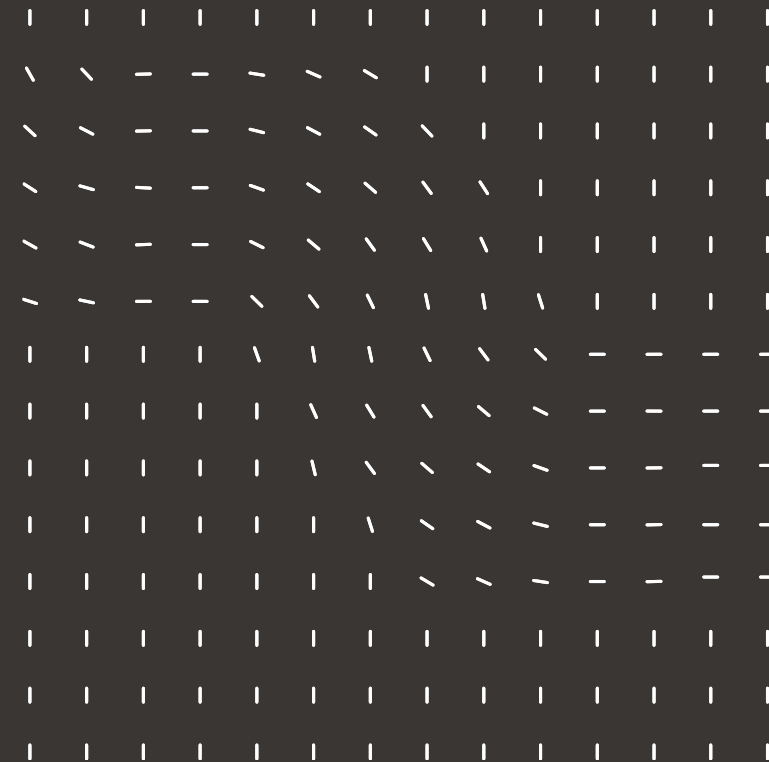


# Presentation of Spar Nord's financial results for H1 2024



Lasse Nyby, CEO  
15 August 2024

# Net profit of DKK 1,215 million and ROE of 18.8%

## Headlines from the income statement

- Net interest income grows 10% (y/y) on the back of the higher level of interest rates and thus a better return on the bank's surplus liquidity
- Net fee income at the level of H1 2023 – Underlying shift from housing market to securities trading and assets under management
- Positive market-value adjustments from customer activity and strategic shares and the Bank's portfolio of bonds and equities
- Costs increase 10% (y/y) due to higher payroll costs and IT costs
  - One-off costs of DKK 33 million realized in H1 2024
- Continued strong credit quality results in net reversal of loan impairments of DKK 37 million – which is the 5<sup>th</sup> consecutive quarter with net reversals of loan impairments
- Growth in total business volume of DKK 16 billion to a total of DKK 371 billion (y/y)
- Continued strong liquidity and funding and solid capital coverage

SPAR NORD BANK DKKm	Realized YTD 2024	Realized YTD 2023	Index	Realized Q2 2024	Realized Q1 2024	Index
Net interest income	1,795	1,634	110	887	909	98
Net fees, charges and commissions	780	776	100	375	405	93
Market-value adjustments and dividends	248	275	90	93	155	60
Other income	101	86	117	38	62	62
<b>Core income</b>	<b>2,924</b>	<b>2,771</b>	<b>106</b>	<b>1,393</b>	<b>1,531</b>	<b>91</b>
Staff costs	813	745	109	411	402	102
Operating expenses	565	507	112	281	284	99
<b>Costs and expenses</b>	<b>1,379</b>	<b>1,252</b>	<b>110</b>	<b>692</b>	<b>687</b>	<b>101</b>
<b>Core earnings before impairment</b>	<b>1,545</b>	<b>1,519</b>	<b>102</b>	<b>701</b>	<b>845</b>	<b>83</b>
Impairments of loans and advances	-37	-4	-	-4	-32	-
<b>Profit before tax</b>	<b>1,582</b>	<b>1,523</b>	<b>104</b>	<b>705</b>	<b>877</b>	<b>80</b>
Tax	366	344	106	159	207	77
<b>Profit</b>	<b>1,215</b>	<b>1,178</b>	<b>103</b>	<b>546</b>	<b>670</b>	<b>82</b>

