

**SALE OF NETS DRIVES NET PROFIT TO RECORD LEVEL
DKK 312 MILLION – CONTINUED FOCUS ON M&A**

Presentation of Q1 2014



KEY MESSAGES

1

Core income 18 % up driven by sale of Nets

2

NII down 8 % (q/q) – downturn in income from bonds portfolio as well bank lending

3

Fee income continues to grow – high activity level in asset management and portfolio management

4

Loan impairment declined to DKK 90 million corresponding to impairment percentage of 0,86

5

Very solid CET1 ratio of 14.0 and strong strategic liquidity of DKK 18.0 billion

6

Takeover from Basisbank of a portfolio of customers with residential housing loans (DKK 300 million)

7

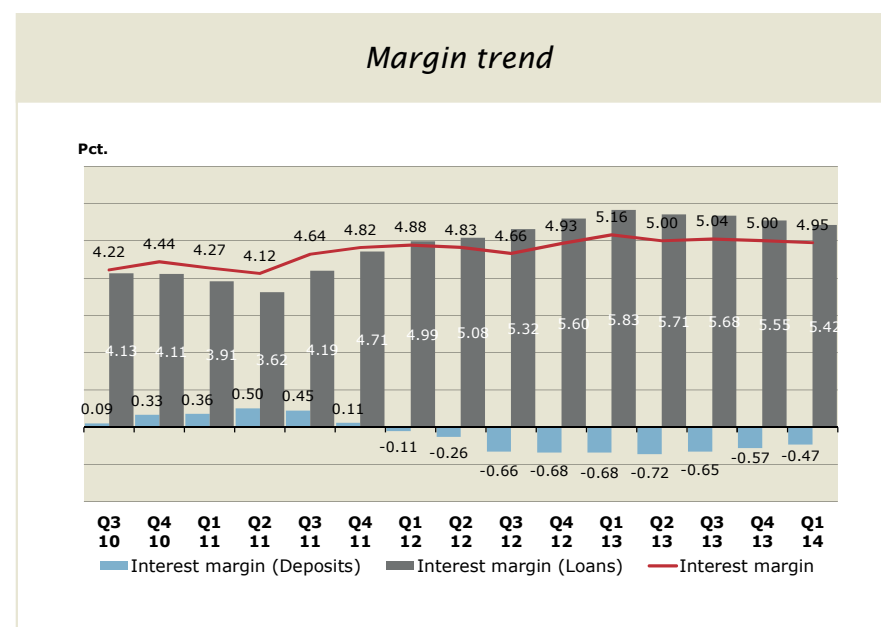
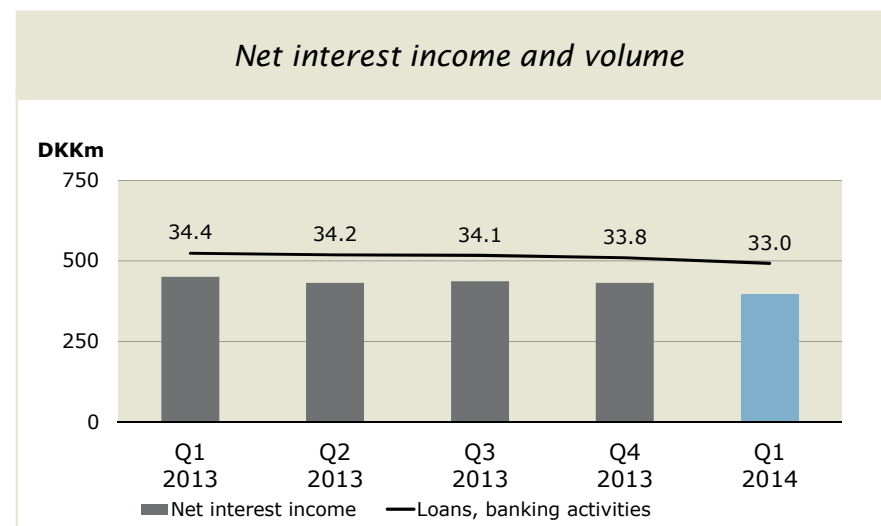
Continued focus on growth via attractive M&A opportunities

