



Remuneration report 2023

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Objects

This remuneration report provides an overview of the total remuneration received by each member of the Board of Directors and the Executive Board of the Spar Nord Group during the financial year 2023 compared with the financial years 2022, 2021, 2020 and 2019. The Spar Nord Group comprises Spar Nord Bank, CVR no. 13737584, and Spar Nord's wholly owned subsidiary Aktieselskabet Skelagervej 15, CVR no. 32676960 ("Spar Nord"). The remuneration paid to the Board of Directors and the Executive Board of Spar Nord Bank and the Group is identical. The subsidiary's board of directors and executive board are composed of persons employed by Spar Nord Bank, and none of them have received remuneration as members of the subsidiary's board of directors and executive board. The remuneration of the Board of Directors and Executive Board is based on intragroup management agreements. The Executive Board includes the members of the two companies' Executive Boards who are registered with the Danish Business Authority. In addition, information is provided about remuneration paid to other employees of Spar Nord whose activities have a material effect on the Bank's risk profile (material risk takers).

The information set out in this remuneration report has been reconciled with the audited annual reports of Spar Nord for the financial years 2023, 2022, 2021, 2020 and 2019, which are available at the Bank's website www.sparnord.dk. Figures in the remuneration report are presented in thousands of Danish kroner, unless otherwise stated. Consequently, rounding differences may occur because grand totals are rounded and the underlying decimal places are not shown to the reader.

The remuneration report for 2022 was approved without a vote at the Annual General Meeting held on 22 March 2023, and the Bank has not received any comments giving rise to amendments to the remuneration report.

Remuneration policy

The remuneration of the Board of Directors and the Executive Board for the financial year 2023 has been awarded in accordance with Spar Nord's remuneration policy, which was approved without a vote at the Annual General Meeting held on 23 March 2022 and updated to reflect minor changes by the Board of Directors on 8 February 2023. The Remuneration Report is available on the Bank's website, www.sparnord.dk. The remuneration policy covers the requirements under sections 139 and 139 a of the Danish Companies Act and section 77 d of the Danish Financial Business Act.

The purpose of Spar Nord's remuneration policy is to promote long-term value creation for shareholders with due consideration to principles regarding sound and effective risk management, corporate governance and considerations for Spar Nord's reputation, social responsibility and sustainability impact. The remuneration policy must contribute to the Bank's business strategy, objectives, values and long-term interests and ensure that remuneration of the Bank's employees is in accordance with the statutory provisions on protection of customers and investors and other legislative requirements.

Spar Nord wants the Group's remuneration level and principles to conform to the market, enabling the Group to constantly be able to attract, motivate and retain qualified employees in the Group as a whole, regardless of gender.

Financial results – 2023

Spar Nord achieved a record-breaking net profit of DKK 2,421 million in 2023, which corresponds to an annualised return on equity of 19.7%. The profit was DKK 1,004 million, or 71%, higher than in 2022 and is considered highly satisfactory. The Group's total business volume (deposits, loans, advances and guarantees, facilitated mortgage loans, customers' custodianship accounts and life annuities) amounted to DKK 358 billion at 31 December 2023, which was DKK 9.5 billion higher than at end-2022. Bank and leasing loans grew by 4%, driven primarily by growth in bank mortgage loans to retail customers and in leasing for business customers. Lastly, customers' custodian accounts were positively affected by developments in the financial markets, which resulted in a 13% increase compared with 2022.

2023 was widely characterised by central bank rate hikes in the efforts to curb inflation. During the year, rate hikes caused market uncertainty, resulting in a generally lower level of activity than in the preceding years. At the same time, the rising interest rates through 2023 were the principal reasons for the Bank's record-breaking result, and the overall higher level of interest resulted in a much better return on the Bank's excess liquidity. Core earnings before impairment amounted to DKK 3,107 million, which was 72% higher than last year.

Finally, the net profit for the year was favourably impacted by loan impairment charges, which represented an income of DKK 33 million.

At 31 December 2023, the common equity tier 1 (CET1) ratio was 17.7%, while the own funds ratio was 22.3%. Relative to a total capital requirement of 15.7%, the Bank thus had an excess capital coverage of 6.2 percentage points, equal to DKK 3.8 billion at 31 December.

