

Introduction, update on financial performance, credit and capital

Debt investor roadshow, Copenhagen and Stockholm November 2019

Executive summary

- **We are here today in connection with our first issue of MREL capital (Senior Non-Preferred)**

- First step in our efforts to comply with future requirements applied to us as a “new” SIFI bank
- Expected total need for MREL capital in the DKK 7 billion range – issues spread evenly over 2019, 2020 and 2021
- First issue expected to be denominated in SEK and DKK

- **We believe that Spar Nord is a SNP investment case**

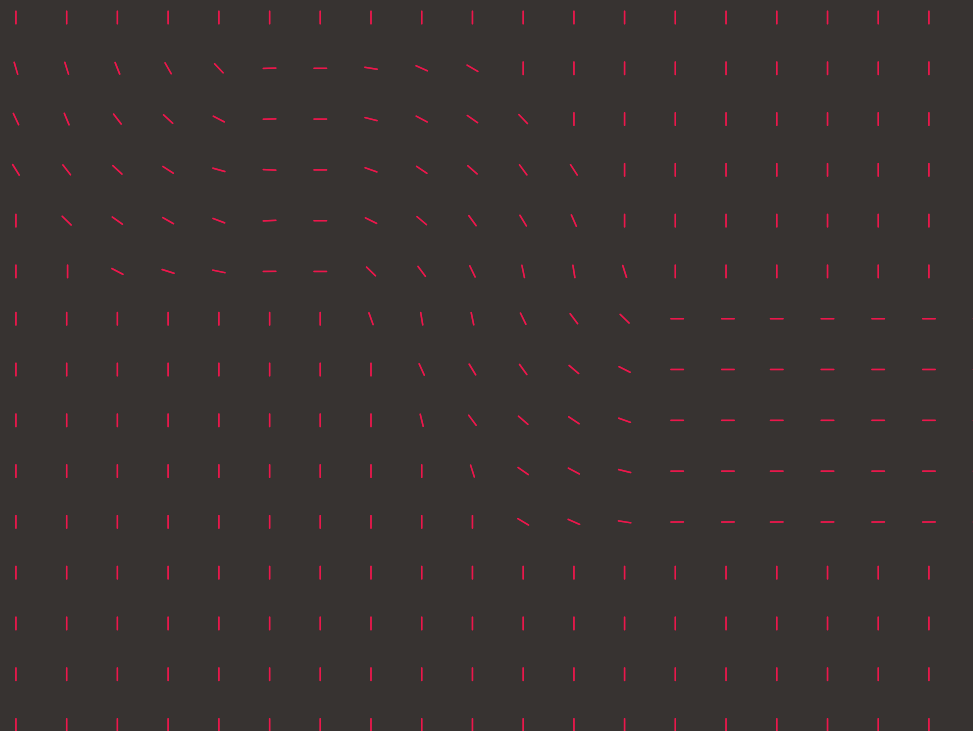
- Our asset quality is sound – well diversified low-risk loan book
- We have a strong financial performance track record – profitable through the cycle
- Our business strategy is clear and understandable – we want to be The Personal Bank in a Digital World
- A purely Danish play: Danish economy is healthy and our market outlook is comfortable

Agenda

1. Introduction to Spar Nord
2. Update on financial performance
3. Credit update
4. Capital and liquidity update



1. Introduction



A robust Danish retail bank focusing on private customers and local businesses

Brief history

- Founded in 1824 as a savings bank – listed in 1990
- Since 2001, we have focused exclusively on household customers and local SMEs
- At the same time, we started our transformation from regional bank to nationwide presence
- We offer a full range of products and services (both own and distributed) to our core segments.
- We enjoy high customer satisfaction and loyalty - potential for further growth in market-share
- Until now, our standardized approach to risk weighting has made for lower leverage and risk
- In the light of SIFI appointment and MREL demands, we have decided to migrate to IRB models to improve capital efficiency
- Our credit quality is strong – for the last decade agriculture has been our only real headache

Strategy and business model

1 Focus on households and local SMEs

StarPLUS loyalty program



- Focus on attracting and retaining attractive private and SME customers
- Focus on loyalty benefits for customers who buy the whole package

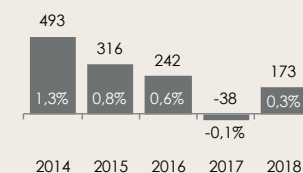
2 Strong reputation and customer satisfaction



- Spar Nord aims to be a market-leader in "top-notch service and advice"
- Ongoing efforts to train staff, refurbish physical branches etc.

3 Robust credit quality

Impairment percentage



- Through the cycle, our performance has been strong
- Key challenge has been agriculture solutions

4 Decentralized business model



- Business model inspired by franchise philosophy
- Local decision making on customer and staff matters
- One brand and same products and concepts

Shareholders



- Spar Nord Foundation is the largest shareholder with **19%**
- Nykredit Realkredit A/S holds **11%**

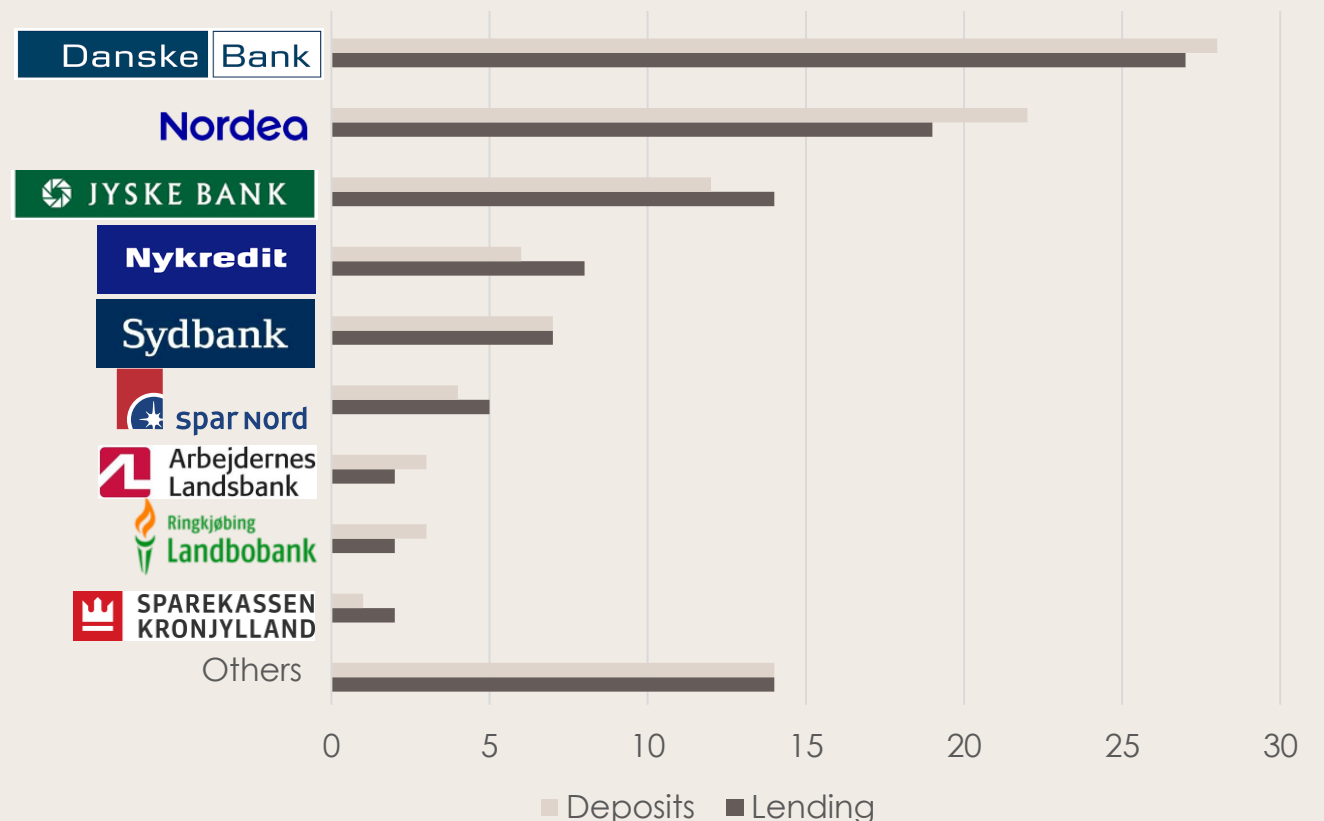
- Several non-domestic investors hold a total of **30 %**
- Professional and institutional investors (incl. Spar Nord Foundation) hold a total of **64 %**

Our position on the Danish retail banking market

The competitive landscape as we see it

- Although a high number of independent banks are still operating in Denmark, the market is relatively consolidated
 - Top 10 banks have a total market share of approx. 90 %
- Competitive landscape differs from region to region
 - Spar Nord is the market leader in North Jutland with a market share of 32 %
 - Spar Nord is a challenger in the rest of Denmark with a national market share of 4 %
- Competitive forces
 - Surplus liquidity and growth ambitions drive margins down
 - Small banks tend to compete on risk taking
 - Large (IRB) banks have an advantage in capital efficiency
 - Personal relations still matter a lot in customer acquisition and retention

