

**PRE-TAX PROFIT OF DKK 533 MILLION AND PRE-TAX  
ROE OF 29.4 % - ALL-TIME HIGH**

Presentation of Spar Nord's results for Q1 2015



## Q1 IN BRIEF: DIVESTMENT OF NØRRESUNDBY BANK AND HIGH CUSTOMER ACTIVITY TAKE EARNINGS TO ALL-TIME HIGH

- 1 Tax-free gain of DKK 226 million from divestment of shares in Nørresundby Bank to Nordjyske Bank
- 2 Net interest income grew substantially compared to Q1 last year but was down on Q4
- 3 House loans, asset management and securities trading boost net fee income to record-level
- 4 Steep decline in loan losses on all other segments than agriculture – where challenges remain
- 5 Total business volume rose above DKK 200 billion – in spite of pressure on lending margin
- 6 Very satisfactory net profit of DKK 464 million – corresponding to ROE of 25.6 % p.a.

## HEADLINES FROM THE INCOME STATEMENT

### Income statement

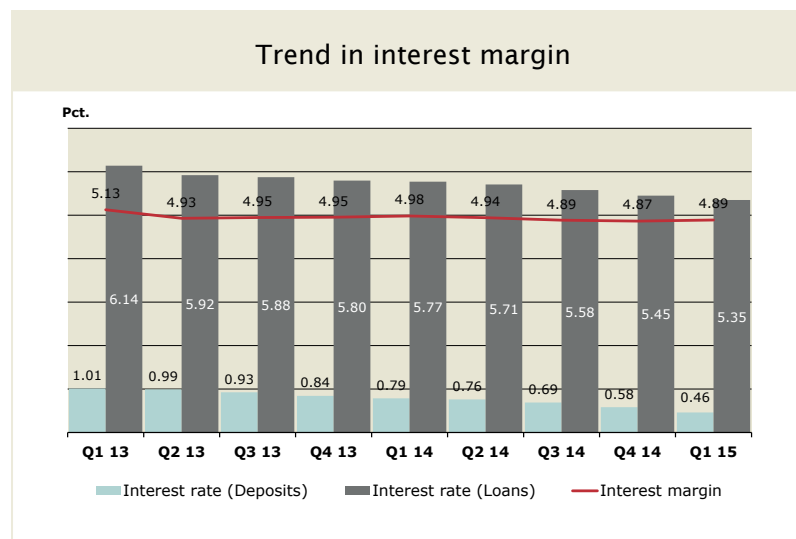
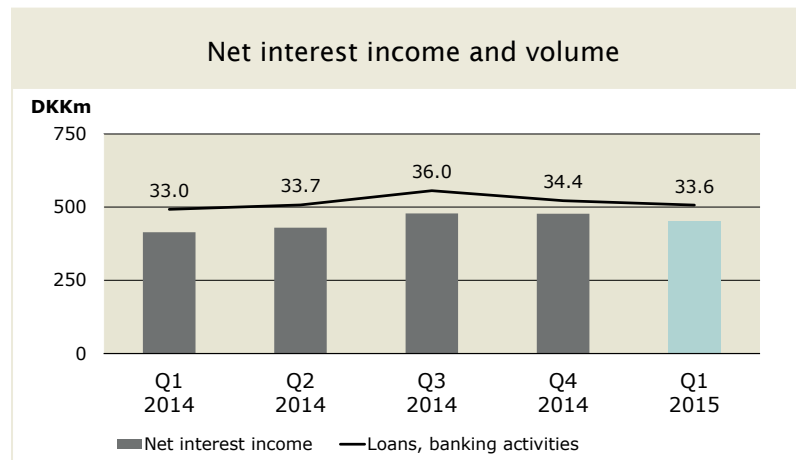
SPAR NORD BANK DKKm	Realized Q1 2015	Realized Q4 2014	Change in pct.	Realized Q1 2014	Change in pct.
Net interest income	452	477	-5	414	9
Net fees, charges and commissions	312	238	31	206	52
Market-value adjustments	359	27	-	250	44
Other income	17	40	-57	39	-56
<b>Core income</b>	<b>1,140</b>	<b>782</b>	<b>46</b>	<b>908</b>	<b>26</b>
Staff costs	277	280	-1	268	3
Operating expenses etc.	207	330	-37	188	10
<b>Costs</b>	<b>484</b>	<b>610</b>	<b>-21</b>	<b>456</b>	<b>6</b>
<b>Core earnings before impairment</b>	<b>656</b>	<b>172</b>	<b>-</b>	<b>452</b>	<b>45</b>
Impairments of loans and advances, etc.	98	205	-52	89	10
<b>Core earnings</b>	<b>558</b>	<b>-33</b>	<b>-</b>	<b>363</b>	<b>54</b>
Investment income	0	2	-	11	-
<b>Profit/loss on ordinary activities</b>	<b>558</b>	<b>-31</b>	<b>-</b>	<b>374</b>	<b>49</b>
Sector Fund	-25	-25	-3	-25	0
Cost related to merger	0	0	-	0	-
<b>Profit before tax</b>	<b>533</b>	<b>-56</b>	<b>-</b>	<b>349</b>	<b>53</b>

