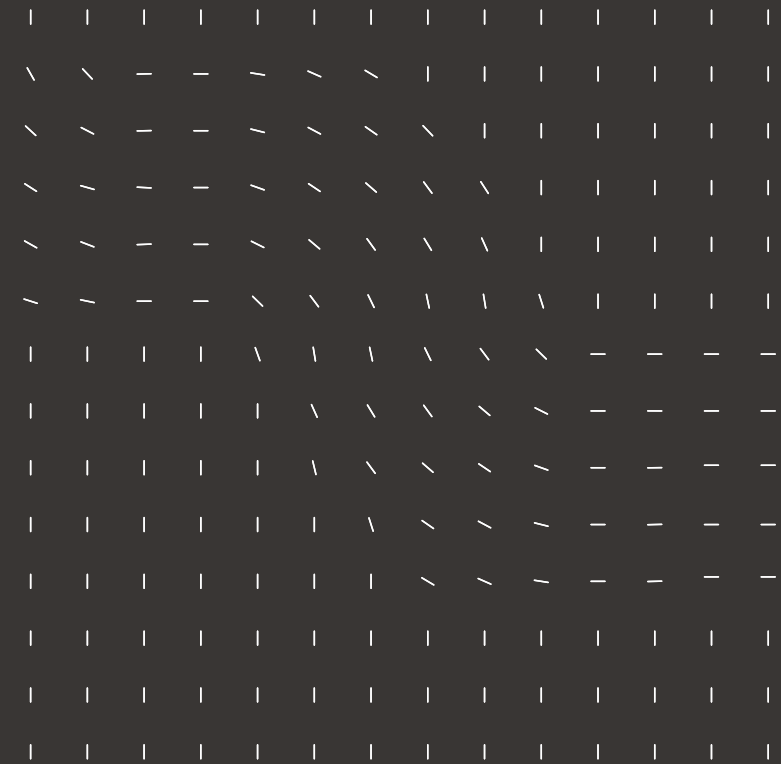


# Presentation of Spar Nord's financial results for Q1 2024

Lasse Nyby, CEO  
2 May 2024



# Net profit of DKK 670 million and ROE of 21.1%

## Headlines from the income statement

- Net interest income grows 18% (y/y) on the back of rising interest rates and better returns on the bank's surplus liquidity
- Net fee income increases by 2% (y/y) due to increase in fee income from securities trading and assets under management
- Positive market-value adjustments, including an increase in market value adjustments from strategic shares
- Costs increase 9% (y/y) due to higher payroll costs, IT costs and one-off costs for activities relating to the Bank's 200th anniversary
- Continued strong credit quality results in net reversal of loan impairments of DKK 32 million
- Growth in bank loans and leasing of DKK 1.2 billion or 2% (y/y)
- Continued strong liquidity and funding and solid capital coverage

SPAR NORD BANK DKKm	Realized YTD 2024	Realized YTD 2023	Index	Realized Q1 2024	Realized Q4 2023	Index
Net interest income	909	770	118	909	947	96
Net fees, charges and commissions	405	397	102	405	355	114
Market-value adjustments and dividends	155	156	100	155	45	348
Other income	62	34	183	62	53	118
<b>Core income</b>	<b>1,531</b>	<b>1,357</b>	<b>113</b>	<b>1,531</b>	<b>1,400</b>	<b>109</b>
Staff costs	402	372	108	402	396	101
Operating expenses	284	257	111	284	294	97
<b>Costs and expenses</b>	<b>687</b>	<b>629</b>	<b>109</b>	<b>687</b>	<b>691</b>	<b>99</b>
<b>Core earnings before impairment</b>	<b>845</b>	<b>729</b>	<b>116</b>	<b>845</b>	<b>709</b>	<b>119</b>
Impairments of loans and advances	-32	1	-	-32	-4	-
<b>Profit before tax</b>	<b>877</b>	<b>727</b>	<b>120</b>	<b>877</b>	<b>714</b>	<b>123</b>
Tax	207	170	122	207	164	127
<b>Profit</b>	<b>670</b>	<b>557</b>	<b>120</b>	<b>670</b>	<b>550</b>	<b>122</b>

