

Net profit of DKK 546 million and ROE 12.4 %

Presentation of Spar Nord's financial results for H1 2019

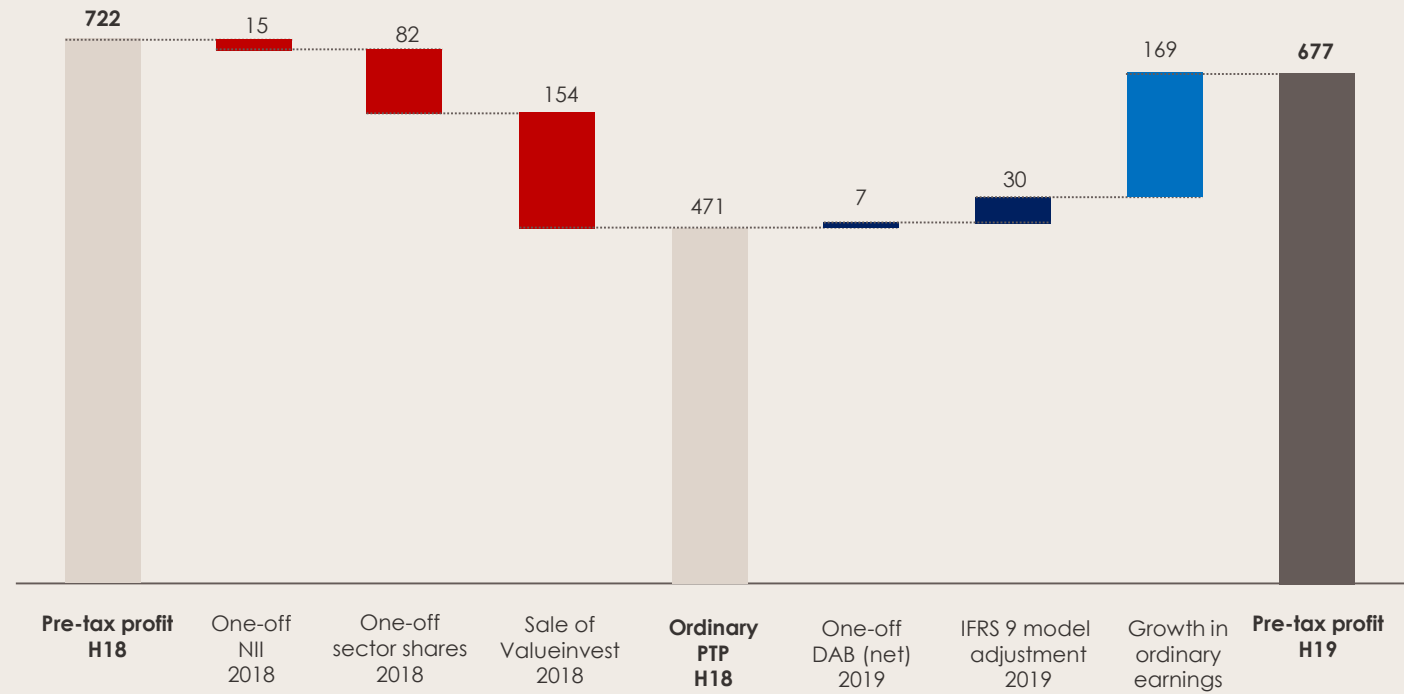
Net profit of DKK 546 million and ROE of 12.4 %

Headlines from the income statement

- Strong trend in core income – without help from significant one-offs
- NII in line with H1 last year despite continuing pressure on interest margins
- Volume growth and high re-mortgaging activity drive net fee income to record level
- Market value adjustments on shares and bonds markedly improved
- Staff cost and operating expenses in line with expectations
- Loan impairments at extremely low level – positive impact from model adjustment

DKKm	YTD 2019	YTD 2018	Index	Q2 2019	Q1 2019	Index
Net interest income	775	773	100	397	378	105
Net fees, charges and commissions	620	563	110	304	317	96
Market-value adjustments and dividends	226	183	124	108	118	92
Other income	66	204	32	24	42	57
Core income	1,687	1,723	98	833	854	98
Staff costs	613	589	104	306	306	100
Operating expenses	396	395	100	184	212	87
Costs and expenses	1,009	985	102	491	518	95
Core earnings before impairment	678	739	92	342	336	102
Impairments of loans and advances, etc.	1	16	4	-9	10	-94
Profit before tax	677	722	94	351	326	108
Tax	132	93	142	69	63	110
Profit	546	630	87	283	263	107

