

5 February 2025

Presentation of Spar Nord's financial results for **2024**



Lasse Nyby
CEO



Profit after tax of DKK 2,222 million and ROE after tax of 16.6 %

Headlines from the income statement

- Net interest income at the level of 2023 following solid loan growth and continued satisfactory return on the bank's surplus liquidity
- Growth in asset under management from both inflow of new funds and positive market value adjustments contributes to a 4% (y/y) increase in net fee income
- Satisfactory market-value adjustments from both customer activity and the Bank's portfolio of strategic shareholdings in the financial sector
- Costs increase 9% (y/y) due to higher payroll costs and IT costs Excluding one-off costs of DKK 64 million, increase in total costs is 6%
- Continued strong credit quality results in net reversal of loan impairments of DKK 25 million – 2nd consecutive year with net reversals of loan impairments
- Growth in bank loans and leasing of DKK 4.2 billion (7%)
 - Increase in total business volume of DKK 21 billion to a total of DKK 379 billion
- Continued strong liquidity and funding and solid capital position
 - In light of the conditions of Nykredit's takeover offer, Spar Nord's Board of Directors has decided not to recommend the distribution of dividends in 2024

SPAR NORD BANK DKKm	Realized 2024	Realized 2023	Index	Realized Q4 2024	Realized Q3 2024	Index
Net interest income	3,522	3,538	100	851	876	97
Net fees, charges and commissions	1,558	1,493	104	393	385	102
Market-value adjustments and dividends	393	452	87	42	103	41
Other income	185	175	106	49	35	138
Core income	5,657	5,658	100	1,335	1,399	95
Staff costs	1,610	1,493	108	422	375	112
Operating expenses	1,166	1,057	110	327	274	119
Costs and expenses	2,777	2,550	109	748	649	115
Profit before impairment charges	2,881	3,108	93	586	749	78
Impairments of loans and advances	-25	-33	-	13	-2	-
Profit before tax	2,906	3,141	93	573	751	76
Tax	684	720	95	130	188	69
Profit after tax	2,222	2,421	92	443	563	79



Financial guidance for 2025

Spar Nord expects profit before impairment charges of DKK 2,200 – 2,600 million and impairment charges at a level around 0.10% of loans, advances and guarantees

Profit after tax is subsequently expected to be in the DKK 1,600 – 1,900 million range

Net interest income at the level of 2023

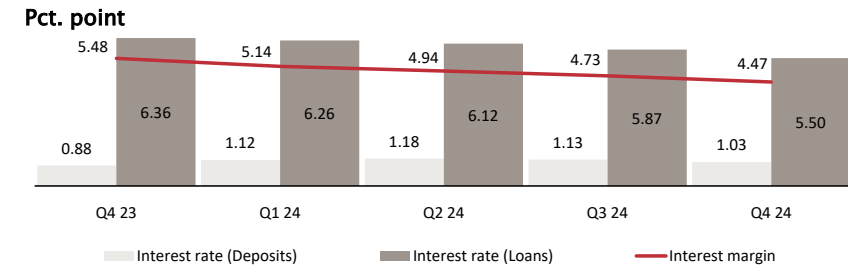
- **NII amounted to DKK 3,522 million versus DKK 3,538 million in 2023**

- Net interest income relating to the placement of the Bank's excess liquidity increased by DKK 384 million due to higher market rates
- Net interest income from loans and deposits decreased DKK 201 million due to lower average interest margin
 - Interest margin of 4.47% in Q4 2024 was 101 bp. lower compared to Q4 2023 – and 26 bp. lower compared to Q3 2024
 - Relative to 2023, deposits placed in savings accounts and fixed-rate deposit products increased by around DKK 6.3 billion - but with a fall of DKK 0.7 billion in Q4 2024

