

Corporate Governance 2024

Contents

Introduction	3
Organisation and corporate governance	4
Risk and risk management	5
Corporate governance recommendations	8
Corporate governance code of Finance Denmark	14



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 this 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 this reason, Spar Nord's management backs the efforts to promote corporate governance and has decided 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 sparnord.com/governance.

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.spar-nord.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 ten members, seven 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 elected by the general meeting are elected for terms of one year. Members elected by the employees are elected for terms of four years pursuant to Danish legislation.

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 preparatory work leading up to the Board of Directors' decisions regarding risk management and related issues
- A Nomination and Remuneration Committee, charged with the preparatory work concerning the annual board evaluation and nomination process

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

In 2024, the Board of Directors held a total of 20 meetings. In addition, 10 meetings were held by the Audit Committee, seven meetings by the Risk Committee and four meetings by the Nomination and Remuneration Committee.

The total rate of attendance at meetings of the Board of Directors was 98.0% in 2024. 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.

Any need to recruit new board members is assessed on the basis of the annual evaluation of the Board of Directors' work, competences and composition. 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 2025, all members elected by the shareholders are up for election. All shareholder-elected members have announced that they are willing to stand for re-election. The Board of Directors is thus nominating Kjeld Johannesen, Per Nikolaj Bukh, Henrik Sjøgreen, Morten Bach Gaardboe, Lisa Lund Holst, Mette Kaagaard and Michael Lundgaard Thomsen 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, Martin Kudsk Rasmussen, Managing Director, and Carsten Levring Jakobsen, Managing Director.

The Executive Board is the supreme decision-making body with respect to 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 is described in 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 2024 Remuneration Report. Board members are paid a fixed annual amount and do not participate in any bonus or options programmes.

The Board of Directors considers that the terms of service of Executive Board members, including severance terms, are in line with general practice in the area, and the terms are regularly reviewed. The Board of Directors also considers 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 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 sustainability is included in the management of the individual risk areas. Strategic and regulatory risk is also a significant focus area.

For a more detailed description of risk management in the individual risk areas, including a description of policy, monitoring and reporting, reference is made to the respective sections of the report.

Disclosure obligations with respect to management systems, cf. Article 435(2)(a)-(c) of the CRR Regulation, are described in the annual report.

Risk management organization

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 monitoring and managing the Bank's risks.

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 the right.

Board of Directors

The Board of Directors handles the overall and 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 and when required, the Board of Directors will 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. The committees are charged with arranging the preparatory work for the Board of Directors' consideration of matters within the respective committee areas.

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 purpose of the committees is to facilitate the transaction of business by the Board of Directors.

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 in 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 seven meetings in 2024.

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 work related to the Bank's diversity policy, the process of board evaluation and nominating new candidates for the Board of Directors and Executive Board.

Regularly, and at least once a year, the committee evaluates the Board of Directors' and 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 which is an independent member and one a member elected by the employees. The Committee held four meetings in 2024.

Audit Committee

The primary task of the Audit Committee is to oversee the statutory audit of annual financial statements, sustainability reporting, etc., as well as to inform the Board of Directors about the results of the statutory audit, including the processes for financial reporting and sustainability reporting. Its duties also include monitoring the efficiency of the Bank's internal control system, Internal Audit and risk management systems for financial and sustainability reporting purposes.

The Audit Committee consist of three members, two of whom are independent. The Committee held ten meetings in 2024.

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 authorisations 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, Credit Management, Finance & Accounts and the risk management function, 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 other committees at executive board level 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 members of the Trading Division, Finance & Accounts and the risk management function. The committee meets every quarter to review developments in Spar Nord's positions, risks as well as the 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, the risk management function and selected heads of business areas. The committee serves to deal with relevant topics within information security and IT risk management. Moreover, the IT Security

Committee supports the Bank's management system for information security.

Model Risk Committee

The Model Risk Committee is composed of a member of the Executive Board and representatives from the risk management function, the IRB department, Credit 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 two members 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 among all members of the Board of Directors.

Data Governance Committee

The Data Governance Committee is composed of a member of the Executive Board and selected data owners (business area managers). The committee meets twice a year. The Data Governance Committee was set up to ensure a cross-disciplinary focus on data governance and data quality in Spar Nord and it serves to define the strategic direction and focus for the area in the Bank's data strategy within the framework of the Bank's data governance policy, which is defined by the Board of Directors.

Committee for sustainable finance

The Bank's Executive Board is represented in the committee for sustainable finance alongside

executives from relevant business units. The committee oversees sustainability-related impacts, risks, and opportunities (IROs) for lending, ensuring progress in terms of executing sustainability-related targets and sub-targets. The committee is responsible for maintaining and updating the Bank's exclusion list for lending and for regularly approving loan types included in the Bank's Green Bond Framework.

