

SATISFACTORY NET PROFIT OF DKK 383 MILLION YIELDS AN ANNUALIZED 10 PERCENT RETURN ON EQUITY

Presentation of Spar Nord's financial results for H1 2016



KEY MESSAGES

- 1 Net interest income was down 9 % on H1 2015 but rose by 5 % compared to Q1 2016
- 2 Net fee income was also down 9 % on H1 2015 but rose by 7 % compared to Q1 2016
- 3 Costs were reduced by 2 % (y/y) – impact of IT-migration to BEC begins to materialize
- 4 Loan losses of DKK 133 million whereof 99 % were attributable to agriculture
- 5 Full year guidance for core earnings before impairment in the DKK 1.1 billion range was re-iterated – loan losses now expected to be slightly lower than in 2015
- 6 IT-migration was completed successfully in May – and benefits are still expected to be realized
- 7 New strategy plan containing targets for the coming years to be published with Q3 report

HEADLINES FROM THE INCOME STATEMENT

Income statement

SPAR NORD BANK DKKm	Realized YTD 2016	Realized YTD 2015	Index	Realized Q2 2016	Realized Q1 2016	Index
Net interest income	813	894	91	417	396	105
Net fees, charges and commissions	519	569	91	268	250	107
Market-value adjustments	187	428	44	115	72	159
Other income	32	30	108	17	15	113
Core income	1,551	1,921	81	817	734	111
Staff costs	586	575	102	307	279	110
Operating expenses etc.	362	389	93	166	195	85
Costs	948	964	98	473	475	100
Core earnings before impairment	603	957	63	344	259	133
Impairments of loans and advances, etc.	133	166	80	79	55	145
Core earnings	469	791	59	265	204	130
Sector Fund	0	-49	-	0	0	-
Profit before tax	469	741	63	265	204	130

Key messages

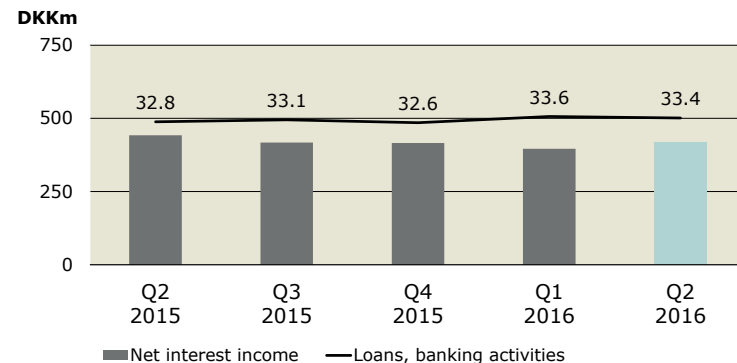
- Satisfactory ROE
 - 2015: 14.7 % after tax*
 - 2016: 10.1 % after tax
- Core income improved in Q2
 - Pressure on margins weakening
 - Growing activity in area such as mortgage and asset management
 - Strong market-value adjustments
- Lower costs than in H1 last year
 - Absence of one-off items
 - General reduction on all cost lines
- Loan losses marked by continued challenges for the agri sector