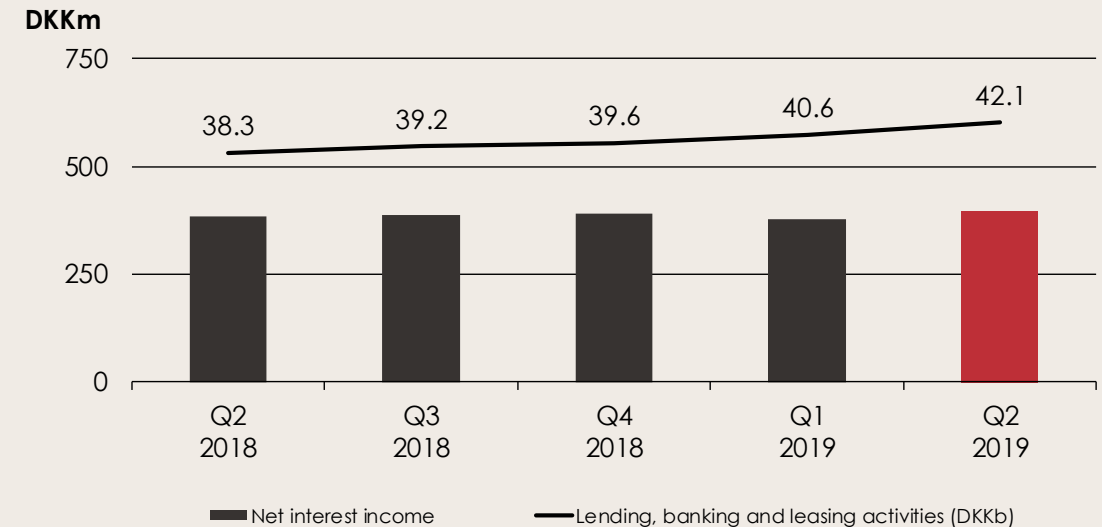
Very satisfactory underlying growth in core earnings



Strong growth in lending but continuing pressure on interest margins

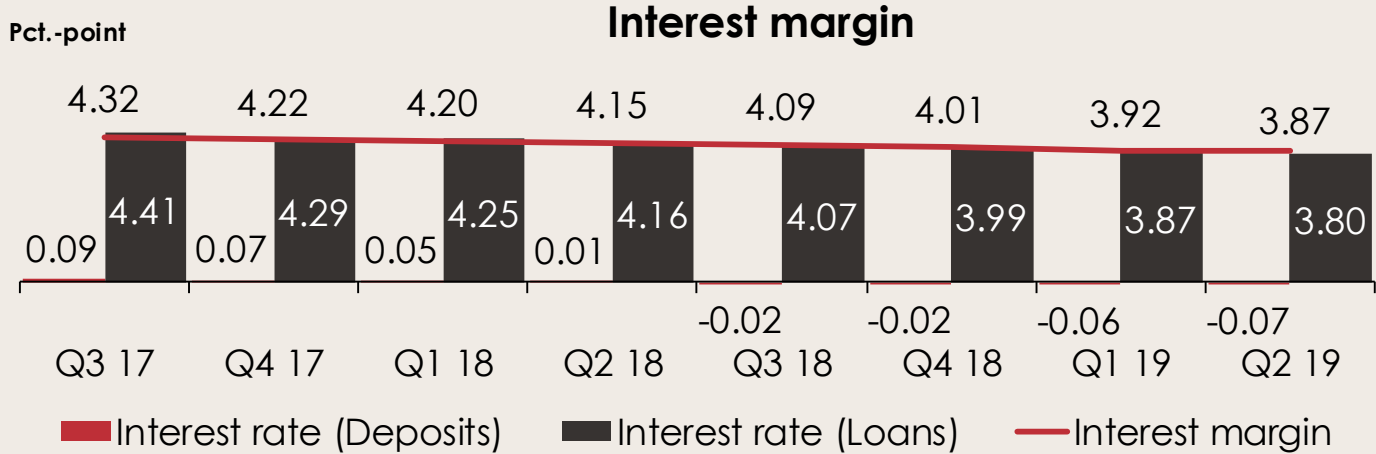
- Net interest income amounted to DKK 775 million versus DKK 773 million in H1 last year
 - DKK 15 million in positive one-offs in H1 2018 – DKK 10 million in positive one-off this year
- Bank and leasing lending has grown by DKK 2.5 billion (6 %) year-to-date and by DKK 3.8 billion (10 %) year-on-year
 - Lending to household customers is up DKK 0.3 billion YTD
 - Lending to corporates, excluding leasing, is up DKK 1.7 billion – hereof DKK 0,7 billion related to public sector
 - Leasing business has grown by DKK 0.5 billion
- From Q1 to Q2 NII has grown from DKK 378 million to DKK 397 million
 - Change in accounting for fee amortisation (DKK 10 million)
 - One more interest day
 - Lending growth of DKK 1.7 billion (q/q) but continuing margin pressure