Income statement

DKKm	2023	2022	Change in %
Net interest income	3,538	2,011	76
Net fee income	1,493	1,689	-12
Market value adjustments and dividends	452	323	40
Other income	175	122	43
Core income	5,658	4,145	36
Staff costs	1,493	1,384	8
Operating expenses	1,057	953	11
Costs and expenses	2,550	2,338	9
Core earnings before impairment	3,108	1,808	72
Impairment of loans, advances and receivables etc.	-33	78	-143
Profit/loss before tax	3,141	1,730	82
Tax	720	313	130
Profit/loss	2,421	1,417	71
Interest expenses to holders of additional tier 1 (AT1) capital (taken to equity)	47	47	0

Remuneration report

Remuneration – Board of Directors

Pursuant to Spar Nord's adopted remuneration policy, members of the Board of Directors exclusively receive a fixed annual fee, which is approved by the shareholders at the general meeting. Members of the Board of Directors do not receive any variable remuneration components in the form of salary, shares, options, pension or other similar arrangements, nor any ad hoc or discretionary amounts paid in the course of the year. Moreover, the Board of Directors is not comprised by agreements on retention and/or severance.

Endeavours are made to fix the remuneration of Board of Directors at a level that is in line with market standards having regard to the requirements as to qualifications and resources applying to members of the Board of Directors. The Chairman and Deputy Chairman of the Board of Directors receive remuneration equal to 2.3 times and 1.33 times, respectively, of the ordinary board remuneration for their extended duties.

Members of the Board of Directors who are also members of one or more board committees receive a fixed additional fee as remuneration for their committee work. The chairmen of the Audit Committee and of the Risk Committee receive a fee equal to 1.5 times the committee fee.

The following fees to members of the Board of Directors of Spar Nord for the financial year 2023 were approved at the Annual General Meeting on 22 March 2023 and will apply from this date onwards:

Table 1

	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Risk Committee
Member	DKK 400,000 (base fee)	DKK 100,000	DKK 50,000	DKK 100,000
Chairman	DKK 920,000 (2.3 x base fee)	DKK 150,000	-	DKK 150,000
Deputy Chairman of the Board of Directors	DKK 532,000 (1.33 x base fee)	-	-	-

Members of the Board of Directors are not entitled to additional fees.

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Table 2

Remuneration of the Board of Directors for the financial year 2023 (DKK '000) and information about retention and severance schemes

	Annual fee	Committee fee	Total remuneration	Comprised by retention scheme	Comprised by severance scheme
Kjeld Johannesen, Chairman Chairman of the Nomination and Remuneration Committee					
Member of the Risk Committee	897	150	1,047	No	No
Per Nikolaj Bukh, Deputy Chairman Chairman of the Audit Committee					
Member of the Nomination and Remuneration Committee	519	200	719	No	No
Kaj Christiansen, board member (stepped down on 22.03.2023)					
Chairman of the Risk Committee	90	38	128	No	No
Morten Bach Gaardboe, board member					
Member of the Audit Committee	390	100	490	No	No
André Rogaczewski, board member (stepped down on 22.03.2023)					
	90	0	90	No	No
Henrik Sjøgreen, board member					
Chairman of the Risk Committee	390	138	528	No	No
Michael Lundgaard Thomsen, Board member (elected on 22.03.2023)					
Member of the Risk Committee	300	75	375	No	No
Lisa Lund Holst, board member (elected on 22.03.2023)					
	300	0	300	No	No
Lene Aaen, board member (employee representative)					
	390	0	390	No	No
Jannie Skovsen, board member (employee representative)					
Member of the Nomination and Remuneration Committee	390	50	440	No	No
Kim Østergaard, board member (employee representative)					
Member of the Audit Committee	390	100	490	No	No
Total					
2023	4,146	850	4,996	-	-
2022	3,827	850	4,677	-	-

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Remuneration – Executive Board

Pursuant to Spar Nord's adopted remuneration policy, members of the Executive Board receive a fixed base salary, which is approved by the Board of Directors on the basis of recommendations from the Nomination and Remuneration Committee. Members of the Executive Board do not receive any variable remuneration components in the form of salary, shares, options, pension or other similar arrangements, nor any ad hoc or discretionary amounts paid in the course of the year.

The remuneration of members of the Executive Board is determined on the basis of an annual review. This review includes the handling of the Bank's long-term interests and implementation of the Bank's business strategy, including its social responsibility and sustainability impact.

Spar Nord aims to determine the annual fixed base salary on the basis of market practice and serves to attract, motivate and retain competent executive board members with a view to supporting Spar Nord's ability to promote value creation and thereby achieve the Bank's other short and long-term objectives.

The Board of Directors establishes the guidelines for retirement and termination of employment based on the recommendations of the Nomination and Remuneration Committee.