Committee for responsible investment

The Bank's Executive Board is represented in the committee for responsible investment alongside executives from relevant business units. The committee oversees sustainability-related impacts, risks, and opportunities (IROs) for investments, ensuring progress in terms of executing sustainability-related targets and sub-targets. Furthermore, the committee is responsible for maintaining and updating the Bank's exclusion lists in the investment area.

First line

The business units Spar Nord's local banks and the 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 a centralised department AML & Fraud, which is part of the first line.

Second line

The second line consists of the risk management function and the compliance function. The functions have key assignments of monitoring, controlling and reporting the Bank's risks and control environment.

Risk management function

The risk management function is responsible for providing an overview of the Bank and its risk exposure to be able to assess whether the Bank's risks are identified, measured, managed and reported correctly. The risk management function's area of responsibility comprises the Bank's risk-prone activities across various risk areas and organisational units and risks attaching to outsourced functions. The risk management function 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.

The risk management function reports to the Board of Directors on a quarterly basis. The activities of the risk management function 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 audit 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 the financial reporting process. The Internal Audit Department reports to the Board of Directors through the Risk Committee.

Reporting

To ensure an adequate decision-making basis for the Executive Board and the Board of Directors, management regularly 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 this reason, Spar Nord's management backs efforts to promote corporate governance and has chosen to comply with a vast majority of the December 2020 recommendations from the Danish Corporate Governance Committee.

1. Communication and interaction with the company's investors and other stakeholders

1.1 Communication between the company, shareholders, and other stakeholders

1.1.1. The Committee recommends that, through ongoing dialogue and interaction, the management ensure that shareholders, investors and other stakeholders have relevant insight into the company's affairs, and that the Board of Directors has an opportunity to hear and include 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 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 25-50 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 dialogue with stakeholders by the Executive Board and its staff.

1.1.2. The Committee recommends that the company adopt 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 publish quarterly reports.

Spar Nord complies with the recommendation.

1.2 General meeting

1.2.1. The Committee recommends that the Board of Directors organise 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 to vote and raise questions to the management prior to or at the general meeting. The Committee recommends that the Board of Directors ensure 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 no later than six weeks before the general meeting. Any shareholder who is registered in the register of shareholders or has requested that 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, shareholders in 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 used at the general meeting enable shareholders to make a decision on 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 have a procedure in place in the event of takeover bids, and that this procedure include a "road map" of matters for the Board of Directors to consider in the event of a takeover bid, or if the Board of Directors has reasonable grounds to suspect that a takeover bid may be submitted. It is also recommended that the procedure state that, unless they are authorised to do so by the general meeting, the Board of Directors must refrain from countering any takeover bids by taking actions that seek to prevent the shareholders from deciding on the takeover bid.

Spar Nord complies with the recommendation.

1.4 Corporate social responsibility

1.4.1. The Committee recommends that the Board of Directors adopt a policy for the company's corporate social responsibility, including social responsibility and sustainability, and that the policy be made available in the management's review and/or on the company's website. The Committee recommends that the Board of Directors ensure compliance with the policy.

Spar Nord complies with the recommendation.

The 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, an anti-corruption and bribery policy, a policy on responsible investments and sustainability risks and a stewardship policy. They are all 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 adopt 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, in support of the company's statutory objects according to its articles of association and long-term value creation, the Board of Directors consider the company's purpose and ensure and promote a good culture and sound values in the company. The company should provide an account thereof in the management's review 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, sound business culture and a number of

policies and guidelines for corporate responsibility, which are available on sparnord.dk.

2.1.2. The Committee recommends that the Board of Directors discuss and regularly follow up on the company's overall strategic targets at least once a year in order to ensure 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 take steps to examine whether the company's share and capital structure supports the strategy and long-term value creation in the interests of the company as well as the shareholders. The Committee recommends that the company give an account thereof in the management's review.

Spar Nord complies with the recommendation.

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

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.spar-nord.dk.

2.1.4. The Committee recommends that the Board of Directors prepare and annually review guidelines for the Executive Board, including requirements in respect of 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, in addition to a chairman, the Board of Directors appoint a vice chairman, who can step in if the chairman is absent and who can generally act as the chairman'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 is 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, in cooperation with the individual members of the Board of Directors, the chairman ensure that the members update and supplement their knowledge of relevant matters, and

that the members' special knowledge and qualifications be 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 to take part in the daily management of the company, for a short period, 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 publish 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. Composition, organisation and evaluation of the Board of Directors

3.1 Composition

3.1.1. The Committee recommends that the Board of Directors annually review and in the

management's review and/or on the company's website state:

- 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 and diversity of 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 annually discuss the company's activities in order to ensure relevant diversity at the different management levels of the company and that it adopt a diversity policy, which is included in the management's review 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 be recruited based on a thorough process approved by the Board of Directors. The Committee also recommends that, in assessing candidates

for the Board of Directors, besides addition individual competences and qualifications, the need for continuity, renewal and diversity also be 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, for general meetings at which election of members to the Board of Directors is on the agenda as well as the statutory items, the notice convening the general meeting include 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 complies with the recommendation.