* Excl. Nørresundby Bank

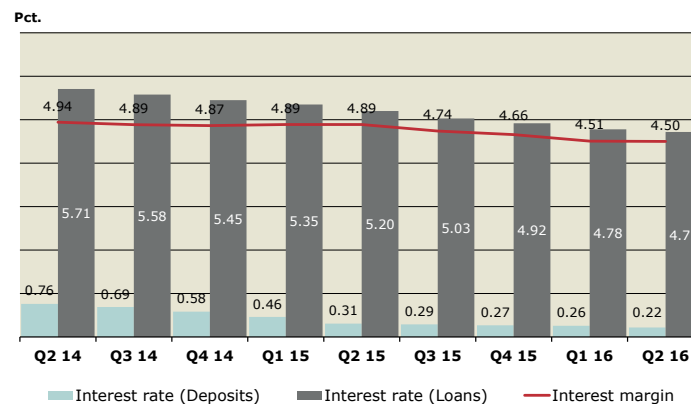
FIERCE COMPETITION AND LOW MARKET INTEREST RATES PUT NII UNDER PRESSURE

- Net interest income was down by 9 % (y/y) and came to DKK 813 million
 - 5 % growth from Q1 to Q2
- Lending has grown by 3 % year-to-date
 - Portfolio of DKK 0.5 billion acquired from FIH
 - Satisfactory growth in leasing business (DKK 0.4 billion)
- Continued pressure on interest margin
 - Total interest margin has dropped by 39 bps last 12 months
 - Lending margin is down 48 bps
- Out of the DKK 81 million decline in NII, DKK 50 million is attributable to lower interest income on bond portfolio
- Improvement from Q1 to Q2
 - Pressure on margins weakening
 - One-off income on single problem loan

Net interest income and lending volume



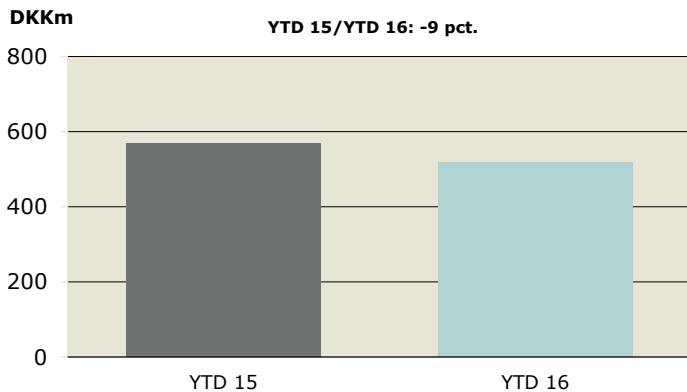
Margin trend



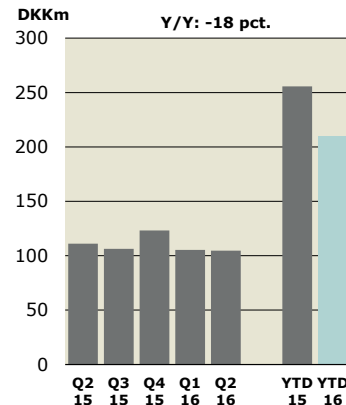
NET FEE INCOME SUSTAINED AT SATISFACTORY LEVEL

- Net fee income was down 9 % (y/y) but increased by 7 % from Q1 to Q2
- Income from loan transaction fees was DKK 38 million (15 %) lower than last year's extraordinarily high level
- Income from securities trading was down DKK 26 million (11 %), but showed positive signs in Q2
- Income related to volumes (asset management, mortgage-distribution etc.) is maintained at high level
- Margin hikes from Totalkredit will contribute positively in H2

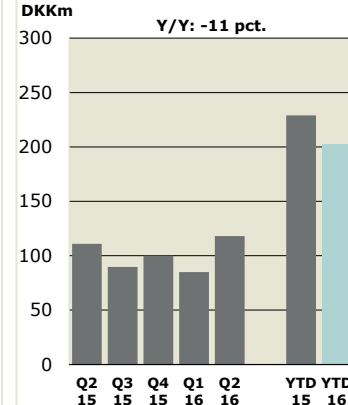
Net fee income



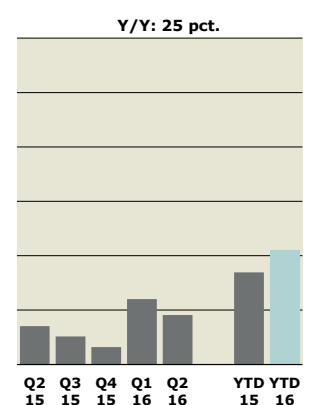
Loan transaction fees



Securities / asset man.