HEADLINES FROM THE INCOME STATEMENT

SPAR NORD BANK DKKm	Realized Q1 2014	Realized Q4 2013	Change in pct.	Realized Q1 2013	Change in pct.
Net interest income	397	432	-8	451	-12
Net fees, charges and commissions	205	190	8	196	5
Market-value adjustments	250	58	-	77	-
Other income	31	37	-17	24	28
Core income	883	717	23	748	18
Staff costs	259	278	-7	254	2
Operating expenses etc.	181	143	26	173	4
Costs	439	421	4	427	3
Core earnings before impairment	444	296	50	321	38
Impairments of loans and advances, etc.	90	104	-13	109	-17
Core earnings	354	192	84	213	66
Investment income	11	2	-	17	-34
Profit/loss on ordinary activities	365	195	88	229	59
Sector Fund	-25	-37	-33	-31	-21
Cost related to merger	0	-4	-100	-16	-
Profit from continuing operations	340	154	121	182	87
Profit from discontinued operations	9	24	-63	10	-13
Profit before tax	349	178	96	193	81

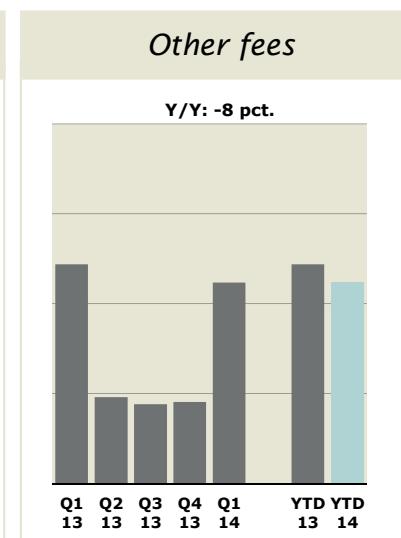
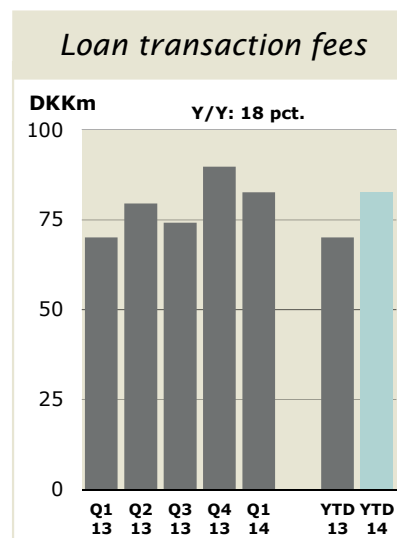
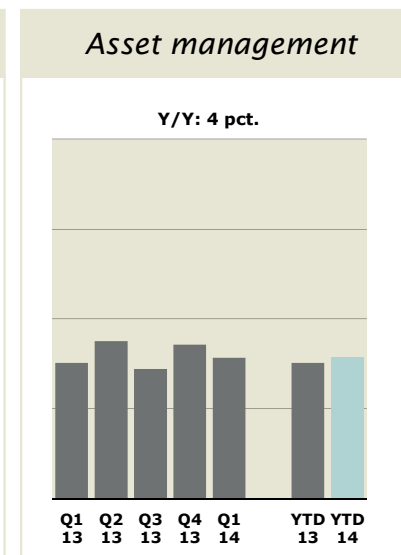
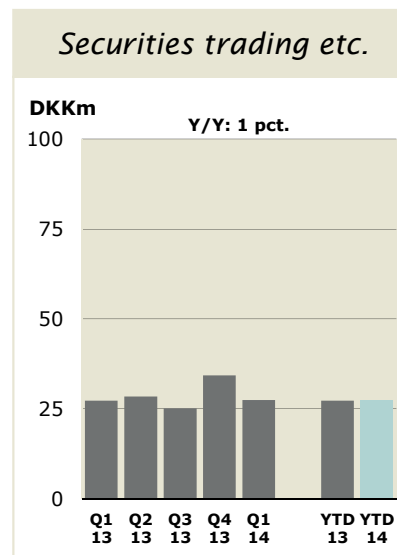
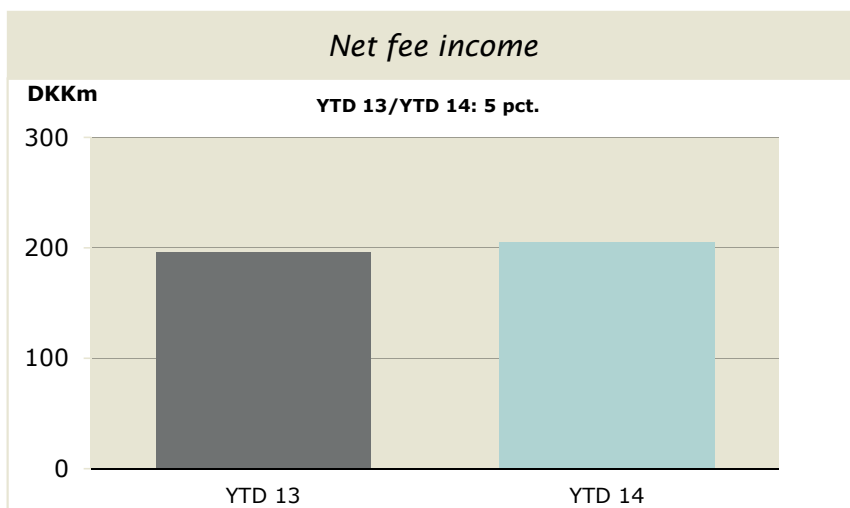
PRESSURE ON NET INTEREST INCOME