Net interest income and volume trend



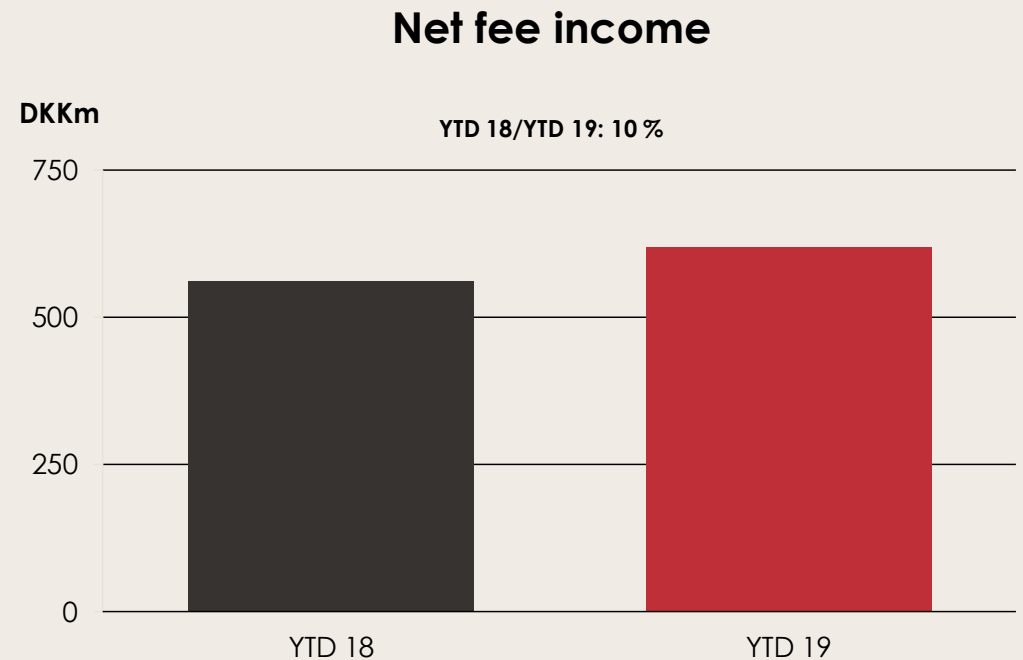
Strong growth in lending but continuing pressure on interest margins

- Total interest margin has declined by 14 basis points since Q4 2018
 - Lending margin in down 19 basis points
 - Active measures on pricing lead to 5 basis points improvement of deposit margin
- Lending growth predominantly driven by areas (larger corporates, public sector, leasing etc.) characterized by relatively low margins

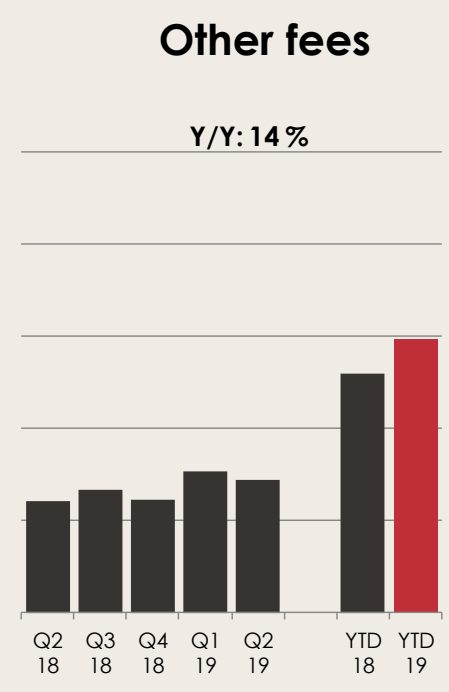
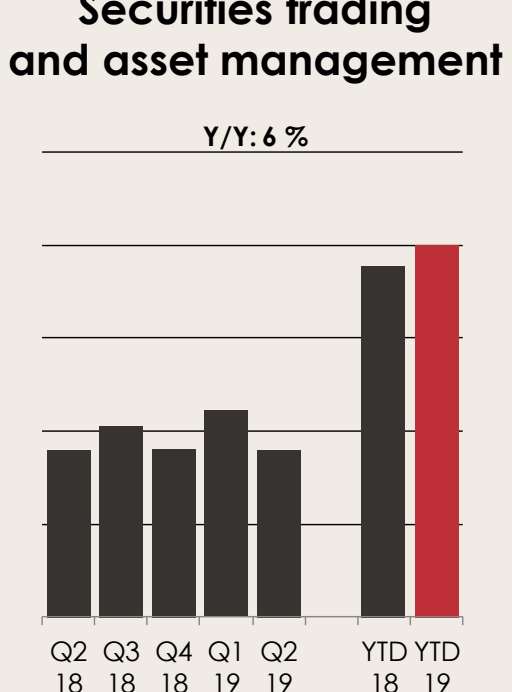
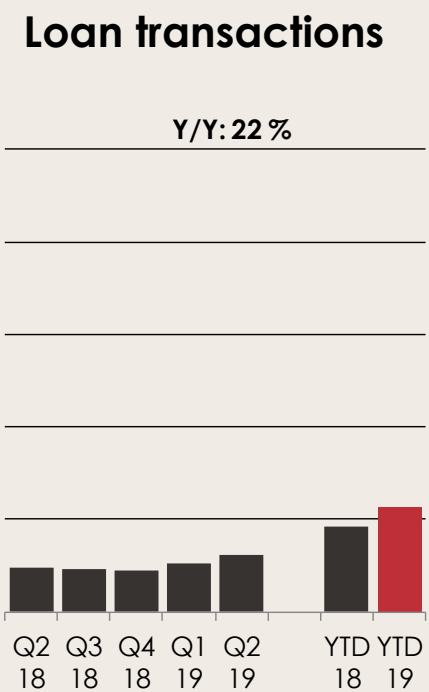
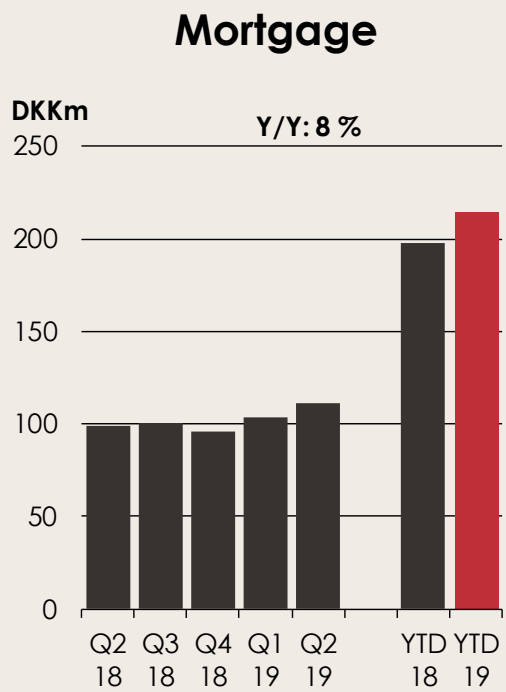