### Key messages (y/y)

- Improvement in ROE
  - Q1 14: 18.8 % p.a. (8.0 % excl. Nets)
  - Q1 15: 25.6 % p.a. (13.6 % excl. Nrs.by)
- Net fee income grew by 52 %
- Core income was up 26 %
- Costs grew by 6 %
- Adjusted for sale of Nørresundby Bank ('15) and Nets ('14), growth was:
  - Core income: 25 %
  - Pre-provisioning profit: 60 %

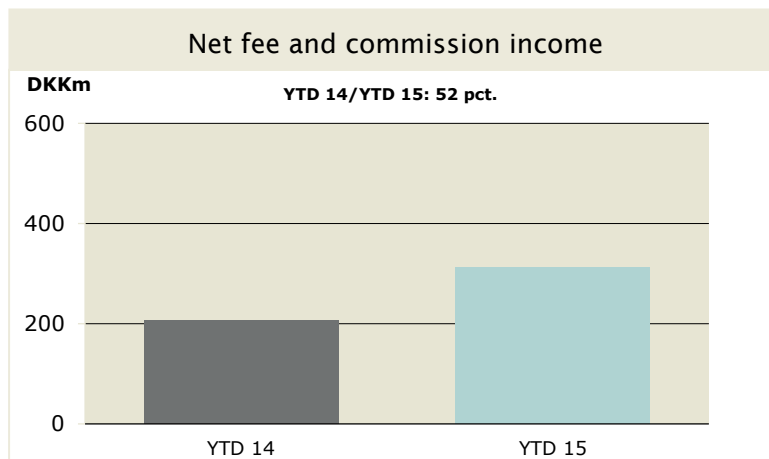
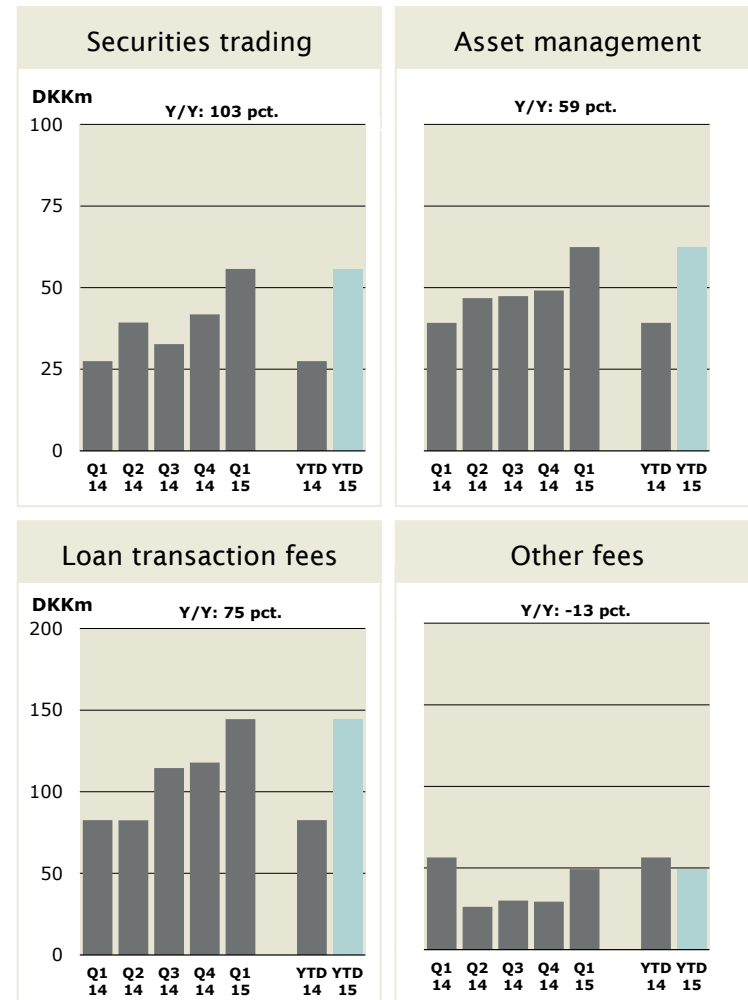
## PRESSURE ON VOLUME AND FEWER INTEREST DAYS LEADS TO DECLINE IN NET INTEREST INCOME

