



## **Remuneration policy for the Spar Nord Group**

*Date:* February 2025

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This remuneration policy describes the remuneration framework for the Spar Nord Group. The remuneration policy applies to all Spar Nord Group senior staff members and employees and is divided into four main categories:

- 1) General remuneration principles and remuneration conditions
- 2) Special rules for employees having a material impact on the Company's risk profile
- 3) Members of the Board of Directors and their remuneration
- 4) Members of the Executive Board and their remuneration

The purpose of the Spar Nord Group'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 the Group's reputation and social responsibility, including the Bank's sustainability impact on the community.

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. The remuneration policy makes a contribution on the basis of the defined principles for remuneration described in the four following main sections.

### **General remuneration principles and remuneration conditions**

Spar Nord wants the Group's remuneration level and principles to conform to the market, enabling the Group to constantly be able to attract and retain the right employees, regardless of gender. Thus, remuneration is considered to be one of several parameters of importance to our endeavours to remain an attractive place of work. Remuneration also supports the local bank strategy and the Bank's other strategic objectives by attracting and retaining the right employees – without employees, no Spar Nord.

The specific remuneration of the individual employee is determined according to an individual agreement, and the point of departure is the job content, wage formation in the market and the employee's overall skills, experience, performance and geographic workplace with a view to ensuring equal pay for equal work or work of equal value. Remuneration of the Bank's employees must not encourage risk-taking exceeding the Bank's risk profile.

For employees covered by collective agreement, the total remuneration follows the collective agreement between the Danish Employers' Association for the Financial Sector and the Danish Financial Services Union. Employees are thus graded into pay brackets determined by the provisions of the standard collective agreement, and the pay is adjusted pursuant to rates of the collective agreement.

Clear and well-known criteria must be set up for the Group, specifying the efforts and results that may lead to upgrading to another pay bracket and lump sum payments. The decentralised business model, compliance with the Bank's policies and business procedures and the goals of the local action plans provide the framework for the assessments underlying decisions about which employees to offer extraordinary rewards. Where relevant, the goals in the local action plans may include targets relative to the Bank's sustainability impact on the community. The award of lump sum payments is

neither fully nor partly dependent on the integration of sustainability risks. The Bank's staff handbook sets out a central set of rules governing the criteria. Employees must as a minimum comply with one or more of these criteria. When granting pay rises and lump sum payments, these criteria must always be consistent with the other provisions of the remuneration policy:

- The employee creates results through an extraordinary effort.
- The employee is both focused and results-oriented when meeting with customers and is capable of supporting and guiding the customer at the decision-making stage. The customer may be both an internal and an external customer.
- The employee knows how to prioritise his or her working hours to make time for customers and for creating business value.
- The employee is committed and takes an interest ensuring a sense of community and well-being in the department.
- The employee is a role model for using own professional, personal and social capabilities at the right time and place.
- The employee dares take responsibility and shows determination when necessary for business purposes.

Any promotion must be backed by reasons based on objective criteria provided by the manager responsible for granting the pay rise/lump sum payment.

Remuneration of the Bank's employees who provide advice to consumers on, and provide or grant credit against mortgage security or other similar security provided against real estate, is determined in compliance with the Bank's obligations under the rules on good banking practice set out in the Danish Financial Business Act. Remuneration of such employees must not encourage risk-taking exceeding the Bank's risk profile. In addition, the remuneration is not dependent on the number or amount of mortgage loan applications granted or on any other sales targets in mortgage finance.

Remuneration of the Bank's employees who arrange or distribute insurance products to consumers is determined in compliance with the Bank's obligations to trade in the customer's best interest and in accordance with best practice in the area. Furthermore, remuneration is independent of sales targets that encourage the employee to recommend specific insurance products to a customer when the Bank offers other insurance products that better cover the customer's needs.

Employees selling or advising about financial instruments are not eligible for variable remuneration components, which are subject to achieving a sales target for the individual defining a sales volume of the financial instruments that must be achieved relative to retail customers.

In addition, the Executive Board has the option of rewarding extraordinary results with lump sum payments. For the group of persons that fall within the scope of section 77a of the Danish Financial Business Act, the award of lump sum payments must be consistent with the above criteria of the remuneration policy. Lump sum payments to this group of persons may not exceed the permitted limit (DKK 100,000 per financial year), and distribution will only take place if the deviation is considered appropriate. As concerns employees in control functions, any lump sum payments may not be tied to performance in the department(s) subject to control.

The employees are comprised by the pension scheme laid down in the collective agreement between the Danish Employers' Association for the Financial Sector and the Danish Financial Services Union and thus pay part of their salary to a pension scheme. Spar Nord also makes a contribution to this scheme. An accession agreement with AP Pension has been concluded regarding pension schemes.