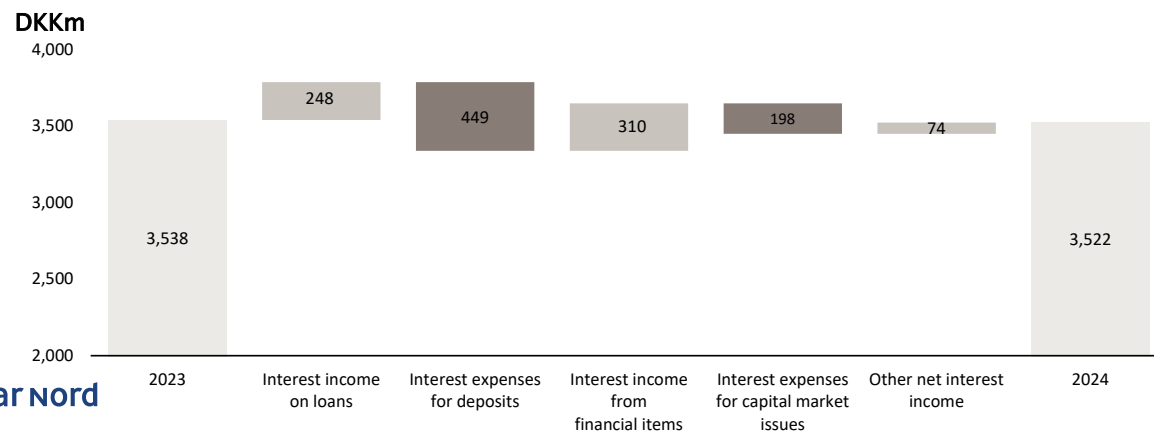
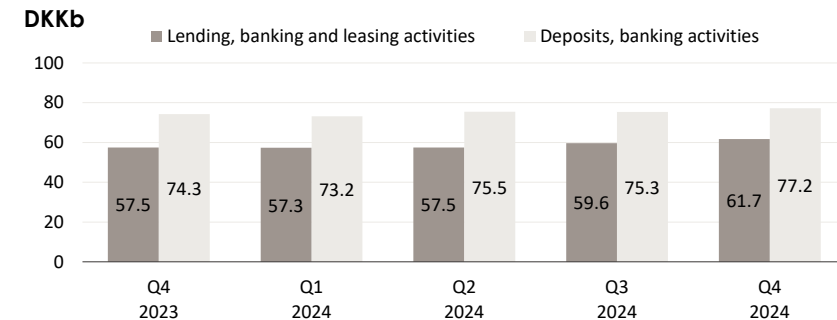
- **Lending growth of DKK 4.2 billion – y/y increase of 7%**

- Lending to private customers up by DKK 2.6 billion, of which growth in bank mortgage loans were DKK 1.1 billion
- Lending to corporates and SMEs down by DKK 2.3 billion, of which leasing business has grown DKK 0.7 billion
- Lending to public-sector customers down by DKK 0.7 billion

Interest margin



Loans / Deposits



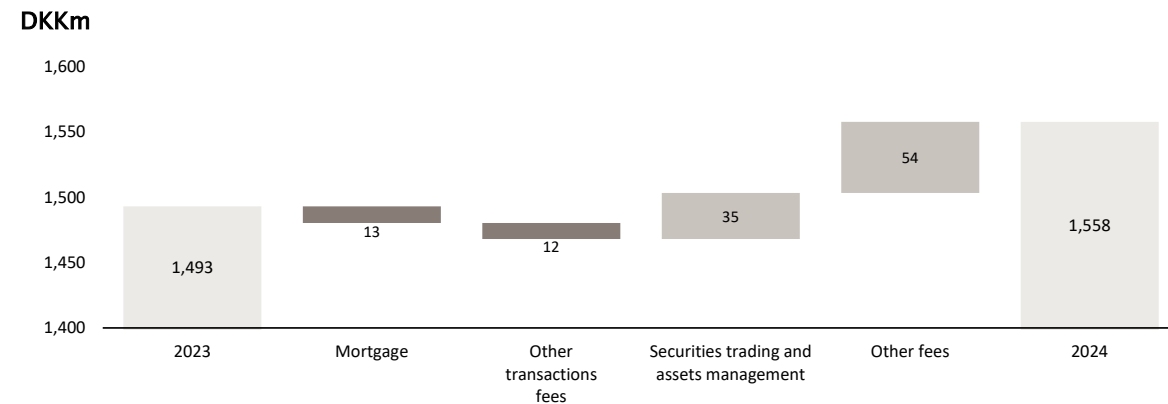
DKKm	2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	2024
Interest income on loans	3,153	866	858	849	827	3,401
Interest expenses for deposits	531	246	259	249	226	980
Net interest income, deposits and loans	2,622	620	599	600	601	2,421
Interest income from financial items	1,047	357	348	337	315	1,356
Other net interest income	292	92	100	86	88	366
Net interest income, liquidity surplus	1,339	449	448	423	403	1,722
Interest expenses for capital market issues	422	161	160	146	153	621
Total net interest income	3,538	909	887	876	851	3,522

Net fee income up by 4%

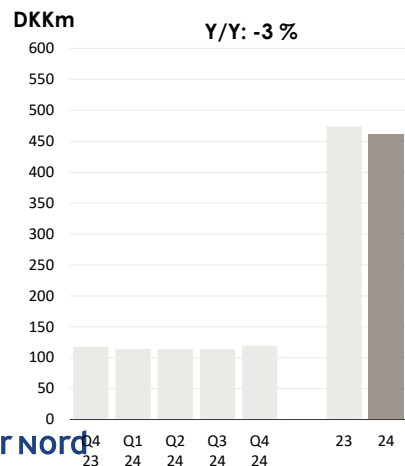
- **Net fee income amounted to DKK 1,558 million versus DKK 1,493 million in 2023**

