

Net profit of DKK 849 million and ROE of 13.5 %

Presentation of Spar Nord's financial results for Q1-Q3 2018

Net profit of DKK 849 million and ROE of 13.5 %

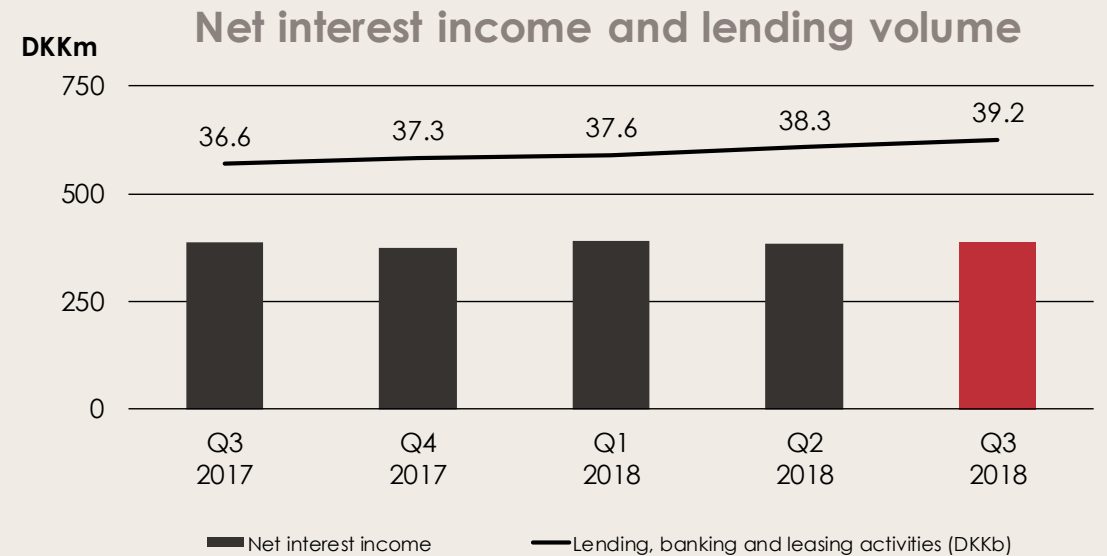
- Net interest income stabilized amidst 5 % lending growth and weakening margin pressure
- Net fee and commission income at record level
- Large gains from strategic shareholdings contribute to market value adjustments and other income
- IT-investments put pressure on costs – containment efforts in all other areas secure zero-growth overall
- Core earnings before impairments of DKK 1,077 million – 12 % up from last year
- Challenges in agriculture visible in loan losses – with YTD profit impact of DKK 67 million (0.15%)
- Strategic acquisition of ~30 % stake in Danske Andelskassers Bank
- Positive trend in image visible in recent surveys – testimony to the effectiveness of strategic projects

Headlines from the income statement

DKKm	YTD 2018	YTD 2017	Index	Q3 2018	Q2 2018	Index
Net interest income	1,159	1,173	99	386	384	101
Net fees, charges and commissions	856	837	102	293	273	107
Market-value adjustments	260	303	86	77	64	121
Other income	220	64	-	16	184	-
Core income	2,495	2,377	105	771	905	85
Staff costs	841	850	99	252	313	81
Operating expenses etc.	576	561	103	181	198	92
Costs	1,418	1,411	100	433	510	85
Core earnings before impairment	1,077	966	112	338	395	86
Impairments of loans and advances, etc.	67	-51	-	50	39	127
Profit before tax	1,011	1,017	99	288	355	81
Tax	162	218	74	69	37	187
Profit	849	799	106	219	319	69

