

Net profit of DKK 575 million and ROE of 14.4 %

Presentation of Spar Nord's results for H1 2017

Net profit of DKK 575 million and ROE of 14.4 %

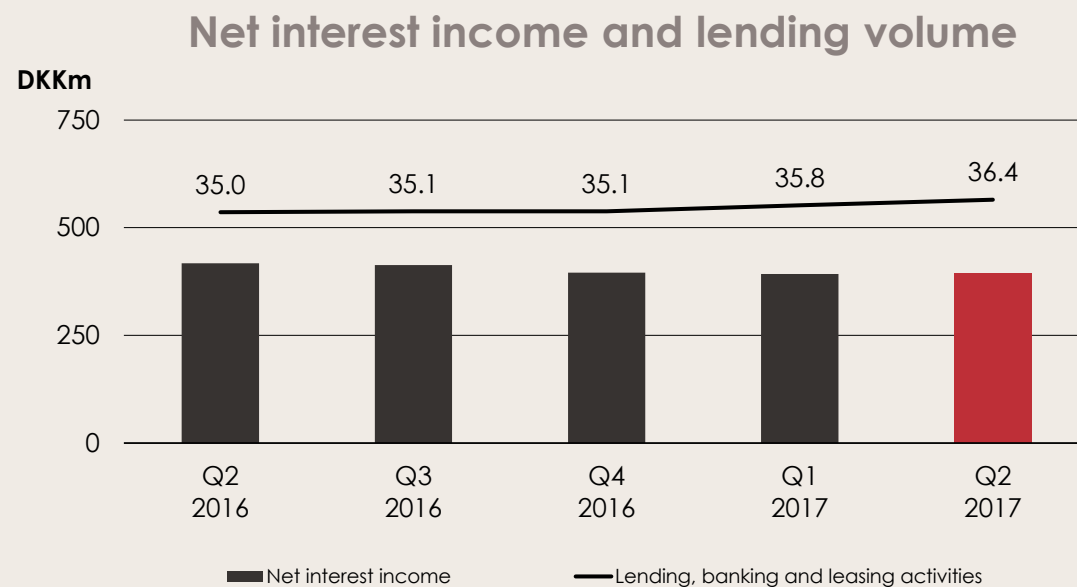
- Net interest income remains under pressure but has been stable for three quarters
- Very satisfactory net fee income driven by mortgage-distribution and transaction banking
- Strong growth in market value adjustments driven by fixed income operations and (sector) shares
- Cost growth of 3 % (y/y) – primarily driven by investments related to new strategy
- Core earnings before impairments 18 % up on H1 last year
- DKK 9 million net reversal of loan impairment charges – strong performance immediately following an FSA inspection
- Loan growth of 4 % and growth in total business volume of 3 % YTD
- Full-year guidance for core earnings before impairments is hiked and guidance for impairments is lowered
- Revision of capital targets and dividend policy
- It looks likely that in connection with MREL Spar Nord will be treated as a SIFI bank – makes IRB look more appealing

Headlines from the income statement

SPAR NORD BANK DKKm	Realized YTD 2017	Realized YTD 2016	Index	Realized Q2 2017	Realized Q1 2017	Index
Net interest income	786	813	97	393	393	100
Net fees, charges and commissions	573	519	111	279	294	95
Market-value adjustments	285	187	153	121	164	74
Other income	45	32	138	21	24	89
Core income	1,689	1,551	109	814	874	93
Staff costs	603	586	103	318	285	112
Operating expenses etc.	375	362	104	185	190	97
Costs	977	948	103	502	475	106
Core earnings before impairment	711	603	118	312	399	78
Impairments of loans and advances, etc.	-9	133	-7	-10	2	-680
Profit before tax	720	469	153	322	398	81
Tax	145	87	167	64	81	79
Profit	575	383	150	258	317	82

