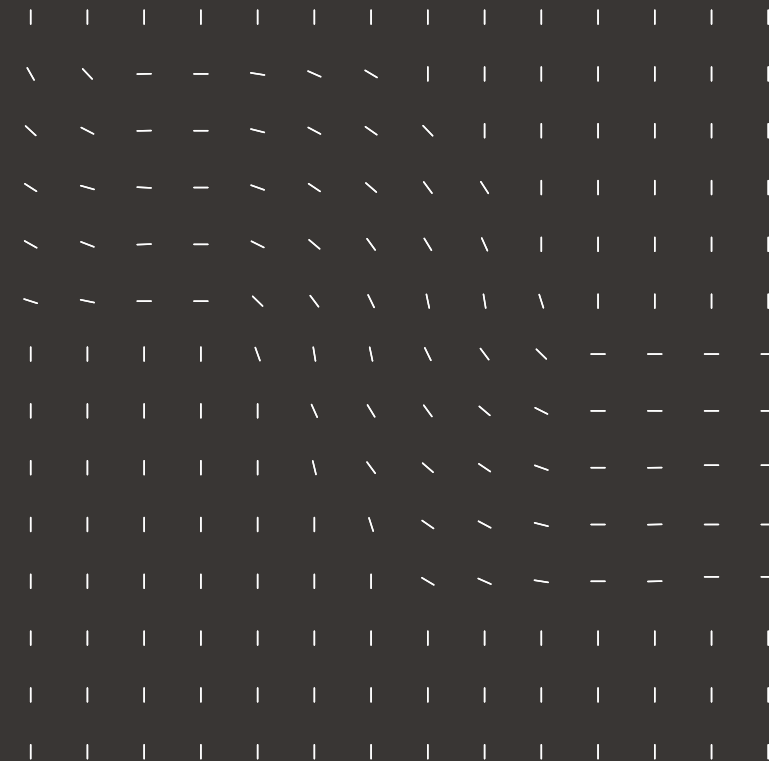


Presentation of Spar Nord's financial results for 2022

Lasse Nyby, CEO
9 February 2023



Net profit of DKK 1,417 million and ROE of 12.5%

Headlines from the income statement

- Net interest income grows 16% (y/y) due to rising interest rates, growth in loans and deposits volumes
- Net fee income increases by 10% (y/y) driven by high customer activity
- Positive market-value adjustments from sector shares and exchange rate gains while value adjustments from equities and bonds for the full year resulted in an overall loss
- Costs increase 4% due to higher IT costs, other costs items normalized following COVID-19 and collective wage increase
- Loan impairments of DKK 78 million in 2022, where management estimate was increased by DKK 38 million compared to year-end 2021
- Total business volume of DKK 349 billion at end of 2022
 - Continued growth in bank loans and leasing which increases DKK 6.2 billion or 13% (y/y)
- Solid capital position allows for distribution of 60% of net result in 2022 in form of ordinary dividend of DKK 4.5 per share and share buyback of DKK 300 million

SPAR NORD BANK DKKm	Realized 2022	Realized 2021	Index	Realized Q4 2022	Realized Q3 2022	Index
Net interest income	2,011	1,736	116	627	499	126
Net fees, charges and commissions	1,689	1,541	110	410	428	96
Market-value adjustments and dividends	323	407	79	265	65	-
Other income	122	133	91	41	29	139
Core income	4,145	3,818	109	1,342	1,021	131
Staff costs	1,384	1,346	103	360	320	113
Operating expenses	953	890	107	249	232	107
Costs and expenses	2,338	2,237	104	610	552	111
Core earnings before impairment	1,808	1,581	114	732	470	156
Impairments of loans and advances	78	-120	-	57	22	-
Profit before tax	1,730	1,701	102	675	447	151
Tax	313	333	94	127	86	148
Profit	1,417	1,368	104	548	361	152