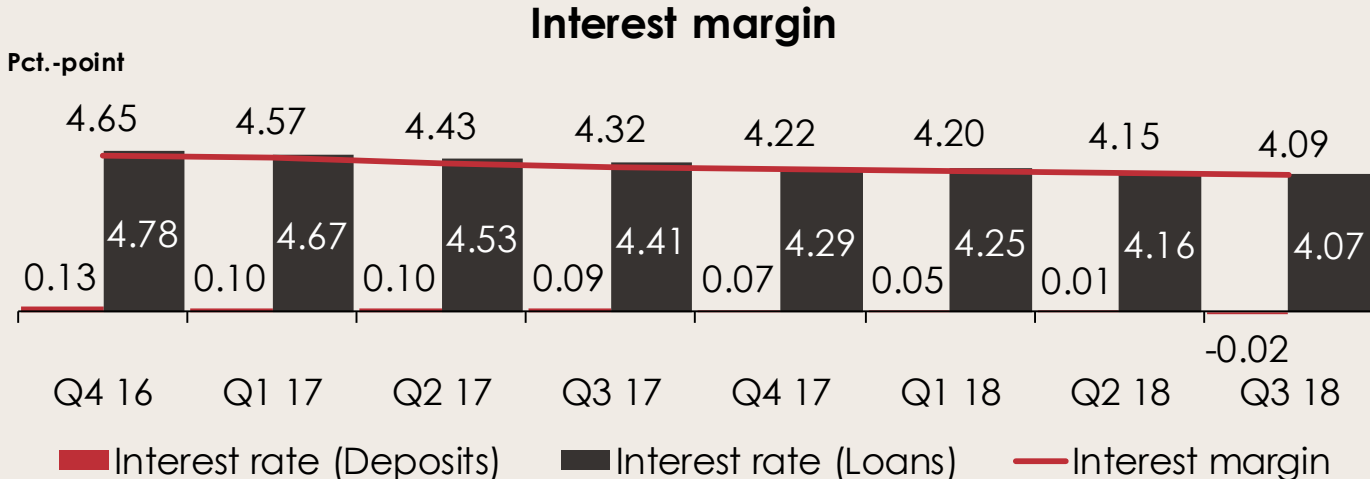
NII stabilized amidst 5 % lending growth and weakening margin pressure

- Net interest income came to DKK 1,159 million versus DKK 1,173 million in Q1-Q3 last year
- Bank and leasing lending has grown by 5 % YTD and by 7 % (y/y)
 - Lending to household customers is up 3 % YTD and 5 % (y/y)
 - Lending to corporates, excluding leasing, up 3 % YTD and 4 % (y/y)
 - Leasing business has grown by 30 % YTD and 38 % (y/y)
- In Q3, net interest income came to DKK 386 million (Q2: DKK 384 million)
- Continued efforts to improve both deposit and lending margins



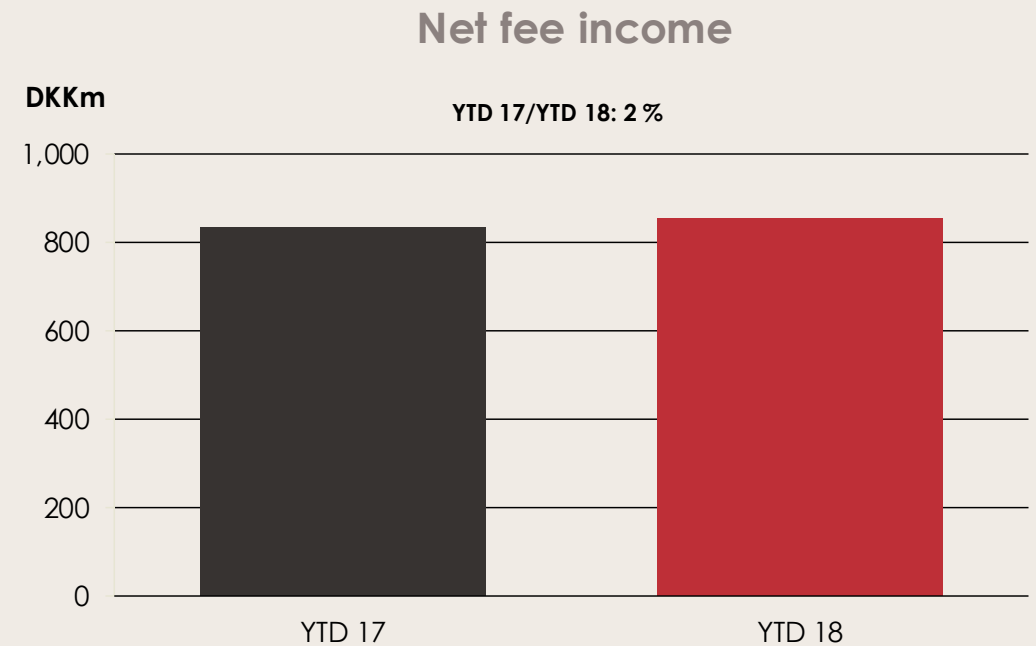
NII stabilized amidst 5 % lending growth and weakening margin pressure

