



SPAR NORD BANK A/S

(incorporated as a public limited liability company in Denmark)

DKK 600,000,000 Perpetual Non-cumulative Fixed to Floating Rate Additional Tier 1 Capital Notes

This prospectus (the "**Prospectus**") has been prepared by Spar Nord Bank A/S, CVR no. 13737584, Legal Entity Identifier (LEI): 549300DHT635Q5P8J715 (the "**Issuer**") for the admittance to trading and listing on the regulated market of Nasdaq Copenhagen A/S ("**Nasdaq Copenhagen**") of the DKK 600,000,000 Perpetual Non-cumulative Fixed to Floating Rate Additional Tier 1 Notes (in Danish: *kapitalbeviser*) (the "**Notes**") issued on 8 March 2021 (the "**Issue Date**") by the Issuer. An application has been made for admission of the Notes to trading and listing on Nasdaq Copenhagen. The Issuer expects the first day of trading of the Notes on Nasdaq Copenhagen to be 9 February 2022.

Unless otherwise defined herein, capitalised terms used in this Prospectus shall have the meaning given to them in the section "*Terms and Conditions of the Notes*" (the "**Conditions**"). Any reference to a numbered "*Condition*" is to the correspondingly numbered provision thereof.

The Notes bear interest on their Outstanding Principal Amount at a fixed rate in the Initial Period and from and including the First Call Date at a floating rate. Unless the Calculation Amount has been adjusted as described in the definition thereof in the Conditions, the amount of interest per Calculation Amount payable on each Interest Payment Date (8 September and 8 March in each year from (and including) 8 September 2021) in relation to an Interest Period falling in the Initial Period will be DKK 16,250. From and including the First Call Date, the Notes will bear interest on their Outstanding Principal Amounts at the sum of (A) the Reference Rate and (B) the Margin payable on each Interest Payment Date falling after the First Call Date.

Payment of interest in respect of the Notes shall be payable only out of the Issuer's Distributable Items. The Issuer may elect in its sole discretion to cancel any payment of interest in respect of the Notes at any time, in whole or in part. In addition, a payment of interest in respect of the Notes will be mandatorily cancelled, in whole or in part, in certain circumstances as set out in the Conditions. Following any such cancellation of interest in respect of an Interest Period, the right of the Noteholders to receive accrued interest in respect of such Interest Period will terminate and the Issuer will have no further obligation to pay such interest or to pay interest thereon to the Noteholders. See Condition 5(j) (*Interest Cancellation*) of the Conditions.

The Notes are perpetual securities and have no fixed date for redemption and Noteholders do not have the right to call for their redemption. The Issuer may, at its option, redeem all, but not some only, of the Notes on the First Call Date and on every Optional Redemption Date thereafter at their Outstanding Principal Amounts, together with accrued interest (if any) thereon insofar as it has not been cancelled. The Issuer may also, at its option, redeem all, but not some only, of the Notes at any time upon the occurrence of a Special Event (as specified in Condition 7(b) (*Redemption upon the occurrence of a Special Event*)) at their Outstanding Principal Amounts, together with accrued interest (if any) thereon insofar as it has not been cancelled. Furthermore, if a Special Event has occurred and is continuing, the Issuer may, at its option, substitute all (but not some only) of the Notes or vary the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Noteholders, so that they become or remain Qualifying Capital Notes. Any such redemption, substitution or variation, as the case may be, is subject to certain conditions, including in respect of redemption, permission from the Relevant Regulator. See Condition 7(g) (*Conditions to redemption etc.*).

If at any time the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group has fallen below 7.00 per cent., the Outstanding Principal Amounts shall be written down. Following any such write down of the Outstanding Principal Amounts, the Issuer may, at its discretion, reinstate some or all of the principal amount of the Notes, if certain conditions are met. See Condition 6 (*Loss absorption following a Trigger Event and reinstatement of the Notes*).

The Notes are issued in uncertificated and dematerialised book entry form and settled through VP Securities A/S (the "**VP**"). The address of VP is Nicolai Eigtvedsgade 8, DK-1402 Copenhagen K, Denmark. Nykredit Bank A/S perform the tasks of the Issuing Agent, Calculation Agent and the Paying Agent in respect of the Notes and as further set out in the Conditions. No representative, agent or trustee has been appointed to represent Noteholders. Legal title to the Notes will pass by electronic registration in the book entry system and register maintained by VP in accordance with the Danish Capital Markets Act, Executive Orders issued pursuant thereto and the rules and procedures of VP from time to time.

The Issuer has been rated A1 (long term unsecured rating) and P-1 (short term unsecured rating) by Moody's Investors Service (Nordics) AB ("**Moody's**"). For the purposes of Regulation (EC) no. 1060/2009 on credit rating agencies (as amended) (the "**CRA Regulation**"), the credit ratings included or referred to in this Prospectus have been issued by Moody's. Moody's is established in the European Economic Area (the "**EEA**") and is registered under the CRA Regulation. The Notes are unrated. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Prospectus.

Danske Bank

Joint Lead Managers
Nykredit Bank A/S
Dated 8 February 2022

Spar Nord

This Prospectus comprises a prospectus in respect of the Notes for the purposes of Article 6 of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”) and for the purposes of giving information with regard to the Issuer together with its consolidated subsidiaries (the “**Spar Nord Bank Group**” or the “**Group**”) and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer, the rights attaching to the Notes and the reasons for the issuance and its impact on the Issuer.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*”).

Other than in relation to the documents which are deemed to be incorporated by reference (see “*Documents Incorporated by Reference*”), the information on the websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the Danish Financial Supervisory Authority (the “**Danish FSA**”).

To the fullest extent permitted by law, none of the Joint Lead Managers accepts any responsibility for the contents of this Prospectus or for any other statement, made or purported to be made by a Joint Lead Manager on its behalf in connection with the Issuer or the issue and offering of the Notes. Each Joint Lead Manager accordingly disclaim all and any liability, whether arising in tort or contract or otherwise (save as referred to above), which it might otherwise have in respect of this Prospectus or any such statement.

Neither this Prospectus nor any other information supplied in connection with this Prospectus or the Notes should be considered as a recommendation or constituting an invitation or offer by the Issuer or any of the Joint Lead Managers that any recipient of this Prospectus or any other information supplied in connection with this Prospectus or the Notes should subscribe or purchase the Notes. Each investor contemplating purchasing the Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with this Prospectus or the Notes constitutes an offer by or on behalf of the Issuer or any of the Joint Lead Managers to any person to subscribe for or to purchase any Notes.

The distribution of this Prospectus and the offer or sale of the Notes may be restricted by law in certain jurisdictions. The Issuer and the Joint Lead Managers do not represent that this document may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Joint Lead Managers which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Joint Lead Managers have represented that all offers and sales by them will be made on the same terms. Persons into whose possession this Prospectus or the Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of the Notes in the United States, the EEA (including, for these purposes Denmark) and the United Kingdom (see “*Selling restrictions*”).

The Notes have not been and will not be registered under the United States Securities Act 1933, as amended, (the “**Securities Act**”). Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to US persons (see “*Selling restrictions*”).

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should: (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes; (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

All references in this document to “**DKK**” are to the lawful currency of Denmark

In this Prospectus, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

EU BENCHMARKS REGULATION

Interest under the Notes from and including the First Call Date will be calculated by reference to the CIBOR Rate. The CIBOR Rate constitutes a benchmark for the purposes of Regulation (EU) no. 2016/1011 (the “**EU Benchmarks Regulation**”). The CIBOR Rate will be calculated by reference to the Copenhagen interbank offered rate, which is provided by Danish Financial Benchmark Facility ApS (the “**CIBOR Rate Administrator**”). At the date of this Prospectus, the CIBOR Rate Administrator is included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (“**ESMA**”) pursuant to Article 36 (*Register of administrators and benchmarks*) of the EU Benchmarks Regulation. The registration status of the CIBOR Rate Administrator under the EU Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update this Prospectus to reflect any change in the registration status of the CIBOR Rate Administrator.

MIFID II PRODUCT GOVERNANCE/TARGET MARKET

Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/54/EU (as amended) (“**MiFID II**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

IMPORTANT – PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a “retail investor” means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) no. 1286/2014 (as amended) (the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – PROHIBITION OF SALES TO UNITED KINGDOM RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a “retail investor” means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended) (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of EU Regulation 2017/1129 (as defined below) as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

RESTRICTIONS ON MARKETING AND SALES TO UK RETAIL INVESTORS

- 1) The Notes are complex financial instruments. They are not a suitable or appropriate investment for all investors, especially retail investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as Notes. Potential investors in the Notes should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Notes (or any beneficial interests therein).
- 2) In the United Kingdom, the FCA Conduct of Business Sourcebook (“COBS”) requires, in summary, that the Notes should not be offered or sold to retail clients (as defined in COBS 3.4 and each a “**retail client**”) in the United Kingdom.

Certain of the Joint Lead Managers are required to comply with COBS.

By purchasing, or making or accepting an offer to purchase, any Notes (or a beneficial interest in such Additional Tier 1 Capital Notes) from the Issuer and/or the Joint Lead Managers, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and each of the Joint Lead Managers that:

- (i) it is not a retail client in the United Kingdom; and
- (ii) it will not sell or offer the Notes (or any beneficial interest therein) to retail clients in the United Kingdom or communicate (including the distribution of Prospectus) or approve an invitation or inducement to participate in, acquire or underwrite the Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the United Kingdom.

In selling or offering the Notes or making or approving communications relating to the Notes each prospective investor may not rely on the limited exemptions set out in COBS.

- 3) The obligations in paragraph 2 above are in addition to the need to comply at all times with all other applicable laws, regulations and regulatory guidance (whether inside or outside the European Economic Area or the United Kingdom) relating to the promotion, offering, distribution and/or sale of the Notes (or any beneficial interests therein), whether or not specifically mentioned in the Prospectus, including (without limitation) any requirements under MiFID II or the United Kingdom FCA Handbook as to determining the appropriateness and/or suitability of an investment in the Notes (or any beneficial interests therein) for investors in any relevant jurisdiction.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Notes (or any beneficial interests therein) from the Issuer and/or any of the Joint Lead Managers, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

IMPORTANT – PURSUING LIQUIDATION OR BANKRUPTCY CLAIMS AGAINST THE ISSUER IN DENMARK

The Issuer is incorporated in Denmark. If proceedings with respect to the liquidation or bankruptcy of the Issuer should occur, the Noteholders would be required to pursue their claims on the Notes in proceedings with respect to the Issuer in Denmark. To the extent that the relevant Noteholders are entitled to any recovery with respect to such Notes in any such Danish bankruptcy proceedings, such Noteholders would be entitled to a recovery in Danish Kroner.

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RESPONSIBILITY STATEMENT

The Issuer's responsibility

Spar Nord Bank A/S is responsible for this Prospectus in accordance with Danish law.

Statement

We hereby declare, as the persons responsible for this Prospectus on behalf of Spar Nord Bank A/S in our capacity as members of the Board of Directors and the Executive Board of Spar Nord Bank A/S, that to the best of our knowledge, the information contained in this Prospectus is in accordance with the facts and that this Prospectus makes no omission likely to affect its import.

We furthermore declare that this Prospectus has been approved by the Danish Financial Supervisory Authority (the "Danish FSA") as competent authority under the Prospectus Regulation. The Danish FSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of Spar Nord Bank A/S that is the subject of this Prospectus or be considered as an endorsement of the quality of the Notes that are the subject of this Prospectus. Prospective investors should make their own assessment as to the suitability of investing in the Notes.

8 February 2022

Spar Nord Bank A/S

Board of Directors

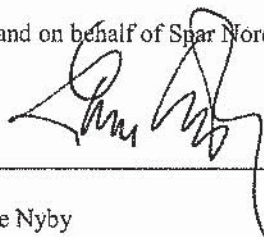
Kjeld Johannesen Chairman	Per Nikolaj Bukh Board member	André Rogaczewski Board member
Henrik Sjøgreen Board member	Kaj Christiansen Board member	Morten Bach Gaardboe Board member
Lene Aaen Board member	Jannie Skovsen Board member	Kim Østergaard Board member

Executive Board

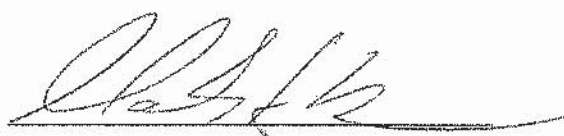
Lasse Nyby CEO	John Lundsgaard Director	Lars Møller Director	Martin Kudsk Rasmussen Director
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Lasse Nyby and Martin Kudsk Rasmussen have been authorised to sign this prospectus for and on behalf of the Issuer pursuant to a resolution of the Board of Directors of the Issuer passed on 23 February 2021.

For and on behalf of Spar Nord Bank A/S:



Lasse Nyby
CEO



Martin Kudsk Rasmussen
Director

RISK FACTORS

In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make or restricted from making all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make or restricted from making all payments due in respect of the Notes. The Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Prospectus a number of factors which could materially adversely affect its business and ability to make payments due under the Notes.

The most material risks, as currently assessed by the Issuer, taking into account, among other things, (i) the expected magnitude of their negative impact on the Issuer and/or the Notes and (ii) the probability of their occurrence, are set out first in the risk factor categories "Risk factors that may affect the Issuer's ability to fulfil its obligations under the Notes" and "Risk factors relating to the structure of the Notes". Where it has been assessed not to be possible to make an accurate assessment of the probability of the occurrence of a risk factor in these risk factor categories, the probability of the occurrence of such risk factor has not been specified in respect of such risk factor.

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Words and expressions defined in the Conditions or elsewhere in this Prospectus have the same meanings in this section, unless otherwise stated. References to a numbered "Condition" shall be to the relevant Condition in the Conditions.

RISK FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES

Risks related to the general economic and geopolitical conditions in Denmark and internationally may have a material adverse effect on the Spar Nord Bank Group's business, results of operations, financial position and/or prospects

The business activities and performance of Spar Nord Bank Group are dependent on the level of banking, finance and financial services required by its customers. In particular, levels of borrowing are dependent on customer confidence, employment trends, state of the economy, housing market and market interest rates at the time. As Spar Nord Bank Group currently conducts the majority of its business in Denmark, its performance is influenced by the level and cyclical nature of business activity in Denmark, which is in turn affected by both domestic and international economic and political events.

Spar Nord Bank Group has no significant business in the United Kingdom, but the Spar Nord Bank Group has a number of financial counterparties in London that may be affected by the United Kingdom's departure from the EU. In addition, the Spar Nord Bank Group's agricultural customers and other business customers with exposure to or a trading relationship with the United Kingdom may be adversely affected by the new trading relationship between the EU and the United Kingdom under the EU-UK Trade and Cooperation Agreement.

A negative development in the general economic conditions in Denmark, such as a downturn in the economy, an increase in unemployment in Denmark or a reduction in the value of housing and other collateral provided to the Spar Nord Bank Group could have a material adverse effect on the Spar Nord Bank Group's business, results of operations, financial position and/or prospects and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts on or in connection with the Notes.

The outbreak of COVID-19 (and possibly other contagious diseases) may adversely impact the business and results of operations of the Spar Nord Bank Group, including the Issuer

The outbreak of a novel strain of coronavirus ("COVID-19"), which first emerged in the People's Republic of China in late December 2019 and since spread to other parts of the world (including Denmark), changed the outlook for the Danish economy. In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. Given the ongoing and dynamic nature of the consequences of the COVID-19 pandemic and the government measures implemented to counter or limit the adverse impact of the outbreak, it is not possible to ascertain how long the outbreak of COVID-19 may last or how severe it will become. Currently, the number of COVID-19 cases is increasing in several European countries, and some restrictions have been reinstated. Furthermore, new mutations and variants of COVID-19 have emerged. Such new mutations and variants may have an increased level of transmissibility, the ability to evade vaccines and cause more severe symptoms

than the original strain of COVID-19 first detected in late December 2019. Consequently, the full impact that COVID-19 may have on the Danish and global economy and the Spar Nord Bank Group, including the Issuer's operations and prospects, is difficult to predict.

The measures by various governments to reduce the spread of COVID-19 and the impact from the virus itself on everyday behaviour has led to a sharp decline in economic activity. There has been a significant drop in global consumption and travel and severe disruptions in global supply chains, resulting in the closure of a number of companies and rising unemployment. In combination with general uncertainty regarding the evolution and resolution of COVID-19, it has resulted in some volatility in financial markets, commodity markets and other markets and harm to the Danish economy and in particular to the economies to which many of the Group's SME and corporate customers export their goods and services.

Danish GDP fell by 2.1 per cent. in 2020. The EU-Commission's "European Economic Forecast, Autumn 2021" (November 2021) expects Danish GDP to rise by 4.3 per cent. in 2021 as it recovers from the economic slowdown caused by the spread of COVID-19 in 2020. According to the International Monetary Fund's "World Economic Outlook" (October 2021), global GDP growth in 2021 is expected to grow by 5.9 per cent. and GDP growth in the advanced economies for 2021 is expected to rise by 5.3 per cent.

The Group and the Issuer's business is focused on the Danish market and on servicing Danish retail customers and SME customers in the local areas in which the Spar Nord Bank Group is represented. The Danish SME and corporate sector are very export driven. Consequently, the adverse economic impact of the COVID-19 outbreak will have a negative impact on the Group's SME customers - both from the decline in domestic consumption and investment activity as well as from the negative spill over effect from reduced consumption and economic activity in Denmark's main trade partner countries.

The financial strains for the Group's SME customers caused by the COVID-19 pandemic are likely to increase in Denmark over the next year as the state compensation schemes expired during the second half of 2020 and the liquidity measures in the form of deferred taxes and VAT are due for gradual repayment starting the first half of 2021, with the larger part due in 2022, and the smaller part of the deferred taxes due in February and May 2023. The deteriorating macroeconomic conditions and outlook have led to an increase in the Group's credit impairments. The situation caused by COVID-19 is unique and difficult to assess, and the situation is changing rapidly.

The commercial real estate market is an area which could be adversely affected if COVID-19 leads to long lasting or permanent shifts in behaviour. Property owners are dependent on tenants in retail, hotels, restaurants and service businesses, the majority of which have been negatively impacted by the COVID-19 pandemic. The long-term consequences for the travel and leisure industry are still far from known.

If business clients, particularly the Group's corporate customers in the manufacturing, retail, tourism, entertainment and service industries, including hotels and restaurants which due to the previously imposed temporary forced lockdowns, have been affected the most and which may be affected by new lockdowns, or home owners, are unable to repay their loans due to the COVID-19 pandemic, this could increase default rates and result in increased credit impairments that could potentially exceed the management's estimate of COVID-19 related provisions.

In December 2021, Denmark imposed measures to help combat the surge of COVID-19 infections in Denmark, including closing schools, theatres, cinemas, clubs, entertainment parks, as well as measures to limit large crowds in stores and shops. However, these restrictions have again been lifted with effect as of 1 February 2022. This being said if Denmark sees a new broad-based surge in the spread of COVID-19 (or possibly other contagious diseases) other and additional measures, including another lockdown of Danish society cannot be ruled out.

Denmark's vaccine rollout has been very effective so far. By January 2022, approximately 3.5 million people in Denmark had 3rd vaccine dose and approximately 4.7 people had 2nd dose.

The spread of COVID-19 has led the Group to modify its business practices, including the imposition of restrictions on employee travel. The COVID-19 pandemic has also led to a shift in working patterns, with more people working from home on a regular basis and for extended periods of time. This has increased the level operational risk of the Spar Nord Bank Group.

If Denmark, on a national or local level, experiences another wave of COVID-19 (or possibly other contagious diseases), or severe side effects from the vaccine programme or the vaccine does not work as intended, the Group may be required by authorities (or determine in the best interests of its employees, customers, partners or suppliers) to follow measures that could harm the Group's ability to perform critical functions. Still there is no certainty that such measures and the implementation of such measures (or their insufficiency) will be sufficient to mitigate the risks posed by COVID-19 or possibly other contagious diseases.

In response to the COVID-19 pandemic, the Group has implemented mitigating actions, for example internal guidelines for home office, in order to handle the risk imposed by COVID-19 on its day-to-day operations. There is however no certainty that these actions will be sufficient in mitigating the risks posed by COVID-19 (or possibly other contagious diseases) on its day-to-day operations, nor that the effects of COVID-19 (or possibly other contagious diseases) will not themselves have an adverse effect on the Group's business, results of operations, financial position and/or prospects and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts on or in connection with the Notes.