### Financial guidance for 2024 upgraded 19 June 2024

Spar Nord expects core earnings before impairment of DKK 2,600 – 3,000 million and impairment charges at a level of around 0.10% of loans, advances and guarantees

Profit after tax is subsequently expected to be in the DKK 1,950 – 2,250 million range

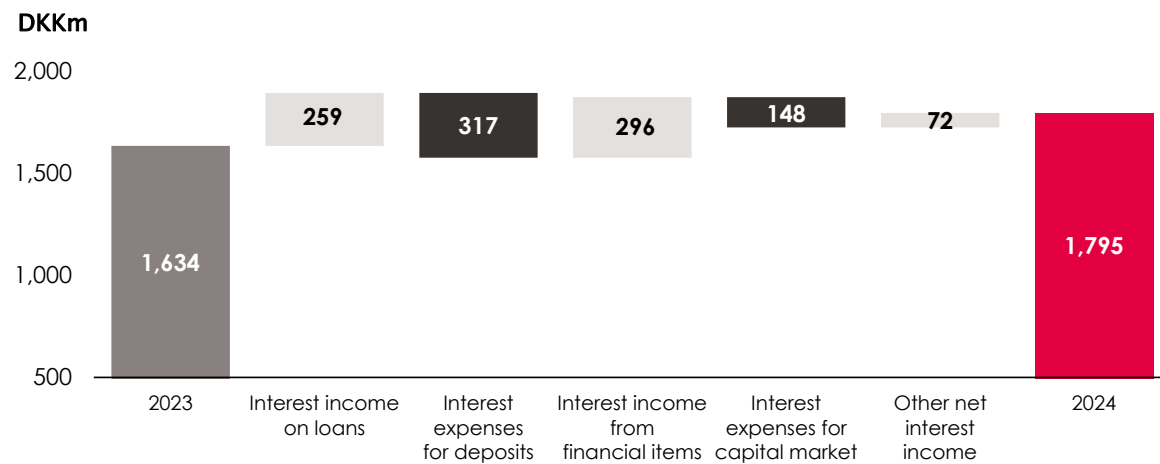
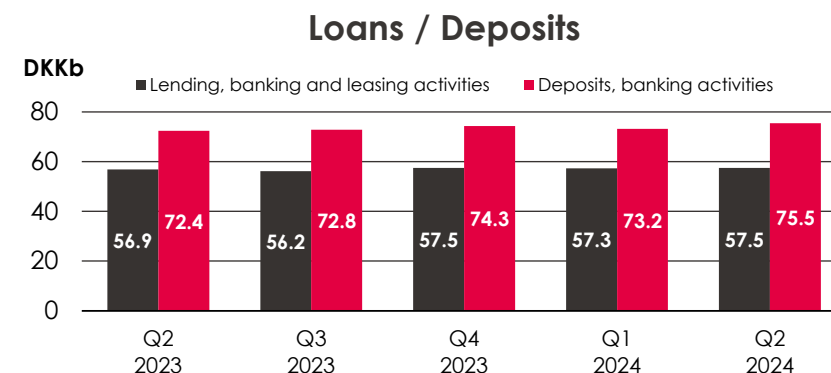
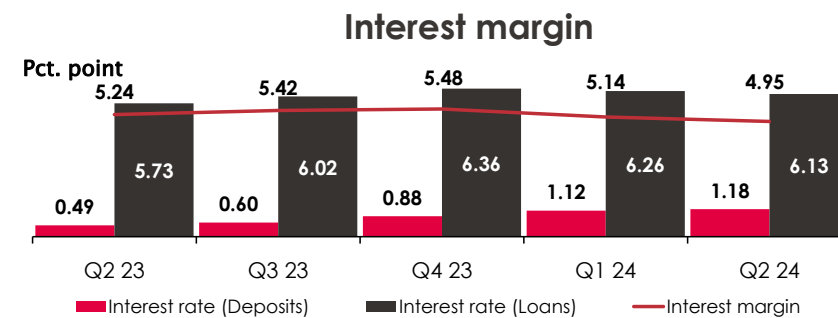
# Net interest income up by 10%

- **Net interest income amounted to DKK 1,795 million versus DKK 1,634 million in H1 2023**