- Net interest income of DKK 397 million – 8 % down on Q4 2013
- Negative trends
 - Lower effective yield on bond portfolio
 - Declining customer lending and pressure on lending margin
 - Interest expenses from subordinated capital issued in December 2013
 - 2 fewer interest days in Q1 than in Q4
- Positive trends
 - Improved – but still negative – deposit margin
- Outlook
 - Demand is expected to remain modest
 - Competition puts margins under pressure
 - Re-payment of hybrid core capital to improve NII by DKK 80 million p.a.
- Potential actions
 - Focus on M&A
 - Organic growth – increased focus on corporate segment
 - Pricing



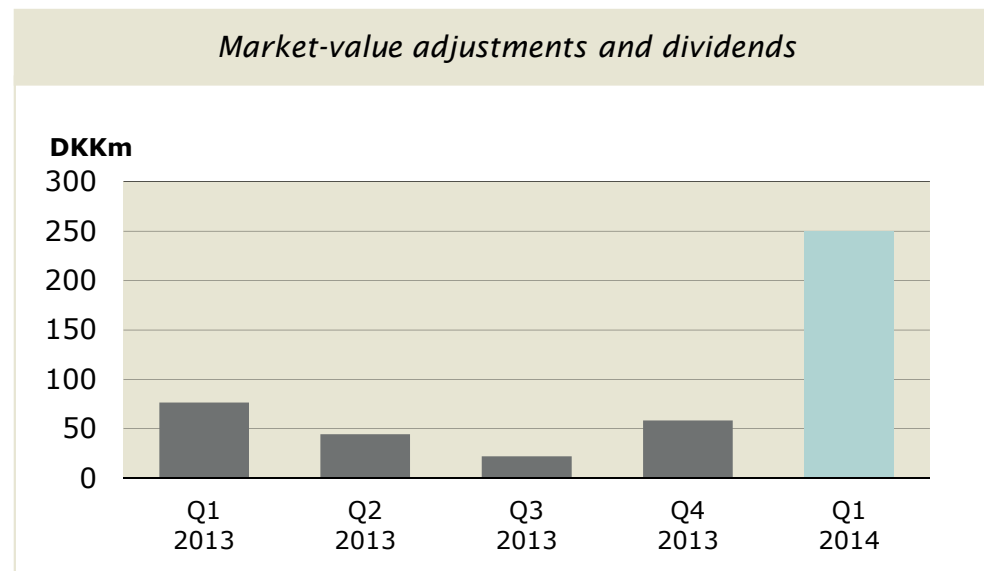
FEE AND COMMISSION INCOME CONTINUES TO GROW

- Net fees and commissions grew 8 % (YOY) to DKK 205 million – first time above DKK 200 million
- Strong growth in asset management and portfolio management
 - AUM in pooled pension schemes are up DKK 2.3 billion (32 %) last 12 months – and 8 % YTD
 - AUM in non-pension funds under mandate are up DKK 2.4 billion (171 %) last 12 months – and 20 % YTD
- Earnings from mortgage credit arrangements continues to grow



