Presentation of Spar Nord's financial results for 2023

Lasse Nyby, CEO
7 February 2024

Record high net profit of DKK 2,421 million and ROE of 19.7%

Headlines from the income statement

- Net interest income grows 76% (y/y) due to rise in rates and growth in loans and deposits volumes
- Net fee income decreases by 12% (y/y) due to lower level of activity within the house market, securities trading and assets under management
- Positive market-value adjustments from the Bank's equity and bond portfolio and strategic shares
- Costs increase 9% (y/y) due to continued investment in distribution capacity and higher IT costs
- Strong credit quality results in net reversal of loan impairments of DKK 33 million
- Growth in bank loans and leasing of DKK 2.2 billion or 4% (y/y)
- Continued strong liquidity and funding and solid capital position
  - Distribution of 69% of net result in 2023 in form of ordinary dividend of DKK 10 per share and share buyback of DKK 500 million

SPAR NORD BANK DKKm	Realized 2023	Realized 2022	Index	Realized Q4 2023	Realized Q3 2023	Index
Net interest income	3,538	2,011	176	947	957	99
Net fees, charges and commissions	1,493	1,689	88	355	361	98
Market-value adjustments and dividends	452	323	140	45	132	34
Other income	175	122	143	53	36	147
Core income	**5,658**	**4,145**	**136**	**1,400**	**1,486**	**94**
Staff costs	1,493	1,384	108	396	351	113
Operating expenses	1,057	953	111	294	256	115
Costs and expenses	**2,550**	**2,338**	**109**	**691**	**607**	**114**
Core earnings before impairment	**3,108**	**1,808**	**172**	**709**	**879**	**81**
Impairments of loans and advances	-33	78	-	-4	-25	-
Profit before tax	**3,141**	**1,730**	**182**	**714**	**904**	**79**
Tax	720	313	230	164	212	77
Profit	**2,421**	**1,417**	**171**	**550**	**693**	**79**

Financial guidance for 2024

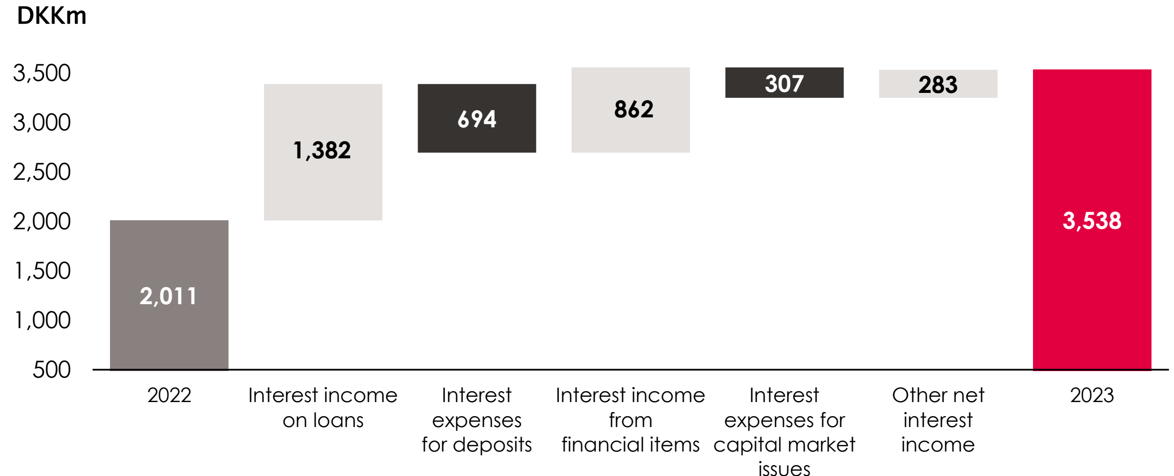
Spar Nord expects core earnings before impairment in the DKK 2.4 – 2.9 billion range and impairment charges at a level around 0.30% of loans, advances and guarantees

Profit after tax is subsequently expected to be in the DKK 1.7 – 2.1 billion range

Net interest income up by 76%

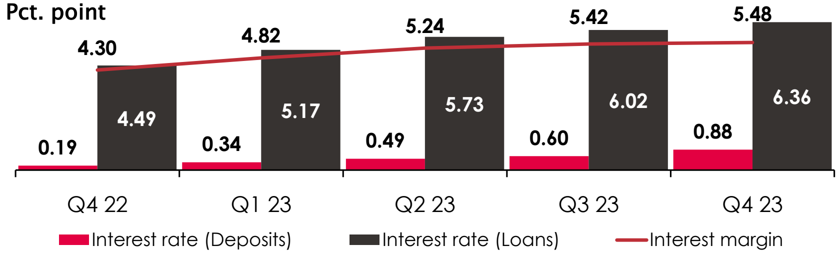
- **NII amounted to DKK 3,538 million versus DKK 2,011 million in 2022**
  - Net interest income relating to the placement of the Bank's excess liquidity increased by DKK 1,145 million due to rise in policy and market rates
    - The Central Bank's certificate of deposit rate has been raised by 1.85 percentage points to 3.60% end of 2023
  - Growth in deposits and loans, and markedly increase in average interest margin led to increase in net interest income from loans and deposits of DKK 688 million
    - Interest margin of 5.48% in Q4 2023 (+118 bp. compared to Q4 2022)
  - Net interest income in Q4 2023 was adversely affected in a total amount of DKK 27 million relating to erroneous collection of fees in the financing company Sparxpres