Volume growth and high remortgaging activity drive net fee income to record level

- Net fee income amounted to DKK 620 million versus DKK 563 million in H1 last year
 - Income from mortgage distribution is up 8 % (y/y) driven by strong volume growth and high remortgaging activity
 - Loan transaction fees are up 22 % (y/y) due to extraordinarily high activity
 - Fees from securities trading and asset management grew by 6 % (y/y) following strong market activity and growth in AuM
 - Income from “other fees” (insurance distribution, pension products etc.) grew by 14 % (y/y)
- From Q1 to Q2 net fee income fell from DKK 317 million to DKK 304 million
 - Changed accounting for fee amortisation (DKK -13 million)
 - Lower earnings from securities trading and asset management



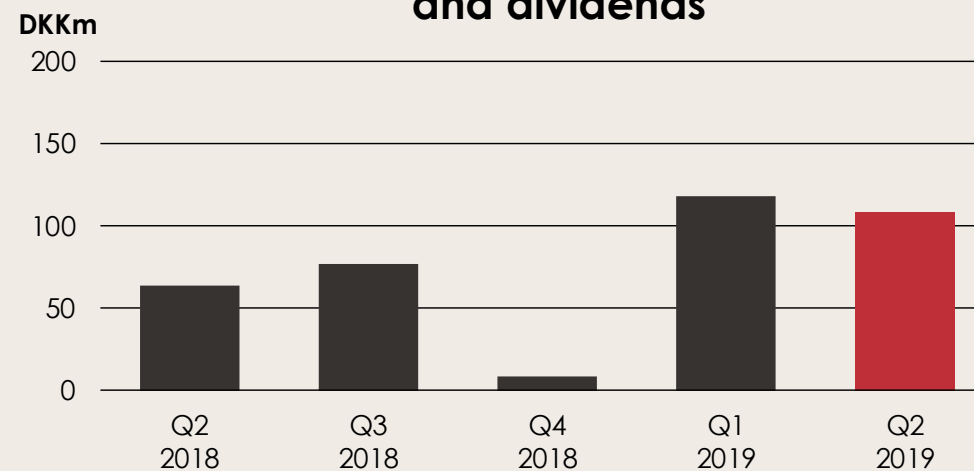
Volume growth and high remortgaging activity drive net fee income to record level



Highly satisfactory development in market value adjustments

- Market value adjustments and dividends amounted to DKK 226 million in H1 2019 versus DKK 183 million in H1 last year
 - H1 2018 was positively impacted by DKK 82 million adjustment on Spar Nord's stake in BankInvest
- Highly satisfactory development in market value adjustments on bonds (liquidity portfolio) owing not least to declining interest rates
- Strong income from equity portfolio in positive market
- No divestments or other one-off impacting income from portfolio of shares in financial sector companies