DKK 178 MILLION POSITIVE VALUE ADJUSTMENT ON SHAREHOLDING IN NETS – SATISFACTORY UNDERLYING TREND

- *Market-value adjustments and dividends of DKK 250 million (incl. Nets)*
- *Market-value adjustments and dividends on portfolio of shares in financial sector companies roughly in line with previous quarter*
- *Decreasing interest level in Q1 led to higher than expected market-value adjustments on bond portfolio*
- *Customers' interest and FX related activities on unchanged level*



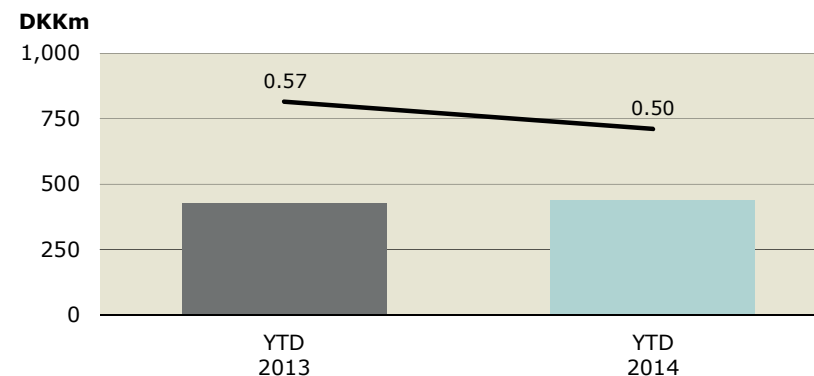
Breakdown on types

DKKm	YTD 2014	YTD 2013	Change
Market-valued adjustments in Trading, Financial Markets & The International Division	40	53	-12
Tangible assets	184	9	176
Currency trade and -agio	14	15	-1
Dividends on shares, etc.	11	0	11
Total	250	77	173

COSTS IN LINE WITH EXPECTATIONS

- Total costs and expenses of DKK 439 million – 4 % higher than Q1 2013
- Payroll costs 2 % up on Q1 2013
 - Rising payroll taxes
 - Group headcount is down 24 YTD
- Operating expenses up 5 % (YOY)
 - Timing differences
 - Higher IT expenses due to rise in customer numbers and increase in use of customer-targeted digital solutions
- Efforts to streamline branch network continued in Q1 with the decision to close down or merge 5 branches
 - After the implementation of this decision, Spar Nord will have 71 branches
 - 43 branches have been closed down since 2008
- Further cost initiatives in the pipeline
 - Process optimization
 - Conservative hiring policy

Costs and C/I Ratio



Breakdown on types

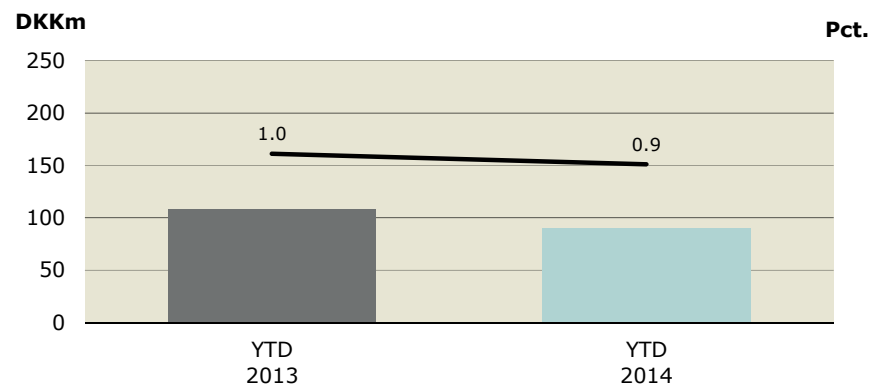
Costs (DKKm)	YTD 2014	YTD 2013	Change
Staff costs	259	254	5
Operating expenses	164	156	8
Depreciation	17	17	-1
Costs	439	427	13