- **Lending growth of DKK 2.2 billion – y/y increase of 4%**
  - Lending to private customers up by DKK 2.7 billion (Bank mortgage loans up DKK 2.3 billion)
  - Leasing business has grown DKK 1.0 billion
  - Lending to corporates and SMEs down DKK 0.9 billion
  - Lending to public-sector customers down by DKK 0.6 billion

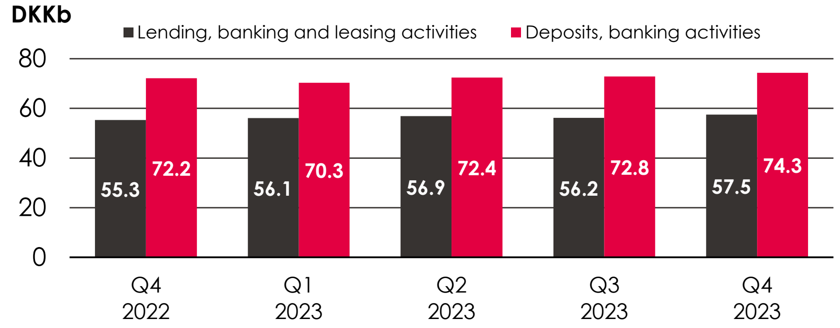


Interest margin

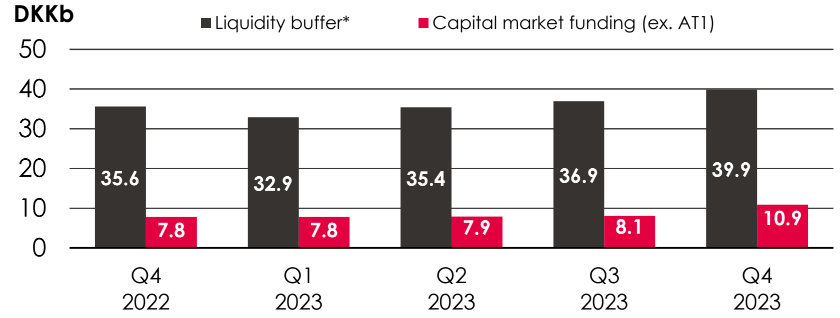
Y/Y: +118 bp. / Q/Q: +6 bp.



Loans / Deposits



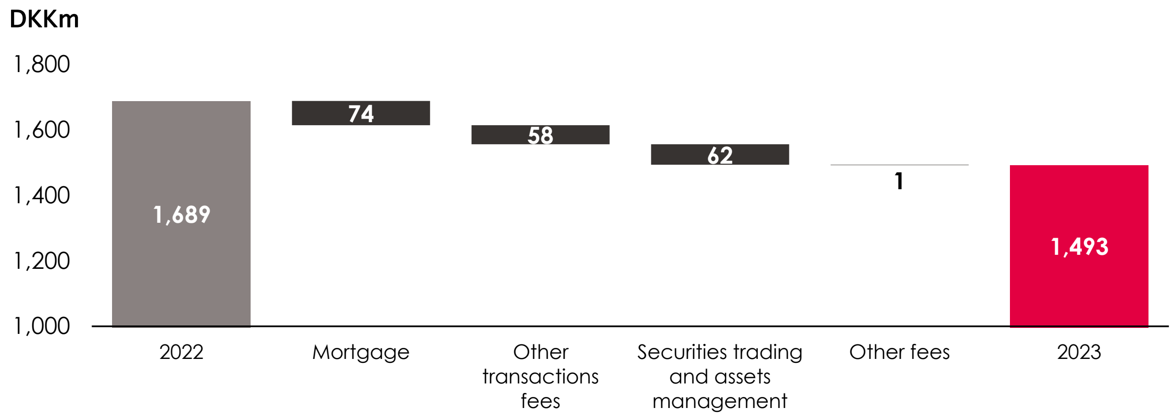
Liquidity buffer / Capital Market funding