Net interest income up by 16%

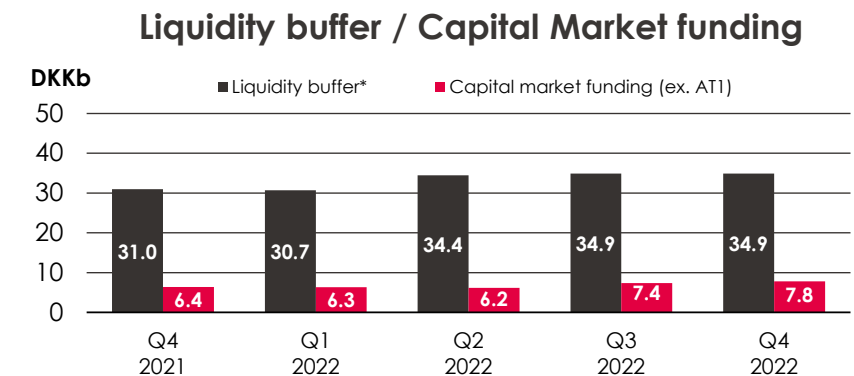
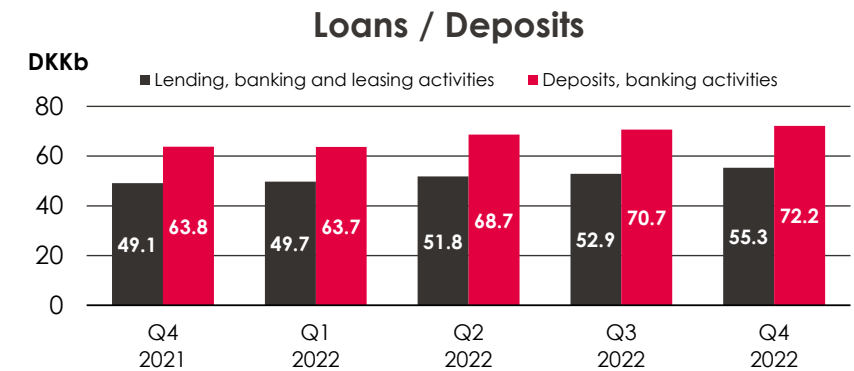
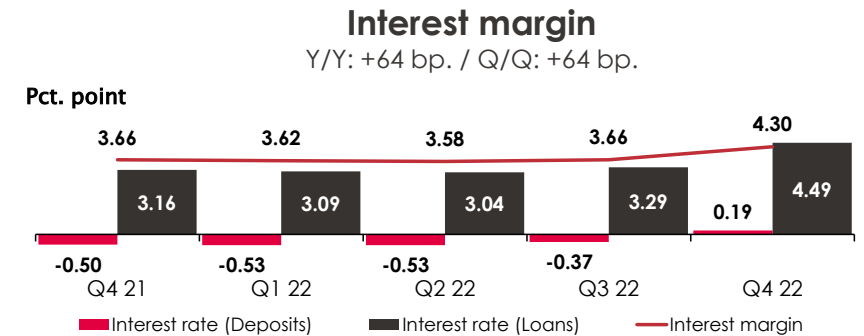
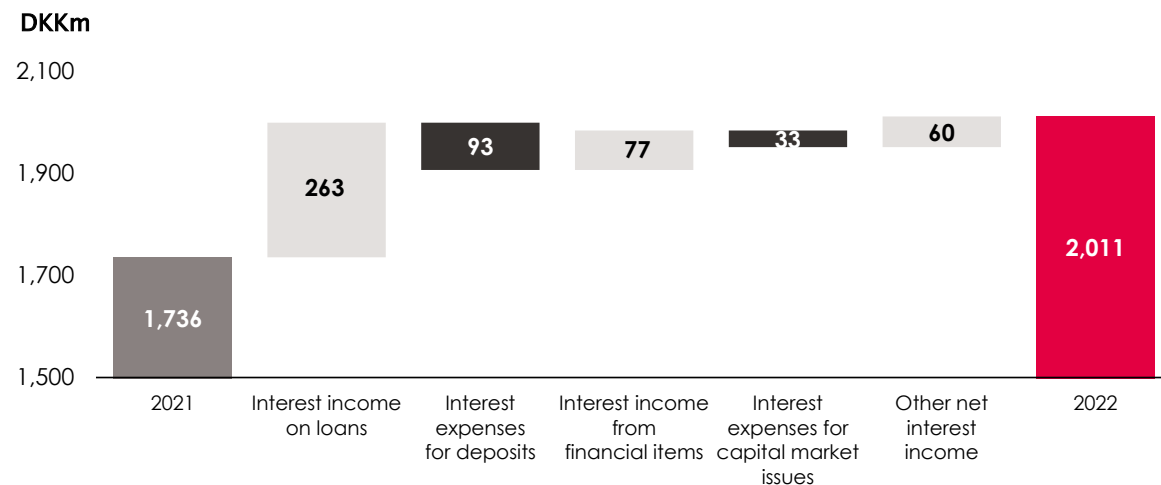
- **Net interest income amounted to DKK 2,011 million versus DKK 1,736 million last year**

- Rise in policy and market rates and implementation of interest rate changes
 - Central Bank's certificate of deposit rate has been raised by 2.35 percentage points to 1.75% end of 2022
 - Cibor3 has increased by 2.73 percentage points to 2.45% end of 2022
- Growth in deposits and loans, and increase in average interest margin

- **Total lending of DKK 55.3 billion – y/y increase of DKK 6.2 billion (13%)**

- Lending to corporates and SMEs has grown DKK 2.9 billion
- Leasing business has grown DKK 1.4 billion
- Lending to private customers up by DKK 1.8 billion
- Lending to public-sector customers up by DKK 0.1 billion

