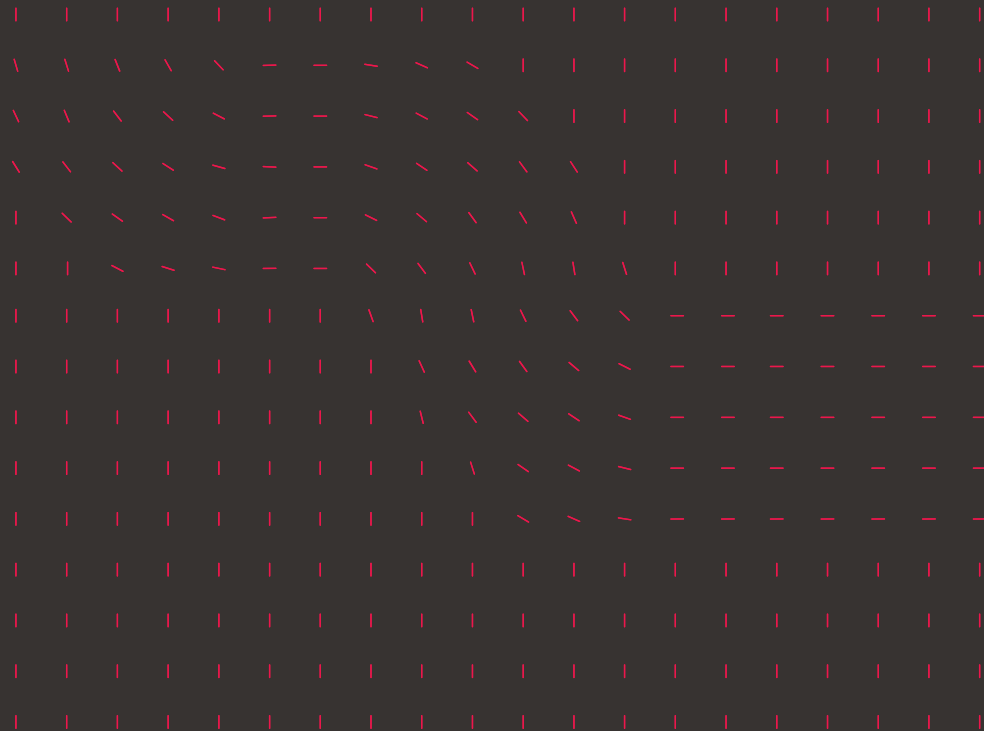


Presentation of Spar Nord's financial results for 2020

Lasse Nyby, CEO

11 February 2021



Net profit of DKK 737 million and ROE of 7.4%

Headlines from the income statement

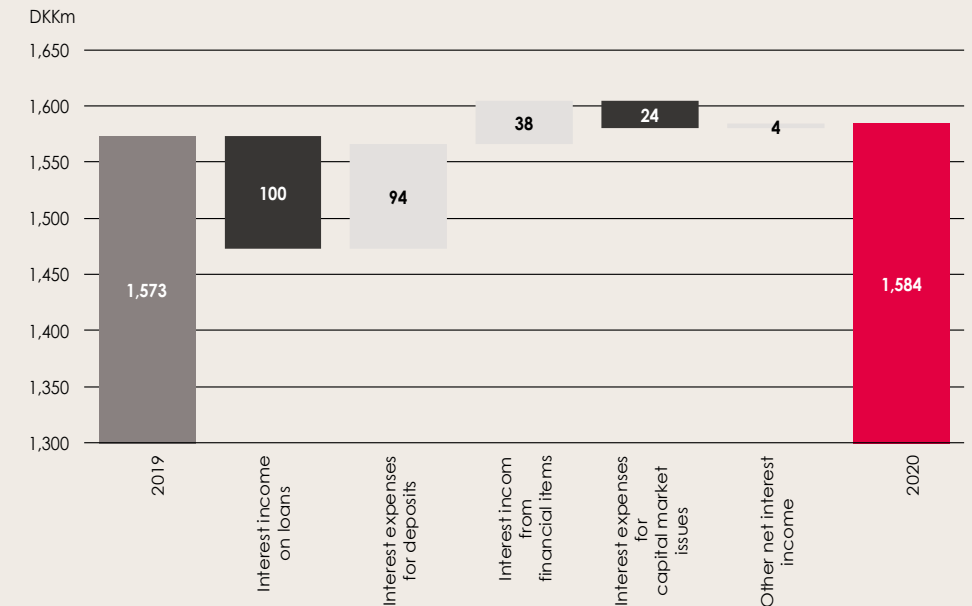
- Net interest income sustained at 2019-level, while net fee income ends record high. Both items increase by 1% (y/y)
- Positive developments in the financial markets contribute to very satisfactory earnings from bonds and equities
- Costs up by 4% (y/y): One-off severance pay, increase in IT costs (BEC) – savings identified on other costs types
- Loan impairments driven by uncertainty from COVID-19
- Total business volume record high driven by continued growth in mortgage, deposits and AUM – drop in lending to corporate customers
- Strategic liquidity at record level and very solid capital position