- Satisfactory level of activity within asset under management
 - The increase was driven primarily by a higher volume of assets under management, resulting both from an inflow of new funds and positive market value adjustments
- Continued good activity within payment services and cards, insurance and pension
- Overall, still a lower level of activity within the housing market - however, but with greater activity in house sales in Q4 2024
- The total increase in other fees of DKK 54 million relative to 2023 should be seen in light of the fact that a negative effect of DKK 26 million was recognised in 2023 concerning erroneous collection of fees in the financing company Sparxpres

Trend in net fee income



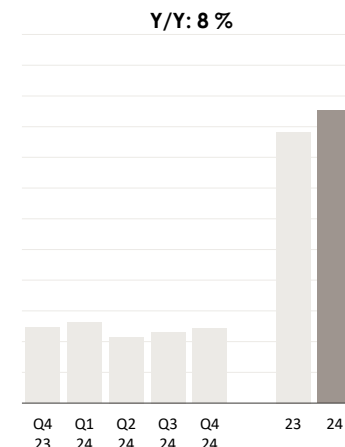
Mortgage



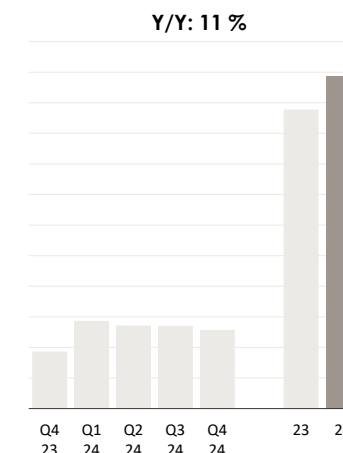
Other transactions fees



Securities trading and asset management

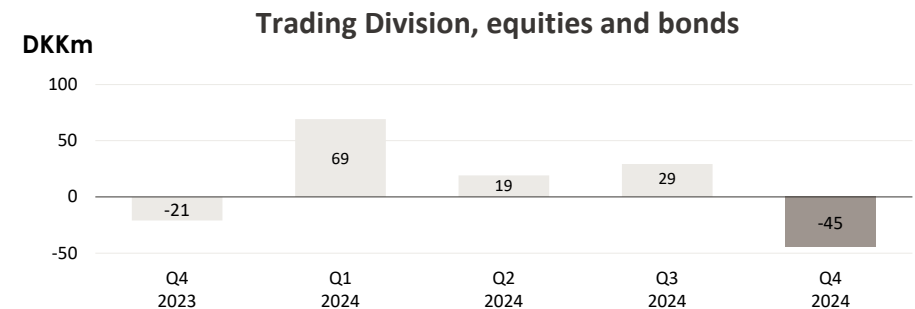
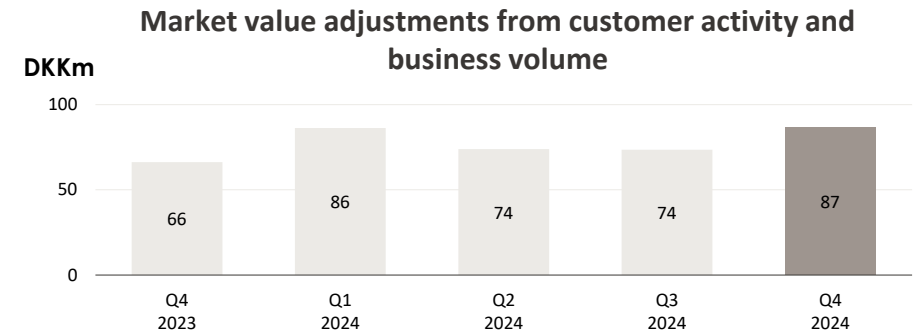


Other fees



Satisfactory market value adjustments from customer activity and strategic shares