- Total interest margin is “only” down 13 bps year-to-date
- Continued price competition on customer lending has led to 22 bps decline in lending margin
- Deposit margin has been lowered by 9 bps



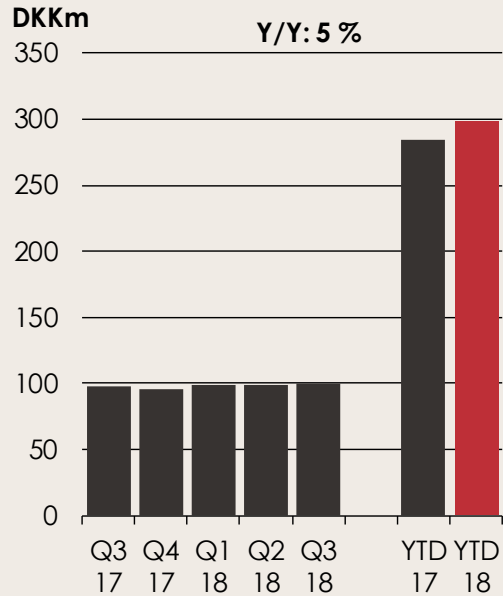
Net fee income at record level

- Net income from fees, charges and commissions came to DKK 856 million – highest level for Q1-Q3 ever
- Continued growth in income from mortgage-distribution driven by volume growth in Totalkredit
- Declining income from investment funds (due to MiFID II) mitigated by growing income from asset management
- In Q3, net fee income came to DKK 293 million (Q2: DKK 273 million)

