Net profit of DKK 630 million and ROE of 15.3 %

Presentation of Spar Nord's financial results for H1 2018

spar Nord

Net profit of DKK 630 million and ROE of 15.3 %

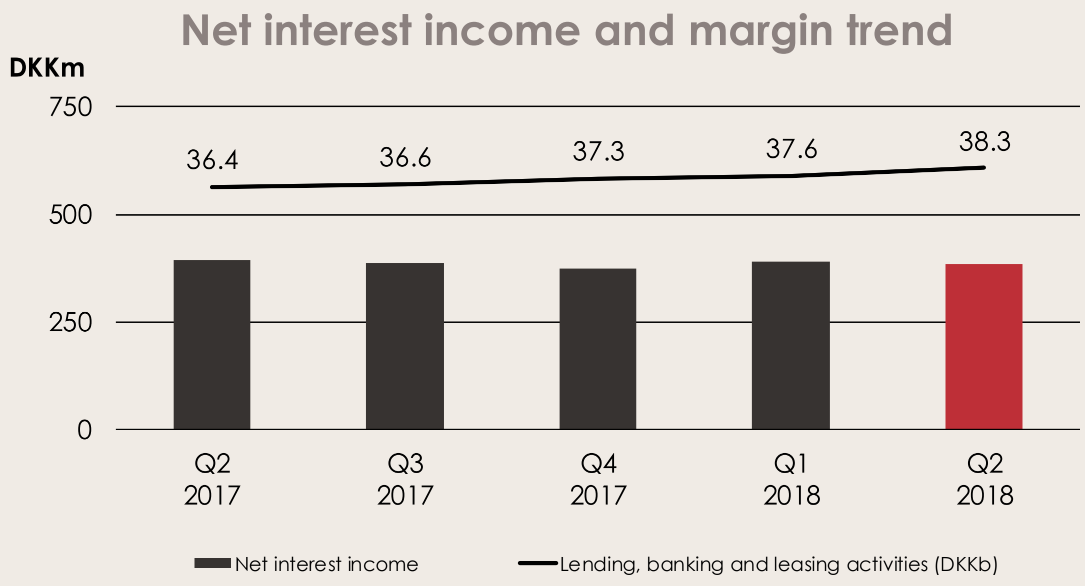
- 3 % lending growth and declining margin pressure make for acceptable NII
- Net fee income maintained at satisfactory level
- Difficult market conditions for bonds put pressure on market-value adjustments
- Positive one-off of DKK 154 million following divestment of Valueinvest Asset Management
- Large IT-investments put upward pressure in costs – containment efforts in all other areas
- Core earnings before impairments substantially higher than expected at the beginning of the year
- Loan losses on very low level – but no net reversals in Q2
- Capital and liquidity position remains solid

Headlines from the income statement

DKKm	YTD 2018	YTD 2017	Index	Q2 2018	Q1 2018	Index
Net interest income	773	786	98	384	389	99
Net fees, charges and commissions	563	573	98	273	290	94
Market-value adjustments	183	285	64	64	119	54
Other income	204	45	-	184	20	-
Core income	**1,723**	**1,689**	**102**	**905**	**819**	**111**
Staff costs	589	603	98	313	277	113
Operating expenses etc.	395	375	105	198	198	100
Costs	**985**	**977**	**101**	**510**	**474**	**108**
Core earnings before impairment	**739**	**711**	**104**	**395**	**344**	**115**
Impairments of loans and advances, etc.	16	-9	-	39	-23	-
Profit before tax	**722**	**720**	**100**	**355**	**367**	**97**
Tax	93	145	64	37	56	66
Profit	**630**	**575**	**109**	**319**	**311**	**102**

