



## BankNordik sells its Danish activities to Spar Nord

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**Today, BankNordik has entered into an agreement with Spar Nord on the sale of BankNordik's Danish activities at book value as well as a goodwill amount of DKK 255 million before transaction costs. The backdrop to the divestment is the high capital requirements to which BankNordik is subject.**

The sale is expected to result in a net gain in BankNordik's annual result for 2021 of between DKK 70 and 90 million after transaction costs. This includes withdrawal reimbursement to the Bank's IT systems provider, SDC. The completion of the transaction requires approval by the Danish FSA and the Danish Competition and Consumer Authority. The conditions of the sale are expected to be met by the end of February 2021, and as such, the acquisition is expected to have a takeover date of 1 March 2021.

Due to the fact that BankNordik has been designated a SIFI in the Faroe Islands, the Bank is subject to markedly higher capital requirements than comparable Danish financial institutions. As such, the high capital requirements pose a challenge to BankNordik's future competitiveness in Denmark – a challenge that will continue to grow with the phasing in of the Bank's total MREL-requirement. The challenge does not apply in the Greenlandic and Faroese markets, as BankNordik is operating on a level playing field with competitors of a comparable size in the Faroe Islands and Greenland. As the Bank has not been able to achieve revised capital requirements for its Danish activities despite dialogue with the relevant authorities, BankNordik has chosen to sell its Danish activities to Spar Nord.

"Spar Nord is acquiring an efficient and profitable business with dedicated and competent employees, which the satisfactory price also indicates. Our SIFI status in the Faroe Islands has posed a challenge to our Danish operations, which, unfortunately, it has not been possible to resolve. Therefore, given the circumstances, we are pleased to be able to hand over a successful organisation to Spar Nord, which is a well-run bank with a good reputation with both employees and customers," says Árni Ellefsen, CEO of BankNordik.

BankNordik is a significant player in the Faroe Islands and Greenland and will continue to maintain the Group's solid position in the Faroese market and ensure a sustained profitable growth in Greenland. This will be achieved by continuing to provide comprehensive financial advice, improving customer experience and maintaining cost discipline.

At the time of divestment of the Danish activities, BankNordik's CET1 capital ratio and solvency ratio are expected to increase to around 32,5% and 36%, respectively. This corresponds to an excess capital of around DKK 900 million compared to the Bank's CET1 and total solvency targets. The above calculation of capital ratios and excess capital is based on the Bank's accounts as at 30 September 2020, including the profit for the period.

As a result of the divestment, the Bank's customer composition will change, which is expected to trigger the need to adjust the Bank's CET1 and solvency targets in an upward direction.

In order to support BankNordik's liquidity, the Bank has raised two DKK 500 million senior loans with maturities of 6 and 18 months, respectively. Both senior loans may be repaid after 6 months.

At the publication of the 2020 annual report, BankNordik will address dividends as well as the need to adjust any of the Group's financial targets, i.e. the return on equity, cost/income ratio, CET1 ratio and solvency ratio.

In connection with the sale, BankNordik engaged ABG Sundal Collier as financial advisor and Bech-Bruun as legal advisor.

### Further information:

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