## Financial guidance for 2024 retained

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

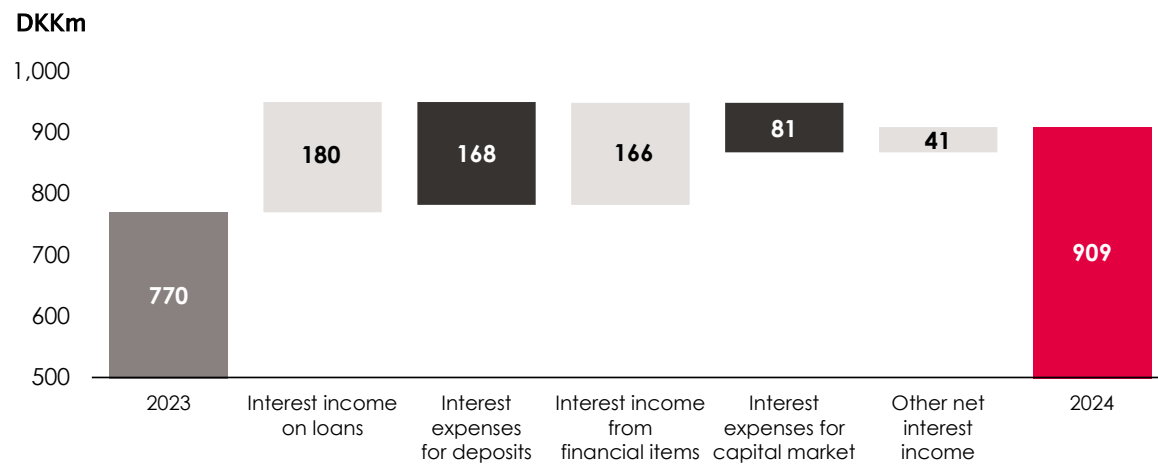
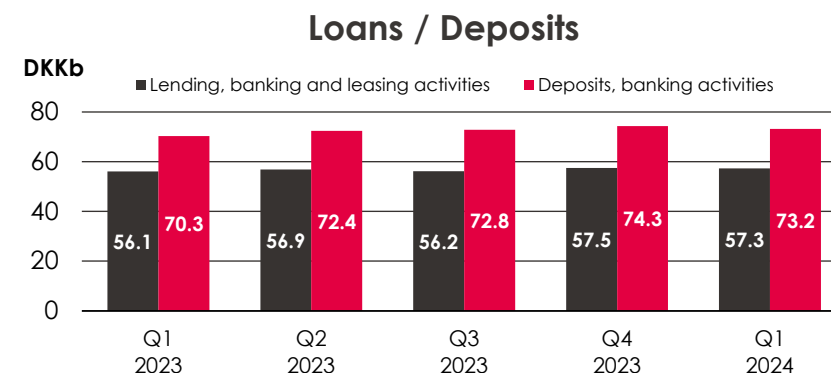
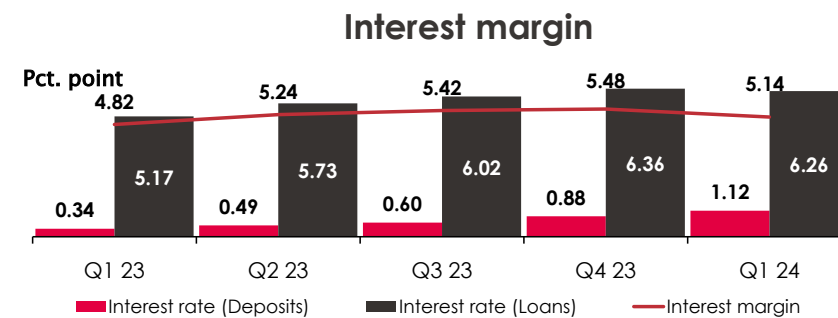
# Net interest income up by 18%

- **NII amounted to DKK 909 million versus DKK 770 million in Q1 2023**

- Net interest income relating to the placement of the Bank's excess liquidity increased by DKK 207 million due to rise in policy and market rates
- Volume growth and increase in average interest margin led to increase in net interest income from loans and deposits of DKK 12 million
- Interest margin of 5.14% in Q1 2024 was 32 bp. higher compared to Q1 2023 – but also 34 bp. lower compared to Q4 2023
- Relative to Q1 2023, deposits placed in savings accounts and fixed-rate deposit products increased by around DKK 13 billion

- **Lending growth of DKK 1.2 billion – y/y increase of 2%**

- Lending to private customers up by DKK 2.2 billion (YTD: DKK 0,3 billion)
- Leasing business has grown DKK 0.8 billion (YTD: DKK 0,1 billion)
- Lending to corporates and SMEs down DKK 1.5 billion (YTD: DKK -0.1 billion)
- Lending to public-sector customers down by DKK 0.3 billion (YTD: DKK -0.5 billion)