Credit risk related to borrowers, counterparties and customers of the Spar Nord Bank Group may have an adverse effect on the Spar Nord Bank Group's business, results of operations, financial position and/or prospects

Credit risk is the risk of loss that the Spar Nord Bank Group may incur as a result of borrowers or other counterparties of the Spar Nord Bank Group defaulting on their payment obligations, including the risks attaching to the Spar Nord Bank Group's customers having financial difficulties, risks relating to large exposures and concentration risks that may occur in relation to the Spar Nord Bank Group's business and risks attaching to granted, unutilised credit lines that may be provided by the Spar Nord Bank Group. Credit risk is also the risk that the Spar Nord Bank Group may be unable to assess the credit risk of potential borrowers or other counterparties and may provide loans and advances to customers that increase the Spar Nord Bank Group's credit risk exposure more than intended. Credit risk is an inherent part of the Spar Nord Bank Group's business. Ordinary credit risk arises from the Issuer's loan portfolio and from credit lines and guarantees. Furthermore, credit risk also includes settlement and counterparty risks. Settlement risk is the risk arising when payments are settled, for instance payments for currency transactions and trading in financial instruments, including derivatives. The risk arises when the Issuer transfers payments before it has attained full assurance that the counterparty has met all its obligations. Counterparty risk is the risk of loss as a result of a customer's default of OTC derivatives and securities financing instruments. Credit risk also arises from credit investments in Spar Nord Markets in, for example, senior bonds of other highly rated financial institutions, securitisations consisting primarily of AAA residential mortgage backed securities. Market-related counterparty credit risk arises from financial instruments including fixed income, equity and other investments that the Spar Nord Bank Group owns or is in another way exposed to.

The Issuer has received an order from the Danish FSA to verify all valuation models that the Spar Nord Bank Group uses for calculation of risk positions with respect to, *inter alia*, credit risk. The Issuer has agreed a plan for undertaking this verification with the Danish FSA, which includes a review of the Issuer's setup for limit monitoring, including completeness of positions and risks as well as methods for calculating risks. Based on a risk-based approach, a structured review of risk assessment and limit monitoring will be carried out for each of the Issuer's significant types of market risks, and which will be ongoing until the end of 2022.

Spar Nord Bank Group may suffer losses from credit risk in the future, some of which may be material in amount, which could have an adverse effect on the Spar Nord Bank Group's business, results of operations, financial position and/or prospects and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts on or in connection with the Notes.

Market risk related to adverse developments in market values resulting from fluctuations in interest rates, credit spreads, foreign currency exchange rates and equity and commodity prices may have an adverse effect on the Spar Nord Bank Group's business, results of operations, financial position and/or prospects

The Spar Nord Bank Group faces market risks as an inherent part of its business. The Spar Nord Bank Group deals and takes positions in financial products such as interest-based products, shares, foreign exchange instruments and commodity derivatives, which involve a number of market-based risks. The Spar Nord Bank Group's market risks relate to the risk of loss that the Spar Nord Bank Group may incur because of adverse developments in market values resulting from fluctuations in interest rates, credit spreads, foreign currency exchange rates and equity and commodity prices. For example, interest rates risk attaching to positions in the trading book of the Spar Nord Bank Group derives primarily from bonds, swaps, futures and options. With respect to the banking book, interest rate risk of the Spar Nord Bank Group derives from fixed-rate deposits and lending from ordinary banking transactions, repo and reverse repo transactions, monetary policy loans, bonds as well as interest rate risk related to the Spar Nord Bank Group's own funding. The performance of financial markets may cause changes in the value of the Spar Nord Bank Group's investment and trading portfolios as well as affect other areas of the operations of the Spar Nord Bank Group such as the availability of funding for the Spar Nord Bank Group. A significant part of the Spar Nord Bank Group's market risk derives from changes in the value of its securities portfolio.

Any fluctuations in interest rates, foreign currency exchange rates, equity prices and fixed income prices could have an adverse effect on the Spar Nord Bank Group's business, results of operations, financial position and/or prospects and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts on or in connection with the Notes.

Funding and liquidity risk related to funding costs, liquidity and refinancing risk, deposit withdrawal and access to funds may have an adverse effect on the Spar Nord Bank Group's business, results of operations, financial position and/or prospects

Liquidity risk is the risk of loss that the Spar Nord Bank Group may incur because funding costs become excessive, a lack of funding prevents Spar Nord Bank Group from fulfilling its business model or a lack of funding prevents the Spar Nord Bank Group from fulfilling its payment obligations. Refinancing risk is the risk of the Spar Nord Bank Group not being able to refinance maturing deposits, senior debt, covered bonds or other liabilities, or the risk that the refinancing cost will be so high that it will adversely affect net interest income of the Spar Nord Bank Group.

Spar Nord Bank Group, being a financial intermediary, liquidity and refinancing risk is an inherent and unavoidable part of the Spar Nord Bank Group's banking operations. Liquidity and refinancing risk of the Spar Nord Bank Group arises from funding mismatches in the balance sheet as the average duration of Spar Nord Bank's loan portfolio is generally longer than the average duration of Spar Nord Bank's funding sources.

As a retail bank the Issuer receives a high portion of its funding from customer deposits, and therefore the Spar Nord Bank Group is also subject to the risk that its depositors could withdraw their funds at a faster rate than the rate at which the Spar Nord Bank Group's borrowers repay their loans, thus causing liquidity strains for the Spar Nord Bank Group.

Ready access to funds is essential to any banking business, including the Spar Nord Bank Group. If the Spar Nord Bank Group is unable to access funds or to access the markets from which the Spar Nord Bank Group raises funds, it could have an adverse effect on the Spar Nord Bank Group's ability to meet its obligations as they fall due and impede the Spar Nord Bank Group's ability to finance its operations adequately. These and other factors could also lead creditors to form a negative view of the Spar Nord Bank Group's liquidity, which could result in higher borrowing costs and decreased access to various funding sources for the Spar Nord Bank Group which could have an adverse effect on Spar Nord Bank Group's business, results of operations, financial position and/or prospects and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts on or in connection with the Notes.

Risks related to an increase in the Issuer's and/or the Spar Nord Bank Group's capital requirements, leverage ratio requirements, net stable funding ratio requirement, liquidity requirements and/or REA which could have a material adverse effect on the Spar Nord Bank Group's business, results of operations, financial position and/or prospects

Minimum and additional own funds requirement

Under CRD/CRR, institutions, such as the Issuer, are required to hold a minimum amount of regulatory capital equal to 8 per cent. of REA (of which at least 4.5 per cent. must be Common Equity Tier 1 Capital, and at least 6 per cent. must be Tier 1 capital), which is also referred to as the minimum own funds Pillar 1 requirements (the "**minimum own funds requirements**"). In addition to the minimum own funds requirements, the CRD contemplates that competent authorities may require additional "Pillar 2" capital to be maintained by an institution (the "**additional own funds requirements**" or the "**individual solvency requirement**") for example where an institution is exposed to risks which are not fully captured by the minimum own funds requirements as further set out in Article 104a(1)(a) of the CRD.

The REA of the Issuer and the Group and the capital requirements (the minimum own funds requirements and the additional own funds requirements the combined buffer requirement (see "*Combined capital buffer requirement*" below) applicable to the Issuer and/or the Spar Nord Bank Group are, by their nature, calculated by reference to a number of factors any one of which or combination of which may not be easily observable or capable of calculation by investors. Any of the minimum own funds Pillar 1 requirements, additional own funds requirements or buffer capital requirements applicable to the Issuer and/or the Group may be amended in the future to include new and more onerous capital requirements, which may exacerbate the risk that discretionary payments, including payments of interest on the Notes, are cancelled.

Combined capital buffer requirement

CRD includes a combined capital buffer requirement consisting of a capital conservation buffer, an institution-specific countercyclical capital buffer, a G-SII buffer (applicable to global systemically important institutions ("**G-SIIs**"), a O-SII buffer (applicable to other systemically important institutions ("**O-SIIs**")) and a systemic risk buffer.

The combined capital buffer requirement consists, in the case of the Issuer as the date of this Prospectus, of a 2.5 per cent. capital conservation buffer, a 1.0 per cent. O-SII buffer (also referred to as systemically important financial institution ("**SIFI**") buffer) and a countercyclical buffer, currently at 0 per cent. (all are stated as a percentage of the overall risk exposure and must be met with Common Equity Tier 1 capital). The countercyclical capital buffer in Denmark was reduced from 1 per cent. to 0 per cent. on 11 March 2020 as a result of unrest in the financial markets due to the COVID-19 outbreak. The countercyclical buffer will

be reactivated at a level of 1.0 per cent from 30 September 2022 and will be further increased to 2.0 per cent from 31 December 2022. See “Description of Spar Nord Bank A/S and the Spar Nord Bank Group” – “2.1.5 Combined buffer requirement” At the date of this Prospectus, it is not possible to predict the future development of the countercyclical capital buffer in Denmark.

See (“Risks related to the structure of the Notes” – “Interest on the Notes may be cancelled in certain circumstances, including with respect to the applicable Maximum Distributable Amount” below) with respect to the interaction between the combined capital buffer requirement and the Maximum Distributable Amount and a potential interest cancellation on the Notes as a result thereof.

CRR Amendment Regulation, CRD Amendment Directive and SREP Guidelines

Regulation (EU) 2019/876 of the European Parliament and of the Council as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, minimum loss coverage for non-performing loans (non-performing loan backstop), counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements dated 20 May 2019 and published in the Official Journal of the European Union on 7 June 2019 (the “**CRR Amendment Regulation**”) and Directive (EU) 2019/878 of the European Parliament and of the Council as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures dated 20 May 2019 and published in the Official Journal of the European Union on 7 June 2019 (the “**CRD Amendment Directive**”) introduce, among other things, a leverage ratio requirement of 3 per cent. Tier 1 Capital, a leverage ratio related maximum distributable amount for G-SIIs (the “**L-MDA**”), harmonised binding requirement for stable funding (the “**Net Stable Funding Ratio**” or “**NSFR**”) on 100 per cent., strengthening of the conditions for use of internal models and changes to the relevant regulator’s application of the institution specific “Pillar 2” capital add-ons (referred to above as the additional own funds requirements). The additional own funds requirement must be fulfilled with at least 56.25 per cent. Common Equity Tier 1 Capital and at least 75 per cent. Tier 1 capital. Furthermore, the CRD Amendment Directive authorises the relevant competent authority to require that the institution fulfils its additional own funds requirement with a higher portion of Tier 1 Capital or Common Equity Tier 1 Capital where necessary (while having regard to the specific circumstances of the relevant institution). The CRD Amendment Directive also introduces a so-called “guidance on additional own funds” requirement, which sets a level and quality of CET1 capital the relevant credit institution is expected to hold in excess of its overall capital requirement. The guidance on additional own funds will be based on, *inter alia*, the stress tests performed in respect of the Issuer and the Spar Nord Bank Group (see “Risks related to stress tests and other regulatory enquiries, which could trigger enforcement actions by supervisory authorities may have a material adverse effect on the Group’s business, results of operations, financial position and/or prospects” below). A failure to meet guidance on additional own funds requirement does not trigger automatic restrictions on distributions provided for in Article 141 of the CRD or Article 16a of the BRRD. Where an institution repeatedly fails to meet the guidance on additional own funds, the competent authority is entitled to take supervisory measures and, where appropriate, impose additional own funds requirements.

A G-SII that fails to meet its applicable leverage ratio buffer requirement shall calculate its L-MDA. The L-MDA will, among other things, set the level for payments on Additional Tier 1 Capital instruments (such as the Notes). According to the CRR Amendment Regulation, the European Commission shall by 31 December 2020 submit a report to the European Parliament and to the Council on whether it is appropriate to extend the L-MDA restrictions to O-SIIs, such as the Issuer. On 16 February 2021 the European Commission published its report, which concluded that the European Commission does not consider it appropriate to introduce a leverage ratio surcharge for O-SIIs in the current context. Instead, the European Commission proposes that this question should be examined as part of the comprehensive review of the macroprudential toolbox in banking by 30 June 2022, as set out in Article 513 of the CRR.

According to EBA’s guidelines to national supervisors on common procedures and methodologies for the supervisory review and evaluation process (SREP) and supervisory stress testing (the “**SREP Guidelines**”), latest updated on 19 July 2018, competent authorities may, on the basis of the vulnerabilities and deficiencies identified in the SREP assessment, among other things, restrict or prohibit distributions or interest payments by a credit institution to members or holders of its Additional Tier 1 Capital instruments (such as the Notes).

The CRR Amendment Regulation and CRD Amendment Directive entered into force on 27 June 2019. The date of application of the new rules varies from the date of their entry into force and 12 months to four years after their entry into force. On 22 December 2020 Act no. 2110 on Changes to the Financial Business Act, the Recovery and Resolution Act of Certain Financial Undertakings, the Capital Markets Act and Cessation of the Act on Finansiel Stabilitet (*changes as result of the revision of the Capital Requirements Directive (CRD V) and the Resolution and Recovery Directive (BRRD II) etc.*) (the “**BRRDII/CRDV Act**”) was adopted by the Danish Parliament. The BRRDII/CRDV Act implements the CRD Amendment Directive and the BRRD Amendment Directive (see “Risk factors relating to the Notes” – “Resolution tools and powers under the BRRD” – “The BRRD Amendment Directive”) into Danish law. The rules implementing the CRD Amendment Directive into Danish law, with certain exemptions, entered into force on 28 December 2020. At the date of this Prospectus, it is still uncertain whether (and if

so to what extent) the CRR Amendment Regulation and the CRD Amendment Directive will impose additional capital, liquidity and/or leverage requirements on the Issuer and/or the Spar Nord Bank Group, which in turn may affect the Issuer's capacity to fulfil its obligations under the Notes.

The European Banking Authority ("EBA") and the Danish Financial Supervisory Authority (the "**Danish FSA**") will continue to propose detailed rules through binding technical standards, guidelines, recommendations and/or opinions in respect of many areas, including the CRR, the CRR Amendment Regulation, the CRD and the CRD Amendment Directive. As a consequence, the Spar Nord Bank Group is subject to the risk of possible interpretational changes. Given the uncertainty of the exact wording of the technical standards, they could potentially lead to a reduction in the regulatory capital or an increase in the REA of the Issuer and the Spar Nord Bank Group, which in turn may affect the Issuer's capacity to fulfil its obligations under the Notes.

On 7 December 2017, the Basel Committee published its recommendations named Basel III: Finalising post crisis reforms (informally referred to as "**Basel IV**"). The reforms contain new requirements for credit risk, operational risk, CVA risk and a so called output floor which sets new minimum standards for capital requirements in financial institutions using internal models for calculating capital requirements. On 27 October 2021, the European Commission published its proposal for a review of the CRR Regulation and the CRD Directive, implementing, inter alia, the Basel IV (the "**Basel IV CRR/CRD Proposal**"). The Basel IV CRR/CRD Proposal is now subject to the EU legislative procedure. The Basel IV CRR/CRD Proposal introduces, inter alia, an output floor on 72.5 per cent. of the standardised approach for calculating REA. The output floor will be gradually introduced from 1 January 2025 over a period of 5 years. Spar Nord Bank Group's REA will increase as a result of a European implementation of Basel IV as set out in the Basel IV CRR/CRD Proposal. The exact amount with which the REA of the Spar Nord Bank Group will increase is currently unknown.

The relationship between any of the aforementioned or future incremental additional own funds requirements and the combined buffer requirement is particularly complex and depends on a range of different factors and it may lead to severe consequences for an institution, including the Issuer, if its capital levels fall below the combined buffer requirement, the additional own funds requirement and the minimum own funds requirement referred to above. For example, if the regulatory capital requirements, leverage ratio requirements, liquidity restrictions or ratios applied to the Issuer and/or the Spar Nord Bank Group are increased in the future, any failure of the Issuer and/or the Spar Nord Bank Group to maintain such increased capital and liquidity ratios could result in administrative actions or sanctions, which could have a material adverse effect on the Spar Nord Bank Group's business, results of operations, financial position and/or prospects and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts on or in connection with the Notes.

Risks related to the operations, business and reputation of the Spar Nord Bank Group may have a material adverse effect on the Spar Nord Bank Group's business, results of operations, financial position and/or prospects

Operational risk is understood as the risk of loss that the Spar Nord Bank Group may incur which results from inefficient or deficient internal procedures in the Spar Nord Bank Group, from human or systemic errors or from external events, including legal risks. Model risk, which is the risk of loss that the Spar Nord Bank Group may incur as a consequence of decisions based mainly on output from internal models and occurring due to errors in the development, implementation or use of such models, is also defined as operational risk.

All activities of the Spar Nord Bank Group are subject to operational risk. Operational risks are categorized on the basis of the seven event types defined by Basel III: employment practices and workplace safety; external fraud; business disruption and systems failures; cybercrime attacks; internal fraud; clients, products and business practice; execution/delivery and process management; and damage to physical assets.

The Spar Nord Bank Group's business and other activities (including those performed by the Issuer), are increasingly dependent on highly advanced IT systems. The Group may be the target of malicious hacking resulting in the shutdown of individual or all of its IT systems. Consequences of a malicious hacker attack could include financial losses, business disruption, inability to service payments on time, loss of data or other sensitive information etc.

The Issuer has, along with other large Danish banks and data centrals, undergone an IT inspection by the Danish FSA. The inspection performed in respect of the Issuer by the Danish FSA in the autumn of 2021 resulted in (i) orders to the Issuer to improve its procedures with respect to IT-risk, IT-security and IT-contingency and (ii) an increase to Spar Nord Bank's additional own funds requirement of 0.1 percentage point. In response to this, the Spar Nord Bank Group has formed an internal project group. The project uses a risk-based approach, which aims to have identified and classified the Spar Nord Bank Group's critical IT assets with associated IT security measures and implements a risk-based approach in the organisation, which ensures that significant IT risks are measurable with management monitoring and reporting, which provides the Executive Board and the Board of Directors with a comprehensive overview of the IT security level and IT risk exposure of the

Spar Nord Bank Group. The project aims to ensure the Issuer's compliance with the orders identified by the Danish FSA in its IT inspection and will be ongoing until the end of 2023.

Business risk is the risk of loss that the Spar Nord Bank Group may incur caused by changes in external circumstances or events that harm the Spar Nord Bank Group's image or operational performance. Business risk includes strategic risk and reputational risk. Strategic risk and reputational risk are the risks of loss that the Spar Nord Bank Group may incur due to external circumstances or events that could harm Spar Nord Bank's reputation or affect its earnings negatively.

Failure by the Spar Nord Bank Group to identify and manage these risks could have a material adverse effect on the Spar Nord Bank Group's business, results of operations, financial position and/or prospects and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts on or in connection with the Notes.

Risks related to stress tests and other regulatory enquiries, which could trigger enforcement actions by supervisory authorities may have a material adverse effect on the Group's business, results of operations, financial position and/or prospects

The banking sector, which includes the Issuer, is subject to periodic stress testing and other regulatory enquiries to examine the resilience of banks to adverse market developments. Such stress tests are initiated and coordinated by the EBA, the Danish Central Bank and/or the national supervisors such as the Danish FSA. Stress tests and the disclosure of their results by supervisory authorities can influence the banking or the financial services sector and lead to a loss of trust with regard to individual banks or the financial services sector as a whole. The outcome of stress tests could materially and adversely affect the Group's reputation and funding costs, as well as trigger enforcement action by supervisory authorities. The outcome of stress tests could also result in the Group having to meet higher capital and liquidity requirements, which could have a material adverse effect on the Group's funding costs, business, results of operations, financial position and/or prospects and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts on or in connection with the Notes.

In addition, stress tests could divulge certain information that would not otherwise have surfaced or which until then, the Group had not considered to be material and worthy of taking remedial action on. This could lead to certain measures or capital and funding requirements by supervisory authorities being imposed or taken, which could have a material adverse effect on the Group's funding costs, business, results of operations, financial position and/or prospects and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts on or in connection with the Notes.