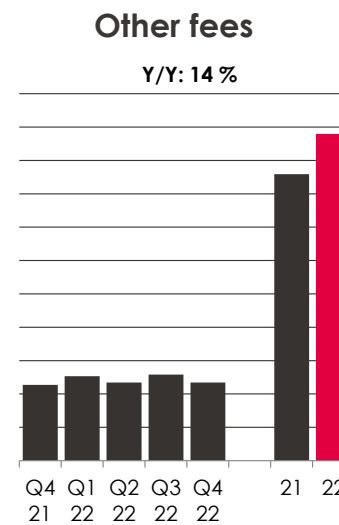
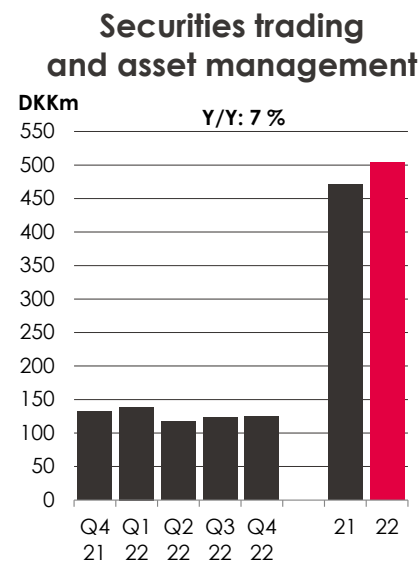
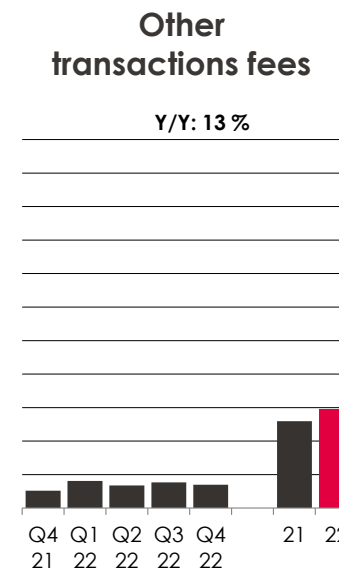
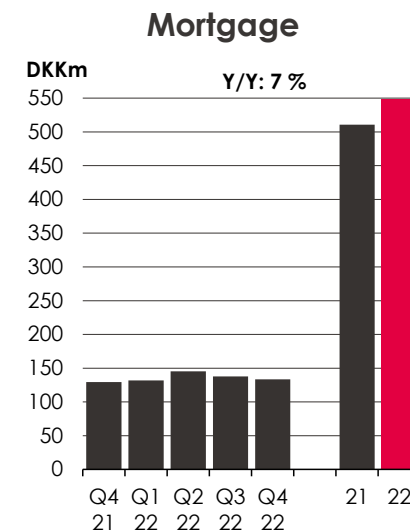
- **Interest bearing assets of DKK 90 billion versus interest bearing liabilities of DKK 80 billion**



* Central bank assets, bond portfolio and lending, reverse repo transactions

Net fee income increases by 10%

- **Net fee income amounted to DKK 1,689 million versus DKK 1,541 million in 2021**
 - Income from mortgage distribution grew by 7% due to an average higher volume and high remortgaging activity
 - Other loan transactions fees up by 13%. In Q1-Q3 2022, remortgaging activity above the level from 2021, but a decrease in housing transactions in H2 2022
 - Securities trading and asset management grew by 7% follow solid growth in AUM in recent years and a continued high activity within securities trading
 - Fee income from payments, insurance sales etc. up by 14% due to higher net fees from payment services and cards, insurance and pension and adjustments of the Bank's fee structure



Positive market value adjustments from sector shares and customer activity

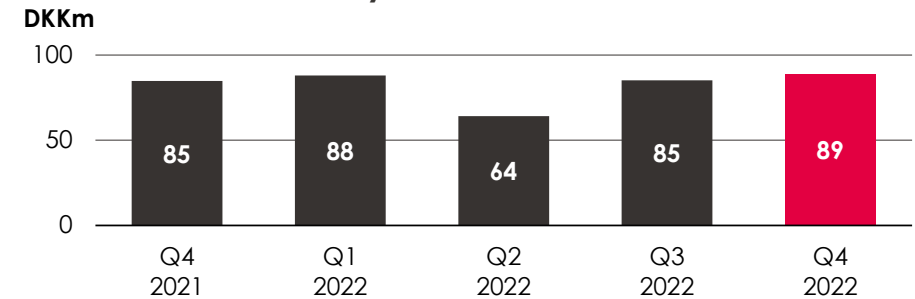
- **Market-value adjustments and dividends amounted to DKK 323 million versus DKK 407 million in 2021**

- Satisfactory market value adjustments from customer activity and business volume of DKK 326 million in 2022
 - Market value adjustments and dividends on the portfolio of strategic shares in the financial sector of DKK 232 million – on par with last year
 - Market value adjustments from currency trading and exchange rate gains amounted to DKK 94 million driven by high customer activity in 2022
- Market value adjustments on equities and bonds were DKK -3 million in 2022
 - In the Trading Division, market value adjustments on equities were DKK -33 million while bonds were DKK 29 million in 2022