SPAR NORD BANK DKKm	Realized 2020	Realized 2019	Index	Realized Q4 2020	Realized Q3 2020	Index
Net interest income	1,584	1,573	101	398	391	102
Net fees, charges and commissions	1,238	1,225	101	319	300	106
Market-value adjustments and dividends	433	379	114	133	137	97
Other income	71	160	44	22	21	106
Core income	3,326	3,338	100	872	850	103
Staff costs	1,293	1,218	106	344	289	119
Operating expenses	806	796	101	224	190	118
Costs and expenses	2,099	2,014	104	568	479	119
Core earnings before impairment	1,227	1,324	93	304	371	82
Impairments of loans and advances, etc.	309	22	-	22	53	42
Profit before tax	918	1,302	71	282	318	89
Tax	181	243	74	52	66	78
Profit	737	1,059	70	230	252	91

Net interest income up by 1%

- **Net interest income amounted to DKK 1,584 million versus DKK 1,573 million last year**
 - Interest expenses on deposits improved by DKK 94 million via active measures
 - Higher interest income from placing of surplus liquidity (DKK 38 million)
 - Interest income from lending down by DKK 100 due to margin pressure and drop in loan volume
 - Higher interest expenses for subordinated debt and issued bonds of DKK 24 million
- **Total lending of DKK 42.5 billion – decrease of DKK 0.7 billion (2%) since year-end 2019**
 - Lending to household customers has grown by DKK 0.7 billion
 - Leasing business has grown by DKK 0.7 billion
 - Lending to corporates and SMEs down by DKK 1.9 billion (due to relief packages)
 - Lending to public-sector customers down by DKK 0.2 billion
- **From Q3 to Q4 NII has grown from DKK 391 million to DKK 398 million**
 - Higher net interest income from deposits via active measures