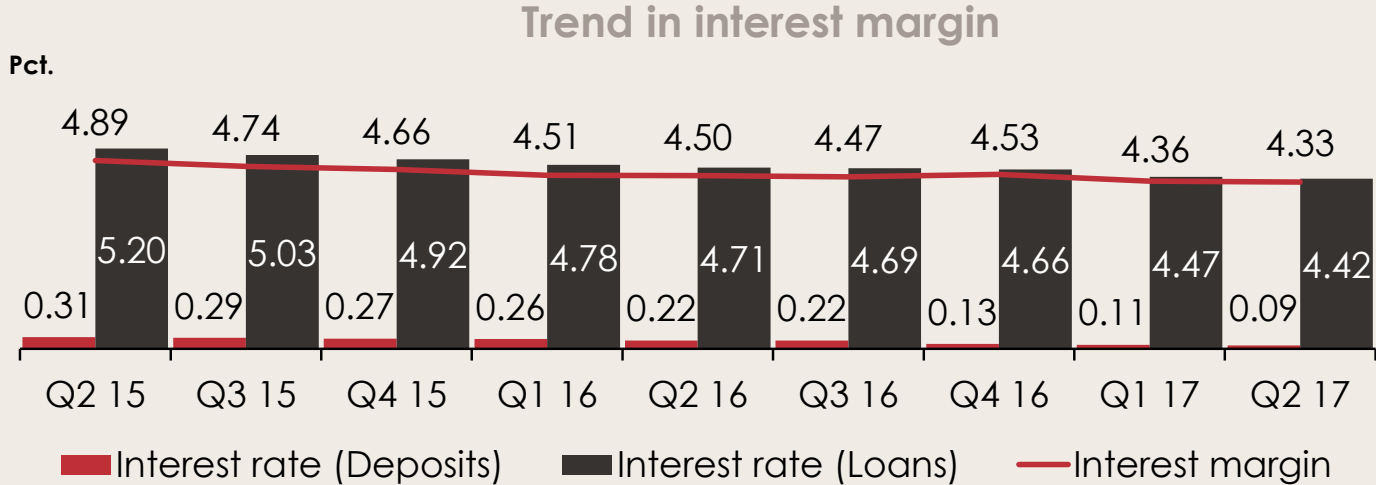
Net interest income stabilized due to lending growth and more interest days

- Net interest income was DKK 786 million in H1 2017 against DKK 813 million in H1 last year
- Bank and leasing lending is up by DKK 1.3 billion (4 %) year-to-date
 - Households: DKK 0.4 billion
 - Corporates: DKK 0.9 billion
- Interest income from bond portfolio was DKK 26 million lower in H1 2017 than in the same period last year
- Net interest income has been stable for three quarters
 - Lending growth and more interest days contributed positively (q/q)
 - Margin-pressure and lower one-off income had negative impact



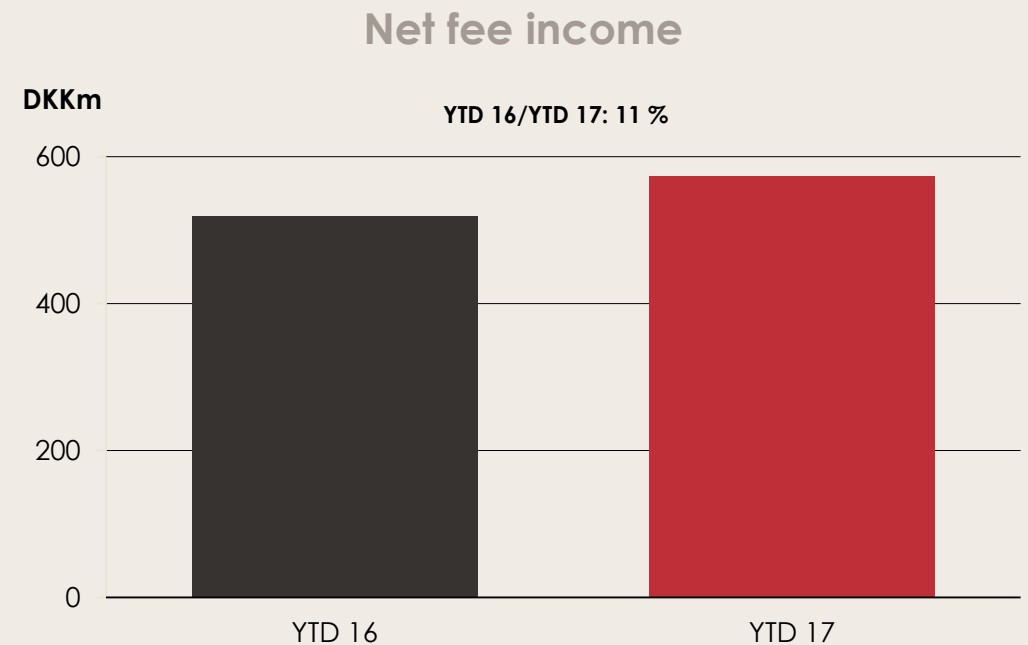
Continued pressure on lending margin in competitive market