- Net interest income was down 5 % (q/q) and came to DKK 542 million
  - Growth of 9 % compared to Q1 last year
- Bank lending is down by DKK 0.7 billion on YE 2014
  - Continued pressure on corporate lending
  - Expected reduction in lending to single public authority
- Q1 2015 had two fewer interest days than Q4 2014
- Improvement of deposit margin mitigates continued pressure on lending margin
  - Total interest margin improved by 0.02 % on Q4
- Reduction in funding costs following re-payment of state-funded hybrid capital



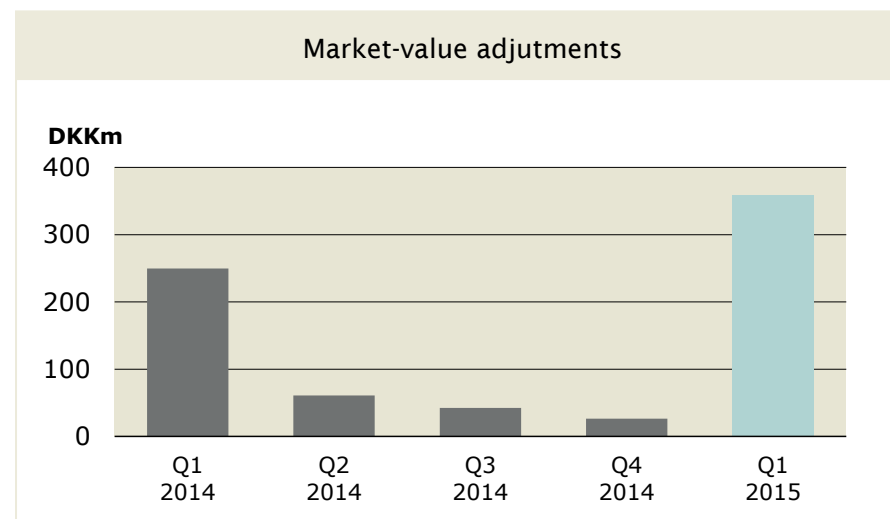
# NET FEES AND COMMISSIONS AT ALL-TIME HIGH

- Net fee and commission income grew by 31 % (q/q) and ended at DKK 312 million
- Income from mortgage-credit arrangement was extraordinarily high
  - 75 % growth in income (y/y)
  - 6,400 Totalkredit loans arranged in Q1 - up from 4,400 in Q4 where activity was already strong
- Strong growth in securities trading and asset management
  - AUM rose above DKK 20 billion
  - Income from securities trading more than doubled (y/y)



## MARKET-VALUE ADJUSTMENTS ON VERY HIGH LEVEL FOLLOWING DIVESTMENT OF NØRRESUNDBY BANK

- Market-value adjustments and dividends grew by a whole DKK 109 million on Q1 14 where the sale of Nets already made for strong income
- Gain from the sale of Nørresundby Bank of DKK 226 million
- Satisfactory market-value adjustments on portfolio of shares and bonds
- Positive trend in income related to customers' hedging of interest risk and FX risk

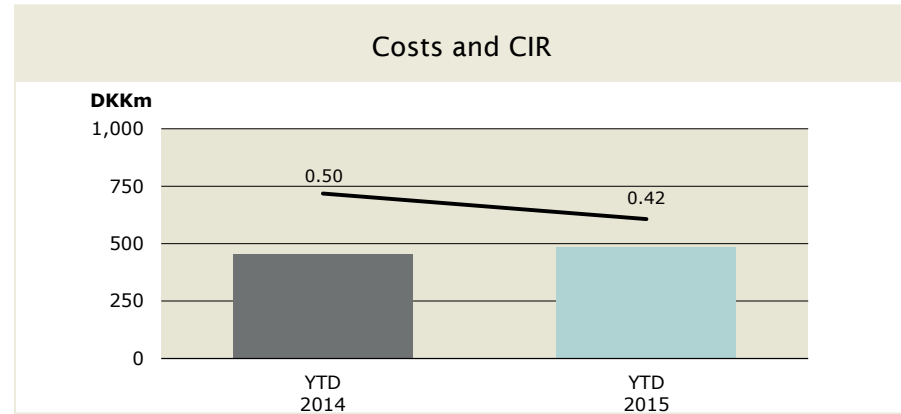


Market-value adjustments broken down on types

DKKm	YTD 2015	YTD 2014	Change
Market-valued adjustments in Trading, Financial Markets & The International Division	82	40	42
Tangible assets	245	184	61
Currency trade and -agio	24	14	11
Dividends on shares, etc.	8	11	-4
<b>Total</b>	<b>359</b>	<b>250</b>	<b>109</b>