Risks relating to the Spar Nord Bank Group becoming involved in supervisory actions, litigation and regulatory investigations may have an adverse effect on the Spar Nord Bank Group's business, results of operations, financial position and/or prospects

The Spar Nord Bank Group operates in a legal and regulatory environment that exposes it to potentially significant litigation and regulatory risks. As a result, the Spar Nord Bank Group is and may become involved in various disputes and legal proceedings in Denmark and other jurisdictions, including litigation and regulatory investigations. Further, the Spar Nord Bank Group's banking and other operations, like those of other credit institutions, have been the subject of regulatory scrutiny from time to time. For example, the Spar Nord Bank Group is subject to applicable anti-money laundering and terrorist financing laws. The Danish Financial Supervisory Authority conducts on-going inspections from time to time of the Spar Nord Bank Group's compliance with anti-money laundering and terrorist financing laws, which can potentially lead to supervisory actions. The Spar Nord Bank Group has received orders from the Danish FSA to improve the following areas in respect of its anti-money laundering procedures: (i) know your customer ("KYC") processes for customers with increased risk and the updating of KYC information on existing customers; and (ii) the IT-based control and monitoring system for overseeing changes in customer behaviour and the generation of control and monitoring alarms. The Bank has agreed with the Danish FSA that the Bank will review its process for onboarding of all customers and updating the KYC information on existing customers. The Bank has together with the provider of its IT-based control and monitoring system developed and improved the system for overseeing changes in customer behaviour and generation of control and monitoring alarms. Part of this new system has been integrated. These supervisory actions and any other supervisory actions, disputes and legal proceedings are subject to many uncertainties, and their outcomes are often difficult to predict, particularly in the earlier stages of a case or investigation. Therefore, if the Spar Nord Bank Group become involved in supervisory actions, litigation and regulatory investigations it could have an adverse effect on Spar Nord Bank Group's business, results of operations, financial position and/or prospects and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts on or in connection with the Notes.

Risks relating to the Spar Nord Bank's participation in the Deposit Guarantee Scheme and resolution fund may result in the Spar Nord Bank to incur additional costs

In Denmark and other jurisdictions, deposit guarantee schemes and similar funds (each, a "Deposit Guarantee Scheme") have been implemented from which compensation for deposits may become payable to customers of financial services firms in the event that such financial services firm is unable to pay, or unlikely to pay, claims against it. Revised legislation regarding the

Danish Deposit Guarantee Scheme redefines the Danish scheme as a premium based scheme funded by the banking sector itself, such that the participating banks' (including the Issuer) payments into the scheme will be more stable every year in profit and loss terms. The calculation of premium will be based on each participating bank's covered deposits and the relevant bank's risk profile. The premium payments will stop when a target level of 0.8 per cent. of covered deposits has been reached. In addition, the Issuer contributes to the Danish resolution fund established as the Danish resolution financing arrangement under the BRRD, which capital must amount to 1.0 per cent. of the covered deposits of all Danish credit institutions by 31 December 2024. The future target level of funds to be accumulated in Deposit Guarantee Schemes and resolution funds across different EU countries may exceed the minimum levels provided for in the BRRD, Directive 2014/49/EU, as amended from time to time, (the "Revised Deposit Guarantee Schemes Directive") and in EU Regulation No 806/2014, as amended from time to time and EU Regulation No 81/2015, as amended from time to time of the European Parliament and of the Council establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund (the latter of which will be relevant should Denmark choose to participate in the Single Resolution Mechanism). Both the BRRD and the Revised Deposit Guarantee Schemes Directive are implemented in Danish law as referred to in "Resolution tools and powers under the BRRD" below and by Consolidated Act no. 356 of 2 April 2020 on Depositor and Investor Guarantee Scheme as amended from time to time.

It is still unclear whether Denmark, despite being outside the Eurozone, will join the European Banking Union and therefore be part of the Single Resolution Mechanism. It therefore remains unclear which costs the Issuer will incur in the coming year in relation to payments to deposit guarantee funds and/or resolution funds on a national or European level.

General regulatory risk related to changes in supervision and regulation may affect the Spar Nord Bank Group's business, the products and services offered or the value of its assets

The Spar Nord Bank Group is subject to financial services laws, regulations, administrative actions and policies in Denmark and in each other jurisdiction in which the Spar Nord Bank Group carries on business. Regulatory risk is the risk that changes in supervision and regulation applicable to the Spar Nord Bank Group, in particular in Denmark, could materially affect the Spar Nord Bank Group's business, the products and services offered or the value of its assets. Future changes in regulation, fiscal or other policies can be unpredictable and are beyond the control of the Issuer.

Regulatory risk may also arise from a failure by the Issuer to comply with laws and regulations, which could lead to civil liability, disciplinary action, the imposition of fines and/or the revocation of the licence, permission or authorisation to conduct the Spar Nord Bank Group's business in the jurisdictions in which the Spar Nord Bank Group operates.

Various aspects of banking regulations are still under debate in the EU, including, *inter alia*, proposals to review standardised approaches for capital requirements for credit, market and operational risk (together with a proposed capital floor based on the revised standardised approaches for banks using internal models). Spar Nord Bank does currently not use internal models to estimate its own funds requirements, but may apply for permission to do so in the future. Furthermore, a leverage ratio requirement of 3 per cent. has been introduced by way of the CRR Amendment Regulation (see "*Risks related to an increase in the Issuer's and/or the Spar Nord Bank Group's capital requirements, leverage ratio requirements, net stable funding ratio requirement, liquidity requirements and/or REA which could have a material adverse effect on the Spar Nord Bank Group's business, results of operations, financial position and/or prospects*" above).

RISK FACTORS RELATING TO THE STRUCTURE OF THE NOTES

The Issuer's obligations under the Notes are deeply subordinated

The Notes constitute direct, unconditional, unsecured and subordinated debt obligations of the Issuer and will rank as described in Condition 4(a).

The Issuer may issue other obligations or capital instruments that rank or are expressed to rank senior to the Notes or *pari passu* with the Notes, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer. In the event of a liquidation or bankruptcy of the Issuer, the Issuer will be required to pay (i) its depositors (ii) its unsubordinated creditors (including unsubordinated creditors pursuant to Section 97 of the Danish Bankruptcy Act and unsubordinated creditors that are creditors in respect of Non-Preferred Senior Obligations), (iii) unless such junior ranking conflicts with any Danish implementation of Article 48(7) of the BRRD, its other subordinated creditors other than the present or future claims of creditors that rank or are expressed to rank *pari passu* with or junior to the Notes and (iv) creditors of the Issuer that as a result of any Danish implementation of Article 48(7) of the BRRD) and/or Section 13(5) (of the Danish Recovery and Resolution Act rank or shall rank senior to the Notes in full before it can make any payments on the Notes. If this occurs, the Issuer may not have enough assets remaining after these payments are made to pay amounts due under the Notes. According to the Danish BRRDII/CRDV Act (see "*Factors that may affect the Issuer's ability to fulfil its obligations under*

Notes” – “Risks related to an increase in the Issuer’s and/or the Spar Nord Bank Group’s capital requirements, leverage ratio requirements, net stable funding ratio requirement, liquidity requirements and/or REA which could have a material adverse effect on the Spar Nord Bank Group’s business, results of operations, financial position and/or prospects”) and the Danish implementation of Article 48(7) of the BRRD Amendment Directive, liabilities resulting from fully or partially recognised own funds instruments (within the meaning of the CRR, and including the Notes) shall rank junior to all other liabilities. In principle, this means that liabilities resulting from own funds instruments that no longer fully or partially are recognised as an own funds instrument for the purpose of the CRR shall rank senior to any liabilities resulting from any fully or partially recognised own funds instrument regardless of their contractual ranking. Accordingly, in the event of a liquidation or bankruptcy of the Issuer, the Issuer will, *inter alia*, be required to pay subordinated creditors of the Issuer, whose claims arise from liabilities that no longer fully or partially are recognised as an own funds instrument (within the meaning of the CRR) in full before it can make any payments on the Notes. Section 13(5) of the Danish Recovery and Resolution Act which entered into force on 1 January 2022, details the ranking of the different layers of own funds instruments (within the meaning of the CRR, and including the Notes) of Danish credit institutions in the case of bankruptcy of the credit institution. Section 13(5) stipulates that Common Equity Tier 1 Capital instruments are paid after Additional Tier 1 Capital instruments and Additional Tier 1 Capital instruments (such as the Notes) are paid after Tier 2 Capital instruments. A capital instrument that is only partly recognised as an own funds item shall in its entirety be treated as if it was own funds. According to the preparatory works to Section 13(5) of the Danish Recovery and Resolution Act, the ranking as provided for in Section 13(5) of the Danish Recovery and Resolution Act will apply irrespective of the contractual ranking of the capital instruments. As an example of the operation of Section 13(5) of the Danish Recovery and Resolution Act, in the event of a liquidation or bankruptcy of the Issuer, Additional Tier 1 Capital instruments that no longer fully or partially are recognised as Additional Tier 1 Capital for the purpose of the CRR, but which fully or partially are recognised as Tier 2 Capital for the purpose of the CRR, would rank senior to the Notes. In addition, in the event of a liquidation or bankruptcy of the Issuer, to the extent the Issuer has assets remaining after paying its creditors who rank senior to the Notes, payments relating to other obligations or capital instruments of the Issuer that rank or are expressed to rank *pari passu* with the Notes may, if there are insufficient assets to satisfy the claims of all of the Issuer’s *pari passu* creditors, further reduce the assets available to pay amounts due under the Notes on a liquidation or bankruptcy of the Issuer.

There is a risk that an investor in the Notes will lose all or some of its investment should the Issuer become insolvent.

No limitation on issuing senior or pari passu securities

There is no restriction on the amount of securities which the Issuer (or any other member of the Group) may issue, nor on the amount of any other obligations it may assume, which rank senior to, or *pari passu* with, the Notes. The issue of any such securities and/or the assumption of any such other obligations may reduce the amount recoverable by Noteholders on a resolution, liquidation or bankruptcy of the Issuer and/or may increase the likelihood of a cancellation of interest amounts under the Notes.

Substitution and variation of the Notes without Noteholder consent

Subject to Condition 7(g) if a Special Event has occurred and is continuing, the Issuer may substitute all (but not some only) of the Notes or vary the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Noteholders, so that they become or remain Qualifying Capital Notes.

Qualifying Capital Notes are securities issued by the Issuer that have, *inter alia*, terms which are not materially less favourable to Noteholders than the terms of the Notes (provided that the Issuer shall have delivered a certificate to that effect signed by two members of its Executive Board to the Issuing Agent). Due to the particular circumstances of each Noteholder, it is not certain that, any Qualifying Capital Notes will be as favourable to each Noteholder in all respects or that, if it were entitled to do so, a particular Noteholder would make the same determination as the Issuer as to whether the terms of the relevant Qualifying Capital Notes are not materially less favourable to Noteholders than the terms of the Notes prior to such substitution or variation, as the case may be.

No events of default and limited Enforcement Events

There are no events of default in relation to the Notes. Noteholders may not at any time demand repayment or redemption of their Notes, and enforcement rights for any payment are limited to the claim of Noteholders in a liquidation or bankruptcy of the Issuer. In a liquidation or bankruptcy of the Issuer, a Noteholder may prove or claim in such proceedings in respect of the Notes held by such Noteholder, such claim being for payment of the Outstanding Principal Amount of such Note at the time of commencement of such liquidation or bankruptcy together with any interest accrued and unpaid on such Notes (to the extent that the same is not cancelled in accordance with the terms of such) from (and including) the Interest Payment Date immediately preceding commencement of such liquidation or bankruptcy and any other amounts payable on such Notes under the Conditions.

Resolution tools and powers under the BRRD

Recovery and Resolution Directive

The BRRD, an EU-wide framework for the recovery and resolution of credit institutions and investment firms, including the general bail-in tool, non-viability loss absorption and the minimum requirement for own funds and eligible liabilities (“**MREL**”), is implemented into Danish law by way of the Danish Recovery and Resolution Act and by amendments to the Danish Financial Business Act. Any reference to the BRRD below shall include the implementation hereof into Danish law.

The BRRD confers substantial powers on national resolution authorities designed to enable them to take a range of actions in relation to credit institutions which are considered to be at risk of failing. The exercise of any of these actions in relation to the Issuer could materially adversely affect the value of the Notes.

The BRRD is designed to provide authorities designated by Member States with a credible set of tools to intervene sufficiently early and quickly in relation to unsound or failing credit institutions, investment firms, certain financial institutions and certain holding companies (each, a “relevant entity”) to ensure the continuity of the relevant entity’s critical financial and economic functions while minimising the impact of a relevant entity’s failure on the economy and financial system.

The BRRD contains various resolution powers which may be used alone or in combination where the relevant resolution authority considers that (a) a relevant entity is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such relevant entity within a reasonable timeframe, and (c) a resolution action is in the public interest. A relevant entity will be considered as failing or likely to fail when either: (i) it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; (ii) its assets are, or are likely in the near future to be, less than its liabilities; (iii) it is, or is likely in the near future to be, unable to pay its debts as they fall due; or (iv) it requires extraordinary public financial support (except in limited circumstances).

In such circumstances, the relevant resolution authority may use the following resolution tools and powers alone or in combination without the consent of the relevant entity’s creditors: (i) sale of business – which enables resolution authorities to direct the sale of the relevant entity or the whole or part of its business on commercial terms; (ii) bridge institution – which enables resolution authorities to transfer all or part of the business of the relevant entity to a “bridge institution” (an entity created for this purpose that is wholly or partially in public control), which may limit the capacity of the relevant entity to meet its repayment obligations; (iii) asset separation – which enables resolution authorities to transfer assets (including, without limitation, impaired or problem assets) to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in – which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing relevant entity (which write-down may result in the reduction of such claims to zero) and to convert certain unsecured debt claims (including the Notes) to equity or other instruments of ownership (the “**general bail-in tool**”), which equity or other instruments of ownership could also be subject to any future application of the general bail-in tool.

Depositor preference and the general bail-in tool

The Danish implementation of the Revised Deposit Guarantee Scheme (see “Risks relating to Spar Nord Bank’s participation in the Deposit Guarantee Scheme and resolution fund”) increased the nature and quantum of insured deposits to cover a wide range of deposits, including certain corporate deposits (unless the depositor is a public sector body or financial institution) and some temporary high value deposits. The effect of these changes is to increase the size of the class of preferred creditors. All such preferred deposits will rank in the insolvency hierarchy ahead of all other unsecured creditors of the Issuer, including the Noteholders. Furthermore, insured deposits are excluded from the scope of the general bail-in tool. As a result, if the general bail-in tool were exercised by the relevant resolution authority, the Notes would be more likely to be bailed-in than certain other unsubordinated liabilities of the Issuer such as other preferred deposits. Furthermore, the insolvency hierarchy could be changed in the future.

The non-viability loss absorption tool

In addition to, but independently of, the general bail-in tool, the BRRD provides for resolution authorities to have the further power to permanently write-down or convert into equity, capital instruments such as Additional Tier 1 Capital (including the Notes) at the point of non-viability and before any other resolution action is taken (“**non-viability loss absorption**”). Any shares issued to the Noteholders upon any such conversion into equity may also be subject to any application of the general bail-in tool and/or the other resolution powers outlined above. Resolution authorities are required to implement non-viability loss absorption ahead of, or simultaneously with, any resolution action.

For the purposes of the application of any non-viability loss absorption measure, the point of non-viability under the BRRD is the point at which (i) the relevant authority determines that the relevant entity meets the conditions for resolution (but no

resolution action has yet been taken) or (ii) the relevant authority determines that the relevant entity or its group will no longer be viable unless the relevant capital instruments (such as the Notes) are written-down or converted or (iii) extraordinary public financial support is required by the relevant entity or its group other than, where the relevant entity is an institution, for the purposes of remedying a serious disturbance in the economy of a Member State and to preserve financial stability. A group shall be deemed to be failing or likely to fail where the group infringes or there are objective elements to support a determination that the group, in the near future, will infringe its consolidated solvency requirements in a way that would justify action by the relevant authority including, but not limited to, where the group has incurred or is likely to incur losses that will deplete all or a significant amount of its own funds (as defined in the CRR).

Additional powers of Member States and resolution authorities

The BRRD also provides for a Member State as a last resort, after having assessed and applied the above resolution tools to the maximum extent possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

The BRRD (and thereby also the Danish Recovery and Resolution Act) also provides resolution authorities with broader powers to implement other resolution measures with respect to distressed relevant entities, which may include (without limitation) the replacement or substitution of the relevant entity as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments) and discontinuing the listing and admission to trading of financial instruments.

MREL and the Group's related requirements

With the implementation of the BRRD, European banks are required to have bail in-able resources in order to fulfil their MREL requirement. There is no minimum EU-wide level of the MREL requirement – each resolution authority is required to make a separate determination of the appropriate MREL requirement for each resolution group within its jurisdiction, depending on the resolvability, risk profile, systemic importance and other characteristics of each relevant entity. The resolution strategy for the Spar Nord Bank Group is single point of entry at the level of the Issuer being the resolution entity. In December 2021, the Danish FSA published the MREL requirement for the Issuer to 19.9 per cent. of the Issuer's total REA and 6.0 per cent. of the Issuer's total exposure, to be complied with as of 1 January 2022 (the “**2021 MREL Requirement Decision**”). The MREL requirement is based on numbers per ultimo 2020. The Issuer's MREL requirement will be phased in over a period from 1 January 2022 to 1 January 2024. According to the MREL Requirement Decision on 1 January 2023, the MREL requirement for the Issuer will be 21.6 per cent. of the Issuer's total REA and on 1 January 2024 the MREL requirement for the Issuer will be 23.2 per cent. of the Issuer's total REA. Furthermore, the 2021 MREL Requirement Decision sets out that that an amount equal to 19.9 per cent. of the Issuer's total REA must be met with own funds instruments and liabilities that bear losses before senior claims (the “**MREL subordination requirement**”). The MREL subordination requirement will be phased in over a period from 1 January 2022 to 1 January 2024 so that the MREL subordination requirement will be 20.9 per cent. of the Issuer's total REA on 30 September 2022, 22.5 per cent. of the Issuer's total REA on 1 January 2023 and 24.2 per cent. of the Issuer's total REA on 1 January 2024. When fulfilling this MREL subordination requirement, the Issuer may use own funds instruments and eligible liabilities that are used to fulfil the MREL requirement and own funds instruments that are used to satisfy the combined buffer requirement.

The MREL requirement may require Danish SIFIs and other banks to issue own funds instruments or debt eligible for MREL in accordance with the BRRD and the CRR.

The MREL requirement will be set annually (but may be updated over the year e.g. in the case of a change to the countercyclical capital buffer) on the basis of the entity's individual resolution plan and it is the Danish FSA, following consultation with Finansiel Stabilitet, which sets the MREL requirement for each relevant entity. Accordingly, the Issuer's MREL requirement may change over the year and the contemplated phase-in of the Issuer's MREL requirement may also deviate from what is set out and anticipated in the 2021 MREL Requirement Decision. If a relevant entity does not fulfil the MREL requirement, the relevant authority may withdraw its banking licence. Also, a comparable concept for loss absorption, Total Loss Absorbing Capacity (“**TLAC**”) has been set for global systemically important institutions (“**G-SII**”). The TLAC requirement took effect from 2019.

The Insolvency Hierarchy Directive

On 12 December 2017, the European Parliament and the Council of the European Union adopted Directive 2017/2399/EU amending the BRRD (the “**Insolvency Hierarchy Directive**”) as regards the ranking of unsecured debt instruments in insolvency hierarchy. The Insolvency Hierarchy Directive enables banks to issue debt in a new statutory category of unsecured debt which would rank below the most senior debt and other senior liabilities for the purposes of resolution (a so-called “**Non-Preferred**”).

Senior debt”). The directive has been transposed into national law in Denmark and was adopted by the Danish Parliament on 8 June 2018 by Act no. 706 and became effective on 1 July 2018.

The BRRD Amendment Directive

Directive (EU) 2019/879 of the European Parliament and of the Council dated 20 May 2019 and published in the Official Journal of the European Union on 7 June 2019 (the “**BRRD Amendment Directive**”) includes, among other things, rules implementing TLAC into EU legislation and the introduction of the concepts of (i) a maximum distributable amount related to the MREL requirement (M-MDA) (see “*Risks related to the structure of the Notes*” – “*Any failure to comply with MREL and related requirements could result, among other things, in the imposition of restrictions or prohibitions on discretionary payments by the Issuer, including the payment of interest on the Notes*”) and (ii) resolution groups and resolution entities and the introduction of the subordination requirement in respect of the MREL requirement (see “*MREL and the Group’s related requirements*” above). According to the Danish BRRDII/CRDV Act, the rules implementing the BRRD Amendment Directive into Danish law, with certain exemptions, entered into force on 28 December 2020. The CRR as amended by way of the CRR Amendment Regulation and the Danish Recovery and Resolution Act set the requirement for the instruments that can be used to fulfil the MREL and TLAC requirement.