- In Q2 2017, the total interest margin was 20 basis points lower than in Q4 2016
- Lending margin has declined by 24 basis points year-to-date – 19 basis points in Q1 and 5 basis points in Q2
- In the same period, deposit margin has been lowered by 4 basis points – not much more to come for

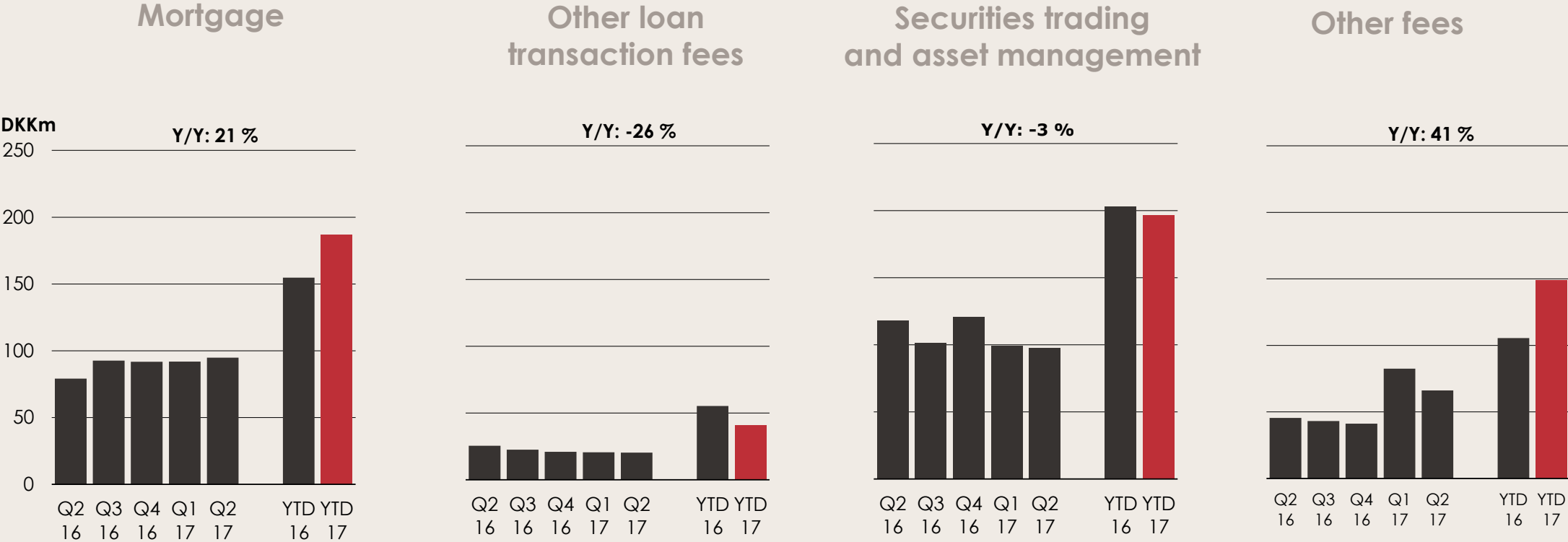


Strong trend in net fee income driven by mortgage distribution and transaction banking