- Net interest income relating to the placement of the Bank's excess liquidity increased by DKK 368 million due to higher market rates and increase in excess liquidity
- Net interest income from loans and deposits decreased DKK 58 million due to lower average interest margin and growth in deposit volume
- Interest margin of 4.95% in Q2 2024 was 29 bp. lower compared to Q2 2023 – and 19 bp. lower compared to Q1 2024
- Relative to H1 2023, deposits placed in savings accounts and fixed-rate deposit products increased by around DKK 12 billion to a total of around DKK 20 billion

- **Lending growth of DKK 0.6 billion – y/y increase of 1%**

- Lending to private customers up by DKK 2.2 billion (YTD: DKK 0,9 billion)
  - Growth in bank mortgage loans of DKK 1.7 billion (YTD: DKK 0.7 billion)
- Leasing business has grown DKK 0.7 billion (YTD: DKK 0,3 billion)
- Lending to corporates and SMEs down by DKK 1.6 billion (YTD: DKK -0.5 billion)
- Lending to public-sector customers down by DKK 0.7 billion (YTD: DKK -0.7 billion)



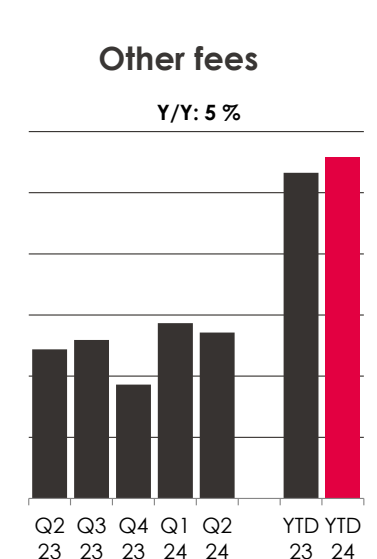
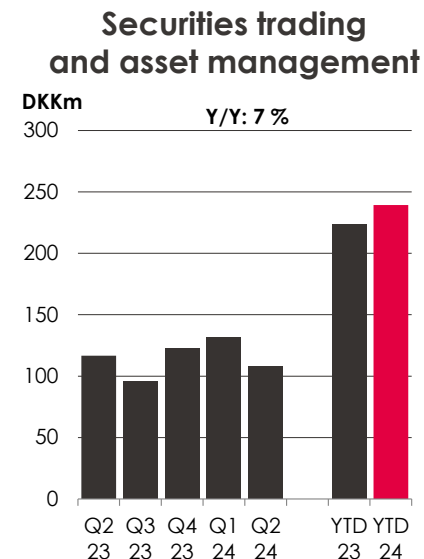
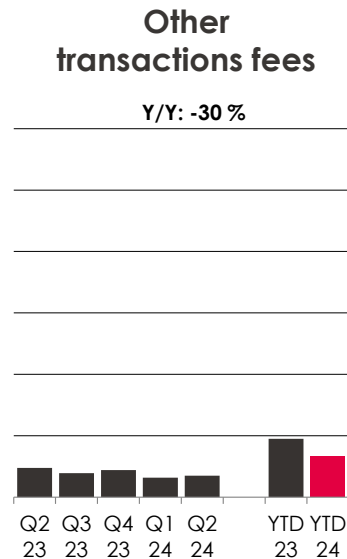
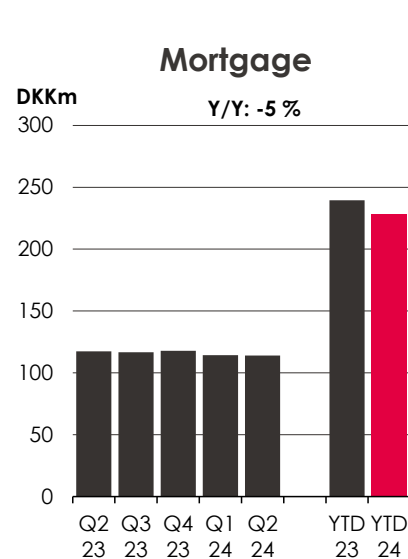
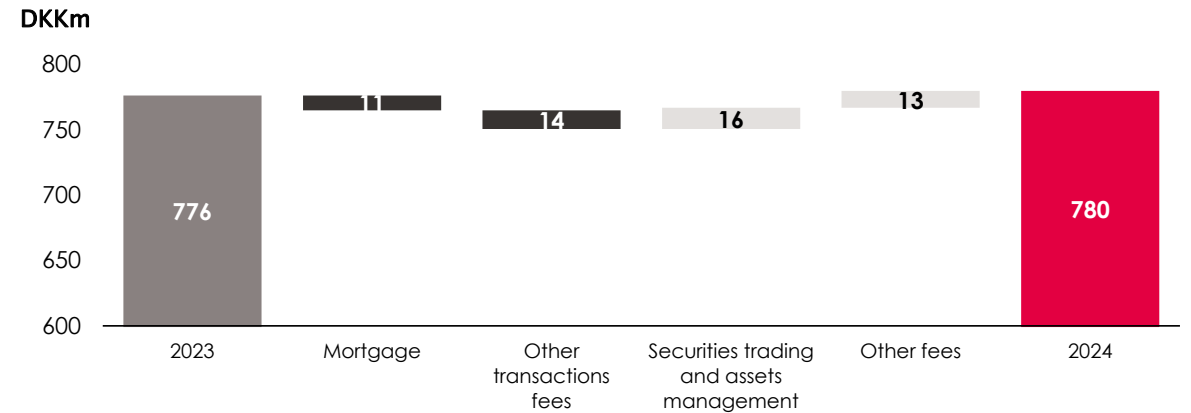
DKKm	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Interest income on loans	780	824	863	866	858
Interest expenses for deposits	109	146	198	246	259
<b>Net interest income, deposits and loans</b>	<b>670</b>	<b>679</b>	<b>665</b>	<b>620</b>	<b>599</b>
Interest income from financial items	217	303	336	357	348
Other net interest income	69	82	89	92	100
<b>Net interest income, liquidity surplus</b>	<b>287</b>	<b>385</b>	<b>425</b>	<b>449</b>	<b>448</b>
Interest expenses for capital market issues	93	107	143	161	160
<b>Total net interest income</b>	<b>865</b>	<b>957</b>	<b>947</b>	<b>909</b>	<b>887</b>