Furthermore, the BRRD Amendment Directive impacts the interaction between the MREL requirement and the combined capital buffer requirement (see “*Risks related to the structure of the Notes*” – “*Any failure to comply with its MREL requirement could result, among other things, in the imposition of restrictions or prohibitions on discretionary payments by the Issuer, including the payment of interest on the Notes*”). See “*Risks related to the structure of the Notes*” – “*The Issuer’s obligations under the Notes are deeply subordinated*” regarding the Danish implementation of Article 48(7) of the BRRD Amendment Directive.

Exercise of powers under the BRRD

The powers set out in the BRRD will impact how credit institutions and investment firms are managed, as well as, in certain circumstances, the rights of creditors.

Any application of the general bail-in tool and non-viability loss absorption under the BRRD shall be in accordance with the hierarchy of claims in normal insolvency proceedings. Accordingly, the impact of such application on Noteholders will depend on their ranking in accordance with such hierarchy, including any priority given to other creditors such as depositors. See “*Risks related to the structure of the Notes*” – “*The Issuer’s obligations under the Notes are deeply subordinated*” regarding the Danish implementation of Article 48(7) of the BRRD Amendment Directive.

To the extent any resulting treatment of Noteholders pursuant to the exercise of the general bail-in tool and/or the non-viability loss absorption is less favourable than would have been the case under such hierarchy in normal insolvency proceedings, a holder has a right to compensation under the BRRD based on an independent valuation of the relevant entity (which is referred to as the “no creditor worse off principle” under the BRRD). However, any such compensation is unlikely to compensate that holder for the losses it has actually incurred and there is likely to be a considerable delay in the recovery of such compensation. Compensation payments (if any) are also likely to be made considerably later than when amounts may otherwise have been due under the Notes that have been subject to the application of the general bail-in tool and the non-viability loss absorption (.

The exercise of any power under the BRRD, or any suggestion of such exercise, could have a material adverse effect on the rights of Noteholders, the price or value of their investment in any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes. Although the BRRD, as implemented, contains certain limited safeguards for creditors in specific circumstances, including a safeguard that aims to ensure that they do not incur greater losses than they would have incurred had the relevant entity been wound up under normal insolvency proceedings, there can be no assurance that these safeguards will be effective if such powers are exercised. The determination that any power under the BRRD shall be exercised or that all or a part of the principal amount of the Notes will be subject to bail-in is likely to be inherently unpredictable and may depend on a number of factors which may be outside of the Group’s control. The application of the general bail-in tool with respect to the Notes and/or the non-viability loss absorption may result in the write-down or cancellation of all, or a portion of, the principal amount of, or outstanding amount payable in respect of, and/or interest on, the Notes and/or the conversion of all, or a portion, of the principal amount of, or outstanding amount payable in respect of, or interest on, the Notes into shares or other securities or other obligations of the Issuer or another person, including by means of a variation to the terms of the Notes to give effect to such application of the general bail-in tool and/or the non-viability loss absorption tool. Accordingly, potential investors in the Notes should consider the risk that the general bail-in tool and/or the non-viability loss absorption may be applied in such a manner as to result in Noteholders losing all or a part of the value of their investment in the Notes or receiving a different security than the Notes, which may be worth significantly less than the Notes and which may have significantly fewer protections than those typically afforded to debt securities. Moreover, the relevant resolution authority may exercise its authority to apply the general bail-in tool and/or the non-viability loss absorption tool without providing any advance notice to the Noteholders. The

exercise of any power under the BRRD or any suggestion of such exercise could, therefore, materially adversely affect the rights of the Noteholders, the price or value of their investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

No right of set-off, netting or counterclaim

No Noteholder, who shall in the event of the liquidation or bankruptcy of the Issuer be indebted to the Issuer, shall be entitled to exercise any right of set-off, netting or counterclaim against moneys owed by the Issuer in respect of the Notes held by such Noteholder. Accordingly, no Noteholder will be entitled to exercise any right of set-off, netting or counterclaim against monies owed to the Issuer by such Noteholder in respect of the Notes. Consequently, a Noteholder may suffer a loss if, in a situation where the Issuer has not complied with its payment obligations under the Notes, it is unable to set off amounts due to it under the Notes against amounts that such Noteholder owes to the Issuer.

The Notes are subject to optional redemption by the Issuer

Subject as provided herein, in particular to Condition 7(g), which *inter alia* requires the prior permission from the Relevant Regulator, the Issuer may, at its option, redeem all, but not some only, of the Notes on the First Call Date and on every Optional Redemption Date thereafter at their Outstanding Principal Amounts, together with accrued interest thereon insofar as it has not been cancelled. Subject as aforesaid, upon the occurrence of a Special Event, the Issuer may also, at its option, at any time redeem all, but not some only, of the outstanding Notes at their Outstanding Principal Amounts, together with accrued interest thereon insofar as it has not been cancelled.

Noteholders should note that the Issuer may redeem the Notes as described in the previous paragraph even if (i) the Outstanding Principal Amounts have been so reduced and (ii) the principal amount of the Notes has not been fully reinstated to the original principal amount of the Notes.

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem or is perceived to be likely to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may elect to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

In addition, if, after a notice of redemption has been given pursuant to Condition 7(b) or Condition 7(c) (as applicable), the Relevant Regulator withdraws its permission to the relevant redemption or a Trigger Event occurs, before the relevant redemption date, such notice of redemption shall automatically be revoked and the relevant redemption shall not be made until a new redemption notice is given and all conditions for redemption as described in Condition 7(g) have been fulfilled. Prospective investors in the Notes should be aware that, whether or not a redemption notice has been issued in respect of the Notes, any redemption of the Notes will, at all times, remain subject to the permission of the Relevant Regulator.

Interest on the Notes may be cancelled in certain circumstances, including with respect to the applicable Maximum Distributable Amount

Subject as provided in Condition 5(j), any payment of interest in respect of the Notes shall be payable only out of the Issuer's Distributable Items and:

- (a) may be cancelled, at any time, in whole or in part, at the option of the Issuer in its sole discretion; or
- (b) will be mandatorily cancelled, in whole or in part, to the extent:
 - (i) that, if the relevant payment were so made, the amount of such payment, when aggregated together with, where relevant, (x) other distributions of the kind referred to in Article 141(2) of the CRD (or, as the case may be, any provision of Danish law transposing or implementing Article 141(2) of the CRD), or any successor thereto, or (y) distributions of the kind referred to in any analogous payment restrictions arising in respect of capital buffers under CRD/CRR or the BRRD (including, without limitation, Article 16a thereof) and/or any minimum requirement for own funds and eligible liabilities under CRD/CRR and/or the BRRD (including, without limitation, Article 16a thereof) (or, as the case may be, any provision of Danish law transposing or implementing any such analogous payment

restrictions), would cause a breach of any regulatory restriction or prohibition on payments on Additional Tier 1 Capital instruments relating to any applicable Maximum Distributable Amount; or

- (ii) otherwise so required by CRD/CRR, including the applicable criteria for Additional Tier 1 Capital instruments, or the BRRD or where the Relevant Regulator requires the Issuer to cancel the relevant payment in whole or in part.

The CRD/CRR requirements currently provide that discretionary payments in respect of certain capital instruments (including payments of interest on the Notes, which would include, for the avoidance of doubt, any Additional Amounts in respect of interest which may be payable under Condition 9) will be required to be cancelled, in whole or in part, to the extent that:

- (a) the Issuer's Distributable Items are insufficient to make the relevant payment(s); or
- (b) the combined buffer requirement is not met and, if the relevant payment(s) were made, the amount of such payment(s) would exceed the Maximum Distributable Amount. See further below and the risk factors *"Any failure to comply with MREL and related requirements could result, among other things, in the imposition of restrictions or prohibitions on discretionary payments by the Issuer, including the payment of interest on the Notes"*, below and *"Factors that may affect the Issuer's ability to fulfil its obligations under the Notes"* – *"Risks related to an increase in the Issuer's and/or the Group's capital requirements, leverage ratio requirements, net stable funding ratio requirement, liquidity requirements and/or REA which could have a material adverse effect on the Group's business, results of operations, financial position and/or prospects"* above.

The Issuer's Distributable Items will depend to a large extent on the net income earned by the Issuer. The determination of the Maximum Distributable Amount is subject to some uncertainty. Under Article 141 of the CRD, European Union member states must require that institutions that fail to meet the combined buffer requirement (broadly, the combination of the capital conservation buffer, the institution-specific counter-cyclical buffer and the higher of (depending on the institution), the systemic risk buffer, O-SII buffer and G-SII buffer, in each case as applicable to the institution) will be subject to restricted "discretionary payments" (which are defined broadly by CRD/CRR as distributions in connection with Common Equity Tier 1 Capital, payments on Additional Tier 1 Capital instruments and, under certain conditions, payments of variable remuneration). The restrictions will be scaled according to the extent of the breach of the combined buffer requirement and calculated as set out in detail in Article 141(4) of the CRD Directive. Such calculation will result in a *"maximum distributable amount"* in each relevant period. As an example, the scaling is such that in the bottom quartile of the combined buffer requirement, no discretionary distributions will be permitted to be paid. As a consequence, in the event of breach of the combined buffer requirement it may be necessary to reduce discretionary payments, including potentially exercising the discretion to cancel (in whole or in part) interest payments in respect of the Notes. Moreover in the event that the combined buffer requirement is no longer met by the credit institution it will be required to submit a capital conservation plan to the Relevant Regulator and if the capital conservation plan is not approved by the Relevant Regulator more stringent restrictions on distributions, than those required subject to Article 141 of the CRD, can be imposed on the credit institution. Further, the combined buffer requirements applicable to the Issuer and or the Group may be increased in the future, which may exacerbate the risk that discretionary payments, including payments of interest on the Notes, are cancelled. See further the risk factors *"Any failure to comply with MREL and related requirements could result, among other things, in the imposition of restrictions or prohibitions on discretionary payments by the Issuer, including the payment of interest on the Notes"*, below and *"Factors that may affect the Issuer's ability to fulfil its obligations under the Notes"* – *"Risks related to an increase in the Issuer's and/or the Group's capital requirements, leverage ratio requirements, net stable funding ratio requirement, liquidity requirements and/or REA which could have a material adverse effect on the Group's business, results of operations, financial position and/or prospects"*, above.

As discussed above, the Issuer is entitled to cancel payments of interest in its sole discretion and it is permitted to do so even if it could make such payments without exceeding the limits described in the paragraph immediately above. Notwithstanding the above expectations, payments of interest on the Notes may be cancelled even if holders of the Issuer's shares continue to receive dividends.

Following any cancellation of interest as described above, the right of Noteholders to receive accrued interest in respect of the relevant Interest Period will terminate and the Issuer will have no further obligation to pay such interest or to pay interest thereon, whether or not payments of interest in respect of subsequent Interest Periods are made, and such unpaid interest will not be deemed to have "accrued" or been earned for any purpose nor will the non-payment of such interest constitute an event of default or an Enforcement Event.

Any actual or anticipated cancellation of interest payments (for example, due to a breach of the combined buffer requirement and/or the combined buffer requirement when considered in addition to the MREL requirement) will likely have an adverse effect on the market price of the Notes. In addition, as a result of the interest cancellation provision of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to

such cancellation and may be more sensitive generally to adverse changes in the financial condition of the Issuer and or Group. Noteholders should be aware that any announcement relating to the future cancellation of interest payments or any actual cancellation of interest payments may have an adverse effect on the market price of the Notes. Noteholders may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes. In such event, Noteholders may lose some or substantially all of their investment in the Notes.

Notes will be subject to loss absorption following a Trigger Event

The Notes are being issued for regulatory capital adequacy purposes with the intention and purpose of being eligible as Additional Tier 1 Capital of the Issuer and/or the Group. Such eligibility depends upon a number of conditions being satisfied, which are reflected in the Conditions and which, in particular, require the Notes and the proceeds of their issue to be available to absorb any losses of the Issuer and/or the Group.

Accordingly, if at any time the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group has fallen below 7.00 per cent., the Outstanding Principal Amounts of the Notes shall be written down as described below and in Condition 6(a). A write down of the Notes pursuant to Condition 6(a) may occur on more than one occasion.

Noteholders may lose all or some of their investment as a result of such a write down of the Outstanding Principal Amounts of the Notes. In the case of any such write down of the Outstanding Principal Amounts, in compliance with the CRD/CRR and BRRD requirements and subject to the Principal Minimum Amount, the amount of the relevant write down to the Outstanding Principal Amounts on the Write Down Date will be equal to the amount of a write down of the Outstanding Principal Amounts of the Notes on the relevant Write Down Date that would restore the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group, as applicable, to at least 7.00 per cent. at the point of such write down, taking into account the amount of Common Equity Tier 1 Capital (if any) of the Issuer and/or the Group, as the case may be, generated on or prior to the relevant Write Down Date by the *pro rata* write down of, or, as the case may be, conversion into Common Equity Tier 1 Capital instruments of, the principal amount of all Other Loss Absorbing AT1 Instruments (if any) outstanding at such time.

It is possible that, following a material decrease in the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group, a Trigger Event could occur simultaneously with a trigger event in relation to one or more Other Loss Absorbing AT1 Instruments having, as the case may be, (i) a higher, (ii) an identical or (iii) a lower trigger level than 7.00 per cent. In such circumstances, investors should note that, with respect to each such Other Loss Absorbing AT1 Instrument (if any), Condition 6(a) provides that the *pro rata* write down or, as the case may be, conversion shall only be taken into account as described above to the extent required to restore the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group, as applicable, to 7.00 per cent. or, if lower, such Other Loss Absorbing AT1 Instrument's trigger level.

In addition, investors should note that Condition 6(a) provides that, to the extent the write down of, or, as the case may be, conversion into Common Equity Tier 1 Capital instruments of, the principal amount of any Other Loss Absorbing AT1 Instrument is not, or by the relevant Write Down Date will not be, effective for any reason:

- (a) the ineffectiveness of any such write down or, as the case may be, conversion into Common Equity Tier 1 Capital instruments shall not prejudice the requirement to effect a write down of the Outstanding Principal Amounts of the Notes pursuant to in Condition 6(a); and
- (b) the write down of, or, as the case may be, conversion into Common Equity Tier 1 Capital instruments of, the principal amount of any Other Loss Absorbing AT1 Instrument which is not, or by the relevant Write Down Date will not be, effective shall not be taken into account in determining such write down of the Notes.

Therefore (i) the write down of, or, as the case may be, conversion into Common Equity Tier 1 Capital instruments of, the principal amount of any Other Loss Absorbing AT1 Instruments is not a condition to a write down of the Outstanding Principal Amounts of the Notes and (ii) as a result of any failure to write down or, as the case may be, convert into Common Equity Tier 1 Capital instruments the principal amount of any Other Loss Absorbing AT1 Instruments, the amount of the write down of the Outstanding Principal Amounts of the Notes may therefore be higher than expected.

As any such write down of the Outstanding Principal Amounts of the Notes is subject to compliance with the CRD/CRR and BRRD requirements, the write down provisions described above and in Condition 6(a) are subject to, and will be interpreted in light of, any applicable changes to any such requirements. Notwithstanding any of the provisions relating to a write down of the Notes as described above, the Issuer may determine that the CRD/CRR requirements require a write down of the Outstanding Principal Amounts of the Notes to be calculated and determined in a different manner than as described above and in Condition

6(a). Investors should note that, in the case of any such write down of the Outstanding Principal Amounts of the Notes pursuant to Condition 6(a), the Issuer's determination of the relevant amount of such write down shall be binding on all parties.

Any such write down of the Outstanding Principal Amounts of the Notes shall not constitute an event of default or an Enforcement Event and, following such write down, Noteholders' claims in respect of principal will, in all cases, be based on the written down Outstanding Principal Amounts of the Notes to the extent the Outstanding Principal Amounts of the Notes have not subsequently been reinstated as described in Condition 6(b).

In addition, following a write down of the Outstanding Principal Amounts of the Notes as described above, interest can only continue to accrue on the Outstanding Principal Amounts following such write down, which will be lower than the Original Principal Amount of the Notes.

Following any such write down, the Issuer will not in any circumstances be obliged to reinstate the Outstanding Principal Amounts of the Notes, but any reinstatement must be undertaken, subject to compliance with CRD/CRR requirements and the Reinstatement Limit described in Condition 6(b), on a *pro rata* basis with all other Parity Trigger Loss Absorbing AT1 Instruments (if any) which would, following such reinstatement, constitute Additional Tier 1 Capital and feature similar reinstatement provisions. Investors should note that, while the Conditions provide for a *pro rata* reinstatement as described in the preceding sentence, there is no guarantee (including as regards the timing of the relevant reinstatement) how a reinstatement of the Outstanding Principal Amounts of the Notes would be conducted when compared to any proposed reinstatement of any obligations or capital instruments of the Issuer (i) with a similar principal loss absorption mechanism but with a higher or lower trigger level compared to the Notes and (ii) which include similar reinstatement provisions.

Investors should note that, while such a write down is not common, it is an appreciable risk and is not limited to the liquidation or bankruptcy of the Issuer.

The market price and liquidity of the Notes may be volatile and will be affected by a number of factors, many of which may be outside the Issuer's control

The market price and liquidity of the Notes is expected to be affected by fluctuations in the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group. Any indication that the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group is trending towards 7.00 per cent. may have an adverse effect on the market price and liquidity of the Notes. The level of the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group may significantly affect the trading price of the Notes.

The occurrence of a Trigger Event and, therefore a write down of the Original Principal Amounts of the Notes, is inherently unpredictable and depends on a number of factors, many of which may be outside the Issuer's control. In addition, as the Common Equity Tier 1 Capital Ratio can be calculated as of any date, a Trigger Event could occur at any time. The calculation of the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group could be affected by a wide range of factors, including, among other things, factors affecting the level of the Issuer's and/or the Group's earnings or dividend payments, statutory deductions in own funds, the mix of businesses, the ability to effectively manage the risk exposure amounts in both the ongoing businesses and those the Issuer and/or the Group may seek to exit, losses in commercial banking, investment banking or other businesses, changes in the Group's structure or organisation, or any of the factors described in the section "*Description of Spar Nord Bank A/S and the Spar Nord Bank Group*" of this Prospectus. The calculation of the ratios also may be affected by changes in applicable accounting rules and the manner in which accounting policies are applied, including the manner in which permitted discretion is under the applicable accounting rules is exercised.

The Issuer will have no obligation to consider the interests of the Noteholders in connection with the strategic decisions of the Group, including in respect of capital management. Noteholders will not have any claim against the Issuer or any other member of the Group relating to decisions that affect the business and operations of the Group, including its capital position, regardless of whether they result in the occurrence of a Trigger Event. Such decisions could cause Noteholders to lose all or part of the value of their investment in the Notes.

Due to the uncertainty regarding whether a Trigger Event will occur, it will be difficult to predict when, if at all, the Original Principal Amount of the Notes may be written down.

In addition, it is difficult to predict whether any payment of interest in respect of the Notes will be cancelled pursuant to the Conditions. Accordingly, the trading behaviour of the Notes may not necessarily follow the trading behaviour of other types of subordinated securities. Any indication that the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group is approaching the level that would trigger a Trigger Event or that the Maximum Distributable Amount may have been, or is likely to be, exceeded may have an adverse effect on the market price and liquidity of the Notes. The level of the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group may significantly affect the trading price of the Notes. Under such circumstances,

investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to more conventional investments.

The Notes have no fixed date for redemption

The Notes are perpetual securities and have no fixed date for redemption. The Issuer is under no obligation to redeem the Notes at any time. There will be no redemption at the option of the Noteholders in any circumstances. Therefore, prospective investors in the Notes should be aware that they will be required to bear the financial risks associated with an investment in long term securities.

