension pools are allocated, as future yields for pension pool participants depend on the return on pooled assets. The dates when the obligations fall due are correlated to the assets in the pension pools.

Payments regarding irrevocable credit commitments and guarantees fall due if a number of predetermined conditions have been met. Such payment obligations have been recognized at the time when the agreements expire.

Under the agreements made, customers can usually demand repayment of their deposits at short notice. However, in practice they are considered a stable funding source, as amounts disbursed largely equal deposits received.

The above-mentioned breakdown by term to maturity has been based on the earliest date when a demand for payment can be made.

NOTE 59 OPERATIONAL RISK

Risk identification and assessment

Operational risk is understood as the risk of loss that results from inefficient or deficient internal procedures, from human or systemic errors or from external events, including legal risks (i.e. the risk that an incomplete or incorrect legal assessment affects the Group adversely).

All activities in the organization are subject to operational risks.

Control and identification

Operational risk is managed across the Group through a comprehensive system of business procedures and control measures developed to ensure an optimum process environment. Efforts to minimize operational risks include separating the execution and the control of activities.

Responsibility for dealing with risks lies with the unit responsible for the relevant business activities, the risk owners.

Spar Nord's Board of Directors has introduced a policy for operational risk, the aim of which is to provide an overview of the Group's operational risks, minimize the number of errors and thus reduce the Group's losses incurred from operational errors.

Throughout the Group, events that result in a loss of more than DKK 5,000 are recorded and categorized, and identified risks are recorded on an ongoing basis, followed up by reporting to the Risk Review Officer and the Executive Board.

The Legal Department is charged with handling operational risks, a responsibility that includes the role as risk facilitator.

Compliance

Operational risks include compliance risks, which means the risk that the Bank is not being operated according to legal and statutory requirements, standards in the market and good business ethics. Spar Nord has an independent compliance function charged with assisting Management in ensuring that the Group complies with applicable legislation, market standards and internal rules and procedures. This serves to identify and reduce the risk that sanctions are imposed on the Bank, that its reputation is compromised, or that the Bank or its customers suffer significant financial losses.

The Compliance function, managed by a Head of Compliance (a law graduate), who reports to both the Board of Directors and the Executive Board. This function is manned by representatives from a cross-section of the Bank's business areas. An overall policy and annual programme for the Function's activity have been approved by the Board of Directors.

Fraud

In view of the regular reporting provided to the Bank's Board of Directors and Executive Board, it is Management's opinion that the Bank has a satisfactory level of measures to counter the risk of being exposed to fraud.

IT security

Information and information systems are vital to Spar Nord, and IT security is therefore decisive for the Bank's credibility and continued existence. An IT security function has been established, and Spar Nord's Executive Board and Board of Directors regularly check on IT security.

Spar Nord bases its activity in the IT security area on regulatory requirements as well as considerations regarding day-to-day operations. All IT installations running at Spar Nord and its service providers must operate according to documented running schedules and guidelines. Operation must be safe and stable, a requirement ensured through the highest possible degree of automation and continual capacity adjustments. For service providers, this must be ensured by means of written agreements. The Bank's IT security work includes the preparation of emergency plans and recovery procedures aimed to ensure that operation continues at a satisfactory level in the case of extraordinary events.

Capital need

The capital needed to cover Spar Nord's operational risks is calculated using the basic indicator approach. In 2012, the operational risk amounted to 12.6% of total risk-weighted assets, totalling DKK 5,839.1 million at end-2012, which results in a capital need of DKK 467.1 million.

NOTES

NOTE 60 CAPITAL MANAGEMENT

The Bank's objectives of capital management are:

- to comply with the capital requirements laid down in Part 10 of the Danish Financial Business Act and the Danish Executive Order on Statement of Capital Base;
- to ensure that the Bank at all times disposes of sufficient capital to support future activities and growth;
- to maintain a relatively high core capital (Tier 1) ratio and thus keep the dependency on subordinated loan capital at a moderate level.