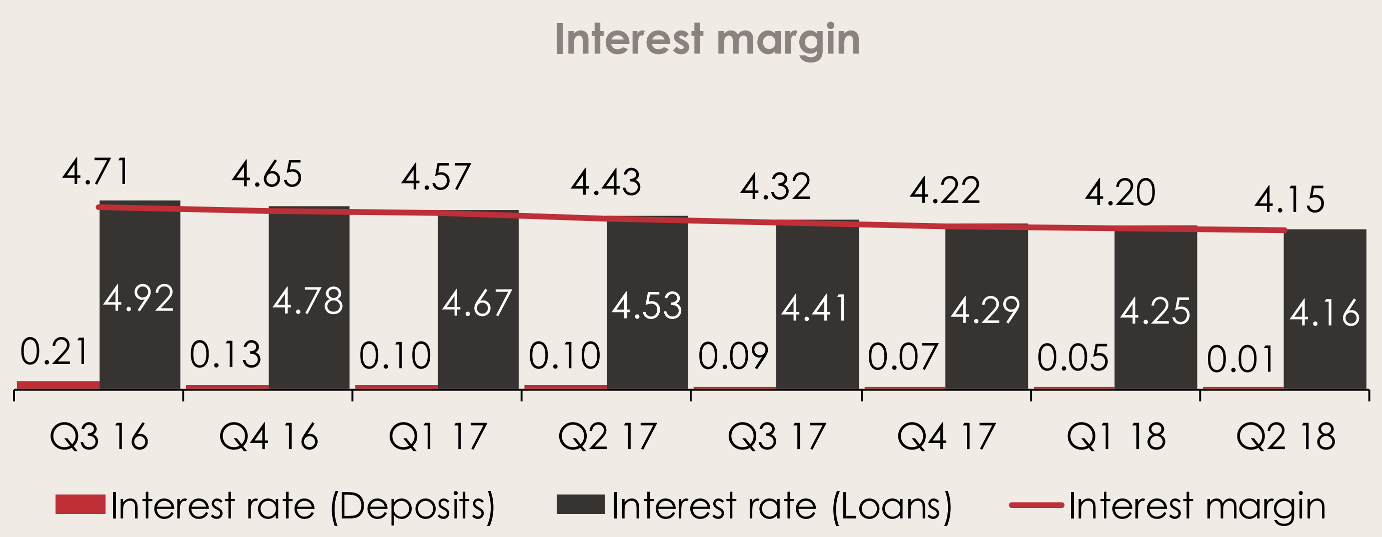
3 % lending growth and declining margin pressure make for acceptable NII

- Net interest income came to DKK 773 million versus DKK 785 million in H1 last year
- Bank and leasing lending has grown by 3 % YTD and by 5 % (y/y)
  - Lending to household customers is up 1 % YTD and 3 % (y/y)
  - Lending to corporates, excluding leasing, up 1 % YTD and 3 % (y/y)
  - Leasing business has grown by 21 % YTD and 39 % (y/y)
- In Q2, net interest income came to DKK 384 million (Q1: DKK 389 million)
  - In Q1, net interest income was positively impacted by DKK 15 million one-off related to run-off portfolio
  - In Q2, there were no such one-offs
- Continued efforts to improve both deposit and lending margins



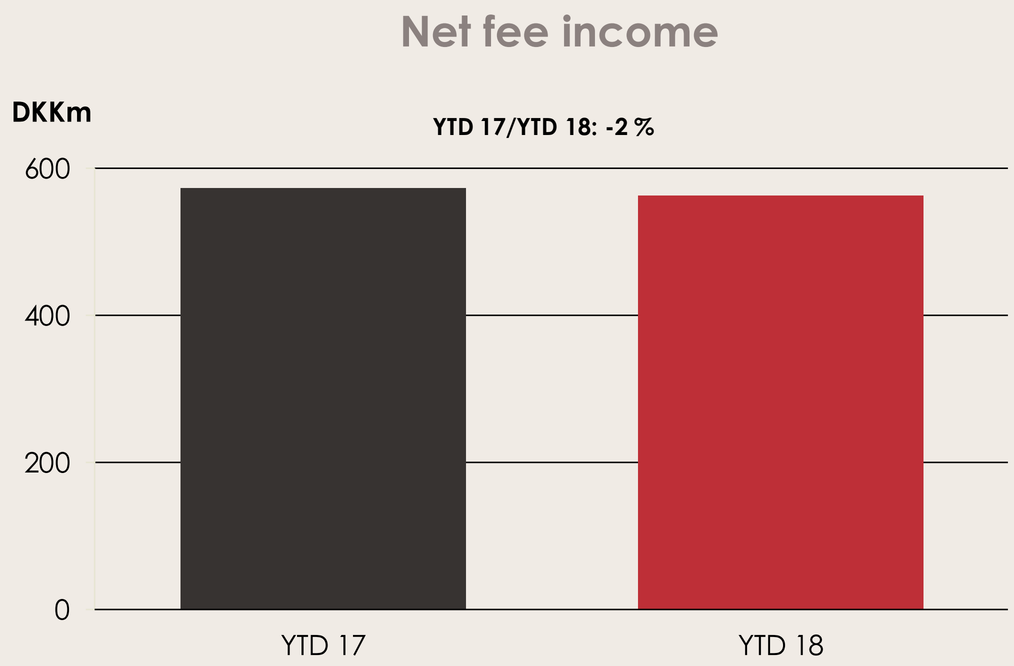
3 % lending growth and declining margin pressure make for acceptable NII

