

PRE-TAX PROFIT OF DKK 740 MILLION – ALL-TIME HIGH
NEW DIVIDEND POLICY RAISES PAY-OUT RATIO
TO AT LEAST TWO THIRDS OF NET PROFIT

Presentation of Spar Nord's H1 results 2015



KEY MESSAGES

- 1 Core income 17 % up (y/y) driven by fee income and divestment of shares in Nørresundby Bank
- 2 Costs grew by 4 % (y/Y) – primarily due to acquisitions and transaction costs
- 3 Core earnings before loan losses came to DKK 955 million – 34 % up on H1 2014
- 4 Loan losses came to DKK 166 million – positive trend in all other areas than agriculture
- 5 Total business volume has grown by 4 % YTD in spite of a 4 % drop in lending
- 6 Very satisfactory net profits of DKK 631 million corresponding to ROE of 17.8 % p.a.
- 7 Solid capital position and absence of organic growth and M&A make way for new dividend policy

HIGHLIGHTS FROM THE INCOME STATEMENT

Income statement

SPAR NORD BANK DKKm	Realized YTD 2015	Realized YTD 2014	Change in pct.
Net interest income	893	844	6
Net fees, charges and commissions	569	401	42
Market-value adjustments	428	311	38
Other income	30	83	-64
Core income	1,920	1,638	17
Staff costs	575	546	5
Operating expenses etc.	389	379	3
Costs	964	925	4
Core earnings before impairment	955	713	34
Impairments of loans and advances, etc.	166	160	4
Core earnings	789	553	43
Investment income	0	11	-
Profit/loss on ordinary activities	789	563	40
Sector Fund	-49	-52	-4
Cost related to merger	0	0	-
Profit before tax	740	512	45

Key messages (y/y)

- Improvement of ROE (pre-tax)
 - H1 14: 15,3 % p.a. (10,0 % ex. Nets)
 - H1 15: 20,8 % p.a. (14,7 % ex. Nrs.by.)
- Net fee income up 42 %
- Core income up 17 %
- Costs up 4 %
- Adjusted for sale of Nørresundby Bank ('15) and Nets ('14) growth came to:
 - Core income: 16 %
 - Core ex loan losses: 38 %

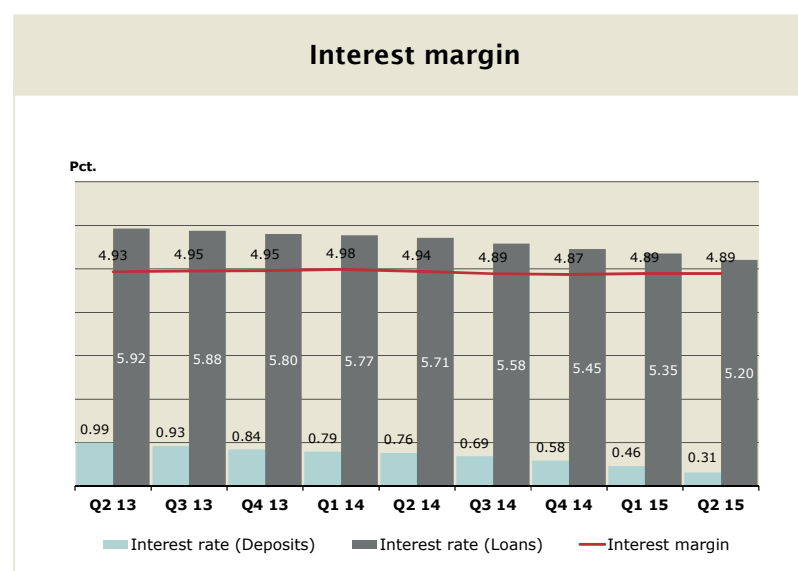
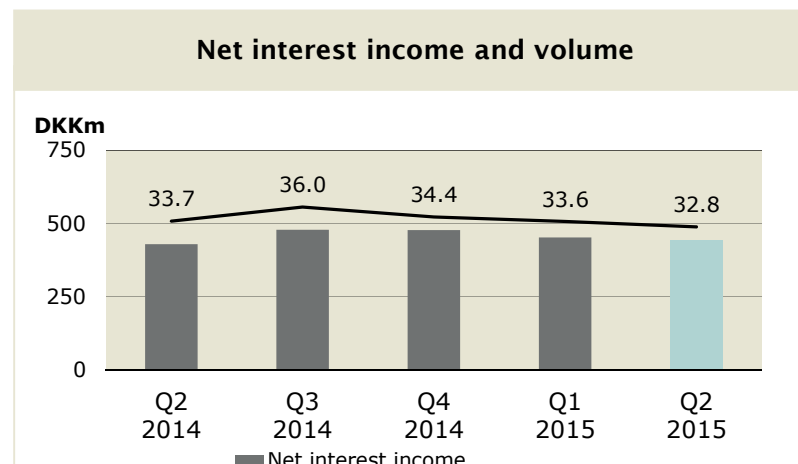
Q2 : INCOME BACK TO A MORE NORMAL LEVEL – BUT VERY POSITIVE TREND IN LOAN LOSSES