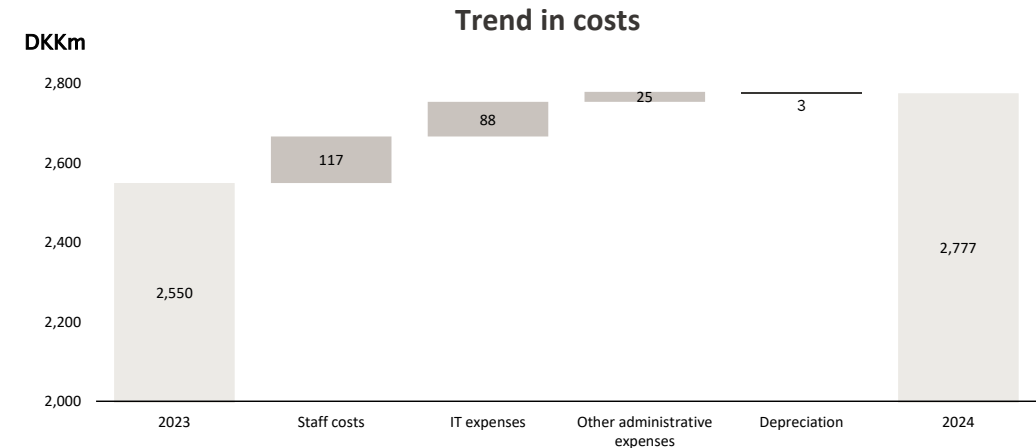
- **Market-value adjustments and dividends amounted to DKK 393 million versus DKK 452 million in 2023**
- **Market value adjustments from customer activity and business volume of DKK 320 million (+14% y/y)**
 - Market value adjustments and dividends on the portfolio of strategic shares in the financial sector of DKK 212 million – 12% higher than in 2023
 - Market value adjustments from currency trading and exchange rate gains amounted to DKK 108 million
- **Market value adjustments on equities and bonds were DKK 73 million**
 - In the Trading Division, market value adjustments on bonds etc. were DKK 56 million while equities were DKK 17 million
 - Financial market developments were generally positive in 2024, including a narrowing of credit spreads in the bond market, notably in Q1 and Q3 2024. However, in Q4 2024, widening credit spreads on Danish mortgage bonds resulted in negative market value adjustments
- **Entire bond portfolio is recognised at fair value**



DKKm	2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	2024
Tangible assets incl. dividends	189	60	48	49	56	212
Currency trade and -agio	92	27	26	25	30	108
Market value adjustments from customer activity and business volume	281	86	74	74	87	320
Market value adjustments, equities	27	9	5	5	-2	17
Market value adjustments, bonds, etc.	144	60	14	25	-42	56
Market value adjustments in Trading Division	171	69	19	29	-45	73
Total market value adj. and dividends	452	155	93	103	42	393

Costs/income ratio at 49

- Total costs amounted to DKK 2,777 million versus DKK 2,550 million in 2023 – corresponding an increase in costs of 9%
- Payroll costs increases by DKK 117 million (8%)
 - Employed staff was on average 57 higher in 2024 compared to 2023
 - 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
 - 1,750 employees (FTE) by end of 2024, which was 47 more than at year-end 2023
 - Collective wage increases
- Operating expenses up by DKK 109 million (10%)
 - Increase in IT costs related to both the bank's data centre, BEC and own IT projects. One-off costs accounted for DKK 32 million out of the total increase of DKK 88 million
 - Increases in staff-related expenses and marketing costs mainly driven by one-off costs of DKK 18 million for activities relating to the Bank's 200th anniversary in May 2024
 - Increase in other administrative expenses of DKK 10 million with underlying one-off costs of DKK 14 million for advice in connection with Nykredit's takeover offer
 - Excluding one-off costs, operating expenses increases by 4%



Breakdown on cost types

Operating expenses (DKKm)	2024	2023	Change
Staff-related expenses	68	57	11
Travel expenses	20	20	0
Marketing costs	77	70	7
IT expenses	708	620	88
Cost of premises	56	59	-3
Other administrative expenses	147	138	10
Depreciation	91	94	-3
Operating expenses	1,166	1,057	109

Net reversal of impairments for two years in a row

- **Loan impairments amounted to DKK -25 million against DKK -33 million in 2023**

- Continued net reversal of impairments underlines an unchanged strong credit quality among the Bank's retail and corporate customers

- **At end 2024, impairments in stage 3 accounts for 38% of the Bank's total impairments**

- Compared to year-end 2023, the share of impairments in stage 3 has increased by 5 percentage points – primarily attributable to individual impairment charges on specific corporate customers

- **At the end of 2024, total management estimate was increased by DKK 23 million to a total of DKK 684 million**

- Underlying increase in management estimate related to geopolitical uncertainty, valuation of commercial real estate and ESG while management estimate related to model uncertainty was reduced
- Underlying movement between private and business customers is related to the adjustment and recalculation of the management estimates regarding geopolitical uncertainty and commercial real estate

DKKm / pct.	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
- Impairments, private	-35	-109	-47	21	-49
- Impairments, corporate	31	77	42	-23	62
Impairments of loans and advances	-4	-32	-4	-2	13
Impairment ratio	0.0	0.0	0.0	0.0	0.0