- Net income from fees, charges and commissions amounted to DKK 573 million in H1 2017 – up DKK 55 million (11 %) on H1 last year
- Income from mortgage-distribution grew by 21 % driven by both volume growth and price hikes
- Strong growth in other fees driven by transaction banking, insurance distribution etc.
- Small decline in fee income related to securities trading and asset management attributable to slightly lower trading activity



Strong trend in net fee income driven by mortgage distribution and transaction banking

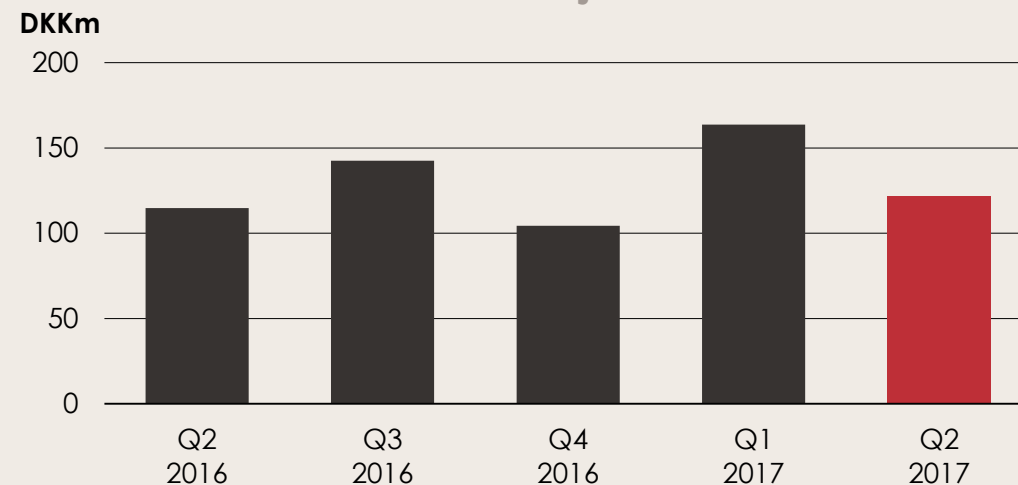


Note: Change of IT provider in Q2 2016 has led to changes in classification impacting "other loan transaction fees" and "other fees"

Very strong growth in market value adjustments driven by fixed income operations

- Market value adjustments amounted to DKK 285 million in H1 2017 – up DKK 98 million (53 %) on H1 last year
- Market value adjustments in the Trading & Markets Division grew by DKK 60 million
 - Strong performance on fixed income operations
 - Positive adjustments on share portfolio
- Market value adjustments on strategic shareholdings in the financial sector grew by DKK 46 million
 - Positive adjustments on BankInvest, Erhvervsinvest II K/S and PRAS (lack of one-off gain on Nets)
 - Lower dividends from BankInvest and Danmarks Skibskreditt

