

Spar Nord acquires Danish retail business from BankNordik

Investor and analyst briefing
December 22th 2020



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An attractive acquisition

- Strategically as well as financially

Strategic rationale

- Strengthen position on the market for serving retail customers in the Greater Copenhagen area and larger cities as Århus, Odense and Kolding
- Boost business volume on several parameters
 - Largest distributor of Totalkredit mortgage loans
 - Largest distributor of investment solutions from Bankinvest
- Improved efficiency and earning power derived from serving a larger number of customers on the same production and support platform

Financial rationale

- An attractive alternative to organic growth in the current low-growth market
- Strengthen Spar Nord's cost efficiency (C/I) as marginal costs for servicing the new customers are limited
- Attractive risk/reward for Spar Nord's shareholders secured through due diligence
- Potential for increased business with the acquired customers by offering Spar Nord's full product range

Acquisition of 11 Danish retail branches from BankNordik

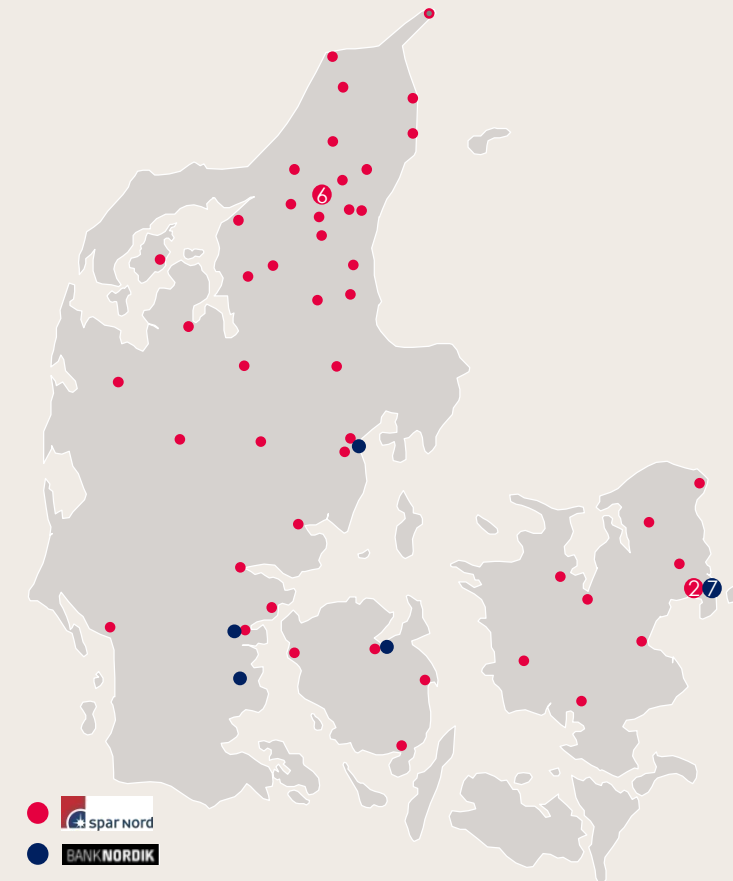
BankNordik branches in Denmark

- Branches in Greater Copenhagen area:
 - Amager, Dragør, Frederiksberg, Hvidovre, Kastrup, Østerbro, Ungdomsbanken
- Branches in Århus, Odense, Kolding and Haderslev

DKKb	Bank loans	Mortgage	Total credit distribution	In pct.
Greater Copenhagen	1,4	6,7	8,2	61%
Other banches	0,8	4,4	5,2	39%
Sum	2,3	11,1	13,3	100%

DKKb	Deposits	In pct.
Greater Copenhagen	2,6	44%
Other banches	3,2	56%
Sum	5,8	100%