The Group's employees have access to a wide range of employee benefits.

On retirement, severance pay will be paid according to the provisions of the Danish Salaried Employees Act and the collective agreement. The Group has a severance programme, which is renegotiated in the joint consultation committee when requested by one or more of the committee members. The programme can be terminated at 3 months' notice. The employee may apply for participation in the severance programme, or may be offered to take part in it by his/her superior.

### **Remuneration of individuals comprised by section 77a of the Danish Financial Business Act**

Spar Nord has determined that the groups and individuals stated below fall under section 77a-d of the Danish Financial Business Act, as they have "a material impact on the company's risk profile".

<b>GROUP MANAGEMENT</b>	<b>MATERIAL RISK TAKERS</b>
Board of Directors of Spar Nord Bank A/S	Credit Rating Department <ul style="list-style-type: none"> <li>• Credit Manager</li> </ul>
Executive Board of Spar Nord Bank A/S	Trading Division <ul style="list-style-type: none"> <li>• Head of Capital Markets</li> <li>• Head of Trading Division</li> </ul>
	Finance & Accounts <ul style="list-style-type: none"> <li>• Chief Financial Officer</li> <li>• Departmental Manager of Finance &amp; Accounts</li> </ul>
	Risk management <ul style="list-style-type: none"> <li>• Chief Risk Officer</li> <li>• Departmental Manager of Risk Analysis</li> <li>• Departmental Manager of IT Security</li> <li>• Departmental Manager of Risk Monitoring</li> </ul>
	IRB <ul style="list-style-type: none"> <li>• Head of IRB</li> </ul>
	Credit management <ul style="list-style-type: none"> <li>• Head of Credit Management</li> </ul>
	Internal Audit Department <ul style="list-style-type: none"> <li>• Head of Internal Audit Department</li> </ul>
	Compliance <ul style="list-style-type: none"> <li>• Head of Compliance</li> </ul>
	Legal Department <ul style="list-style-type: none"> <li>• Head of Legal Department</li> </ul>
	Business development and AML <ul style="list-style-type: none"> <li>• AML Officer, Departmental Manager</li> </ul>
	Back Office <ul style="list-style-type: none"> <li>• Head of Back Office</li> </ul>
	IT <ul style="list-style-type: none"> <li>• Head of IT</li> </ul>
	Members of the Credit Committee

Employees defined as material risk takers hold central and strategically important positions in the Bank, and in order to retain and reward these employees the Bank has decided that variable salary components (lump sum payments) may be granted to material risk takers. However, no variable salary components above the permitted limit (DKK 100,000 per financial year) will be granted in pursuance of the applicable "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. Any lump sum payments are awarded pursuant to the aforementioned criteria in the section "General remuneration principles and remuneration conditions". Distribution is only made if considered appropriate. Variable remuneration pursuant to permitted limit 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 permitted 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. At the time of disbursement, the Executive Board makes an assessment hereof, and an additional assessment is made as part of the annual review of the remuneration policy.

The remuneration paid to Group Management (Board of Directors and Executive Board) does not include any variable components or discretionary pension benefits. This means there is no dependence between the remuneration of the Group Management and the integration of sustainability risks. The decision not to grant variable pay to members of the Board of Directors and Executive Board is also anchored in the Bank's values and business model, which focuses on trust from the local community, customers and employees.

Retention bonus may be granted to the above-mentioned group of persons, except for Group Management, if the total annual variable pay is below the permitted limit per person.

Any distribution of variable pay that does not exceed the permitted limit takes place according to a concrete assessment of the employee's overall performance in the relevant job function made by the Executive Board and an assessment of the appropriateness of such distribution. See the appropriate provisions of the above-mentioned Executive Order.

Spar Nord Bank has concluded agreements about terms of severance with members of Group Management and risk takers which ensure compliance with both the statutory requirements and the Group's long-term interests. The agreements of Group Management are described below. For material risk takers employed under a collective agreement, the provisions of the Danish Salaried Employees Act and the collective agreement on severance payments will apply. For material risk takers employed on contracts who have been in the continuous service of the Bank for at least 12 years, it applies that if the employment is terminated by the Bank, the agreed severance pay will as a standard be the maximum compensation, in accordance with section 2a of the Danish Salaried Employees Act and a special compensation of four months' salary exclusive of pension and staff benefits. The special compensation is payable unless the risk taker will receive pension benefits from the company or old-age pension on termination of the employment relationship. Prior to approval of this policy, individual agreements have been concluded, stipulating that the special compensation will not be payable if the risk taker has turned 65 at the effective date of termination. These agreements remain in force.