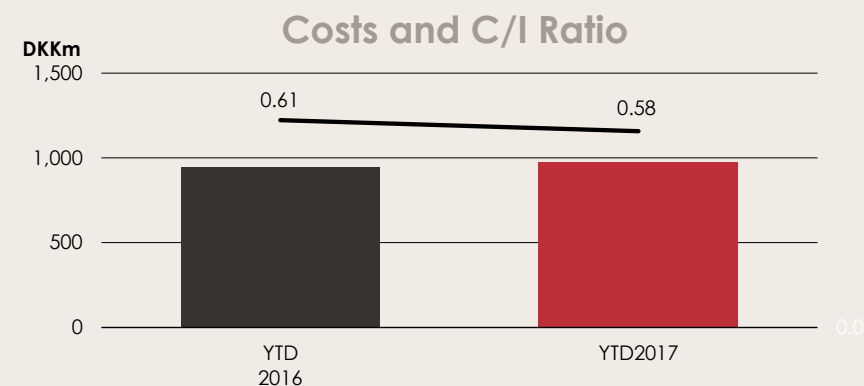
Market-value adjustments



DKKm	YTD2017	YTD2016	Change
Market-valued adjustments in	178	118	60
Tangible assets	93	47	46
Currency trade and -agio	14	22	-8
Total	285	187	98

Costs and expenses influenced by strategic initiatives

- Total costs and expenses amounted to DKK 977 million which is DKK 29 million (3 %) higher than in H1 last year.
- Wages and salaries grew by DKK 16 million (3 %) due to collective agreements, increasing payroll taxes and lack of last year's positive one-offs
 - At 30 June 2017, the Group employs 1,555 employees – unchanged from 30 June 2016
 - Efficiency remains lower than before IT migration
- Other operating expenses came to DKK 347 million which is DKK 20 million (6 %) higher than in H1 2016.
 - Lack of last year's one-off expenses related to IT migration
 - Decline in running IT expenses
 - New projects and investments triggered by new strategy
 - Beginning roll-out of new branch concept



Break-down on types

Costs (DKKm)	YTD2017	YTD2016	Change
Staff costs	603	586	16
Operating expenses	347	327	19
Depreciation	28	34	-6
Costs	977	948	29

Operating expenses (DKKm)	YTD2017	YTD2016	Change
Staff-related expenses	19	17	2
Travel expenses	8	8	-1
Marketing costs	55	47	8
IT expenses	167	167	0
Cost of premises	48	39	9
Other administrative expenses	50	49	1
Operating expenses	347	327	19

Net reversal of loan impairment charges – very satisfactory following FSA inspection

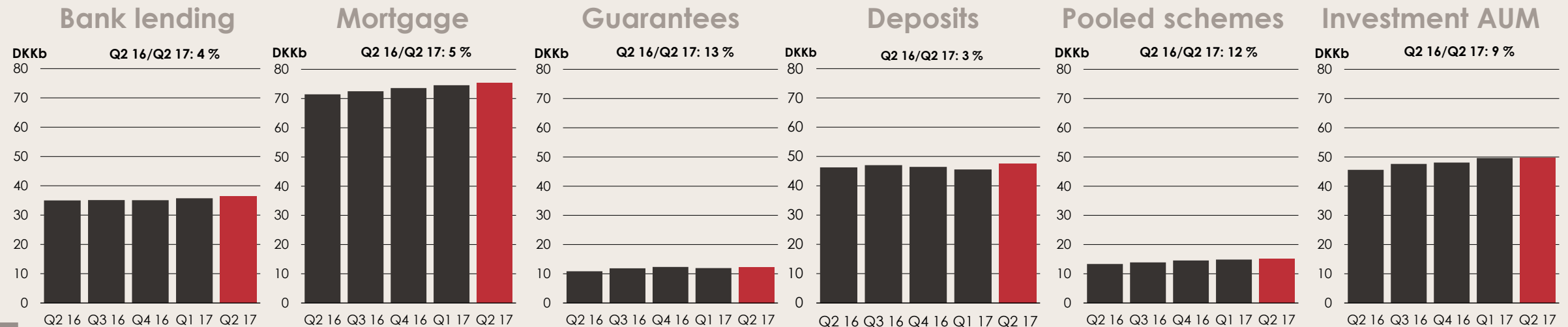
- Loan impairment charges was an income of DKK 9 million, which compares to an expense of DKK 133 million in H1 last year
- Incl. management estimates made in Q1 (DKK 85 million related to households and DKK 25 million related to agriculture), profit impact was:
 - Households: DKK 64 million
 - Corporates excl. agriculture: DKK -75 million
 - Agriculture: DKK 2 million
- Explanations behind positive development
 - Continued improvement of macroeconomic conditions
 - Better outlook for agriculture
 - Lower inflow of impairment exposures and better performance of loans already flagged as having weak credit quality
 - Following inspection in Spar Nord, the FSA noted that the Bank's credit quality is better than those of relevant peers