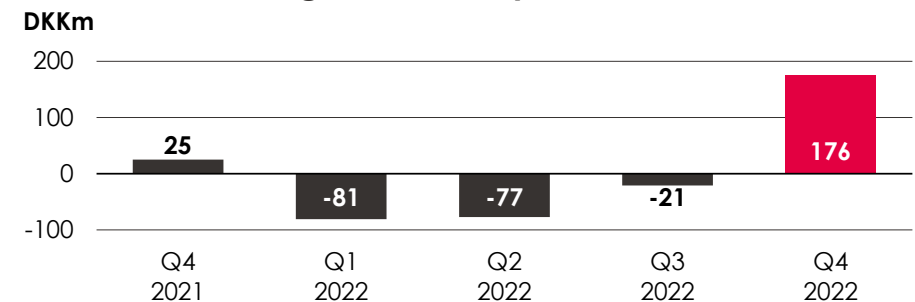
- **From Q3 2022 to Q4 2022 market value adjustments increased from DKK 65 million to DKK 265 million**

- Higher market value adjustments on equities and bonds – increase from DKK -21 million in Q3 2022 to DKK 176 million in Q4 2022

Market value adjustments from customer activity and business volume



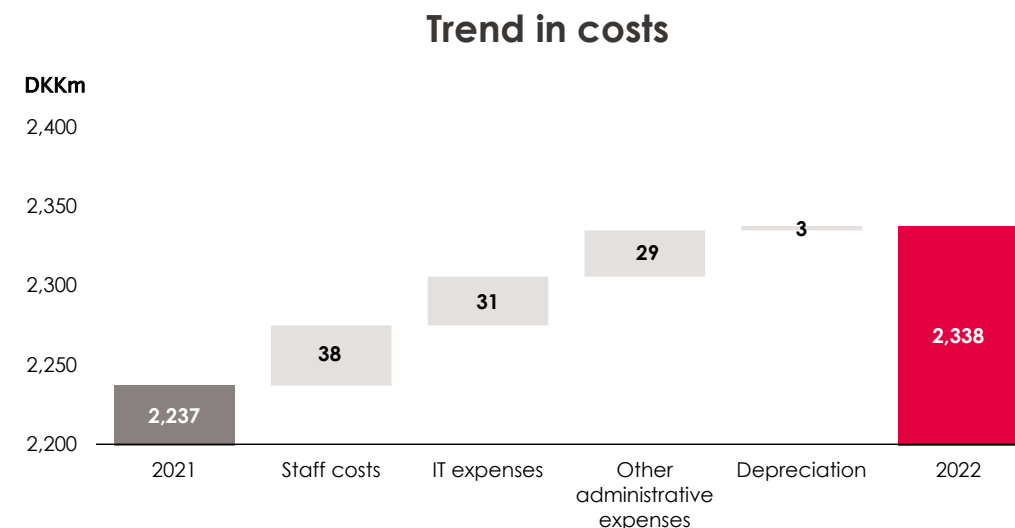
Trading Division, equities and bonds



DKKm	2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	2022
Tangible assets incl. dividends	234	64	40	63	65	232
Currency trade and -agio	85	24	24	22	24	94
Market value adjustments from customer activity and business volume	320	88	64	85	89	326
Market value adjustments, equities	70	-17	-24	-1	9	-33
Market value adjustments, bonds	17	-64	-53	-20	166	29
Market value adjustments in Trading Division	88	-81	-77	-21	176	-3
Total market value adj. and dividends	407	7	-14	65	265	323

Costs increases by 4%

- **Total costs amounted to DKK 2,338 million versus DKK 2,237 million in 2021**
 - 2021 was affected by one-off costs of DKK 40 million related to the integration of BankNordik's Danish business
- **Payroll costs increases by DKK 38 million (3%)**
 - 1,644 employees by end of 2022, which was 36 more than at end of 2021
 - The increase was mainly driven by the opening of new local banks and banking areas in 2022
- **Operating expenses up by DKK 63 million (7%)**
 - Rise in IT costs owing to the expiry of a fixed-price agreement with BEC and a greater business volume relating, among other things, to the acquisition of BankNordik's Danish business
 - Several other cost items (travel-, marketing- and other costs) were also higher than in the year-earlier period, which was affected by COVID-19
- **Cost/Income Ratio of 0.56 – better than strategic target of 0.65**
 - Cost/Income Ratio in 2021: 0.59



Breakdown on cost types

Operating expenses (DKKm)	2022	2021	Change
Staff-related expenses	46	40	6
Travel expenses	16	10	5
Marketing costs	65	58	6
IT expenses	544	513	31
Cost of premises	61	53	8
Other administrative expenses	123	120	3
Depreciation	98	96	3
Operating expenses	953	890	63