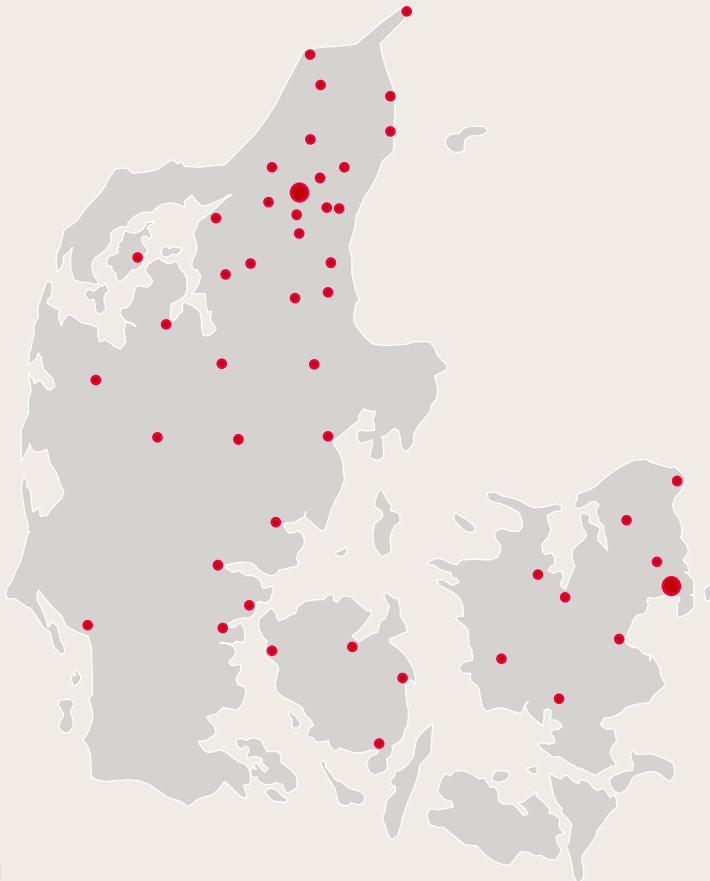
Market share data



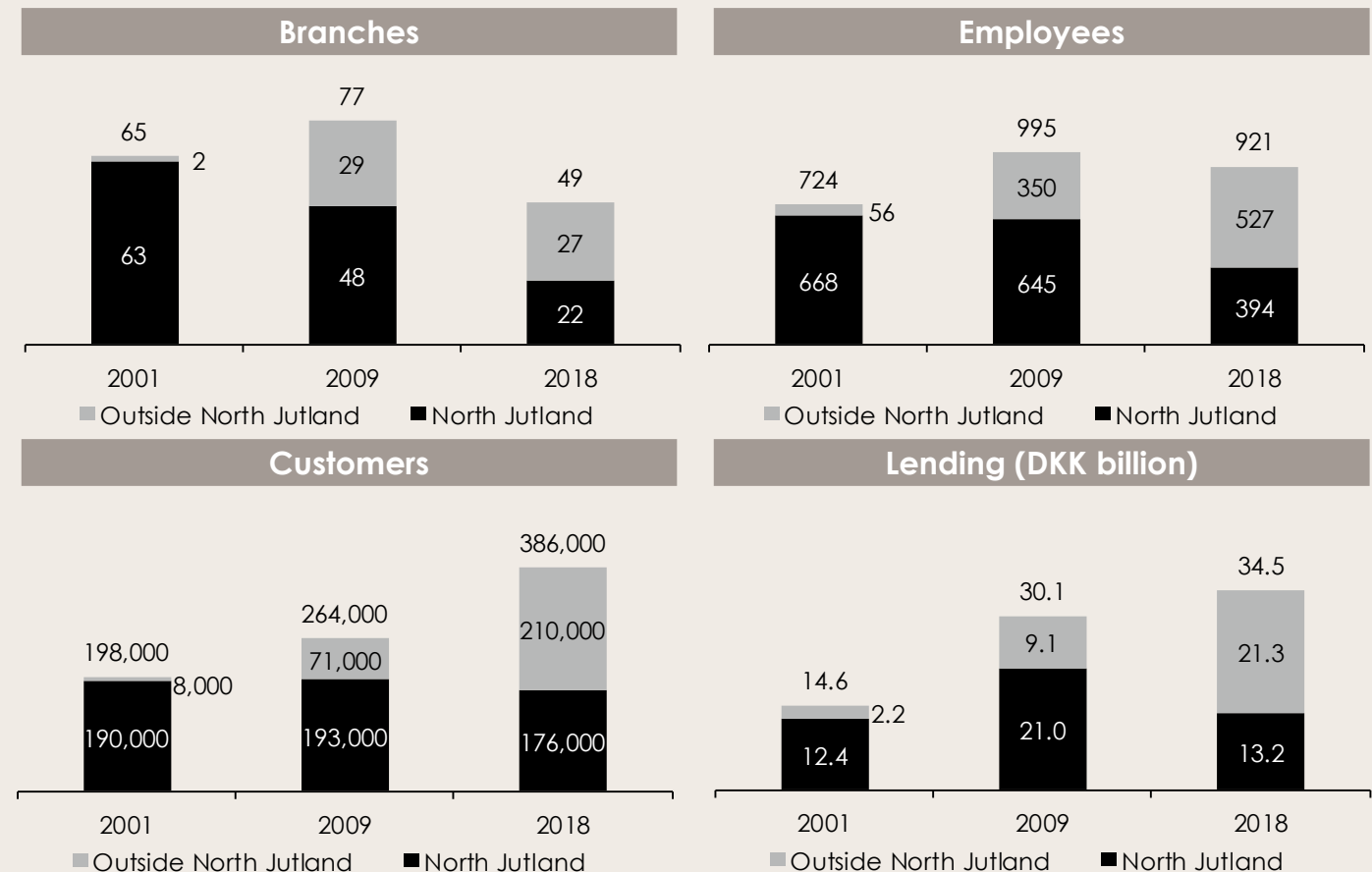
Source: Data from the Danish FSA

Since 2001, we have created a nationwide retail network focused on bigger cities

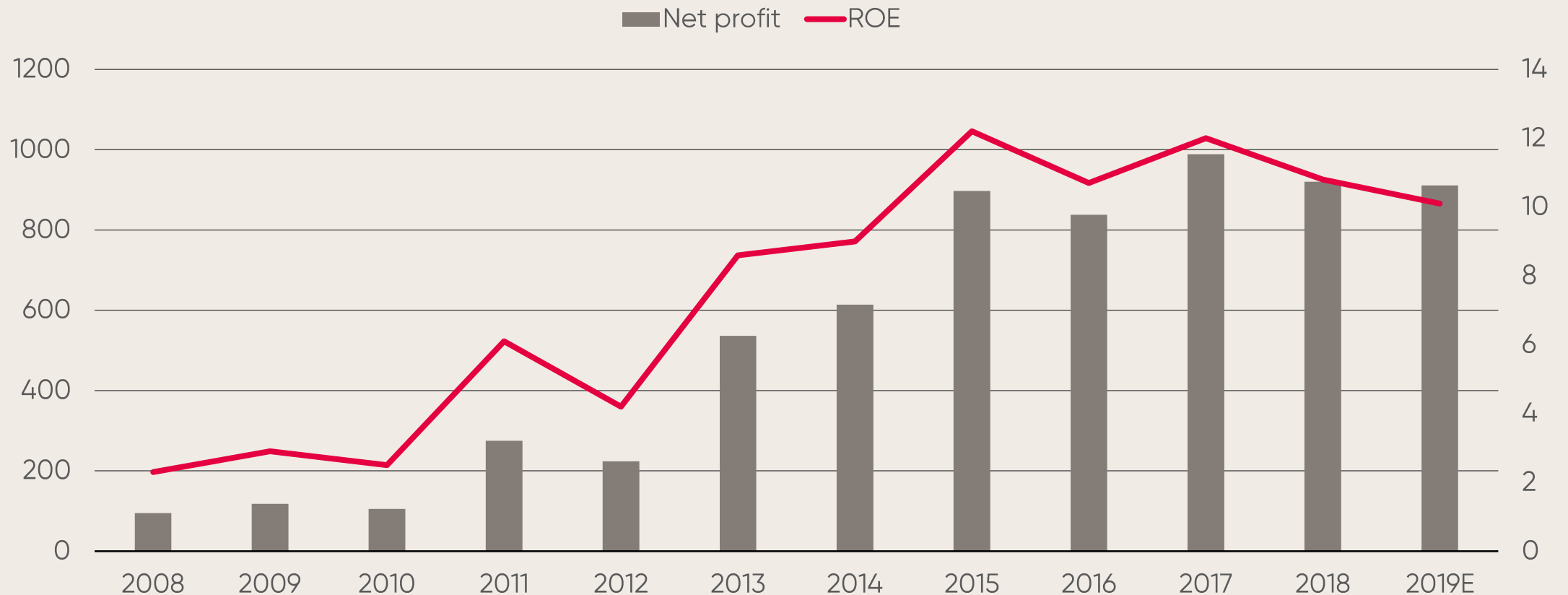
Branch network



Our retail bank in numbers



Stable and strong financial performance through the cycle



Thanks to our Local Strategy, we have grown profitably and kept credit quality sound

Comments

- Since we adopted our growth strategy, we have adhered to a principle of not taking on large single credit exposures
- While decentralising much of decision making, we have kept the underwriting policy and credit processes firmly centralised
- Through the cycle, our cost of risk has been satisfactory compared to peers – only challenge has been agriculture
- Taken together, our growth in market share and our strong credit performance have meant that we have made it through tough times with black numbers and the last four years with double-digit ROE

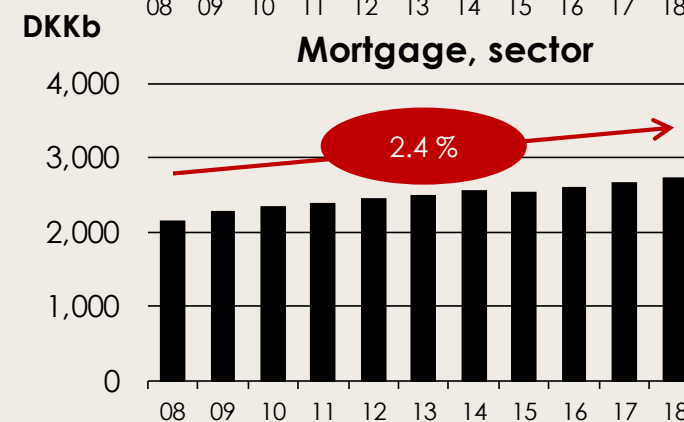
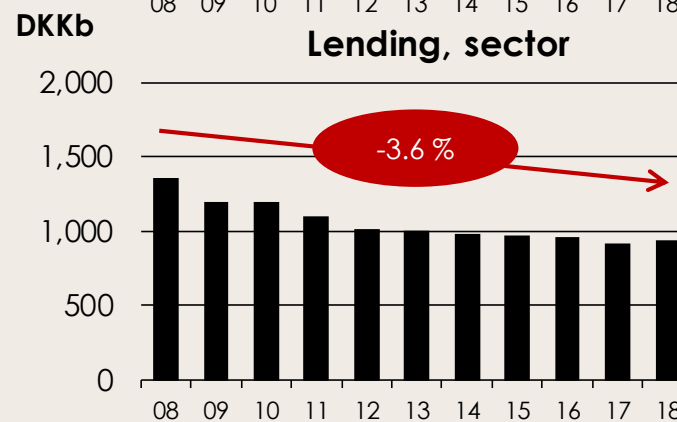
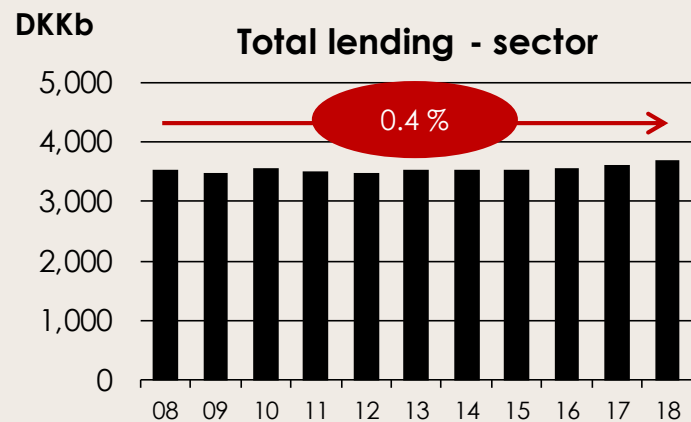
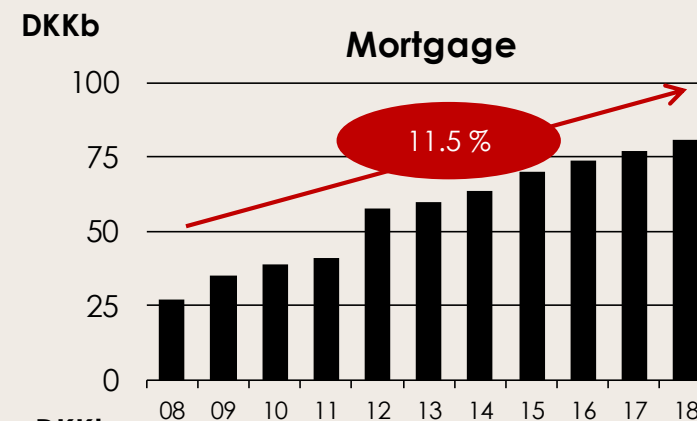
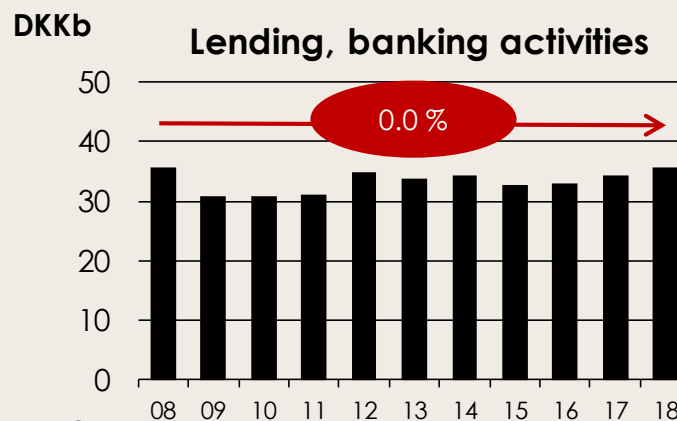
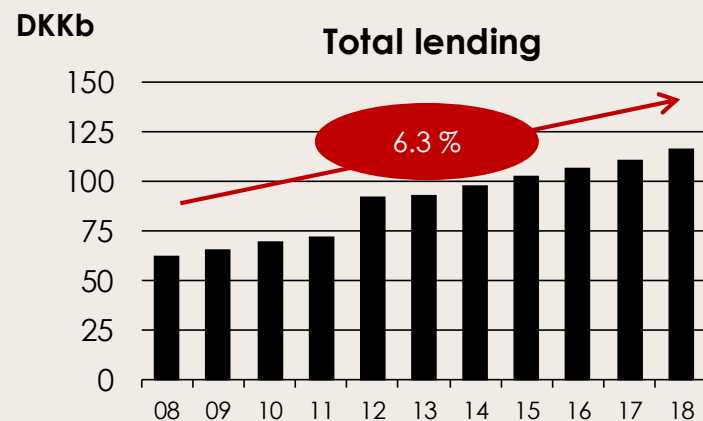
Financial performance last 6 years

SPAR NORD BANK DKKm	2013	2014	2015	2016	2017	2018
Net interest income	1.849	1.800	1.727	1.621	1.546	1.548
Net fees, charges and commissions	723	863	1.030	1.053	1.116	1.127
Market-value adjustments	201	380	507	434	404	268
Other income	166	160	66	59	83	247
Core income	2.938	3.202	3.331	3.167	3.150	3.190
Costs	1.741	1.922	1.843	1.896	1.936	1.924
Core earnings before impairment	1.197	1.280	1.488	1.271	1.213	1.267
Impairments of loans and advances, etc.	405	493	316	242	-38	173
Profit before tax	670	705	1.074	1.028	1.251	1.094
Tax	133	91	177	190	262	174
Profit	536	614	897	838	989	920

SPAR NORD BANK DKKb/Pct.	2013	2014	2015	2016	2017	2018
Lending, banking and leasing activities	35,9	35,5	33,9	35,1	37,3	39,6
Deposits, banking activities	41,8	42,2	44,4	46,5	48,7	50,8
Shareholder's equity	6,5	7,0	7,5	7,8	8,1	8,4
ROE	8,6	9,0	12,2	10,7	12,0	10,8
Lending, banking and leasing activities / shareholder's equity	5,5	5,0	4,5	4,5	4,6	4,7