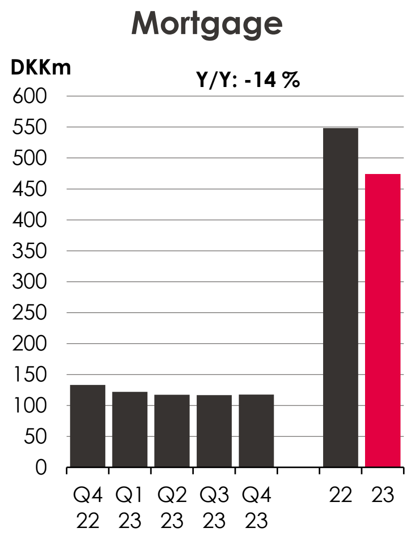


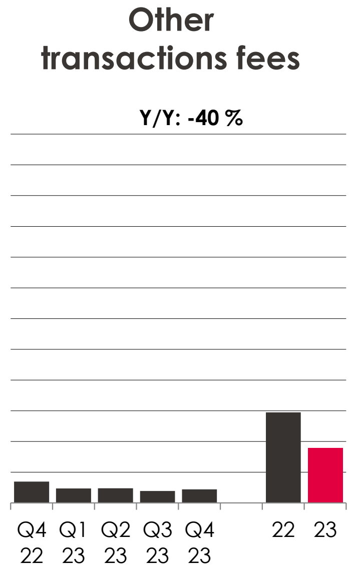
* Central bank assets, bond portfolio and lending, reverse repo transactions

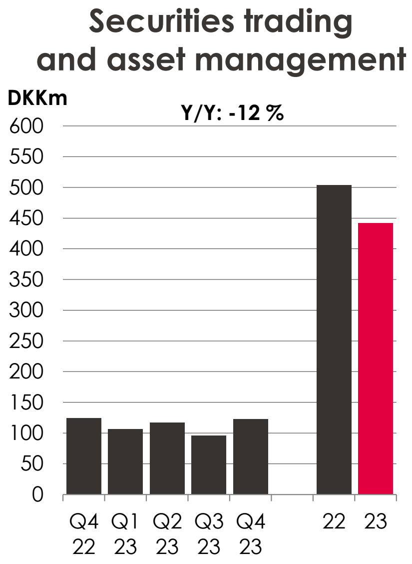
Lower activity driving decline in net fee income

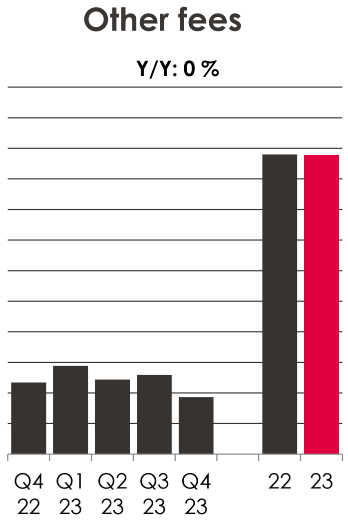
- **Net fee income amounted to DKK 1,493 million versus DKK 1,689 million in 2022**
  - Overall lower level of activity within the housing market, where especially remortgaging activity has been significantly below the level from the same period last year
  - Also decline in activity within securities trading and assets under management, where fee income was also negatively affected by last year's decline in volume within assets under management
  - Strong activity within payment services and cards, insurance and pension
    - Other fees were in Q4 adversely affected by an amount of DKK 26 million relating to erroneous collection of fees in the financing company Sparxpres











Market value adjustments up by 40%

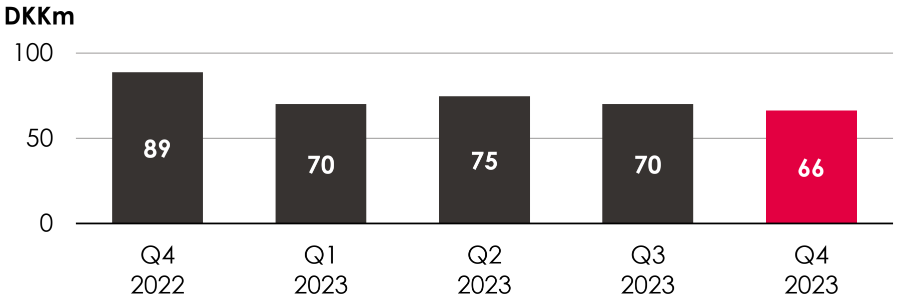
- **Market-value adjustments and dividends amounted to DKK 452 million versus DKK 323 million in 2022**

- **Market value adjustments from customer activity and business volume of DKK 281 million in 2023**
  - Market value adjustments and dividends on the portfolio of strategic shares in the financial sector of DKK 189 million – slightly lower than in 2022
  - Market value adjustments from currency trading and exchange rate gains amounted to DKK 92 million driven by satisfactory customer activity in 2023