- Total interest margin is “only” down 7 bps year-to-date
- Continued price competition on customer lending has led to 13 bps decline in lending margin
- Deposit margin has been lowered by 6 bps



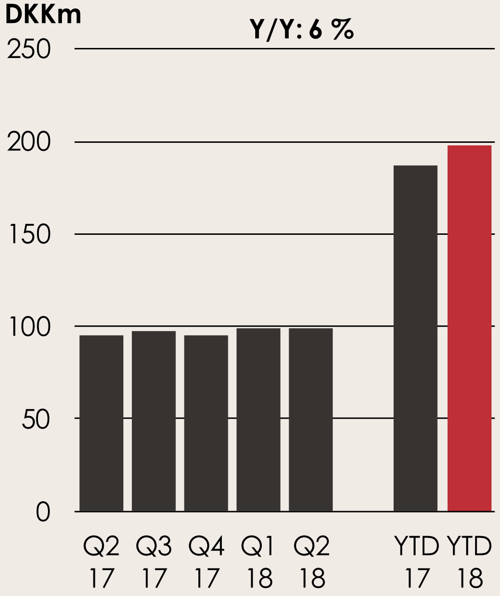
Net fee income at satisfactory level

- Net income from fees, charges and commissions came to DKK 563 million – almost in line with last year's record level
- Fee income adversely affected in the amount of DKK 24 million concerning a changed accruals principle
- Continued growth in income from mortgage-distribution and insurance distribution
- MiFID II has had some negative impact on income from securities trading and asset management