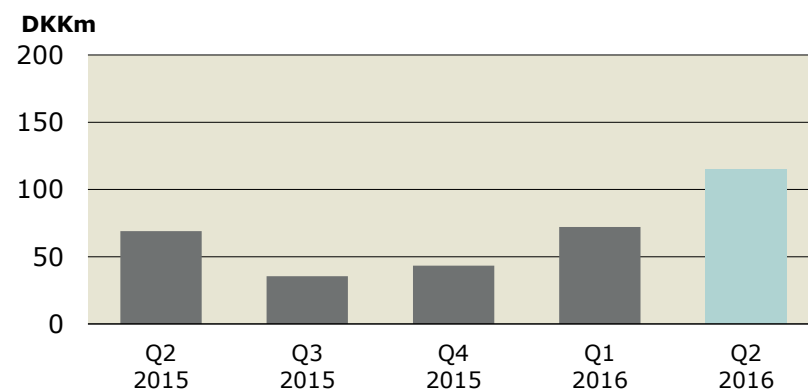
Other fees



MARKET-VALUE ADJUSTMENTS AND DIVIDENDS: POSITIVE TREND IN Q2

- Market-value adjustments and dividends declined by DKK 241 million (y/y) but grew by DKK 43 million from Q1 to Q2
- Adjusted for the sale of shares in Nørresundby Bank in 2015 the decline was DKK 15 million (y/y)
- Positive trend in Q2 was primarily driven by strong performance in the bonds area
- Positive value adjustments on share holdings in sector companies, e.g. DLR Kredit
- Positive adjustment to the selling price of Nets (sold in 2014) leads to DKK 23 million one-off income

Market-value adjustments

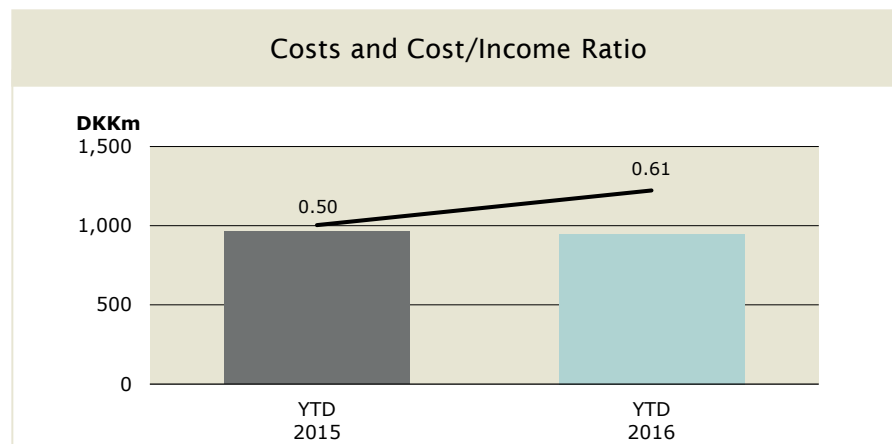


Market-value adjustments broken down on types

DKKm	YTD 2016	YTD 2015	Change
Market-valued adjustments in Trading, Financial Markets & The International Division	69	80	-12
Tangible assets	47	263	-216
Dividends on shares, etc.	49	55	-6
Currency trade and -agio	22	30	-8
Total	187	428	-241

COSTS AND EXPENSES DOWN 2 %

- Total costs and expenses came to DKK 948 million – 2 % down on H1 2015
- Wages and salaries grew by 2 %
 - Staff has grown by 48 FTE last 12 months (leasing, SparXpres and IT project)
 - Extra resources for IT-migration
 - Positive one-off impact of a settled legal action regarding the principles for calculating payroll tax (DKK 17 million)
- Operating expenses reduced by 8 %
 - Absence of one-offs
 - General reduction across all costs types
- Potential for further cost initiatives
 - Staff has grown to unusually high level due to IT-migration project
 - Annual IT-costs are expected to drop by DKK 55 million following the migration to BEC
 - Furthermore, new IT-systems are expected to lead to more efficient workflows
 - Further potential for adjusting branch network