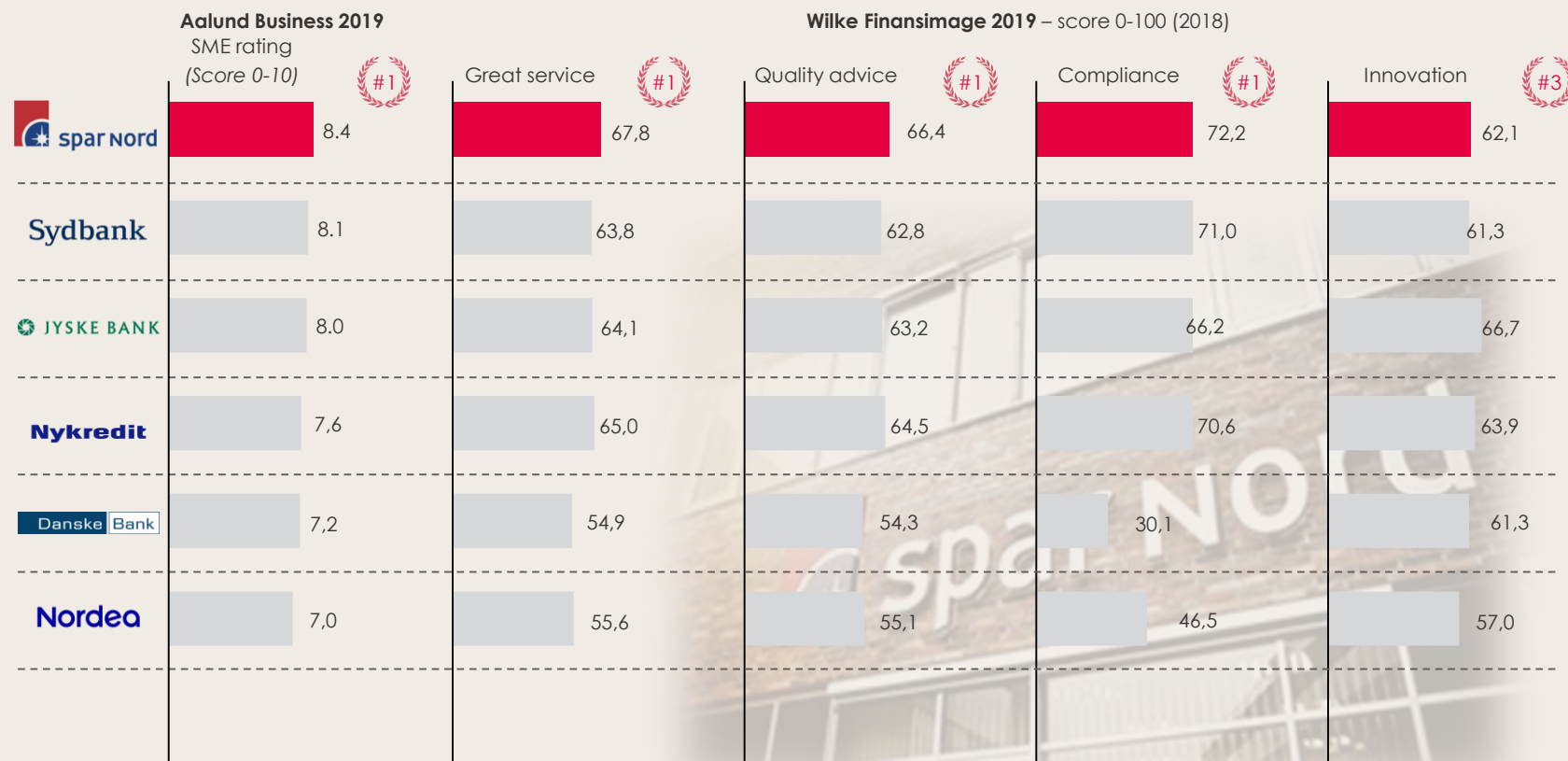
In a period with declining lending in the sector, we have steadily been gaining market share

Spar Nord's bank lending and mortgage-distribution compared to sector lending



Positive image – positioned for further growth

Spar Nord leads the pack among larger banks in Denmark



Our strategy: The Personal Bank in a Digital World

Comments

- After 15 years with "The Local Strategy", we are now pursuing our strategy "The Personal Bank in a Digital World"
- Our vision is to combine the best of digitization with the best of traditional banking – and to become Denmark's most personal bank
- To succeed with that, we must make progress on three concrete "must win battles"
- Financial targets (2017-19):
 - ROE: 9-11 % after tax
 - 2017: 12,0 %
 - 2018: 10,8 %
 - Cost/Income Ratio: 0.60
 - 2017: 0.61
 - 2018: 0,60

Key challenges facing our industry as we view it



Our answer is our new strategy The Personal Bank in a Digital World

Vision



Denmark's most personal bank

Strategic bearing



The personal bank in a digital world

"Must win battles"

Top-notch personal advice and service

- The good customer meeting
- The good banking experience
- Better grip on customer relation



Local ownership and strong central support

- Customer service of the future
- Improved wealth management concept
- New business customer concept



Digitization the Spar Nord way

- More efficient processes
- New digital solutions
- New agile development organisations



CSR and ESG is a main theme in our ongoing strategy process

- **Strategic context**

- Responsibility and sustainability are in high demand from key stakeholders
- We link our work in the area closely to our core value “Fair & equitable”

- **Concrete workstreams and expected initiatives (from January 2020)**

- Responsible investments: Focus on certifications and screening
- Sustainable finance: Products in car finance, mortgage loans etc. (focus on climate)
- A greener bank: Policies and initiatives focusing on environmental impact
- Local involvement: Measuring societal value of local involvement
- Adoption of UN Global Compact and UN PRI - structured reporting to ESG agencies

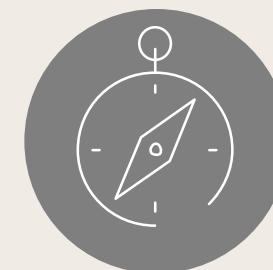
- **Relatively low risk of AML-issues**

- Danish pureplay – lower exposure to risk areas
- Less complicated business model – better oversight

- **We already rank among the very best on governance**

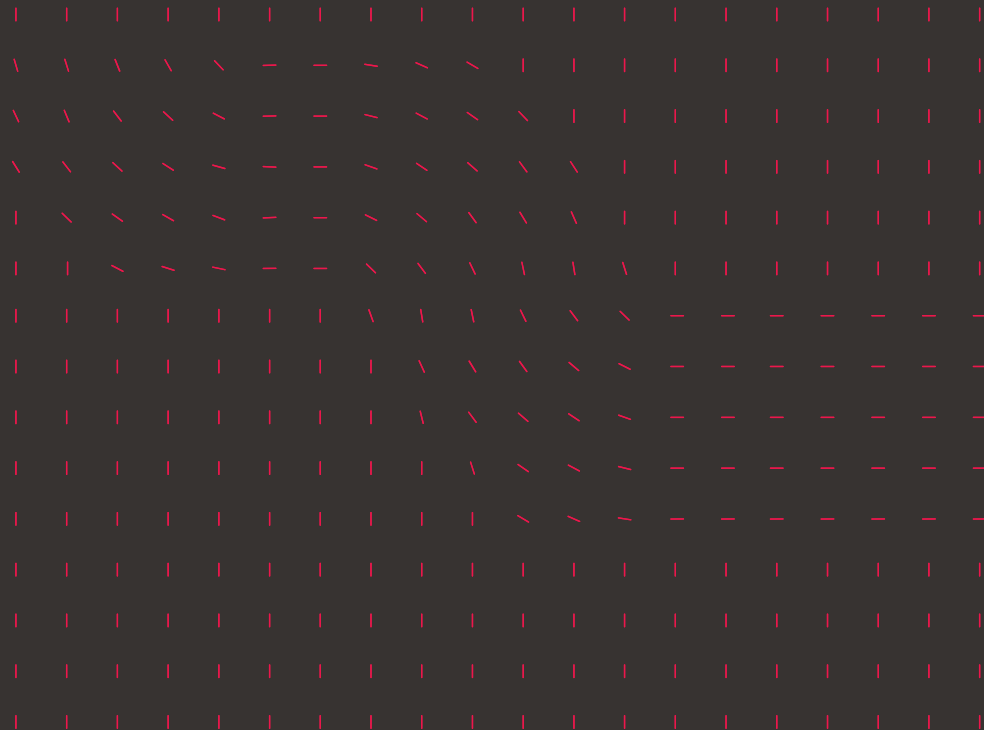
- No ownership limitations or voting right restrictions
- All members of the BoD elected by the shareholders are independent

A FAIR AND EQUITABLE BANK



- Responsible investments
- Sustainable finance
- A greener bank
- Strengthened local involvement

2. Update on recent financial performance



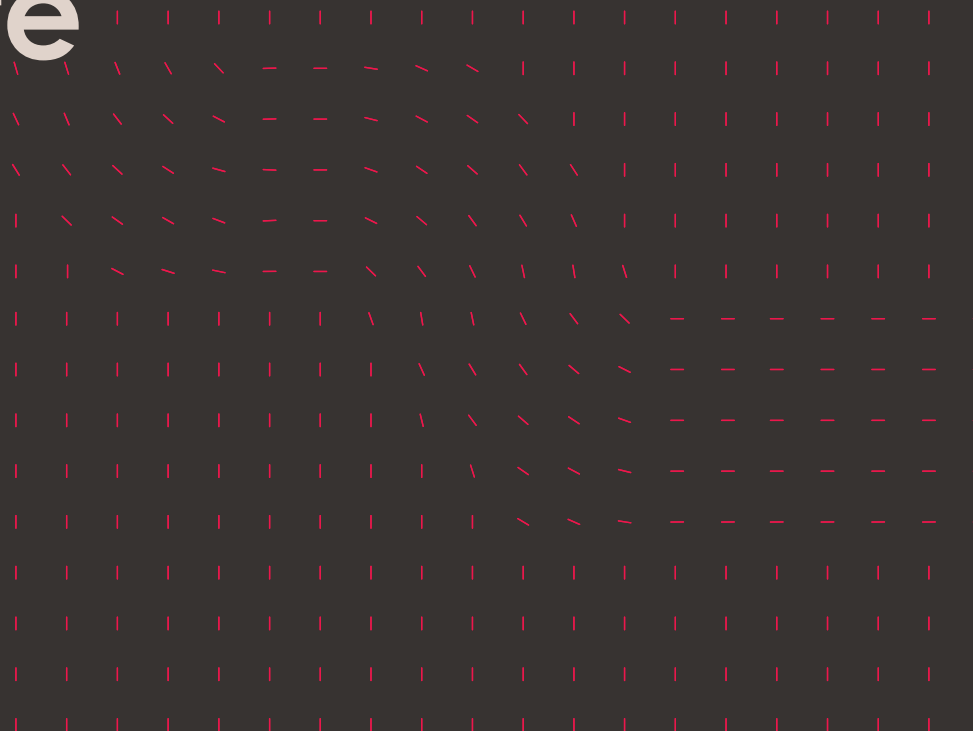
Q1-Q3: Net profit of DKK 876 million and ROE of 13.1 %

Headlines

- Strong core income driven by low/falling interest rates
- NII up 2 % despite continued margin pressure
- Net fee income up 9 % following extremely high refinancing activity
- Large improvement in market value adjustments on equities and bonds
- As a whole, staff costs and operating expenses, are in line with expectations
- Loan losses remain very low

DKKm	YTD 2019	YTD 2018	Index	Q3 2019	Q2 2019	Index
Net interest income	1,177	1,159	102	402	397	101
Net fees, charges and commissions	935	856	109	315	304	104
Market-value adjustments and dividends	312	260	120	86	108	79
Other income	135	220	62	70	24	291
Core income	2,560	2,495	103	873	833	105
Staff costs	894	841	106	281	306	92
Operating expenses	581	576	101	185	184	100
Costs and expenses	1,475	1,418	104	466	491	95
Core earnings before impairment	1,085	1,077	101	407	342	119
Impairments of loans and advances, etc.	10	67	15	9	-9	-100
Profit before tax	1,075	1,011	106	397	351	113
Tax	198	162	123	67	69	97
Profit	876	849	103	331	283	117

3. Credit update



Maintaining strong credit quality is a very important ambition

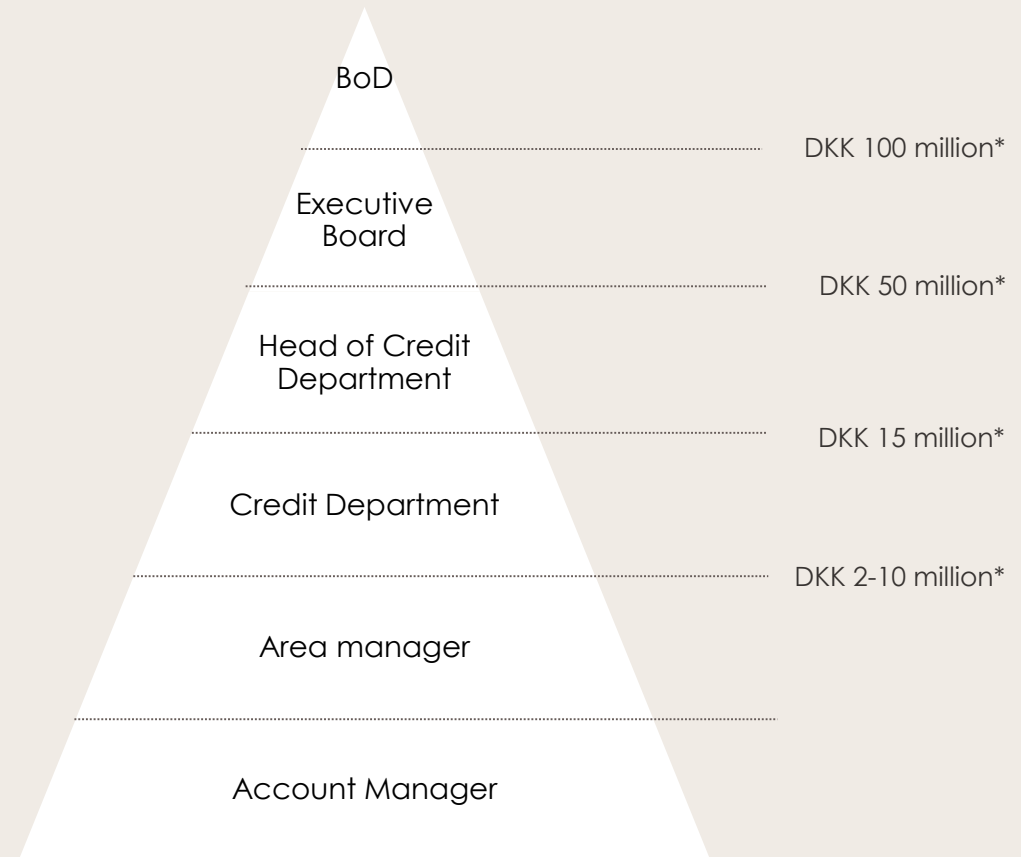
Comments

- Firm focus on household segment and local SMEs
 - Loan book is 45 % private customers and 55 % corporate customers*
 - Corporate portfolio is very diversified in terms of business sectors
 - Formal targets for industry diversification

