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Spar Nord signs agreement with BEC regarding future cooperation on IT services and systems management

Today Spar Nord Bank A/S ("Spar Nord") concluded an agreement with BEC a.m.b.a. ("BEC") regarding future cooperation on IT solutions and related application deployments. The agreement, which means that Spar Nord has chosen BEC as its IT partner and moves to BEC's IT platform, is expected to result in annual cost savings for Spar Nord of around DKK 55 million, while at the same time boosting Spar Nord's future development potential in the IT field. As a consequence of the agreement with BEC, Spar Nord has terminated its agreement with Skandinavisk Data Center A/S ("SDC").

The agreement concluded today between Spar Nord and BEC means that Spar Nord will become a full member of BEC. Accordingly, Spar Nord will transfer to BEC's IT platform and in future contribute to BEC's application architecture developments. In practice, the transfer from SDC's to BEC's platform is expected to take place in 2016.

Business case

According to the agreement with BEC, Spar Nord has terminated its existing agreement with SDC, and in that connection it will write down its SDC shareholding, equal to a market-value adjustment of DKK 195 million in Q4 this year. The conversion costs in connection with the practical transfer to BEC's IT platform in 2016 are expected to amount to about DKK 40 million.

The annual savings for Spar Nord as a result of the conversion are expected to amount to some DKK 35 million in 2016 and around DKK 55 million in the following years.

In connection with Spar Nord's withdrawal from SDC it has been agreed between Spar Nord and BEC that BEC will grant Spar Nord a discount. As a result, Spar Nord's financial obligations upon withdrawal from SDC are essentially expected to have no impact on Spar Nord's profits.

The conversion to BEC's platform and the agreed future prices and terms and conditions are expected to lift Spar Nord's cost/income ratio by about 0.02 in a normalized year.

Satisfaction at Spar Nord

John Lundsgaard, Managing Director, the Executive Board member responsible for Spar Nord's IT infrastructure architecture, says:

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- On the part of Spar Nord, we can say that we are highly satisfied with the agreement concluded today with BEC. And we are satisfied because the agreement will have a substantial positive economic impact and place us in a stronger position in the future competitive environment, and thus permit us to offer our customers and employees the best potential digital solutions.

On a number of previous occasions, Spar Nord - and John Lundsgaard - have advocated a stronger consolidation of IT infrastructure services for Denmark's financial institutions.

- We have long been convinced that the right solution for Denmark's financial institutions is to concentrate our IT platforms on fewer data processing institutions, in the interests of both financial benefits and development potential, and we continue to believe so. Specifically we find that it is not rational to devote resources to implementing new legislation and regulatory requirements at so many data processing institutions at the same time, and, from a more general perspective, that it will strengthen the development potential for financial institutions to act hand-in-hand. But as it has not been possible to reach agreement on an all-embracing solution at this stage, we have chosen to make the decision that will put both Spar Nord and its shareholders in the strongest position, says John Lundsgaard.

BEC satisfied with the outcome

BEC is also pleased with the agreement made with Spar Nord. Gert R. Jonassen, CEO of Arbejdernes Landsbank, who is the Chairman of BEC's Board of Directors, says:

- It is with great pleasure that we bid Spar Nord welcome as a new member of BEC. Spar Nord will be one of BEC's largest members, and will thus be able to really strengthen BEC's business. I am in no doubt that in the future, this will mean great added value for Spar Nord, BEC's members and BEC's other customers.

In conclusion, the Chairman of BEC points out:

- Naturally, changing IT supplier is no easy task, but I know that BEC and BEC's members will do their utmost to ensure that Spar Nord is given the best possible welcome.

Questions regarding this announcement

Please direct any questions regarding this announcement to the undersigned, who can be reached at tel. +45 9634 4010.

Sincerely yours,
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