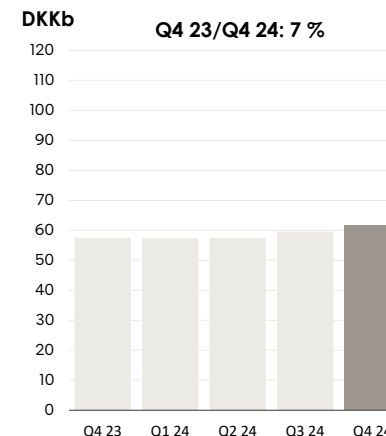
Impairments by type (DKKm)	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Management estimates	662	701	699	709	684
Impairments in Stage 1 and 2	460	361	322	327	337
Impairments in Stage 1 and 2 + Estimates	1,122	1,062	1,021	1,036	1,022
Impairments in Stage 3	551	578	626	612	630
Total impairments	1,673	1,639	1,647	1,648	1,652

DKKm	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Geopolitical uncertainty	375	399	407	418	398
Commercial real estate	155	160	177	178	181
ESG	73	98	88	86	88
Model uncertainty etc.	59	44	27	28	17
Total management estimates	662	701	699	709	684
<i>Of which Private customers</i>	<i>273</i>	<i>213</i>	<i>165</i>	<i>177</i>	<i>133</i>
<i>Of which Corporate customers</i>	<i>389</i>	<i>488</i>	<i>534</i>	<i>532</i>	<i>552</i>

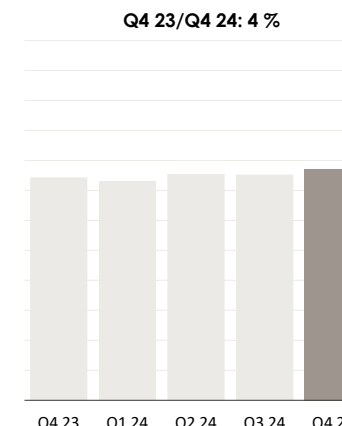
Growth in total business volume of 6 pct.

- End of 2024, total business volume amounts to DKK 379 billion – DKK 21 billion (6%) higher than end of 2023
- Solid growth in both bank and leasing lending and bank deposits
 - Bank and leasing lending were up by DKK 4.2 billion (Private: DKK 2.6 billion / Corporate: DKK 1.6 billion)
 - Bank deposits grew DKK 2.9 billion (Private: DKK 2.9 billion / Corporate: DKK 0.0 billion)
- Very satisfactory growth of DKK 11 billion in asset under management (16%)
- Modest decline in mortgage loans of DKK 0.4 billion to DKK 105.9 billion at end 2024
- Increase in other customers' custodian accounts, pensions, life annuities and guarantees of a total of DKK 3.2 billion

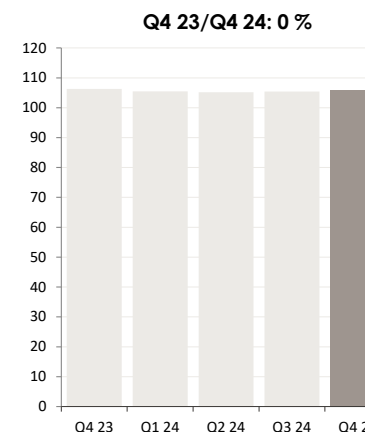
Bank- and leasing lending



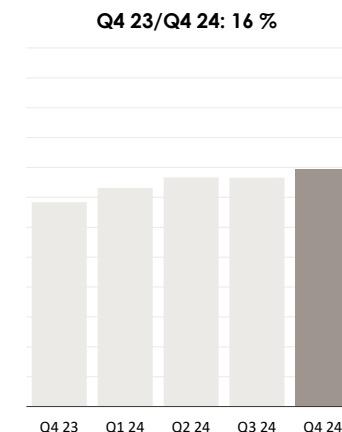
Bank deposits



Mortgage loans



Asset under management



DKKb	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Lending, banking and leasing activities	57.5	57.3	57.5	59.6	61.7
Deposits, banking activities	74.3	73.2	75.5	75.3	77.2
Mortgage loan facilitation	106.3	105.5	105.2	105.4	105.9
Asset under management	68.4	73.2	76.7	76.6	79.4
Other customers' custodianship	37.2	39.6	40.9	39.0	38.2
Pension, life annuities	4.9	5.2	5.4	5.5	5.7
Guarantees, etc.	9.7	9.2	10.3	10.7	11.0
Total business volume	358.2	363.2	371.4	372.0	379.2

Strengthened capital position from recognition of the profit for the year

- **Capital ratios**

- CET1: 18.8 (strategic target: 13.5)
- Own funds ratio: 22.9 (strategic target: 17.5)