Energy	max. 8%
Agriculture	max. 10%
Property	max. 15% (5%)
Industry	max. 10%
Trading	max. 15%
 - No credit exposures exceeding DKK 500 million
 - Unsecured portion not above DKK 250 million
- Centralised monitoring of credit risk exposures (including systematic control of the entire portfolio) in Credit Quality Department
 - Since 2003 all new exposures above 100.000 DKK (private) and 300.000 DKK (corporate) has been reviewed

*Excluding reverse- and repo transactions

Underwriting hierarchy



*half amount on new customer

Our loan book is well-diversified in terms of industries

Comments

- Our loan book is generally very well diversified on industries
 - No abnormal exposure to any business sectors
 - No exposure to oil or shipping
- Exposure to household segment accounts for 45 % of loan book – against a sector average of approx. 1/3
- Agriculture has been a major challenge in recent years – but operating conditions have improved

Loan book broken down by industry

Industry	2018	2018	2017
	DKKm	Pct.	
Public authorities	43	0,1	0,0
Agriculture	2.969	5,5	6,1
Fisheries	125	0,2	0,2
Industry	2.795	5,2	5,3
Utilities	1.470	2,7	3,1
Construction and engineering	2.618	4,9	4,8
Trade	3.978	7,4	7,2
Transport, hotels and restaurants	2.156	4,0	3,8
Informations	227	0,4	0,4
Financing and insurance	3.451	6,4	6,6
Property	6.019	11,2	11,2
Other industries	3.551	6,6	5,8
Total business customers	29.401	54,9	54,5
Private customers	24.111	45,1	45,5
Total	53.511	100,0	100,0

*) Sector data 2018 is not published

Total credit distribution by industry

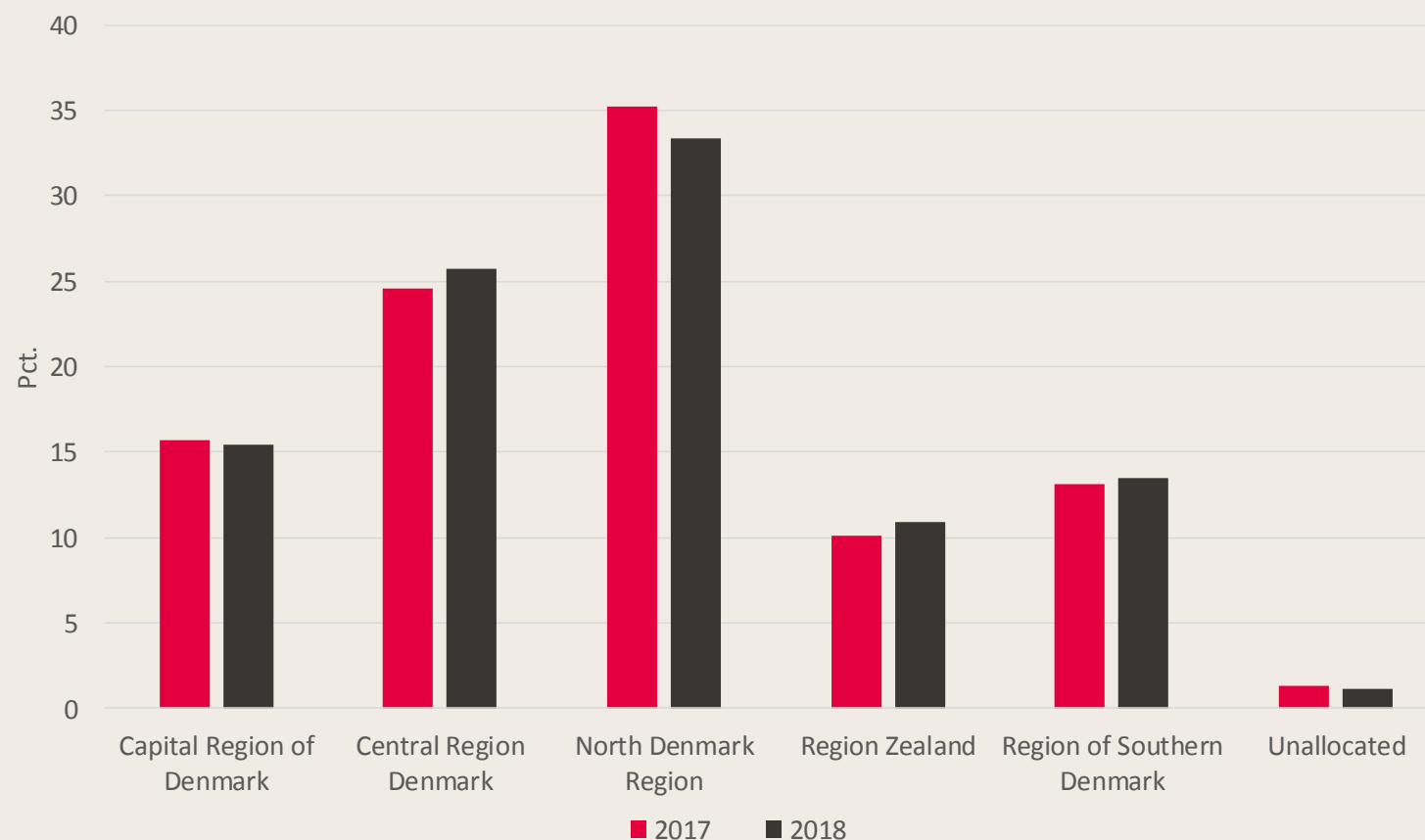
Bank loans and guarantees* + Originated mortgage loans - 2018 (DKKm)

Industry	Spar Nord On balance sheet			Spar Nord Off balance sheet	Originated mortgage loans		Total	Total in pct.
	Bank loans	SparXpres	Leasing loans	Guarantees*	Totalkredit	DLR Kredit		
Public authorities	42		0	-	2	-	44	0,0
Agriculture and Fisheries	2.395		515	50	205	2.381	5.547	4,5
Industry	1.823		564	249	185	251	3.072	2,5
Utilities	994		365	44	10	165	1.578	1,3
Construction and engineering	1.704		527	285	284	251	3.051	2,5
Trade	3.163		380	288	384	349	4.564	3,7
Transport, hotels and restaurants	1.111		894	75	221	140	2.441	2,0
Informations	164		13	13	188	28	406	0,3
Financing and insurance	2.783		47	385	218	387	3.820	3,1
Property	4.841		92	125	859	3.397	9.314	7,5
Other industries	2.638		525	103	971	224	4.461	3,6
Total businesss customers	21.659	-	3.924	1.617	3.527	7.572	38.298	30,8
Private customers	15.043	700	14	351	66.276	3.485	85.869	69,2
Total	36.702	700	3.938	1.967	69.803	11.057	124.167	100,0

* Guarantees related to originated mortgage loans have been left out in the below table - making sure there is no double-counting

A Danish pure play – with good diversification

Loans, advances and guarantees broken down by region



Our loan book is well-diversified in terms of sizes

Comments

- As at Q3 2019, the 20 largest exposures represent 82 % of the bank's capital base
 - The Danish FSA's Supervisory Authority Diamond Test Model allows for up to 175 %
- Only very few exposures above DKK 100 million
 - Loans and guarantees above DKK 100 million account for 12 % of total exposure – considerably below sector average

Loan book broken down by sizes

Loans, advances and guarantees by exposure size *					
Exposure size	2018	2017	2018	2017	2018
	Number		Pct.		Acc. share
0 - 0,1	53.178	51286	1,1	1,2	1,1
0,1 - 0,5	35.747	35594	10,9	11,2	12,0
0,5 - 1,0	13.985	13334	12,6	12,6	24,6
1,0 - 5,0	8.304	8033	24,7	25,0	49,3
5,0 - 10,0	931	913	9,4	9,6	58,7
10,0 - 20,0	419	414	8,7	8,9	67,4
20,0 - 50,0	238	227	11,4	10,8	78,8
50,0 - 100,0	86	78	9,1	8,4	87,9
100,0 -	47	48	12,1	12,3	100,0
Total	112.935	109.927	100	100	

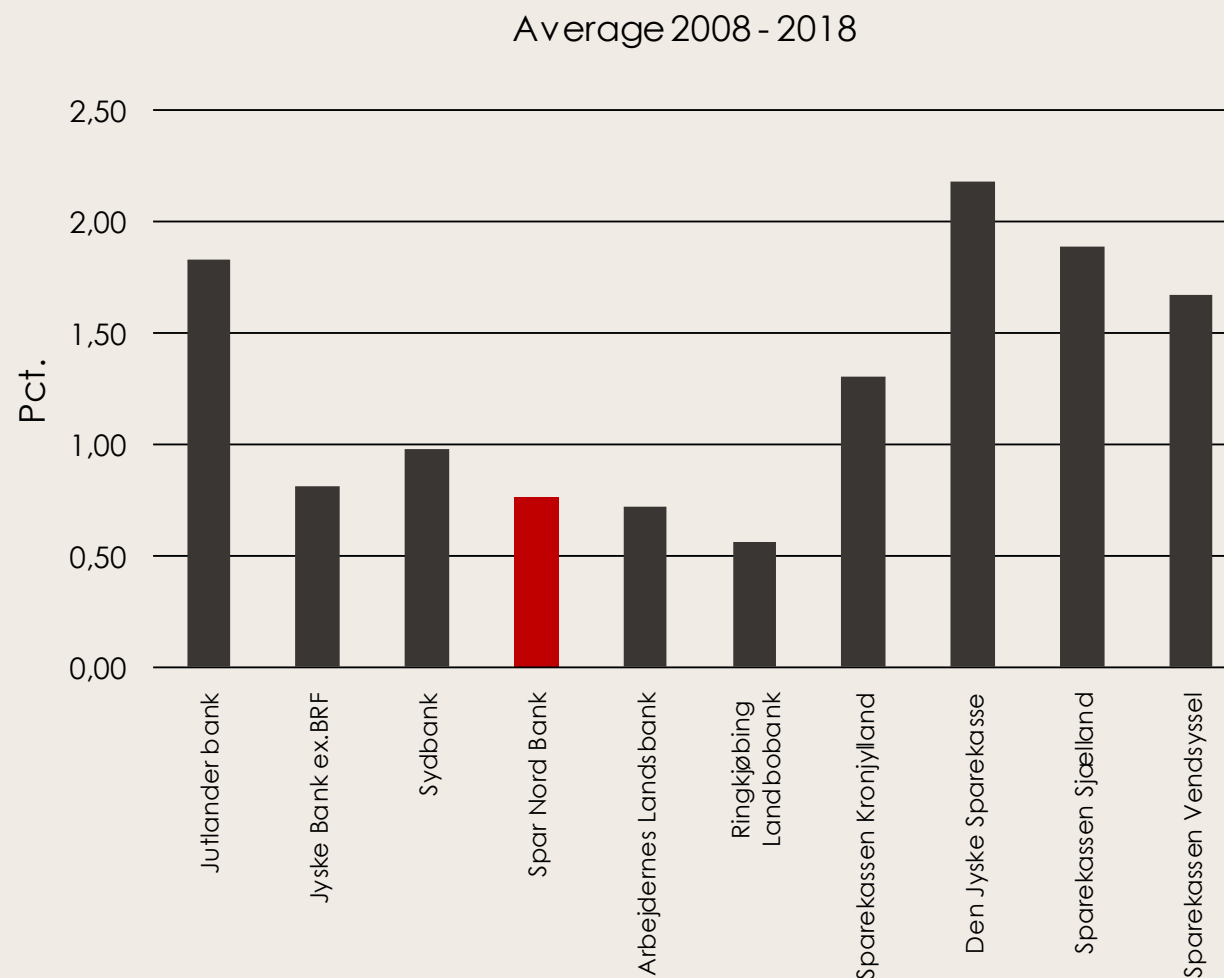
*) Excl. reverse repo transactions and SparXpres

Profit impact from losses and impairments

Comment

- Spar Nord has through the years had a large exposure towards agriculture. In the agricultural segment, both dairy farmers and especially pig farmers has faced unfavorable conditions in the last years. This is mainly due to poor settlement prices and large debt
- Pre-crisis a lot of farmers invested in land at high prices
- In the last 10 years the impact on operations has been DKK 3,6 billion total, where DKK 1,4 billion is due to agriculture, approx. 40 pct.

