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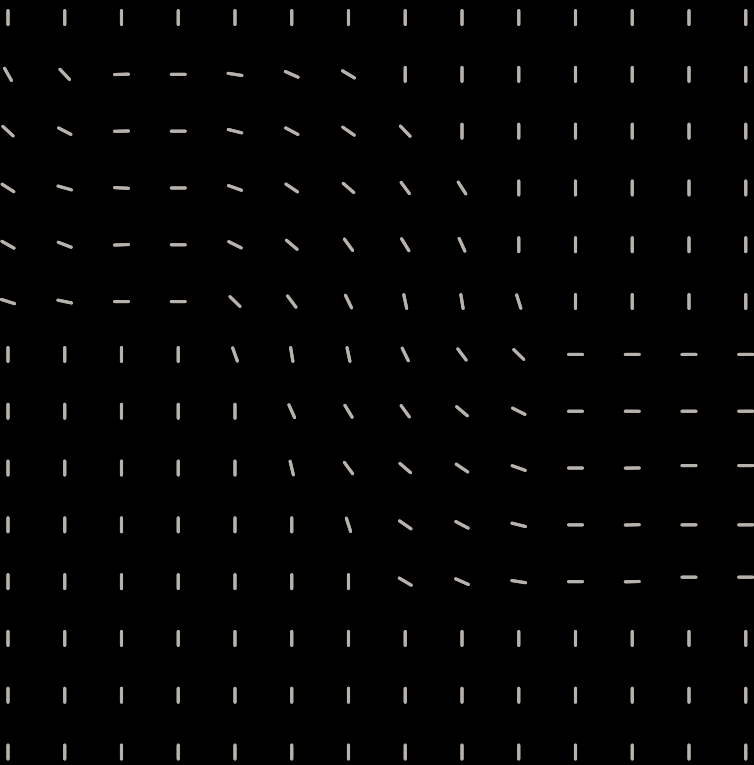
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Introduction

The Board of Directors and the Executive Board of Spar Nord consider corporate governance to be a fundamental requirement for maintaining a good relationship with internal and external stakeholders and for meeting the Group's financial and non-financial objectives.

For that reason, Spar Nord's Management backs efforts to promote corporate governance and has chosen to comply with a vast majority of the 2020 recommendations from the Danish Corporate Governance Committee. A full overview of Spar Nord's position on the recommendations is provided on the following pages and on the Bank's website at www.sparnord.com/governance.

In addition, Spar Nord's Management has considered its position on the corporate governance code of Finance Denmark and has chosen to comply with all 12 recommendations. In addition to Spar Nord's position on the general recommendations on corporate governance, the Bank's position on Finance Denmark's corporate governance code can also be viewed in its entirety in this report and on the website at www.sparnord.com/governance.

Organisation and corporate governance

The Board of Directors and the Executive Board of Spar Nord consider corporate governance to be a fundamental requirement for maintaining a good relationship with internal and external stakeholders and for meeting the Group's financial and non-financial objectives.

For that reason, Spar Nord's Management backs the efforts to promote corporate governance and has chosen to comply with a vast majority of the 2020 recommendations from the Danish Corporate Governance Committee. The full wording of Spar Nord's position on the recommendations and on Finance Denmark's corporate governance code is available at www.sparnord.com/governance.

The general meeting

The shareholders in general meeting constitute Spar Nord's supreme governing body. Information about the notice of general meetings, exercise of voting rights etc. is set out in the Bank's articles of association, which are available at www.sparnord.com/vedtaegter. Only the general meeting can amend the articles of association. Amendments require a two-thirds majority of the votes cast and a two-thirds majority of the share capital represented at the general meeting and entitled to vote.

Pursuant to the Bank's articles of association, the right to vote at general meetings for shareholders holding less than 20,000 shares is exercised through delegates (members of Spar Nord's local bank councils). Shareholders owning at least 20,000 shares may exercise their voting rights at the general meeting.

Board of Directors and board committees

Spar Nord's Board of Directors is composed of nine members, six of whom are elected by the shareholders and the remaining three members by the employees. The Bank's Executive Board is not part of

the Board of Directors but takes part in all of its meetings. Board members are elected for terms of two years, and half of the members elected by the general meeting are up for election each year, while members elected by the employees pursuant to Danish legislation are elected for terms of four years.

Spar Nord's Board of Directors has set up three committees:

- An Audit Committee charged with monitoring and controlling accounting and auditing matters
- A Risk Committee charged with responsibility for the preparatory work leading up to the Board of Directors' decisions regarding risk management and related issues
- A Nomination and Remuneration Committee charged with undertaking the preparatory work concerning the annual board evaluation and nomination process

Each year, the Spar Nord Board of Directors convenes 11 ordinary meetings and holds a strategy seminar and three meetings with the chairmen of the regional bank committees.

In 2022, the Board of Directors held a total of 24 meetings. In addition, eight meetings were held in the Audit Committee, eight meetings in the Risk Committee and six meetings in the Nomination and Remuneration Committee.

The total board member attendance rate was 93.6%. The attendance by each member of the Board of Directors is published on the Bank's website.

Evaluation and nomination process

The process of nominating members to the Board of Directors is undertaken by the Nomination and Remuneration Committee in dialogue with the combined members of the Board of Directors and with the assistance of the chairmen of the local bank councils of Spar Nord's shareholder regions.