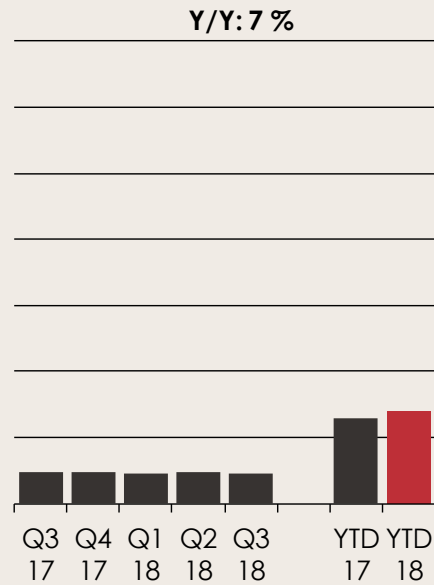


Net fee income at record level

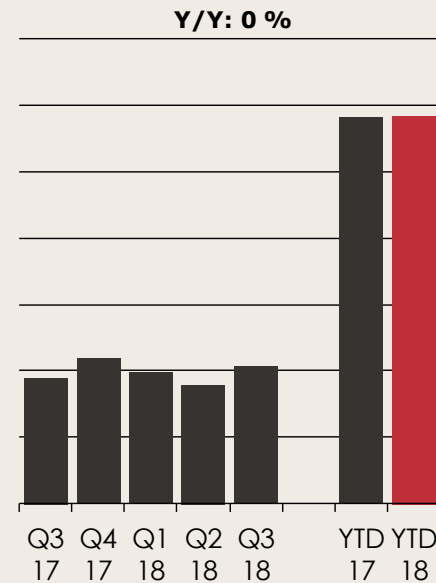
Mortgages



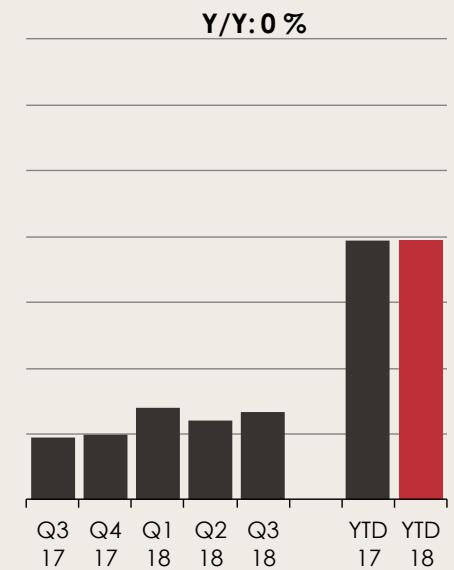
Other loans



Securities trading and asset management



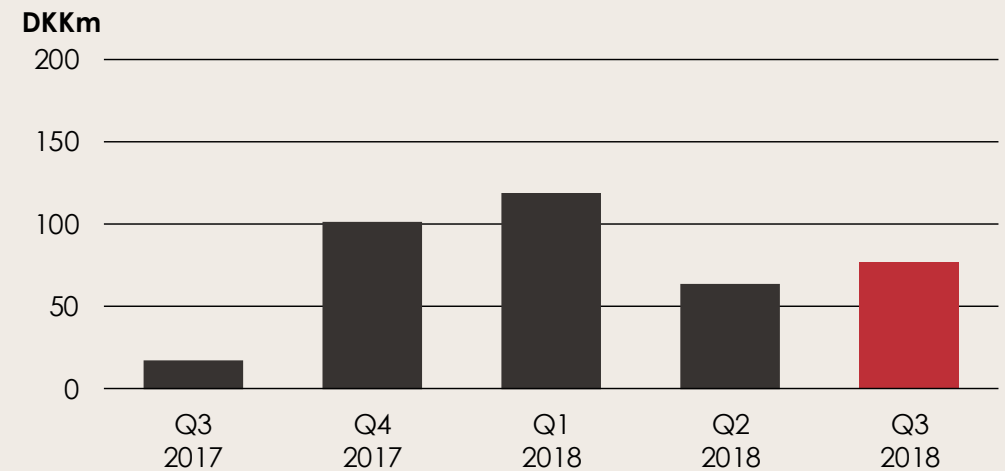
Other fees



Large gains from strategic shareholdings contribute to strong market value adjustments

- Market value adjustments and dividends amounted to DKK 260 million, which is DKK 43 million, or 14 %, lower than in the same period of 2017
- Market value adjustments and dividends on share holdings in sector companies grew by DKK 121 million (y/y) – especially driven by Bankinvest
- Sharp drop in market value adjustments on bonds and listed shares due to less favourable market conditions

Market value adjustments and dividends

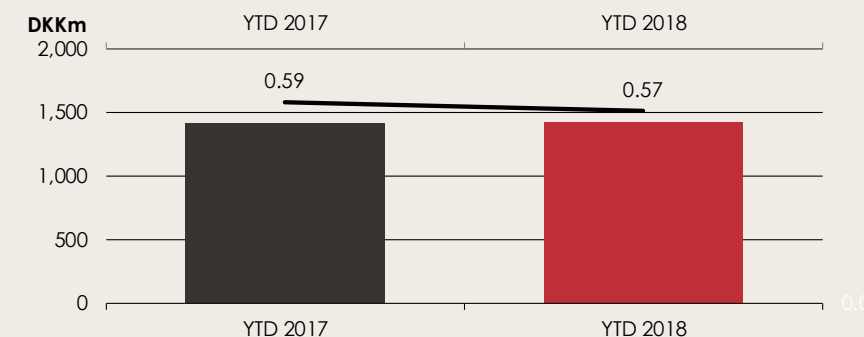


DKKm	YTD 2018	YTD 2017	Change
Market-valued adjustments in Trading, Financial Markets & The International Division	13	194	-182
Tangible assets incl. dividends	205	83	121
Currency trade and -agio	42	25	18
Total	260	303	-43

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

- The Group's total costs and expenses amounted to DKK 1,418 million in Q1-Q3 2018, against DKK 1,411 million in the same period of 2017
- Payroll costs were 1% lower than in Q1-Q3 2017
 - Collective wage increases partly offset by small reduction in headcount
 - Other items with positive impact (overtime pay, holiday pay)
- Other operating expenses were 3% higher than in Q1-Q3 2017
 - Higher costs associated with strategic IT projects
 - Partly offset by lower costs on most other lines
- At 30 September 2018, Spar Nord employed 34 people (FTE) fewer than 30 September 2017