Operating expenses (DKKm)	YTD 2014	YTD 2013	Change
Staff-related expenses	12	12	0
Travel expenses	3	4	-1
Marketing costs	25	24	1
IT expenses	79	78	0
Cost of premises	24	24	0
Other administrative expenses	22	14	8
Operating expenses	164	156	8

SLOW BUT NOTICEABLE DECLINE IN LOAN IMPAIRMENTS

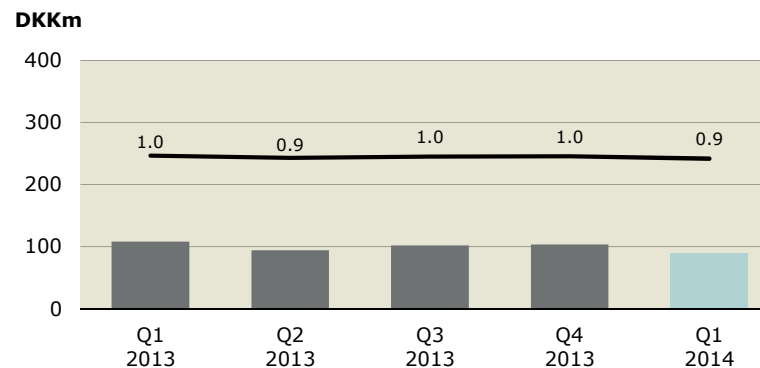
- Total impairments of DKK 90 million corresponding to 0.86 % p.a. – as expected
- Impairment percentage incl. Mortgage lending: 0.35
- Breakdown on segments
 - Corporate: 1.0 % p.a.
 - Household: 0.6 % p.a.
- Decline expected to continue

Profit impact and impairment percentage



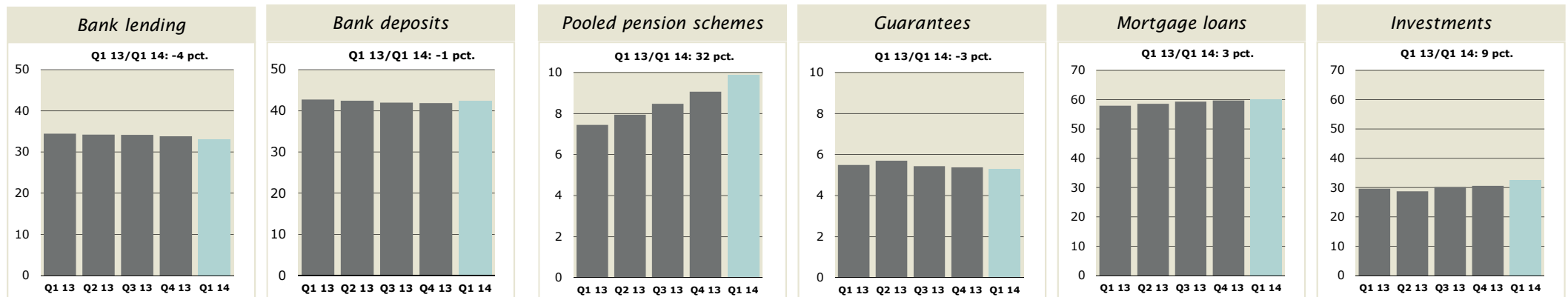
Note: Average loans and guarantees

Profit impact and impairment percentage



ASSET MANAGEMENT AND MORTGAGE LENDING DRIVES GROWTH IN BUSINESS VOLUME

- Total business volume has grown by DKK 2.5 billion YTD to DKK 183 billion
- Volume of mortgage credits arranged continues to grow
 - Total lending up to DKK 59.9 billion – hereof DKK 51.2 billion in Totalkredit and DKK 8.7 billion in DLR Kredit
- Strong demand for asset management products
 - AUM in pooled pension schemes and other custodianship account are up DKK 1.8 billion YTD and DKK 4.7 billion last 12 months
- Bank lending remains under pressure
 - Bank lending of DKK 33.0 billion at end of Q1 – decline of DKK 0.8 billion YTD
 - Generally modest demand
 - Reduction in run-off portfolio taken over from Sparbank