Total branches after acquisition



The acquired portfolio

The acquired portfolio

Approx. 60.000 retail customers

Total business volume of DKK 25.4 billion

- Bank loans: DKK 2.3 billion
- Guarantees: DKK 1.4 billion
- Mortgage loans: DKK 11.1 billion
- Bank deposits: DKK 5.8 billion
- Custodianship accounts : DKK 4.8 billion

Risk exposure from loans and guarantees expected around DKK 2.0 billion

Risk exposure from Market risk and Operational risk expected up to around DKK 0.7 billion

Due Dilligence has shown good creditworthiness in the portfolio and no need for additional impairments has been found

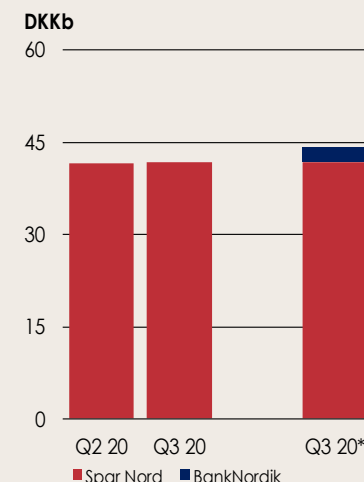
- The credit quality of the acquired portfolio is expected on par with the bank's existing retail portfolio
- Potential to increase the business volume in the portfolio going forward offering Spar Nord's full product range

Spar Nord takes over employees corresponding to a total of 132 FTEs

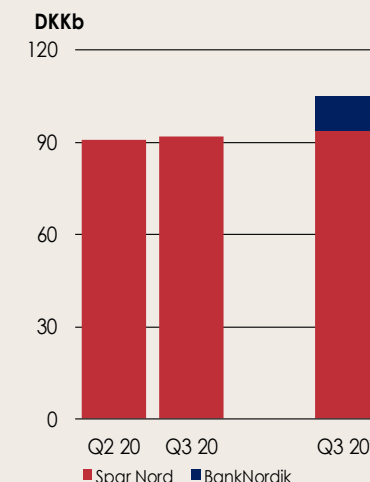
The transaction is subject to approval by the Danish Financial Supervisory Authority and the Danish Competition and Consumer Authority