## TREND IN COSTS ROUGHLY AS EXPECTED

- Total costs of DKK 484 million – 6 % up on Q1 2014
- Staff costs were up by 3 %
  - 28 FTEs more than one year ago due to acquisition from FIH and re-launch of leasing
- One-off costs contribute with DKK 21 million:
  - Divestment of Nørresundby Bank: DKK 8.5 million
  - Activity-related IT costs: DKK 6.8 million



Costs broken down on types

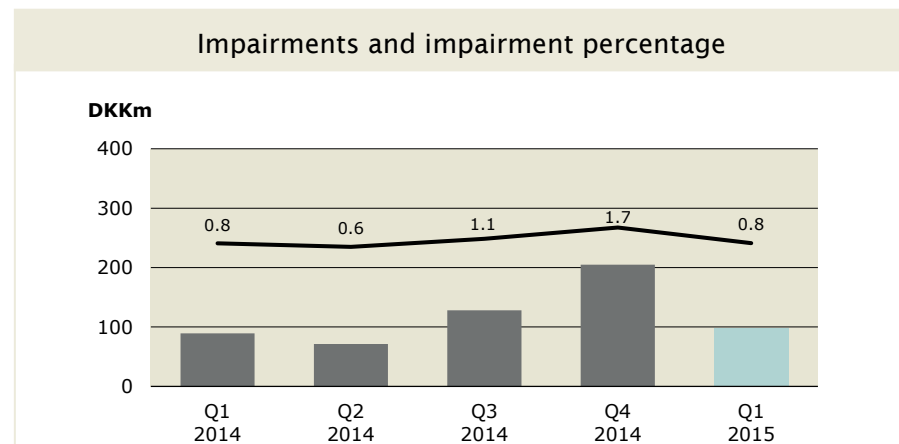
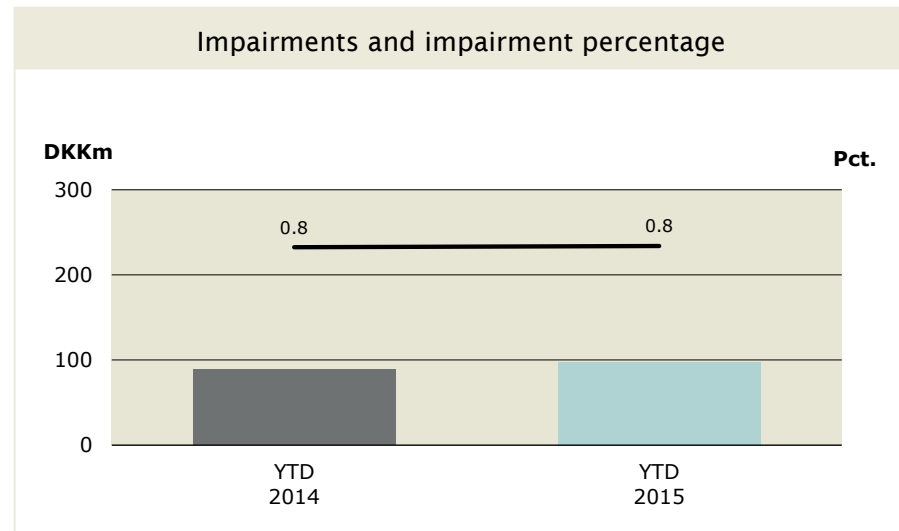
Costs (DKKm)	YTD 2015	YTD 2014	Change
Staff costs	277	268	9
Operating expenses	191	170	21
Depreciation	17	18	-2
<b>Costs</b>	<b>484</b>	<b>456</b>	<b>28</b>

Operating expenses (DKKm)	YTD 2015	YTD 2014	Change
Staff-related expenses	12	12	0
Travel expenses	4	3	1
Marketing costs	26	25	1
IT expenses	86	79	7
Cost of premises	22	25	-3
Other administrative expenses	42	27	15
<b>Operating expenses</b>	<b>191</b>	<b>170</b>	<b>21</b>