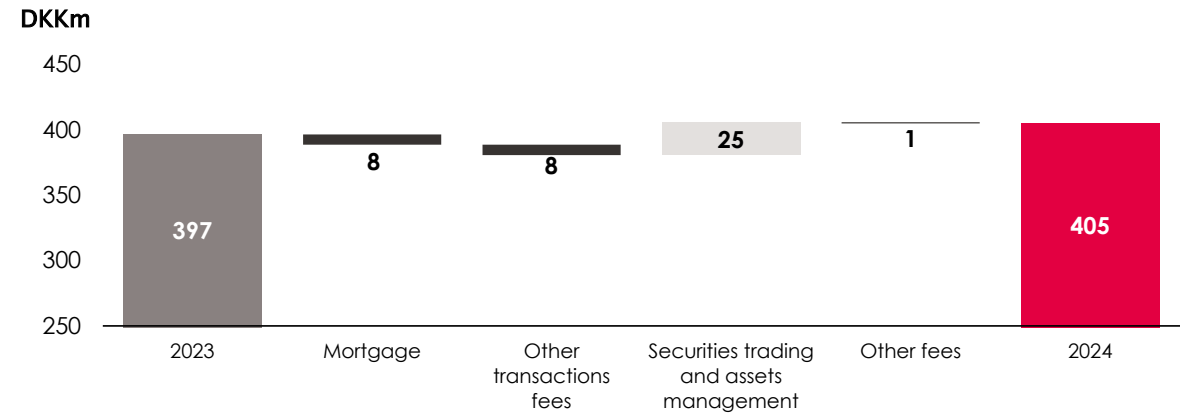
DKKm	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Interest income on loans	686	780	824	863	866
Interest expenses for deposits	78	109	146	198	246
<b>Net interest income, deposits and loans</b>	<b>608</b>	<b>670</b>	<b>679</b>	<b>665</b>	<b>620</b>
Interest income from financial items	191	217	303	336	357
Other net interest income	51	69	82	89	92
<b>Net interest income, liquidity surplus</b>	<b>242</b>	<b>287</b>	<b>385</b>	<b>425</b>	<b>449</b>
Interest expenses for capital market issues	80	93	107	143	161
<b>Total net interest income</b>	<b>770</b>	<b>865</b>	<b>957</b>	<b>947</b>	<b>909</b>

# Net fee income increase by 2%

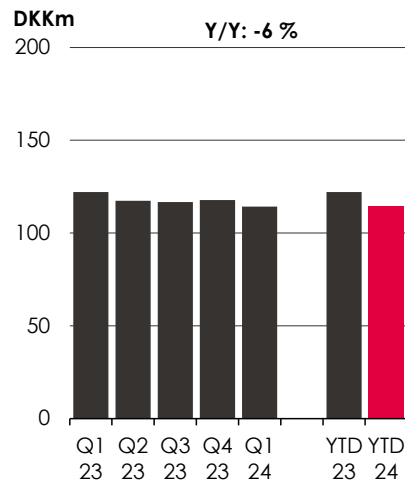
- **Net fee income amounted to DKK 405 million versus DKK 397 million in Q1 2023**

- Satisfactory level of activity within securities trading and assets under management, where fee income was also positively affected by last year's increase in volume within assets under management
- Continued good activity within payment services and cards, insurance and pension
- Overall lower level of activity within the housing market