Members of the Executive Board of Spar Nord are entitled to annual remuneration in accordance with the remuneration policy. The total remuneration consists of the following fixed remuneration components:

- fixed base salary;
- pension contribution;
- company car; and
- usual benefits

The members of Spar Nord's Executive Board are entitled to receive a pension contribution of 16.8% of their fixed salary and a company car at a value of no more than 7% of the monthly salary, calculated using the tax basis. The terms of employment and remuneration of the members of the Executive Board are agreed individually between each member of the Executive Board and the Board of Directors on the basis of a recommendation from the Nomination and Remuneration Committee.

Table 3

Remuneration of the Executive Board for the financial year 2023 (DKK'000)

	Base salary	Pension contribution	Benefits*	External fees received**	Total amount earned and remuneration paid by Spar Nord
Lasse Nyby, Chief Executive Officer	5,792	934	202	-917	6,010
John Lundsgaard, Managing Director	4,508	698	8	-393	4,821
Lars Møller (resigned on 30.04.2023) Managing Director	1,281	225	67	-206	1,369
Martin Kudsk Rasmussen, Managing Director	4,321	698	226	-389	4,856
Carsten Levring Jakobsen (joined on 01.04.2023) Managing Director	2,985	461	130	-75	3,501
Total					
2023	18,887	3,016	633	-1,979	20,557
2022	17,430	2,805	616	-1,984	18,867

*Benefits comprise company car and usual employee benefits such as health insurance and telephony.

**Fees received for directorships. These fees are deducted from the remuneration paid.

Service contracts with members of the Executive Board are open-ended (i.e. not for a fixed term).

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Lasse Nyby and John Lundsgaard are not comprised by retention schemes. They both have the following severance agreement on termination on the part of the Bank: Normal consideration during the notice of termination of 12 months and severance payment equalling 24 months of normal monthly salary (without pension). The severance pay is reduced in stages when Lasse Nyby and John Lundsgaard are aged 64–67. From the age of 67 onwards, no severance pay will be granted.

Lars Møller's severance scheme has lapsed due to his resignation. During his employment, he was comprised by the same severance scheme as Lasse Nyby and John Lundsgaard, and he was not comprised by any retention scheme. Lars Møller's severance scheme was not activated on his resignation, and therefore no severance payment has been made.

Martin Kudsk Rasmussen and Carsten Levring Jakobsen are not comprised by retention schemes. They both have the following severance agreement on termination on the part of the Bank: Normal consideration during the notice of termination of 12 months. Severance payment equalling 12 months of normal monthly salary (without pension).

In addition, it should be noted that the severance schemes are only activated if the service contract is terminated on the part of the Bank, as termination on the part of the Executive Board member will only lead to standard remuneration during a 6-month termination period and no severance pay.

In the event of the death of an Executive Board member during the period of employment, a post-service payment equal to a maximum of six months' salary will be disbursed to the spouse, alternatively to any children under the age of 18.

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Remuneration – Material risk takers

Pursuant to Spar Nord's adopted remuneration policy, material risk takers do not receive variable salary components above DKK 100,000, which is the permitted threshold set out in "Executive Order on remuneration policy and remuneration in banks, mortgage credit institutions, investment companies, investment management companies, investment associations and certain holding companies", including discretionary pension benefits. Variable remuneration pursuant to this threshold is exempt from the requirements defined in the Danish Financial Business Act on postponement of variable remuneration and payment in shares/financial instruments. However, variable remuneration pursuant to the threshold limit is not exempt from the possibility of a repayment requirement if the payment was made on a false basis and the employee was in bad faith.

Any distribution of variable pay that does not exceed the above-mentioned threshold limit takes

place according to a concrete assessment made by the Executive Board of the employee's overall performance in the relevant job function and only if the distribution is considered appropriate. See the appropriate provisions of the above-mentioned Executive Order.

The tables below provide information on remuneration in the financial year 2023 aggregated at group level. In addition to information on Spar Nord's Board of Directors and Executive Board, the items "members of the board of directors" and "members of the executive board" also provide information about the board of directors and executive board of the subsidiary Aktieselskabet Skelagervej 15. As mentioned in the introduction, the remuneration paid to Spar Nord Bank's Board of Directors and Executive Board is identical to the remuneration paid to the Group's board of directors and executive board, while the number of members (directorships) comprises the board of directors and executive board of both companies.