## **Members of the Board of Directors and their remuneration**

At the Annual General Meeting in 2024, the Board of Directors proposed that board members henceforth be elected for terms of one year (instead of for terms of two years as previously). As the proposal was adopted, the board members who were elected in 2023 (for terms of two years) will continue until the Annual General Meeting in 2025, and board members elected in 2024 (for terms of one year) will also continue until the Annual General Meeting in 2025. At the Annual General Meeting in 2025 and onwards, all members will be elected for terms of one year. Employee-elected board members are still elected by the employees for terms of four years.

The members of Spar Nord Bank's Board of Directors exclusively receive a fixed fee and are not covered by incentive schemes, performance-based remuneration or severance payment. 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. In addition to the board remuneration, the members of the Audit Committee, the Risk Committee and the Nomination and Remuneration Committee receive a separate fee. These fees vary from one committee to the next but are capped at 35% of the ordinary board remuneration. The chairmen of the Audit Committee and of the Risk Committee receive a fee equal to a maximum of 1.75 times the committee fee.

Spar Nord's Board of Directors has set up a Nomination and Remuneration Committee charged with overseeing the preparatory work concerning the Board of Directors' consideration of matters relating to remuneration, including an annual update and review of the remuneration policy and the preparation of the annual remuneration report. The committee may consult with the Executive Board, but the Executive Board has no decision-making powers in respect of the remuneration policy.

The remuneration of the Board of Directors is approved at the annual general meeting, as a result of which there is no risk of any conflicts of interest in connection with the Board of Directors' work with the remuneration policy.

## **Members of the Executive Board and their remuneration**

The members of Spar Nord Bank's Executive Board are employed on an open-ended contractual basis and their contract terms, including remuneration, are subject to 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 on the community.

The combined remuneration package for the members of the Executive Board is determined by the Board of Directors, which aims to combine the package on the basis of market practice and at a level that makes it possible for Spar Nord Bank to attract and retain a competent Executive Board.

The remuneration of the members of the Executive Board consists of fixed salary, pension (16.8%), company car (maximum of 7% of the monthly salary, calculated using the tax basis) and usual benefits such as telephone, newspaper subscription and health insurance. In order to ensure a balanced

risk assumption, the Executive Board may not receive variable salary components or share-based remuneration.

The service contract of members of the Executive Board may be terminated by the Bank at 12 months' notice and by the member of the Executive Board at six months' notice. 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. Prior to approval of this policy, agreements on other severance pay conditions had been made with some members of the Executive Board. These agreements will be maintained and include severance pay of up to a maximum of two years' salary, which will be reduced gradually when the member in question is aged between 64 and 67 years. From the age of 67 onwards, no severance pay will be granted to the Executive Board member. In the event that the Bank is merged or taken over by another company, and the Executive Board member does not form part of the executive board of the continuing company, the Executive Board member is entitled to terminate the contract and receive severance pay as if the Bank had terminated the contract. In the event of the death of the 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.

Fees to the members of the Executive Board for external directorships are set off against the pay from Spar Nord Bank.

### **Approval and updating of the policy**

The Bank's Nomination and Remuneration Committee prepares the remuneration policy, which is then adopted by the Board of Directors and finally approved at the annual general meeting at least once every four years or in case of material changes. The remuneration policy is updated once a year.

Aalborg, 4 February 2025



Kjeld Johannsen  
*Chairman of the Board of Directors*



Per Nikolaj Bukh  
*Deputy Chairman of the Board of Directors*



Michael Lundgaard Thomsen



Henrik Sjøgreen



Morten Bach Gaardboe



Lisa Lund Holst



Mette Kaagaard



Jannie Skovsen



Gitte Holmgaard



Rikke Marie J. Christiansen



**Appendix to the remuneration policy 2025 – Description of changes to the remuneration policy**

The remuneration policy was approved by a sufficient majority at the Bank’s Annual General Meeting held on 19 March 2024. As no shareholder has demanded a complete account of the voting procedure, no complete count of the votes cast has been made.

The following changes have been made to the remuneration policy since the most recent adopted at the Annual General Meeting in 2024:

Version	Change
Remuneration policy 2025	<p>The policy has been amended with respect to the self-defined limits for the ratio between board members’ ordinary fee and the fee for participating in board committees and fees for committee chairmen.</p> <p>Practice specifications and small editorial amendments have been made, including:</p> <ul style="list-style-type: none"> <li>• specifications with respect to the policy’s correlation with the Bank’s business model;</li> <li>• the inclusion of a process for assessing any repayment of variable remuneration if the payment was made on a false basis and the employee was in bad faith; and</li> <li>• a revision of material risk takers in relation to the current organisation.</li> </ul>