# Net fee income at the level of H1 2023

- **Net fee income amounted to DKK 780 million versus DKK 776 million in H1 2023**

- Satisfactory level of activity within securities trading and assets under management, where fee income continues to be 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
  - However, with increasing house transactions in the last months of the 2nd quarter of 2024

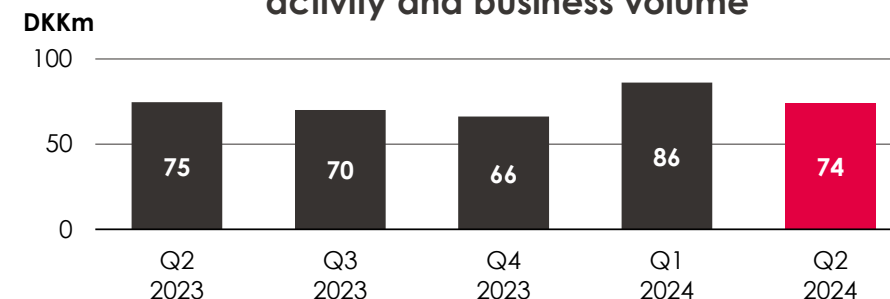
Trend in net fee income



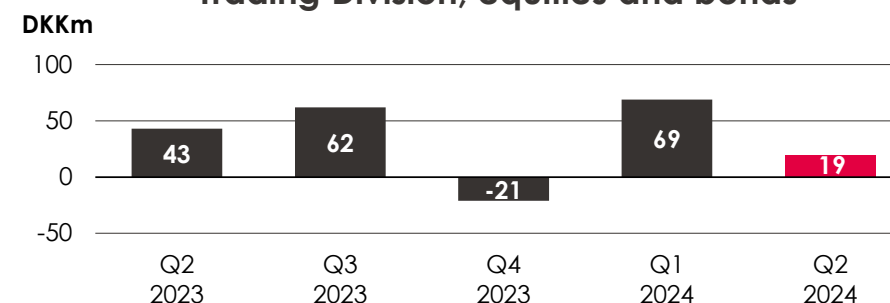
# Satisfactory market value adjustments from both customer activity, strategic shares and own holdings

- Market-value adjustments and dividends amounted to DKK 248 million versus DKK 275 million in H1 2023
- Market value adjustments from customer activity and business volume of DKK 160 million
  - Market value adjustments and dividends on the portfolio of strategic shares in the financial sector of DKK 108 million – 11% higher than in H1 2023
  - Market value adjustments from currency trading and exchange rate gains amounted to DKK 53 million
- Market value adjustments on equities and bonds were DKK 88 million
  - In the Trading Division, market value adjustments on bonds etc. were DKK 74 million while equities were DKK 14 million
  - Market value adjustments on bonds were primarily attributable to tightening of credit spreads in Q1 2024
- Entire bond portfolio is recognised at fair value