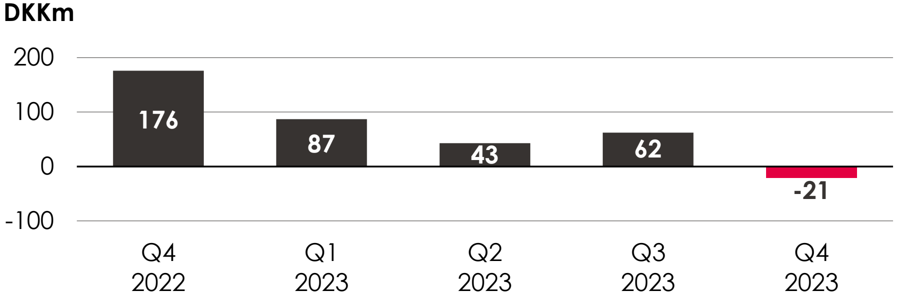
- **Market value adjustments on equities and bonds were DKK 171 million in 2023**
  - In the Trading Division, market value adjustments on bonds etc. were DKK 144 million while equities were DKK 27 million in 2023
  - Market value adjustments on bonds were primarily attributable to tightening of credit spreads in Q1 and Q3 2023

- **Entire bond portfolio is recognised at fair value**

Market value adjustments from customer activity and business volume



Trading Division, equities and bonds



DKKm	2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023
Tangible assets incl. dividends	232	46	51	48	44	189
Currency trade and -agio	94	24	23	22	23	92
Market value adjustments from customer activity and business volume	**326**	**70**	**75**	**70**	**66**	**281**
Market value adjustments, equities	-33	9	6	2	10	27
Market value adjustments, bonds, etc.	29	78	37	61	-31	144
Market value adjustments in Trading Division	**-3**	**87**	**43**	**62**	**-21**	**171**
Total market value adj. and dividends	**323**	**157**	**118**	**132**	**45**	**452**

Costs/income ratio down to 45

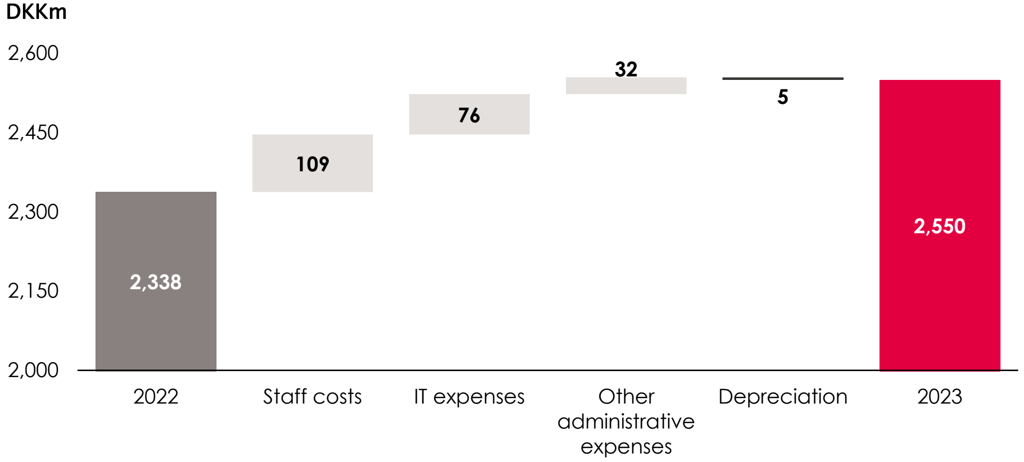
- **Total costs amounted to DKK 2,550 million versus DKK 2,338 million in 2022 (9%)**

- **Payroll costs increases by DKK 109 million (8%)**
  - 1,703 employees by end of 2023, which was 59 more than at end of 2022
    - The increase was mainly driven by recent years' opening of new local banks and banking areas on Zealand and within leasing and the Large Corporates area
  - Collective wage increases

- **Operating expenses up by DKK 104 million (11%)**
  - The increase in operating expenses was mainly due to higher IT costs relating to the Bank's data processing centre, BEC and other IT costs
  - Increase in Other administrative expenses, mainly with respect to the handling of cash funds

- **Cost/Income Ratio of 45 – well below the strategic goal of a Cost/Income Ratio below 55**
  - Cost/Income Ratio in 2022: 56

Trend in costs



Breakdown on cost types

Operating expenses (DKKm)	2023	2022	Change
Staff-related expenses	57	46	10
Travel expenses	20	16	4
Marketing costs	70	65	5
IT expenses	620	544	76
Cost of premises	59	61	-2
Other administrative expenses	138	123	15
Depreciation	94	98	-5
Operating expenses	**1,057**	**953**	**104**