In 2012, Spar Nord made no major changes in assumptions, objectives and policies as compared to the year before, apart from tightening the Bank's internal targets, as described in more detail below.

During the year under review, the Bank met all statutory capital adequacy ratios.

The solvency ratio, i.e. the Bank's capital base relative to risk-weighted items, must exceed the Bank's solvency need ratio (the ICAAP result).

Since Q3 2012, the Bank's internal targets have been:

- to have a minimum Common Equity (Tier 1) ratio of 12.0% (previously 9.0%)
- to have a minimum solvency ratio of 15.0% (previously: a core capital (Tier 1) ratio, incl. hybrid core capital, of minimum 12.0%).

Moreover, the Bank intends to have a solvency ratio that is at least three percentage points higher than the Bank's solvency need ratio (the ICAAP result). The capital targets - the Bank's internal targets for solvency - have been fixed to ensure that any deep cyclical recession, unexpectedly heavy credit losses or major interest-rate fluctuations will not cause the solvency ratio to drop below the statutory minimum requirement.

During the year under review, the Bank's Common Equity (Tier 1) ratio, incl. hybrid capital, ranged from 12.1 to 14.3% (2011: 9.7 - 10.4%) and thus exceeded the Bank's current internal target of minimum 12%. Correspondingly, the internal target of a solvency ratio of minimum 15.0% has been met, as it remained within the 15.5 - 16.8% band during the year (2011: 13.8 - 14.0%).

Capital management is based on the methods of accounting and financial ratios developed by the Basel Committee, which have been incorporated into Part 10 of the Danish Financial Business Act and the Capital Adequacy Order. Management currently monitors the Bank's capital adequacy. The figures calculated at the end of each quarter for the Bank's core capital (Tier 1), capital base, risk-weighted items and solvency ratios, including the calculation of the Bank's solvency need ratio (the ICAAP result), are reported to the Danish Financial Supervisory Authority in accordance with existing rules.

In addition to the targets set out above, the Bank has calculated the solvency need ratio (the ICAAP result) in accordance with section 124(4) of the Danish Financial Business Act. The Bank's solvency need is an expression of the Bank's own assessment as to how high the solvency ratio should be to safeguard depositors against losses. As from the end of 2012, the Bank has based the calculation of its solvency need ratio on the so-called 8+ method. This method is based on the statutory minimum requirement of 8.0% of the risk-weighted items (Pillar I) plus add-ons for risks and matters not fully reflected in the calculation of risk-weighted items. Thus, it is assumed that ordinary risks are covered by the 8% requirement, and that it must therefore be determined which additional risks the Bank may have that warrant an add-on to the solvency need (Pillar II); see the guidelines from the Danish Financial Supervisory Authority in this respect.

Previously, the Bank calculated its solvency need ratio (the ICAAP result) based on a probability method consisting of three stages. A number of stress tests were made in stage 1, focusing on the Bank's income statement in a situation where the Bank would suffer an extremely adverse development in its profit performance. In stage 2, the capital needs were determined based on the anticipated growth in the risk-weighted assets. In stage 3, an assessment was made as to whether the Bank's business and risk areas would warrant an additional add-on to the calculated solvency need in stages 2 and 3.

The Bank's core capital (Tier 1) consists of its share capital, proposed dividend and retained earnings. Hybrid core capital and supplementary capital in the form of subordinated debt are included in the calculation of the Bank's capital base. A number of deductions are made in connection with calculating the Bank's Common Equity (Tier 1) and core capital, incl. hybrid core capital, and capital base. Such deductions consist primarily of proposed dividend, intangible assets and equity investments in other credit institutions as well as subordinated loan capital provided to other credit institutions.

Risk-weighted items are the calculated risks associated with the Bank's business areas. Risk-weighted items are calculated as follows: assets, items subject to a market risk, and exposures in the form of guarantees are weighted on the basis of standard weights that depend on the type of the individual items and counterparty, with due provision being made for any collateral provided. To this should be added a supplement to cover the Bank's operational risks.