On the basis of the annual evaluation of the Board of Directors' work, competences and composition, any need for recruiting new board members is assessed. If such a need exists, the Board will prepare a description of the skills and qualifications required for the candidate. The nomination process generally attaches importance to areas such as management experience, business experience, business acumen, insight into finance and risk management and relevant personal skills.

Election to the Board of Directors

At the Annual General Meeting in March 2023, three of the members elected by the shareholders are up for election. Per Nikolaj Bukh has announced that he stands for re-election, and the Board of Directors recommends his re-election. Kaj Christiansen and André Rogaczewski have announced that they do not stand for re-election.

Executive Board

The Executive Board is appointed by the Board of Directors and is composed of Lasse Nyby, CEO, John Lundsgaard, Managing Director, Lars Møller, Managing Director, and Martin Kudsk Rasmussen, Managing Director.

Lars Møller has informed the Board of Directors that he wants to retire as from 30 April 2023. The Board of Directors has decided to appoint Carsten Levring, currently the Bank's Chief Risk Officer, as a new Managing Director and member of the Executive Board as from 1 April 2023.

The Executive Board is the supreme decision-making body as concerns the day-to-day affairs of the Bank, in compliance with the guidelines and directions issued by the Board of Directors. The more specific distribution of duties between the Board of Directors and the Executive Board appears from their rules of procedure.

Remuneration of the Board of Directors and the Executive Board

The remuneration of the Board of Directors and the fees and salaries paid to the Executive Board are shown in the 2022 Remuneration Report. Board members are paid a fixed annual amount and do not participate in any bonus or option programmes.

The Board of Directors finds that the terms of service of Executive Board members, including severance terms, are in line with general practice in the area, and they are regularly reviewed. The Board of Directors also finds that the overall remuneration is competitive and fair in light of the Executive Board's performance and having regard to long-term value generation for shareholders.

According to its remuneration policy, Spar Nord does not operate with incentive schemes for the Board of Directors and the Executive Board.

Risk and risk management

Risk management

Risk assumption is a natural component of banking operations, placing heavy demands on the Bank's risk management organisation and risk management environment. As a result of business activities, Spar Nord is exposed to credit, market and liquidity risk as well as operational risk, including IT, compliance and reputational risk. Risk attaching to climate change is included in the management of the individual types of risk. Strategic and regulatory risk is also a significant focus area.

Disclosure obligations with respect to management systems, cf. Article 435(2)(a)-(c) of the CRR Regulation, are described on pages 38-45 of Spar Nord's Annual Report.

Risk management organisation

In accordance with Danish legislation, Spar Nord has established a two-tier management structure consisting of a Board of Directors and an Executive Board. Moreover, the Bank has established segregation of functions between entities entering into business transactions with customers or otherwise assuming risk on behalf of the Bank, and entities in charge of risk management.

The structure of Spar Nord's risk management organisation is based on the Institute of Internal Auditors' (IIA) Three Lines Model and is shown in the figure on page 9.

Board of Directors

The Board of Directors handles the overall strategic management with a view to running a healthy and competitive bank, thus securing long-term value for the Bank's stakeholders.

Using the strategic objectives as its point of departure, the Board of Directors determines a risk profile which describes the risk within the Bank's most important risk types that the Board of Directors is willing to undertake while meeting the objectives set forth in the strategy.

The objective is to ensure cohesion between Spar Nord's vision and strategy while ensuring that the risk profile is appropriate at all times, having regard to the Bank's capital and liquidity situation.

The Board of Directors has defined a number of risk policies that set out the overall handling and management of the Bank's risks. These policies are reviewed and approved by the Board of Directors at least once a year.

In order to underpin the management structure, the Board of Directors has drafted written guidelines for the Executive Board, specifying the areas of responsibility and scope of action. As required and at least once a year, the Board of Directors must assess and update these guidelines.

Board committees

The Board of Directors has set up a Risk Committee, a Nomination and Remuneration Committee and an Audit Committee charged with organising the preparatory work for the Board of Directors' consideration of matters relating to the respective topics.

Establishing these board committees helps ensure a better utilisation of the specific competences held by the board members, thus ensuring in-depth dealing with the board material. The sole purpose of the committees is to facilitate the transaction of business by the Board of Directors, and they have no independent decision-making powers.

The terms of reference of the committees are available at www.sparnord.com/committees.

A presentation of the board members and their qualifications is provided on pages 39-41 of the Annual Report.

Risk Committee

The principal purpose of the Risk Committee is to handle risk-related matters, including to review and assess the adequacy and efficiency of the Bank's policies, guidelines and systems. The Risk Committee also serves to advise the Board of Directors on the Bank's overall current and

future risk profile and strategy and to ensure the correct implementation of the risk strategy in the Bank.

The Risk Committee consists of three independent board members. The Committee held eight meetings in 2022.

Nomination and Remuneration Committee

The principal purpose of the Nomination and Remuneration Committee is to facilitate the decisions to be taken by the Board of Directors with respect to remuneration, including the remuneration policy, and other related decisions that may influence risk management.

The Committee also serves to facilitate the preparatory work related to the Bank's diversity policy, the process of board evaluation and the nomination of new candidates for the Board of Directors and the Executive Board.

Regularly, and at least once a year, the Committee evaluates the Executive Board's structure, size, composition and results and prepares recommendations for the Board of Directors for any changes.

The Nomination and Remuneration Committee consists of three board members, one of whom is an independent member and one a member elected by the employees. The Committee held six meetings in 2022.