Robust credit quality results in net reversal of impairment charges

- **Loan impairments amounted to DKK -33 million against DKK 78 million in 2022**
  - Individual impairments in stage 3 declined by DKK 72 million due to reduced number of exposures flagged for OEI and improved credit quality
  - Total increase in impairments in stage 1 and 2 and management estimates of DKK 79 million, whereof 88 was attributable to an underlying increase in management estimate
- Impact on profits breaks down into income of DKK 47 million from retail customers and an expense of DKK 14 million from business customers
  - Amounts recovered on previously impaired receivables contributed favorably to the amount of DKK 127 million to the total profit impact in 2023
- **At the end of 2023, total management estimate was DKK 662 million**
  - Broken down into DKK 389 million on corporate customers and DKK 273 million on private customers
  - By end of 2023, the previous management estimate concerning inflation, low growth and housing prices was divided into three separate estimates; cyclical downturn, commercial real estate and ESG:
    - DKK 375 million concerning cyclical downturn
    - DKK 155 million concerning commercial real estate
    - DKK 73 million concerning ESG
      - Related to the expected effects from the upcoming CO2 levy on agriculture and the transport industry

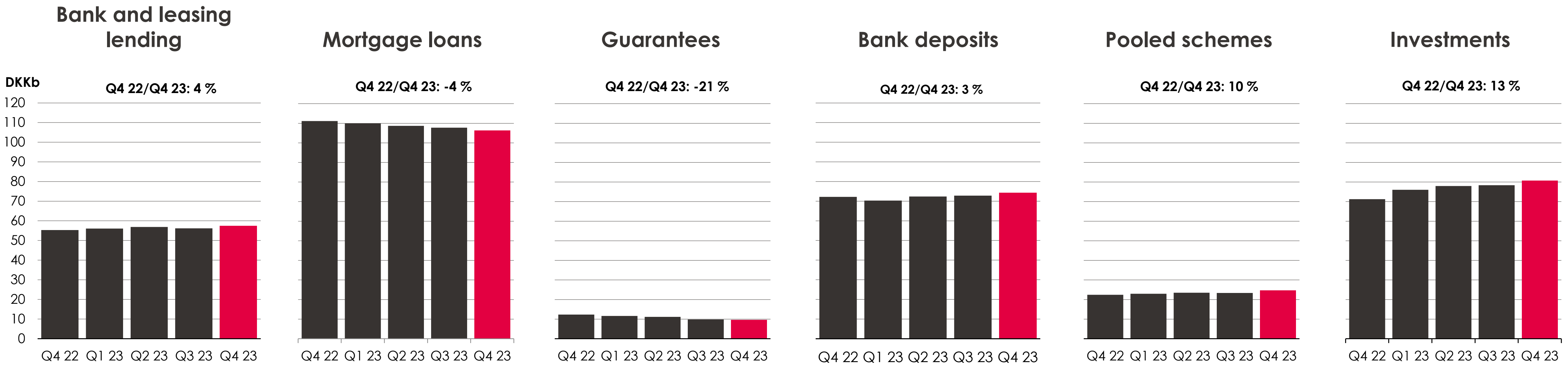
DKKm / pct.	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
- Impairments, private	20	-12	37	-37	-35
- Impairments, corporate	37	13	-42	12	31
Impairments of loans and advance:	**57**	**1**	**-5**	**-25**	**-4**
Impairment ratio	**0.1**	**0.0**	**0.0**	**0.0**	**0.0**

Impairments by type (DKKm)	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Management estimates	574	588	646	671	662
Impairments in Stage 1 and 2	469	472	473	497	460
Impairments in Stage 1 and 2 + Estimates	**1,043**	**1,060**	**1,119**	**1,169**	**1,122**
Impairments in Stage 3	623	608	569	543	551
Total impairments	**1,666**	**1,667**	**1,688**	**1,712**	**1,673**

DKKm	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Cyclical downturn	369	381	443	403	375
Commercial real estate	30	28	26	112	155
ESG	36	39	52	54	73
Model uncertainty etc.	98	102	92	79	59
Land prices	41	38	33	23	0
Total management estimates	**574**	**588**	**646**	**671**	**662**

Growth in total business volume of 3% (y/y)
- Underlying 4% growth in bank and leasing lending

- **End of 2023, total business volume amounts to DKK 358.2 billion – DKK 9.5 billion (3%) higher than end of 2022**
- **Growth in both bank and leasing lending and bank deposits**
  - Bank and leasing lending were up by DKK 2.2 billion (Private: DKK 2.7 billion / Corporate: DKK -0.5 billion)
  - Bank deposits grew DKK 2.1 billion (Private: DKK 2.8 billion / Corporate: DKK -0.7 billion)
- **Customers' invested assets were up DKK 9.5 billion while deposits in pooled schemes grew DKK 2.3 billion**
- **Decline in mortgage loans of DKK 4.8 billion and drop in guarantees of DKK 2.6 billion**
  - By end of 2023, total originated mortgage loans were DKK 106.3 billion