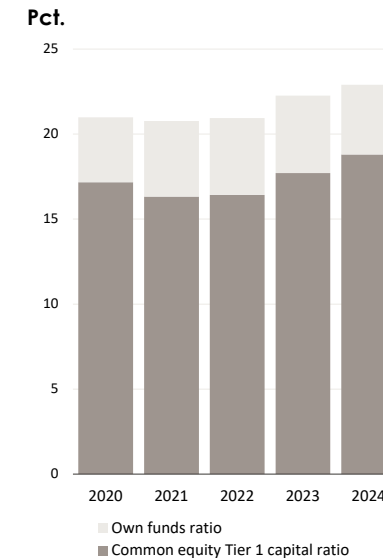
- **Individual solvency requirement of 9.5% and combined buffer requirement of 6.5%**

- Excess coverage of 6.9 percentage points or DKK 4.6 billion

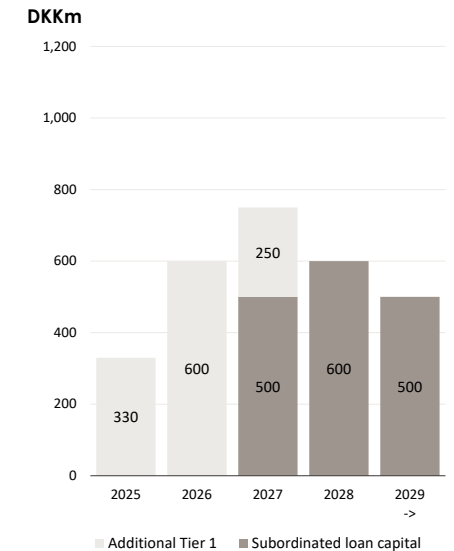
- **Compared with end-2023, the Bank's CET1 ratio increased by 1.1 percentage points and own funds ratio was up 0.6 percentage points**

- The Bank's own funds increased by DKK 1,827 million primarily driven by the recognition of the profit for the year with no deduction for dividends
- Total risk exposure increased DKK 6.2 billion
 - Of which DKK 4.6 billion higher risk exposure amount for credit risk was attributable to an increase in loans, advances and guarantees both to retail and business customers
 - Of which the DKK 0.3 billion higher risk exposure amount for market risk was mainly driven by lower gross interest rate risk
 - Of which the DKK 1.3 billion higher risk exposure amount for operational risk following recognition of core income from 2023 in the 3-year data for calculation using the basic indicator approach

Capital ratios



Maturity profile for subordinated debt

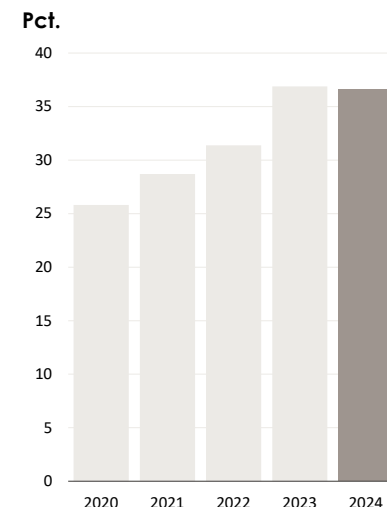


Pct. / DKKm	2024	2023	2022
Common equity Tier 1 capital ratio	18.8	17.7	16.4
Additional Tier 1	1.8	1.9	1.9
Tier 1 capital ratio	20.6	19.7	18.4
Tier 2 capital	2.3	2.6	2.6
Own funds ratio	22.9	22.3	20.9
Total Risk Exposure	66,600	60,369	60,463
Of which Credit Risk	54,223	49,563	50,063
Of which Market Risk	4,296	3,958	3,901
Of which Operational Risk	8,081	6,848	6,499

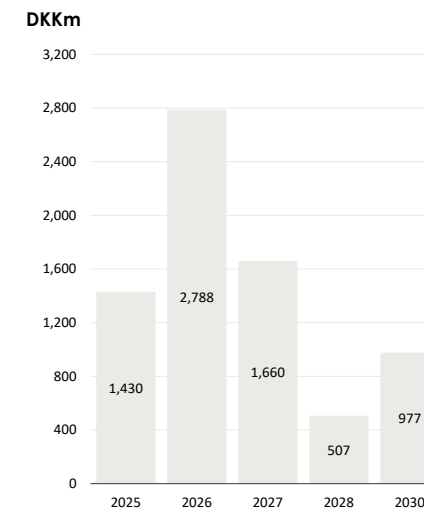
Comfortable coverage for MREL requirement