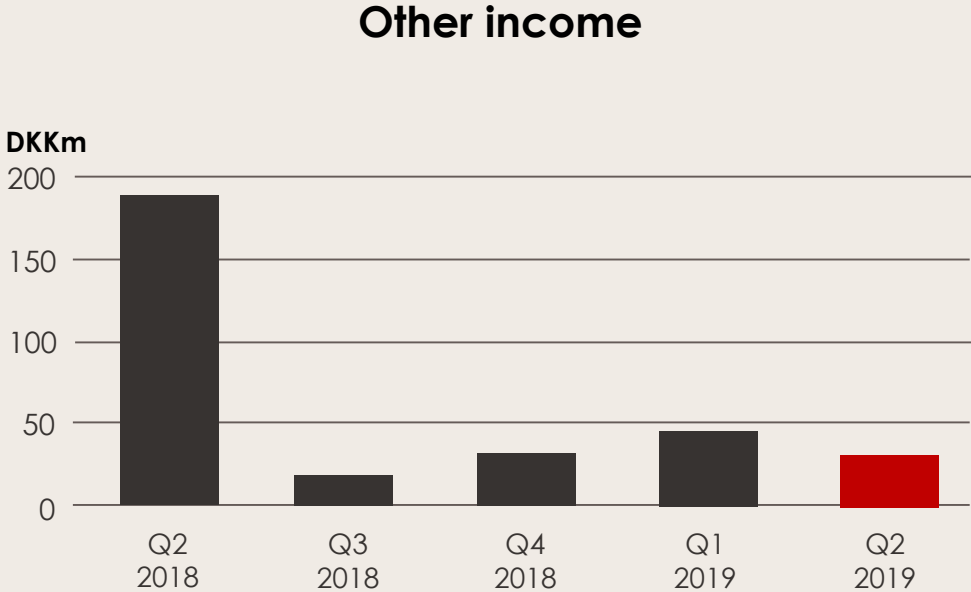
Market value adjustments and dividends



DKKm	YTD 2019	YTD 2018	Change
Market-valued adjustments in Trading Division	119	-15	134
Tangible assets incl. dividends	80	171	-91
Currency trade and -agio	27	27	0
Total	226	183	43

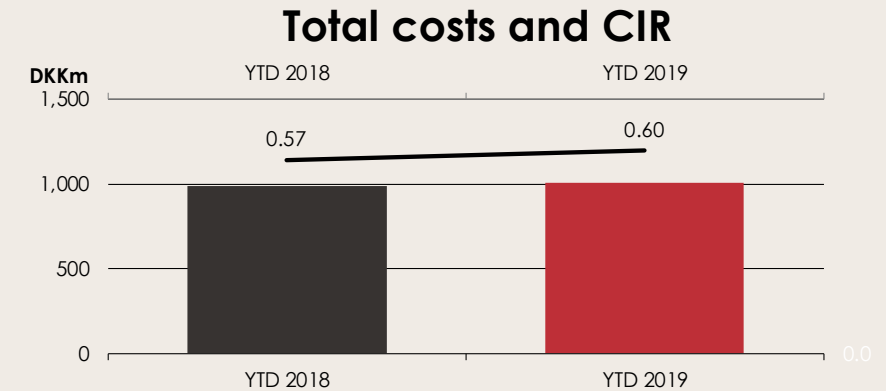
Other income marked by (the absence of) one-off items

- Other income amounted to DKK 66 million versus DKK 204 million in H1 2018
 - H1 2018 year was impacted by DKK 154 million one-off related to the divestment of Valueinvest Asset Management
 - H1 2019 is impacted by DKK 16 million non-recurring income related to stake in Danske Andelskassers Bank
- Other income expected to be sizeable in Q3
 - Spar Nord expects to book its share of Danske Andelskassers Bank's profit from divestment of Sparinvest in Q3



Costs under structural pressure – as expected

- Total costs amounted to DKK 1,009 million versus DKK 985 million in H1 2018
- Payroll costs were DKK 24 million (4 %) higher than in H1 last year
 - Collective wage increases (~2 %) and higher payroll tax (~0.5 %) (DKK 14 million)
 - High customer activity leads to increase in overtime pay etc. (DKK 10 million)
 - 7 FTEs more than 12 months ago
- Operating expenses and depreciation on par with H1 last year
 - Both IT expenses and other important cost items develop as expected
 - One-off related to offer for Danske Andelskassers Bank in Q1
 - Re-segmentation from cost of premises and depreciation due to IFRS 16
- Cost/Income Ratio of 0.60 – in line with strategic target