Audit Committee

The principal purpose of the Audit Committee is to monitor and control accounting and auditing matters, including informing the Board of Directors of the outcome of the statutory audit. Its duties also include monitoring the efficiency of the Bank's internal control system, Internal Audit and risk management systems for financial reporting purposes.

The Audit Committee consists of three board members, one of whom is an independent member and one a member elected by the employees. The Committee held eight meetings in 2022.

Executive Board

In accordance with the guidelines and risk policies issued by the Board of Directors, the Executive Board is in charge of the day-to-day management.

The Executive Board must ensure that risk policies and guidelines are implemented in the Bank's day-to-day operations while also ensuring that business procedures or work descriptions have been prepared for all important areas.

The Executive Board delegates specific guidelines and powers to selected departments of the Bank with a view to the practical implementation of the guidelines and policies adopted by the Board of Directors.

Executive Board committees

The Executive Board has set up a number of committees which in specific areas contribute to Spar Nord's risk management, preparing issues and themes for consideration by the Executive Board and Board of Directors.

Solvency and Risk Management Committee

The Solvency and Risk Management Committee is composed of a member of the Executive Board, Trading Division, Credit Department, Finance & Accounts and Risk Management, respectively. The Committee meets every quarter and serves to define targets and principles for calculating adequate own funds and the individual solvency need.

The Solvency and Risk Management Committee prepares a recommendation for the individual solvency need and passes it on to the Board of Directors for approval. The Committee handles input from the Market Risk, IT Security and Model Risk Committees and the Credit Committee to ensure that any capital consequences are dealt with by the primary capital and solvency authority.

Market Risk Committee

The Market Risk Committee is composed of a member of the Executive Board and representatives from the Trading Division, Finance & Accounts and Risk Management.

The Committee meets every quarter to review developments in Spar Nord's positions, risks as well as liquidity situation and expectations regarding market developments and future plans.

IT Security Committee

The IT Security Committee is composed of a member of the Executive Board, the IT department and Risk Management, respectively, and selected heads of business areas. The Committee serves to advise on and deal with any issues that may arise in relation to the IT security policy and related rules, procedures and contingency plans. The IT Security Committee also addresses the Bank's IT risk profile.

Model Risk Committee

The Model Risk Committee is composed of a member of the Executive Board and representatives from Risk Management and the Credit Department. The Committee meets once every quarter to discuss and monitor the management of model risks and to consider recommendations of newly developed and revised models prior to approval and implementation.

Credit Committee

The Credit Committee is composed of two members of the Executive Board and one representative from the Credit Department. The Committee deals with credit facilities that exceed the Credit Department's authorisation limits or involve a matter of principle. The Committee meets several times a week. Frequently, matters that have been dealt with by the Credit Committee will be prepared for subsequent discussion by the Board of Directors.

First line

The business units Spar Nord's Local Banks and Trading Division together with the support and control functions represent the first line. The Bank's day-to-day risk management is handled through risk policies, guidelines,

limits and a number of internal controls and is performed in all major risk areas, including credit, market, liquidity and operational risk. In order to support the business units in relation to preventing money laundering and terrorist financing, the Bank also has an Anti-Money Laundering function (AML & Fraud), which is part of the first line.

Second line

The second line consists of Risk Management and the Compliance Function. The functions have key assignments of monitoring, controlling and reporting the Bank's risks and control environment.

Risk Management

Risk Management is responsible for providing an overview of the Bank and its risk exposure to be able to assess whether such risk exposure is adequately addressed. Risk Management's area of responsibility comprises the Bank's risk-prone activities across various risk areas and organisational units and risks attaching to outsourced functions. Risk Management also serves as a secretariat to the Bank's Risk Committee and will assist the Risk Committee in providing information about the Bank's risk exposure.

Risk Management reports to the Board of Directors on a quarterly basis. The activities of Risk Management are rooted in the annual plan adopted by the Board of Directors.

The Chief Risk Officer reports directly to the Executive Board. Dismissal of the Chief Risk Officer is subject to the prior approval of the Board of Directors.

Compliance Function

The Compliance Function is charged with assessing and checking Spar Nord's compliance with applicable legislation, banking sector standards and internal guidelines, as well as advising on how to reduce compliance risk.

The Compliance Function reports to the Executive Board on a quarterly basis and to the Board of Directors twice a year. The activities of the

compliance function are rooted in the annual plan adopted by the Board of Directors.

The Head of Compliance reports directly to the Executive Board. Dismissal of the Head of Compliance is subject to the prior approval of the Board of Directors.

Third line

The Internal Audit Department serves as the third line of defence, which on the basis of the annual plan adopted by the Board of Directors is responsible for planning and performing an operational audit. An operational audit encompasses sample audits of internal processes, business procedures and internal controls in significant and high-risk areas, including in connection with preparing the financial statements.