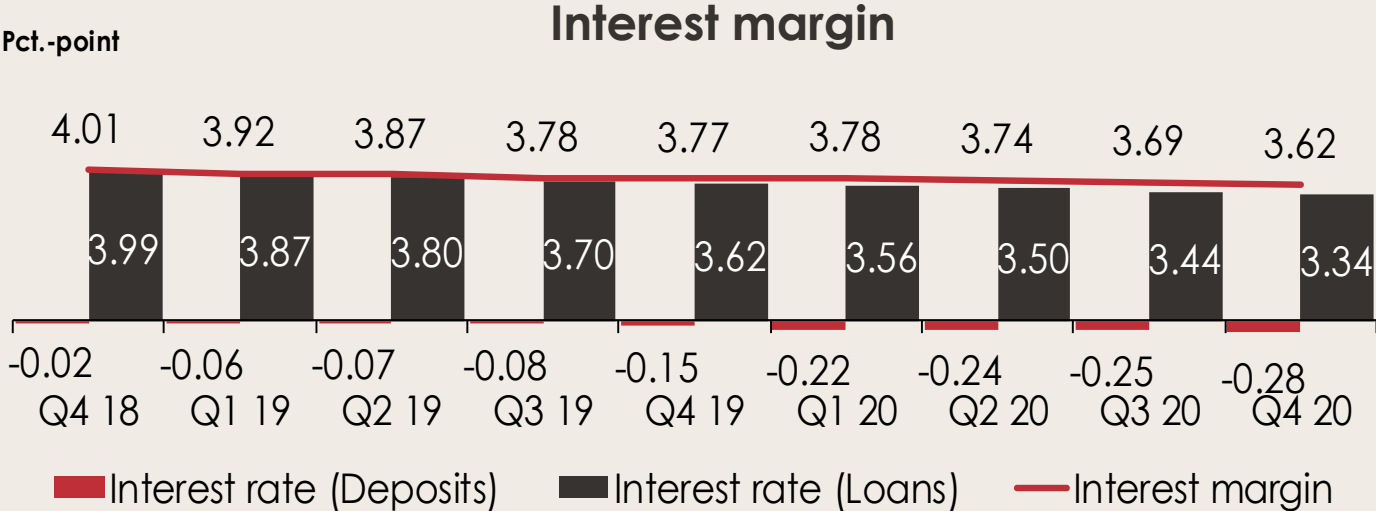
Net interest income



DKKm	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	2020
Interest income on loans	1,547	370	362	357	357	1,447
Interest expenses for deposits	-39	-25	-32	-36	-40	-132
Net interest income, deposits and loans	1,586	395	394	393	397	1,579
Interest income from financial deposits	63	14	37	24	25	101
Interest expenses for capital market issuance	36	14	15	16	15	60
Other net interest income	-40	-8	-8	-9	-9	-36
Total net interest income	1,573	387	408	391	398	1,584

Pressure on the lending rate is partially offset by active measures on the deposit side

- Total interest margin has declined by 15 basis points since year-end 2019
 - Lending margin in down 28 basis points
 - Active measures on pricing lead to 13 basis points improvement of deposit margin
- Decrease in lending to corporate customers partially offset by growth in lending to private customers (priority loans) and leasing loans - but to lower margins

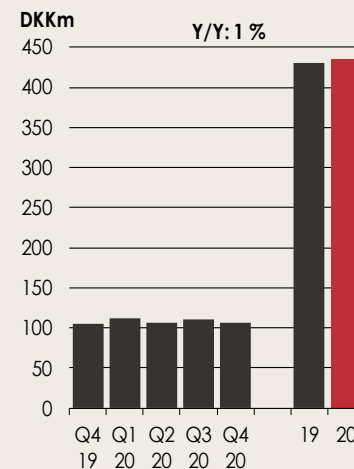


Net fee income sustained at record level

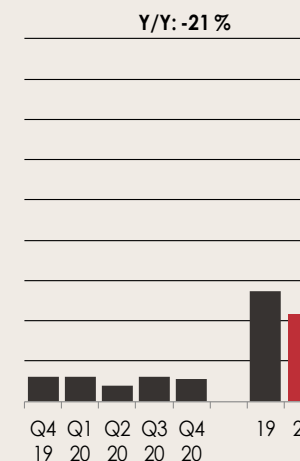
- **Net fee income amounted to DKK 1,238 million versus DKK 1,225 million in 2019**
 - Income from mortgage distribution grew 1% despite lower refinancing activity - driven by continued volume growth
 - Other loan transactions fees down 21% due to lower refinancing activity
 - Securities trading and asset management grew by 5% follow solid growth in AUM and strong trading activity in volatile markets
 - Fee income from payments, insurance sales etc. up by 6%
- **From Q3 to Q4 net fee income grow from DKK 300 million to DKK 319 million**
 - Primarily driven by higher fee income from securities trading and asset management

DKKm	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	2020
Mortgage fee	430	112	106	110	106	434
Other transaction fees	137	31	19	30	27	108
Securities and asset management	382	103	107	88	104	401
Other fees	276	76	65	72	81	294
Total net fees	1,225	322	296	300	319	1,238