Breakdown on cost types

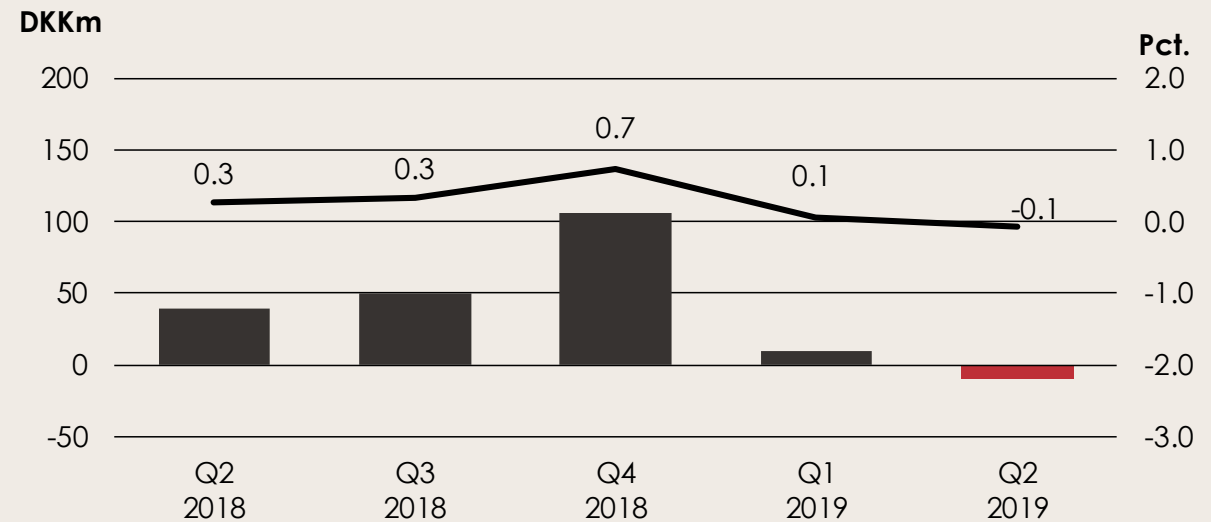
Costs (DKKm)	YTD 2019	YTD 2018	Change
Staff costs	613	589	24
Operating expenses	396	395	1
Costs and expenses	1,009	985	25

Operating expenses (DKKm)	YTD 2019	YTD 2018	Change
Staff-related expenses	19	18	1
Travel expenses	10	8	2
Marketing costs	45	51	-6
IT expenses	196	203	-8
Cost of premises	27	40	-13
Other administrative expenses	58	46	12
Depreciation	42	30	13
Operating expenses	396	395	1

Loan impairments at a very low level

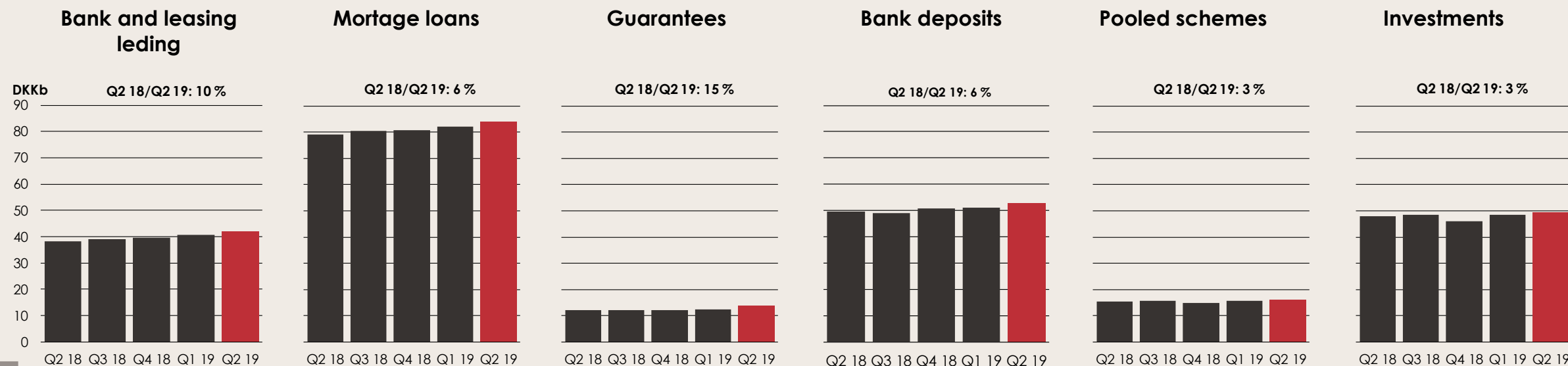
- Loan impairments amounted to an expense of DKK 1 million against DKK 16 million in H1 of last year
- Breakdown on segments
 - Private : DKK -17 million
 - Consumer finance (SparXpres): DKK 17 million
 - Corporate ex. agriculture: DKK 0 million
 - Agriculture: DKK 1 million
- Adjustment of IFRS 9-model in leasing area
 - Change in initial allocation of leasing exposures in IFRS 9-model lead to positive impact of DKK 30 million
- Impairments broken down on stages (IFRS 9)
 - Individual impairments (stage 3): DKK 1,438 million (DKK 1,518 million at YE18) Stage 1 and 2: DKK 386 million (DKK 376 million)

