

Spar Nord Bank A/S acquiring P/F BankNordik's Danish business

Spar Nord Bank A/S ("Spar Nord") and P/F BankNordik ("BankNordik") have signed a conditional agreement for the acquisition of BankNordik's Danish business with a total business volume of approximately DKK 25 billion, distributed on some 60,000 customers. The purchase price has been agreed at the carrying amount with the addition of goodwill of DKK 255 million.

The agreement will enable Spar Nord to strengthen its market position in the retail customer segment in the Greater Copenhagen area and in the cities of Aarhus, Odense, Kolding and Haderslev.

As part of the transaction, Spar Nord will take over BankNordik's 11 branches and employees corresponding to a total of 132 FTEs. In so far as possible, the intention is to maintain all relations between bank advisers and customers, while also maintaining the physical presence in the geographical areas where BankNordik is currently present.

In Spar Nord, BankNordik's customers will become a part of a well-run, nationwide bank offering a broad and competitive range of financial solutions within financing, investing, pension and insurance products. Spar Nord's business model is based on having a strong local presence with decision-making powers allocated to the local branches, and the Bank is characterised by high levels of both employee and customer satisfaction.

The agreement will allow Spar Nord to achieve the potential for efficiency enhancement and improved earnings power which arises from the ability to serve a greater number of customers using the same production and support platform. Furthermore, Spar Nord expects to achieve positive synergies from the combination of BankNordik's branches with Spar Nord's branches in relevant geographical areas.

Portfolio acquired

Spar Nord is acquiring a well-functioning business with a retail customer business volume totalling about DKK 25 billion distributed on some 60,000 customers. The total business volume breaks down as follows:

- Loans and guarantees – approx. DKK 3.7bn

Spar Nord Bank A/S Executive Board



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- Deposits – approx. DKK 5.8bn
- Mortgage loans arranged through Totalkredit – approx. DKK 11.1bn
- Custodianship accounts – approx. DKK 4.8bn

The agreement will make Spar Nord the largest distributor of Totalkredit mortgage loans and the largest distributor of investment solutions from Bankinvest.

Prior to the signing of the agreement, standard due diligence procedures have been performed, on the basis of which Spar Nord assesses that the credit quality of the acquired portfolio is on a level with that of the Bank's existing customer portfolio.

Purchase price

The parties have agreed that Spar Nord will acquire BankNordik's Danish business at the carrying amount with the addition of goodwill totaling DKK 255 million. The final purchase price will be determined at the acquisition date.

As part of the agreement, Spar Nord will be offering funding to BankNordik in the form of standard senior debt with terms to maturity of up to 18 months.

Financial outlook

Spar Nord expects only a modest contribution from the acquired business to the Bank's core earnings before impairment in 2021 because of expected one-off costs to the tune of DKK 60-70 million associated with the transaction.

From 2022, the acquired portfolio is expected to contribute core earnings before impairment of around DKK 110 million. Due to the collateral security provided, the risk attaching to the acquired portfolio is expected to be similar to that of Spar Nord's existing retail customer portfolio.

Capital position

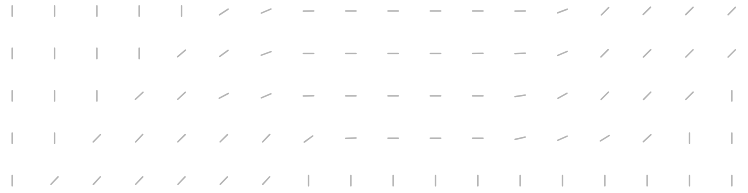
In terms of capital, Spar Nord had a common equity tier 1 capital ratio of 16.7%, an own funds ratio of 20.4% and an individual solvency need ratio of 9.6% at 30 September 2020.

Overall, the acquisition is expected to reduce the Bank's capital ratios by around 1.5 percentage point. After the transaction, both the common equity tier 1 capital ratio and the own funds ratio will still be well above the Bank's target ratios of 13.5% and 17.5%, respectively.

Closing of the transaction

Closing of the transaction is subject to the approval of the Danish FSA and the Danish Competition and Consumer Authority. These conditions are expected to be met by the end of February 2021.

The transaction is expected to be completed with 1 March 2021 as the take-over date. Until customers have been migrated from SDC to BEC, the customer portfolio will be managed on SDC's system platform. The migration



from SDC to BEC is expected to take place in mid-2021, at which time the customer portfolio will pass to Spar Nord's customer programme, products and terms and conditions.

Enquiries regarding this announcement

Please direct any questions regarding this release to Lasse Nyby, Chief Executive Officer, on tel. +45 9634 4011, or Rune Børglum Sørensen, Head of Investor Relations, on tel. + 45 9634 4236.

Accura, law firm, is acting as legal advisers to Spar Nord in connection with the transaction.

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