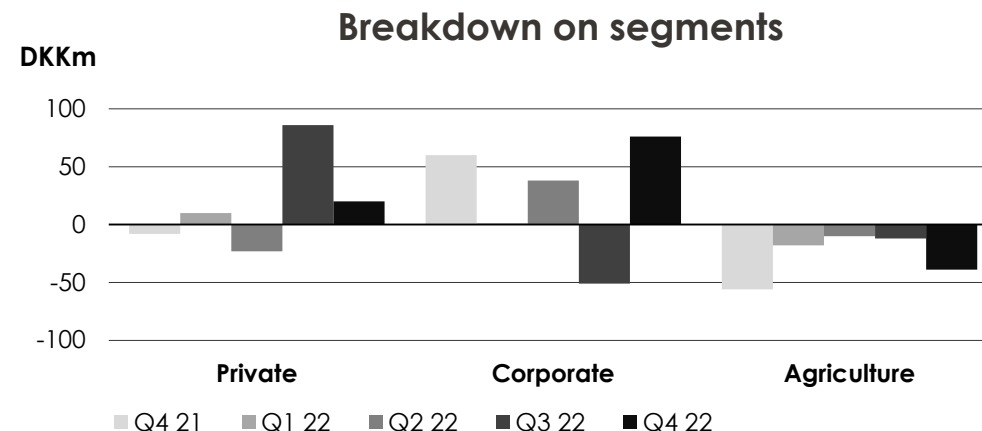
Impairment charges of DKK 78 million

- **Loan impairments amounted to DKK 78 million against DKK -120 million in 2021**

- Continued decline in the number of exposures flagged for OEI and improved credit quality resulted in lower impairment charges and stage 3 management estimates of DKK 238 million
- Increase in model-calculated impairment charges and management estimates in stages 1 and 2 of DKK 312 million due to more negative macroeconomic variables related primarily to retail customers and updated assumptions and expectations for the impacts of rising inflation and interest rates, declining economic growth and falling housing prices
- Impact on profits breaks down into DKK -79 million attributable to agricultural customers, DKK 64 million to corporate customers (ex. agriculture) and DKK 93 million to private customers

- **At the end of 2022, total management estimate was DKK 574 million**

- Broken down into DKK 314 million on private customers and DKK 260 million on corporate customers
- "Inflation, low growth and housing prices" of DKK 434 million related to:
 - Stress of private customers with natural gas or electricity as a heating source
 - Stress of both private and corporate customers in the lowest rating groups
 - Stress of all customers' PD level with the expectation that this will increase in the coming months
 - Stress of housing prices and leasing assets



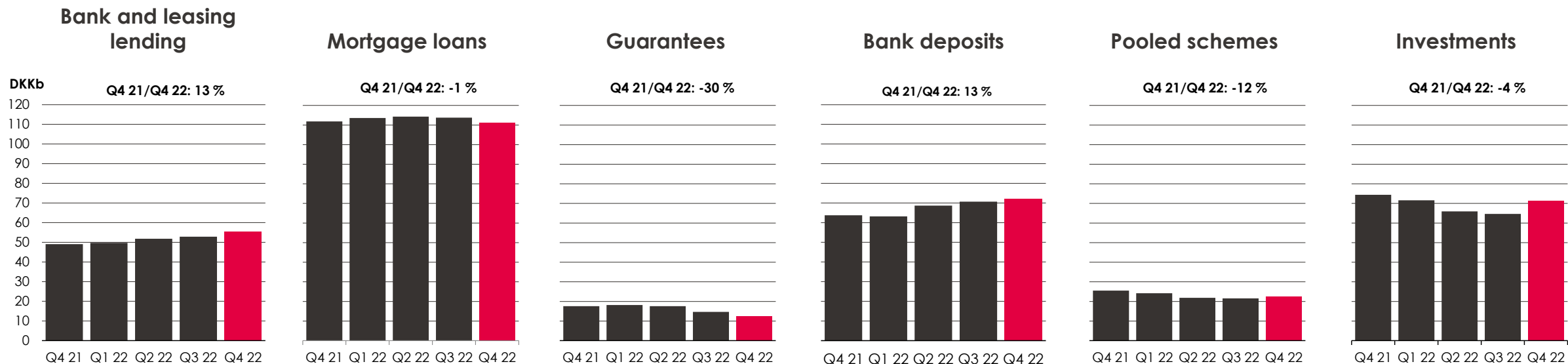
Impairments by type (DKKm)	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Management estimates	536	540	526	576	574
Model-calculated impairments	295	329	411	436	469
Management estimates and model-calculated impairments	831	869	937	1,012	1,043
Individual impairments	760	740	662	614	623
Total impairments	1,591	1,609	1,598	1,626	1,666

DKKm	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Inflation, low growth and housing prices	65	243	279	317	434
COVID-19	295	150	85	84	0
Agriculture, land prices	105	101	98	86	41
Model uncertainty etc.	71	46	64	89	98
Total management estimates	536	540	526	576	574