Loan impairment and impairment percentage



Business volume growing 3 % to DKK 236 billion

- Positive trend in credit distribution to both households and corporates
 - Bank and leasing lending is up by DKK 1.3 billion (4 %) and volume of distributed mortgage loans is up by DKK 1.7 (2 %) YTD
- Bank deposits have grown by DKK 1.1 billion (2 %) year-to-date
- Customers' AuM is up by DKK 1.5 billion (3 %) year-to-date



Solid capital position in spite of growth in REA and lack of ongoing consolidation

- At 30 June 2017, CET 1 ratio was 13.2 % and the total capital ratio 16.9 %
 - Reduction in capital ratios primarily attributable to growth in REA (lending growth and increase in reservations to certain types of exposure)
- The total capital ratio of 16.9 should be viewed relative to the individual solvency need of 9,0 % and the 1.3 % combined buffer requirement
 - Excess capital coverage of 6.6 percentage points or DKK 3.3 billion
- As from 2017, the ongoing consolidation is no longer included in own funds on a quarterly basis
 - If we had opted for ongoing consolidation, CET 1 ratio would have been 13.6

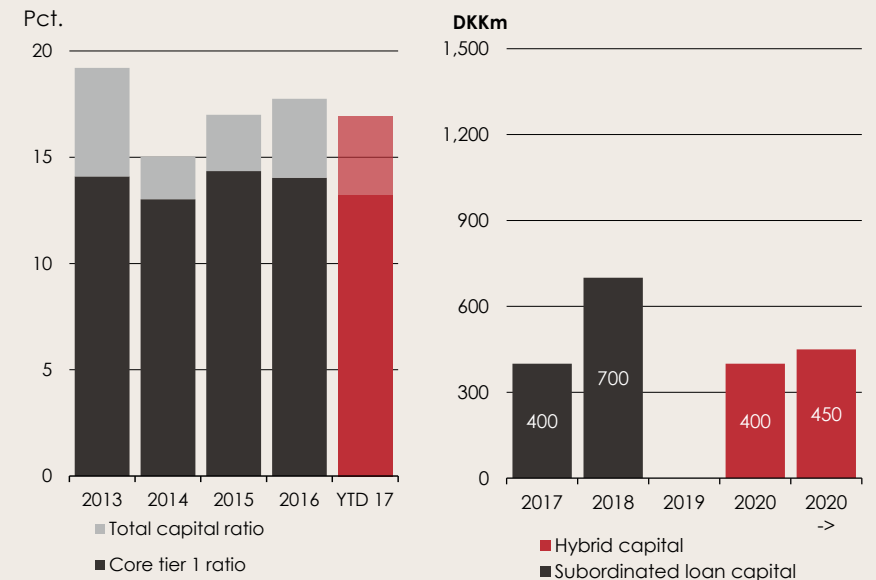
Capital base

Pct.	Q2 2017	2016	2015	2014
Core tier 1 ratio	13.2	14.0	14.4	13.0
Hybrid capital	1.7	1.8	0.8	0.9
Deductions in hybrid capital	-0.1	-0.2	-0.3	-0.6
Tier 1 ratio	14.8	15.6	14.9	13.3
Subordinated debt	2.2	2.3	2.3	2.3
Deductions in own funds	-0.1	-0.2	-0.3	-0.6
Total capital ratio	16.9	17.7	17.0	15.0