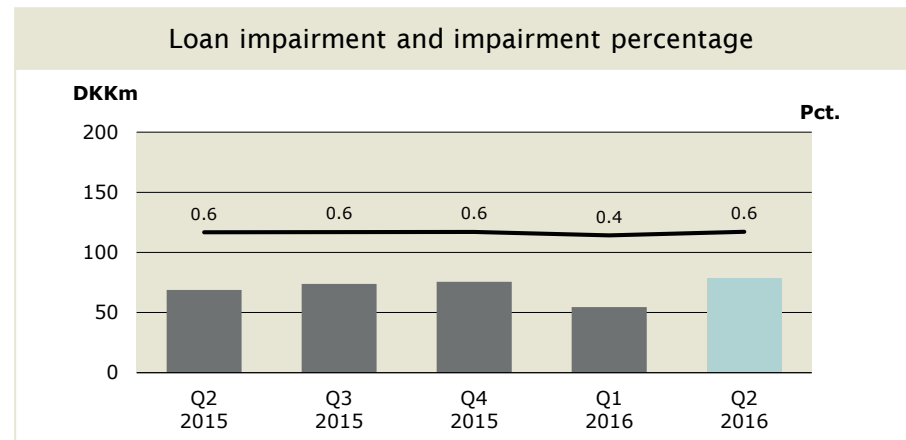
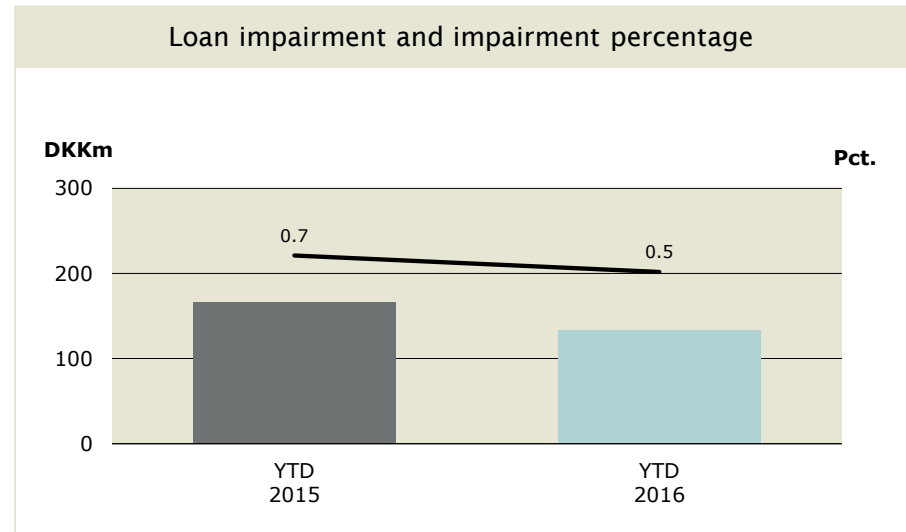
Breakdown on cost types

Costs (DKKm)	YTD 2016	YTD 2015	Change
Staff costs	586	575	11
Operating expenses	327	356	-29
Depreciation	34	33	2
Costs	948	964	-16

Operating expenses (DKKm)	YTD 2016	YTD 2015	Change
Staff-related expenses	17	20	-3
Travel expenses	8	8	0
Marketing costs	47	50	-3
IT expenses	167	171	-4
Cost of premises	39	43	-4
Other administrative expenses	49	65	-16
Operating expenses	327	356	-29