Profit impact from losses and impairments – Peer comparison



Review of impairment exposures in Q3 2019

- All significant impairment exposures reviewed
 - Total exposure of DKK 948 million reclassified from stage 3 (NPL) to stages 1 and 2
 - Non-Performing Loans reduced by DKK 1,001 million – NPL ratio down to 3.8
- Review has led to significant changes on the impairment account
 - DKK 494 million reversal of individual impairments
 - DKK 326 million write-off
 - New management assessments of DKK 195 million – primarily regarding land prices
- Review confirms impression of robust credit quality and solid coverage
- Impairments broken down on stages – after review
 - Individual impairments (stage 3): DKK 1,081 million (end-2018: DKK 1,531 million)
 - Stage 1 and 2: DKK 445 million (end-2018: DKK 414 million)

Trend in NPL

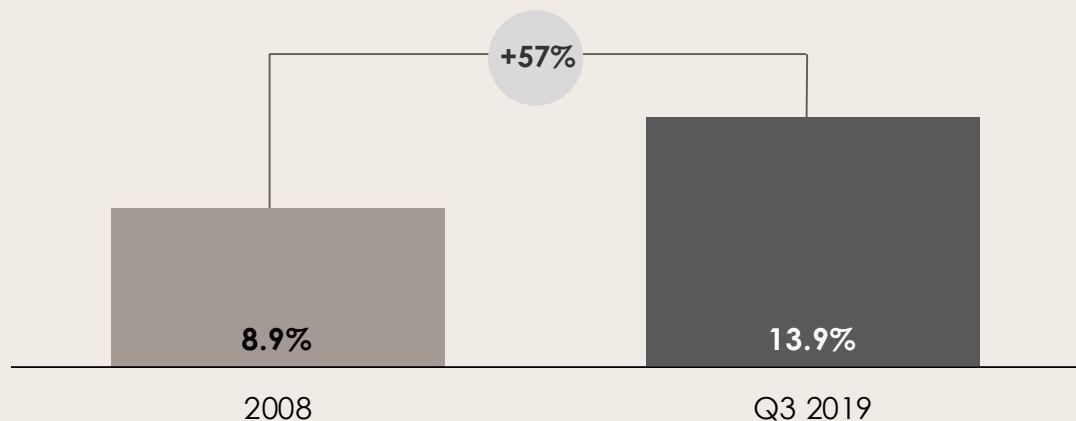
	Q418	Q119	Q219	Q319
NPL (DKKm)	3,300	3,099	2,964	1,963
Exposure	47,354	48,941	49,838	52,089
NPL ratio	7.0	6.3	5.9	3.8

4. Capital and liquidity

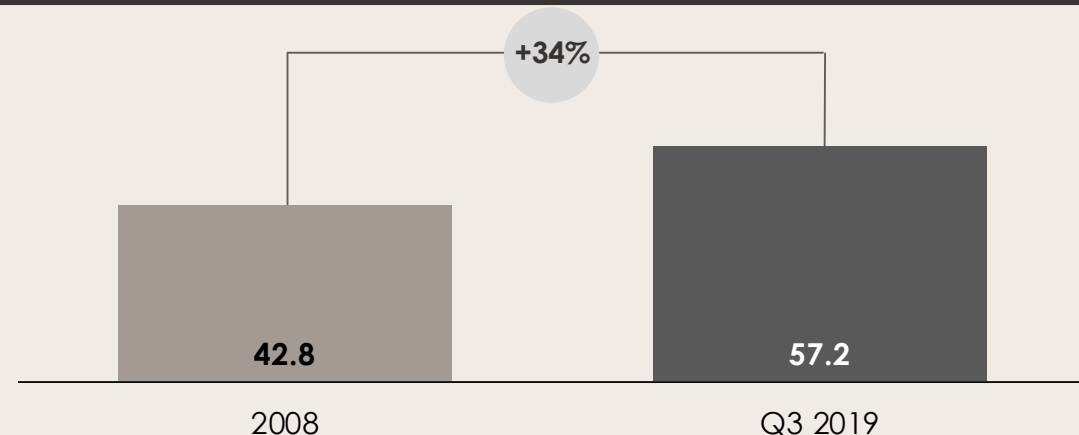


In recent years, we have significantly strengthened our capital position

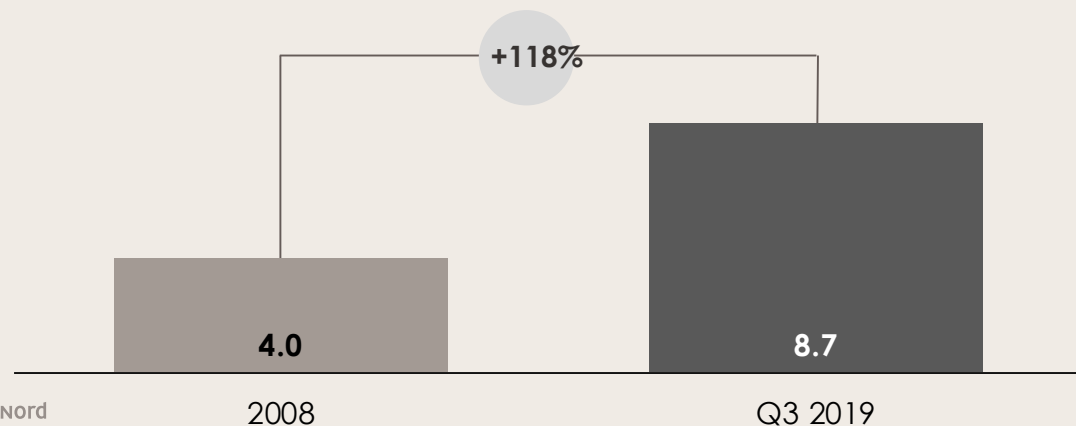
CET1 ratio



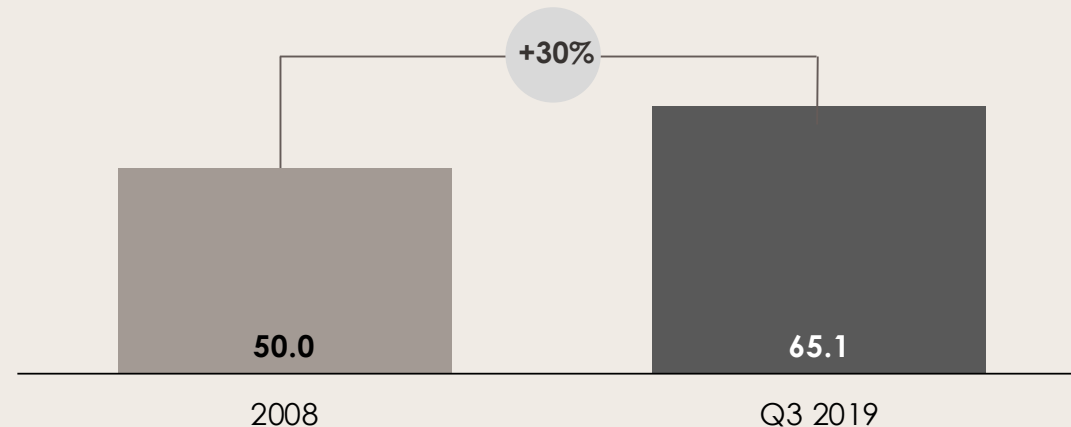
Risk exposure amount



Equity (DKKbn)

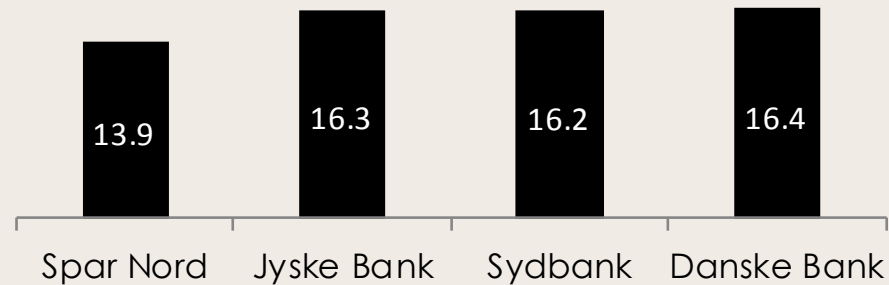


Loans and guarantees (DKKbn)

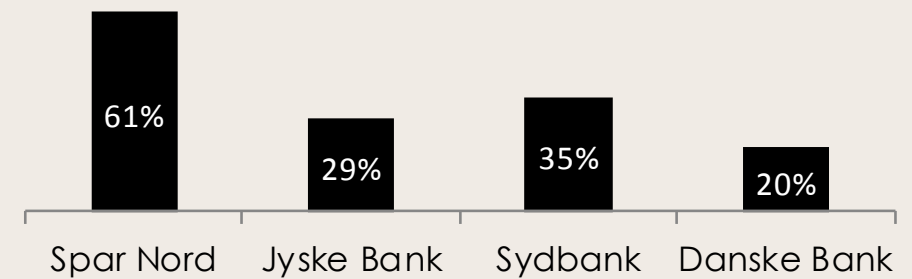


In spite of standard risk weights and lower capital efficiency, we are more profitable than our larger peers

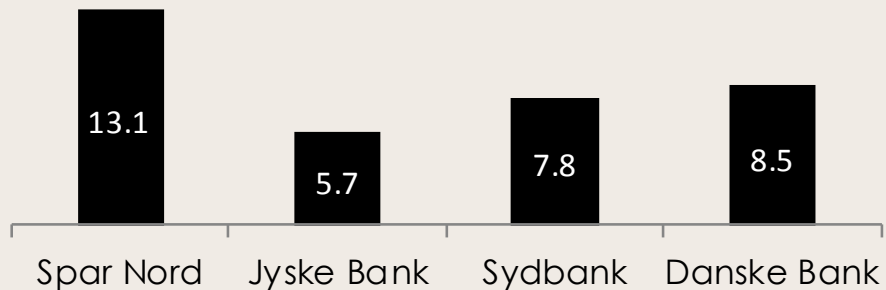
CET1 ratio Q3 2019



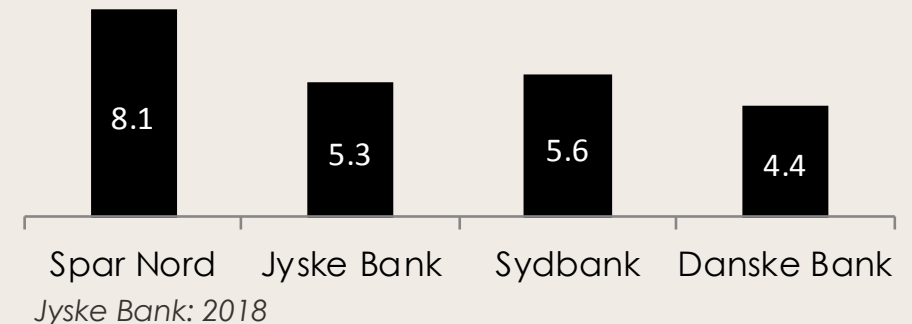
REA in percentage of total assets Q3 2019



ROE Q3 2019



Leverage ratio Q3 2019



Regulatory requirements and capital targets

Comments

- Capital targets
 - CET1 Ratio: 13.5 (up from 13.0 when we became SIFI)
 - Total capital ratio: 17.5 (up from 16.5 when we became SIFI)
 - Leverage ratio: Min. 6,0
- The bank's own capital targets are based on the results of an adverse stress scenario
- The adverse stress scenario is estimated to reduce the banks capital ratios by 4.2 percentage points
- This stress margin is added to the regulatory requirement summing up to a minimum target for the banks capital ratios
- The countercyclical buffer is deducted from the adverse stress scenario, which reduces the stress to 3.2 percentage points from 2019 and 2.7 from 2020

Capital requirement and targets as SIFI bank

Total capital ratio	2018	2019	2020	2021
Pillar I	8.0	8.0	8.0	8.0
Pillar II	1.5	1.5	1.6	1.7
Conservation buffer	1.9	2.5	2.5	2.5
Countercyclical buffer	0.0	1.0	1.5	1.5
SIFI buffer	0.0	0.5	1.0	1.0
Regulatory requirement	11.3	13.5	14.6	14.7
Adverse stress	4.2	3.2	2.7	2.7
Minimum target	15.5	16.7	17.3	17.4
Capital target	16.5	17.5	17.5	17.5

CET1	2018	2019	2020	2021
Pillar 1	5.3	5.3	5.4	5.4
Requirement from Additional Tier 1	0.2	0.3	0.0	0.1
Requirement from tier 2 capital	0.0	0.0	0.2	0.3
Conservation buffer	1.9	2.5	2.5	2.5
Countercyclical buffer	0.0	1.0	1.5	1.5
SIFI buffer	0.0	0.5	1.0	1.0
Regulatory requirement	7.4	9.7	10.6	10.8
Adverse stress	4.2	3.2	2.7	2.7
Minimum target	11.6	12.9	13.3	13.5
Capital target	13.0	13.5	13.5	13.5