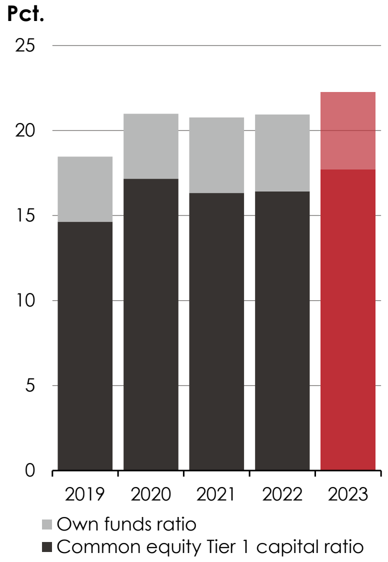


Solid capital coverage and distribution of 69%

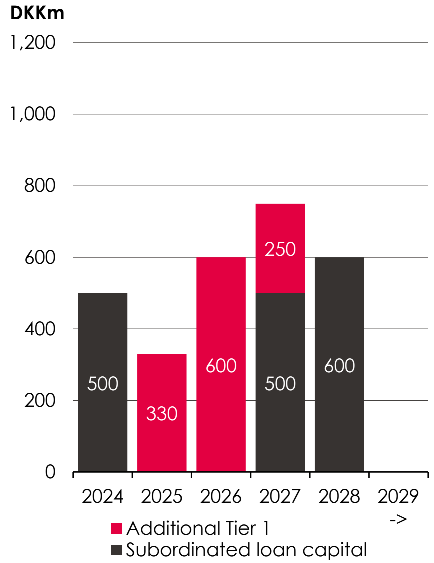
- **Capital ratios**
  - CET1: 17.7 (strategic target: 13.5)
  - Own funds ratio: 22.3 (strategic target: 17.5)
- **Individual solvency requirement of 9.8% and combined buffer requirement of 6.0%**
  - Excess coverage of 6.2 percentage points or DKK 3.8 billion
- **Compared with 2022, the Bank's CET1 ratio increased by 1.3 percentage point, while the own funds ratio was 1.4 percentage point higher**
  - Own funds increased by DKK 780 million from the recognition of the profit for the year less expected dividends
    - *DKK 10 per share in dividends equal to a total amount of DKK 1,205 million*
  - Total risk exposure declined DKK 0.1 billion compared to end 2022
- **On the basis of 2023, distribution of 69% of net result is set in form of ordinary dividend of DKK 10 per share and share buyback of DKK 500 million**
  - Deductions for the share buyback programme are expected to reduce Spar Nord's capital ratios by 0.9 of a percentage point at the end of Q1 2024

	2023	2022	2021	2020	2019
Dividend per share (DKK)	10.0	4.5	5.0	1.5	0.0
Share buyback (DKKm)	500	300	225	-	-
Payout ratio	**69**	**60**	**61**	**25**	**0**

Capital ratios



Maturity profile for subordinated debt



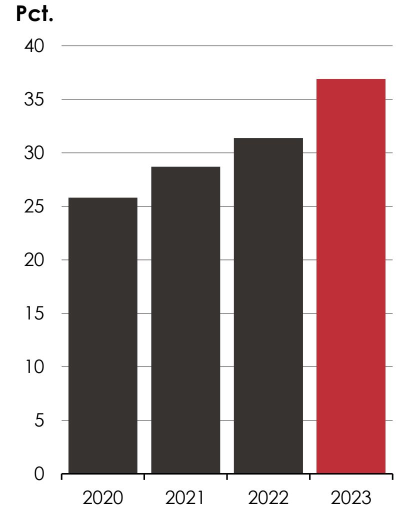
Pct. / DKKm	Q4 2023	Q3 2023	2022	2021
Common equity Tier 1 capital ratio	**17.7**	**16.5**	**16.4**	**16.3**
Additional Tier 1	1.9	2.0	1.9	1.9
Tier 1 capital ratio	**19.7**	**18.5**	**18.4**	**18.3**
Tier 2 capital	2.6	2.6	2.6	2.5
Own funds ratio	**22.3**	**21.1**	**20.9**	**20.8**
Total Risk Exposure	**60,369**	**59,880**	**60,463**	**60,479**
Of wihich Credit Risk	49,563	48,986	50,063	50,165
Of wihich Market Risk	3,958	4,046	3,901	4,140
Of wihich Operationel Risk	6,848	6,848	6,499	6,174

Comfortable coverage for MREL requirement

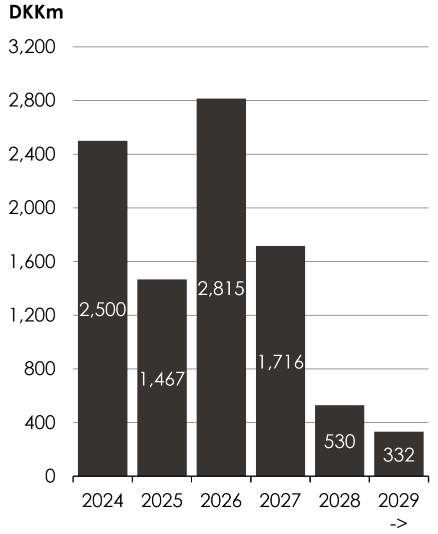
- **MREL and combined buffer percentage was 36.9% which is 5.5 percentage points higher than end 2022**
  - In December 2023, Spar Nord issued MREL capital (Senior Non-Preferred) of DKK 830 million:
    - NOK 800 million with term of 6NC5 and floating coupon of 3m NIBOR + 245 bps.
    - DKK 300 million with term of 3NC2 and floating coupon of 3m CIBOR + 140 bps.
  - In January 2024, additional MREL capital of DKK 660 million was issued *(Issue was not included in the MREL and combined buffer percentage at the end of 2023)*
    - SEK 1,000 million with term of 6NC5 and floating coupon of 3m STIBOR + 245 bps.