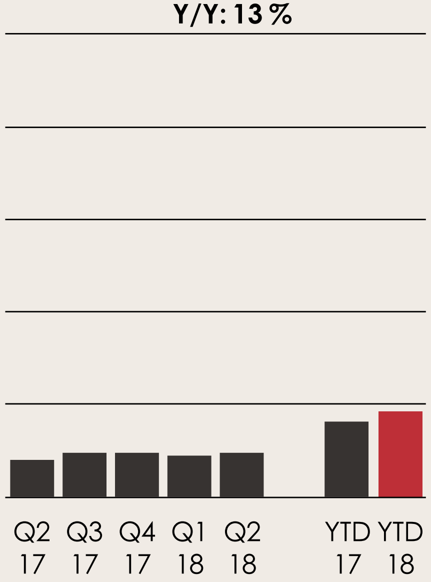


Net fee income at satisfactory level

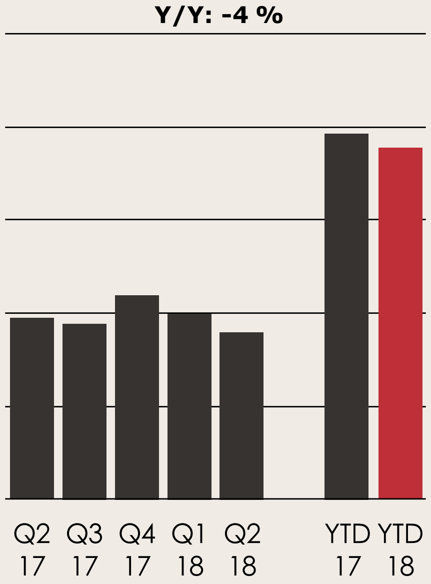
Mortgages



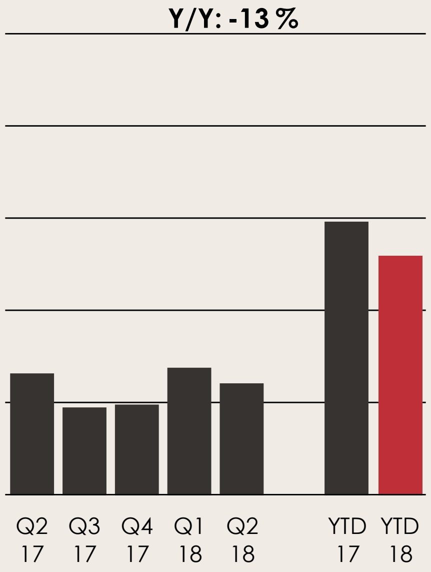
Other loans



Securities trading and asset management



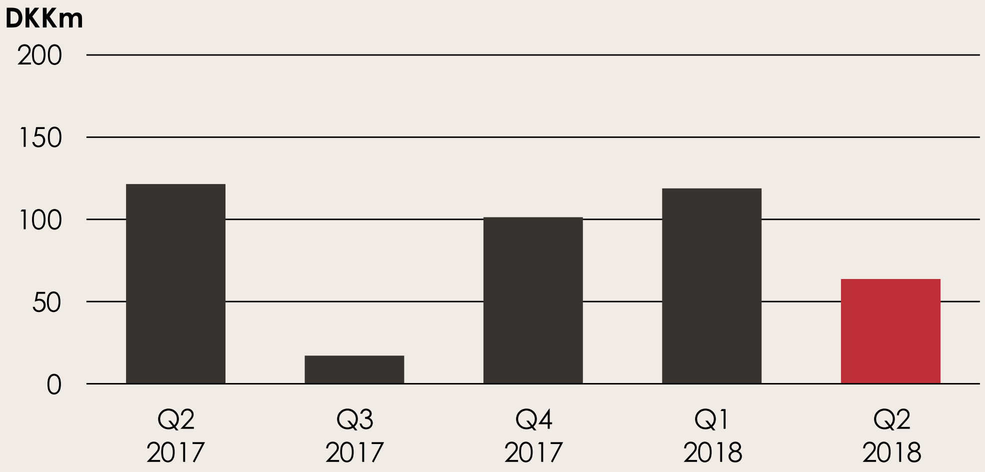
Other fees



Difficult market conditions for bonds put pressure on market value adjustments

- Market value adjustments and dividends amounted to DKK 183 million, which is DKK 102 million, or 36 %, lower than in the same period of 2017
- Sharp drop in market value adjustments on bond portfolio due to less favourable market conditions
- DKK 12 million negative one-off attributable to IFRS9 principles on valuation of derivatives
- Market value adjustments and dividends on share holdings in sector companies grew by DKK 64 million (y/y)
  - Positive one-off relating to BankInvest (DKK 82 million)
  - Lower income from Erhvervsinvest

Market-value adjustments

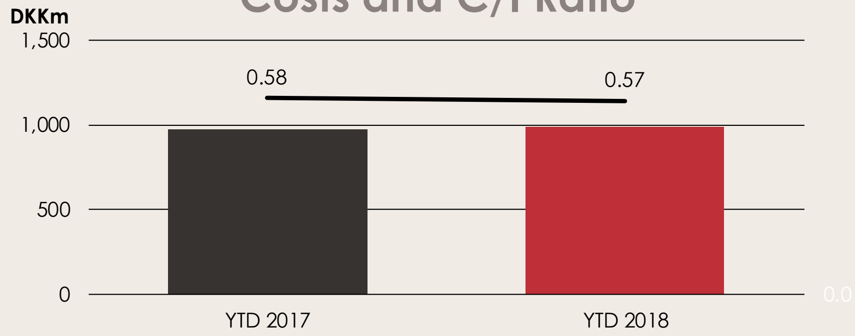


DKKm	YTD 2018	YTD 2017	Change
Market-valued adjustments in Trading, Financial Markets & The International Division	-15	162	-177
Tangible assets incl. dividends	171	107	64
Currency trade and -agio	27	17	10
Total	**183**	**285**	**-102**