Income statement

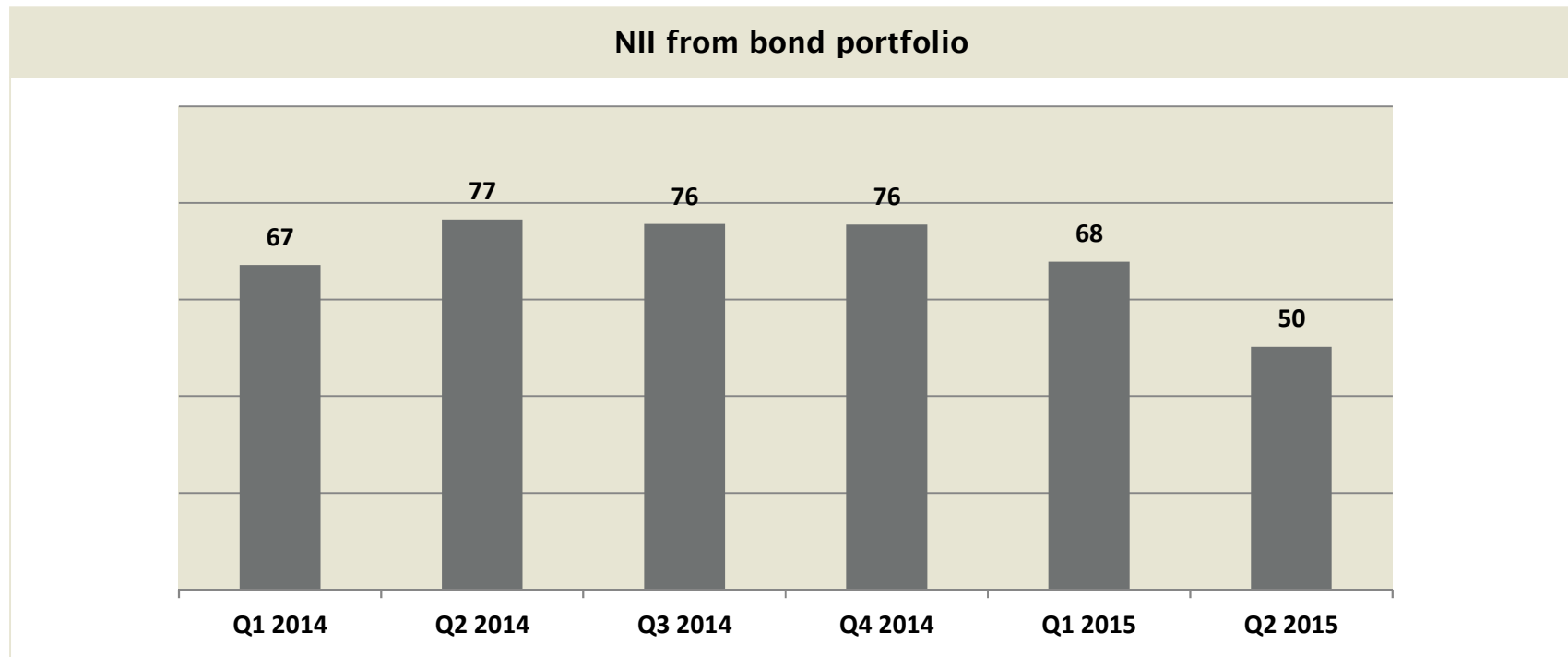
SPAR NORD BANK DKKm	Realized Q2 2015	Realized Q1 2015	Change in pct.	Realized Q2 2014	Change in pct.
Net interest income	441	452	-3	430	3
Net fees, charges and commissions	257	312	-18	195	32
Market-value adjustments	69	359	-81	61	13
Other income	13	17	-26	44	-71
Core income	780	1,140	-32	730	7
Staff costs	298	277	8	278	7
Operating expenses etc.	182	207	-12	191	-5
Costs	480	484	-1	469	2
Core earnings before impairment	300	656	-54	261	15
Impairments of loans and advances, etc.	69	98	-30	71	-4
Core earnings	231	558	-59	190	22
Investment income	0	0	-	0	-
Profit/loss on ordinary activities	231	558	-59	190	22
Sector Fund	-25	-25	0	-27	-8
Cost related to merger	0	0	-	0	-
Profit before tax	206	533	-61	163	27