Growth in total business volume of 1% (y/y)

- Underlying growth in bank and leasing lending of 13%

- End of 2022, total business volume amounts to DKK 349 billion – DKK 2.5 billion (1%) higher than end of 2021
- Continued positive trend in credit distribution
 - Bank and leasing lending were up by DKK 6.2 billion (Private: DKK 1.8 billion / Corporate: DKK 4.4 billion) while distribution of mortgage loans declined by DKK 0.8 billion
 - Total facilitation of mortgage loans from Totalkredit amounted to DKK 100.0 billion
 - Bank and leasing loans amounted to DKK 55.3 billion
- Deposit growth – but decline in pooled pension savings
 - Bank deposits were up DKK 8.4 billion (Private: DKK 2.6 billion / Corporate: DKK 5.8 billion) while deposits in pooled schemes were down DKK 3.1 billion
- Customers' invested assets were down by DKK 3.1 billion



Unchanged solid capital position

- **Capital ratios**

- CET1: 16.4 (strategic target: 13.5)
- Own funds ratio: 20.9 (strategic target: 17.5)

- **Individual solvency requirement of 9.8% and combined buffer requirement of 5.5%**

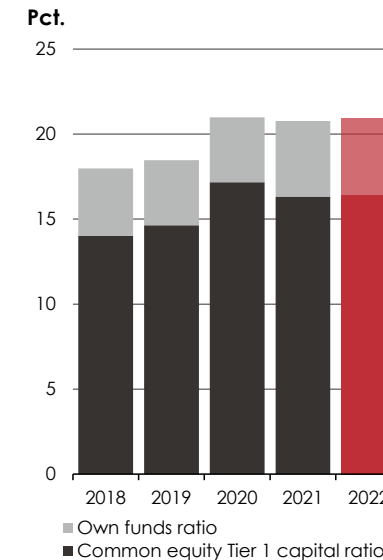
- Excess coverage of 5.5 percentage points or DKK 3.3 billion

- **CET1 and own funds ratio increased by 0.1 percentage points compared to year-end 2021**

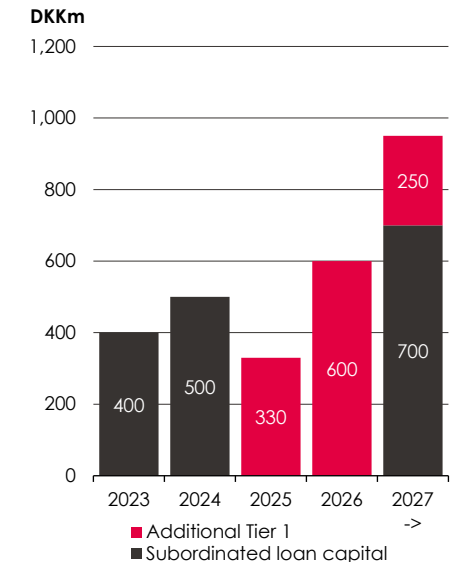
- Own funds strengthened by DKK 104 million while total risk exposure is unchanged compared to year-end 2021
- Risk exposure for credit risk was increased by DKK 0.1 billion
 - + Growth in business volume within retail and business customers
 - + Investment of mortgage bonds for DKK 6.7 billion in the banking book
 - ÷ Substantial reduction in guarantees for retail customers
- Risk exposure for market risk was reduced by DKK 0.2 billion
 - ÷ Reduction of the Bank's share portfolio
 - ÷ Investment of mortgage bonds in the banking book

- **On the basis of 2022, distribution of 60% of net result in 2022 is set in form of ordinary dividend of DKK 4.5 per share and share buyback of DKK 300 million**

Capital ratios



Maturity profile for subordinated debt



Pct. / DKKm	Q4 2022	Q3 2022	2021	2020
Common equity Tier 1 capital ratio	16.4	15.7	16.3	17.2
Additional Tier 1	1.9	1.9	1.9	1.4
Tier 1 capital ratio	18.4	17.6	18.3	18.6
Tier 2 capital	2.6	2.6	2.5	2.4
Own funds ratio	20.9	20.2	20.8	21.0
Total Risk Exposure	60,463	60,885	60,479	54,865
Of which Credit Risk	50,063	50,626	50,165	45,277
Of which Market Risk	3,901	3,759	4,140	3,994
Of which Operational Risk	6,499	6,499	6,174	5,594

Comfortable coverage for MREL requirement

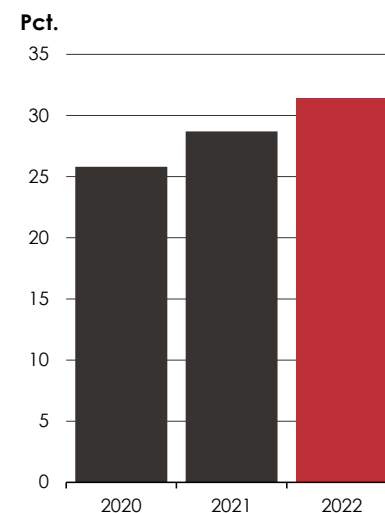
- **MREL and combined buffer percentage was 31.4% which is 2.7 percentage points higher than end of 2021**