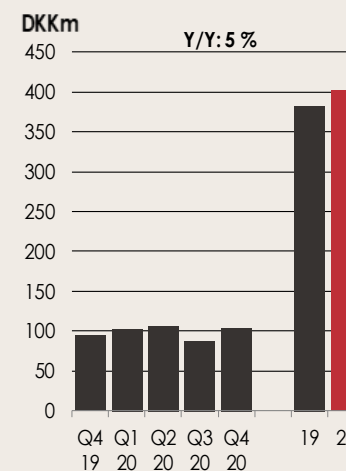
Mortgage



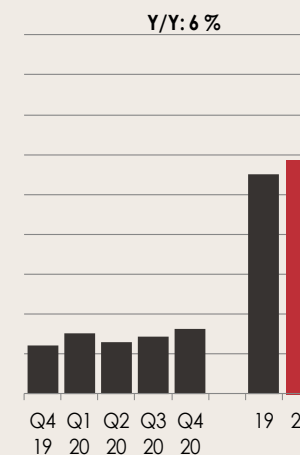
Loan transactions



Securities trading and asset management



Other fees

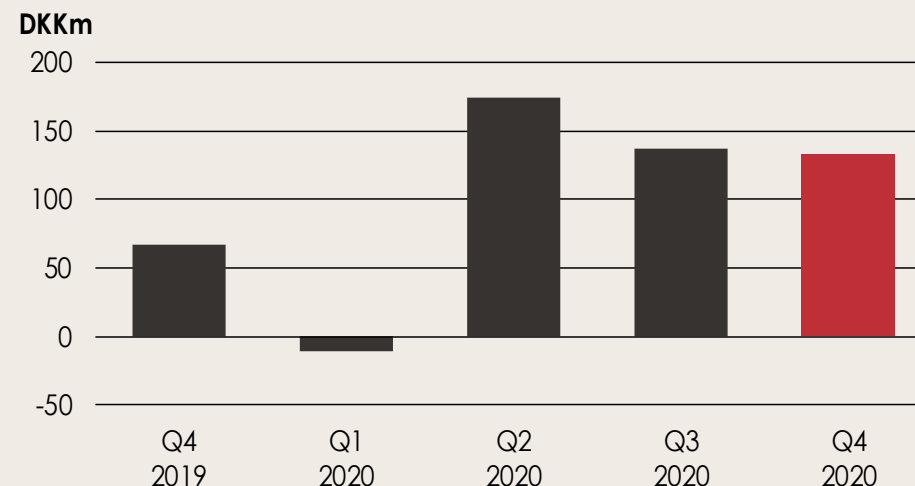


Positive developments in the financial markets lead to an increase in value adjustments

- **Market value adjustments and dividends amounted to DKK 433 million versus DKK 379 million in 2019**

- Market value adjustments on bonds and equities up DKK 44 million despite turbulent Q1 with falling prices and expanded credit spreads
 - Market value adjustments on equities in the Trading Division amounted to DKK 61 million in 2020, while bonds contributed DKK 158 million
- Market value adjustments and dividends on the portfolio of strategic shares were DKK 7 million higher than in 2019
 - The holding of shares in BI Holding and PRAS and sale of shares in VP Securities A/S added to performance
 - A lower ownership interest in DLR and sale of shares in Sparinvest Holding in 2019 detracted from performance

Market value adjustments and dividends



- **Continued positive development in financial markets in Q4**

- Continued narrowing of credit spreads
- Increasing share prices

DKKm	2019	Q1 '20	Q2 '20	Q3 '20	Q4 '20	2020
Market val. adj. in Trading Division etc.	177	-68	134	80	74	221
Equity investments, incl.	144	39	28	43	41	151
Currency trade and -agio	58	18	12	13	18	62
Total market value adjustments and dividends	379	-11	174	137	133	433

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

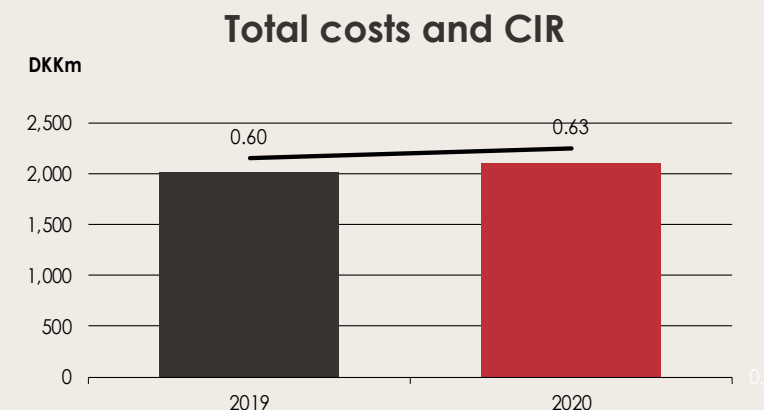
- **Other income of DKK 71 million versus DKK 160 million in 2019**
 - Decline in other income of DKK 90 million primarily attributable to drop in income from investments in associates
 - 2019 was extraordinary impacted by Spar Nord's stake in Danske Andelskassers Bank, including its share of the gain Danske Andelskassers Bank achieved from the sale of Sparinvest