- **MREL and combined buffer percentage was 36.6% which is 0.3 percentage points lower than at end-2023**
 - Decline in MREL and combined buffer percentage was solely attributable to the increase in risk exposure, as the bank's MREL-eligible liabilities increased by DKK 1.4 billion compared to end-2023
- **Excess coverage against fully phased-in MREL and combined buffer requirement of 7.1 percentage points by end-2024**
 - Start of Q4 2024, Spar Nord conducted its first EUR issuance of MREL capital in the Senior Non-Preferred format for DKK 1.9 billion (EUR 250 million)
 - This was the first issuance under the Bank's Green Bond Framework
 - In December 2024, Spar Nord prepaid MREL-Capital (Senior Non-Preferred) issued in 2019 of a total of DKK 1.75 billion
- With reference to Nykredit's takeover offer, Spar Nord's Board of Directors has resolved not to recommend the distribution of dividends on the basis of the results for 2024. Against that background, the Bank's own funds have increased extraordinarily by around DKK 1.3 billion, which means the Bank does not expect to have an issuance requirement of capital market funding in the first half of 2025

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	2024	2023	2022
Own funds	15.3	13.4	12.7
MREL capital	9.1	8.8	6.2
Deduction – separate combined buffer requirement	-4.3	-3.6	-3.3
Total MREL-eligible liabilities	20.1	18.7	15.7
Pct.	2024	2023	2022
MREL and combined buffer percentage	36.6	36.9	31.4
MREL and combined buffer requirement	29.6	29.0	27.2
Excess coverage, MREL requirement	7.1	7.8	4.2

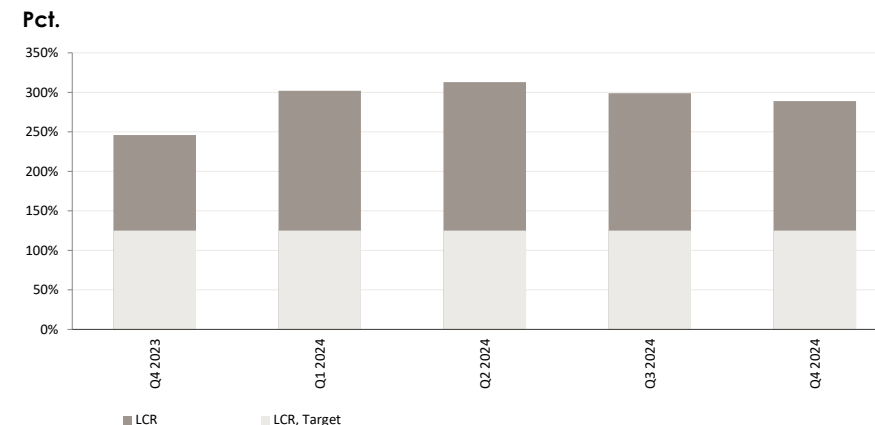
Unchanged strong liquidity and funding

- **End of 2024, LCR stood at 289%**
 - Statutory requirement at 100% / Bank's own target at 125%
- **End of 2024, NSFR stood at 131%**
 - Statutory requirement at 100% / Bank's own target at 105%
- **End of 2024, deposits excluding pooled schemes amounted to DKK 77.3 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

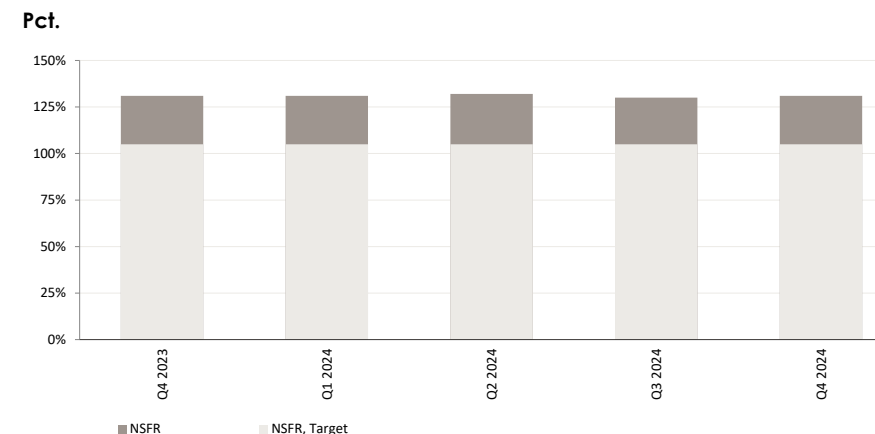
Funding profile

	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
DKKb					
Money market funding	5.0	4.8	4.4	5.1	6.8
Deposits excluding pooled schemes	74.4	73.2	75.5	75.3	77.3
Issued bonds	9.3	9.8	9.1	9.1	9.1
Tier 2 capital and AT1 capital	2.8	3.0	2.8	2.8	2.8
Shareholders' equity	12.8	12.2	12.6	13.1	13.4
Total funding	104.3	103.1	104.4	105.4	109.4

Liquidity Coverage Ratio



Net Stable Funding Ratio



Sustainability highlights in 2024

- **Climate Plan**

- Spar Nord has prepared a climate plan with an ambition of achieving net-zero by 2050, in line with the Paris Agreement. We also defined a number of 2030 reduction targets for our lending and investment activities and for the Bank's own operations. Additionally, Spar Nord has set sub-targets for selected segments, accompanied by specific actions and metrics, all designed to support our climate ambition.