The maturity profile for the Bank's subordinated debt appears from note 38.

The Group continuously assesses the need for adapting the capital structure, including the Bank's goals, policies and processes.

For more details, please refer to the unaudited Risk Report at www.sparnord.dk/ir/risk_report.

	Spar Nord The Group 31.12.12 DKK m	Spar Nord The Group 31.12.11 DKK m	Spar Nord Parent Company 31.12.12 DKK m	Spar Nord Parent Company 31.12.11 DKK m
Solvency information				
Core capital (Tier 1) (incl. hybrid capital) after deductions	6,972.9	5,621.6	6,795.3	5,621.6
Supplementary capital and revaluation reserves included	645.4	670.7	645.3	670.7
Deductions from capital base	452.7	388.1	461.6	388.1
Capital base after deductions	7,165.6	5,904.2	6,979.0	5,904.2
Risk-weighted items not included in the trading portfolio	37,198.5	34,544.3	37,827.9	35,399.3
Risk-weighted items subject to a market risk, etc.	3,269.8	3,553.5	3,284.7	3,578.4
Risk-weighted items subject to operational risk	5,839.1	4,090.0	5,301.7	3,655.8
Risk-weighted items, total	46,307.4	42,187.8	46,414.3	42,633.5
Common Equity (Tier 1) ratio, %	12.1	10.4	11.7	10.3
Core capital (Tier 1) ratio (incl. hybrid core capital) after deduction in per cent of risk-weighted items, total, %	15.1	13.3	14.6	13.2
Solvency ratio, %	15.5	14.0	15.0	13.8

NOTES

NOTE 61 POOLED SCHEMES

	Pension pools DKK m	Other pools DKK m	Spar Nord The Group 2012 DKK m	Spar Nord The Group 2011 DKK m	Spar Nord Parent Company 2012 DKK m	Spar Nord Parent Company 2011 DKK m
--	---------------------------	-------------------------	---	---	--	--

INCOME STATEMENT

Interest income/premium on forward transactions:

Cash deposits	6.3	0.1	6.4	5.2	6.4	5.2
Index-linked bonds	0.0	0.0	0.0	0.0	0.0	0.0
Other bonds	97.7	1.3	99.0	124.1	99.0	124.1
Total interest income	104.0	1.4	105.4	129.3	105.4	129.3

Dividends on:

Shares, etc.	40.1	0.5	40.6	30.8	40.6	30.8
Total dividends	40.1	0.5	40.6	30.8	40.6	30.8

Market-value adjustments of:

Index-linked bonds	0.0	0.0	0.0	0.0	0.0	0.0
Other bonds, etc.	44.1	0.8	44.9	53.9	44.9	53.9
Shares, etc.	335.7	4.0	339.7	-362.8	339.7	-362.8
Unit trust certificates	0.0	0.0	0.0	57.5	0.0	57.5
Currency	-14.9	-0.2	-15.1	-10.1	-15.1	-10.1
Derivative instruments	0.0	0.0	0.0	0.0	0.0	0.0
Total market-value adjustments	364.9	4.6	369.5	-261.5	369.5	-261.5

Fees, charges and commissions paid	70.2	0.9	71.1	70.3	71.1	70.3
---	-------------	------------	-------------	-------------	-------------	-------------

Profit/loss for the pools	438.8	5.6	444.4	-171.7	444.4	-171.7
----------------------------------	--------------	------------	--------------	---------------	--------------	---------------

BALANCE SHEET DISCLOSURES

Assets

Cash deposits	415.1	4.9	420.0	1,357.6	420.0	1,357.6
Other bonds	3,859.0	52.5	3,911.5	2,840.1	3,911.5	2,840.1
Other shares, etc.	2,597.2	30.6	2,627.8	1,884.1	2,627.8	1,884.1
Other assets	41.7	0.5	42.2	245.3	42.2	245.3
Total assets	6,913.0	88.5	7,001.5	6,327.1	7,001.5	6,327.1