Any failure to comply with MREL and related requirements could result, among other things, in the imposition of restrictions or prohibitions on discretionary payments by the Issuer, including the payment of interest on the Notes

According to the BRRD Amendment Directive, a failure to comply with the combined buffer requirement when considered in addition to the MREL requirement means the Issuer could become subject to restrictions on payments on Additional Tier 1 Capital instruments (such as the Notes). In the event that such breach lasts for more than 9 months, the Issuer shall become subject to restriction on payments on Additional Tier 1 capital instruments (such as the Notes), except where certain conditions regarding serious disturbance of the financial markets are fulfilled. The restrictions include, among other things, an obligation to calculate a “maximum distributable amount” related to the MREL requirement (the “M-MDA”). The principles of the calculation of the M-MDA are similar to the principles that apply for the calculation of the “maximum distributable amount” pursuant to Article 141 of the CRD, see “*Interest on the Notes may be cancelled in certain circumstances*” above. The M-MDA will, among other things, set the level for payments on Additional Tier 1 Capital instruments (such as the Notes). Any actual or anticipated failure to comply with the combined buffer requirement when considered in addition to the MREL requirement will likely have an adverse effect on the market price of the Notes. Noteholders may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes. In such event, Noteholders may lose some or substantially all of their investment in the Notes.

Uncertainties remain regarding the manner in which the CRD, the CRR and the BRRD will be interpreted

The defined terms in the Conditions will depend in some cases on the final interpretation of the CRD, the CRR and the BRRD.

The CRD, the CRR and the BRRD are a recently-adopted set of rules and regulations that imposes a series of new requirements, many of which will be phased in over a number of years. Certain portions of the CRD required transposition into Danish law, and although the CRR will be directly applicable in each member state of the European Economic Area, it leaves a number of important interpretational issues to be resolved through binding technical standards that have been adopted, and will be adopted in the future, and leaves certain other matters to the discretion of the Relevant Regulator.

The manner in which the framework and requirements under the CRD, the CRR and the BRRD will be applied to the Issuer and/or the Group remains uncertain to a degree.

The determination of the Maximum Distributable Amount (including the M-MDA) (see “*Interest on the Notes may be cancelled in certain circumstances*” and “*Any failure to comply with MREL and related requirements could result, among other things, in the imposition of restrictions or prohibitions on discretionary payments by the Issuer, including the payment of interest on the Notes*”) is particularly complex. The Maximum Distributable Amount imposes a cap on the Issuer’s ability to pay interest on the Notes, and on the Issuer’s ability to reinstate the Original Principal Amounts of the Notes following a write down upon the occurrence of a Trigger Event.

Limitation on gross-up obligation under the Notes

The Issuer’s obligation to pay additional amounts in respect of any withholding or deduction in respect of taxes under the terms of the Notes applies only to payments of interest due and paid under the Notes and not to payments of principal. As such, the Issuer would not be required to pay any additional amounts under the terms of the Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal, Noteholders may receive less than the full amount due under the Notes and the market value of the Notes may be adversely affected. Noteholders should note that principal for these purposes may include any payments of premium.

The regulation and reform of “benchmarks” may adversely affect the value of Notes linked to or referencing such “benchmarks”

Interest rates and indices which are deemed to be “benchmarks” (such as the CIBOR Rate), are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any notes linked to or referencing such a benchmark (including the Notes).

The EU Benchmark Regulation (EU) 2016/1011 applies, subject to certain transitional provisions to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities (such as the Issuer) of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the EUWA (the “**UK Benchmarks Regulation**”) among other things, applies to the provision of benchmarks and the use of a benchmark in the United Kingdom. Similarly, it prohibits the use in the United Kingdom by United Kingdom supervised entities of benchmarks of administrators that are not authorised by the UK Financial Conduct Authority (“**FCA**”) or registered on the FCA register (or, if non-United Kingdom based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any notes linked to or referencing a benchmark (such as the Notes), in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the benchmark.

In Denmark, a working group formed by Finance Denmark (a Danish business association for banks, mortgage banks, asset management, securities trading and investment funds in Denmark) and the Money Market Committee proposed, in July 2019, its final recommendations on the assessment of possible candidates to a DKK risk-free reference rate based on wholesale overnight deposits named DESTR (Denmark short-term rate). Finance Denmark has initiated data collection in order to run test calculations for the DESTR. Information in respect of the test calculations is published on the website of Finance Denmark. Simultaneously, Finance Denmark will analyse the possibilities to supplement the DESTR with a long term DKK risk-free reference rate. In November 2021, Danmarks Nationalbank assumed responsibility for DESTR. Danmarks Nationalbank will start publishing DESTR on 4 April 2022. The first publication will reflect trading activity on 1 April 2022. Thus, DESTR will be available for use in financial contracts with effect from 1 April 2022. The impact of DESTR on CIBOR is currently unclear.

It is not possible to predict with certainty whether, and to what extent CIBOR and other benchmarks will continue to be supported going forwards. This may cause CIBOR and other benchmarks to perform differently than they have done in the past, and may have other consequences which cannot be predicted.

More broadly, any of the national or international reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Such factors may have the following effects on certain benchmarks: (i) discourage market participants from continuing to administer or contribute to the benchmark; (ii) trigger changes in the rules or methodologies used in the benchmark or (iii) lead to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of national or international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any notes linked to or referencing a benchmark (such as the Notes).

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, or any of the international or national reforms in making any investment decision with respect to the Notes.

Future discontinuance of CIBOR may adversely affect the value of Notes

Investors should be aware that, if the Original Reference Rate were discontinued or otherwise unavailable, the rate of interest on the Notes could require an adjustment to the terms and conditions, or result in other consequences, in respect of the Notes. The Conditions provide for certain fallback arrangements in the event that a published benchmark, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable or if a Benchmark Event otherwise occurs.

If the circumstances described in the preceding paragraph occur the fallback arrangements in respect of the Notes include the possibility that:

- (a) the relevant rate of interest (or, as applicable, component thereof) of the Notes from and including the First Call Date could be set or, as the case may be, determined by reference to a Successor Reference Rate or an Alternative Reference Rate (as applicable) determined by the Issuer (following consultation with an Independent Adviser (if applicable)); and
- (b) such Successor Reference Rate or Alternative Reference Rate (as applicable) may be adjusted (if required) by the Issuer (following consultation with an Independent Adviser (if applicable)) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Noteholders arising out of the replacement of the Original Reference Rate with the relevant Successor Reference Rate or Alternative Reference Rate (as applicable),

in any such case, acting in good faith and in a commercially reasonable manner as described more fully in the Conditions.

In addition, the Issuer (following consultation with an Independent Adviser (if applicable)) may also determine (acting in good faith and in a commercially reasonable manner) that other amendments to the Conditions of the Notes are necessary to ensure the proper operation of the relevant Successor Reference Rate, Alternative Reference Rate and/or Adjustment Spread (as applicable).

No consent of the Noteholders shall be required in connection with effecting any relevant Successor Reference Rate or Alternative Reference Rate (as applicable) or any other related adjustments and/or amendments described above.

If, following the occurrence of a Benchmark Event, no Successor Reference Rate or Alternative Reference Rate is determined, the ultimate fallback for determining the rate of interest for a particular Interest Period falling after the Initial Period may result in the Reference Bank Rate for the relevant Interest Period being equal to the sum of (A) the last observable rate for unsecured interbank loan in DKK with a tenor equal to the relevant Interest Period which appears on the Relevant Screen Page and (B) the Margin, as determined by the Calculation Agent. This may result in the effective application of a fixed rate based on the last observable rate. In addition, due to the uncertainty concerning the availability of Successor Reference Rates and Alternative Reference Rates, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any the Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant rate could affect the ability of the Issuer to meet its obligations under the Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes. Investors should note that the Issuer (following consultation with an Independent Adviser (if applicable)) will have discretion to adjust the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) in the circumstances described above. Any such adjustment could have unexpected commercial consequences and, due to the particular circumstances of each Noteholder, any such adjustment may not be favourable to each Noteholder.

In addition, potential investors should also note that no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made if, and to the extent that, in the determination of the relevant Independent Adviser or the Issuer (as applicable), the same could reasonably be expected to prejudice the qualification of the Notes as Additional Tier 1 Capital of the Issuer and/or the Group.

The shift from fixed to floating rate could affect the market value of an investment in the Notes

From the First Call Date, the Notes will bear interest at a floating rate. The floating rate will be payable semi-annually, and will be set two Business Days prior to the start of the relevant Interest Period to the then prevailing Reference Rate plus the Margin.

Noteholders should be aware that the floating rate interest income is subject to changes to the Reference Rate and therefore cannot be anticipated. Hence, Noteholders are not able to determine a definite yield of the Notes at the time of purchase.

RISKS RELATED TO THE NOTES GENERALLY

Set out below is a brief description of certain risks relating to the Notes generally.

Modification and waivers

The Conditions contain provisions for convening meetings of Noteholders or instigating a Written Procedure to consider and vote upon matters affecting their interests generally, or to pass resolutions in writing or through the use of electronic consents. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting or respond in the Written Procedure or, as the case may be, did not sign the written resolution or give their

consent electronically, and including those Noteholders who voted or responded in a manner contrary to the majority. Any modification of the Conditions pursuant to the operation of such provisions is subject to Condition 7(g).

The Issuer may, subject to the provisions of Condition 18, make any modification to the Notes or the Conditions to correct a manifest error and, subject to Condition 7(g) any modification to the Notes or the Conditions which is not prejudicial to the interests of the Noteholders without the consent of the Noteholders. Any such modification shall be binding on the Noteholders.

Change of law

The Conditions are based on Danish law in effect as at Issue Date of the Notes. No assurance can be given as to the impact of any possible judicial decision or change to Danish or other applicable laws, regulations or administrative practice after the Issue Date. For example, Section 13(5) of the Danish Recovery and Resolution Act (see “*Risk factors relating to the structure of the Notes*” – “*The Issuer’s obligations under the Notes are deeply subordinated*”) has entered into force after the Issue Date. Such changes in law may include, but are not limited to, the introduction of a variety of statutory resolution and loss-absorption tools which may affect the rights of holders of securities issued by the Issuer, including the Notes. Such tools may include the ability to write off sums otherwise payable on such securities at a time when the Issuer is no longer considered viable by its regulator or upon the occurrence of another trigger.

Minimum trading amount of Notes

The Notes are registered in VP in multiples of DKK 0.01. All trades in Notes as well as the initial subscription for Notes shall be in a minimum amount of DKK 1,000,000 and, if more, in even multiples of DKK 1,000,000. Consequently, a Noteholder who, as a result of trading Notes through VP or a write down of the Notes pursuant to Condition 6(a) holds an amount which is less than DKK 1,000,000 in its account with the VP will not be able to trade or sell the remainder of such holding without first purchasing a principal amount of Notes (for a minimum amount of DKK 1,000,000) such that its holding is in an amount of at least DKK 1,000,000.

RISKS RELATED TO THE MARKET WHICH MAY AFFECT THE ISSUER AND/OR THE NOTES

Set out below is a brief description of certain market risks, including credit rating risk, liquidity risk, exchange rate risk and interest rate risk.

Credit rating risks related to the Issuer

One or more independent credit rating agencies may assign credit ratings to the Issuer. At the date of this Prospectus, the Issuer has been rated A1 (long term unsecured rating) and P-1 (short term unsecured rating) by Moody’s. See “*Description of Spar Nord Bank A/S and the Spar Nord Bank Group*” – “*2. Capital and risk management*” – “*2.3 Spar Nord Bank credit ratings*” for further information on Moody’s credit rating of the Issuer. The Issuer’s credit ratings are important to its business. Any relevant rating agency, including Moody’s, may downgrade the ratings of the Issuer or the ratings of the Issuer’s debt instruments, including the Notes (however, the Notes are unrated as of the date of this Prospectus) either as a result of the financial position of the Spar Nord Bank Group or changes to applicable rating methodologies used by any relevant rating agency. A rating agency’s evaluation of the Issuer may also be based on a number of factors not entirely within the control of the Issuer, such as conditions affecting the financial services industry generally. Any reduction in the Issuer’s credit ratings or the ratings of its debt instruments, including any unsolicited credit rating, could adversely affect its liquidity and competitive position, undermine confidence in the Issuer and the Spar Nord Bank Group, increase its borrowing costs, limit its access to the capital markets, or limit the range of counterparties willing to enter into transactions with the Issuer and the Spar Nord Bank Group. Such development could have a material adverse effect on the Issuer and the Spar Nord Bank Group’s business, financial situation, results of operations, liquidity and/or prospects and could thereby ultimately cause the Issuer to become unable to pay interest, principal or other amounts on or in connection with the Notes.

In addition, rating agencies may assign unsolicited ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the third

country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the United Kingdom are subject to similar restrictions under Regulation (EC) no. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the “**UK CRA Regulation**”). As such, United Kingdom regulated investors are required to use for United Kingdom regulatory purposes ratings issued by a credit rating agency established in the United Kingdom and registered under the UK CRA Regulation. In the case of ratings issued by third country non-United Kingdom credit rating agencies, third country credit ratings can either be: (a) endorsed by a United Kingdom registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant United Kingdom registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief accommodates continued use for regulatory purposes in the United Kingdom, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of the rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the United Kingdom, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market.

Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Prospectus.

The secondary market of the Notes

The Notes may have no established trading market and one may never develop. If an active trading market does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected. If a market does develop, it may not be very liquid and any liquidity in such market could be significantly affected by any purchase and cancellation of the Notes by the Issuer or any of its Subsidiaries as provided in Condition 7(d). Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have an adverse effect on the market value of the Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the DKK. This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than the DKK. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the DKK would decrease (1) the Investor’s Currency equivalent yield on the Notes, (2) the Investor’s Currency equivalent value of the principal payable on the Notes and (3) the Investor’s Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

The Notes bear interest at a fixed rate until the First Call Date and involves the risk that subsequent changes in market interest rates may adversely affect their value. From the First Call Date the Notes will bear interest at a floating rate and may result in the Rate of Interest falling after the First Call Date may be different from the Initial Rate of Interest and may adversely affect the yield of the Notes.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus and have been filed with the Danish FSA shall be incorporated in, and form part of, this Prospectus:

- (a) the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2019 together with the independent auditors' report thereon (the "**2019 Annual Report**") (an English translation is available on the website of the Issuer at https://media.sparnord.dk/com/investor/financial_communication/reports/2019/annual-report-2019.pdf) excluding the section "Outlook for 2020" on page 16;
- (b) the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2020 together with the independent auditors' report thereon (the "**2020 Annual Report**") (an English translation is available on the website of the Issuer at https://media.sparnord.dk/com/investor/financial_communication/reports/2020/annual-report-2020.pdf) excluding the section "Outlook for 2021" on page 20;
- (c) the interim unaudited consolidated financial statements of the Issuer for the nine-month period ended 30 September 2021 (an English translation is available on the website of the Issuer at https://media.sparnord.dk/com/investor/financial_communication/reports/2021/Q3-2021-eng.pdf) excluding the section "Outlook for 2021" on page 3;
- (d) the Risk Report 2019 of the Issuer for the financial year ended 31 December 2019, an English translation is available on the website of the Issuer at https://media.sparnord.dk/com/investor/financial_communication/reports/2019/risk_report_2019.pdf; and
- (e) the Risk Report 2020 of the Issuer for the financial year ended 31 December 2020, an English translation is available on the website of the Issuer at https://media.sparnord.dk/com/investor/financial_communication/reports/2020/risk-report-2020.pdf.

Such documents shall be incorporated in, and form part of, this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Those parts of the 2019 Annual Report, the 2020 Annual Report and the interim report for the nine-month period ended 30 September 2021 which are not specifically incorporated by reference in this Prospectus, are either not relevant for investors in the Notes or are covered elsewhere in this Prospectus.

The audited consolidated annual financial statements of the Issuer for the financial years ended 31 December 2020 and 2019, together, in each case, with the audit report thereon, and the unaudited consolidated interim financial statements of the Issuer for the nine-month period ended 30 September 2021 have been translated into English and represent a direct and accurate translation from the Danish language originals. If there are any inconsistencies or discrepancies between the Danish language versions and the English translations thereof, the original Danish language versions shall prevail.

TERMS AND CONDITIONS OF THE NOTES

1 Introduction

- (a) **Issuer:** The DKK 600,000,000 Perpetual Non-cumulative Fixed to Floating Rate Additional Tier 1 Capital Notes (in Danish: *kapitalbeviser*) (the “**Notes**”) are issued by Spar Nord Bank A/S, CVR no. 13737584, Legal Entity Identifier (LEI): 549300DHT635Q5P8J715 (the “**Issuer**”).
- (b) **Issue date and price:** The Notes are issued on 8 March 2021 (the “**Issue Date**”). The Notes are issued at an issue price of 100.00 per cent.
- (c) **Recording of Notes in dematerialised form:** The Notes are recorded electronically in dematerialised form with VP Securities A/S, Weidekampsgade 14, DK-2300 Copenhagen S, CVR no. 21599336 (“**VP**” with such terms deemed to include any successor or replacement thereto) in accordance with an agreement between Nykredit Bank A/S and VP (with effective date 26 June 2001) (Nykredit Bank A/S, in this capacity, the “**Issuing Agent**”). Settlement of the Notes may take place on the VP settlement platform.

2 Definitions

In the Conditions, in addition to the expressions defined in Condition 1 above, the following expressions have the following meanings:

“**5.5 Year Semi-annual DKK-Swap Rate**” means 0.006 per cent. per annum;

“**Additional Amounts**” has the meaning given in Condition 9(a);

“**Additional Tier 1 Capital**” means capital which is treated as Additional Tier 1 capital (or any equivalent or successor term) under the CRD/CRR requirements by the Relevant Regulator for the purposes of, as the case may be, the Issuer and/or the Group;

“**Adjustment Spread**” means a spread (which may be positive or negative or zero) or formula or methodology for calculating a spread, which the Issuer, following consultation with the Independent Adviser (if any) and acting in good faith and in a commercially reasonable manner, determines is required to be applied to the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the relevant circumstances, any economic prejudice or benefit (as applicable) to the Noteholders as a result of the replacement of the Original Reference Rate with the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (i) in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the Original Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or
- (ii) in the case of a Successor Reference Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Issuer, following consultation with the Independent Adviser (if applicable) and acting in good faith and in a commercially reasonable manner, determines is recognised or acknowledged as being in customary market usage in Nordic debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by such Successor Reference Rate or Alternative Reference Rate (as applicable); or
- (iii) if no such customary market usage is recognised or acknowledged, the Issuer, following consultation with the Independent Adviser (if applicable) and acting in good faith and in a commercially reasonable manner, determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the relevant Successor Reference Rate or Alternative Reference Rate (as applicable); or
- (iv) if no such industry standard is recognised or acknowledged, the Issuer, in its discretion, following consultation with the Independent Adviser (if applicable) and acting in good faith and in a commercially reasonable manner, determines to be appropriate;

“Alternative Reference Rate” means an alternative benchmark or screen rate that the Issuer (following consultation with an Independent Adviser (if applicable)) determines has replaced the Original Reference Rate in customary market usage in the Nordic debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in respect of debt securities denominated in DKK and of a comparable duration to the relevant Interest Periods, or, if the Issuer (following consultation with an Independent Adviser (if applicable)) determines that there is no such rate, such other rate as the Issuer (following consultation with an Independent Adviser (if applicable)) determines in its discretion is most comparable to the Original Reference Rate;

“Available Reinstatement Amount” has the meaning given in Condition 6(b)(B);

“Benchmark Event” means, with respect to an Original Reference Rate:

- (i) such Original Reference Rate ceasing to be published for at least five Business Days or ceasing to exist or be administered; or
- (ii) the later of (A) the making of a public statement by the administrator of such Original Reference Rate that it will, on or before a specified date, cease publishing such Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Original Reference Rate) and (B) the date falling six months prior to the specified date referred to in (ii)(A); or
- (iii) the making of a public statement by the supervisor of the administrator of such Original Reference Rate that such Original Reference Rate has been permanently or indefinitely discontinued; or
- (iv) the later of (A) the making of a public statement by the supervisor of the administrator of such Original Reference Rate that such Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (B) the date falling six months prior to the specified date referred to in (iv)(A); or
- (v) the later of (A) the making of a public statement by the supervisor of the administrator of such Original Reference Rate that means such Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or before a specified date and (B) the date falling six months prior to the specified date referred to in (v)(A); or
- (vi) it has or will prior to the next Interest Determination Date become unlawful for the Calculation Agent or the Issuer to calculate any payments due to be made to the Noteholders using such Original Reference Rate; or
- (vii) the making of a public statement by the supervisor of the administrator of such Original Reference Rate announcing that such Original Reference Rate is no longer representative or may no longer be used;