- Additional MREL capital for DKK 1.7 billion was issued in Q4 2022:
 - Senior Preferred
 - DKKK 750 million with term of 2.5NC1.5 and floating coupon of 3m CIBOR + 120 bps.
 - Senior Non-Preferred
 - SEK 650 million with term of 6NC5 and floating coupon of 3m STIBOR + 300 bps.
 - NOK 724 million with term of 6NC5 and floating coupon of 3m NIBOR + 300 bps.

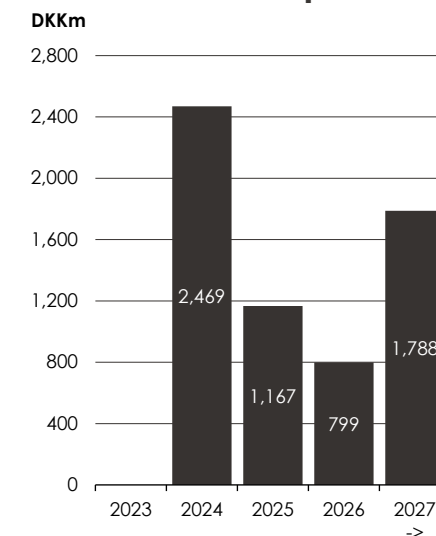
- **Excess coverage, MREL requirement of 5.5% by year-end 2022**

- The Danish FSA's phasing in of the remaining part of MREL requirement towards the beginning of 2024:
 - 10% was phased in on 1 January 2023
 - 10% phased in on 1 January 2024
- MREL and combined buffer requirement expected at about 29% when fully phased in
 - Assuming a countercyclical buffer of 2.5%
- With due consideration to ensuring an even maturity structure and the current opportunities and prices of issues, Spar Nord regularly considers the need for, and timing of, issuing additional MREL capital. In 2023, Spar Nord expects to issue MREL capital for up to DKK 2 billion mainly to prepare for a fully phased-in MREL requirement on 1 January 2024

MREL and combined buffer percentage



Maturity profile for MREL capital



* MREL capital is shown with a minimum of 1 year to contractual maturity

MREL requirement and -coverage

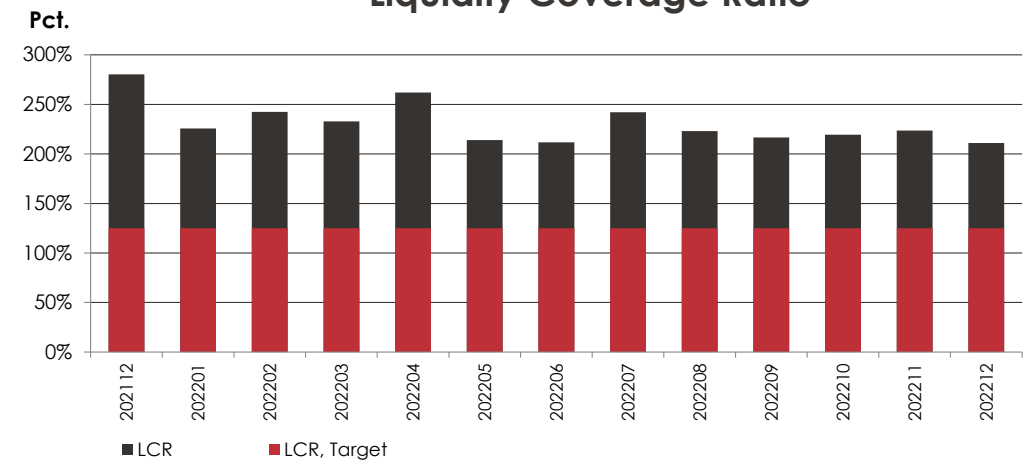
DKKb	Q4 2022	Q3 2022	2021	2020
Own funds	12.7	12.3	12.6	11.5
MREL capital	6.2	5.4	4.8	2.7
Deduction – separate combined buffer requirement	-3.3	-2.7	-2.1	-1.9
Total MREL-eligible liabilities	15.6	15.0	15.3	12.3

Pct.	Q4 2022	Q3 2022	2021	2020
MREL and combined buffer percentage	31.4	29.2	28.7	25.8
MREL and combined buffer requirement	25.9	24.6	23.6	19.6
Excess coverage, MREL requirement	5.5	4.7	5.1	6.2