Table 4

Responsibility and business areas (financial year 2023)

	Amount
	DKK 1,000
Total amount re. remuneration granted in the financial year in the investment area	5,662
Of which total fixed salary	5,505
Of which total variable salary	157
Total amount re. remuneration granted in the financial year in the retail customer area	0
Of which total fixed salary	0
Of which total variable salary	0
Total amount re. remuneration granted in the financial year in the asset management area	0
Of which total fixed salary	0
Of which total variable salary	0
Total amount re. remuneration granted in the financial year for support functions	7,175
Of which total fixed salary	7,010
Of which total variable salary	165
Total amount re. remuneration granted in the financial year for independent control functions	7,924
Of which total fixed salary	7,824
Of which total variable salary	100
Total amount re. remuneration granted in the financial year for members of the board of directors	4,996
Of which total fixed salary	4,996
Of which total variable salary	0
Total amount re. remuneration granted in the financial year for members of the executive board	20,557
Of which total fixed salary	20,557
Of which total variable salary	0
Total amount re. remuneration granted in the financial year in other business areas	6,402
Of which total fixed salary	6,152
Of which total variable salary	250

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Table 5

Information on remuneration in the financial year 2023

Number / Amount (DKK'000)	Board of Directors	Executive Board	Material risk takers
Total amounts re. remuneration granted in the financial year			
Total number of members / total no. of designated employees (positions)*	13	5	21
Total number of fixed salary recipients	13	5	21
Total fixed salary granted in the financial year	4,996	20,557	26,490
Agreements on variable remuneration concluded before 1 January 2011:			
Total number of persons comprised by agreements concluded before 1 January 2011 (not covered by collective agreement)	0	0	1
Total salary granted in the financial year comprised by agreements concluded before 1 January 2011	0	0	1,310
Total fixed salary granted in the financial year comprised by agreements concluded before 1 January 2011	0	0	1,310
Total variable salary granted in the financial year comprised by agreements concluded before 1 January 2011 (not covered by collective agreement)	0	0	0
Information on variable remuneration:			
Samlet antal modtagere af variabel løn (både iht. / uden for overenskomst)	0	0	11
Covered by collective agreement			
Total number of recipients of variable remuneration covered by collective agreement in the financial year	0	0	0
Total variable remuneration granted in the financial year covered by collective agreement	0	0	0
Not covered by collective agreement			
Total number of recipients of variable remuneration not covered by collective agreement in the financial year	0	0	11
Total variable remuneration granted in the financial year not covered by collective agreement	0	0	672
Of which:			
Cash	0	0	672
Shares and equity-like instruments	0	0	0
Share options or similar instruments	0	0	0
Additional tier 1 capital instruments	0	0	0
Tier 2 capital instruments	0	0	0
Other instruments	0	0	0
Ratio between disbursed/postponed variable remuneration			
Amount disbursed in the financial year	0	0	672
Amount postponed in the financial year	0	0	0

*) For additional information, see note on page 12

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Information on remuneration in the financial year 2023

Number / Amount (DKK'000)	Board of Directors	Executive Board	Material risk takers
Permitted threshold of no more than DKK 100,000 in variable remuneration per recipient:			
Total number of persons comprised by threshold in the financial year	0	0	11
Total variable remuneration disbursed in the financial year pursuant to threshold	0	0	672
Postponed variable remuneration from prior financial years:			
Total sum of postponed variable remuneration not covered by collective agreement for all financial years	0	0	0
Of which:	0	0	0
Variable remuneration granted in financial year, incl. previously postponed variable remuneration			
Variable remuneration disbursed in financial year of previously postponed variable remuneration			
Any variable remuneration reduced in financial year compared with previously postponed variable remuneration	0	0	0
Total amount repaid, e.g. due to bad faith or erroneous information	0	0	0
Sign-on and severance pay:			
Sign-on pay			
Total number of recipients of sign-on pay in the financial year	0	0	0
Total amount granted in sign-on pay in the financial year	0	0	0
Severance pay			
Total number of recipients of severance pay in the financial year	0	0	0
Total amount granted in severance pay in the financial year			
Highest amount of severance pay granted to a single person in the financial year	0	0	0

During their employment or position as a board member, no person at Spar Nord received a total salary including pension in the financial year exceeding an amount corresponding to EUR 1 million.

Notes to tables 4 and 5

Number of directorships and executive positions

At the end of 2023, there were nine directorships in Spar Nord Bank and four directorships in the subsidiary Aktieselskabet Skelagervej 15 (total of 13). At the end of the year, there were four executive positions in Spar Nord Bank and one in the subsidiary Aktieselskabet Skelagervej 15 (total of five).

Risk takers

At the end of 2023, 21 functions/positions were defined as risk takers. These are held by 18 persons, of which one risk taker covers two positions, and another two positions are held by members of the Executive Board, whose remuneration is included in the Executive Board's remuneration and therefore not in the remuneration of material risk takers.

The persons and their remuneration are included for the periods in which they are risk takers. Persons in four functions were replaced in 2023. Two of these functions have been filled by persons who were not previously defined as risk takers, while the other two functions have been filled by persons who were already defined as risk takers. The total remuneration of risk takers thus comprises remuneration of 20 persons (equal to 18 persons on average over the course of the year).