Other income

DKKm	2020	2019	Change
Other operating income	42	51	-9
Income from investments in associates	29	110	-81
Other income, total	71	160	-90
Hereof, Danske Andelskassers Bank	22	104	-83

Continued pressure on costs - increases by 4%

- Total costs higher than expected at DKK 2,099 million versus DKK 2,014 million in 2019
- Payroll costs were DKK 75 million (6%) higher than last year
 - Pay rises under collective agreements and a higher number of employees: DKK 38 million
 - One-off costs from severance pay and redundancies in HQ: DKK 34 million
- 1,545 employees by year-end 2020, of whom 47 retired at 1 January 2021
- Operating expenses and depreciation increased by DKK 9 million
 - Rise in operation expenses for data processing centre (BEC) partly offset by cost reductions on most other cost items
- Cost/Income Ratio of 0.63 – slightly better than strategic target of 0.65



Breakdown on cost types

Costs (DKKm)	2020	2019	Change
Staff costs	1,293	1,218	75
Operating expenses	806	796	9
Costs and expenses	2,099	2,014	85

Operating expenses (DKKm)	2020	2019	Change
Staff-related expenses	35	43	-8
Travel expenses	10	21	-11
Marketing costs	62	79	-17
IT expenses	439	388	51
Cost of premises	55	58	-3
Other administrative expenses	124	121	3
Depreciation	80	86	-5
Operating expenses	806	796	9

Loan impairments influenced by COVID-19

- **Loan impairments amounted to an expense of DKK 309 million against DKK 22 million last year**

- Loan impairment charges of DKK 22 million in Q4
- Management estimate related to COVID-19 remained unchanged in Q4

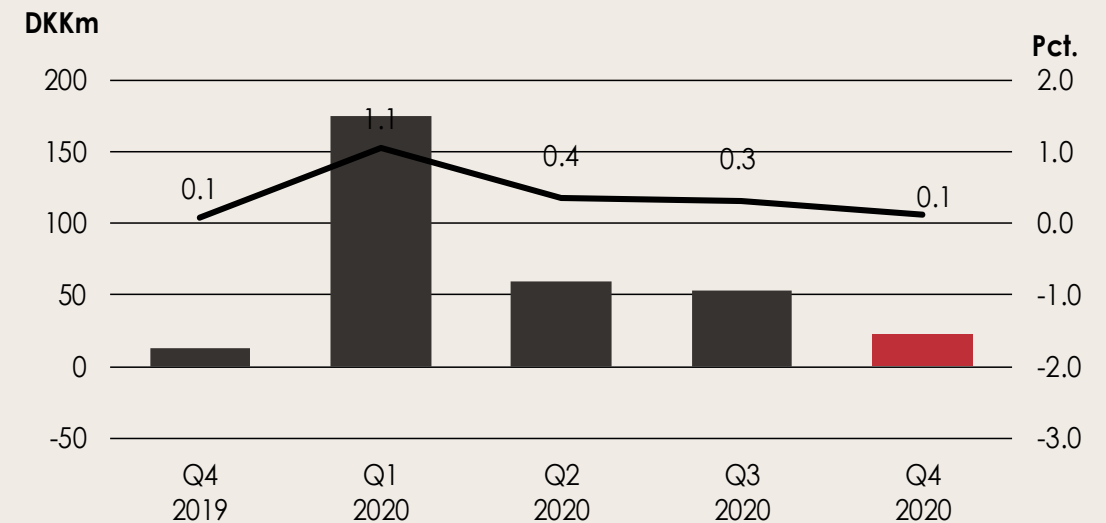
- **Breakdown on segments**

- Private: DKK 124 million (2019: DKK -5 million)
- Consumer finance: DKK 9 million (2019: DKK 56 million)
- Corporate ex. agriculture: DKK 250 million (2019: DKK 30 million)
- Agriculture: DKK -74 million (2019: DKK -59 million)