Large IT-investments put upward pressure in costs – containment efforts in all other areas

- The Group's total costs and expenses amounted to DKK 985 million in H1 2018, against DKK 977 million in the same period of 2017
- Payroll costs were 2 % lower than in H1 2017
  - Collective wage increases offset by small reduction in headcount
  - Other items with positive impact (overtime pay, holiday pay)
- Other operating expenses were 6% higher than in H1 2017
  - Higher costs associated with strategic IT projects
  - Partly offset by lower costs on most other lines
- At 30 June 2018, Spar Nord employed 1,527 people (FTE), against 1,538 at year-end 2017

Costs and C/I Ratio



Break-down on types

Costs (DKKm)	YTD 2018	YTD 2017	Change
Staff costs	589	603	-13
Operating expenses	366	347	19
Depreciation	30	28	1
Costs	**985**	**977**	**7**

Operating expenses (DKKm)	YTD 2018	YTD 2017	Change
Staff-related expenses	18	19	-1
Travel expenses	8	8	1
Marketing costs	51	55	-4
IT expenses	203	167	36
Cost of premises	40	48	-8
Other administrative expenses	46	50	-4
Operating expenses	**366**	**347**	**19**

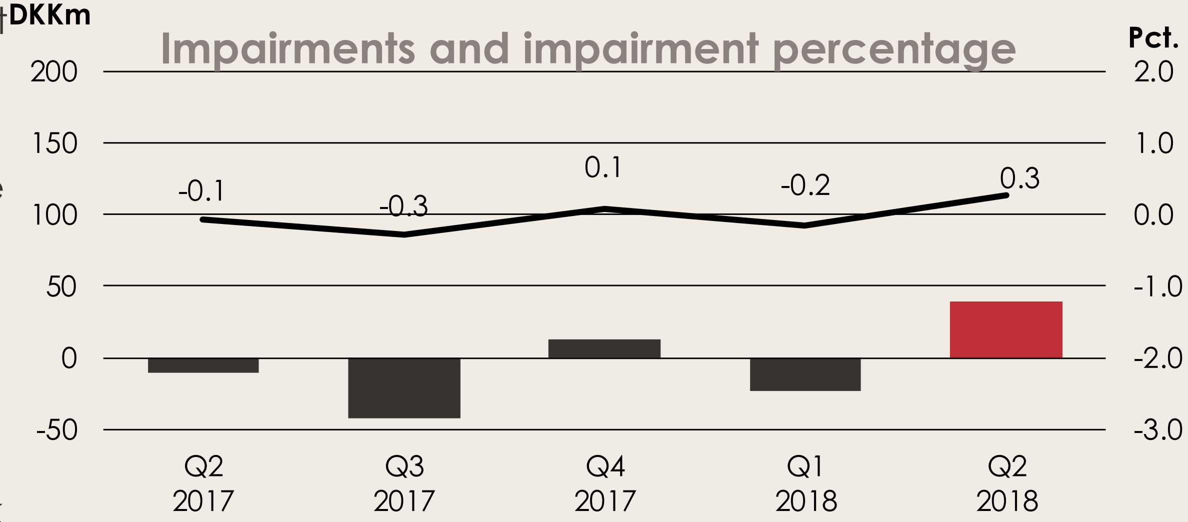
Loan losses on very low level – but no net reversals in Q2

- Loan impairment charges etc. were an expense of DKK 16 million, which compares to an income of DKK 9 million in H1 last year