NET INTEREST INCOME: PRESSURE ON INCOME FROM BONDS PORTFOLIO BUT STABLE INTEREST MARGIN

- Net interest income grew by 6 % (y/y) and came to DKK 893 million
 - Lower funding costs following repayment of state-funded hybrid capital in May 2014
- 2 % decline (q/q) attributable to lower interest income on bond portfolio
- Bank lending is down by 5 % year-to-date
 - Demand from corporate customers remains subdued
 - Reduction in lending to one single public authority - as expected
 - Faster than expected reduction in loan portfolio taken over from FIH
- Continued pressure on loan margin mitigated with improvement of deposit margin
 - Total interest margin has been stable for 9 quarters
 - High-yield customer deposits totalling DKK 1.3 billion expires in Q3 and Q4
- An interest hike of 50 bps is estimated to lead to an increase in NII of DKK 125 million p.a.

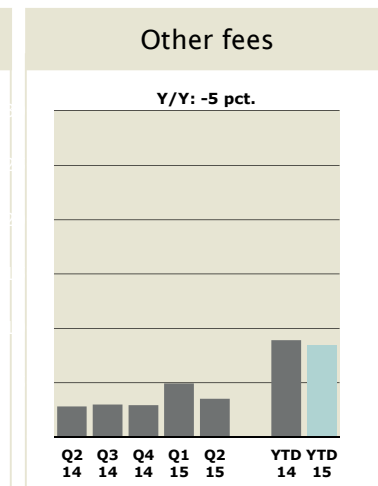
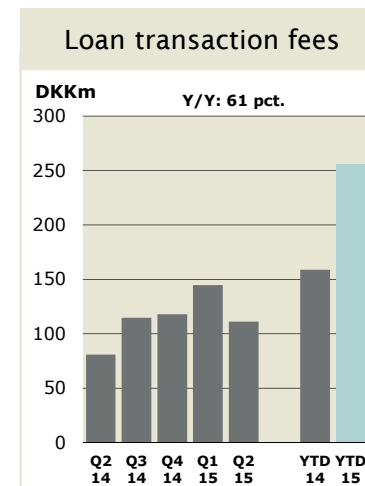
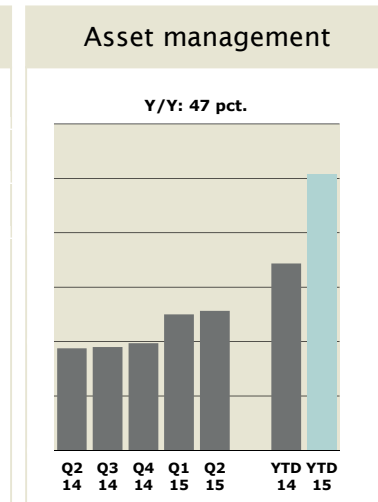
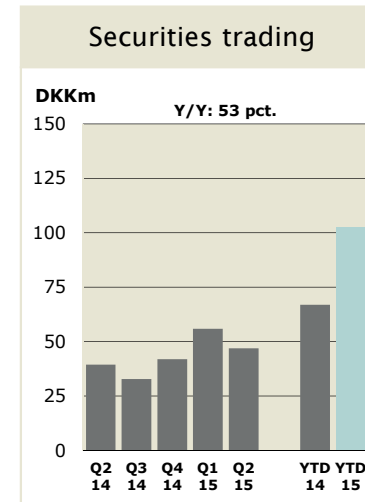
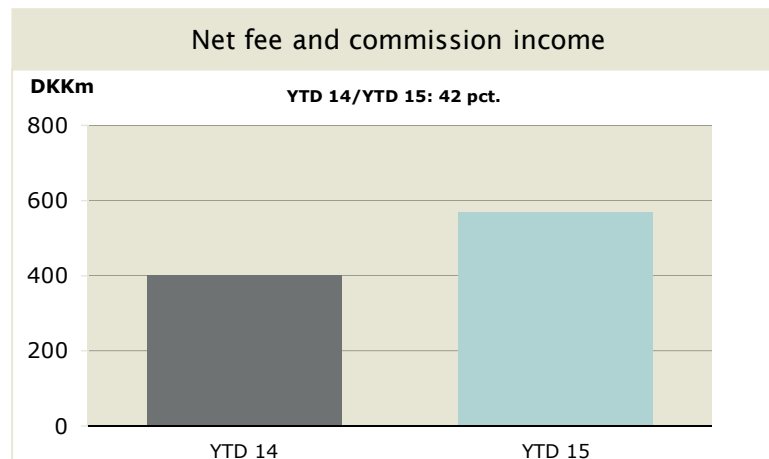