- **Total management estimate of DKK 570 million (year-end 2019: DKK 303 million)**

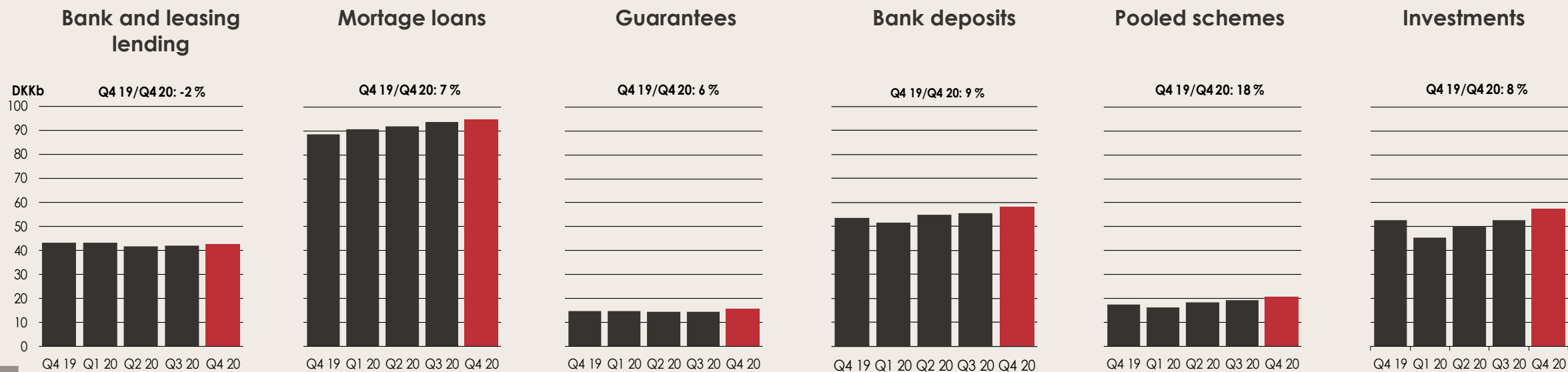
- COVID-19: DKK 320 million
 - Hereof private: DKK 130 million
 - Hereof corporate ex. agriculture: DKK 190 million
- Agriculture (land prices): DKK 147 million
- Model uncertainty: DKK 103 million

Impairments and impairment percentage



Total business volume at record level

- At year-end, total business volume amounts to DKK 291.3 billion – DKK 18.9 billion (7%) higher than end-2019
- Positive trend in total credit distribution
 - Bank and leasing lending down 0.7 billion (2%) after declined lending to corporate customers - distribution of mortgage loans has grown by DKK 5.9 billion (7%)
- Continued growth in deposits and pooled pension savings
 - Bank deposits are up DKK 4.8 billion (9%) and deposits in pooled schemes are up DKK 3.1 billion (18%)
- Customers' invested assets grew DKK 4.5 billion (8%)



Very solid capital position

- **Capital ratios**

- CET1: 17.2 (strategic target: 13.5)
- Own funds ratio: 21.0 (strategic target: 17.5)

- **Individual solvency requirement of 9.9% and combined buffer requirement of 3.5%**