MREL requirement as a SIFI bank

Spar Nord Bank	2018	2019	2020	2021	2022
MREL (beginning of year)	Jan	Jan	Jan	Jan	Jan
Pillar I	8.0	8.0	8.0	8.0	8.0
Pillar II	1.0	1.5	1.2	1.2	1.2
Conservation buffer	1.9	2.5	2.5	2.5	2.5
Countercyclical buffer	0.0	0.0	1.0	2.0	2.0
SIFI buffer	0.0	0.0	0.5	1.0	1.0
Regulatory requirement	10.9	12.0	13.2	14.7	14.7
Phase in of MREL	0%	25%	50%	75%	100%
MREL buffer	0.0	3.0	6.1	9.5	12.7
MREL requirement (pct.)	10.9	15.0	19.3	24.3	27.5
MREL requirement (DKKb)	5.4	8.1	11.1	14.3	16.8
Own funds (DKKb)	9.0	9.7	10.3	10.7	10.8
MREL capital available (DKKb)	9.0	9.7	10.3	10.7	10.8
MREL requirement excl. Management buffer (DKKb)	-3.6	-1.6	0.8	3.6	6.0
Management buffer (DKKb) (1,5 pct. of REA)	0.7	0.8	0.9	0.9	0.9
MREL requirement incl. Management buffer (DKKb)	-2.9	-0.8	1.7	4.5	6.9
Total risk exposure amount	49.5	53.9	57.3	58.7	61.2

Funding profile

Comments

- Decision in 2011 to downsize the leasing activities contributed to a markedly changed funding profile with no dependency of capital market funding at year-end 2018
- Share of customer deposits increased from around 50 pct. at year-end 2011 to around 80 pct. at year-end 2018
- Share of capital market funding reduced from 17 pct. to nothing over the same period
- Expected issues of Senior Non-preferred to increase share of capital market funding over the coming years
- Overall a conservative funding profile which gives rise to strong liquidity and funding metrics

Funding profile

Funding profile DKKm	2011	2015	2016	2017	2018	2019	2020	2021
Bank deposits	4.965	1.478	981	1.377	947	947	947	947
Repurchase agreements	5.011	2.198	1.400	555	1.519	1.519	1.519	1.519
Senior loans and Issued bonds	10.136	64	49	32	0	2.400	4.800	7.300
Of which maturity <1 year	5.368	0	0	2	0	0	0	1.200
Customer deposits	31.088	44.736	46.464	48.843	50.773	52.100	54.100	56.300
Equity and subordinated debt	6.944	8.976	9.720	10.119	10.573	10.900	11.300	11.700
Total	58.144	57.452	58.614	60.926	63.812	67.866	72.666	77.766

Funding profile Pct.	2011	2015	2016	2017	2018	2019	2020	2021
Interbank funding	17	6	4	3	4	4	3	3
Capital market funding	17	0	0	0	0	4	7	9
Customer deposits	53	78	79	80	80	77	74	72
Equity and subordinated debt	12	16	17	17	17	16	16	15
Total	100	100	100	100	100	100	100	100
Loans to deposits ratio (pct.)	123	76	76	76	78	81	84	84

Deposit profile

Comments

- Total customer deposit increased by DKKb 6,1 from 2015 to 2018
- Strong stability in customer deposits
 - Share of retail customer deposits + 80 pct.
 - LCR "stable" deposits account for 73 pct. of total retail deposits and for 60 pct. of total customer deposits
 - At year-end 2018, 74 pct. of customer deposits covered by the Danish deposit protection schemes
 - Customer deposit base is well diversified consisting mainly of smaller deposits from retail customers
 - Retail deposits of DKKb 41,9 related to 350.000+ retail customers
- Low concentration risk in customer deposits
 - At year-end 2018 only 6 customer deposits larger than DKKm 100
- 4 pct. market share of deposits in Denmark at both year-end 2016 and year-end 2017
 - SIFI threshold value for the deposit indicator:
The institution's deposits in Denmark represent more than 3% of total deposits in Danish banks in Denmark

Deposit profile

Customer deposits (DKKb)	2015	2016	2017	2018
Deposits, Retail customers	34,1	37,7	39,3	41,9
Deposits, Non-retail customers	9,7	7,8	8,5	7,9
Deposits, Financial customers	1,0	0,9	0,9	1,0
Customer deposits	44,7	46,5	48,7	50,8

Customer deposits (pct.)	2015	2016	2017	2018
Deposits, Retail customers	76	81	81	82
Deposits, Non-retail customers	22	17	17	16
Deposits, Financial customers	2	2	2	2
Customer deposits	100	100	100	100

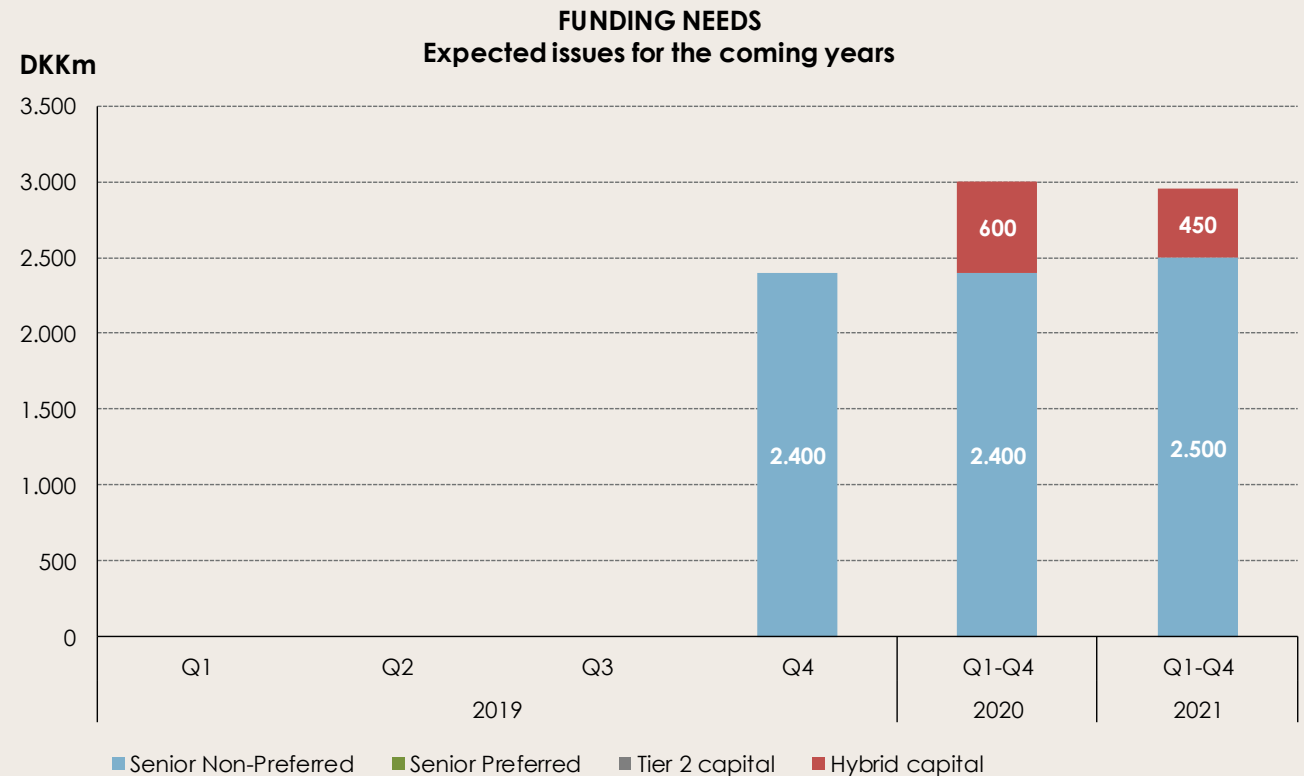
Customer deposits Supplementary metrics	2015	2016	2017	2018
Average LCR stress factor, customer deposits	14,0%	13,0%	13,5%	13,0%
Share of customer deposits covered by the Danish deposit protection schemes	60%	70%	70%	74%
Top 20 customer deposits / Total customer deposits	6,1%	4,6%	5,8%	4,5%
Customer deposits Breakdown on currency - DKK	98,2%	98,3%	97,9%	98,0%
Customer deposits Breakdown on currency - Other	1,8%	1,7%	2,1%	2,0%

Funding needs

Comments

- The MREL-requirement for Spar Nord will be phased in from 2019-2022
- To meet the requirement, Senior Non-preferred bonds for around DKKb 7 are expected issued from 2019 to 2021
- Expected issuance of DKKb 2,4 in 2019 in the Danish and Swedish market
- Establishment of EMTN-program under way
- Hybrid capital issued in June 2015 and Dec. 2016 mature and are expected replaced in 2020 and 2021

Funding needs



Rating from Moody's

Moody's Investors Service ("Moody's") announced October 30st 2019 that the rating agency has started to rate Spar Nord, assigning the following ratings:

- Baseline credit assessment: baa1
- Bank deposit rating: A1 / P-1
- Outlook: Stable

Key strength and challenges from the Credit Opinion:

Credit strengths:

- Robust capitalization and a strong leverage ratio
- Low dependence on market funding
- Strong liquidity buffer

Credit challenges:

- Relatively high, although improving, problem loan ratio, along with moderately high loan growth, which could present challenges in a downturn
- Continued pressure on profitability because of ultralow interest rates and a high cost-to-income ratio

Legal disclaimer

Certain statements in today's presentation are based on the beliefs of our management as well as assumptions made by and information currently available to the management. Forward-looking statements (other than statements of historical fact) regarding our future results of operations, financial condition, business strategy and future objectives can generally be identified by terminology such as "targets", "beliefs", "expects", "intends", "plans", "assumes", "will", "may", "anticipates", "continues" or similar expressions.

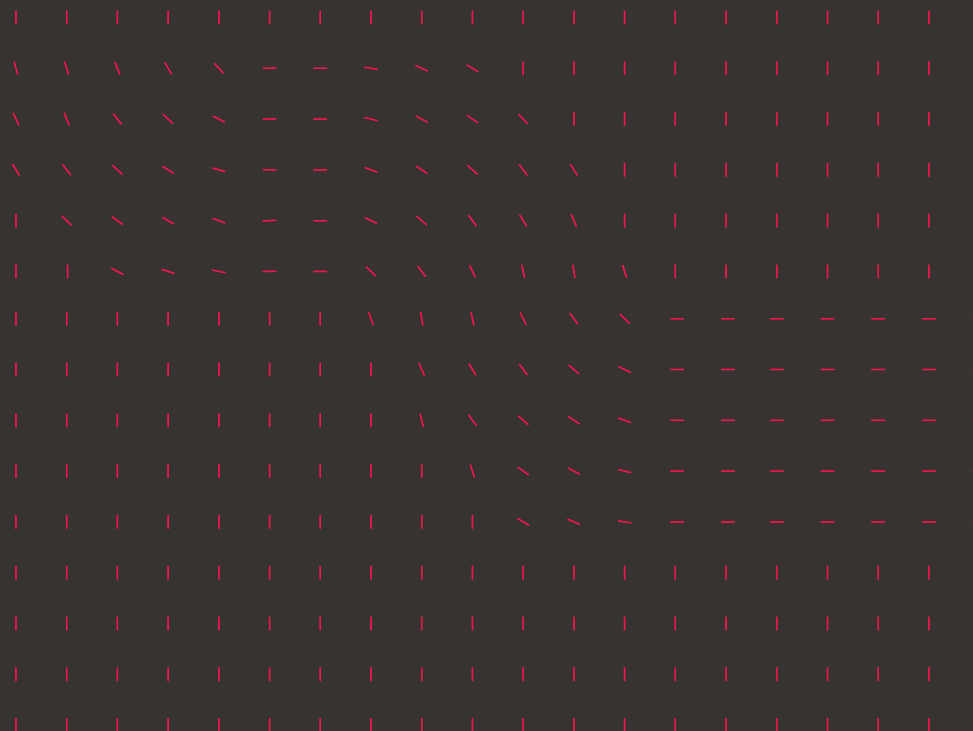
A number of different factors may cause the actual performance to deviate significantly from the forward-looking statements in the presentations including but not limited to general economic developments, changes in the competitive environment, developments in the financial markets, extraordinary events such as natural disasters or terrorist attacks and changes in legislation.

We urge you to read our financial reports available on sparnord.com for a discussion of some of the factors that could affect our future performance and the industry in which we operate.

Should one or more of these risks or uncertainties materialise or should any underlying assumptions prove to be incorrect, our actual financial condition or results could materially differ from that presented as anticipated, believed, estimated or expected.

Please note that we are not under any duty to update any of the forward-looking statements or to conform such statements to actual results, except as may be required by law.