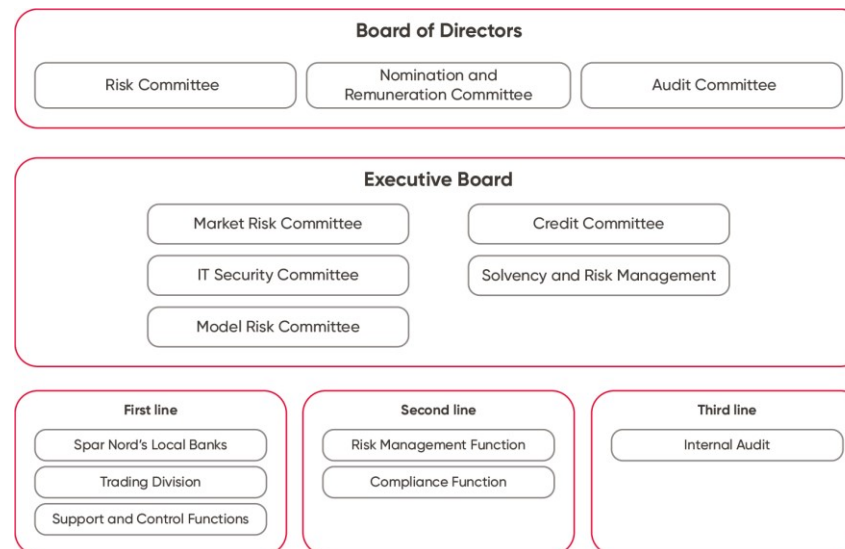
The Internal Audit Department is also responsible for planning and performing an audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

It reports directly to the Board of Directors and regularly reports to the Executive Board and the Board of Directors. Dismissal of the Head of Internal Audit is subject to the approval of the Board of Directors.

Reporting

To ensure an adequate decision-making basis for the Executive Board and the Board of Directors, management receives reporting material pertaining to the principal risk areas.

The Board of Directors is continually involved in defining the contents to be reported on.



Corporate governance recommendations

The Board of Directors and the Executive Board of Spar Nord consider corporate governance to be a fundamental requirement for maintaining a good relationship with internal and external stakeholders and for meeting the Group's financial and non-financial objectives.

For that reason, Spar Nord's Management backs the efforts to promote corporate governance and has chosen to comply with a vast majority of the recommendations from the Danish Corporate Governance Committee (December 2020).

1. Interaction with the company's shareholders, investors and other stakeholders

1.1. Communication with the company's shareholders, investors and other stakeholders

- 1.1.1. The Committee recommends that the management through ongoing dialogue and interaction ensures that shareholders, investors and other stakeholders gain the relevant insight into the company's affairs, and that the board of directors obtains the possibility of hearing and including their views in its work.

Spar Nord complies with the recommendation.

The Board of Directors and the Executive Board of Spar Nord give high priority and dedicate considerable resources to the dialogue with the company's stakeholders. Each year, Spar Nord holds shareholder meetings and all the Bank's shareholders are entitled to attend. Each

year, the Executive Board and IR usually hold 50-75 meetings with professional and institutional investors.

Moreover, Spar Nord makes relevant and timely information available to its stakeholders on its website, along with direct contact details for its Management. The Board of Directors receives regular reporting on the Executive Board's and its staff's dialogue with stakeholders.

- 1.1.2. The Committee recommends that the company adopts policies on the company's relationships with its shareholders, investors and if relevant other stakeholders in order to ensure that the various interests are included in the company's considerations and that such policies are made available on the company's website.

Spar Nord complies with the recommendation.

Spar Nord has adopted an investor relations policy and policies relating to ESG, which are available at www.sparnord.dk.

- 1.1.3. The Committee recommends that the company publishes quarterly reports.

Spar Nord complies with the recommendation.

1.2. The general meeting

- 1.2.1. The Committee recommends that the board of directors organises the company's general meeting in a manner that allows shareholders, who are unable to attend the meeting in person or are represented by proxy at the general meeting, to vote and raise questions to the management prior to or at the general meeting. The Committee recommends that the board of directors ensures that shareholders can observe the general meeting via webcast or other digital transmission.

Spar Nord complies with the recommendation.

Pursuant to the Bank's articles of association, the right to vote at general meetings for shareholders holding less than 20,000 shares is exercised through delegates. Shareholders owning at least 20,000 shares may exercise their voting rights at the general meeting. It is also possible to vote electronically or by letter prior to the general meeting. Any shareholder may have a proposal considered by submitting a request to the Board of Directors not later than six weeks before the general meeting. Any shareholder who is registered in the register of shareholders or has requested that his shares be registered in the register of shareholders is entitled to attend a general meeting – either in person or represented by proxy – and to address the general meeting.

At the annual shareholder meetings, the shareholders of each shareholder region elect delegates to represent the portion of the region's share capital which is not attributable to major shareholders at the company's general meetings.

- 1.2.2. The Committee recommends that proxies and postal votes to be used at the general meeting enable the shareholders to consider each individual item on the agenda.

Spar Nord complies with the recommendation.

The right of shareholders to exercise their voting rights at general meetings is exercised through the delegates. Shareholders owning at least 20,000 shares may exercise their voting rights at the general meeting. Voting rights may be exercised through proxies and postal votes.

1.3. Takeover bids

- 1.3.1. The Committee recommends that the company has a procedure in place in the event of takeover bids, containing a "road map" covering matters for the board of directors to consider in the event of a takeover bid, or if the board of directors obtains reasonable grounds to suspect that a takeover

bid may be submitted. In addition, it is recommended that it appears from the procedure that the board of directors abstains from countering any takeover bids by taking actions that seek to prevent the shareholders from deciding on the takeover bid, without the approval of the general meeting.

Spar Nord complies with the recommendation.

1.4. Corporate Social Responsibility

- 1.4.1. The Committee recommends that the board of directors adopts a policy for the company's corporate social responsibility, including social responsibility and sustainability, and that the policy is available in the management commentary and/or on the company's website. The Committee recommends that the board of directors ensures compliance with the policy.