“BRRD” means the Directive (2014/59/EU) of the European Parliament and of the Council on resolution and recovery of credit institutions and investment firms dated 15 May 2014 and published in the Official Journal of the European Union on 12 June 2014 (or, as the case may be, any provision of Danish law transposing or implementing such Directive), as amended or replaced from time to time (including, for the avoidance of doubt, the amendments to such Directive resulting from Directive (EU) 2019/879 of the European Parliament and of the Council dated 20 May 2019 and published in the Official Journal of the European Union on 7 June 2019);

“Business Day” means a day on which VP is open for general business (including settling in foreign exchange and foreign currency deposits) in Copenhagen;

“Calculation Agent” has the meaning given in Condition 12(a);

“Calculation Amount” means DKK 1,000,000 (the **“Original Calculation Amount”**), provided that if the Outstanding Principal Amounts are amended (either by write down or reinstatement) in accordance with Condition 6 or as otherwise required by then current legislation and/or regulations applicable to the Issuer, the Calculation Agent shall (i) adjust the Calculation Amount to the extent required by, and in accordance with, Condition 5(g), and (ii) notify the Noteholders in accordance with Condition 19 of the details of such adjustment;

“Capital Event” means, at any time, on or after the date of issue of the Notes, there is a change in the regulatory classification of the Notes that results or will result in:

- (i) their exclusion, in whole or in part, from the regulatory capital of the Issuer and/or the Group; or
- (ii) reclassification, in whole or in part, as a lower quality form of regulatory capital of the Issuer and/or the Group,

in each case provided that (a) the Issuer satisfies the Relevant Regulator that the regulatory reclassification of the Notes was not reasonably foreseeable at the time of their issuance and (b) the Relevant Regulator considers such a change to be sufficiently certain. For the avoidance of doubt, a Capital Event shall not be deemed to have occurred in case of a partial exclusion of the Notes as a result of (A) a principal write down, (B) a change in the regulatory assessment of the tax effects of a principal write down or (C) any applicable limit on the amount of Additional Tier 1 Capital;

“CIBOR Rate” means, in relation to an Interest Period and the Interest Determination Date in relation to such Interest Period and subject to Condition 5(h):

- (i) the annual rate for the Copenhagen interbank offered rate (CIBOR) with a tenor of 6 months which appears on the Relevant Screen Page as of 11:00 a.m. (Danish time) on such Interest Determination Date; or
- (ii) if the CIBOR Rate does not appear on the Relevant Screen Page at such time on such Interest Determination Date, the Reference Bank Rate on such Interest Determination Date;

“CIBOR Rate Quotations” means the arithmetic mean of the bid and offered rates for unsecured interbank loan in DKK which has a tenor of 6 months commencing on the relevant Interest Period;

“Code” has the meaning given in Condition 9(c);

“Common Equity Tier 1 Capital” means common equity tier 1 capital (or any equivalent or successor term) of, as the case may be, the Issuer or the Group, in each case as calculated by the Issuer in accordance with the CRD/CRR requirements and any applicable transitional arrangement under CRD/CRR;

“Common Equity Tier 1 Capital Ratio” means, at any time:

- (i) in relation to the Issuer, the ratio (expressed as a percentage) of the aggregate amount of the Common Equity Tier 1 Capital of the Issuer divided by the Risk Exposure Amounts of the Issuer; and
- (ii) in relation to the Group, the ratio (expressed as a percentage) of the aggregate amount of the Common Equity Tier 1 Capital of the Group divided by the Risk Exposure Amounts of the Group,

in each case, all as calculated by the Issuer in accordance with the CRD/CRR requirements at such time and any applicable transitional arrangements under the CRD/CRR at such time and reported to the Relevant Regulator;

“CRD” means the Directive (2013/36/EU) of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms dated 26 June 2013 and published in the Official Journal of the European Union on 27 June 2013 (or, as the case may be, any provision of Danish law transposing or implementing such Directive), as amended or replaced from time to time (including, for the avoidance of doubt, the amendments to such Directive resulting from Directive (EU) 2019/878 of the European Parliament and of the Council as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures dated 20 May 2019 and published in the Official Journal of the European Union on 7 June 2019);

“CRD/CRR” means, as the context requires, any or any combination of the CRD, the CRR and any CRD/CRR Implementing Measures;

“CRD/CRR Implementing Measures” means any regulatory capital rules or regulations, or other requirements, which are applicable to the Issuer and other entities in the Group and which prescribe (alone or in conjunction with any other rules, regulations or other requirements) the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Issuer and other entities in the Group (on a non-consolidated or consolidated basis) to the extent required by the CRD or the CRR, including for the avoidance of doubt any regulatory technical standards

guidelines, recommendations and/or opinions released from time to time by the European Banking Authority (or any successor or replacement thereof) or the Relevant Regulator, as the case may be;

“CRR” means the Regulation (2013/575) of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms dated 26 June 2013 and published in the Official Journal of the European Union on 27 June 2013, as amended or replaced from time to time (including, for the avoidance of doubt, the amendments to such Regulation resulting from Regulation (EU) 2019/876 of the European Parliament and of the Council as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements dated 20 May 2019 and published in the Official Journal of the European Union on 7 June 2019);

“Danish Bankruptcy Act” means the Danish Bankruptcy Act (Consolidated Act no. 11 of 6 January 2014, as amended);

“Danish Capital Markets Act” means the Danish Capital Markets Act (Consolidated Act no. 1767 of 27 November 2020, as amended);

“Danish Companies Act” means the Danish Companies Act (Consolidated Act no. 763 of 23 July 2019, as amended);

“Danish Financial Business Act” means the Danish Financial Business Act (Consolidated Act no. 1447 of 11 September 2020, as amended);

“Danish Limitation Act” means the Danish Limitations Act (Consolidated Act no. 1238 of 9 November 2015, as amended);

“Danish Statutory Loss Absorption Powers” means any write down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in Denmark, relating to (i) the transposition of the BRRD (or, as the case may be, any provision of Danish law transposing or implementing such Directive) as amended or replaced from time to time and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be written down, cancelled, modified, or converted into Ordinary Shares, other securities or other obligations of the Issuer or any other Person (or suspended for a temporary period);

“Danish Recovery and Resolution Act” means the Danish Act on Restructuring and Resolution of Certain Financial Undertakings (Consolidated Act no. 24 of 4 January 2019, as amended);

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (the **“Calculation Period”**) (A) before the First Call Date, but excluding the First Call Date, **“Actual/Actual (ICMA)”**, which means the actual number of days in the relevant Calculation Period divided by the product of (1) the actual number of days in the relevant Regular Period and (2) two; and (B) after the First Call Date, and including the First Call Date, **“Actual/360”**, which means the actual number of days in the relevant Calculation Period divided by 360;

“Distributable Items” means, as prescribed by CRD/CRR (or any equivalent or successor term from time to time as applicable to distribution restrictions on Additional Tier 1 Capital instruments), the amount of the profits at the end of the last financial year plus any profits brought forward and reserves available for that purpose before distributions to holders of own funds instruments (which, for the avoidance of doubt, excludes any such distributions paid or made on Tier 2 Capital instruments or which have already been provided for, by way of deduction, in calculating the amount of Distributable Items) less any losses brought forward, any profits which are non-distributable pursuant to provisions in European Union or Danish legislation or the institution’s by-laws and any sums placed to non-distributable reserves in accordance with national law or the statutes of the institution, in each case with respect to the specific category of own funds instruments to which European Union or Danish law, institutions’ by-laws, or statutes relate; such profits, losses and reserves being determined on the basis of the individual accounts of the institution and not on the basis of the consolidated accounts, or any successor provision thereto;

“DKK” means the lawful currency of Denmark;

“Enforcement Events” has the meaning given in Condition 11;

“First Call Date” means 8 September 2026;

“First Interest Payment Date” means 8 September 2021;

“Full Loss Absorbing AT1 Instruments” has the meaning given in Condition 6(a);

“Group” means the Issuer together with its Subsidiaries and other entities that are consolidated in the calculation of the Issuer’s Common Equity Tier 1 Capital Ratio on a consolidated level in accordance with CRD/CRR requirements;

“IA Determination Cut-off Date” means, in any Interest Period, the date that is no later than five Business Days prior to the Interest Determination Date relating to the next succeeding Interest Period;

“Independent Adviser” means an independent financial institution of Nordic repute or other independent financial adviser experienced in the Nordic debt capital markets, in each case appointed by the Issuer at its own expense;

“Initial Period” means the period from (and including) the Issue Date to (but excluding) the First Call Date;

“Initial Rate of Interest” means the sum of (A) the Margin and (B) the 5.5 Year Semi-annual DKK-Swap Rate, corresponding to 3.25 per cent. per annum;

“Interest Amount” has the meaning given in Condition 5(e);

“Interest Determination Date” means the day falling two Business Days prior to the start of each Interest Period falling after the First Call Date;

“Interest Payment Date” means 8 September and 8 March in each year from (and including) the First Interest Payment Date;

“Interest Period” means the period beginning on (and including) the Issue Date and ending on (but excluding) the First Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

“Margin” means 3.244 per cent. per annum;

“Maximum Distributable Amount” means any applicable maximum distributable amount, which is determined pursuant to Article 141 of the CRD Directive (or, as the case may be, any provision of Danish law transposing or implementing Article 141 of the CRD Directive), or any successor provision thereto or any analogous, applicable or future applicable (as the case may be) payment restrictions arising in respect of capital buffers under CRD/CRR or the BRRD (including, without limitation, Article 16a thereof) and/or any minimum requirement for own funds and eligible liabilities under CRD/CRR and/or the BRRD (including, without limitation, Article 16a thereof) (or, as the case may be, any provision of Danish law transposing or implementing any such analogous payment restrictions);

“Non-Preferred Senior Obligations” means any unsubordinated and unsecured liabilities of the Issuer which rank upon an insolvency of the Issuer in accordance with section 13(3) of the Danish Recovery and Resolution Act;

“Noteholder” means, in relation to a Note, a person who is registered with VP as directly registered owner or nominee holder of a Note;

“Noteholders’ Meeting” means a Noteholders’ meeting held pursuant to Condition 14;

“Optional Redemption Date” means any Interest Payment Date falling on or after the First Call Date;

“Ordinary Shares” means fully paid-up ordinary shares in the capital of the Issuer;

“Original Principal Amount” means, with respect to an issue of Additional Tier 1 Capital instruments (including the Notes), the original principal amount of such Additional Tier 1 Capital instruments on the date they are issued;

“Original Reference Rate” means:

- (i) the CIBOR Rate (or any component part thereof); or
- (ii) any Successor Reference Rate or Alternative Reference Rate which has been determined in relation to the CIBOR Rate (or any component part thereof) pursuant to the operation of Condition 5(h),

as applicable;

“Other Loss Absorbing AT1 Instruments” means obligations or capital instruments (other than the Notes) issued directly or indirectly by the Issuer which are eligible to constitute Additional Tier 1 Capital of the Issuer and/or the Group and which include a principal loss absorption mechanism that:

- (i) is capable of generating Common Equity Tier 1 Capital of the Issuer and/or the Group; and
- (ii) is activated by an event equivalent to the Trigger Event in all material respects (or, as the case may be, in all material respects other than the threshold for such activation);

“outstanding” means, in relation to the Notes, all the Notes issued other than:

- (i) those that have been redeemed in accordance with the Conditions;
- (ii) those which have become void or in respect of which claims have become prescribed;
- (iii) those which have been purchased and cancelled as provided in the Conditions;

provided that, for the purposes of:

- (i) ascertaining the right to attend and vote at any meeting of Noteholders; and
- (ii) the determination of how many Notes are outstanding for the purposes of Conditions 13, 14 and 15, as applicable,

those Notes that are held by, or are held on behalf of, the Issuer or any of its Subsidiaries and not cancelled shall (unless and until ceasing to be so held) be deemed not to be outstanding;

“Outstanding Principal Amount” means, in respect of a Note, the outstanding principal amount of such Note, and **“Outstanding Principal Amounts”** means the sum of the Outstanding Principal Amount of each Note, as adjusted from time to time for any write down or reinstatement of the outstanding principal amount of the Notes in accordance with Condition 6 or as otherwise required by then current legislation and/or regulations applicable to the Issuer;

“Parity Trigger Loss Absorbing AT1 Instruments” means obligations or capital instruments (other than the Notes) issued directly or indirectly by the Issuer which are, as at their relevant issue date, eligible to constitute Additional Tier 1 Capital of the Issuer and/or the Group and which include a principal loss absorption mechanism that is capable of generating Common Equity Tier 1 Capital of the Issuer and/or the Group and that is activated by an event equivalent to the Trigger Event in all material respects and that has a threshold for such activation which is identical to the Trigger Event Threshold;

“Paying Agent” has the meaning given in Condition 12(a);

“Permission Withdrawal Early Redemption Restriction” has the meaning given to such term in Condition 7(g);

“Person” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

“Principal Minimum Amount” has the meaning given in Condition 6(a)(ii);

“Qualifying Capital Notes” means any securities (other than the Notes, in the case of a substitution pursuant to Condition 7(f)) issued by the Issuer that:

- (i) contain terms which comply with the then current requirements of the Relevant Regulator in relation to Additional Tier 1 Capital;
- (ii) carry the same rate of interest of the Notes prior to the relevant substitution or variation pursuant to Condition 7(f);
- (iii) have the same denomination and Outstanding Principal Amounts as the Notes prior to the relevant substitution or variation pursuant to Condition 7(f);
- (iv) have the same Interest Payment Dates as the Notes prior to the relevant substitution or variation pursuant to Condition 7(f);

- (v) have at least the same ranking as the Notes prior to the relevant substitution or variation pursuant to Condition 7(f);
- (vi) shall not, immediately following the relevant substitution or variation pursuant to Condition 7(f) be subject to a Capital Event and/or a Tax Event;
- (vii) have terms not materially less favourable to the Noteholders than the terms of the Notes, as reasonably determined by the Issuer, and provided that the Issuer shall have delivered a certificate to that effect signed by two members of its Executive Board to the Issuing Agent (and copies thereof will be available at the Issuing Agent's specified office during its normal business hours) not less than 5 Business Days prior to (a) in the case of a substitution of the Notes pursuant to Condition 7(f), the issue date of the relevant securities or (b) in the case of a variation of the Notes pursuant to Condition 7(f), the date such variation becomes effective; and
- (viii) if (A) the Notes were listed or admitted to trading on a Regulated Market immediately prior to the relevant substitution or variation, are listed or admitted to trading on a Regulated Market or (B) the Notes were listed or admitted to trading on a recognised stock exchange other than a Regulated Market immediately prior to the relevant substitution or variation, are listed or admitted to trading on any recognised stock exchange (including, without limitation, a Regulated Market), in either case as selected by the Issuer;

"Rate of Interest" means

- (i) in the case of each Interest Period falling in the Initial Period, the Initial Rate of Interest;
- (ii) in the case of each Interest Period thereafter, the sum of (A) the Reference Rate and (B) the Margin,

all as determined by the Calculation Agent (in conjunction with the Issuer, where applicable) in accordance with Condition 5;

"Reference Banks" means the principal office in Denmark of four major banks in the swap, money, securities or other market most closely connected with the CIBOR Rate, as selected by the Issuer in its discretion after consultation with the Calculation Agent;

"Reference Bank Rate" means, in relation to an Interest Period and the Interest Determination Date in relation to such Interest Period, the percentage rate determined on the basis of the CIBOR Rate Quotations provided by the Reference Banks to the Calculation Agent at approximately 11:00 a.m. (Danish time) on such Interest Determination Date. If at least four quotations are provided, the Reference Bank Rate will be the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If less than four quotations are provided, the Reference Bank Rate will be the arithmetic mean of the quotations provided. If only one quotation is provided, the Reference Bank Rate will be the quotation provided. If no quotations are provided, the Reference Bank Rate for the relevant Interest Period will be equal to the sum of (A) the last observable rate for unsecured interbank loan in DKK with a tenor equal to the relevant Interest Period which appears on the Relevant Screen Page and (B) the Margin as determined by the Calculation Agent;

"Reference Rate" means, in relation to an Interest Period, subject to Condition 5(h), the CIBOR Rate determined for such Interest Period by the Calculation Agent in accordance with Condition 5;

"Reinstatement Limit" has the meaning given in Condition 6(b)(A);

"Regulated Market" means a regulated market as defined in Article 4(1)(21) of Directive 2014/65/EU, as amended;

"Regular Period" means each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means 8 March and 8 September;

"Relevant Date" means, in relation to any payment, whichever is the later of (i) the date on which the payment in question first becomes due and (ii) if the full amount payable has not been received by the Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders in accordance with Condition 19;

"Relevant Nominating Body" means, in respect of an Original Reference Rate:

- (i) the central bank for the currency to which such Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such Original Reference Rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which such Original Reference Rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such Original Reference Rate or (c) a group of the aforementioned central banks or other supervisory authorities;

“Relevant Regulator” means, in relation to the Issuer or the Group, as the case may be, the Danish Financial Supervisory Authority and any successor or replacement thereto, and/or such other authority having primary responsibility for the prudential oversight and supervision of the Issuer or the Group, as determined by the Issuer;

“Relevant Resolution Authority” means the resolution authority with the ability to exercise any Danish Statutory Loss Absorption Powers (or any other power under the BRRD) in relation to the Issuer and/or the Group;

“Relevant Screen Page” means <https://dfbf.dk/dfbf-benchmarks/rates/> or such other page as may replace it or, as the case may be, on such other information service that may replace it, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates comparable to the CIBOR Rate;

“Relevant Time” means 11.00 a.m. (Danish time);

“Risk Exposure Amounts” means the aggregate amount of the risk exposure amounts (or any equivalent or successor term) of, as the case may be, the Issuer or the Group, in each case as calculated by the Issuer in accordance with CRD/CRR requirements and any applicable transitional arrangements under CRD/CRR;

“Special Event” means either a Capital Event or a Tax Event;

“Subsidiary” means, in relation to any entity, any company which is for the time being a subsidiary within the meaning of Sections 5(3) of the Danish Companies Act;

“Successor Reference Rate” means the rate that the Issuer determines is a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body;

“Tax Event” means, as a result of any change in the laws, regulations or rulings of Denmark or of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the interpretation or administration of any such laws, regulations or rulings which becomes effective after the date of issue of the Notes, the Issuer receives an opinion of external counsel in Denmark experienced in such matters that (i) it would be required to pay Additional Amounts; or (ii) to the extent a payment of interest under the Notes was tax deductible for the purposes of Danish tax prior to the relevant change, it will no longer be able to obtain a tax deduction for the purposes of Danish tax for any payment of interest under the Notes, in each case provided that the Issuer satisfies the Relevant Regulator that such change in tax treatment of the Notes is material and was not reasonably foreseeable at the time of their issuance. For the avoidance of doubt, changes in the assessment of the Relevant Regulator regarding tax effects of a principal write down are not considered as a Tax Event;

“Tier 1 Capital” means capital which is treated as Tier 1 capital (or any equivalent or successor term) under the CRD/CRR requirements by the Relevant Regulator for the purposes of, as the case may be, the Issuer and/or the Group;

“Tier 2 Capital” means capital which is treated as Tier 2 capital (or any equivalent or successor term) under the CRD/CRR requirements by the Relevant Regulator for the purposes of, as the case may be, the Issuer and/or the Group;

“Trigger Event” means, as determined at any time by the Issuer, the Relevant Regulator or any agent appointed for such purpose by the Relevant Regulator, as the case may be, that the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group has fallen below the Trigger Event Threshold and such determination by the Issuer, the Relevant Regulator or any agent appointed for such purpose by the Relevant Regulator, as the case may be, shall be binding on the Noteholders;

“Trigger Event Threshold” means 7.00 per cent.;

“Trigger Event Early Redemption Restrictions” has the meaning given in Condition 6(a);

“Write Down Date” has the meaning given in Condition 6; and

“Written Procedure” means a written procedure held pursuant to Condition 15.