LOW-RATE ENVIRONMENT PUTS INCOME FROM BOND PORTFOLIO UNDER PRESSURE



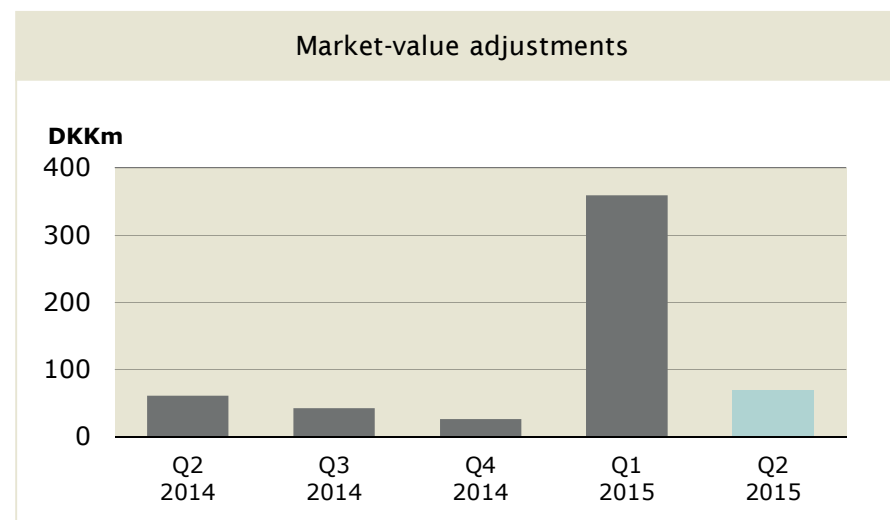
NET FEE AND COMMISSION INCOME AT ALL-TIME HIGH

- Net fee and commission income grew by 42 % (y/y) and came to DKK 569 million
 - Drop in Q2 - as expected
- Income from mortgage-distribution at historically high level
 - 61 % growth in income (y/y)
- Continued growth in securities trading and asset management
 - AUM has increased from DKK 17.9 billion and YE-2014 to DKK 21.4 billion at the end of Q2
 - Income from securities trading and asset management is up by approx. 50 % (y/y)