- **Excess coverage against fully phased-in MREL and combined buffer requirement of 7.8 percentage points by start of 2024**
  - Fully phased-in MREL and combined buffer requirement at 29.0%
    - Spar Nord is in place for the fully phased-in MREL requirement as well as the expected implementation of a sector-specific systemic risk buffer for exposures to real estate companies in mid-2024
  - With due consideration to the current opportunities and prices of issues, Spar Nord regularly considers the need for, and timing of, issuing additional MREL capital
    - Following issue of MREL capital in January 2024, Spar Nord expects in 2024 to issue MREL capital (Senior Non-Preferred) for up to DKK 2 billion - primarily with a view to refinancing outstanding MREL capital

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 2023	Q3 2023	2022	2021
Own funds	13.4	12.6	12.7	12.6
MREL capital	6.7	6.6	6.2	4.8
Deduction – separate combined buffer requirement	-3.6	-3.6	-3.3	-2.1
Total MREL-eligible liabilities	**18.7**	**15.7**	**15.7**	**15.3**

Pct.	Q4 2023	Q3 2023	2022	2021
MREL and combined buffer percentage	36.9	32.1	31.4	28.7
MREL and combined buffer requirement	29.0	28.1	27.2	23.6
Excess coverage, MREL requirement	**7.8**	**4.0**	**4.2**	**5.1**

Unchanged strong liquidity and funding

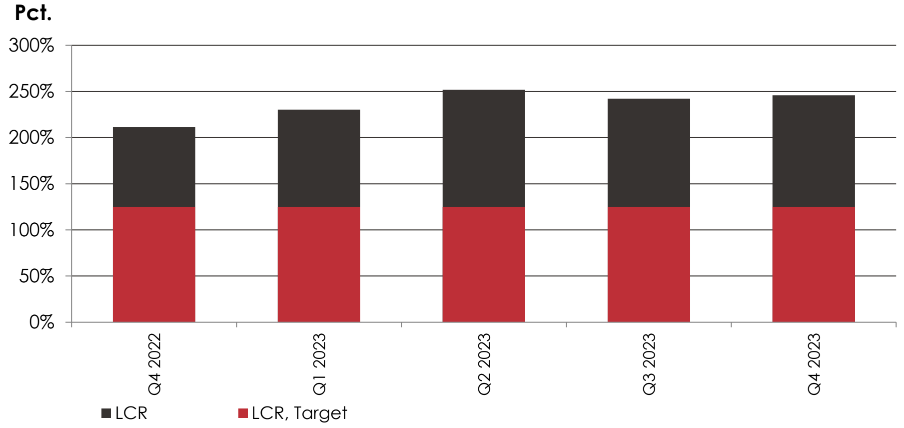
- **End of 2023, LCR stood at 246%**
  - Statutory requirement at 100% / Bank's own target at 125%
- **End of 2023, NSFR stood at 131%**
  - Statutory requirement at 100% / Bank's own target at 105%

- **End of 2023, deposits excluding pooled schemes amounted to DKK 74.4 billion or 71 % of the Bank's total funding**
  - 64% of the deposits excluding pooled schemes were covered by the Guarantee Fund
  - The sum of the 20 largest deposits accounted for 5% of the Bank's total deposits excluding pooled schemes