Strong liquidity and funding

- **End of 2022, LCR stood at 211%**
 - Statutory requirement at 100% / Bank's own target at 125%
- **End of 2022, NSFR stood at 127%**
 - Statutory requirement at 100% / Bank's own target at 105%
- **End of 2022, deposits excluding pooled schemes amounted to 76% of the Bank's total funding**

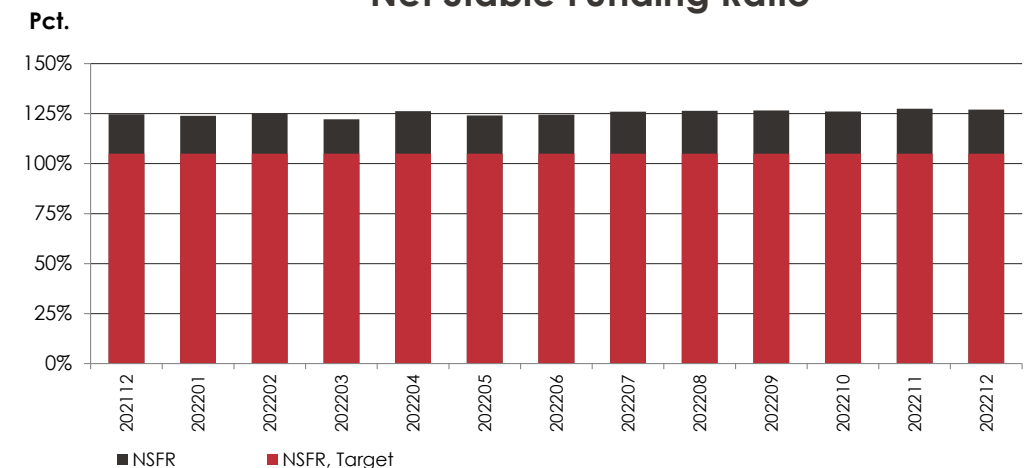
Liquidity Coverage Ratio



Funding profile

DKKb	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Money market funding	2.5	2.9	2.4	2.5	2.1
Deposits excluding pooled schemes	63.8	63.7	68.7	70.7	72.2
Issued bonds	4.8	4.8	4.6	5.4	6.2
Tier 2 capital and AT1 capital	2.7	2.7	2.7	3.2	2.8
Shareholders' equity	10.7	10.7	10.6	10.8	11.3
Total funding	84.5	84.8	89.0	92.5	94.5

Net Stable Funding Ratio



Corporate social responsibility and ESG



- **Selected milestones from the work with Spar Nord's five prioritised ESG efforts**

- Energy-friendly loan products and Digital Investment Guide
 - By the end of 2025, 80% of all new car loans must be for electric or plug-in hybrid vehicles (Realized at 57% by end of 2022)
 - Launch of extended Digital Investment Guide (DIG) to identify customers' sustainability preferences prior to making an investment
- Improved ESG capabilities
 - Ensures that all employees gain an insight into ESG, the UN SDGs and sustainability generally in relation to the financial sector
- CO2e action plans
 - Spar Nord has set specific targets for reducing its CO2e footprint for lending and investment activities in 2025 and 2030
 - Spar Nord's action plans and targets are consistent with the recommendations from Finance Denmark's Forum for Sustainable Finance

- **Spar Nord has an ESG rating of "Low Risk" by Sustainalytics (improved ESG-score from 18.6 year-end 2021)**



Strategy and targets 2023-25



Strategic targets 2023-25

Return on equity

> 11 %

after tax

Cost/Income Ratio

< 55

Dividend

40-60 %

of profit for the year

Mitigating actions part of Local Bank Model



The local-bank model was inspired by the franchise concept, in which strongly anchored local ownership is the driver of customer value and business volume



Financial guidance for 2023

- **Core income expectations**

- Growth in deposits, lending and in total business volume due to sustained organic growth, enhanced strategic focus on business customers and continuing growth in the Bank's leasing business
- Strong increase in net interest income in 2023 owing to interest rate developments in 2022 and expectations of additional rate hikes in the first half of 2023 – driven by a much better return on the Bank's excess liquidity, increase in lending rates and widening of the deposit margin
- Maintained level of net fee income – primarily owing to continuing organic growth and strong customer activity driven by improved distribution capabilities through the establishment of new branches
- Higher market value adjustments and dividends than in 2022 when value adjustments on the Bank's proprietary portfolio of shares and bonds resulted in an overall loss

- **Cost expectations**

- Increase in payroll costs driven by a higher average headcount and pay increases in accordance with collective agreements
- Increase in IT costs – primarily linked to the Bank's data processing centre
- Increase in other operating expense items due to the higher level of inflation

- **Core earnings before impairments expected to be in the DKK 2.3-2.7 billion range**

- **Loan impairment charges expected to be higher than in 2022**

- Due to uncertainty with respect to the socio-economic effects of rising inflation and interest rates, economic slowdown, falling housing prices and signs of rising unemployment

- **Profit after tax expected to be in the DKK 1.5-1.8 billion range**