Market value adjustments from customer activity and business volume



Trading Division, equities and bonds



DKKm	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Tangible assets incl. dividends	51	48	44	60	48
Currency trade and -agio	23	22	23	27	26
<b>Market value adjustments from customer activity and business volume</b>	<b>75</b>	<b>70</b>	<b>66</b>	<b>86</b>	<b>74</b>
Market value adjustments, equities	6	2	10	9	5
Market value adjustments, bonds, etc.	37	61	-31	60	14
<b>Market value adjustments in Trading Division</b>	<b>43</b>	<b>62</b>	<b>-21</b>	<b>69</b>	<b>19</b>
<b>Total market value adj. and dividends</b>	<b>118</b>	<b>132</b>	<b>45</b>	<b>155</b>	<b>93</b>

# Costs/income ratio at 47

- **Total costs amounted to DKK 1,379 million versus DKK 1,252 million in H1 2023 (10%)**
- **Payroll costs increases by DKK 68 million (9%)**
  - Employed staff was on average 57 higher in H1 2024 compared to the same period last year
    - The increase was to a large extent driven by recent years' opening of new local banks and banking areas on Zealand and within Leasing and the Large Corporates area
  - 1,724 employees (FTE) by end of H1 2024, which was 21 more than at year-end 2023
  - Collective wage increases
- **Operating expenses up by DKK 58 million (12%)**
  - Increase in IT costs related to both the bank's data centre, BEC and own IT projects. Including one-off costs for a total of DKK 18 million mainly related to cloud migration
  - Increases in staff-related expenses and marketing costs mainly driven by one-off costs for activities relating to the Bank's 200th anniversary in May 2024 – a total of 15 million DKK in the period
  - Excl. one-off costs, operating costs increase by 5%
- **Cost/Income Ratio of 47**
  - Cost/Income Ratio in H1 2023: 45



## Breakdown on cost types

Operating expenses (DKKm)	YTD 2024	YTD 2023	Change
Staff-related expenses	36	24	12
Travel expenses	9	10	-1
Marketing costs	39	32	7
IT expenses	345	302	42
Cost of premises	25	28	-3
Other administrative expenses	66	65	1
Depreciation	45	45	0
<b>Operating expenses</b>	<b>565</b>	<b>507</b>	<b>58</b>

# Net reversal of impairments in 5 consecutive quarters

- **Loan impairments amounted to DKK -37 million against DKK -4 million in H1 2023**

- The positive trend in loan impairment charges under-lined an unchanged strong credit quality among the Bank's retail and corporate customers
- Underlying movement between private and business customers is related to the adjustment and recalculation of the management estimates regarding cyclical downturn and commercial real estate

- **At the end of H1 2024, total management estimate was increased by DKK 37 million to a total of DKK 699 million**

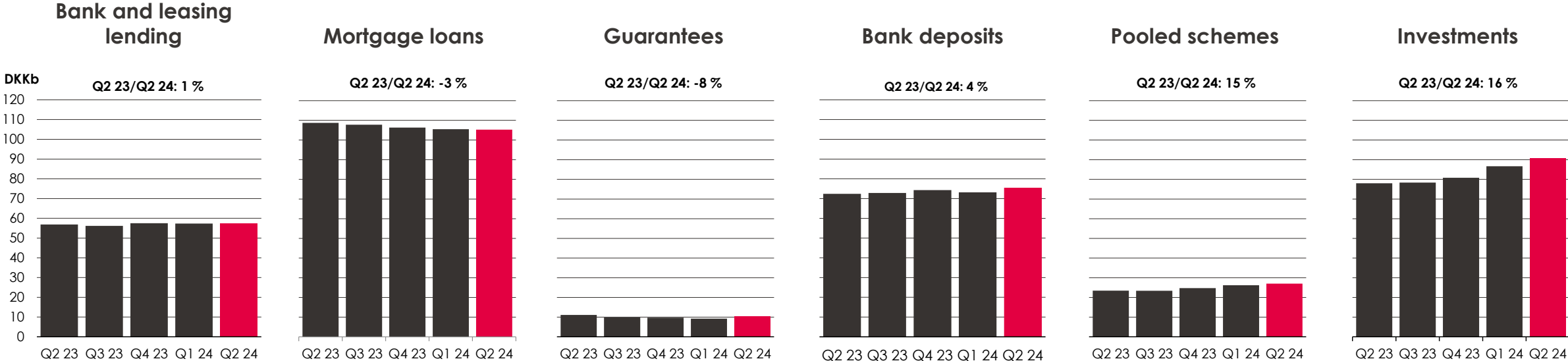
- The increase in management estimate was primarily related to continued uncertainty about a cyclical downturn, valuation of commercial real estate and the expected effects of the carbon tax on agriculture

