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Spar Nord to be assigned SIFI status

The political parties behind the so-called Bank Package 6 (legislation on systemically important financial institutions ("SIFIs") today issued a statement from which it appears that Spar Nord is to be assigned SIFI status in Denmark. The statement was made in continuation of an indication from the Danish FSA earlier this year that Spar Nord would be required to comply with the same capital requirements as SIFI banks in connection with the phase-in of new resolution rules for banks (the so-called MREL requirements).

In connection with the news from the Danish FSA that Spar Nord would have to comply with the same MREL requirements as SIFI banks, Spar Nord's management stated that, if Spar Nord were to be deemed a SIFI in a resolution context, it should be considered whether the bank should not also be treated as a SIFI in a "going concern" context.

Accordingly, Spar Nord welcomes today's statement from the Danish parliament:

"Put informally, you could say that if we are to die as a SIFI, we would also like to live as a SIFI. The statement issued by the Danish FSA in September on the upcoming MREL rules already made it clear that we will be required to comply with the same capital requirements as SIFI banks. If this is the case, we would also like to have the benefits of being assigned official SIFI status," said Spar Nord's CEO, Lasse Nyby. He continued:

"There are some quite obvious challenges entailed in becoming a SIFI – particularly in terms of administrative duties. But, overall, we believe that the benefits of being assigned SIFI status outweigh the drawbacks for Spar Nord, not least in terms of capital procurement."

Based on the information available, Spar Nord expects that the process leading up to the assignment of SIFI status will take place in 2018.

In light of the new situation with MREL requirements at SIFI level Spar Nord has resolved to examine the possibility of applying internal ratings-based models in order to obtain relief on the capital side to counter the stricter capital requirements. Spar Nord will provide a status on these deliberations in the 2017 annual report.

Please direct any questions or comments regarding this press release to Ole Madsen, Senior Vice President, Communication & Business Development, on tel. +45 25 27 05 80 or oma@sparnord.dk.

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