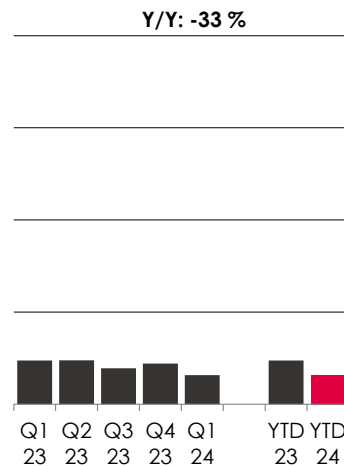
Trend in net fee income



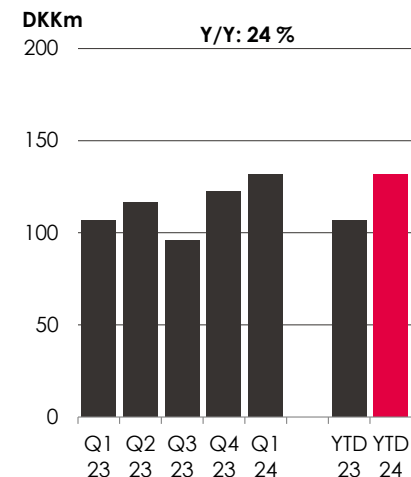
Mortgage



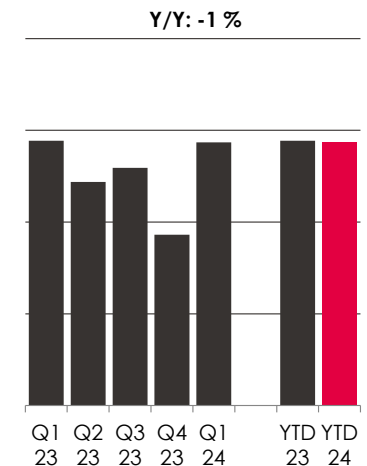
Other transactions fees



Securities trading and asset management



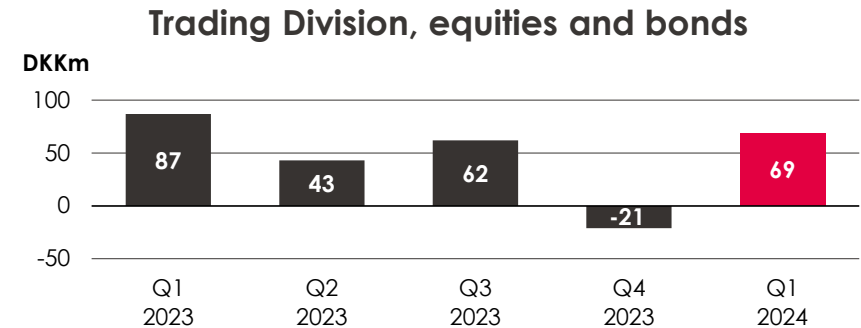
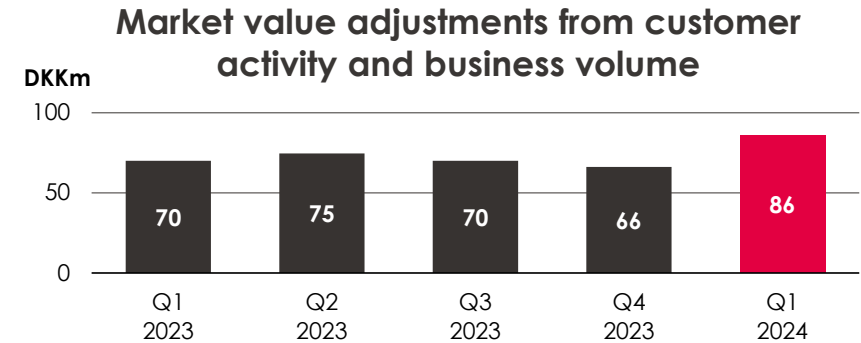
Other fees



# Market value adjustments at the level of Q1 2023

## - Increase in market value adjustments from sector shares

- Market-value adjustments and dividends amounted to DKK 155 million versus DKK 157 million in Q1 2023
- Market value adjustments from customer activity and business volume of DKK 86 million
  - Market value adjustments and dividends on the portfolio of strategic shares in the financial sector of DKK 60 million – 30% higher than in Q1 2023
  - Market value adjustments from currency trading and exchange rate gains amounted to DKK 27 million
- Market value adjustments on equities and bonds were DKK 69 million
  - In the Trading Division, market value adjustments on bonds etc. were DKK 60 million while equities were DKK 9 million
  - Market value adjustments on bonds were primarily attributable to tightening of credit spreads
- Entire bond portfolio is recognised at fair value



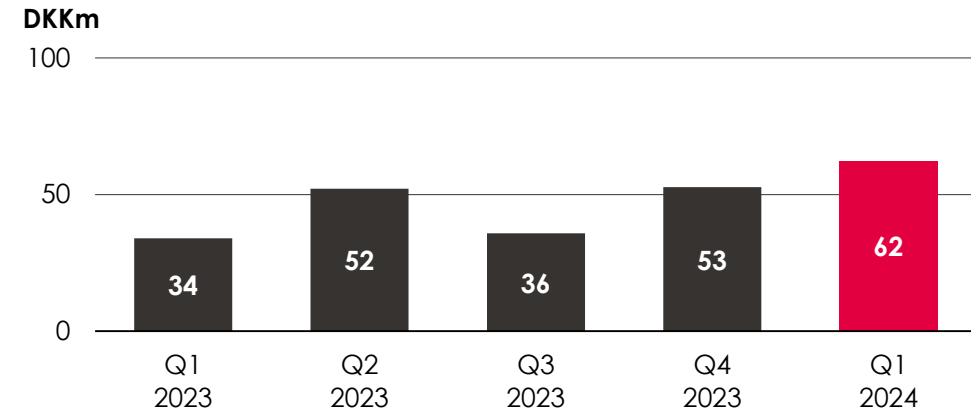
DKKm	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Tangible assets incl. dividends	46	51	48	44	60
Currency trade and -agio	24	23	22	23	27
<b>Market value adjustments from customer activity and business volume</b>	<b>70</b>	<b>75</b>	<b>70</b>	<b>66</b>	<b>86</b>
Market value adjustments, equities	9	6	2	10	9
Market value adjustments, bonds, etc.	78	37	61	-31	60
<b>Market value adjustments in Trading Division</b>	<b>87</b>	<b>43</b>	<b>62</b>	<b>-21</b>	<b>69</b>
<b>Total market value adj. and dividends</b>	<b>157</b>	<b>118</b>	<b>132</b>	<b>45</b>	<b>155</b>