	Q2	Q3	Q4	Q1	Q2
DKKm / pct.	2023	2023	2023	2024	2024
- Impairments, private	37	-37	-35	-109	-47
- Impairments, corporate	-42	12	31	77	43
<b>Impairments of loans and advances</b>	<b>-5</b>	<b>-25</b>	<b>-4</b>	<b>-32</b>	<b>-4</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>

	Q2	Q3	Q4	Q1	Q2
DKKm	2023	2023	2023	2024	2024
Cyclical downturn	443	403	375	399	407
Commercial real estate	26	112	155	160	177
ESG	52	54	73	98	88
Model uncertainty etc.	92	79	59	44	27
Landprices	33	23	0	0	0
<b>Total management estimates</b>	<b>646</b>	<b>671</b>	<b>662</b>	<b>701</b>	<b>699</b>
<i>Of which Private customers</i>	364	326	273	213	165
<i>Of which Corporate customers</i>	282	346	389	488	534

# Growth in total business volume of 5% (y/y)

- End of H1 2024, total business volume amounts to DKK 371 billion – DKK 16 billion (5%) higher than end of H1 2023
- Growth in both bank and leasing lending and bank deposits
  - Bank and leasing lending were up by DKK 0.6 billion (Private: DKK 2.2 billion / Corporate: DKK -2.4 billion / Leasing: DKK 0.7 billion)
  - Bank deposits grew DKK 3.1 billion (Private: DKK 3.2 billion / Corporate: DKK -0.1 billion)
- Customers' invested assets were up DKK 12.6 billion while deposits in pooled schemes grew DKK 3.5 billion
- Decline in mortgage loans of DKK 3.5 billion and drop in guarantees of DKK 0.9 billion
  - By end of H1 2024, total originated mortgage loans were DKK 105.2 billion

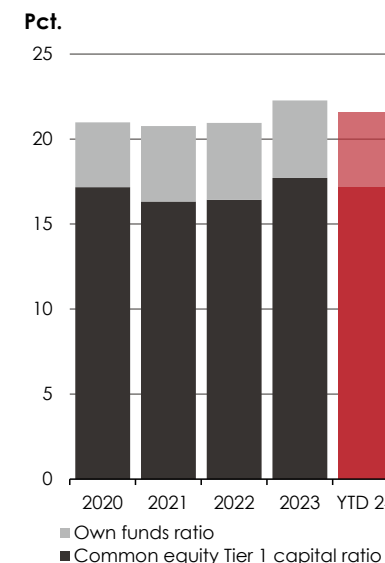




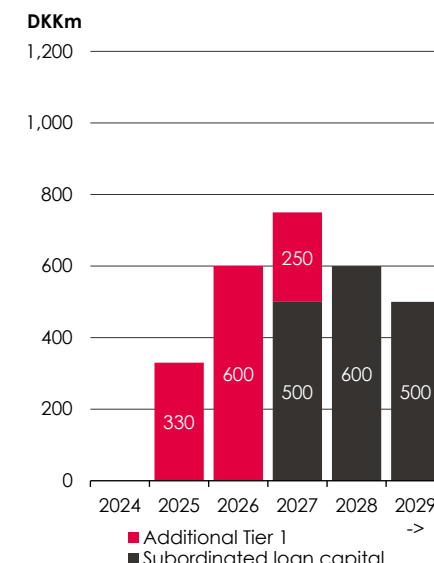
# Capital coverage increased

- **Capital ratios**
  - CET1: 17.1 (strategic target: 13.5)
  - Own funds ratio: 21.6 (strategic target: 17.5)
- **Individual solvency requirement of 9.6% and combined buffer requirement of 6.4%**
  - Excess coverage of 5.3 percentage points or DKK 3.3 billion
- **Compared with Q1 2024, the Bank's CET1 ratio and own funds ratio were 0.2 percentage points higher**
  - The Bank's own funds was increased by DKK 266 billion and primarily driven by the recognition of the profit for the period less provisions for expected dividends
  - Total risk exposure increased DKK 0.7 billion
    - The higher risk exposure amount for credit risk was to a large extent attributable to an increase in loans, advances and guarantees to retail customers
    - The reduced risk exposure amount for market risk was mainly driven by lower gross interest rate risk