## LOAN LOSSES: IMPROVEMENT IN ALL OTHER AREAS THAN AGRICULTURE

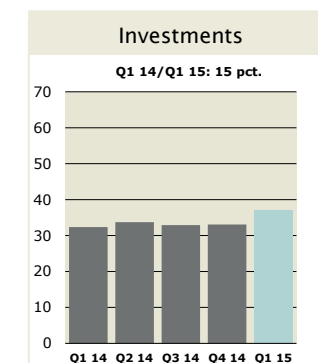
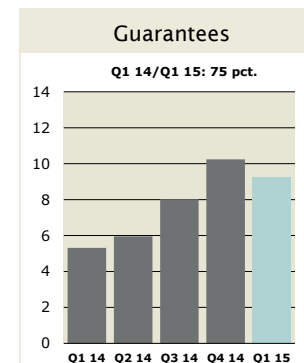
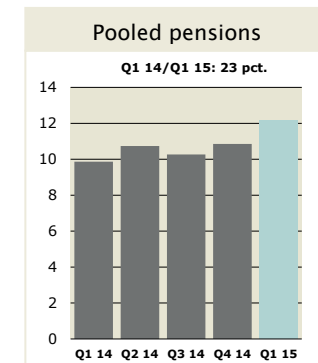
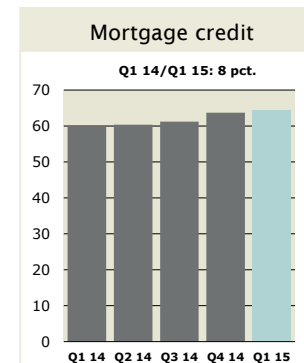
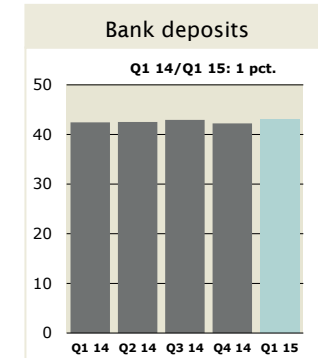
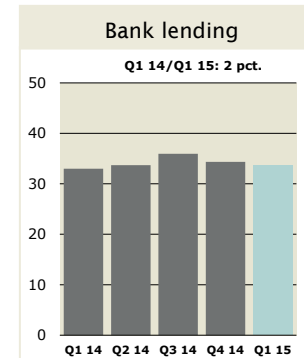
- Impairment charges came to DKK 98 million corresponding to 0,84 % p.a.
  - Slightly lower than expected at the beginning of the year
- Impairment charges broken down on segments
  - Household: DKK 14 million (0.3 % p.a.)
  - Corporate ex. agriculture: DKK 8 million (0,1 % p.a.)
  - Agriculture: DKK 76 million (8.6 % p.a.)
- Impairments on agriculture can especially be attributed to write-downs on assets in connection with wind-down
- Impairment percentage incl. mortgage loans: 0.37





# TOTAL BUSINESS VOLUME GROWS TO ABOVE DKK 200 BILLION FOR THE FIRST TIME

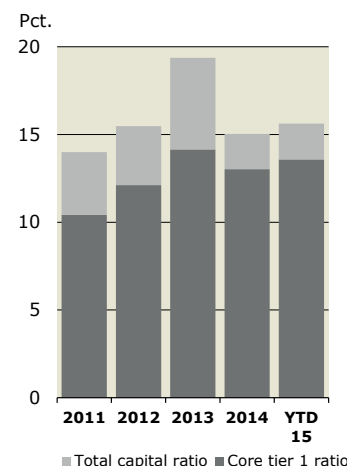
- At the Q1, total business volume has grown to DKK 200.8 billion – DKK 5.1 billion up from YE 2014
- Bank lending is down DKK 0.7 billion (2 %)
  - Pressure on corporate lending
  - Reduction in business with single public authority
- Continued growth in mortgage-credit arrangement
  - Total business volume of DKK 64.5 billion, hereof DKK 54.7 billion in Totalkredit and DKK 9.8 billion in DLR Kredit
- Guarantees are approaching normal levels after mortgage re-financing rally
- Bank lending is up DKK 0.7 billion or 2 % (q/q)
- Strong demand for asset management and savings products leads to growth in pension pools and other investments