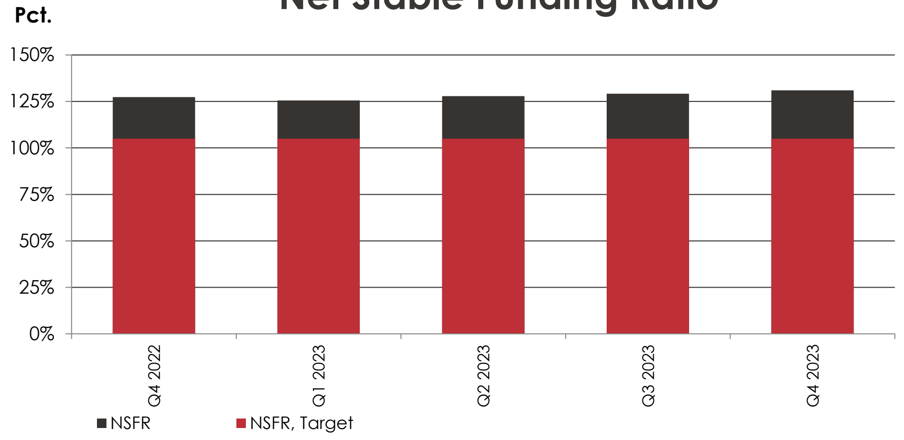
Funding profile

DKKb	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Money market funding	2.1	5.5	2.9	3.0	5.0
Deposits excluding pooled schemes	72.2	70.6	72.6	73.2	74.4
Issued bonds	6.2	6.2	6.3	6.5	9.3
Tier 2 capital and AT1 capital	2.8	2.8	2.8	2.8	2.8
Shareholders' equity	11.3	11.2	11.7	12.3	12.8
Total funding	**94.5**	**96.3**	**96.3**	**97.8**	**104.3**

Liquidity Coverage Ratio



Net Stable Funding Ratio



ESG and sustainability

1 Responsible investment
2 Sustainable finance
3 Governance and compli-ance
4 Local commitment
5 Our own foot-print (climate etc.)

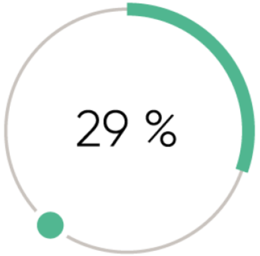
- **Selected milestones from the work with Spar Nord's five prioritised ESG efforts**
  - Energy-friendly loan products *(financing of private cars, home improvements and other energy supply)*
    - By the end of 2025, 80% of all new car loans must be for energy-friendly cars (63% by end of 2023)
  - Strengthened organization within ESG, where newly established department for ESG and sustainability is charged with coordinating and supporting the Bank's ESG work and initiatives
    - Strengthening of governance and preparation for reporting according to CSRD in 2024
  - Completion of double materiality assessment and continued efforts on CSRD, including the interpretation and assessment of the new, mandatory and topical reporting standards for sustainability topics (ESRS)
    - Spar Nord has chosen to report on the following five ESRS:
      - ESRS E1 – Climate change ; ESRS E5 – Resource use and circular economy
        ESRS S1 – Own workforce ; ESRS S4 – Consumers and End-users ; ESRS G1 – Business conduct

spar Nord

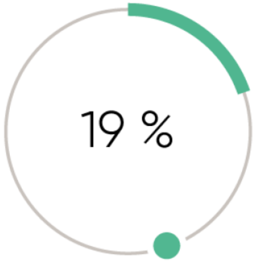
- **Spar Nord has an ESG rating of "Low Risk" by Sustainalytics**

Spar Nord has defined climate actions and targets for reduction of carbon emissions from e.g. investments and lending

Spar Nord's climate actions and targets are in line with the recommendations from Finans Danmark's Forum for Sustainable Finance



Investments
Reduction of financed emissions from investments in shares and corporate bonds made on behalf of customers by 30% in 2025 and 60% in 2030 compared to 2020 baseline.



Lending
Reduction of financed emissions from lending by 20% in 2025 and 45% in 2030 compared to 2021 baseline.

Financial guidance for 2024

- **Core income expectations**
  - Growth in total business volume from sustained organic growth, enhanced strategic focus on business customers and continuing growth within leasing activities and bank mortgage loans
  - Decline in net interest income in 2024 primarily owing primarily because of pressure on deposit margins and higher funding costs - on the other hand, business volume growth and a higher average lending rate will contribute positively to net interest income
    - Expectation of three rate cuts from June 2024 and onwards totaling 0.75 of a percentage point
  - Increase in net fee income from a higher level of activity in areas such as pension, insurance and securities trading, as well as a higher asset management volume at the beginning of the year
  - Market value adjustments and dividends on a level with 2023, including a consistently fair-sized contribution from currency trading and exchange rate and value adjustments and dividends on the portfolio of sector shares

- **Cost expectations**
  - Increase in payroll costs driven by a higher average headcount and pay increases in accordance with collective agreements
  - Increase in IT costs due to recent years' growth, partly to work to complete several in-house IT projects
  - Expected one-off costs of approx. DKK 40 million related to the bank's 200th anniversary and cloud migration

- **Core earnings before impairments expected to be in the DKK 2.4-2.9 billion range**

- **Impairment charges are budgeted at a level around 0.30% of loans, advances and guarantees**
  - Due to expectations of continued modest economic growth and a potential increase in unemployment

- **Profit after tax expected to be in the DKK 1.7-2.1 billion range**
  - Corresponding to a ROE after tax in the 13-16% range

5 years trend

DKKm	2023	2022	2021	2020	2019
Core earnings before impairment	**3,108**	**1,808**	**1,581**	**1,227**	**1,324**
Impairments of loans and advance	-33	78	-120	309	22
Profit after tax	**2,421**	**1,417**	**1,368**	**737**	**1,059**
ROE after tax (pct.)	19.7	12.5	12.9	7.4	11.7