Spar Nord complies with the recommendation.

Board of Directors of Spar Nord works extensively with various aspects of corporate social responsibility and has adopted a series of policies and guidelines for the area, including a policy for sustainability and environmental, social and governance (ESG) issues, a policy on responsible investments and sustainability risks and a stewardship policy which are available on the Bank's website. Spar Nord is a signatory to the UN Global Compact (corporate responsibility), the UN Principles for Responsible Investment (UN PRI), the UN Principles for Responsible Banking (UN PRB), and the UN Sustainable Development Goals (SDGs).

- 1.4.2. The Committee recommends that the board of directors adopts a tax policy to be made available on the company's website.

Spar Nord complies with the recommendation.

2. The duties and responsibilities of the board of directors

2.1. Overall tasks and responsibilities

- 2.1.1. The Committee recommends that the board of directors in support of the company's statutory objects according to its articles of association and the long-term value creation considers the company's purpose and ensures and promotes a good culture and sound values in the company. The company should provide an account thereof in the management commentary and/or on the company's website.

Spar Nord complies with the recommendation.

The Board of Directors handles the overall strategic management with a view to running a healthy and competitive bank, thus securing long-term value for the Bank's stakeholders. In order to support and promote a good culture and sound values, the Bank has adopted policies for investor relations and a sound business culture and a number of policies and guidelines for corporate social responsibility, which are available on www.sparnord.dk.

- 2.1.2. The Committee recommends that the board of directors at least once a year discusses and on a regular basis follows up on the company's overall strategic targets in order to ensure the value creation in the company.

Spar Nord complies with the recommendation.

The Board of Directors of Spar Nord holds an annual strategy seminar, and the company's strategy and the execution of the strategy are regularly addressed at board meetings.

- 2.1.3. The Committee recommends that the board of directors on a continuous basis takes steps to examine whether the company's share and capital structure supports the strategy and the long-term value creation in the interest of the company as well as the

shareholders. The Committee recommends that the company gives an account thereof in the management commentary.

Spar Nord complies with the recommendation.

The Board of Directors has adopted a capital policy, including a capital contingency plan, and regularly ensures, including in connection with the quarterly reporting, that Spar Nord Bank's capital and share structure is consistently adequate and appropriate and supportive of the Bank's strategy and long-term value creation.

The Bank's capitalisation, including its capital ratios and capital structure, is regularly described in the Bank's quarterly reports, and the Bank also describes its dividend policy and decisions regarding dividends in the management's review in the annual report.

All the information is available on www.sparnord.dk.

- 2.1.4. The Committee recommends that the board of directors prepares and on an annual basis reviews guidelines for the executive management, including requirements in respect of the reporting to the board of directors.

Spar Nord complies with the recommendation.

In financial businesses, the board of directors' role in reviewing and approving guidelines for the executive board is to a wide extent governed by the Executive Order on Governance. Furthermore, the Board of Directors regularly addresses the Executive Board's performance of its duties.

2.2. Members of the Board of Directors

- 2.2.1. The Committee recommends that the board of directors, in addition to a chairperson, appoints a vice chairperson, who can step in if the chairperson is absent and who can generally act as the chairperson's close sparring partner.

Spar Nord complies with the recommendation.

In addition to a chairman, the Board of Directors of Spar Nord has appointed a deputy chairman who acts as the chairman's deputy and will be involved in the chairman's duties when deemed appropriate. In the chairman's absence, the deputy chairman assumes his/her powers and responsibilities.

- 2.2.2. The Committee recommends that the chairperson in cooperation with the individual members of the board of directors ensures that the members up-date and supplement their knowledge of relevant matters, and that the members' special knowledge and qualifications are applied in the best possible manner.

Spar Nord complies with the recommendation.

The Board of Directors of Spar Nord regularly updates and supplements the knowledge of its members through training seminars on relevant and professional topics and encourages the individual members to acquire supplementary knowledge through external sources.

The knowledge and qualifications of the members are considered when appointing members to various committees.

- 2.2.3. The Committee recommends that if the board of directors, in exceptional cases, requests a member of the board of directors to take on special duties for the company, for instance, for a short period to take part in the daily management of the company, the board of directors should approve this in order to ensure that the board of directors maintains its independent overall management and control function. It is recommended that the company publishes any decision on allowing a member of the board of directors to take part in the daily management, including the expected duration thereof.

Spar Nord complies with the recommendation.

3. The composition, organisation and evaluation of the board of directors

3.1. Composition

- 3.1.1. The Committee recommends that the board of directors on an annual basis reviews and in the management commentary and/or on the company's website states

- which qualifications the board of directors should possess, collectively and individually, in order to perform its duties in the best possible manner, and
- the composition of and diversity on the board of directors.

Spar Nord complies with the recommendation.

As part of the annual evaluation process, the Board of Directors addresses its necessary and current collective and individual qualifications as well as its composition. The main points of the process and the conclusions are disclosed in the company's annual report.

- 3.1.2. The Committee recommends that the board of directors on an annual basis discusses the company's activities in order to ensure relevant diversity at the different management levels of the company and adopts a diversity policy, which is included in the management commentary and/or is made available on the company's website.

Spar Nord complies with the recommendation.

The Board of Directors has approved Spar Nord's diversity policy which shows the target figure for the under-represented gender on the Board of Directors and at other management levels. Spar Nord's diversity policy complies with the provisions of the Danish Financial Business Act.