# Other income up DKK 28 million

- **Other income amounted to DKK 62 million versus DKK 34 million in Q1 2023**

- Other income were DKK 28 million higher in Q1 2024 – driven by higher income from investments in associates
- Of total other income in Q1 2024, investments in associates amounted to DKK 52 million, which was mainly attributable to:
  - Spar Nord's holding of shares in Danske Andelskassers Bank (DAB), including one-off adjustments concerning the 2023 financial year
  - Shareholding in Vækst-Invest Nordjylland

## Other income



DKKm	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Other operating income	13	32	8	15	10
Income from investments in associates	21	20	28	38	52
<b>Other income, total</b>	<b>34</b>	<b>52</b>	<b>36</b>	<b>53</b>	<b>62</b>
Hereof, Danske Andelskassers Bank	24	20	27	37	44

# Costs/income ratio maintained at 45

- Total costs amounted to DKK 687 million versus DKK 629 million in Q1 2023 (9%)

- Payroll costs increases by DKK 31 million (8%)

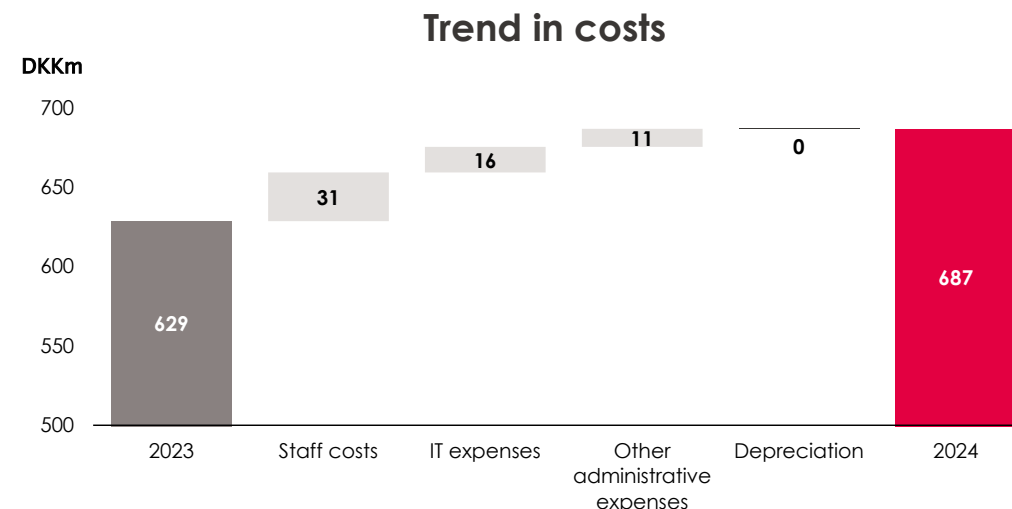
- Employed staff was on average 45 higher in Q1 2024 compared to the same period last year
  - The increase was mainly driven by recent years' opening of new local banks and banking areas on Zealand and within leasing and the Large Corporates area
- 1,694 employees (FTE) by end of Q1 2024, which was 9 less than at year-end 2023
- Collective wage increases

- Operating expenses up by DKK 27 million (11%)

- The increase in operating expenses was mainly due to higher IT costs and one-off costs for activities relating to the Bank's 200th anniversary

- Cost/Income Ratio of 45

- Cost/Income Ratio in Q1 2023: 46



## Breakdown on cost types

Operating expenses (DKKm)	YTD 2024	YTD 2023	Change
Staff-related expenses	23	12	11
Travel expenses	4	4	0
Marketing costs	20	18	2
IT expenses	171	155	16
Cost of premises	13	14	-1
Other administrative expenses	32	33	-1
Depreciation	22	22	0
<b>Operating expenses</b>	<b>284</b>	<b>257</b>	<b>27</b>

# Net reversal of impairments

## - Robust credit quality maintained with the bank's customers

- **Loan impairments amounted to DKK -32 million against DKK 1 million in Q1 2023**
  - Total decrease in impairments in stage 1 and 2 and management estimates of DKK 61 million
    - Underlying increase in management estimate of DKK 39 million
  - Individual impairments in stage 3 increased by DKK 27 million due to individual impairment charges on specific customers
- **At the end of Q1 2024, total management estimate was increased by DKK 39 million to a total of DKK 701 million**
  - The increase in management estimate was primarily related to continued uncertainty about a cyclical downturn and an upcoming carbon tax on agriculture