- Broken down by customer segment impairment charges came to:
  - Retail: DKK -11 million
  - Business excl. agriculture: DKK -69 million
  - Agriculture: DKK 96 million

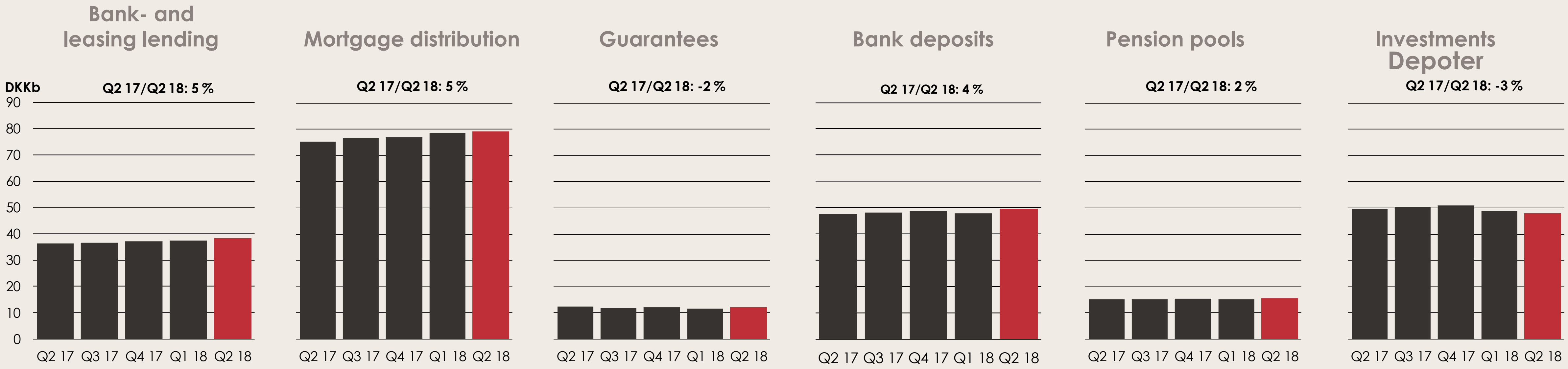
- Impairments related to agriculture are impacted by lower pork prices and a large individual loss (produce sector)

- IFRS9 implemented
  - Additional impairments of DKK 250 million
  - Individual impairment charges (stage 3): DKK 1,518 million
  - Stage 1 and Stage 2 impairments: DKK 376 million



Business volume grows to DKK 243 billion

- Positive trend in lending to both retail and business customers
  - Bank lending has grown by 1.3 billion (3 %) and distribution of mortgage loans has grown by DKK 2.1 billion (3 %) year-to-date
- Deposits are growing again after a decline in Q1
  - Bank deposits are up by DKK 0.8 billion (2 %) and deposits in pooled schemes are at unchanged level (ytd)
- Custodianship accounts have declined by DKK 2.9 billion (6%) year-to-date



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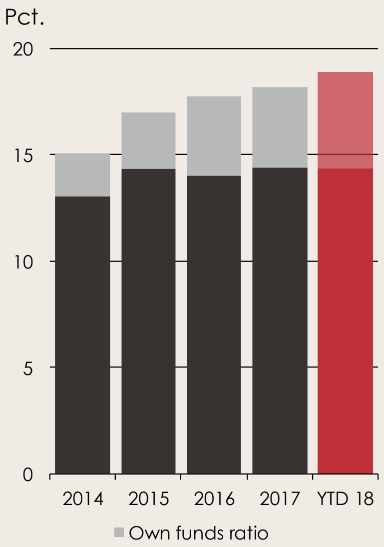
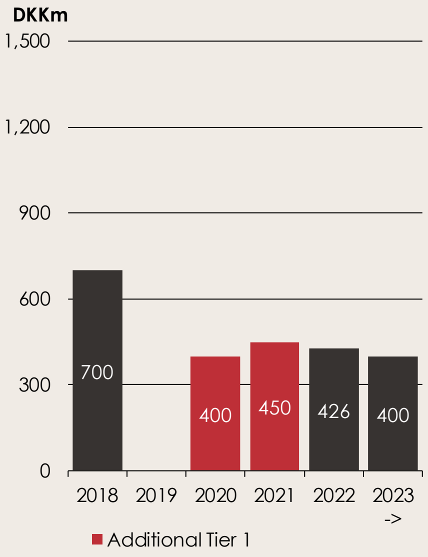
Solid capital position