## Capital ratios



## Maturity profile for subordinated debt

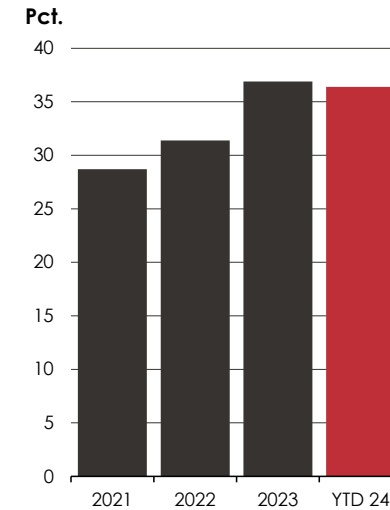


Pct. / DKKm	Q2 2024	Q1 2024	2023	2022
<b>Common equity Tier 1 capital ratio</b>	<b>17.1</b>	<b>16.9</b>	<b>17.7</b>	<b>16.4</b>
Additional Tier 1	1.9	1.9	1.9	1.9
<b>Tier 1 capital ratio</b>	<b>19.0</b>	<b>18.8</b>	<b>19.7</b>	<b>18.4</b>
Tier 2 capital	2.6	2.6	2.6	2.6
<b>Own funds ratio</b>	<b>21.6</b>	<b>21.4</b>	<b>22.3</b>	<b>20.9</b>
<b>Total Risk Exposure</b>	<b>61,710</b>	<b>61,037</b>	<b>60,369</b>	<b>60,463</b>
Of which Credit Risk	49,847	48,712	49,563	50,063
Of which Market Risk	3,782	4,244	3,958	3,901
Of which Operational Risk	8,081	8,081	6,848	6,499

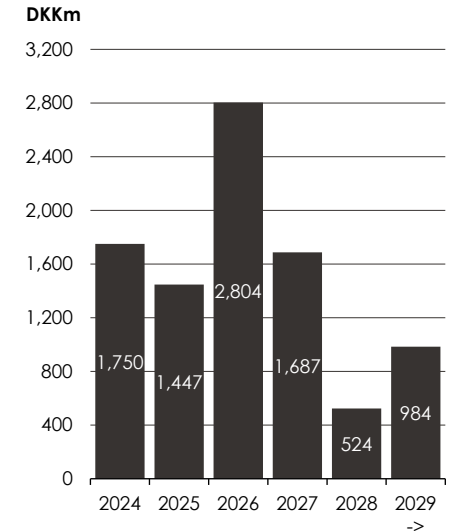
# Comfortable coverage for MREL requirement

- MREL and combined buffer percentage was 36.4% which is 0.3 percentage points lower than at Q1 2024
  - Prepayment of DKK 750 million MREL capital (Senior Preferred) in May 2024
- Excess coverage against fully phased-in MREL and combined buffer requirement of 6.8 percentage points by H1 2024
  - At H1 2024, implementation of a sector-specific systemic risk buffer for exposures to real estate companies at a rate of 7% resulted in an increase in the MREL and combined buffer requirement of 0.9 percentage points
  - 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

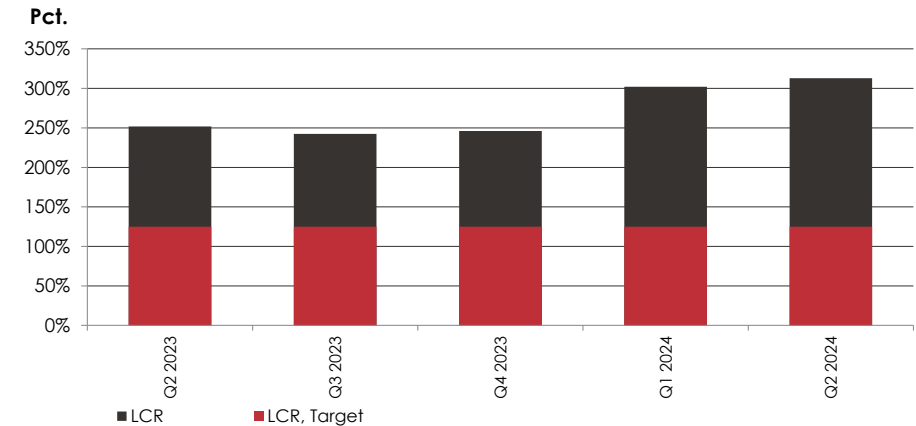
DKKb	Q2 2024	Q1 2024	2023	2022
Own funds	13.3	13.1	13.4	12.7
MREL capital	9.2	9.3	8.8	6.2
Deduction – separate combined buffer requirement	-4.0	-3.6	-3.6	-3.3
<b>Total MREL-eligible liabilities</b>	<b>18.5</b>	<b>18.8</b>	<b>18.7</b>	<b>15.7</b>