MARKET-VALUE ADJUSTMENTS AT EXTRAORDINARY LEVEL FOLLOWING THE DIVESTMENT OF SHARES IN NØRRESUNDBY BANK

- Market-value adjustments was up by DKK 117 million on H1 2014 - where the divestment of Nets already made for very strong income
- Gain from the sale of Nørresundby Bank was DKK 226 million
- Market-value adjustments on share portfolio and bonds portfolio were satisfactory
- Positive trend in income from customers' hedging of interest risk and FX risk



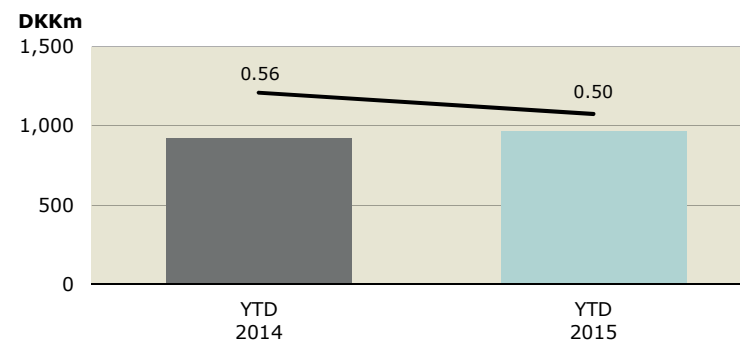
Market-value adjustments broken down on types

DKKm	YTD 2015	YTD 2014	Change
Market-valued adjustments in Trading, Financial Markets & The International Division	80	62	19
Tangible assets	263	186	77
Currency trade and -agio	30	25	5
Dividends on shares, etc.	55	38	17
Total	428	311	117

TREND IN COSTS ROUGHLY AS EXPECTED

- Total costs came to DKK 965 million – 4 % up on H1 last year
- Staff costs were up by 5 %
 - 28 FTEs more than one year ago due to acquisition from FIH and re-launch of leasing business
 - DKK 11 million severance pay to executive board member
- One-offs lead to 3 % growth in operating expenses:
 - Divestment of Nørresundby Bank (transaction costs): DKK 8.5 million
 - One-offs related to IT migration: DKK 6.0
- Outlook
 - Currently all resources are needed in the preparation for change of the IT-platform
 - Workflows expected to be more efficient after the IT-migration
 - Still some potential for adjustments of branch network

Costs and Cost/Income Ratio



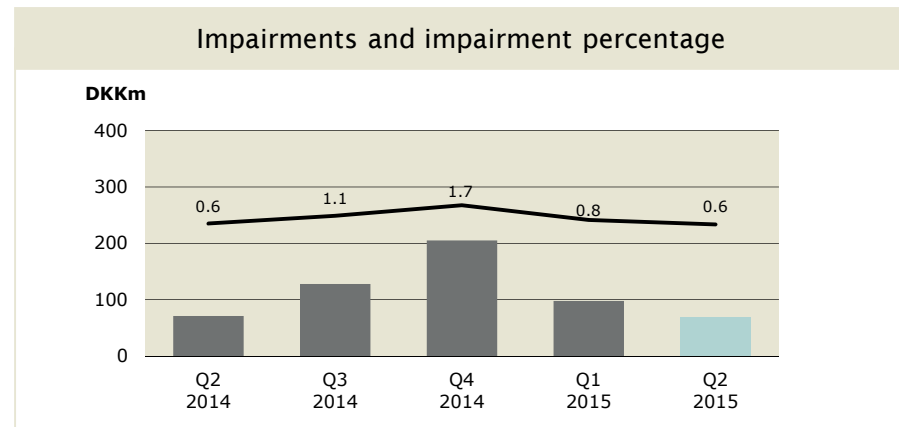
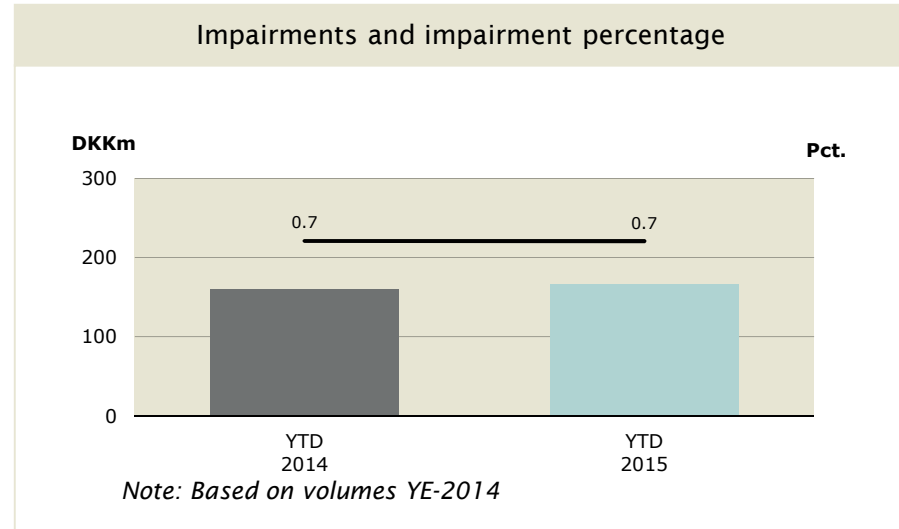
Breakdown on types