Liabilities

Total deposits	6,452.4	82.6	6,535.0	6,245.0	6,535.0	6,245.0
Other liabilities	460.6	5.9	466.5	82.1	466.5	82.1
Total liabilities	6,913.0	88.5	7,001.5	6,327.1	7,001.5	6,327.1

NOTES

NOTE 62 PERFORMANCE INDICATORS AND FINANCIAL RATIOS

The Danish Financial Supervisory Authority's layout and ratio system

THE SPAR NORD BANK GROUP

PERFORMANCE INDICATORS

DKK m

INCOME STATEMENT

	2012	2011	2010	2009	2008
Net income from interest, fees, charges and commissions	2,120.3	1,958.6	1,949.6	2,039.5	1,728.0
Market-value adjustments	230.9	115.5	236.9	301.3	-221.1
Staff costs and administrative expenses	1,493.4	1,380.7	1,402.6	1,403.5	1,200.0
Impairment of loans, advances and receivables, etc.	599.0	402.9	452.9	575.4	245.5
Profit/loss on equity investments in associates and group enterprises	86.7	44.9	40.5	17.1	43.3
Profit/loss for the year	223.8	274.8	105.0	117.5	95.3

BALANCE SHEET

Loans and advances	39,058	38,702	39,952	38,315	45,376
Shareholders' equity	5,975	4,627	4,374	4,143	4,024
Total assets	79,146	70,081	67,436	64,529	69,268

FINANCIAL RATIOS

Solvency

Solvency ratio, %	15.5	14.0	13.4	14.2	11.3
Core capital (Tier 1) ratio, %	15.1	13.3	13.2	13.2	9.7

Earnings

Return on equity before tax	%	5.5	7.7	3.1	3.5	3.0
Return on equity after tax	%	4.2	6.1	2.5	2.9	2.3
Income/cost ratio		1.11	1.16	1.06	1.08	1.02

Market risk

Interest-rate risk	%	-1.1	-0.5	0.1	-0.3	0.3
Foreign-exchange position	%	1.4	6.9	2.9	2.9	9.1
Foreign-exchange risk	%	0.0	0.1	0.1	0.0	0.1

Credit risk

Loans and advances relative to deposits	%	79.8	103.4	108.3	106.4	119.3
Loans and advances plus impairment rel. to deposits	%	82.5	106.5	111.1	109.1	120.9
Loans and advances rel. to shareholders' equity		6.5	8.4	9.1	9.2	11.3
Increase in loans and advances for the year	%	0.9	-3.1	4.3	-15.6	10.8
Excess coverage rel. to statutory cash ratio requirement	%	211.5	163.9	109.1	157.0	86.7
Large exposures as % of capital base *)	%	16.5	0.0	0.0	10.9	12.3
Impairment ratio for the year **)		1.4	1.1	1.2	1.5	0.5
Impairment ratio for the year, continuing activities		1.4	1.1	1.2	1.5	0.6

THE SPAR NORD BANK - SHARE

DKK per share of DKK 10

Earnings per share for the year	DKK	2.5	3.4	1.3	1.5	1.2
Net asset value (NAV) per share	DKK	48	58	54	53	52
Dividend per share	DKK	0	0	0	0	0
Share price/earnings per share for the year		10.4	6.8	33.1	26.7	25
Share price/NAV per share		0.5	0.4	0.8	0.8	0.6

*) With reference to the Danish Financial Supervisory Authority's "Guidelines on the reporting of financial ratios", the financial ratio "Large exposures as % of capital base" was adjusted for exposures to credit institutions below DKK 1 billion after deductions in 2010, 2011 and 2012 in accordance with section 145 of the Danish Financial Business Act, for which reason this financial ratio is not fully comparable with previous years.