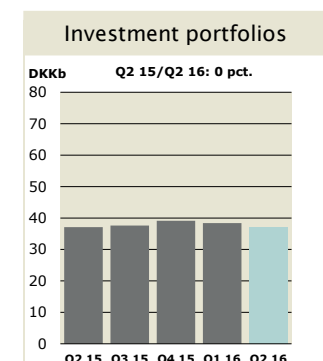
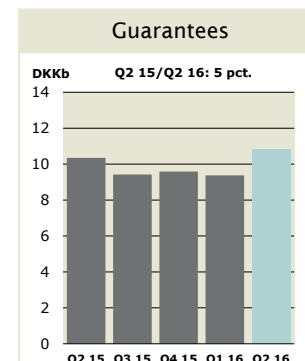
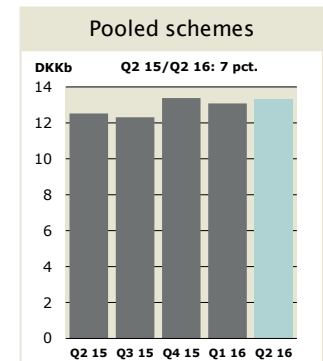
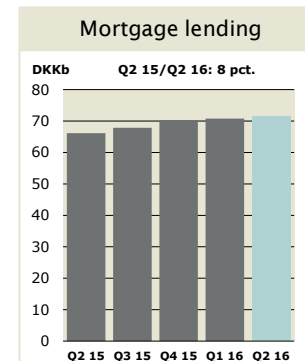
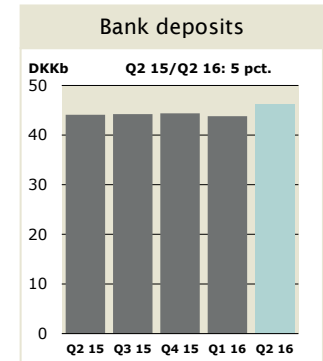
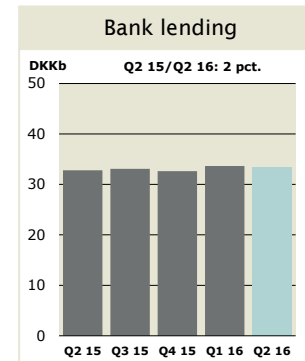
LOAN IMPAIRMENT IMPACTED BY THE PLIGHT OF DAIRY FARMERS

- Impairment of loans ended at DKK 133 million corresponding to an impairment percentage of 0.52
 - 99 % of all impairment is attributable to agriculture
- Impairment percentage broken down on customer segments
 - Household: DKK -56 million (-0.5 % p.a.)
 - Corporate ex. agriculture: DKK 57 million (0.4 % p.a.)
 - Agriculture: DKK 132 million (7.4 % p.a.)
- The ratio between household and corporate may be impacted by the completed IT migration
- Update on agriculture
 - **Dairy:** Loans and advances of DKK 1.2 billion – hereof 57 % impaired and 37 % written down
 - **Pigs:** Loans and advances of DKK 0.0 billion – hereof 53 % impaired and 35 % written down
- Slight improvement for pig producers, but continued troubles for dairy farmer



TOTAL BUSINESS VOLUME OF DKK 214 BILLION

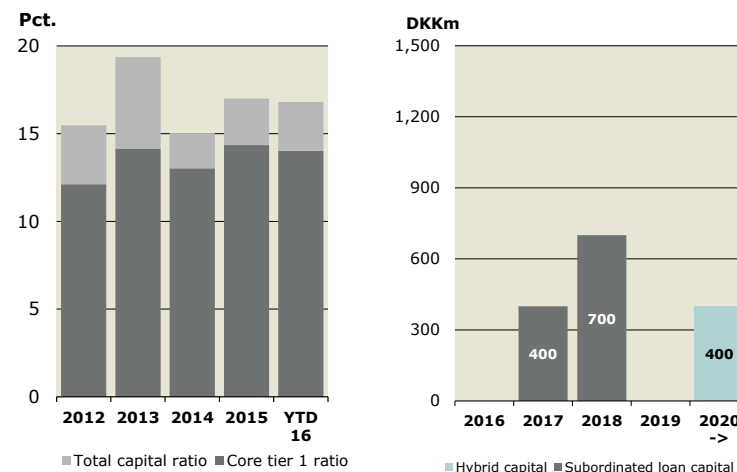
- Total business volume amounted to DKK 214 billion at end-H1 2016 – DKK 3.4 billion up on the volume at end-2015.
- Lending is up by DKK 1.1 billion YTD
- Volume of mortgage credits arranged is up by DKK 1.3 billion (2 %)
 - Total volume of DKK 71.6 billion, hereof DKK 60.2 billion with Totalkredit and 11.4 billion with DLR Kredit
- Bank deposits have grown by DKK 1.9 billion or 4 %
- Guarantees have grown by DKK 1.2 billion (13 %) due to increasing activity in the housing market as well as increasing refinancing activity