3.2 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 be independent in order for the Board of Directors to be able to act independently and to avoid 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 board 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 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 Board are not members of the Board of Directors and that members retiring from the Executive Board do 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, in connection with the annual evaluation, cf. recommendation 3.5.1., the Board of Directors and each of the members of the Board of Directors assess how much time is required to perform 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 considers the scope of the duties of the Board of Directors and its individual members in order to ensure that they can perform board duties satisfactorily.

- 3.3.2. The Committee recommends that, in addition to the statutory requirements, the management's review contain 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 describe in the management's review:

- the board committees' most significant activities and number of meetings in the past year, and
- the members on the individual board committees, including the chairman and the independence of the members of the committee in question.

In addition, it is recommended that the board committees' terms of reference be 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 partly complies with the recommendation.

The Board of Directors has set up three committees: The Risk Committee, the Audit Committee and the Nomination and Remuneration Committee. These committees are composed of all the members of the Board of Directors. However, a majority of the members of the Nomination and Remuneration Committee are not independent.

3.4.3. The Committee recommends that the Board of Directors establish an audit committee and appoint a chairman of the Audit Committee who is not the chairman of the Board of Directors. The Committee recommends that, in addition to its statutory duties, the audit committee assist 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 satisfactory 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 audit 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 meet with the auditor without the Executive Board being present at least once a year.

If, based on a recommendation from the Audit Committee, the Board of Directors 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 Board'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 establish 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 Board, 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 Board's structure, size, composition and results and preparing recommendations for the Board of Directors for any changes,
- in cooperation with the chairman, 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 this to the Board of Directors,
- handling recruitment of new members to the Board of Directors and the Executive Board and nominating candidates for the Board of Directors' approval,
- ensuring that a succession plan for the Executive Board is in place,
- supervising the Executive Boards' 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 is 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 establish a remuneration committee to perform at least the following preparatory tasks:

- preparing a draft remuneration policy for the Board of Directors' approval prior to presentation at the general meeting,
- providing a proposal to the Board of Directors on the remuneration of the members of the Executive Board,
- providing a proposal to the Board of Directors on the remuneration of the Board of Directors prior to 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 preparation of the annual remuneration report for the Board of Directors' approval prior to 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 Board

3.5.1. The Committee recommends that the Board of Directors evaluate the Board of Directors once a year, and at least every three years

engage external assistance in the evaluation. The Committee recommends that the evaluation focus 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 include 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,
- cooperation on the Board of Directors and between the Board of Directors and the Executive Board,
- the chairman'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 discuss the result of the evaluation of the Board of Directors and that the procedure for the evaluation and the general conclusions of the evaluation

be described in the management's review, 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 evaluate the work and results of the Executive Board according to pre-established criteria at least once a year, and that the chairman review the evaluation together with the Executive Board. In addition, the Board of Directors should assess the need for changes in the structure and composition of the Executive Board on a continuous basis, including in respect of diversity, succession planning and risks, in light of the company's strategy.

Spar Nord complies with the recommendation.

The 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 Board

4.1.1. The Committee recommends that the remuneration for the Board of Directors and the Executive Board and the other terms of employment/service be 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 have share-based incentive schemes.

4.1.3. The Committee recommends that the variable part of the remuneration has a cap at the time of granting, 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 have 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 Board's departure, does not exceed two years' remuneration including all remuneration elements.

Spar Nord partly complies with the recommendation.

For newer contracts, Spar Nord complies with the recommendation. For older contracts, Spar Nord does not comply with the recommendation. See www.sparnord.dk/om-spar-nord/governance-og-afloenning.

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 remunerate with share options and warrants.

4.1.6. The Committee recommends that the company have the option to reclaim, in whole or in part, variable remuneration from the Board of Directors and the Executive Board 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 have variable remuneration of the Board of Directors and the Executive Board.

5. Risk management

5.1 Identification of risks and openness in respect of additional information

5.1.1. The Committee recommends that, based on the company's strategy and business model, the Board of Directors consider the most significant strategic, business, accounting and liquidity risks. The company should give an account of these risks and

the company's risk management in the management's review.

Spar Nord complies with the recommendation.

The Board of Directors is in charge of 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. Besides this documentation, risk management is considered 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 establish a whistleblower scheme, giving the employees and other stakeholders an opportunity to report serious violations or suspicion thereof in an expedient and confidential manner, and that a procedure be in place for handling such whistleblower cases.

Spar Nord complies with the recommendation.

Spar Nord has established a whistleblower scheme, giving the employees and other

stakeholders an opportunity to report serious violations or suspicion thereof. The scheme is managed by an external third party.

Moreover, the Bank has a complaints officer who provides 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 member companies respond to all the recommendations of the Committee on Corporate Governance.
2. Finance Denmark recommends that member companies 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 member companies 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 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 member companies 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 member companies 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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