

To Nasdaq OMX Copenhagen

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## **Spar Nord upgrades its forecast for full-year earnings and loan impairment**

### **Forecast for core earnings before impairment revised upwards to the DKK 900 million range**

In light of business developments in H1 2012, Spar Nord upgrades its forecast for full-year core income by approx DKK 100 million.

The primary reason for this upward revision is growth in activity-related earnings, triggered in part by major remortgaging activity in the mortgage credit area. To this should be added positive market-value adjustments of the Bank's bond portfolio as a result of the low interest level.

Costs and expenses are still expected to end at the same level as in 2011, for which reason the forecast for full-year core earnings before impairment is upgraded from around DKK 800 million to around DKK 900 million.

### **Extraordinary impairment of DKK 96 million as result of revised guidelines from the Danish Financial Supervisory Authority**

After having reviewed the Bank's lending portfolio, Spar Nord expects the Bank's loan impairment provisions, etc. in Q2 2012 to be about DKK 115 million higher than in Q1 2012.

DKK 96 million of the increase on Q1 is attributable to a more specific formulation of the guidelines issued by the Danish Financial Supervisory Authority regarding the valuation of collateral for facilities granted to customers in the property and agricultural sectors.

Thus, DKK 45 million of the increase is attributable to facilities granted to customers in the property sector - specifically to the changed valuation of collateral provided in connection with development projects.

The balance of DKK 51 million is attributable to lending to the agricultural sector - specifically to higher standard realisation costs in connection with forced sales and a lower valuation of production equipment and foreign assets.

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In light of the extraordinary nature of the impairment provisions in Q2, the Bank expects loan impairment to bounce back to the Q1 level, starting from Q3 2012.

### **Interim Report for the first six months**

Spar Nord's Interim Report for H1 2012 will be published on 15 August as scheduled.

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Sincerely yours,  
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