Appendix



Net profit of DKK 876 million and ROE of 13.1 %

Presentation of Spar Nord's financial results for Q1-Q3 2019

Net profit of DKK 876 million and ROE of 13.1 %

Headlines

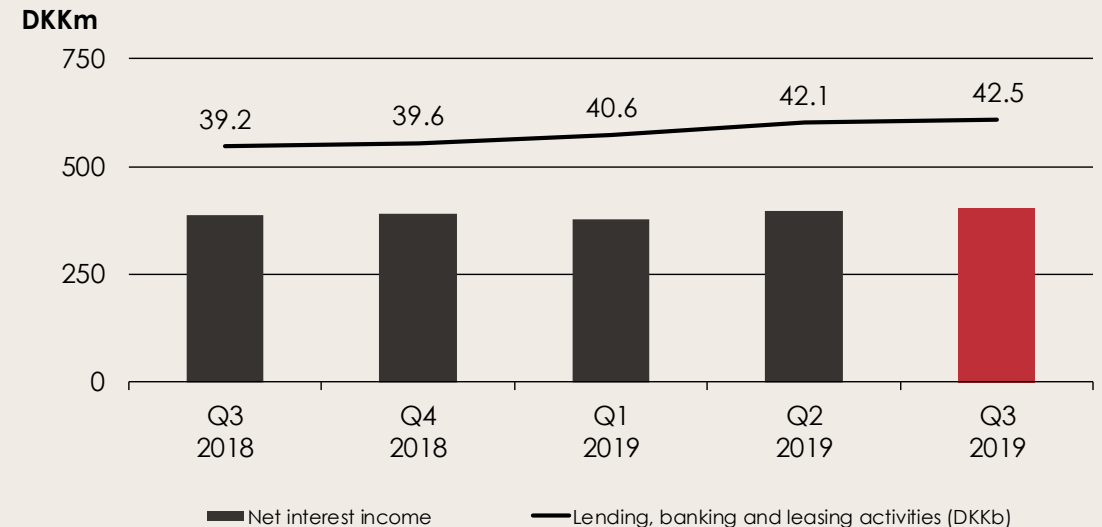
- Strong core income driven by low/falling interest rates
- NII up 2 % despite continued margin pressure
- Net fee income up 9 % following extremely high refinancing activity
- Large improvement in market value adjustments on equities and bonds
- As a whole, staff costs and operating expenses, are in line with expectations
- Loan losses remain very low

DKKm	YTD 2019	YTD 2018	Index	Q3 2019	Q2 2019	Index
Net interest income	1,177	1,159	102	402	397	101
Net fees, charges and commissions	935	856	109	315	304	104
Market-value adjustments and dividends	312	260	120	86	108	79
Other income	135	220	62	70	24	291
Core income	2,560	2,495	103	873	833	105
Staff costs	894	841	106	281	306	92
Operating expenses	581	576	101	185	184	100
Costs and expenses	1,475	1,418	104	466	491	95
Core earnings before impairment	1,085	1,077	101	407	342	119
Impairments of loans and advances, etc.	10	67	15	9	-9	-100
Profit before tax	1,075	1,011	106	397	351	113
Tax	198	162	123	67	69	97
Profit	876	849	103	331	283	117

Strong lending growth but continued margin pressure

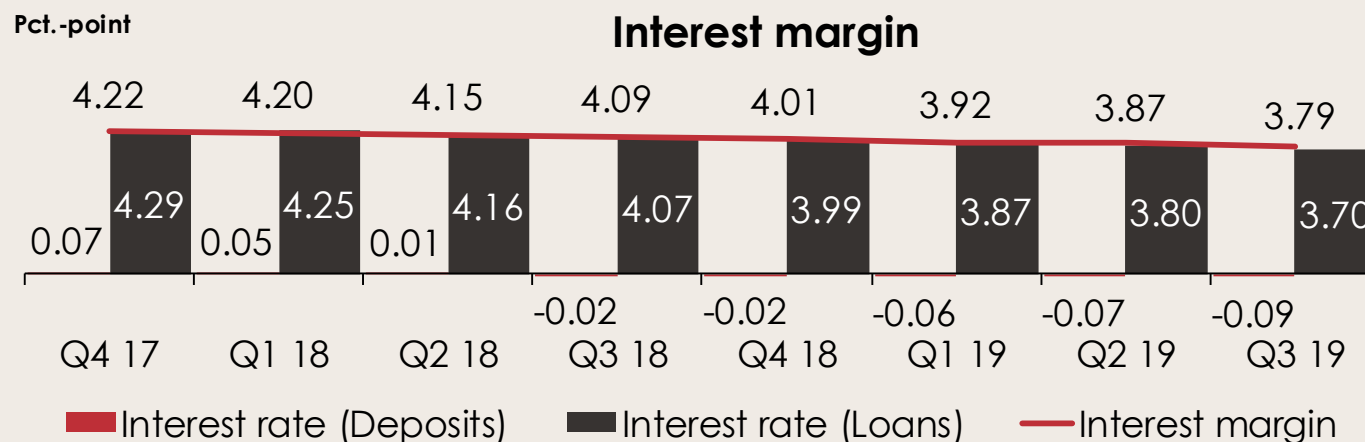
- Net interest income amounted to DKK 1,177 million versus DKK 1,159 million in Q1-Q3 last year
- Bank and leasing lending has grown by DKK 3.0 billion (7 %) year-to-date and by DKK 3.4 billion (9 %) year-on-year
 - Lending to private customers is up DKK 0.3 billion YTD
 - Lending to corporates, excluding leasing, is up DKK 2.0 billion – hereof public authorities DKK 0.6 billion
 - Leasing business has grown by DKK 0.7 billion
- From Q2 to Q3 NII has grown from DKK 397 million to DKK 402 million
 - Change in accounting for fee amortization (DKK -6 million)
 - One more interest day in Q3
 - Lending growth of DKK 0.4 billion (q/q) but continuing margin pressure

Net interest income and volume trend



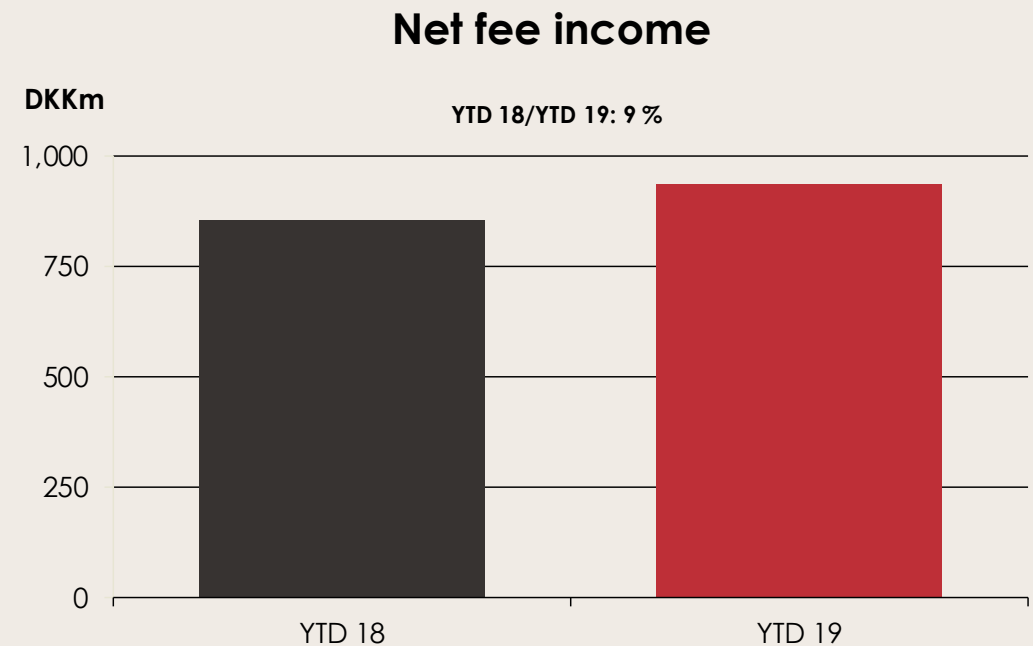
Strong lending growth but continued margin pressure

- Total interest margin has declined by 22 basis points since Q4 2018
 - Lending margin is down 29 basis points
 - Active measures on pricing lead to 7 basis points improvement of deposit margin
- Lending growth predominantly driven by areas (larger corporates, public sector, leasing etc.) characterized by relatively low margins

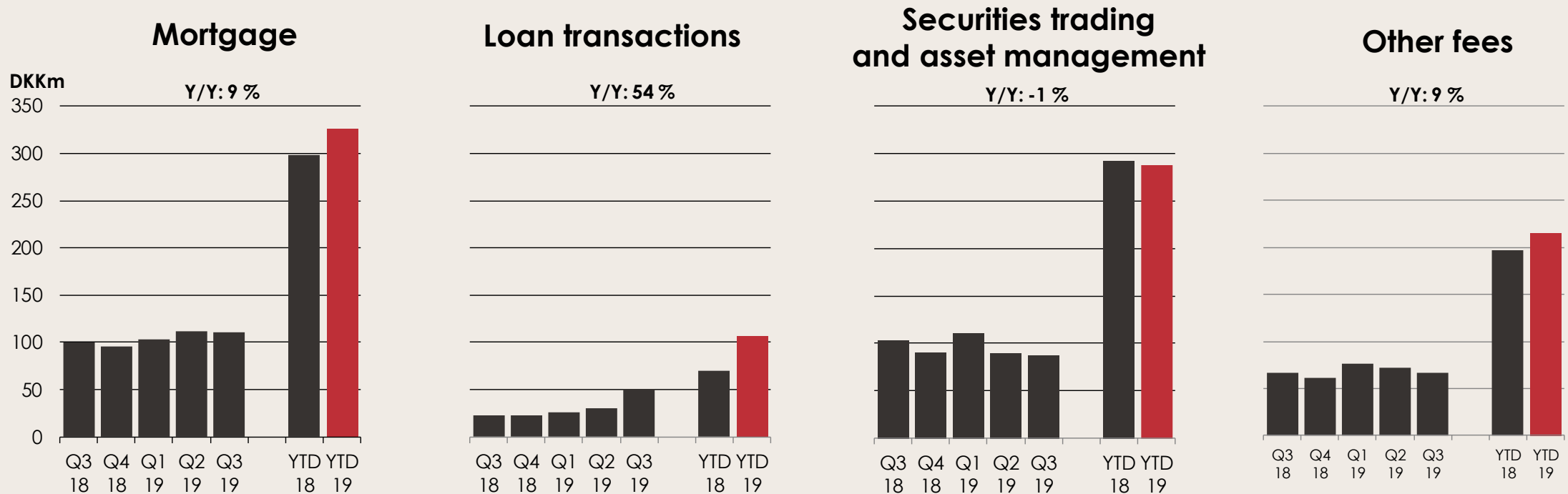


Volume growth and extremely strong refinancing activity drive net fee income to record level

- Net fee income amounted to DKK 935 million versus DKK 856 million in Q1-Q3 last year
 - Income from mortgage distribution is up 9 % (y/y) driven by strong volume growth and high re-mortgaging activity
 - Loan transaction fees are up 54 % (y/y) due to extraordinarily high activity
 - Fees from securities trading and asset management down by 1 % (y/y)
 - Income from insurance distribution, pension products etc. grew by 9 % (y/y)
- Change in accounting for fee amortization reduce net fee income by DKK 19 million (y/y)
- From Q2 to Q3 net fee income is up from DKK 304 million to DKK 315 million
 - Key driver still mortgage refinancing



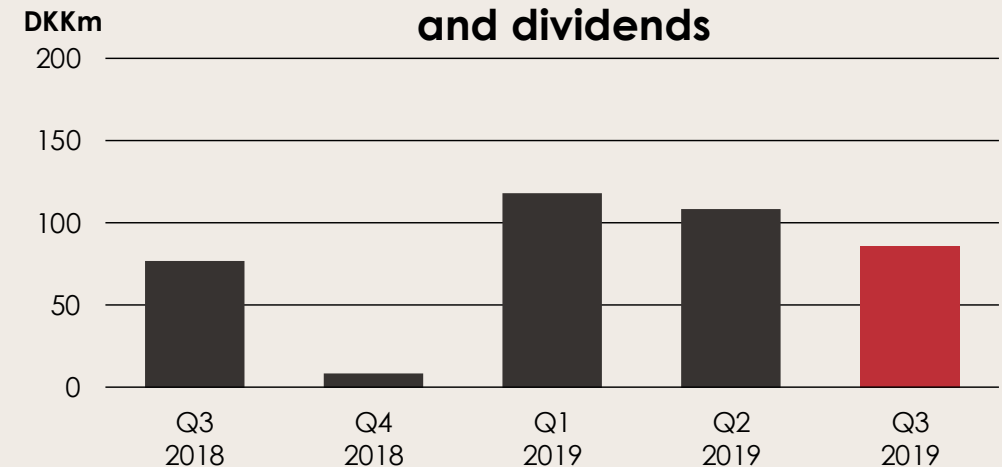
Volume growth and extremely strong refinancing activity drive net fee income to record level



Strong growth in market value adjustments on equities and bonds

- Market value adjustments and dividends amounted to DKK 312 million in Q1-Q3 2019 versus DKK 260 million in Q1-Q3 last year
 - Q1-Q3 2018 was positively impacted by DKK 82 million adjustment on Spar Nord's stake in BankInvest
- Highly satisfactory market value adjustments on bonds (liquidity portfolio) attributable to declining interest rates
- Strong income from equity portfolio in positive market
- Market value adjustments on strategic share holdings in financial sector companies as expected