- **Issuance of green bonds**






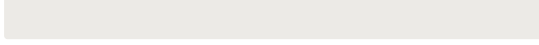







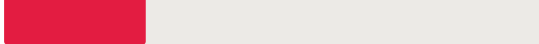

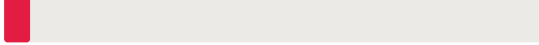





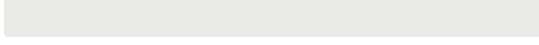






- Spar Nord has established a framework for the issuance of green bonds and conducted our first green bond issue for EUR 250 million, dedicated to funding the Bank's green loans subject to the criteria of the Bank's Green Bond Framework.

- **The local promise**

- Via 'The local promise' Spar Nord's 1,750 employees granted sponsorships to hundreds of different purposes in which they, their family or a colleague are actively involved in the association or the local community.



Sustainability targets in Spar Nord

Sustainability target	Target achievement	Target
 Lending		Financed emissions from lending must be reduced by 20% by 2025 and 50% by 2030 relative to a 2021 baseline.
 Electric car		By 2030, 80% of all new loans for the financing of cars are to be for electric cars relative to a 2023 baseline.
 Housing		By 2030, financed emissions from lending to private homes must be reduced by 70% relative to a 2023 baseline.
 Transport		By 2030, financed emissions from lending to the transport sector must be reduced by 30% relative to a 2023 baseline.
 Green financing		Lending linked to the categories in the Bank's Green Bond Framework must amount to at least DKK 10 billion by 2030.
 Investment · asset management		Financed emissions from investments in equities and corporate bonds made on behalf of customers must be reduced by 30% by 2025 and 60% by 2030 relative to a 2020 baseline.
 Own operations · Scope 1 and 2		GHG emissions from the Bank's own operations (scope 1 and 2) must be reduced by 30% by 2025 and 50% by 2030 relative to a 2021 baseline.
 Own operations · Scope 3		GHG emissions from the Bank's own operations (scope 3) must be reduced by 25% by 2030 relative to a 2021 baseline.
 Board of Directors		In 2025, the under-represented gender is to represent 33% on the Board of Directors.
 Other management levels		In 2026, the under-represented gender is to represent at least 20% at other management levels.
 Executive Board		In 2030, the under-represented gender is to represent at least 25% on the Executive Board.
 Executive managers		In the group of executives, the under is to represent at least 20% by 2026 and 40% by 2030.
 Managers		Among the Bank's managers, the under is to represent at least 35% by 2026 and 40% by 2030.
 Employee satisfaction		The proportion of satisfied and very satisfied employees must be at least 85% in the annual employee satisfaction survey.

Financial guidance for 2025

- **Profit after tax expected to be in the DKK 1.6-1.9 billion range**

- Corresponding to a ROE after tax in the 11-13% range

- **Core income expectations**

- Net interest income is expected to be reduced due to pressure on the lending margin, a lower deposit margin and lower interest on the Bank's excess liquidity because of expected rate cuts. The Bank currently expects Danmarks Nationalbank to carry out four rate cuts totaling 1.00 percentage point
- In terms of net interest income, the greatest uncertainty in 2025 attaches to developments in market and policy rates, which have a strong bearing on returns on Spar Nord's substantial excess liquidity
- Increase in net fee income due to higher volumes in assets under management and a higher level of activity in the housing market because of expectations of additional rate cuts during 2025. Finally, we expect a continued high level of activity in payment services, cards and insurance and pension
- Market value adjustments and dividends are expected to be in line with 2024

- **Cost expectations**

- Payroll costs are expected to rise due to pay rises under collective agreements, while the average number of employees is expected to fall slightly in 2025
- Operating expenses are generally expected to be on a level with 2024, exclusive of one-off costs

- **Profit before impairment charges expected to be in the DKK 2.2-2.6 billion range**

- **Impairment charges are expected at a level around 0.10% of loans, advances and guarantees**

- On the basis of expectations of continued, albeit moderate, economic growth in Denmark and high employment

5-year trend

DKKm	2024	2023	2022	2021	2020
Profit before impairment charges	2,881	3,108	1,808	1,581	1,227
Impairments of loans and advances	-25	-33	78	-120	309
Profit after tax	2,222	2,421	1,417	1,368	737
ROE after tax (pct.)	16.6	19.7	12.5	12.9	7.4