Impairments and impairment percentage

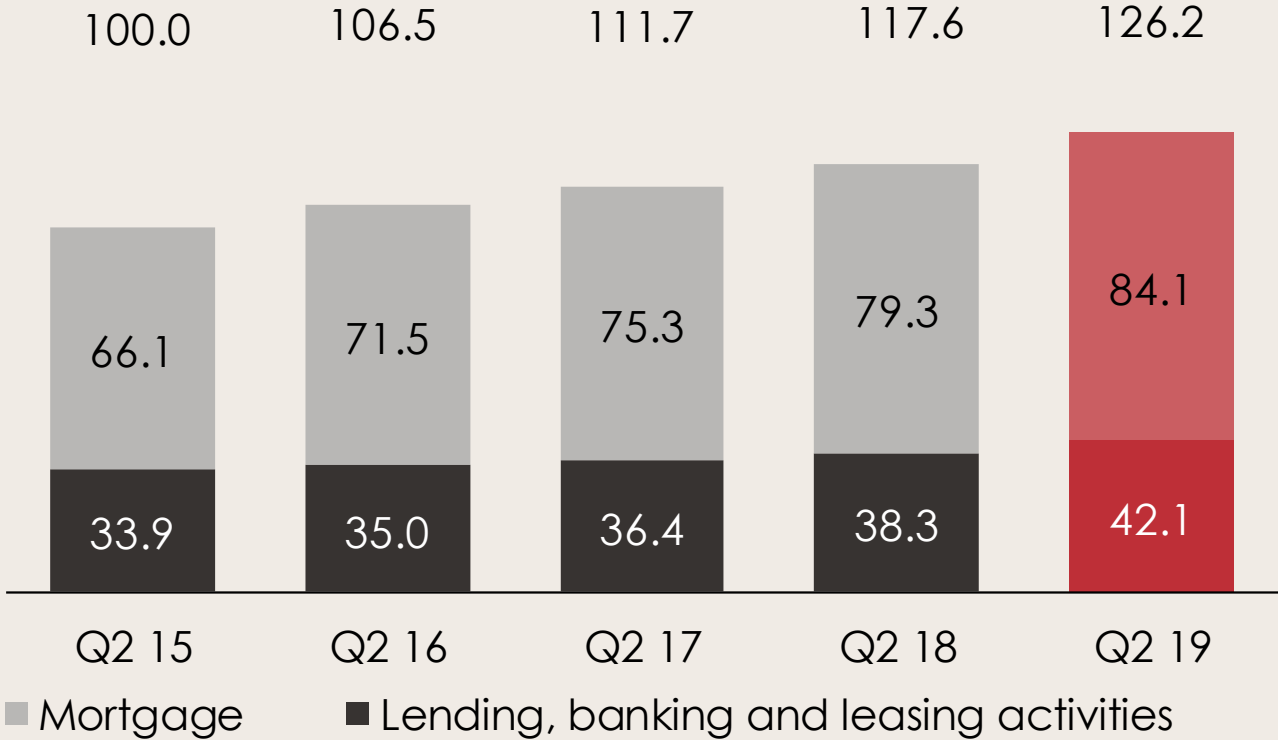


Decent business volume growth

- At end-H1, total business volume amounts to DKK 257.8 billion – DKK 13.6 billion (6 %) higher than end-2018
- Positive trend in credit distribution to both private customers and corporates
 - Bank and leasing lending has grown by 2.5 billion (6 %) and distribution of mortgage loans has grown by DKK 3.2 billion (4 %) YTD
- Deposits and pooled pension savings are still growing
 - Bank deposits are up DKK 1.9 billion (4 %) and deposits in pooled schemes are up DKK 1.1 billion (7 %) YTD
- Customers invested assets have increased by DKK 3.1 billion (7 %) year-to-date