- 3.1.3. The committee recommends that candidates for the board of directors are recruited based on a thorough process approved by the board of directors. The Committee recommends that in assessing candidates for the board of directors – in addition to individual competences and qualifications – the need for continuity, renewal and diversity is also considered.

Spar Nord complies with the recommendation.

The process of selecting and nominating candidates for the Board of Directors is well described and is reviewed by the entire Board of Directors at regular intervals.

- 3.1.4. The Committee recommends that the notice convening general meetings, where election of members to the board of directors is on the agenda – in addition to the statutory items – also includes a description of the proposed candidates'

- qualifications
- other managerial duties in commercial undertakings, including board committees,
- demanding organisational assignments and
- independence.

Spar Nord complies with the recommendation.

- 3.1.5. The Committee recommends that members to the board of directors elected by the general meeting stand for election every year at the annual general meeting, and that the members are nominated and elected individually.

Spar Nord does not comply with the recommendation.

Spar Nord does not comply with this recommendation as the members of the Board of Directors are elected for terms of two years. The members of the Board of Directors serve staggered terms, meaning that three members are up for election every year. With terms of two years and staggered terms, the Board of Directors aims at ensuring the necessary continuity in the work of the Board of Directors. It has been assessed that the complexity and regulation characterising a financial business require a high degree of stability.

3.2. The board of directors' independence

- 3.2.1. The Committee recommends that at least half of the members of the board of directors elected in general meeting are independent in order for the board of directors to be able to act independently avoiding conflicts of interests. In order to be independent, the member in question may not:

- be or within the past five years have been a member of the executive management or an executive employee in the company, a subsidiary or a group company,
- within the past five years have received large emoluments from the company/group, a subsidiary or a group company in another capacity than as member of the board of directors,
- represent or be associated with a controlling shareholder,
- within the past year have had a business relationship (e.g. personally or indirectly as a partner or an employee, shareholder, customer, supplier or member of a governing body in companies with similar relations) with the company, a subsidiary or a group company, which is significant for the company and/or the business relationship,
- be or within the past three years have been employed with or a partner in the same company as the company's auditor elected in general meeting,

- be a CEO in a company with cross-memberships in the company's management,
- have been a member of the board of directors for more than twelve years, or
- be closely related to persons, who are not independent, cf. the above-stated criteria.

Even if a member of the board of directors does not fall within the above-stated criteria, the board of directors may for other reasons decide that the member in question is not independent.

Spar Nord complies with the recommendation.

- 3.2.2. The Committee recommends that members of the executive management are not members of the board of directors and that members retiring from the executive management does not join the board of directors immediately thereafter.

Spar Nord complies with the recommendation.

3.3. Members of the board of directors and the number of other managerial duties

- 3.3.1. The Committee recommends that the board of directors and each of the members on the board of directors, in connection with the annual evaluation, cf. recommendation 3.5.1., assesses how much time is required to perform the board duties. The aim is for the individual member of the board of directors not to take on more managerial duties than the board member in question is able to perform in a satisfactory manner.

Spar Nord complies with the recommendation.

As part of the annual evaluation process, the Board of Directors addresses the scope of the duties of the Board of Directors and its

individual members in order to perform the board duties in a satisfactory way.

- 3.3.2. The Committee recommends that the management commentary, in addition to the statutory requirements, contains the following information on the individual members of the board of directors:

- position, age and gender,
- competences and qualifications relevant to the company,
- independence,
- year of joining the board of directors,
- year of expiry of the current election period,
- participation in meetings of the board of directors and committee meetings,
- managerial duties in other commercial undertakings, including board committees, and demanding organisational assignments, and
- the number of shares, options, warrants, etc. that the member holds in the company and its group companies and any changes in such holdings during the financial year.

Spar Nord complies with the recommendation.

3.4. Board committees

- 3.4.1. The Committee recommends that the management describes in the management commentary:

- the board committees' most significant activities and number of meetings in the past year, and

- the members on the individual board committees, including the chairperson and the independence of the members of the committee in question.

In addition, it is recommended that the board committees' terms of reference are published on the company's website.

Spar Nord complies with the recommendation.

- 3.4.2. The Committee recommends that board committees solely consist of members of the board of directors and that the majority of the members of the board committees are independent.

Spar Nord does not comply with the recommendation.

Spar Nord has set up three board committees, with the members of the Risk Committee complying with the recommendation.

The Audit Committee consists of three board members: the deputy chairman, an ordinary board member and a member elected by the employees. The status of the deputy chairman changed in 2021 from independent to non-independent as the deputy chairman has served on the Board of Directors for more than 12 years. In view of his or her employment with the Bank, the employee-elected member will always be non-independent.

Spar Nord has decided that the Nomination and Remuneration Committee consists of three board members: the chairman of the Board of Directors, the deputy chairman and a member elected by the employees. The chairman is independent. As mentioned above, the other members are non-independent.

- 3.4.3. The Committee recommends that the board of directors establishes an audit committee and appoints a chairperson of the audit committee, who is not the chairperson of the board of directors. The Committee recommends that the audit

committee, in addition to its statutory duties, assists the board of directors in:

- supervising the correctness of the published financial information, including accounting practices in significant areas, significant accounting estimates and related party transactions,
- reviewing internal control and risk areas in order to ensure management of significant risks, including in relation to the announced financial outlook,
- assessing the need for internal audit,
- performing the evaluation of the auditor elected by the general meeting,
- reviewing the auditor fee for the auditor elected by the general meeting,
- supervising the scope of the non-audit services performed by the auditor elected by the general meeting, and
- ensuring regular interaction between the auditor elected by the general meeting and the board of directors, for instance, that the board of directors and the audit committee at least once a year meet with the auditor without the executive management being present.