Costs and C/I Ratio



Breakdown on cost types

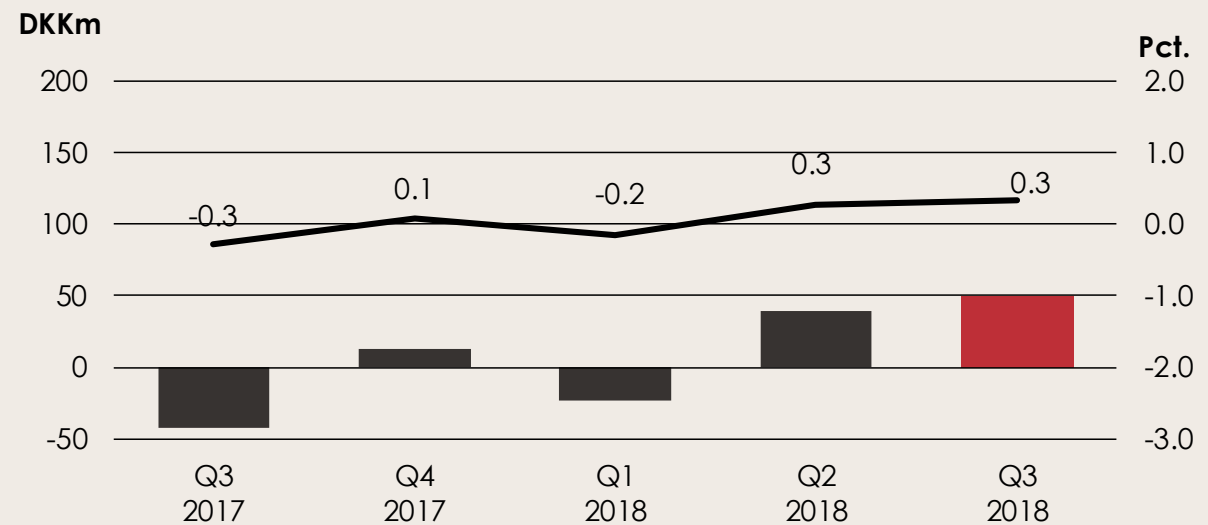
Costs (DKKm)	YTD 2018	YTD 2017	Change
Staff costs	841	850	-8
Operating expenses	531	515	17
Depreciation	45	46	-1
Costs	1,418	1,411	7

Operating expenses (DKKm)	YTD 2018	YTD 2017	Change
Staff-related expenses	29	29	0
Travel expenses	12	12	0
Marketing costs	70	79	-9
IT expenses	297	252	45
Cost of premises	61	76	-14
Other administrative expenses	62	68	-5
Operating expenses	531	515	16

Challenges in agriculture visible in loan losses

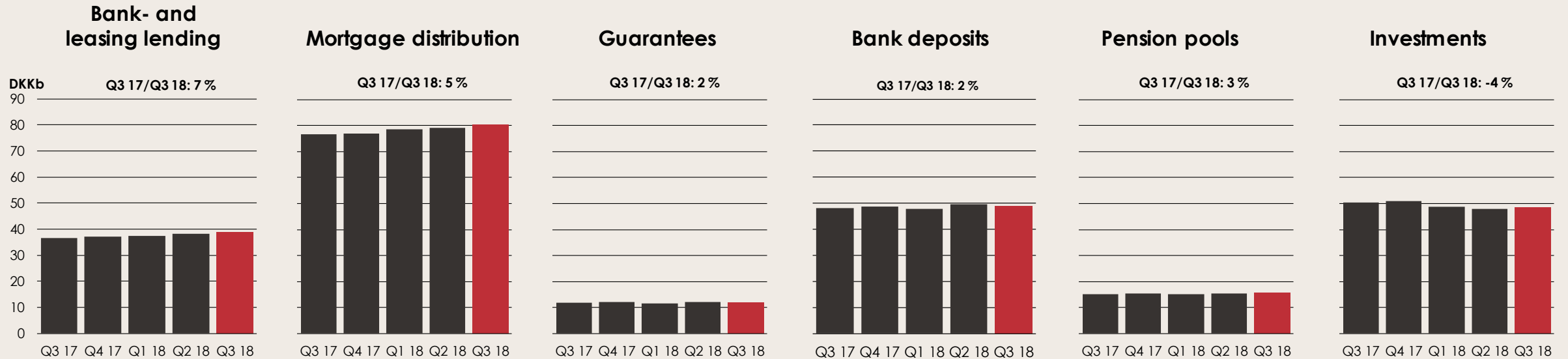
- Loan impairment charges etc. were an expense of DKK 67 million, which compares to an income of DKK 51 million in Q1-Q3 last year
- Broken down by segment impairment charges came to:
 - Retail incl. SparXpres: DKK 7 million
 - Business excl. agriculture: DKK -62 million
 - Agriculture: DKK 122 million
- 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 1,463 m (Q2: DKK 1,518 m)
 - Stage 1 and Stage 2 impairments: DKK 408 m (Q2: DKK 376 m)