New capital targets, expected MREL demands, IFRS 9 and IRB considerations

- Revised capital targets
 - CET1 Ratio: 13.0 (previously "12 % minimum")
 - Total capital ratio: 16.5 (previously "15.5 % minimum")
- Revised dividend policy
 - 40-50 % of net profit paid out as ordinary dividends
 - Possibility of extraordinary dividends and/or buy-backs
- Based on initial discussions with the Danish resolution authorities, Spar Nord expects to be met with MREL demands on the same level as SIFI banks
 - MREL demand of twice the calculated capital demand
 - Phase in expected to be successive over the course of five years
- Expected impact of IFRS 9: 2-3 % of equity
- Strategic considerations of switching to IRB methods

Capital percentage and subordinated capital



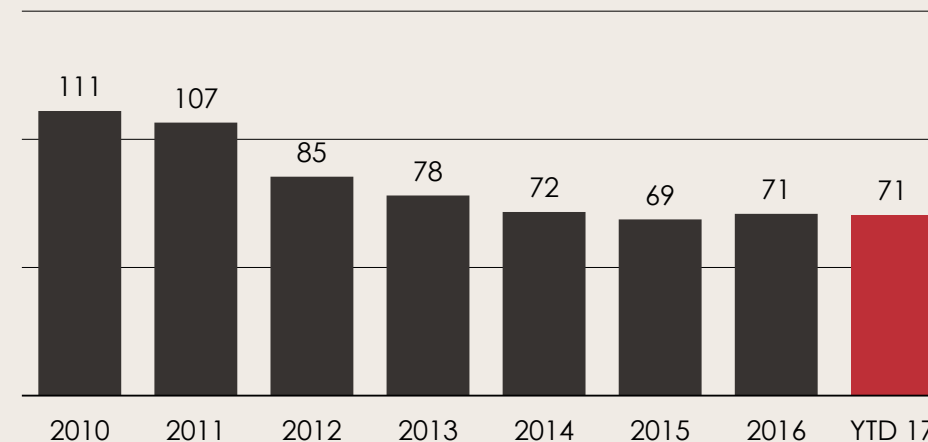
Strategic liquidity of DKK 20.5 billion

Strategic liquidity

DKKb	YTD2017	2016	2015
Deposits, banking activities	47.6	46.5	44.4
Seniorfunding	0.0	0.0	0.0
Core capital and sub. capital	9.7	9.7	9.0
Stable long term funding	57.3	56.2	53.4
Loans, banking and leasing activities	36.4	35.1	33.9
Maturity < 1 year	0.4	0.4	0.0
Liquidity target	20.5	20.7	19.5

Pct.

Loan to deposit ratio



Implementation of new strategy

Core initiatives in H1

- Since launching the strategy, we have worked hard on a number of preconditions in the IT and process area
 - Work on production flows (in-house + BEC)
 - Changed distribution of tasks between branches and HQ
- Adjustment of branch network and beginning implementation of new branch concept
- All team members through training in great customer service
- Implementation of new concept and new segmentation in the business banking area
- Launch of Private Banking as separate organisational unit
- Launch of first digital innovation project SubHub
- Customer Engagement Management: Vendor selection made and implementation project launched

Plans for H2

- Implementation of new customer interaction concept
- Continued roll-out of new branch concept
- First deliveries from CEM project
- In general: Further work with all initiatives – beginning realization of benefits

Guidance for 2017

- **Core earnings before impairments** amounted to DKK 711 million in H1 2017 – which should be viewed in the context of an original full-year guidance of DKK 1.1-1.2 billion
 - Strong core income driven by fees and market value adjustments
 - Net interest income remains under pressure – but stable for three quarters
- Upward revision of full-year guidance: Core earnings before impairments now expected **in the DKK 1,250 million range**

- **Loan impairment charges** was an income of DKK 9 million in H1 2017 – original guidance was "lower than in 2016"
 - Household and corporate segments show robust credit quality
 - Outlook for agriculture improving
- Loan impairment charges now expected to be **"significantly lower than in 2016"**