- CET1 ratio of 14.4 and total capital ratio of 18.9
  - Issue of DKK 400 million subordinated capital in June 2018
- Capital ratio of 18.9 should be viewed in connection with an individual solvency need of 9.3 % and combined buffers of 1.9 %
  - Excess coverage of 7.1 pp or DKK 3.7 billion
- IRB-project underway
  - Preparations expected to take 2-3 years - plus processing time with the FSA
  - Effect on REA expected to be substantial
- In connection with upcoming SIFI-appointment, capital targets will be adjusted:
  - CET1 ratio: from 13.0 to 13.5
  - Total capital ratio: from 16.5 to 17.5

Capital percentage and subordinated capital





Capital base

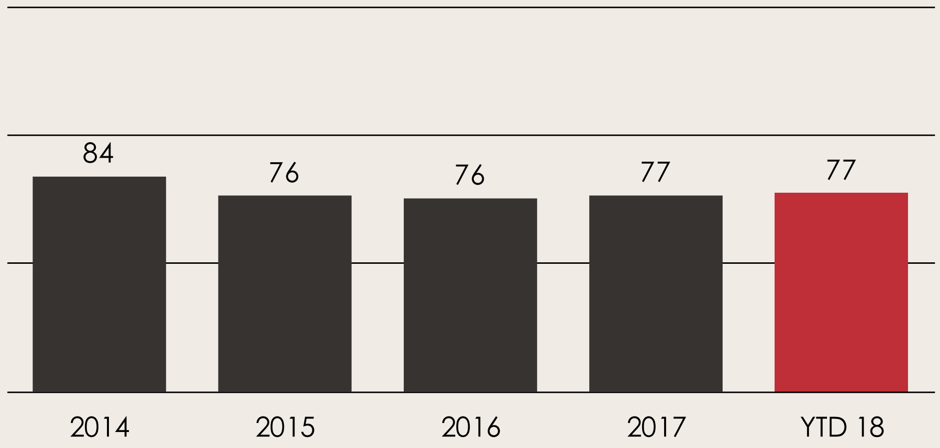
Pct.	Q2 2018	2017	2016	2015
Common equity Tier 1 capital ratio	**14.4**	**14.4**	**14.0**	**14.4**
Additional Tier 1	1.6	1.7	1.8	0.8
Deductions in additional Tier 1	0.0	-0.1	-0.2	-0.3
Tier 1 capital ratio	**16.0**	**16.0**	**15.6**	**14.9**
Tier 2 capital	2.9	2.3	2.3	2.3
Deductions in own funds	0.0	-0.1	-0.2	-0.3
Own funds ratio	**18.9**	**18.2**	**17.7**	**17.0**

Strategic liquidity further strengthened

Strategic liquidity

DKKb	YTD 2018	2017	2016
Deposits, banking activities	49.5	48.7	46.5
Seniorfunding	0.0	0.0	0.0
Core capital and sub. capital	10.5	10.1	9.7
Stable long term funding	**60.0**	**58.8**	**56.2**
Loans, banking and leasing activities	38.3	37.3	35.1
Maturity < 1 year	0.7	0.7	0.4
Liquidity target	**21.0**	**20.8**	**20.7**

Loan to deposit ratio



Guidance for 2018

- Core earnings before impairments
  - Original guidance: Around DKK 1.1 billion – upgraded twice to around DKK 1.3 billion
  - On the basis of the overall financial performance for H1, guidance is retained
- Net profit
  - Original guidance: Around DKK 0.8 billion – upgraded twice to around DKK 1.0 billion
  - On the basis of the overall financial performance for H1, guidance is retained