TAKE-OVER OF CUSTOMER PORTFOLIO FROM BASISBANK

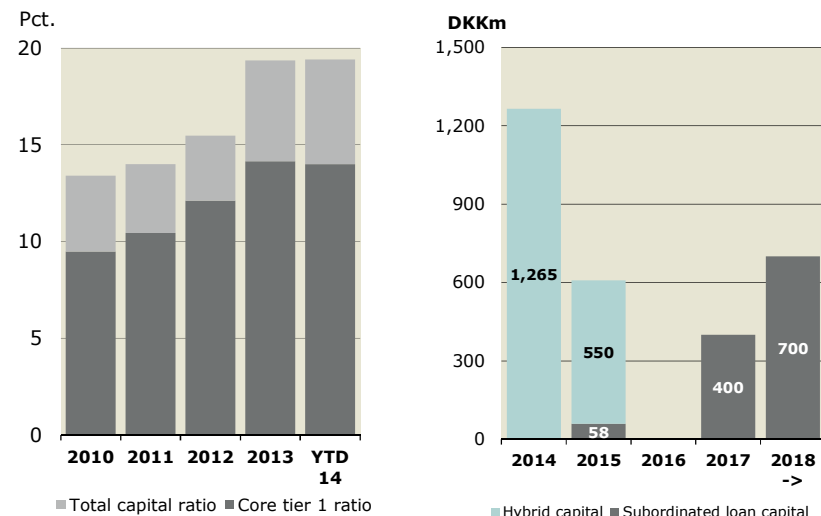
- *Basisbank was seeking a way to de-leverage in order to address solvency challenges*
 - *The transaction comprises approx. 1,000 customers with residential and cooperative housing loans*
 - *Total lending of DKK 230 million and total business volume of DKK 300 million*
- *In line with our growth strategy*
 - *We have been seeking organic growth via geographic expansion*
 - *Supplemented by growth via M&A when the right opportunities have materialised*
- *Strategic rationale*
 - *Low growth environment => weak customer demand => more attractive to grow via M&A*
 - *Attractive geography for Spar Nord (Copenhagen Area)*
 - *Thorough due diligence confirms strong credit quality*
- *Financials*
 - *Goodwill: DKK 6.9 million*
 - *Return on invested capital expected to be very attractive*



STRONG CAPITAL POSITION – ALSO AFTER RE-PAYMENT OF HYBRID CORE CAPITAL

- **Strategic targets**
 - CET1: 12 % minimum
 - Total capital ratio: 15 % minimum (at least 3 percentage points above ICAAP ratio)
- **At end of Q1, CET1 ratio is at 14.0 and total capital ratio at 19.4**
- **Individual solvency need of 9.7 %**
 - Excess capital coverage of DKK 4.3 billion (9.7 percentage points)
- **Capital ratios have been calculated according to new regulation (CRD IV/CRR)**
 - Increase in capital base: DKK 0,2 billion
 - Increase in RWA: DKK 1.8 billion
 - Total negative impact: 0.3 percentage points
- **Strong capital position makes way for re-payment of state-funded hybrid core capital in June 2014**
 - Reduction of total capital ratio of about 3 percentage points
- **Dividend policy**
 - Target: Distribution of 33 % of net profits
 - Subject to compliance to strategic capital targets
 - Possibility of extraordinary dividends and buy-backs, if no value adding investments can be found

Total capital ratio and subordinated capital



Capital base

	Q1 2014	2013	2012	2011
Pct.				
Core tier 1 ratio	14.0	14.1	12.1	10.4
Hybrid capital	3.8	4.2	3.9	3.8
Deductions in hybrid capital	-0.5	-1.0	-1.0	-0.9
Tier 1 ratio	17.3	17.4	15.1	13.3
Subordinated debt	2.6	2.9	1.4	1.6
Deductions in own funds	-0.5	-1.0	-1.0	-0.9
Total capital ratio	19.4	19.4	15.5	14.0