Market value adjustments and dividends

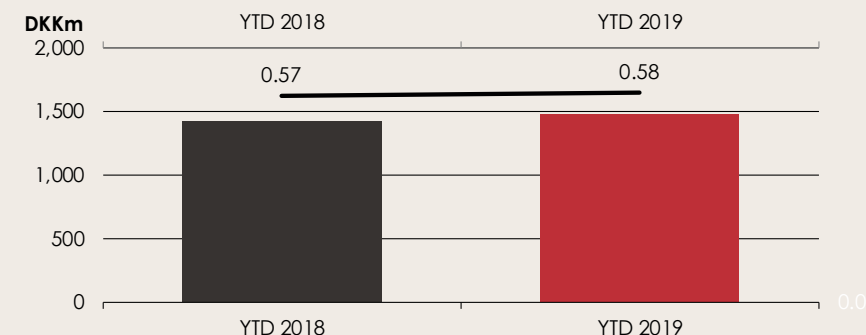


DKKm	YTD 2019	YTD 2018	Change
Market-valued adjustments in Trading and International Division	151	13	138
Tangible assets incl. dividends	117	205	-88
Currency trade and -agio	44	42	1
Total	312	260	52

Costs under structural pressure – as expected

- Total costs amounted to DKK 1,475 million versus DKK 1,418 million in Q1-Q3 2018
- Payroll costs were DKK 52 million (6 %) higher than in Q1-Q3 last year
 - Collective wage increases (~2 %) (DKK 21 million)
 - High customer activity leads to increase in overtime pay etc. (DKK 14 million)
 - Absence of last year's positive one-offs (DKK 9 million)
 - Headcount increased by 16 FTEs (y/y)
- Operating expenses and depreciation on par with Q1-Q3 last year
 - Focus on general cost containment in all areas
 - One-off related to offer for Danske Andelskassers Bank in Q1
 - Re-segmentation from cost of premises and depreciation due to IFRS 16
- Cost/Income Ratio of 0.58 – in line with strategic target

Total costs and CIR



Breakdown on cost types

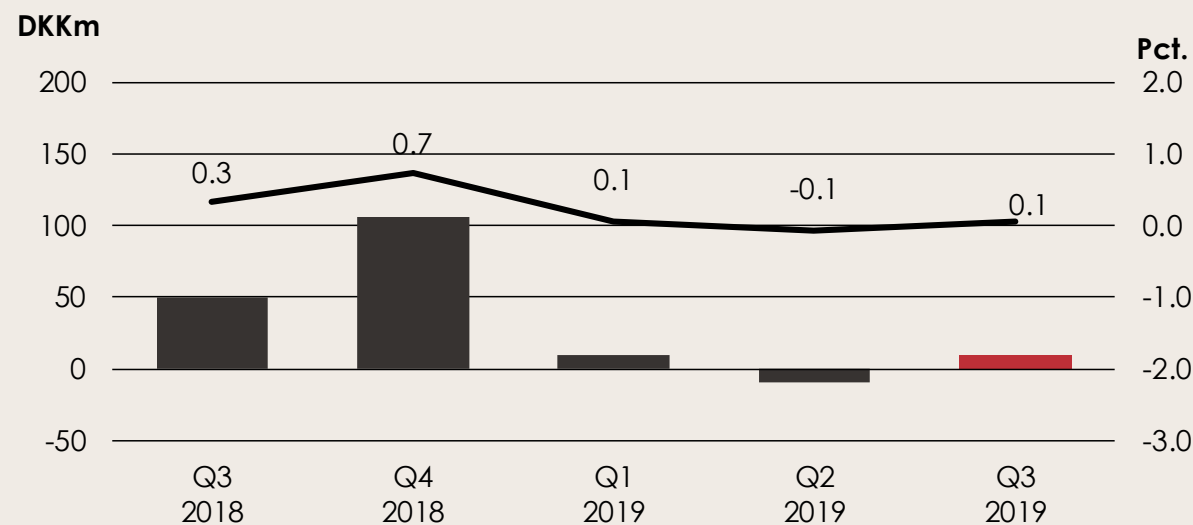
Costs (DKKm)	YTD 2019	YTD 2018	Change
Staff costs	894	841	53
Operating expenses	581	576	5
Costs and expenses	1,475	1,418	57

Operating expenses (DKKm)	YTD 2019	YTD 2018	Change
Staff-related expenses	28	29	-1
Travel expenses	15	12	3
Marketing costs	62	70	-8
IT expenses	290	297	-7
Cost of premises	39	61	-22
Other administrative expenses	84	62	22
Depreciation	63	45	18
Operating expenses	581	576	5

Loan impairments at extremely low level

- Loan impairments amounted to an expense of DKK 10 million against DKK 67 million in Q1-Q3 last year
- Breakdown on segments
 - Private : DKK -28 million
 - Consumer finance (SparXpres): DKK 46 million
 - Corporate ex. agriculture: DKK 2 million
 - Agriculture: DKK -10 million
- Profit impact from SparXpres is influenced by DKK 27 million write-off of all debt collection claims older than 18 months
- In general, the reported profit impact should be viewed in connection with review of all significant impairment exposures

Impairments and impairment percentage



Review of impairment exposures

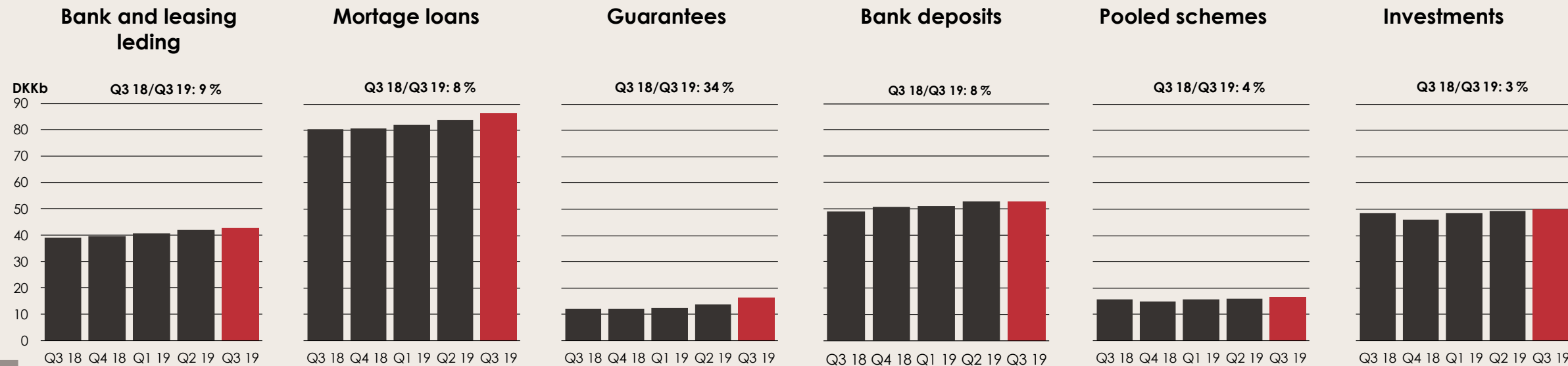
- All significant impairment exposures reviewed
 - Total exposure of DKK 948 million reclassified from stage 3 (NPL) to stages 1 and 2
 - Non-Performing Loans reduced by DKK 1,001 million – NPL ratio down to 3.8
- Review has led to significant changes on the impairment account
 - DKK 494 million reversal of individual impairments
 - DKK 326 million write-off (hereof DKK 98 million in SparXpres)
 - New management assessments of DKK 195 million – primarily regarding land prices
- Review confirms impression of robust credit quality and solid coverage
- Impairments broken down on stages – after review
 - Individual impairments (stage 3): DKK 1,081 million (end-2018: DKK 1,531 million)
 - Stage 1 and 2: DKK 445 million (end-2018: DKK 414 million)

Trend in NPL

	Q418	Q119	Q219	Q319
NPL (DKKm)	3,300	3,099	2,964	1,963
Exposure	47,354	48,941	49,838	52,089
NPL ratio	7.0	6.3	5.9	3.8

Very satisfactory volume growth

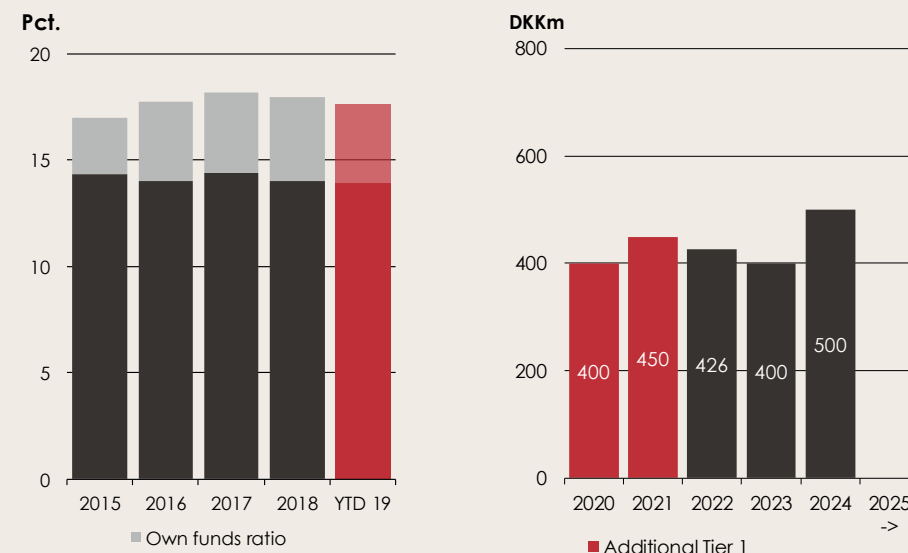
- At end-Q1-Q3, total business volume amounts to DKK 264.2 billion – DKK 20.1 billion (8 %) higher than end-2018
- Positive trend in credit distribution to both private customers and corporates
 - Bank and leasing lending has grown by 3.0 billion (7 %) and distribution of mortgage loans has grown by DKK 5.7 billion (7 %) YTD
- Deposits and pooled pension savings are still growing
 - Bank deposits are up DKK 2.1 billion (4 %) and deposits in pooled schemes are up DKK 1.6 billion (11 %) YTD
- Customers invested assets have increased by DKK 3.7 billion (8 %) year-to-date



Update on capital position

- Strategic capital targets
 - CET1 ratio: 13.5
 - Own funds ratio: 17,5
- At the end of Q3, CET1 ratio stood at 13.9 and Own funds ratio at 17.6
 - Guarantees at extraordinarily high level due to re-mortgaging activity – impact on capital ratios ~ 0.3 percentage points
- Own funds ratio of 17.6 should be viewed in connection with an individual solvency requirement of 9.2 % and a combined buffer requirement of 3.5 %
 - Excess coverage of 4.9 percentage points or DKK 2.8 billion
- Expected need for MREL of around DKK 7 billion in 2019-21
 - First issue expected to take place in November 2019
- Rating from Moody's announced
 - Baseline credit assessment: baa1
 - Outlook: Stable

Own funds ratio and subordinated capital



Capital base

Pct.	Q3 2019	2018	2017	2016
Common equity Tier 1 capital ratio	13.9	14.0	14.4	14.0
Additional Tier 1	1.5	1.6	1.7	1.8
Deductions in additional Tier 1	0.0	0.0	-0.1	-0.2
Tier 1 capital ratio	15.4	15.6	16.0	15.6
Tier 2 capital	2.3	2.4	2.3	2.3
Deductions in own funds	0.0	0.0	-0.1	-0.2
Own funds ratio	17.6	18.0	18.2	17.7

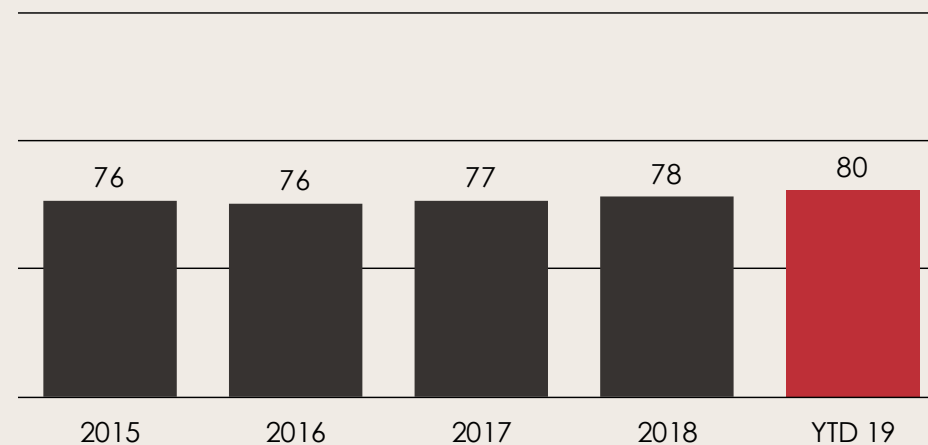
Comfortable strategic liquidity

Strategic liquidity

DKKb	YTD 2019	2018	2017
Deposits, banking activities	52.9	50.8	48.7
Seniorfunding	0.0	0.0	0.0
Core capital and sub. capital	10.9	10.6	10.1
Stable long term funding	63.8	61.3	58.8
Loans, banking and leasing activities	42.5	39.6	37.3
Maturity < 1 year	0.4	0.0	0.7
Liquidity target	20.9	21.8	20.8

Loan to deposit ratio

Pct.




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