**) Impairment for the year comprises impairment of continuing and discontinuing activities in per cent of loans, advances, guarantees and impairment.

Share-based financial ratios for previous periods have been multiplied by an adjustment factor of 0.7073 due to the capital increases in 2012.

Ratio definitions appear from note 63.

NOTES

NOTE

PERFORMANCE INDICATORS AND FINANCIAL RATIOS

The Danish Financial Supervisory Authority's layout and ratio system

SPAR NORD BANK, THE PARENT COMPANY

PERFORMANCE INDICATORS

DKK m

INCOME STATEMENT

	2012	2011	2010	2009	2008
Net income from interest, fees, charges and commissions	2,121.3	1,959.5	1,950.3	2,039.9	1,727.2
Market-value adjustments	230.9	114.1	237.7	318.3	-216.1
Staff costs and administrative expenses	1,495.8	1,382.9	1,404.1	1,402.8	1,199.7
Impairment of loans, advances and receivables, etc.	599.0	404.4	449.9	575.1	245.8
Profit/loss on equity investments in associates and group enterprises	86.9	44.8	36.5	-3.0	40.3
Profit/loss for the year	224.1	273.8	106.0	117.5	95.3

BALANCE SHEET

Loans and advances	37,241	37,572	39,051	37,272	44,153
Shareholders' equity	5,975	4,627	4,375	4,143	4,024
Total assets	78,756	68,822	66,414	63,571	68,286

FINANCIAL RATIOS

Solvency

Solvency ratio, %	15.0	13.8	13.2	14.0	11.0
Core capital (Tier 1) ratio, %	14.6	13.2	13.0	13.1	9.4

Earnings

Return on equity before tax	%	5.3	7.2	3.1	3.9	2.5
Return on equity after tax	%	4.2	6.1	2.5	2.9	2.3
Income/cost ratio		1.12	1.16	1.06	1.08	1.02

Market risk

Interest-rate risk	%	-1.1	-0.5	0.1	-0.4	0.3
Foreign-exchange position	%	20.0	7.8	2.8	2.2	8.4
Foreign-exchange risk	%	0.0	0.0	0.1	0.0	0.1

Credit risk

Loans and advances relative to deposits	%	75.5	100.4	105.8	103.1	116.0
Loans and advances plus impairment rel. to deposits	%	77.9	103.0	108.2	105.4	117.4
Loans and advances rel. to shareholders' equity		6.2	8.1	8.9	9.0	11.0
Increase in loans and advances for the year	%	-0.9	-3.8	4.8	-15.6	11.0
Excess coverage rel. to statutory cash ratio requirement	%	211.5	166.3	111.9	157.8	87.7
Large exposures as % of capital base *)	%	16.6	0.0	0.0	10.9	12.3
Impairment ratio for the year		1.3	0.9	1.0	1.3	0.5
Impairment ratio for the year, continuing activities		1.4	-	-	-	-

THE SPAR NORD BANK - SHARE

DKK per share of DKK 10

Earnings per share for the year	DKK	2.5	3.4	1.3	1.5	1.2
Net asset value (NAV) per share	DKK	48	58	54	53	52
Dividend per share	DKK	0	0	0	0	0
Share price/earnings per share for the year		10.4	6.8	33.1	26.7	25.0
Share price/NAV per share.		0.5	0.4	0.8	0.8	0.6

*) With reference to the Danish Financial Supervisory Authority's "Guidelines on the reporting of financial ratios", the financial ratio "Large exposures as % of capital base" was adjusted for exposures to credit institutions below DKK 1 billion after deductions in 2010, 2011 and 2012 in accordance with section 145 of the Danish Financial Business Act, for which reason this financial ratio is not fully comparable with previous years.

Share-based financial ratios for previous periods have been multiplied by an adjustment factor of 0.7073 due to the capital increases in 2012.

Ratio definitions appear from note 63.