Impairments and impairment percentage



Business volume grows to DKK 245 billion

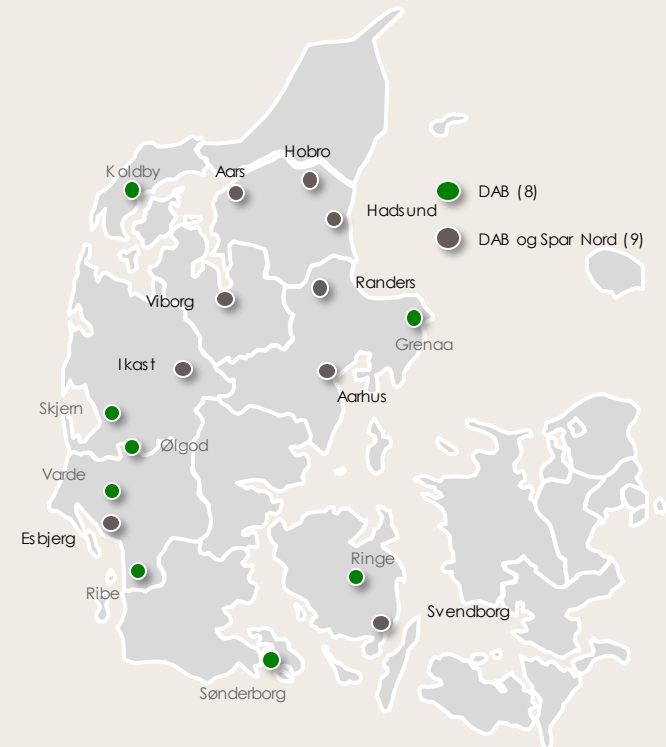
- Positive trend in lending to both retail and business customers
 - Bank lending has grown by 1.9 billion (5%) and distribution of mortgage loans has grown by DKK 3.3 billion (4%) year-to-date
- Modest growth in deposits
 - Bank deposits are up by DKK 0.3 billion (1%) and deposits in pooled schemes by 0.3 billion (2%) year-to-date
- Custodianship accounts have declined by DKK 2.5 billion (5%) year-to-date



Strategic acquisition of ~30 % stake in Danske Andelskassers Bank

- In September, we acquired 27 % of Danske Andelskassers Bank
 - At present, our stake amounts to 29 % of capital and voting rights
- An interesting strategic investment
 - Many similarities in strategy, customer focus, products and IT
 - Strong geographic match
 - We believe that a merger would be value enhancing for all stakeholders
- An attractive financial investment
 - Low capital consumption allocation after divestment of other large holdings in financial sector companies
 - Even if DAB performs relatively modestly, return of invested capital will be satisfactory