The fee in connection with directorships is deducted from the fixed salary of the risk takers (a total of DKK 186,756).

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Remuneration – Comparative figures

Developments in the remuneration of the Board of Directors and the Executive Board for 2023, 2022, 2021, 2020 and 2019 are summarised in the table below. Until five years of comparative figures are available, additional comparative figures will be accumulated year by year as permitted pursuant to the Danish Business Authority's guidelines.

With a view to complying with section 77d(6)(l) of the Danish Financial Business Act, the remuneration amounts below are shown for the period during which the Bank has prepared remuneration reports (2023-2020). The change from 2019 to 2020 is shown as a percentage as in the Bank's first remuneration report prepared for 2020.

Table 6

Comparison of remuneration of Board of Directors and Executive Board and Spar Nord's Results for 2023, 2022, 2021, 2020 and 2019 (DKK'000)

	2023	2022	2021	2020	2020 vs.2019 in %
Spar Nord's net profit before tax	3,141,021	1,730,160	1,701,094	917,717	-29
Spar Nord's net profit after tax	2,421,016	1,416,868	1,367,725	737,014	-30
Executive Board					
Lasse Nyby, Chief Executive Officer	6,010	5,312	5,108	5,014	7
John Lundsgaard, Managing Director	4,821	4,570	4,518	4,320	4
Lars Møller, Managing Director	4,605	4,208	4,105	3,880	2
Martin Kudsk Rasmussen, Managing Director (joined on 01.04.2020)	4,856	4,777	4,193	4,265	-
Carsten Levring Jakobsen (joined on 01.04.2023) Managing Director	4,369	-	-	-	-

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	2023	2022	2021	2020	2020 vs.2019 in %
Board of Directors					
Kjeld Johannesen, Chairman	1,047	978	947	854	4
Per Nikolaj Bukh, Deputy Chairman	719	679	664	619	3
Morten Bach Gaardboe, board member	490	460	450	420	4
Henrik Sjøgreen, board member, (elected on 17.06.2020)*	527	460	444	395	-
Michael Lundgaard Thomsen, board member (elected on 22.03.2023)	490	-	-	-	-
Lisa Lund Holst, board member (elected on 22.03.2023)	390	-	-	-	-
Kaj Christiansen, board member (stepped down on 22.3.2023)	540	510	490	430	4
André Rogaczewski, board member (elected on 07.04.2021 - stepped down on 22.03.2023)	390	360	353	-	-
John Sørensen, board member (stepped down on 07.04.2021)	-	-	451	420	4
Laila Mortensen, board member, (stepped down on 17.06.2020)				395	4
Lene Aaen, board member (employee representative)	390	360	353	330	5
Jannie Skovsen, board member (employee representative)**	440	410	398	348	10
Kim Østergaard, board member (employee representative), (elected on 01.04.2020)***	490	460	427	330	-
Gitte Holmgaard Sørensen, board member, (employee representative), (stepped down on 01.04.2020)	-	-	-	360	4
Average remuneration of employees (FTE)					
Employees	775	745	741	701	2

*) After the Annual General Meeting held on 22 March 2023, Henrik Sjøgreen was elected as chairman of the Risk Committee. He was previously an ordinary member. This resulted in an additional increase in the fee for 2023 compared with 2022.

** After the Annual General Meeting held on 17 June 2020, Jannie Skovsen became a member of the Nomination and Remuneration Committee. This resulted in an additional increase in the fee for 2020 compared with 2019.

***) After the Annual General Meeting held on 7 April 2021, Kim Østergaard became a member of the Audit Committee. This resulted in an additional increase in the fee for 2021 compared with 2020.

For new/resigned management members, the remuneration shown reflects a full-year remuneration in the year in which the member joined or resigned. The purpose hereof is to provide a meaningful comparative figure.

Conformity with the remuneration policy

The remuneration of the Board of Directors and the Executive Board for the financial year 2023 is in line with the guidelines of the remuneration policy by contributing to Spar Nord's business strategy, long-term interests, sustainability impact and value creation, as Spar Nord achieved a highly satisfactory financial result. Spar Nord recorded a record-breaking profit of DKK 2,421 million after tax and a return on equity of 19.7%.

Compliance with the remuneration policy is reviewed once every year. The guidelines for this review, which is carried out by the HR Department, which is independent of the entities controlled, are defined by the Board of Directors, and the outcome of the review is reported to the Nomination and Remuneration Committee and to the Board of Directors as a whole. The 2023 review concluded that the remuneration policy had been complied with.



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