Costs (DKKm)	YTD 2015	YTD 2014	Change
Staff costs	575	546	29
Operating expenses	356	344	12
Depreciation	33	35	-2
Costs	964	925	40

Operating expenses (DKKm)	YTD 2015	YTD 2014	Change
Staff-related expenses	20	19	1
Travel expenses	8	6	2
Marketing costs	50	50	-1
IT expenses	171	155	16
Cost of premises	43	44	-1
Other administrative expenses	65	70	-5
Operating expenses	356	344	12

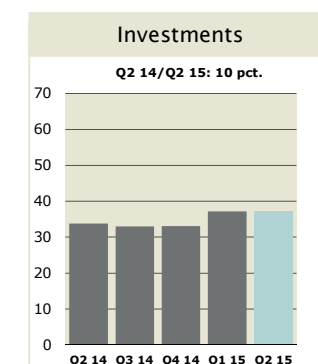
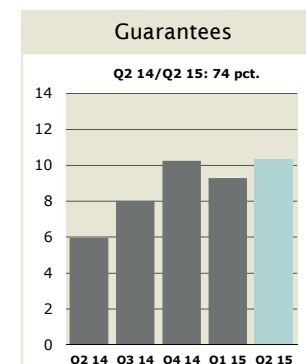
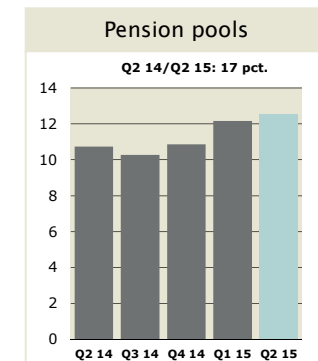
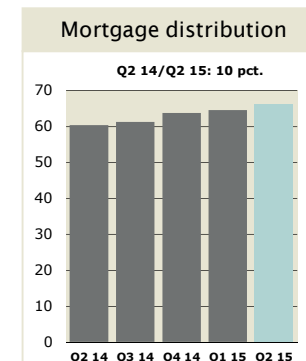
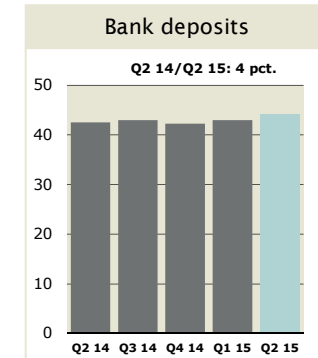
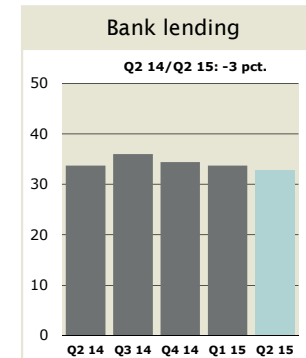
POSITIVE TREND IN LOAN LOSSES