If the board of directors, based on a recommendation from the audit committee, decides to set up an internal audit function, the audit committee must:

- prepare terms of reference and recommendations on the nomination, employment and dismissal of the head of the internal audit function and on the budget for the department,
- ensure that the internal audit function has sufficient resources and competences to perform its role, and

- supervise the executive management's follow-up on the conclusions and recommendations of the internal audit function.

Spar Nord complies with the recommendation.

However, pursuant to section 18(2) of the Danish Executive Order on Audits, only the Board of Directors, and not the Audit Committee, can employ and dismiss the Head of Internal Audit.

- 3.4.4. The Committee recommends that the board of directors establishes a nomination committee to perform at least the following preparatory tasks:
- describing the required qualifications for a given member of the board of directors and the executive management, the estimated time required for performing the duties of this member of the board of directors and the competences, knowledge and experience that is or should be represented in the two management bodies,
 - on an annual basis evaluating the board of directors and the executive management's structure, size, composition and results and preparing recommendations for the board of directors for any changes,
 - in cooperation with the chairperson handling the annual evaluation of the board of directors and assessing the individual management members' competences, knowledge, experience and succession as well as reporting on it to the board of directors,
 - handling the recruitment of new members to the board of directors and the executive management and nominating candidates for the board of directors' approval,
 - ensuring that a succession plan for the executive management is in place,

- supervising the executive managements' policy for the engagement of executive employees, and
- supervising the preparation of a diversity policy for the board of directors' approval.

Spar Nord complies with the recommendation.

Spar Nord complies with the recommendation by having established a Nomination and Remuneration Committee whose terms of reference include the tasks listed. The committee regularly assesses whether all members of the Board of Directors and the Executive Board collectively have the required skills set. A description of the required qualifications for a given member of the Board of Directors and the Executive Board will be provided in connection with replacement or recruitment of new members to the Board of Directors and the Executive Board.

- 3.4.5. The Committee recommends that the board of directors establishes a remuneration committee to perform at least the following preparatory tasks:
- preparing a draft remuneration policy for the board of directors' approval prior to the presentation at the general meeting,
 - providing a proposal to the board of directors on the remuneration of the members of the executive management,
 - providing a proposal to the board of directors on the remuneration of the board of directors prior to the presentation at the general meeting,
 - ensuring that the management's actual remuneration complies with the company's remuneration policy and the evaluation of the individual member's performance, and
 - assisting in the preparation of the annual remuneration report for the board of directors' approval prior to the presentation for the general meeting's advisory vote.

Spar Nord complies with the recommendation.

Spar Nord complies with the recommendation by having established a Nomination and Remuneration Committee whose terms of reference include the tasks listed.

3.5. Evaluation of the board of directors and the executive management

3.5.1. The Committee recommends that the board of directors once a year evaluates the board of directors and at least every three years engages external assistance in the evaluation. The Committee recommends that the evaluation focuses on the recommendations on the board of directors' work, efficiency, composition and organisation, cf. recommendations 3.1.-3.4. above, and that the evaluation as a minimum always includes the following topics:

- the composition of the board of directors with focus on competences and diversity,
- the board of directors and the individual member's contribution and results,
- the cooperation on the board of directors and between the board of directors and the executive management,
- the chairperson's leadership of the board of directors,
- the committee structure and the work in the committees,
- the organisation of the work of the board of directors and the quality of the material provided to the board of directors, and
- the board members' preparation for and active participation in the meetings of the board of directors.

Spar Nord complies with the recommendation.

Spar Nord complies with the recommendation with respect to performing an evaluation. However, Spar Nord does not have any firm principle in place on how frequent external assistance should be obtained in the evaluation process, as the need for this is considered regularly.

3.5.2. The Committee recommends that the entire board of directors discusses the result of the evaluation of the board of directors and that the procedure for the evaluation and the general conclusions of the evaluation are described in the management commentary, on the company's website and at the company's general meeting.

Spar Nord complies with the recommendation.

3.5.3. The Committee recommends that the board of directors at least once a year evaluates the work and results of the executive management according to preestablished criteria, and that the chairperson reviews the evaluation together with the executive management. In addition, the board of directors should on a continuous basis assess the need for changes in the structure and composition of the executive management, including in respect of diversity, succession planning and risks, in light of the company's strategy.

Spar Nord complies with the recommendation.

Chairman of the Board of Directors evaluates the Executive Board annually in compliance with the recommendation.

4. Remuneration of management

4.1. Remuneration of the board of directors and the executive management

4.1.1. The Committee recommends that the remuneration for the board of directors and the executive management and the other terms of employment/service are considered competitive

and consistent with the company's long-term shareholder interests.

Spar Nord complies with the recommendation.

The remuneration of members of the Board of Directors and the Executive Board is discussed annually in the Nomination and Remuneration Committee. These discussions are based on the principles of the remuneration policy, including the Bank's long-term interests.

- 4.1.2. The Committee recommends that share-based incentive schemes are revolving, i.e. that they are periodically granted, and that they primarily consist of long-term schemes with a vesting or maturity period of at least three years.