CAPITAL POSITION FURTHER STRENGTHENED

- Strategic capital targets
 - CET1 : 12 % minimum
 - Total capital ratio: 15.5 % minimum
- At end-H1 2016, CET1 ratio stood at 14.0n%, while the total capital ratio came to 16.8 %
- This should be viewed in relation to Spar Nord having calculated the individual solvency need at 9.4% with the 0.6% combined buffer requirement added
 - Excess coverage of DKK 3.2 billion (6.8 pp)
- On the basis of fully phased-in CRD IV rules, the current capital position would correspond to a CET1 ratio of 13.7%
- Spar Nord's absolute leverage is low compared other large Danish banks
- Status on share buyback programme
 - Total volume: DKK 150 million
 - Volume completed at end-H1: DKK 79 million

Capital percentage and subordinated capital



Capital base

Pct.	Q2 2016	2015	2014	2013
Core tier 1 ratio	14.0	14.4	13.0	14.1
Hybrid capital	0.8	0.8	0.9	4.2
Deductions in hybrid capital	-0.2	-0.3	-0.6	-1.0
Tier 1 ratio	14.7	14.9	13.3	17.4
Subordinated debt	2.3	2.3	2.3	2.9
Deductions in own funds	-0.2	-0.3	-0.6	-1.0
Total capital ratio	16.8	17.0	15.0	19.4

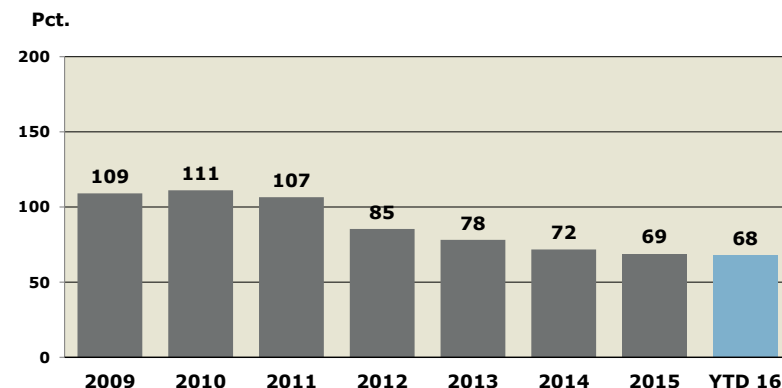
LIQUIDITY REQUIREMENT FULLY COVERED BY CUSTOMER DEPOSITS AND CORE CAPITAL

- At the end of H1 2016, Spar Nord's strategic liquidity amounted to DKK 20.2 billion, up DKK 0.7 billion on end-2015
- Strengthening in Q2 driven by growth in deposits
- At end-H1 2016 Spar Nord is still facing a situation where the Bank is independent of funding from the capital markets.
- Loan to deposit ratio of 68
- Spar Nord's LCR ratio at end-Q2 2016 was 161 %.

Strategic liquidity

DKKb	YTD 2016	2015	2014
Deposits, banking activities	46.3	44.4	42.2
Seniorfunding	0.0	0.0	0.1
Core capital and sub. capital	8.9	9.0	8.8
Stable long term funding	55.2	53.4	51.1
Loans, banking activities	33.4	32.6	34.4
Loans, leasing activities	1.6	1.3	1.1
Maturity < 1 year	0.0	0.0	-0.6
Liquidity target	20.2	19.5	15.0

Loan to deposit ratio



GUIDANCE

Guidance for 2016

Core earnings before impairment still expected in the DKK 1.1 billion range

- Positive trends
 - Margin hikes on mortgage credits
 - Cost savings on IT in H2
- Negative trends
 - Continued pressure on bank margins

Loan impairments are now expected to be slightly lower than in 2015

- All customer segments but agriculture are in good shape
- Agriculture, especially dairy producers, are facing huge challenges