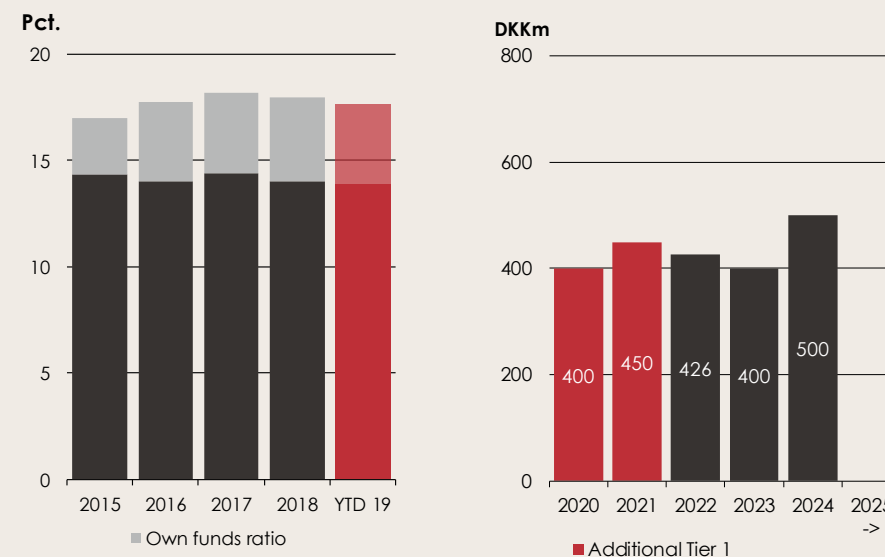
Long period with solid growth in total credit arrangement (bank + mortgage)



Update on capital position

- Strategic capital targets
 - CET1: 13.5
 - Own funds ratio: 17.5
- At 30 June 2019, CET1 ratio was 13.8 and own funds ratio was 17.6
 - Growth in REA due to DKK 2.3 billion growth in loans and guarantees YTD – DKK 0.6 billion is expected to be of temporary nature (e.g. refinancing guarantees)
 - Capital base is impacted by growth in “non-significant investments” in financial enterprises, changed accounting of fee amortisation and IFRS 9 model adjustment
- Individual solvency requirement of 9.5 and combined buffer requirement of 3.0
 - Excess capital coverage of 5.3 percentage points or DKK 3.0 billion
- Expected need for MREL capital of around DKK 7 billion
 - First issue expected to take place in H2 2019
 - Rating process underway

Own funds ratio and subordinated capital



Capital base

Pct.	Q2 2019	2018	2017	2016
Common equity Tier 1 capital ratio	13.8	14.0	14.4	14.0
Additional Tier 1	1.5	1.6	1.7	1.8
Deductions in additional Tier 1	0.0	0.0	-0.1	-0.2
Tier 1 capital ratio	15.3	15.6	16.0	15.6
Tier 2 capital	2.3	2.4	2.3	2.3
Deductions in own funds	0.0	0.0	-0.1	-0.2
Own funds ratio	17.6	18.0	18.2	17.7

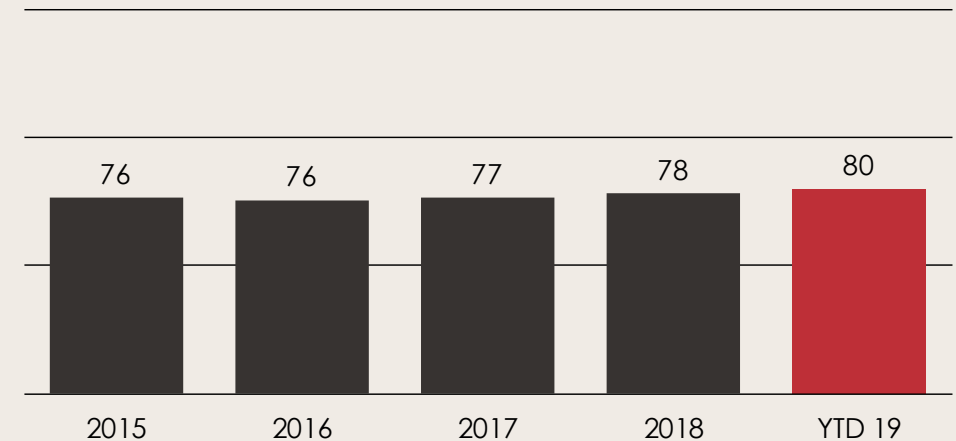
Comfortable strategic liquidity

Strategic liquidity

DKKb	YTD 2019	2018	2017
Deposits, banking activities	52.7	50.8	48.7
Seniorfunding	0.0	0.0	0.0
Core capital and sub. capital	10.6	10.6	10.1
Stable long term funding	63.3	61.3	58.8
Loans, banking and leasing activities	42.1	39.6	37.3
Maturity < 1 year	0.4	0.0	0.7
Liquidity target	20.8	21.8	20.8

Loan to deposit ratio

Pct.



Upgraded guidance for 2019

- Core earnings before impairment
 - At the beginning of 2019, our guidance for core earnings before impairments was in the DKK 1.0-1.1 billion range
 - Based on Q1, guidance was revised to DKK 1.1-1.2 billion
 - **In July, based on projected H1 results and outlook for the remainder of the year, guidance was upgraded to DKK 1,150-1,250 million**

- Net profit
 - At the beginning of 2019, our guidance for net profit was in the DKK 700-800 million range
 - Based on Q1, guidance was revised to DKK 750-850 million
 - **In July, based on projected H1 results and outlook for the remainder of the year, guidance was upgraded to DKK 850-950 million**