- Excess coverage of 7.6 percentage points or 4.2 billion

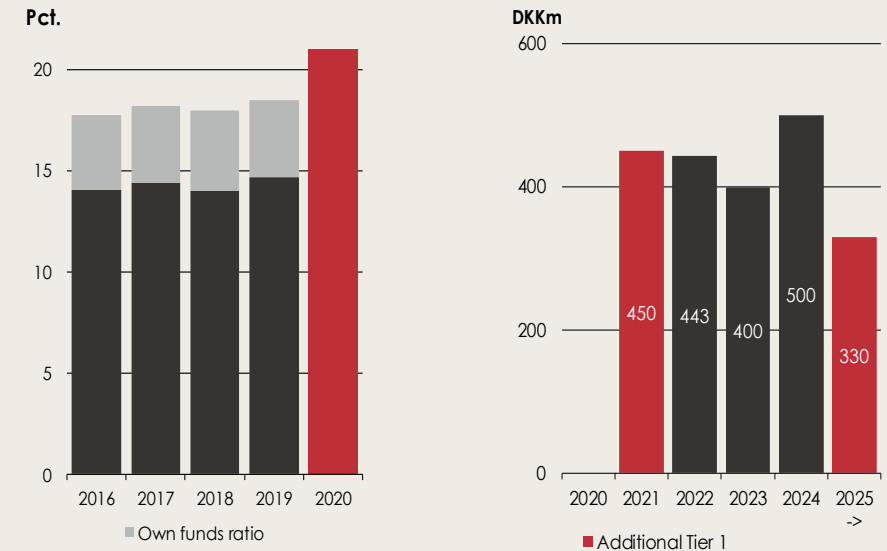
- **Own funds ratio increased by 0.6 percentage points in Q4 primarily attributable to consolidation and reduced dividends, while risk exposure is unchanged**

- Payment of dividends proposed at DKK 1.50 per share (payout ratio of 25%)
- Unchanged REA despite increasing lending and guarantees is due to a shift in asset composition as well as increased collateral for mortgages on real estate

- **Capital ratios with IFRS9 effect fully phased-in**

- CET 1: 16.5
- Own funds ratio: 20.4

Own funds ratio and subordinated capital



Capital base

Pct.	2020	2019	2018	2017
Common equity Tier 1 capital ratio	17.2	14.6	14.0	14.4
Additional Tier 1	1.4	1.5	1.6	1.7
Deductions in additional Tier 1	0.0	0.0	0.0	-0.1
Tier 1 capital ratio	18.6	16.1	15.6	16.0
Tier 2 capital	2.4	2.3	2.4	2.3
Deductions in own funds	0.0	0.0	0.0	-0.1
Own funds ratio	21.0	18.5	18.0	18.2

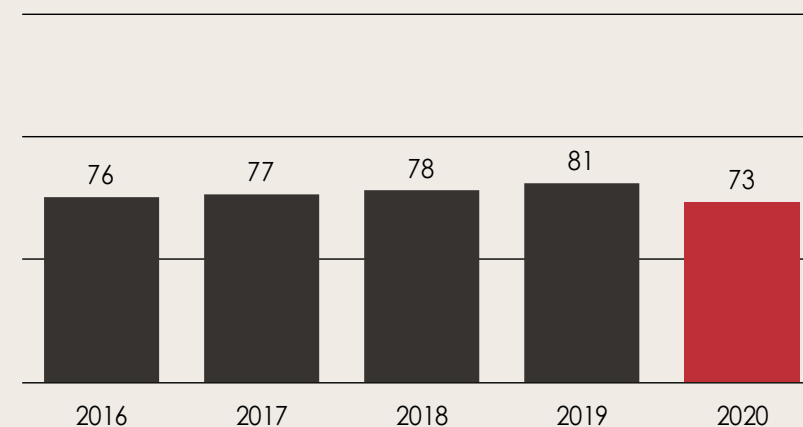
Increased deposits contribute to strategic liquidity of DKK 30.0 billion

- **Strategic liquidity strengthened by DKK 6.6 billion in 2020**
 - Higher deposits combined with slightly lower lending
- **Per 31 December 2020, LCR stands at 241%**
- **Regular considerations related to need and timing of issuing additional MREL capital during 2021**
 - Excess capital coverage to MREL requirement of 6.2 percentage points end 2020
 - Phase in of MREL requirements per 1 July 2021 is challenged by the BankNordik transaction

Strategic liquidity

DKKb	2020	2019	2018
Deposits, banking activities	58.1	53.3	50.8
Seniorfunding	2.7	2.6	0.0
Core capital and sub. capital	11.7	11.1	10.6
Stable long term funding	72.5	67.0	61.3
Loans, banking and leasing activities	42.5	43.2	39.6
Maturity < 1 year	0.0	0.4	0.0
Liquidity target	30.0	23.4	21.8