3 Form, denomination, currency, nominal amount, trades, transferability and title

(a) Form, currency, denomination, nominal amount and trades:

- (i) The Notes are issued in uncertificated and dematerialised book-entry form through VP with ISIN code DK0030484464.
- (ii) The Notes are denominated in DKK. The Notes shall be registered in VP in multiples of DKK 0.01. All trades in Notes as well as the initial subscription for Notes shall be in a minimum amount of DKK 1,000,000 and, if more, in even multiples of DKK 1,000,000. If a Noteholder holds a nominal amount of Notes in a custody account of less than DKK 1,000,000, such Notes may not be traded unless such Noteholder purchases or transfers additional Notes in the custody account so that the requirement as to tradeable amounts of DKK 1,000,000 is satisfied.
- (iii) The Outstanding Principal Amounts may be adjusted as provided in Condition 6 or as otherwise required by then current mandatory legislation and/or regulations applicable to the Issuer. Any such adjustment to the Outstanding Principal Amounts will not have any effect on the denominations of the Notes.

(b) Transferability and title:

- (i) The Notes are freely transferable but the Noteholders may be subject to purchase or transfer restrictions with regard to the Notes pursuant to Condition 3(a)(ii) or under laws to which a Noteholder may be subject. Each Noteholder must ensure compliance with such restrictions at its own cost and expense.
- (ii) Legal title to the Notes will pass by electronic registration in the book entry system and register maintained by VP in accordance with the Danish Capital Markets Act, Executive Orders issued pursuant thereto and the rules and procedures of VP from time to time. A Noteholder shall (except as otherwise required by law) be treated as the absolute holder of the relevant Notes for all purposes and no person shall be liable for so treating such Noteholder.
- (iii) The Issuer shall, to the extent permitted under applicable regulations and the rules and procedures of VP from time to time, have access on demand to static data and ownership of the Noteholders registered in the securities register.
- (iv) The Issuer may use the information referred to in Condition 3(b)(iii) only for the purposes of carrying out its duties and exercising its rights in accordance with the Conditions and shall not disclose such information to any Noteholder.

(c) Noteholders’ rights:

- (i) If a beneficial owner of a Note not being registered as a Noteholder wishes to exercise any rights under the Notes (including, but not limited to participating in Noteholders’ Meeting or a Written Procedure), it must obtain proof of ownership of the Notes, acceptable to the chairman of the Noteholders’ Meeting (in case of a Noteholders’ Meeting) or the Issuer (in case of a Written Procedure).
- (ii) A Noteholder (whether registered as such or proven to the satisfaction of the chairman of the Noteholders’ Meeting or the Issuer, as applicable, to be the beneficial owner of the Note as set out in Condition 3(c)(i)) may issue one or more powers of attorney to third parties to represent it in relation to some or all of the Notes held or beneficially owned by such Noteholder. The chairman of the Noteholders’ Meeting or the Issuer, as applicable, shall only have to examine the face of a power of attorney or similar evidence of authorisation that has been provided to it pursuant to this Condition 3(c) and may assume that it is in full force and effect, unless otherwise apparent from its face or the chairman of the Noteholders’ Meeting or the Issuer, as applicable, has actual knowledge to the contrary.

4 Status of the Notes

- (a) **Status of the Notes:** The Notes (in Danish: *kapitalbeviser*) on issue constitute Additional Tier 1 Capital (in Danish: *hybrid kernekapital*) of the Issuer and the Group under the CRD/CRR requirements. Subject to Condition 6, the Notes constitute direct, unconditional, unsecured and subordinated debt obligations of the Issuer and shall at all times rank:
- (i) *pari passu* without any preference among themselves;
 - (ii) unless such *pari passu* ranking conflicts with paragraph (iii)(c) below and/or paragraph (iv)(d) below, *pari passu* with (a) any obligations or capital instruments of the Issuer which constitute Additional Tier 1 Capital and (b) any other obligations or capital instruments of the Issuer that rank or are expressed to rank equally with the Notes, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;
 - (iii) senior to (a) holders of the Ordinary Shares, (b) unless such senior ranking conflicts with paragraph (iv)(d) below, any other obligations or capital instruments of the Issuer that rank or are expressed to rank junior to the Notes and (c) creditors of the Issuer that as a result of any Danish implementation of Article 48(7) of the BRRD rank or shall rank junior to the Notes, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and
 - (iv) junior to present or future claims of (a) depositors of the Issuer (b) unsubordinated creditors of the Issuer (including unsubordinated creditors pursuant to Section 97 of the Danish Bankruptcy Act and unsubordinated creditors that are creditors in respect of Non-Preferred Senior Obligations), (c) unless such junior ranking conflicts with any Danish implementation of Article 48(7) of the BRRD, other subordinated creditors of the Issuer other than the present or future claims of creditors that rank or are expressed to rank *pari passu* with or junior to the Notes and (d) creditors of the Issuer that as a result of any Danish implementation of Article 48(7) of the BRRD rank or shall rank senior to the Notes.
- (b) **No right of set-off, netting or counterclaim:** No Noteholder, who shall in the event of the liquidation or bankruptcy of the Issuer be indebted to the Issuer, shall be entitled to exercise any right of set-off, netting or counterclaim against moneys owed by the Issuer in respect of the Notes held by such Noteholder.
- (c) **Future issues of notes or instruments:** The Issuer reserves the right in the future to issue other notes or instruments, with identical or other ranking than the Notes.

5 Interest and other calculations

- (a) **Interest Payment Dates and Rate of Interest:** The Notes bear interest on their Outstanding Principal Amounts at the relevant Rate of Interest from (and including) the Issue Date. Interest shall be payable semi-annually in arrear on each Interest Payment Date, subject in any case as provided in Condition 5(j) and Condition 8. The first payment of interest will be made on the First Interest Payment Date.
- (b) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless payment is improperly withheld, in which event interest shall continue to accrue (both before and after judgment) in the manner provided in this Condition 5 until whichever is the earlier of:
- (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and
 - (ii) the day which is seven days after the Paying Agent has notified the Noteholders in accordance with Condition 19 that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

- (c) **Interest to (but excluding) the First Call Date:** Unless the Calculation Amount has been adjusted as described in the definition thereof, the amount of interest per Calculation Amount payable on each Interest Payment Date in relation to an Interest Period falling in the Initial Period will be DKK 16,250.

If the Calculation Amount has been adjusted as described in the definition thereof, Condition 5(g) will apply.

- (d) **Interest from (and including) the First Call Date:** For each Interest Period from (and including) the First Call Date, the Notes will bear interest on their Outstanding Principal Amounts at the relevant Rate of Interest.

- (e) **Determination of Reference Rate and calculation of Interest Amount:** The Calculation Agent will, as soon as practicable after 11:00 a.m. (Danish time) on each Interest Determination Date, determine the Reference Rate for such Interest Period and calculate the amount of interest payable per Calculation Amount on the Interest Payment Date (each an “**Interest Amount**”).

- (f) **Publication of Reference Rate and Interest Amount:** With respect to each Interest Period falling after the Initial Period, the Calculation Agent will cause the relevant Reference Rate and the relevant Interest Amount determined by it, together with the relevant Interest Payment Date to be notified to the Paying Agent and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but in any event not later than at commencement of the relevant Interest Period. To the extent that the Calculation Agent is unable to notify such listing authority, stock exchange and/or quotation system (if any), the Calculation Agent shall promptly notify the Issuer, who shall procure the performance of such obligation. Notice thereof shall also promptly be given to the Noteholders in accordance with Condition 19.

- (g) **Calculation of amount of interest per Calculation Amount:** Save as specified in Condition 5(c), the amount of interest payable in respect of the Calculation Amount (including, for the avoidance of doubt, the Interest Amount) for any period shall be calculated by:

- (i) applying the applicable Rate of Interest to the Calculation Amount;
- (ii) multiplying the product thereof by the relevant Day Count Fraction; and
- (iii) rounding the resulting figure to the nearest øre (half an øre being rounded upwards).

If pursuant to Condition 6 or as otherwise required by then current legislation and/or regulations applicable to the Issuer, the Outstanding Principal Amounts are reduced and/or reinstated during an Interest Period, the Calculation Amount will be adjusted by the Calculation Agent to reflect such Outstanding Principal Amounts from time to time so that the relevant amount of interest is determined by reference to such Calculation Amount as adjusted from time to time, all as determined by the Calculation Agent in consultation with the Issuer.

- (h) **Reference Rate Replacement:** If notwithstanding the operation of the fallback provisions of paragraph (ii) of the definition of CIBOR Rate, the Issuer determines that a Benchmark Event has occurred when any Rate of Interest (or any component thereof) remains to be determined by reference to the Original Reference Rate, then the following provisions shall apply to the Notes:

- (i) the Issuer shall use reasonable endeavours, as soon as reasonably practicable, to appoint and consult with an Independent Adviser with a view to the Issuer determining (without any requirement for the consent or approval of the Noteholders) (A) a Successor Reference Rate or, failing which, an Alternative Reference Rate, for the purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes and (B) in either case, an Adjustment Spread;
- (ii) if the Issuer is unable to appoint an Independent Adviser prior to the relevant IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may still determine (A) a Successor Reference Rate or, failing which, an Alternative Reference Rate and (B) in either case, an Adjustment Spread in accordance with this Condition 5(h). Without prejudice to the definitions thereof, for the purposes of determining any Successor Reference Rate, Alternative Reference Rate and/or any Adjustment Spread, the Issuer will take into account any relevant and applicable market precedents as

well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the Nordic debt capital markets;

- (iii) if a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with paragraphs (i) and (ii) above, such Successor Reference Rate or, failing which, Alternative Reference Rate (as applicable) shall be the Reference Rate for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 5(h));
- (iv) if the Issuer, following consultation with the Independent Adviser (if applicable) and acting in good faith and in a commercially reasonable manner, determines that an Adjustment Spread is required to be applied to the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the relevant Successor Reference Rate or Alternative Reference Rate (as applicable). If the Issuer is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread;
- (v) if the Issuer, following consultation with the Independent Adviser (if applicable) and acting in good faith and in a commercially reasonable manner, determines a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) and/or an Adjustment Spread in accordance with the above provisions, the Issuer may (without any requirement for the consent or approval of the Noteholders) also specify changes to the Conditions in order to ensure the proper operation of such Successor Reference Rate or Alternative Reference Rate and/or any Adjustment Spread (as applicable), including, but not limited to (1) Business Day, Day Count Fraction, Reference Bank Rate, Reference Banks, Relevant Screen Page, Relevant Time and/or Interest Determination Date applicable to the Notes and (2) the method for determining the fallback to the Rate of Interest in relation to the Notes if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and
- (vi) the Issuer shall promptly, following the determination of any Successor Reference Rate, Alternative Reference Rate and/or Adjustment Spread (as applicable), give notice thereof to the Calculation Agent and, in accordance with Condition 19, the Noteholders. Such notice shall specify the effective date(s) for such Successor Reference Rate or Alternative Reference Rate (as applicable), the Adjustment Spread (if any) and any consequential changes made to the Conditions (if any) pursuant to paragraph (v) above.

An Independent Adviser appointed pursuant to this Condition 5(h) shall act in good faith and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Calculation Agent or the Noteholders for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 5(h).

Without prejudice to the obligations of the Issuer under this Condition 5(h), the Rate of Interest for the next Interest Period shall be determined by reference to the operation of the fallback provisions of paragraph (ii) of the definition of CIBOR Rate, (i) if the Issuer, following consultation with the Independent Adviser (if applicable), is unable to or does not determine a Successor Reference Rate or an Alternative Reference Rate in accordance with this Condition 5(h), and (ii) where the Issuer determines a Successor Reference Rate or Alternative Reference Rate, unless and until the Calculation Agent has been notified of such Successor Reference Rate or Alternative Reference Rate (as applicable), the Adjustment Spread (if any) and any consequential changes made to the Conditions (if any).

Notwithstanding any other provision of this Condition 5(h) no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 5(h), if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Additional Tier 1 Capital of the Issuer and/or the Group.

- (i) **Notifications to be final:** All notifications, communications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions

of this Condition 5 by the Calculation Agent shall (in the absence of willful default, fraud or manifest error by the Calculation Agent or any of its directors, officers, employees or agents) be binding on the Issuer, the Paying Agent and all Noteholders and (in the absence of the above) no liability to the Issuer or the Noteholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition.

- (j) **Interest cancellation:** Any payment of interest (including, for the avoidance of doubt, any Additional Amounts payable pursuant to Condition 9) in respect of the Notes shall be payable only out of the Issuer's Distributable Items and:
- (i) may be cancelled, at any time, in whole or in part, at the option of the Issuer in its sole discretion; or
 - (ii) will be mandatorily cancelled, in whole or in part, to the extent:
 - (A) that, if the relevant payment were so made, the amount of such payment, when aggregated together with, where relevant, (x) other distributions of the kind referred to in Article 141(2) of the CRD Directive (or, as the case may be, any provision of Danish law transposing or implementing Article 141(2) of the CRD Directive), or any successor thereto, or (y) distributions of the kind referred to in any analogous payment restrictions arising in respect of capital buffers under CRD/CRR or the BRRD (including without limitation Article 16a thereof) and/or any minimum requirement for own funds and eligible liabilities under CRD/CRR and/or the BRRD (including without limitation Article 16a thereof) (or, as the case may be, any provision of Danish law transposing or implementing any such analogous payment restrictions), would cause a breach of any regulatory restriction or prohibition on payments on Additional Tier 1 Capital instruments relating to any applicable Maximum Distributable Amount; or
 - (B) otherwise so required by CRD/CRR, including the applicable criteria for Additional Tier 1 Capital instruments, or the BRRD or where the Relevant Regulator requires the Issuer to cancel the relevant payment in whole or in part.
 - (iii) The Issuer shall give notice to (A) the Noteholders in accordance with Condition 19 and (B) the Paying Agent, of any such cancellation of a payment of interest, which notice might be given after the date on which the relevant payment of interest is scheduled to be made. Notwithstanding the foregoing, failure to give such notice shall not prejudice the right of the Issuer not to pay interest as described above and shall not constitute an event of default or an Enforcement Event under the Notes.
 - (iv) Following any cancellation of interest as described above, the right of Noteholders to receive accrued interest in respect of any such Interest Period will terminate and the Issuer will have no further obligation to pay such interest or to pay interest thereon, whether or not payments of interest in respect of subsequent Interest Periods are made, and such unpaid interest will not be deemed to have "accrued" or been earned for any purpose nor will the non-payment of such interest constitute a default by the Issuer for any purpose and the Noteholders shall have no rights in respect of such payment of interest whether in a bankruptcy or liquidation of the Issuer or otherwise.

6 Loss absorption following a Trigger Event and reinstatement of the Notes

- (a) **Loss absorption following a Trigger Event:** If, at any time, a Trigger Event occurs, the Issuer shall immediately notify (i) the Relevant Regulator, (ii) the Paying Agent, (iii) the Calculation Agent and (iv) the Noteholders in accordance with Condition 19, and the Outstanding Principal Amounts shall be written down as described below. Notwithstanding the foregoing, failure to give such notice shall not prejudice the write down of the Notes as described below.

If a Trigger Event occurs after a notice of redemption has been given pursuant to Condition 7(b) or Condition 7(c) but before the relevant redemption date, such notice of redemption shall automatically be revoked and the relevant redemption shall not be made until a new redemption notice is given and all conditions for redemption as described in Condition 7(g) have been fulfilled. If a notice of a Trigger Event has been given pursuant to

this Condition 6(a), no notice of redemption may be given pursuant to Condition 7(b) or Condition 7(c) until such Trigger Event has been cured. The redemption restrictions described in this paragraph are together referred to as the “**Trigger Event Early Redemption Restrictions**”.

Such write down shall (A) take place on such date selected by the Issuer in consultation with the Relevant Regulator (the “**Write Down Date**”) but no later than one month following the occurrence of the relevant Trigger Event; and (B) be made either as a write down of the Outstanding Principal Amounts or by write down of the payment obligations in respect of the Notes or by other ways giving the same intended financial results, in each case in consultation with the Relevant Regulator, and in accordance with the rules of VP.

Subject to compliance with the CRD/CRR and BRRD requirements, the amount of the write down of the Notes on the Write Down Date will be equal to the lower of:

- (i) the amount of write down of the Notes that would restore the Common Equity Tier 1 Capital Ratio of Issuer and/or the Group, as applicable, to at least the Trigger Event Threshold at the point of such write down, taking into account the amount of Common Equity Tier 1 Capital (if any) of the Issuer and/or the Group, as the case may be, generated on or prior to the Write Down Date by the *pro rata* write down to, or, as the case may be, conversion into Common Equity Tier 1 Capital instruments of, the principal amount of all Other Loss Absorbing AT1 Instruments (if any) outstanding at such time,

provided that

- (x) with respect to each such Other Loss Absorbing AT1 Instrument (if any), such *pro rata* write down or, as the case may be, conversion shall only be taken into account as described above to the extent required to restore the Common Equity Tier 1 Capital Ratio of the Issuer and/or the Group, as applicable, to the Trigger Event Threshold or, if lower, such Other Loss Absorbing AT1 Instrument’s trigger level; and
- (y) to the extent the write down to, or, as the case may be, conversion into Common Equity Tier 1 Capital instruments of, the principal amount of any Other Loss Absorbing AT1 Instrument is not, or by the relevant Write Down Date will not be, effective for any reason:
 - (1) the ineffectiveness of any such write down or, as the case may be, conversion into Common Equity Tier 1 Capital instruments shall not prejudice the requirement to effect a write down to the Outstanding Principal Amounts pursuant to this Condition 6(a); and
 - (2) the write down to, or, as the case may be, conversion into Common Equity Tier 1 Capital instruments of, the principal amount of any Other Loss Absorbing AT1 Instrument which is not, or by the Write Down Date will not be, effective shall not be taken into account in determining such write down of the Notes,

and

- (ii) the amount of a write down that would write down the total nominal amount of Notes held by the Noteholder holding the least number of Notes at the Write Down Date to DKK 0.01 or so that the Issuer’s payment obligations in respect of the nominal amount of Notes held by such Noteholder is written down to DKK 0.01 (the “**Principal Minimum Amount**”).

If, in connection with the write down of the Notes or the calculation of the amount of the write down of the Notes, there are any Other Loss Absorbing AT1 Instruments that may be written down, or, as the case may be, converted into Common Equity Tier 1 Capital instruments in full (save for any floor equivalent or comparable to the Principal Minimum Amount) but not in part only (“**Full Loss Absorbing AT1 Instruments**”), then:

- (I) the requirement that a write down of the Notes pursuant to this Condition 6(a) shall be effected *pro rata* with the write down or, as the case may be, conversion into Common Equity Tier 1 Capital instruments, as the case may be, of any Other Loss Absorbing AT1 Instruments shall not be construed as requiring

the Outstanding Principal Amounts to be written down in full simply by virtue of the fact that any Full Loss Absorbing AT1 Instruments will be written down or, as the case may be, converted in full; and

- (II) for the purposes of calculating the write down of the Notes, any Full Loss Absorbing AT1 Instruments will be treated (for the purposes only of determining the write down or, as the case may be, conversion into Common Equity Tier 1 Capital instruments among the Notes and all Other Loss Absorbing AT1 Instruments on a *pro rata* basis) as if their terms permitted partial write down or, as the case may be, conversion into Common Equity Tier 1 Capital instruments, such that the write down or, as the case may be, conversion into Common Equity Tier 1 Capital instruments of such Full Loss Absorbing AT1 Instruments shall be deemed to occur in two concurrent stages:
- (A) the principal amount of such Full Loss Absorbing AT1 Instruments shall be written down or converted into Common Equity Tier 1 Capital instruments *pro rata* with the Notes and all Other Loss Absorbing AT1 Instruments (if any) on the basis described in Condition 6(a)(i) above; and
- (B) the balance (if any) of the principal amount of such Full Loss Absorbing AT1 Instruments remaining following (A) above shall be written down or, as the case may be, converted into Common Equity Tier 1 Capital instruments with the effect of increasing the Issuer's and/or the Group's, as the case may be, Common Equity Tier 1 Capital Ratio above the minimum required level under (A) above.

The Issuer's determination of the relevant amount of a write down to the Outstanding Principal Amounts pursuant to this Condition 6(a) shall be binding on all parties.

A write down of the Notes pursuant to this Condition 6(a) may occur on more than one occasion.

Following a write down of the Notes as described above interest will continue to accrue on the Outstanding Principal Amounts following such write down, and will be subject to Condition 5(j) and Condition 6(b) as described herein.

For the avoidance of doubt, any write down of the Notes described above shall take place on a likewise *pro rata* basis.

Any write down of the Notes pursuant to this Condition 6(a) shall not constitute an event of default or an Enforcement Event under the Notes.