- Impairment charges came to DKK 166 million corresponding to impairment percentage of 0.71
 - Lower than expected at the beginning of the year
 - Markedly positive trend from Q1 to Q2
- Breakdown on business segments
 - Household: DKK 21 million (0.2 % p.a.)
 - Corporate excl. agriculture: DKK 5 million (0.1 % p.a.)
 - Agriculture: DKK 139 million (7.7 % p.a.)
- Key figures about agriculture loan book
 - **Milk:** Loans and guarantees of DKK 1.2 billion – of which 48 % impaired (total impairment = 25 % of exposure)
 - **Pigs:** Loans and guarantees of DKK 1.0 billion –of which 59 % impaired (total impairment = 26 % of exposure)
 - **Plant cultivation:** Loans and guarantees of DKK 0.5 billion – billion – of which 16 % impaired (total impairment = 6 % of exposure)
- Impairment percentage incl. mortgage loans: 0.33



IN SPITE OF PRESSURE ON LENDING, BUSINESS VOLUME CONTINUES TO GROW

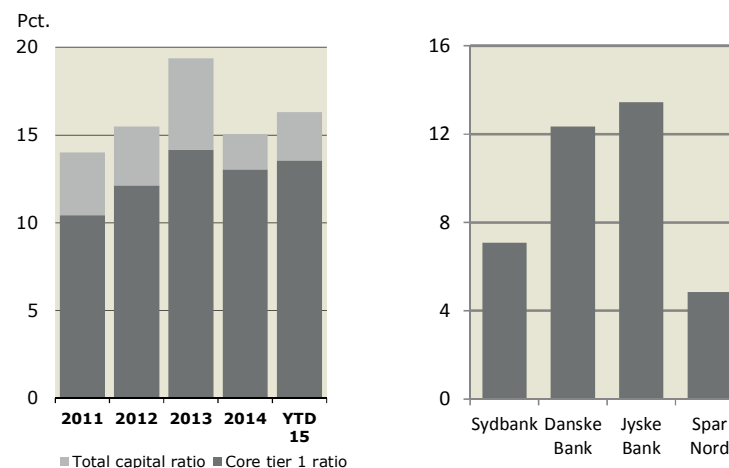
- Total business volume has grown to DKK 204.1 billion – DKK 8.4 billion up from YE-2014
- Bank lending is down DKK 1.5 billion (5 %) ytd
 - Pressure on corporate lending
 - Reduction in business with one single public authority
- Mortgage-distribution continues to grow
 - Total distribution of DKK 66.1 billion, hereof DKK 56.0 billion to Totalkredit and DKK 10.1 billion to DLR Kredit
- New leasing lending now exceeds repayments on old portfolio
- High activity in housing market leads to growth in guarantees
- Bank deposits are up DKK 1.9 billion (4 %) ytd
- Strong demand for asset management and savings products leads to growth in pension pools and other investments



STRONG CAPITAL POSITION (AND ABSENCE OF GROWTH) MAKE WAY FOR NEW DIVIDEND POLICY

- CET1 ratio of 13.5 and total capital percentage of 16.3
 - Strengthened through the divestment of Nørresundby Bank and through regular earnings
- Total capital percentage must be viewed in connection with the solvency requirement of 9.6 %
 - Excess coverage of DKK 3.2 billion (6.7 percentage points)
- Based on fully implemented CRD IV standards, CET1 ratio stands at 13.2
- Spar Nord's absolute leverage (lending to equity) is still low compared to Danish peers