Closing of the transaction is expected to be 1 March 2021

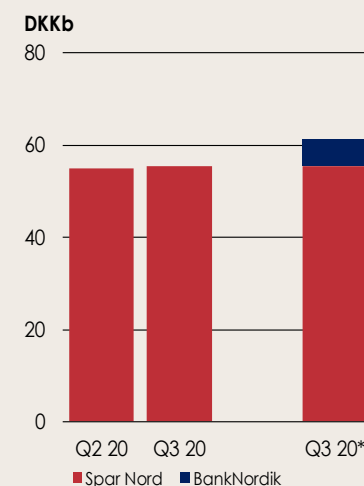
Bank loans



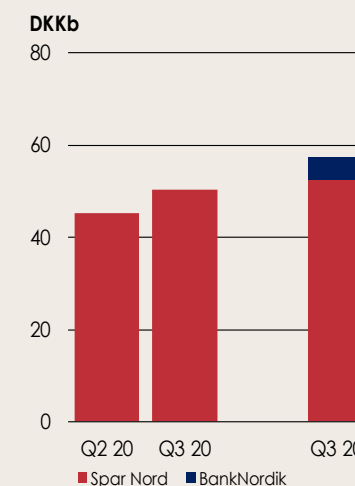
Mortgage loans



Bank deposits



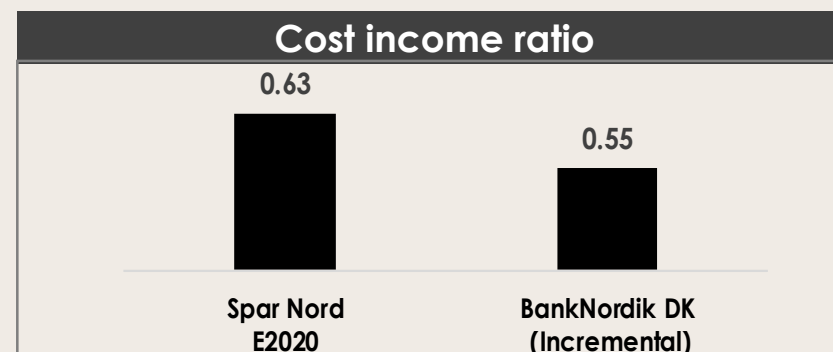
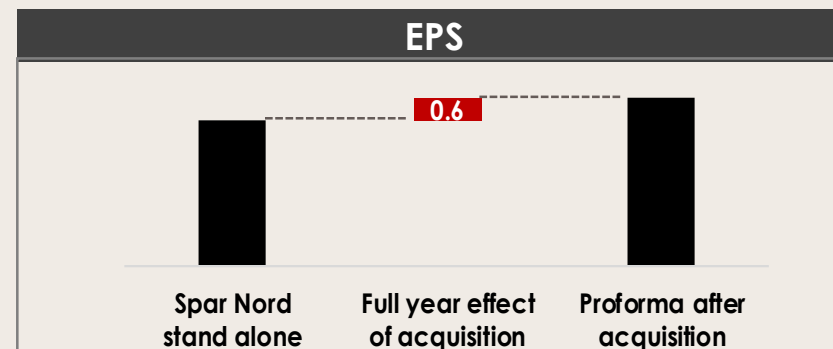
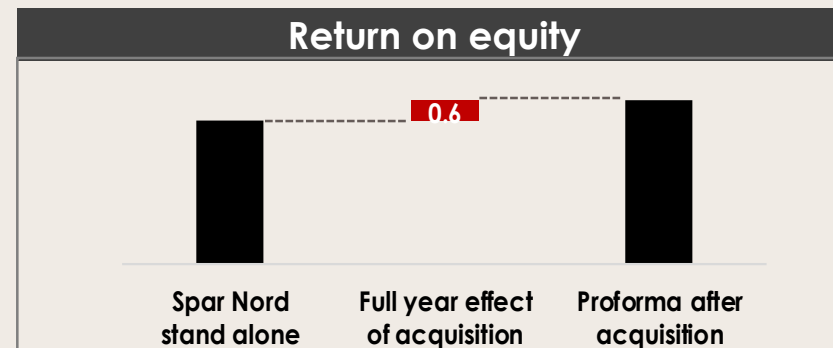
Custodianship accounts



* Proforma after acquisition

Positive impact on key financials

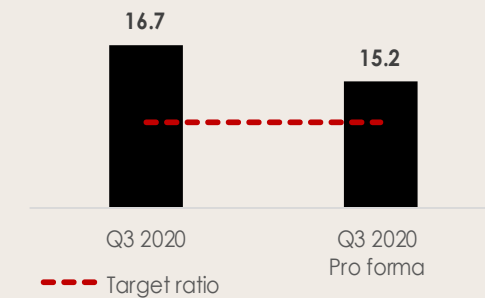
- Spar Nord expects only a modest contribution from the acquired business to the Bank's core earnings before impairment in 2021 because of expected one-off costs to the tune of DKK 60-70 million associated with the transaction
- From 2022, the acquired portfolio is expected to contribute core earnings before impairment of around DKK 110 million
- The full year effect on return on equity from the acquisition is expected to be 0.6 percentage points
- The full year effect on EPS from the acquisition is expected to be 0.6
- Incremental cost income ratio from the acquisition is 0.55



Strong capital position – also after the acquisition

- As part of the acquisition Spar Nord pays goodwill totaling DKK 255 million
- The total use of capital at the transaction amounts to some DKK 700 million
 - Goodwill of DKK 255 million and allocated capital from REA of DKK 375 are the largest items
 - The remaining items can essentially be attributed to acquired sector shares and one-off costs
- 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

Common equity tier 1 ratio



Own funds ratio