NOTE 63 RATIO DEFINITIONS

Solvency ratio

Capital base in per cent of risk-weighted assets.

Core capital (Tier 1) ratio

Core capital (Tier 1) after deduction in per cent of risk-weighted assets.

Return on equity before tax

Profit/loss before tax in per cent of average shareholders' equity. The average shareholders' equity is calculated as a simple average of the shareholders' equity at the beginning of the year and at the end of the year.

Return on equity after tax

Profit/loss after tax in per cent of average shareholders' equity. The average shareholders' equity is calculated as a simple average of the shareholders' equity at the beginning of the year and at the end of the year.

Income/cost ratio (the Danish Financial Supervisory Authority's definition)

Net income from interest, fees, charges and commissions, Market-value adjustments, Other operating income and Profit/loss on equity investments in associates and group enterprises in per cent of Staff costs and administrative expenses, Depreciation, amortization and impairment of intangible assets and property, plant and equipment, Other operating expenses and Impairment of loans, advances and receivables.

Interest-rate risk

Interest-rate risk in per cent of core capital (Tier 1) after deductions.

Foreign-exchange position

Foreign-exchange indicator 1 in per cent of core capital (Tier 1) after deductions.

Foreign-exchange risk

Foreign-exchange indicator 2 in per cent of core capital (Tier 1) after deductions.

Loans and advances plus impairment rel. to deposits

Loans and advances + impairment in per cent of deposits.

Loans and advances relative to deposits

Loans and advances in per cent of deposits.

Excess coverage rel. to statutory cash ratio requirement

Cash balances, Demand deposits with Danmarks Nationalbank (the central bank), Absolutely secure and liquid demand deposits with credit institutions and insurance companies, Uncollateralized certificates of deposit issued by Danmarks Nationalbank and Secure and liquid (listed) uncollateralized securities in per cent of 10% of Reduced liabilities (other than provisions) and guarantee commitments.

Large exposures as per cent of capital base

Total large exposures in per cent of the capital base, adjusted for exposures to credit institutions, etc. below DKK 1 billion after deducting specially secured amounts and accepted collateral, guarantees, etc.

Share of receivables with reduced interest rate

Receivables at a reduced interest rate (before impairment) in per cent of loans and advances + guarantees + impairment.

Impairment ratio for the year

Impairment for the year in per cent of loans and advances + guarantees + impairment.

Increase in loans and advances for the year

Increase in loans and advances from the beginning of the year to the end of the year, in percent.

Loans and advances rel. to shareholders' equity

Loans and advances/shareholders' equity.

Earnings per share for the year

The profit/loss for the year after tax/average number of shares. The average number of shares is calculated as a simple average of the shares at the beginning of the year and at the end of the year.

Net asset value (NAV) per share

Shareholders' equity/number of shares, excl. treasury shares.

Dividend per share

Proposed dividend/number of shares.

Share price relative to earnings per share for the year

Share price/earnings per share for the year.

Share price relative to net asset value (NAV)

Share price/NAV per share.

Cost share of core income

Operating costs, depreciation and amortization/Core income.

Cost share of core income, incl. impairment of loans and advances

Operating costs, depreciation and amortization + Impairment of loans and advances, etc./Core income.

Rate of return, %

Year-end price – year-end price the year before + dividend the year before in per cent of the year-end price the year before.

Price/earnings

Year-end price/Earnings per share for the year.

Earnings per share

The profit/loss for the year after tax/average number of shares in circulation, excl. treasury shares. The average number of shares is calculated as a simple average of the shares at the beginning of the year and at the end of the year.

Diluted earnings per share

Profit/loss for the year after tax/average number of shares in circulation, incl. dilutive effect of share options and contingently issuable shares.

Spar Nord Bank A/S
Skelagervej 15

Tel. +45 9634 4000
Fax +45 9634 4560

P.O. Box 162
DK-9100 Aalborg

www.sparnord.dk
sparnord@sparnord.dk

CVR no. 13737584



spar nord