Capital percentage and leverage



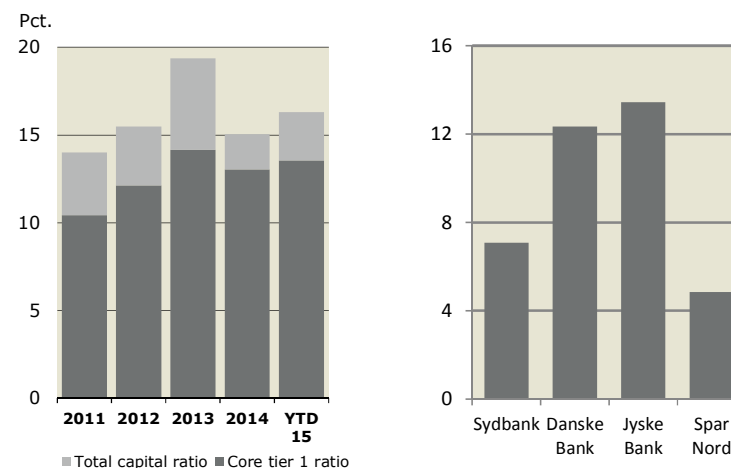
Capital base

Pct.	Q2 2015	2014	2013	2012
Core tier 1 ratio	13.5	13.0	14.1	12.1
Hybrid capital	0.8	0.9	4.2	3.9
Deductions in hybrid capital	-0.2	-0.6	-1.0	-1.0
Tier 1 ratio	14.2	13.3	17.4	15.1
Subordinated debt	2.3	2.3	2.9	1.4
Deductions in own funds	-0.2	-0.6	-1.0	-1.0
Total capital ratio	16.3	15.0	19.4	15.5

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NEW DIVIDEND POLICY AND REVISION OF CAPITAL TARGETS

Revised capital targets

CET1 (%):	12.0
Capital percentage:	15.5
Excess coverage to statutory requirement, minimum	1.0 pp

Dividend policy

”It is Spar Nord’s policy to distribute at least two thirds of the net profit to shareholders.

The policy is subject to compliance to the Bank’s capital targets and the absence of immediate and value-creating investment opportunities”

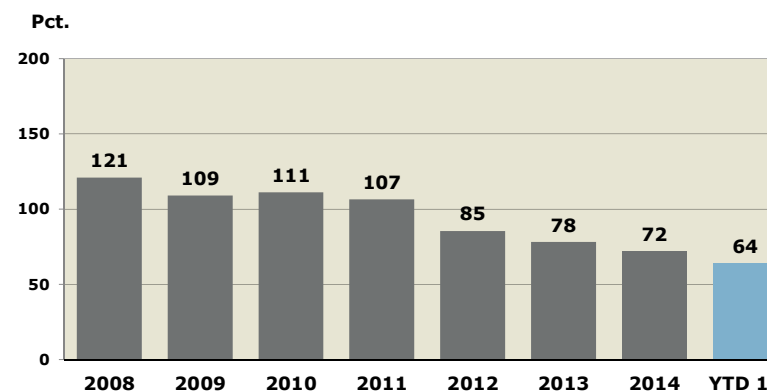
LIQUIDITY NEED FULLY COVERED BY CUSTOMER DEPOSITS AND THE BANK'S CAPITAL BASE

- Strategic liquidity of DKK 18.9 billion
- Increase of DKK 3.9 billion since YE-2015 is attributable to growth in deposits as well as pressure on lending volume
- No current need for wholesale funding
- Since 2008, loan to deposit ratio has been reduced from 121 to 64

Strategic liquidity

DKKb	YTD		
	2015	2014	2013
Deposits, banking activities	44.1	42.2	41.8
Seniorfunding	0.0	0.1	3.4
Core capital and sub. capital	9.0	8.8	9.5
Stable long term funding	53.1	51.1	54.7
Loans, banking activities	32.8	34.4	33.8
Loans, leasing activities	1.1	1.1	2.1
Maturity < 1 year	-0.3	-0.6	-1.5
Liquidity target	18.9	15.0	17.3

Loan to deposit ratio



GUIDANCE AND SHARE PRICE

Guidance for 2015

- In connection with the divestment of shares in Nørresundby Bank, guidance for core earnings before impairments for the full year was revised to "in the DKK 1.4 billion range"
- Based on the Q1 results, guidance was hiked to "in the DKK 1,5 billion range"
- This guidance is re-iterated on the basis of the Q2 results
- Loan losses are now expected to amount to DKK 300-350 million
- Contribution to sector-targeted solutions is still expected to be around DKK 115 million including new European resolution fund

Share price