Spar Nord complies with the recommendation.

Spar Nord does not use share-based incentive schemes.

- 4.1.3. The Committee recommends that the variable part of the remuneration has a cap at the time of grant, and that there is transparency in respect of the potential value at the time of exercise under pessimistic, expected and optimistic scenarios.

Spar Nord complies with the recommendation.

Spar Nord does not use variable remuneration of the members of the Executive Board and the Board of Directors. For additional information, see the remuneration policy.

- 4.1.4. The Committee recommends that the overall value of the remuneration for the notice period, including severance payment, in connection with a member of the executive management's departure, does not exceed two years' remuneration including all remuneration elements.

Spar Nord does not comply with the recommendation.

The current policy stipulates that if the contract is terminated by the Bank, the member is entitled to severance pay generally capped at one year's salary so that the total value of the remuneration during the notice period, including severance pay, does not exceed two years' salary.

However, there are older contracts with agreements on severance pay of up to a maximum of two years' salary, which will be reduced gradually when the member is aged between 64 and 67 years. No severance pay will be paid after a member has reached the age of 67.

- 4.1.5. The Committee recommends that members of the board of directors are not remunerated with share options and warrants.

Spar Nord complies with the recommendation.

Spar Nord does not use share options and warrants.

- 4.1.6. The Committee recommends that the company has the option to reclaim, in whole or in part, variable remuneration from the board of directors and the executive management if the remuneration granted, earned or paid was based on information, which subsequently proves to be incorrect, or if the recipient acted in bad faith in respect of other matters, which implied payment of a too large variable remuneration.

Spar Nord complies with the recommendation.

Spar Nord does not use variable remuneration.

5. Risk management

5.1. Identification of risks and openness in respect of additional information

- 5.1.1. The Committee recommends that the board of directors based on the company's strategy and business model considers, for instance, the most significant strategic, business, accounting

and liquidity risks. The company should in the management commentary give an account of these risks and the company's risk management.

Spar Nord complies with the recommendation.

The Board of Directors is in charge of the overall strategic management. Using the strategic objectives as its point of departure, the Board of Directors determines a risk profile, which describes the risk within the Bank's most important risk types that the Board of Directors is willing to undertake while meeting the objectives set forth in the strategy.

Information about the Bank's risks is primarily covered by the following documentation, which is regularly published on www.sparnord.dk. To this should be added considerations with respect to risk management as part of the management's review.

- *Financial statements (quarterly)*
- *Individual solvency need (quarterly)*
- *Spar Nord A/S Additional Pillar 3 Disclosures (quarterly)*
- *Investor presentation (quarterly)*
- *Annual risk report covering all risks within the Bank, including risk management*

- 5.1.2. The Committee recommends that the board of directors establishes a whistleblower scheme, giving the employees and other stakeholders the opportunity to report serious violations or suspicion thereof in an expedient and confidential manner, and that a procedure is in place for handling such whistleblower cases.

Spar Nord does not comply with the recommendation.

Spar Nord has established a whistleblower scheme, giving the employees the opportunity to report knowledge or suspicion of suspicious issues. The whistleblower scheme does not allow other stakeholders the opportunity to report issues. However, the Bank has a complaints officer who will provide customers and other stakeholders access to have any questions and disputes answered and dealt with.

Corporate governance code of Finance Denmark

1. **Finance Denmark recommends** that the members respond to all the recommendations of the Committee on Corporate Governance.
2. **Finance Denmark recommends** that the members prepare and publish a code of conduct describing the company's core values and the conduct desired in terms of the company's management and operations.
3. **Finance Denmark recommends** that the members use a well-described, structured process when recruiting candidates for the board of directors and possibly bring in external expertise.
4. **Finance Denmark recommends** that those members whose articles of association contain provisions determining that board members may only be elected from a limited group of individuals explain the background to these restrictions.
5. **Finance Denmark recommends** that board members embark on a training programme in banking operations as soon as possible and at the latest six months after joining the board, unless the board member concerned already possesses up-to-date, special banking skills. The programme should reflect the company's size, business model and complexity.
6. **Finance Denmark recommends** that the members of a board of directors continuously receive skills development opportunities as relevant for their board duties. The topics and scope should be adapted to the company's size, business model and complexity.
7. **Finance Denmark recommends** that each individual board member undertake an evaluation of his or her work for the board. As part of the evaluation, each board member must fill in an evaluation form referring to both management and technical banking matters.
8. **Finance Denmark recommends** that relevant experts be involved in the cooperation with the board of directors, including participation in meetings of the board of directors when particularly complex issues are to be discussed.
9. **Finance Denmark recommends** that the cooperation between the executive board and the board of directors be discussed at least once a year, without the presence of the executive board.
10. **Finance Denmark recommends** that an overview of the participation of the members of the board of directors in board and committee meetings be published on the members' website or similar.
11. **Finance Denmark recommends** that the members consider and explain whether the rules set out in the Danish Financial Business Act regarding a cap on the number of executive positions are relevant for the members.
12. **Finance Denmark recommends** that the members focus on the role of the external auditor and the quality of its audit work. Among other things, members should set requirements for the composition of the teams used by external auditors to ensure that a team includes at least two experienced auditors with additional areas of expertise. To be considered an experienced auditor, an auditor must have completed supplementary training aimed at the banking sector and participated in the audit of a commercial bank, savings bank or cooperative bank for at least three years.

Spar Nord complies with all the recommendations.



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