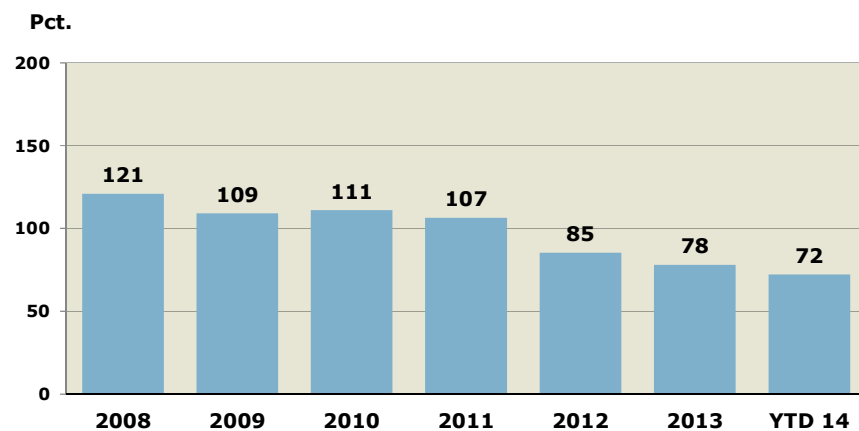
COMFORTABLE STRATEGIC LIQUIDITY OF DKK 18.0 BILLION

- Strategic liquidity of DKK 18.0 billion – up DKK 0.7 billion YTD
- Reduction in bank lending and continued run-off of leasing operation
- Re-payment of DKK 1.0 billion (LTRO)
- Independence of funding from capital markets
- No challenges from LCR and NFSR

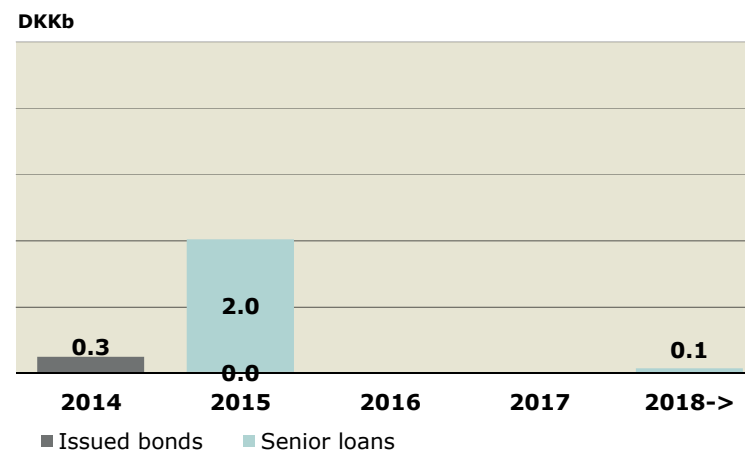
Strategic liquidity

DKKb	YTD 2014	2013	2012
Deposits, banking activities	42.4	41.8	41.9
Seniorfunding	2.4	3.4	9.6
Core capital and sub. capital	9.8	9.5	8.5
Stable long term funding	54.6	54.7	60.0
Loans, banking activities	33.0	33.8	34.9
Loans, leasing activities	1.8	2.1	4.0
Maturity < 1 year	-1.8	-1.6	-6.3
Liquidity target	18.0	17.3	14.8

Loan to deposit ratio



Maturity structure



GUIDANCE AND SHARE PRICE

Guidance for 2014

- Core earnings before impairments estimated at about DKK 1,100 million + DKK 175 million relating to sale of Nets
- Impairment percentage expected to come down slightly from last years level
- Contribution to sector targeted solutions: DKK 100 million
- Small positive contribution from discontinued activities

Share price



Share price	60.00	DKK
Market cap	7.5	DKKm
EPS (2013)	3.9	DKK
EPS (2014) ¹	5.7	DKK
P/B	1.10	

Note: Based on consensus estimates