

## Spar Nord revises financial guidance

**Backed by positive developments in the financial markets in the second quarter of 2020, Spar Nord now expects core earnings before impairment for the full year 2020 in 800-1,050 million range. Guidance for profit after tax, suspended since March, is now reintroduced at DKK 350-550 million.**

In its 2019 Annual Report, Spar Nord guided for FY 2020 core earnings before impairment of DKK 900-1,100 million and profit after tax in the DKK 625-825 million range.

Due to the COVID-19 outbreak and the political decisions and resulting economic implications, Spar Nord opted on 19 March to temporarily suspend its financial guidance.

Subsequently, at the release of the Q1 interim report, Spar Nord reintroduced the guidance for core earnings before impairment at DKK 700-1,000 million, while keeping the guidance for profit after tax suspended due to sustained uncertainty regarding impairment.

Backed by positive developments in the financial markets in the second quarter of 2020 combined with satisfactory developments in net interest and fee income along with the cost-cutting measures described below, Spar Nord now expects core earnings before impairment for the full year 2020 in the DKK 800-1,050 million range.

### Cost-cutting initiatives

In response to the increased pressure on income, Spar Nord implemented a number of initiatives in the second quarter intended to reduce the Group's payroll costs and operating expenses.

For example, a voluntary severance programme was introduced in June, under which a total of 49 employees have agreed to resign by the end of 2020. Based on the already known recruitment and resignation of staff, Spar Nord now expects to employ about 1,510 staff (FTE) at 31 December 2020, compared with 1,549 FTE at 31 December 2019.

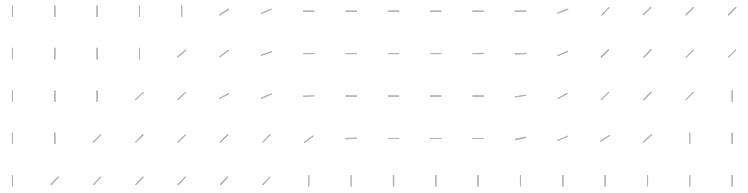
### Spar Nord Bank A/S Executive Board



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Severance payments are expected to amount to approximately DKK 25 million, to be recognised for the second quarter of 2020.

In addition, through active initiatives, Spar Nord has identified savings on other operating expenses (i.e. marketing, travel expenses, etc.) of approximately DKK 35 million relative to what was originally expected.

### **Impairment update**

Developments in impairment write-downs were also satisfactory in the second quarter. The long-term credit consequences of the decline in economic activity resulting from the COVID-19 crisis remains subject to substantial uncertainty, although only moderate credit losses have been recorded to date thanks to the many economic relief packages available.

The preliminary figures indicate that impairment will impact Q2 operating profit by DKK 58 million, which amount includes total COVID-19-related impairment write-downs in Q2 of approximately DKK 80 million, of which DKK 30 million marks an increase in the management estimate relating to COVID-19 to a total of DKK 255 million.

Impairment write-downs for the full year are now expected to be in the DKK 300-500 million range.

### **Net profit guidance reintroduced**

Based on the above factors, Spar Nord now expects a FY 2020 net profit of DKK 350-550 million.

Spar Nord's H1 interim report is scheduled for release on 13 August.

Please direct any questions regarding this release to Lasse Nyby, Chief Executive Officer, on tel. +45 9634 4011, or Ole Madsen, Senior Vice President, Communication & Digital, on tel. + 45 9634 4010.

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