DKKm / pct.	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
- Impairments, private	-12	37	-37	-35	-109
- Impairments, corporate	13	-42	12	31	77
<b>Impairments of loans and advance:</b>	<b>1</b>	<b>-5</b>	<b>-25</b>	<b>-4</b>	<b>-32</b>
<b>Impairment ratio</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Impairments by type (DKKm)	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Management estimates	588	646	671	662	701
Impairments in Stage 1 and 2	472	473	497	460	361
<b>Impairments in Stage 1 and 2 + Estimates</b>	<b>1,060</b>	<b>1,119</b>	<b>1,169</b>	<b>1,122</b>	<b>1,062</b>
Impairments in Stage 3	608	569	543	551	578
<b>Total impairments</b>	<b>1,667</b>	<b>1,688</b>	<b>1,712</b>	<b>1,673</b>	<b>1,639</b>

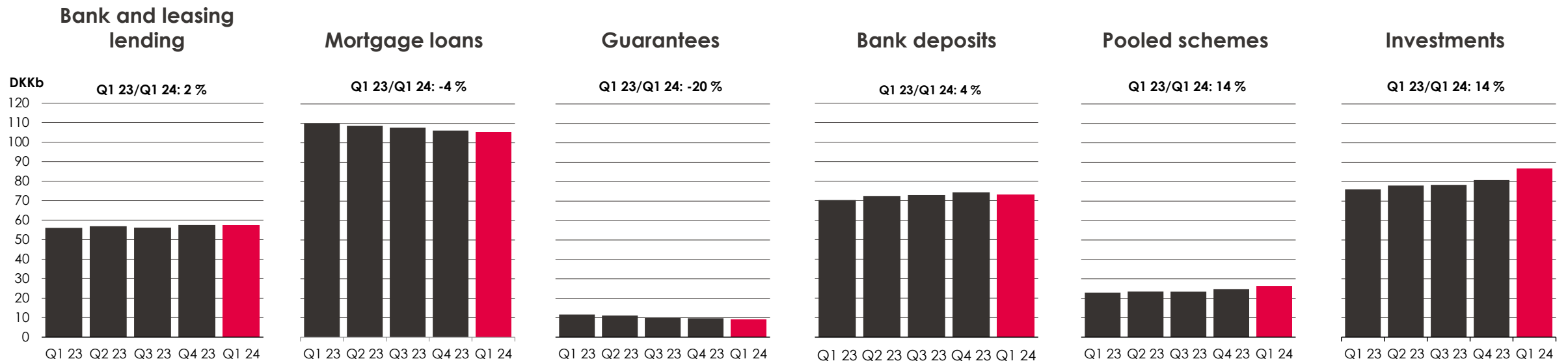
DKKm	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Cyclical downturn	381	443	403	375	399
Commercial real estate	28	26	112	155	160
ESG	39	52	54	73	98
Model uncertainty etc.	102	92	79	59	44
Landprices	38	33	23	0	0
<b>Total management estimates</b>	<b>588</b>	<b>646</b>	<b>671</b>	<b>662</b>	<b>701</b>
<i>Of which Private customers</i>	313	364	326	273	213
<i>Of which Corporate customers</i>	275	282	346	389	488



# Growth in total business volume of 3% (y/y)

## - Underlying 2% growth in bank and leasing lending

- End of Q1 2024, total business volume amounts to DKK 363.2 billion – DKK 12.1 billion (3%) higher than end of Q1 2023
- Growth in both bank and leasing lending and bank deposits
  - Bank and leasing lending were up by DKK 1.2 billion (Private: DKK 2.2 billion / Corporate: DKK -1.8 billion / Leasing: DKK 0.8 billion)
  - Bank deposits grew DKK 2.9 billion (Private: DKK 2.7 billion / Corporate: DKK 0.2 billion)
- Customers' invested assets were up DKK 10.6 billion while deposits in pooled schemes grew DKK 3.3 billion
- Decline in mortgage loans of DKK 4.4 billion and drop in guarantees of DKK 2.4 billion
  - By end of Q1 2024, total originated mortgage loans were DKK 105.5 billion



# Solid capital coverage maintained

- **Capital ratios**

- CET1: 16.9 (strategic target: 13.5)
- Own funds ratio: 21.4 (strategic target: 17.5)

- **Individual solvency requirement of 9.5% and combined buffer requirement of 6.0%**

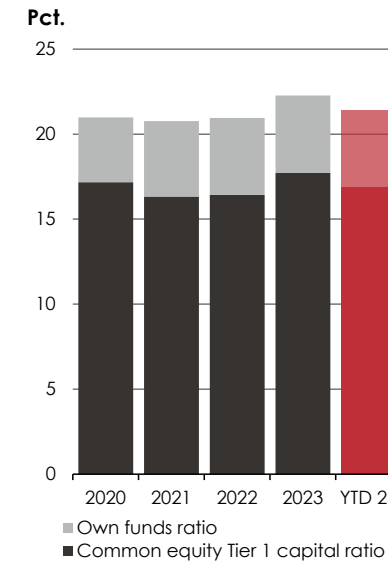
- Excess coverage of 5.6 percentage points or DKK 3.4 billion