Pct.	Q2 2024	Q1 2024	2023	2022
MREL and combined buffer percentage	36.4	36.7	36.9	31.4
MREL and combined buffer requirement	29.6	29.0	29.0	27.2
<b>Excess coverage, MREL requirement</b>	<b>6.8</b>	<b>7.7</b>	<b>7.8</b>	<b>4.2</b>

# Unchanged strong liquidity and funding

- **End of H1 2024, LCR stood at 313%**
  - Statutory requirement at 100% / Bank's own target at 125%
- **End of H1 2024, NSFR stood at 132%**
  - Statutory requirement at 100% / Bank's own target at 105%
- **End of H1 2024, deposits excluding pooled schemes amounted to DKK 75.5 billion or 72 % 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 4% of the Bank's total deposits excluding pooled schemes

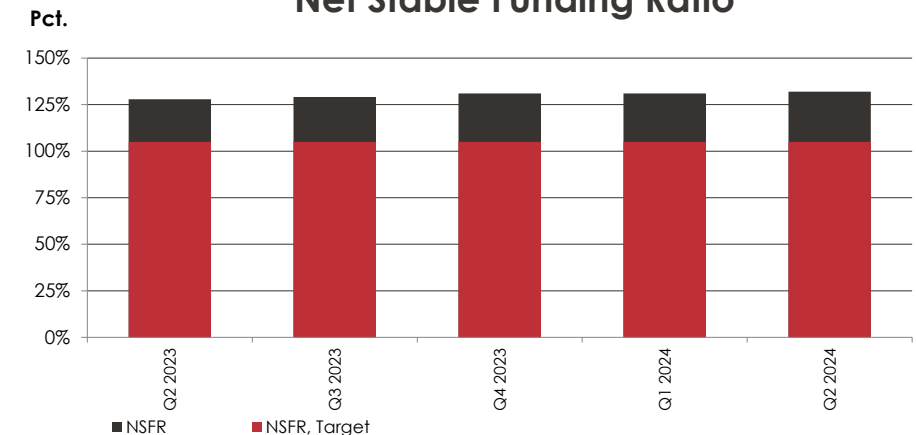
## Liquidity Coverage Ratio



## Funding profile

DKKb	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Money market funding	2.9	3.0	5.0	4.8	4.4
Deposits excluding pooled schemes	72.6	73.2	74.4	73.2	75.5
Issued bonds	6.3	6.5	9.3	9.8	9.1
Tier 2 capital and AT1 capital	2.8	2.8	2.8	3.0	2.8
Shareholders' equity	11.7	12.3	12.8	12.2	12.6
<b>Total funding</b>	<b>96.3</b>	<b>97.7</b>	<b>104.4</b>	<b>103.0</b>	<b>104.4</b>

## Net Stable Funding Ratio



# Financial guidance for 2024

## - Updated on 19 June 2024

### 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 advances	-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

- **Core earnings before impairments are now expected of around DKK 2,600 – 3,000 million**
  - Core earnings before impairments of DKK 1,545 million in H1 2024
  - At the beginning of 2024, core earnings before impairments were expected of around DKK 2,400 – 2,900 million
- **Loan impairment charges are now expected at a level of around 0.10% of loans, advances and guarantees**
  - Loan impairments of DKK -37 million in H1 2024
  - At the beginning of 2024, impairments charges were expected at a level around 0.30% of loans, advances and guarantees
- **Profit after tax are now expected of around DKK 1,950 – 2,250 million**
  - Profit after tax of DKK 1,215 million in H1 2024
  - At the beginning of 2024, profit after tax were expected of around DKK 1,700 – 2,100 million