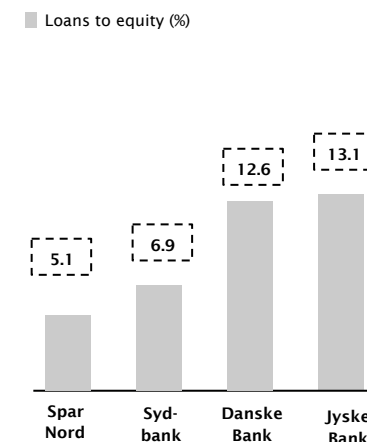
## STRONG CAPITAL POSITION MAKES ROOM FOR DISTRIBUTION AND FOR INVESTING IN GROWTH

- CET1 ratio of 13.6 and total capital percentage of 15.6
  - Strengthened through the divestment of Nørresundby Bank and by regular earnings
  - Total dividend of DKK 3.6 per share has been deducted at this point
- Total capital percentage must be viewed in connection with an individual solvency requirement of 9.7 %
  - Excess coverage of DKK 2.8 billion (5.9 percentagepoints)
- Based on fully implemented CRD IV, CET1 ratio can be calculated to 13.0
- Spar Nord's absolute leverage is low compared to other Danish banks
- As a part of efforts to optimize capital structure, Spar Nord plans to issue Tier 1 capital in Q2

Capital percentage



Absolut gearing



Capital base

Pct.	Q1 2015	2014	2013	2012
Core tier 1 ratio	13.6	13.0	14.1	12.1
Hybrid capital	0.3	0.9	4.2	3.9
Deductions in hybrid capital	-0.3	-0.6	-1.0	-1.0
<b>Tier 1 ratio</b>	<b>13.6</b>	<b>13.3</b>	<b>17.4</b>	<b>15.1</b>
Subordinated debt	2.3	2.3	2.9	1.4
Deductions in own funds	-0.3	-0.6	-1.0	-1.0
<b>Total capital ratio</b>	<b>15.6</b>	<b>15.0</b>	<b>19.4</b>	<b>15.5</b>

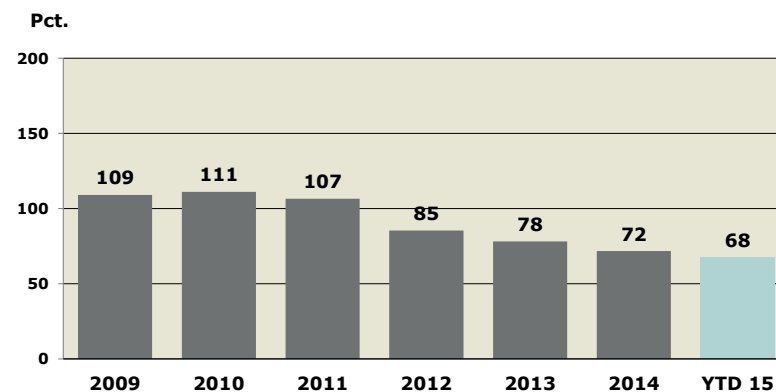
## LIQUIDITY REQUIREMENT FULLY COVERED BY CUSTOMER DEPOSITS AND THE BANK'S CAPITAL BASE

- Strategic liquidity of 16.9 billion
- Increase of DKK 1.9 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 68

### Strategic liquidity

DKKb	YTD		
	2015	2014	2013
Deposits, banking activities	43.0	42.2	41.8
Seniorfunding	0.0	0.1	3.4
Core capital and sub. capital	8.9	8.8	9.5
<b>Stable long term funding</b>	<b>51.9</b>	<b>51.1</b>	<b>54.7</b>
Loans, banking activities	33.6	34.4	33.8
Loans, leasing activities	1.1	1.1	2.1
Maturity < 1 year	-0.3	-0.6	-1.5
<b>Liquidity target</b>	<b>16.9</b>	<b>15.0</b>	<b>17.3</b>

### Loan to deposit ratio



## GUIDANCE AND SHARE PRICE

### Guidance for 2015

- At the beginning of 2015, core earnings before impairments were expected to be on par with last year corrected for one-offs related to Nets and change of IT platform
- In connection with the divestment of Nørresundby Bank, guidance was changed to "in the DKK 1.4 billion range"
- Based on Q1, guidance is further revised, as core earnings before impairments is now expected in the DKK 1.5 billion range
- Impairment charges are still expected to remain high
  - Continued challenges for agriculture
  - Improving credit quality among all other segments
- Contribution to sector-targeted solutions (including new resolution fund) now expected to be around DKK 115 million.

### Share price