- **Compared with YE 2023, the Bank's CET1 ratio fell by 0.8 percentage point, while the own funds ratio was 0.9 percentage point lower**

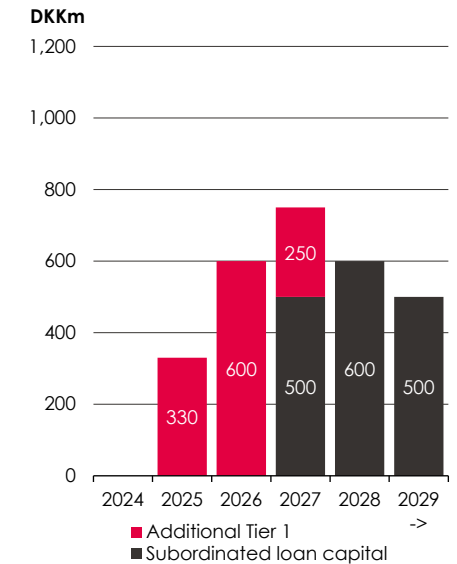
- Own funds was reduced by DKK 0.4 billion
  - ÷ Deduction for the initiated share buyback programme of DKK 0.5 billion
  - + Recognition of the profit for the period less provisions for expected dividends

- Total risk exposure increased DKK 0.7 billion
  - + Recognition of core income from 2023 in the 3-year data for calculation using the basic indicator approach. (*Operational risk*)
  - + Higher gross interest rate risk (*Market risk*)
  - ÷ Improved collateral and a fall in loans, advances and guarantees to business customers (*Credit risk*)

**Capital ratios**



**Maturity profile for subordinated debt**

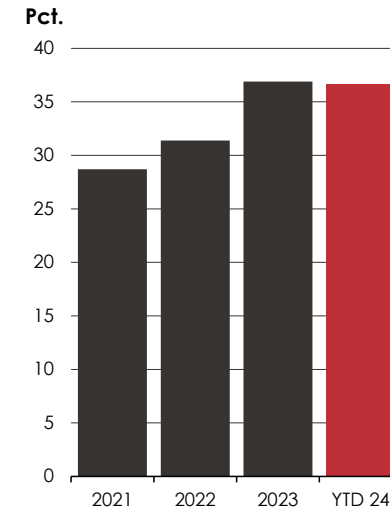


	Q1 2024	Q4 2023	2022	2021
<b>Pct. / DKKm</b>				
<b>Common equity Tier 1 capital ratio</b>	16.9	17.7	16.4	16.3
Additional Tier 1	1.9	1.9	1.9	1.9
<b>Tier 1 capital ratio</b>	18.8	19.7	18.4	18.3
Tier 2 capital	2.6	2.6	2.6	2.5
<b>Own funds ratio</b>	21.4	22.3	20.9	20.8
<b>Total Risk Exposure</b>	61,037	60,369	60,463	60,479
Of which Credit Risk	48,712	49,563	50,063	50,165
Of which Market Risk	4,244	3,958	3,901	4,140
Of which Operational Risk	8,081	6,848	6,499	6,174

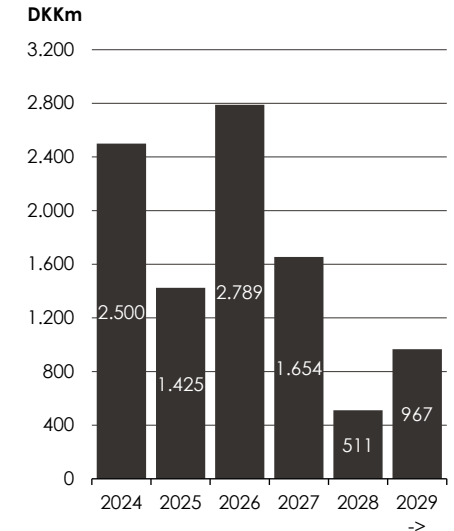
# Comfortable coverage for MREL requirement

- **MREL and combined buffer percentage was 36.7% which is at the level of YE 2023**
  - In January 2024, Spar Nord issued MREL capital (Senior Non-Preferred) of DKK 659 million
    - 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 7.7 percentage points by Q1 2024**
  - Spar Nord is in place for implementation of a sector-specific systemic risk buffer for exposures to real estate companies of 7% in force from 30 June 2024
  - With due consideration to ensuring ongoing refinancing, 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
    - Spar Nord currently expects to issue MREL capital for between DKK 1 and 2 billion during the remainder of 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