Pct. Loan to deposit ratio*



* Banking and leasing lending relative to bank deposits

Acquisition of Danish retail business from BankNordik

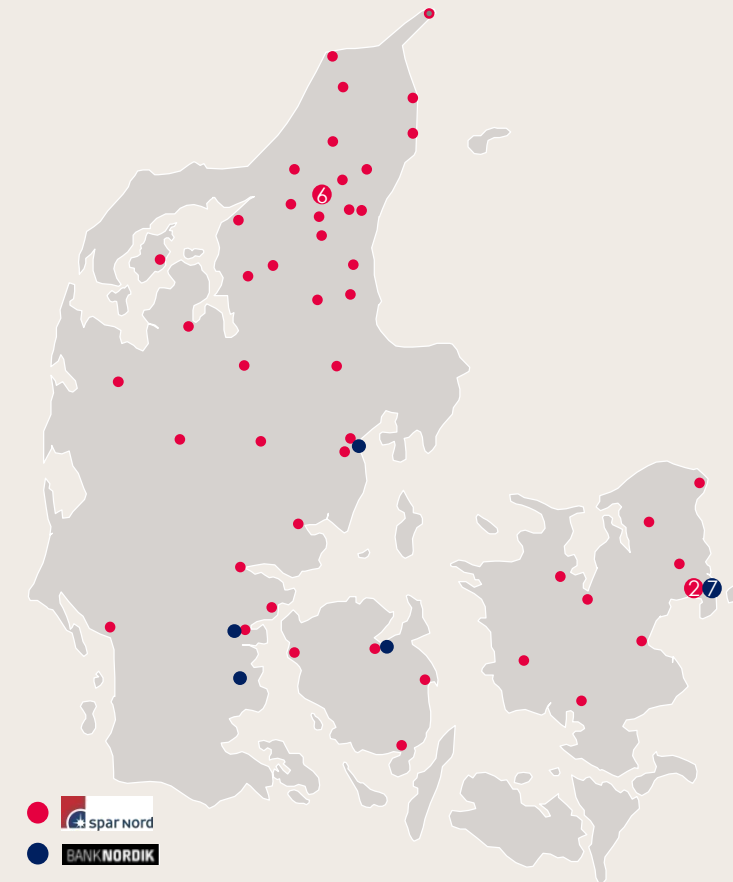
Financial data

- Spar Nord expects only a modest contribution from the acquired business to the Bank's core earnings before impairment in 2021
- From 2022, the acquired portfolio is expected to contribute core earnings before impairment of around DKK 110 million
- The total use of capital at the transaction amounts to some DKK 700 million. Goodwill of DKK 255 million and allocated capital from REA of DKK 375 are the largest items
- Overall, the acquisition is expected to reduce the Bank's capital ratios by around 1.5 percentage point
- ROE on the acquired business is expected at around 11%
- Credit distribution and deposits by geography:

DKKb	Bank loans	Mortgage	Total credit distribution	In pct.
Greater Copenhagen	1.4	6.7	8.2	61%
Other branches	0.8	4.4	5.2	39%
Sum	2.3	11.1	13.3	100%

DKKb	Deposits	In pct.
Greater Copenhagen	2.6	44%
Other branches	3.2	56%
Sum	5.8	100%

Total branches after acquisition



Guidance for 2021

- **Core income expectations**

- Recovering volume growth – including growth in corporate lending as a result of partial phasing out of relief packages
- Continued but reduced pressure on lending margin offset by effects from initiatives taken on deposit repricing
- Continued activity within re-mortgaging and trading of houses – together with growing volume within asset management products
- Effects of initiatives taken on fee-structure

(The additional impact from the acquisition of BankNordik's Danish business is expected to be around DKK 210 million)

- **Cost expectations**

- Decline in staff costs from reduced headcount and one-offs in 2020
- Continued structural pressure on IT expenses – mostly attributable to operation expenses for data processing centre
- Costs from start-up of three new branches - Herlev, Solrød Strand and Korsør
- General cost containment in other areas e.g., marketing and travel

(On the cost side, the impact of the acquisition of Bank Nordik's Danish business is expected around DKK 130 million, on top of which come one-off expenses to the tune of DKK 60 million)

- **Core earnings before impairments expected to be in the range of DKK 1,100-1,300 million**

- Impairment of loans expected to be slightly lower than in 2020

- **Profit after tax expected to be in the range of DKK 650-850 million**