Strong strategic match



Positive image = strong position for growth

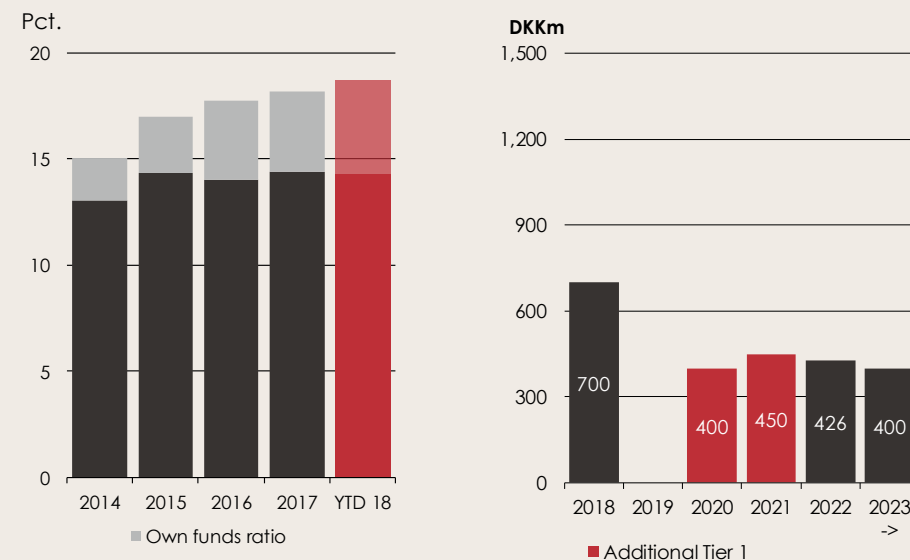
- A number of recent image analyses have Spar Nord at the very top
 - Retail market => Finansimage 2018
 - SME market => Aalund 2018
- Strong image position among private customers in all regions
 - No. 1 in all three regions in West Denmark
 - No. 3 in Copenhagen and Zealand
- Significant progress in important strategic areas
 - High quality advice
 - Great service
- Spar Nord is best-in-class among large Danish bank, when SME customers rate their banks



Solid capital position

- CET1 ratio of 14.3 and own funds ratio of 18.7
 - Slight decline from Q2 to Q3 attributable to volume growth and acquisition of shares in Danske Andelskassers Bank
- Individual solvency requirement of 9.3 and combined buffer requirement of 1.9
 - Excess capital coverage of 7.0 percentage points or DKK 3.7 billion
- IRB-project underway
 - Preparations expected to take 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.	Q3 2018	2017	2016	2015
Common equity Tier 1 capital ratio	14.3	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	15.9	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	18.7	18.2	17.7	17.0

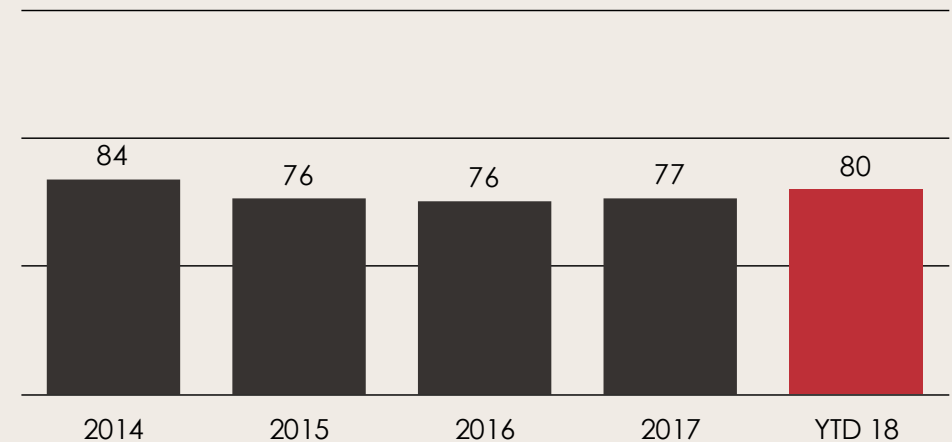
Comfortable strategic liquidity of DKK 19.9 bn

Strategic liquidity

DKKb	YTD 2018	2017	2016
Deposits, banking activities	49.0	48.7	46.5
Seniorfunding	0.0	0.0	0.0
Core capital and sub. capital	10.7	10.1	9.7
Stable long term funding	59.7	58.8	56.2
Loans, banking and leasing activities	39.2	37.3	35.1
Maturity < 1 year	0.7	0.7	0.4
Liquidity target	19.9	20.8	20.7

Loan to deposit ratio

Pct.



Guidance for 2018

- **Core earnings before impairments** amounted to DKK 1,077 million in Q1-Q3 2018 – which should be viewed in the context of an original full-year guidance of DKK 1.1 billion and a revised guidance of DKK 1.3 billion
- Based on performance in Q1-Q3, guidance is maintained in the DKK 1.3 billion range

- **Net profit** amounted to DKK 849 million in Q1-Q3 2018 – which should be viewed in the context of an original full-year guidance of DKK 0.8 billion and a revised guidance of DKK 1.0 billion
- Based on performance in Q1-Q3, guidance is maintained in the DKK 1.0 billion range