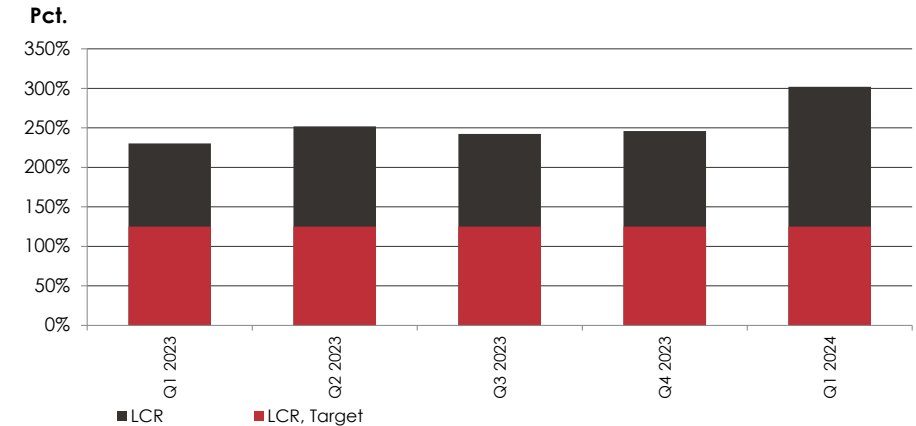
DKKb	Q1 2024	Q4 2023	2023	2022
Own funds	13.1	13.4	13.4	12.7
MREL capital	9.3	8.8	8.8	6.2
Deduction – separate combined buffer requirement	-3.6	-3.6	-3.6	-3.3
<b>Total MREL-eligible liabilities</b>	<b>18.8</b>	<b>18.7</b>	<b>18.7</b>	<b>15.7</b>

Pct.	Q1 2024	Q4 2023	2023	2022
MREL and combined buffer percentage	36.7	36.9	36.9	31.4
MREL and combined buffer requirement	29.0	29.0	29.0	27.2
<b>Excess coverage, MREL requirement</b>	<b>7.7</b>	<b>7.8</b>	<b>7.8</b>	<b>4.2</b>

# Unchanged strong liquidity and funding

- **End of Q1 2024, LCR stood at 302%**
  - Statutory requirement at 100% / Bank's own target at 125%
- **End of Q1 2024, NSFR stood at 131%**
  - Statutory requirement at 100% / Bank's own target at 105%
- **End of Q1 2024, deposits excluding pooled schemes amounted to DKK 73.2 billion or 71 % of the Bank's total funding**
  - 65% 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

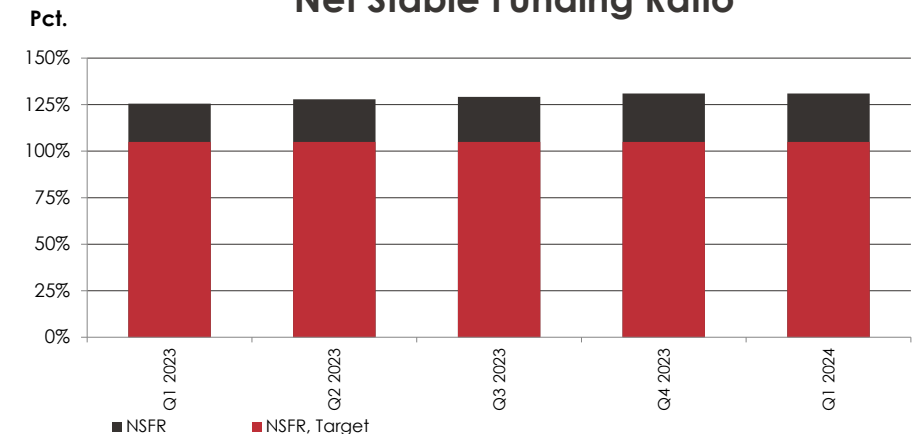
## Liquidity Coverage Ratio



## Funding profile

DKKb	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Money market funding	5.5	2.9	3.0	5.0	4.8
Deposits excluding pooled schemes	70.6	72.6	73.2	74.4	73.2
Issued bonds	6.2	6.3	6.5	9.3	9.8
Tier 2 capital and AT1 capital	2.8	2.8	2.8	2.8	3.0
Shareholders' equity	11.2	11.7	12.3	12.8	12.2
<b>Total funding</b>	<b>96.3</b>	<b>96.3</b>	<b>97.8</b>	<b>104.3</b>	<b>103.0</b>

## Net Stable Funding Ratio



# Financial guidance for 2024 retained

## 5 years trend

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

- **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

- **Underlying assumptions and expectations**

- **Core income expectations**

- Decline in net interest income from pressure on loan- and 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

- **Impairment charges**

- Despite the reversal of impairment charges in Q1 2024, impairment charges are still expected at a level around 0.30% of loans, advances and guarantees for 2024
  - This is due to sustained uncertainty regarding macroeconomic developments, including the risk of a slowdown in economic activity