- (b) **Reinstatement of the Notes:** Following a write down of the Notes in accordance with Condition 6(a), the Issuer may, at its discretion, reinstate some or all of the principal amount of the Notes, subject to compliance with the CRD/CRR requirements and the Reinstatement Limit (as defined below), on a *pro rata* basis with all other Parity Trigger Loss Absorbing AT1 Instruments (if any) which would, following such reinstatement, constitute Additional Tier 1 Capital and feature similar write down and reinstatement provisions. Any reinstatement amount will be subject to the same terms and conditions as set out in these Conditions.

Reinstatement may be made either by means of a pooling factor, where the Issuer's payment obligation under each Note is increased, or by other ways which gives the same intended financial results, or by way of issuing new notes that qualify as Additional Tier 1 Capital of the Issuer to the relevant Noteholders. Any such new note issuance shall specify the relevant details of the manner in which such new note issuance shall take effect and where the Noteholders can obtain copies of the new terms and conditions of the new notes. Such new notes shall be issued without any cost or charge to the Noteholders.

Reinstatement by means of a pooling factor may be made on one or more occasions until the Notes have been reinstated in full so that the Outstanding Principal Amounts equal the Original Principal Amount of the Notes (save in the event of occurrence of another write down pursuant to Condition 6(a)).

- (A) Reinstatement Limit

Any reinstatement of some or all of the principal amount of all relevant outstanding Additional Tier 1 Capital instruments, where the principal amount of such Additional Tier 1 Capital instruments has been written down, may not at any time exceed the reinstatement limit applicable to the Issuer and/or the Group at such time (the “**Reinstatement Limit**”). Subject to Condition 6(c), the Reinstatement Limit will be the lower of the Available Reinstatement Amounts calculated for each of the Issuer and/or the Group in accordance with Condition 6(b)(B).

(B) Available Reinstatement Amounts

The “**Available Reinstatement Amount**” for each of the Issuer and/or the Group will be calculated as the amount equal to the profits of (in the case of the calculation of the Issuer’s Available Reinstatement Amount) the Issuer or (in the case of the Group’s Available Reinstatement Amount) the Group, in each case after the Issuer or the Group, as the case may be, has taken a formal decision confirming its final profits, multiplied by the ratio of the Original Principal Amount of all relevant outstanding Additional Tier 1 Capital instruments, where the principal amount of such Additional Tier 1 Capital instruments has been written down, divided by the total Tier 1 Capital of the Issuer or the Group, as the case may be, in each case at the date of the relevant reinstatement, less:

- (i) with respect to any relevant Additional Tier 1 Capital instruments, where the principal amount has been written down, the sum of any principal amounts that have already been reinstated during the period to which such profits relate; and
- (ii) the sum of any amounts of interest or, as the case may be, other periodic distributions in respect of any relevant Additional Tier 1 Capital instruments, where the principal amount has been written down, and which were paid or have been calculated (but disregarding any such interest which has been cancelled) during the period to which such profits relate on the basis of an outstanding principal amount which is lower than the Original Principal Amount of such Additional Tier 1 Capital instruments.

(c) **Maximum Distributable Amount restriction:** A reinstatement as described above shall not be effected in circumstances which (when aggregated together with, where relevant (i) distributions of the kind referred to in Article 141(2) of the CRD Directive or, as the case may be, any provision of Danish law transposing or implementing Article 141(2) of the CRD Directive, or any successor thereto; or (ii) distributions of the kind referred to in any analogous payment restrictions arising in respect of capital buffers under CRD/CRR or the BRRD (including without limitation Article 16a thereof) and/or any minimum requirement for own funds and eligible liabilities under CRD/CRR and/or the BRRD (including without limitation Article 16a thereof) or, as the case may be, any provision of Danish law transposing or implementing any such analogous payment restrictions) would cause a breach of any regulatory restriction or prohibition on payments on Additional Tier 1 Capital instruments relating to any Maximum Distributable Amount.

(d) **Miscellaneous provisions applicable to reinstatement:** For the avoidance of doubt, at no time may the Outstanding Principal Amounts exceed the Original Principal Amount of the Notes.

To the extent that the principal amount of the Notes has been reinstated as described above, interest shall begin to accrue on the reinstated principal amount of the Notes, and become payable in accordance with the Conditions, as from the date of the relevant reinstatement.

(e) **No liability:** None of the Issuing Agent, the Paying Agent and the Calculation Agent shall have any responsibility for, or liability or obligation in respect of, any loss, claim or demand incurred as a result of or in connection with a Trigger Event or any consequent write down and/or cancellation of the Notes or of any claims in respect thereof. None of the Issuing Agent, the Paying Agent and the Calculation Agent shall be responsible for any calculation or determination, or the verification of any calculation or determination, in connection with the same.

7 **Redemption, purchase, substitution and variation etc.**

- (a) **The Notes are perpetual securities:** The Notes are perpetual securities and have no fixed date for redemption. The Issuer may only redeem the Notes at its discretion in the circumstances described herein. The Notes are not redeemable at the option of the Noteholders at any time.
- (b) **Redemption upon the occurrence of a Special Event:** Subject to the provisions of Condition 7(g), upon the occurrence of a Special Event the Issuer may, at its option at any time, having given no less than 15 nor more than 45 days' notice in accordance with Condition 19 (which notice shall be irrevocable, subject to the Trigger Event Early Redemption Restrictions and the Permission Withdrawal Early Redemption Restriction), redeem all (but not some only) of the outstanding Notes at their Outstanding Principal Amounts, together with accrued interest (if any) thereon insofar as it has not been cancelled, provided however that where the Special Event is an event falling under paragraph (i) of the definition of Tax Event, no such notice of redemption may be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay the relevant Additional Amounts as referred to in paragraph (i) of the definition of Tax Event.

All Notes shall be redeemed on the date specified in such notice in accordance with this Condition.

- (c) **Redemption at the option of the Issuer:** The Issuer may at its option (subject to Condition 7(g)), having given no less than 15 nor more than 45 days' notice in accordance with Condition 19 (which notice shall be irrevocable, subject to the Trigger Event Early Redemption Restrictions and the Permission Withdrawal Early Redemption Restriction) redeem all (but not some only) of the outstanding Notes on the First Call Date and on every Optional Redemption Date thereafter at their Outstanding Principal Amounts, together with accrued interest (if any) thereon insofar as it has not been cancelled.

All Notes shall be redeemed on the date specified in such notice in accordance with this Condition.

- (d) **Purchases:** The Issuer or any Subsidiary of the Issuer may (subject to Condition 7(g)) purchase Notes in the open market or otherwise at any price (including, for the avoidance of doubt, for market making purposes during the five years and 6 months following the date of the issue of the Notes).
- (e) **Cancellation:** All Notes purchased by or on behalf of the Issuer may (but subject to Condition 7(g)) be cancelled by the Issuer when the Issuer holds the title to them. The Notes are cancelled in the records of VP so that the cancelled Notes cannot be reissued or resold, and subsequently the Issuer has no obligations pertaining to the cancelled Notes. The outstanding amount of Notes will be updated in the records of VP.
- (f) **Substitution and variation:** Subject to having given no less than 15 nor more than 45 days' notice in accordance with Condition 19 (which notice shall be irrevocable) to the Noteholders, if a Special Event has occurred and is continuing, the Issuer may (subject to Condition 7(g)), at its option, substitute all (but not some only) of the Notes or vary the terms of all (but not some only) of the Notes, without any requirement for the consent or approval of the Noteholders, so that they become or remain Qualifying Capital Notes.

Any such notice shall specify the relevant details of the manner in which such substitution or variation shall take effect and where the Noteholders can inspect or obtain copies of the new terms and conditions of the Qualifying Capital Notes. Such substitution or variation will be effected without any cost or charge to the Noteholders.

- (g) **Conditions to redemption etc.:** The Notes may only be redeemed, purchased, cancelled, substituted, varied or modified (as applicable) pursuant to Condition 7(b), Condition 7(c), Condition 7(d), Condition 7(e), Condition 7(f), Condition 13, Condition 15, Condition 16 or paragraph (iii) of Condition 18, as the case may be, if:
 - (i) in the case of any such redemption, purchase or cancellation, the Issuer has notified the Relevant Regulator of, and the Relevant Regulator has given permission to, such redemption, purchase or cancellation (as applicable) and, if so given by the Relevant Regulator, such permission has not been withdrawn by the Relevant Regulator prior to the date fixed for redemption, purchase or cancellation (as applicable) in accordance with the CRD/CRR and BRRD requirements (which, as at the date of issue of the Notes, are set out in Articles 77 and 78 of the CRR);

- (ii) in the case of any such redemption of the Notes, the Trigger Event Early Redemption Restrictions do not apply to such redemption or to the redemption notice relating to such redemption (as applicable);
- (iii) in the case of a redemption of the Notes as a result of a Special Event, the Issuer has delivered a certificate signed by two members of its Executive Board to the Issuing Agent (and copies thereof will be available at the Issuing Agent's specified office during its normal business hours) not less than 5 Business Days prior to the date set for redemption that such Special Event has occurred or will occur no more than 90 days following the date fixed for redemption, as the case may be; and
- (iv) in the case of any such variation, substitution or modification, the Issuer has notified the Relevant Regulator of, and the Relevant Regulator has not objected to, such variation, substitution or modification (as applicable) in accordance with the CRD/CRR and BRRD requirements.

If after a notice of redemption has been given pursuant to Condition 7(b) or Condition 7(c), the Relevant Regulator withdraws its permission to the relevant redemption before the relevant redemption date, such notice of redemption shall automatically be revoked and the relevant redemption shall not be made until a new redemption notice is given and all conditions for redemption as described in this Condition 7(g) have been fulfilled. The redemption restriction described in this paragraph is referred to as the “**Permission Withdrawal Early Redemption Restriction**”.

If the Issuer has elected to substitute or vary the Notes pursuant to Condition 7(f) but prior to the relevant substitution or variation, as the case may be, (A) a Trigger Event occurs or (B) the Relevant Regulator withdraws its no objection to the relevant substitution or variation (as applicable) the relevant notice shall be automatically rescinded and shall be of no force and effect.

Any refusal by the Relevant Regulator to grant its permission to any such redemption, purchase or cancellation (as applicable) pursuant to Condition 7(g)(i) or any objection by the Relevant Regulator to any such variation, substitution or modification (as applicable) pursuant to Condition 7(g)(iv) (or, as the case may be, any withdrawal by the Relevant Regulator of any such permission or no objection (as applicable)) will not constitute an event of default or an Enforcement Event under the Notes.

8 Payments

- (a) **Principal and interest:** Payments of principal and interest in respect of the Notes will be made by transfer to an account denominated in DKK with a custody bank to the Noteholders shown in the relevant records of VP, in accordance with and subject to the rules and regulations from time to time governing VP.
- (b) **Payments subject to fiscal laws:** All payments are subject in all cases to any fiscal or other laws, regulations and directives which are applicable to such payments in the place of payment or other laws to which the Issuer agrees to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by any such laws, regulations or directives, but without prejudice to the provisions of Condition 9. No commission or expenses shall be charged to the Noteholders in respect of such payments.
- (c) **Payment on Business Day:** If any date for payment in respect of any Note is not a Business Day, the Noteholder shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment.

9 Taxation

- (a) **Gross up:** All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Denmark or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, in the case of a payment of interest only, the Issuer shall pay such additional amounts (“**Additional Amounts**”) as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Amounts shall be payable with respect to any Note:

- (i) to, or to a third party on behalf of, a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with Denmark other than the mere holding of the Note or the receipt of principal, interest or other amount in respect of such Note; or
 - (ii) where a claim for payment is made by the Noteholder more than 30 days after the Relevant Date, except to the extent that the relevant Noteholder would have been entitled to Additional Amounts on claiming payment on or before the expiry of such period of 30 days.
- (b) **Taxing jurisdiction:** If the Issuer becomes subject at any time to any taxing jurisdiction other than Denmark, references in the Conditions to Denmark shall be construed as references to Denmark and/or such other jurisdiction.
- (c) **FATCA:** Notwithstanding any other provision of the Conditions, in no event will the Issuer be required to pay any Additional Amounts in respect of the Notes for, or on account of, any withholding or deduction required pursuant to an agreement described in section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to sections 1471 through 1474 of the Code, any regulations or agreements thereunder, or any official interpretations thereunder.

10 Prescription

Claims against the Issuer for payment in respect of the Notes shall be subject to limitation under the Danish Limitation Act and shall become void unless proceedings have been commenced or the limitation period has otherwise been suspended or interrupted pursuant to the rules of the Danish Limitation Act within 10 years (in the case of principal) or three years (in the case of interest) from the date when the creditor was entitled to claim payment within the meaning of Section 2 of the Danish Limitation Act.

11 Enforcement Events

- (a) **No events of default:** There are no events of default in respect of the Notes. Noteholders shall not be entitled at any time to file for bankruptcy or liquidation of the Issuer.
- (b) **Enforcement Events:** If an order is made or an effective resolution is passed for the bankruptcy or liquidation of the Issuer (an “**Enforcement Event**”), any Noteholder may prove or claim in such proceedings in respect of such Note, such claim being for payment of the Outstanding Principal Amount of such Note at the time of commencement of such bankruptcy or liquidation of the Issuer together with any interest accrued and unpaid on such Note (to the extent that the same is not cancelled in accordance with the terms of the Notes) from (and including) the Interest Payment Date immediately preceding the occurrence of such Enforcement Event and any other amounts payable on the Notes (including any damages payable in respect thereof). Such claim shall rank as provided in Condition 4.

12 Agents

- (a) **Appointment of Agents:** Nykredit Bank A/S will perform the tasks of the Issuing Agent and calculation agent (the “**Calculation Agent**”) as they are described in the Conditions and the tasks of the paying agent (“**Paying Agent**”), which is paying any amount due under the Notes in accordance with the Conditions.

The Issuing Agent, the Paying Agent and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder.

- (b) **Replacement of Agents:** The Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agent or the Calculation Agent and to appoint additional or other paying agents provided that the Issuer shall at all times maintain (i) a Calculation Agent, (ii) a Paying Agent (which may be the Calculation Agent), which is authorised to act as an account holding institution with VP and (iii) such other agents as may be required by any other stock exchange on which the Notes may be listed.

Notice of any such change shall promptly be given to the Noteholders.

13 Decisions by Noteholders

(a) **Powers of Noteholders' Meetings and Written Procedure:**

- (i) A Noteholders' Meeting or a Written Procedure shall, subject to the Conditions, have power to:
- (A) sanction any proposal by the Issuer for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Noteholders against the Issuer, whether or not those rights arise under the Notes;
 - (B) sanction the exchange or substitution for the Notes of, or the conversion of the Notes into, shares, notes or other obligations or securities of the Issuer or any other entity;
 - (C) assent to any modification of the Notes or the Conditions proposed by the Issuer;
 - (D) authorise anyone to concur in and do anything necessary to carry out and give effect to a resolution taken at a Noteholders' Meeting or a Written Procedure;
 - (E) appoint and elect a representative on behalf of the Noteholders pursuant to the Danish Capital Markets Act;
 - (F) appoint any persons (whether Noteholders or not) as a committee or committees to represent the Noteholders' interests and to confer on them any powers or discretions which the Noteholders could themselves exercise at a Noteholders' Meeting or a Written Procedure; and
 - (G) approve the substitution of any entity for the Issuer (or any previous substitute) as principal debtor under the Notes or the Conditions.
- (ii) Decisions to be taken by the Noteholders may be dealt with, at the option of the Issuer, at a Noteholders' Meeting or by way of a Written Procedure.
- (iii) A Noteholders' Meeting will be held in accordance with the procedure pursuant to Condition 14.
- (iv) A Written Procedure will be held in accordance with the procedure pursuant to Condition 15.

(b) **Voting rights:**

- (i) Each Noteholder holds one vote for each Note. The Issuer has no voting rights in respect of Notes held by the Issuer or any of its Subsidiaries.
- (ii) Only a person who is, or who has been provided with a power of attorney from a person who is, able to document its holdings of Notes by:
- (A) presenting a custody account statement from VP or an authorised institution that is not more than three Business Days old (where the three Business Days shall be counted from the date of the submission of the vote or power of attorney authorising a person to vote); or
 - (B) providing other proof of holding which, in the case of a Noteholders' Meeting is satisfactory to the chairman of the Noteholders' Meeting or in the case of a Written Procedure is satisfactory to the Issuer,
- may exercise voting rights as a Noteholder at such Noteholders' Meeting or in such Written Procedure.
- (iii) For the purposes of this Condition 13(b), a beneficial owner of a Note that has a Note registered in the name of a nominee will, in accordance with Condition 3(c), be deemed to be the owner of the Note rather than the nominee. No vote may be exercised at Noteholders' Meeting or in a Written Procedure by any nominee if the beneficial owner of the Note has presented relevant evidence to the chairman of the Noteholders' Meeting (in case of a Noteholders' Meeting) or the Issuer (in case of a Written Procedure) pursuant to Condition 3(c) stating that it is the beneficial owner of the Notes voted for. If such owner of the Notes has voted directly for any of its nominee registered Notes, the owner of the Notes votes shall take precedence over votes submitted by the nominee for the same Notes.

(c) **Percentage of Noteholders required to consent**

- (i) The following matters shall require the consent of Noteholders representing at least 75 per cent. of the nominal amount of the Notes for the time being outstanding for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure in accordance with the instructions given pursuant to Condition 15(a):
- (A) a change to the terms of any provision of Condition 4 and/or Condition 6, as applicable (other than as permitted or required by the Conditions);
 - (B) a reduction of the amount payable upon the redemption or repurchase of any Note pursuant to Condition 7 (other than as permitted or required by the Conditions);
 - (C) a change to the interest rate or the nominal amount of the Notes (other than as permitted or required by the Conditions);
 - (D) a change to the terms dealing with the requirements for Noteholders' consent set out in this Condition 13(c)(i);
 - (E) a change of Issuer or any delay of the due date for payment of any principal or interest on the Notes (other than as permitted or required by the Conditions);
 - (F) a mandatory exchange of the Notes for other securities (other than as permitted or required by the Conditions); and
 - (G) early redemption of the Notes (other than as permitted or required by the Conditions).
- (ii) Any matter not covered by Condition 13(c)(i) above shall require the consent of Noteholders representing more than 50 per cent. of the Outstanding Principal Amounts of the Notes for the time being outstanding for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure.

(d) **Quorum:**

- (i) A quorum at a Noteholders' Meeting or in respect of a Written Procedure only exists if a Noteholder (or Noteholders) representing at least 50 per cent. of the Outstanding Principal Amounts of the Notes for the time being outstanding in case of a matter pursuant to Condition 13(c)(i), and otherwise 20 per cent. of the Outstanding Principal Amounts of the Notes for the time being outstanding:
- (A) if at a Noteholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
 - (B) if in respect of a Written Procedure, reply to the request.
- (ii) Notes held by the Issuer or any of its Subsidiaries shall not be taken into account when determining whether the required quorum has been met according to Condition 13(d)(i) or Condition 16(b).
- (iii) No resolution may be passed if it is clear that that resolution is likely to give certain Noteholders or others an undue advantage over other Noteholders.

- (e) **Issuer's, Paying Agent's, Issuing Agent's or the Calculation Agent's consent required:** Any decision which extends or increases the obligations of the Issuer, the Paying Agent, the Issuing Agent or the Calculation Agent or limits, reduces or extinguishes the rights or benefits of the Issuer, the Paying Agent, the Issuing Agent or the Calculation Agent under the Conditions shall be subject to the Issuer's, the Paying Agent's, the Issuing Agent's or the Calculation Agent's consent, as the case may be.

(f) **Decisions binding on all Noteholders and information to Noteholders:**

- (i) A matter decided at a duly convened and held Noteholders' Meeting or by way of Written Procedure is binding on all Noteholders, irrespective of them being present or represented at the Noteholders' Meeting

or responding in the Written Procedure. The Noteholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Noteholders.

- (ii) Information about decisions taken at a Noteholders' Meeting or by way of a Written Procedure shall promptly be notified to the Noteholders, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Noteholders' Meeting or Written Procedure shall at the request of a Noteholder be sent to it by the Issuer.
- (g) **Minutes:** Minutes shall be made of all resolutions and proceedings at every Noteholders' Meeting or Written Procedure and, if purporting to be signed by the chairman of that meeting or of the next succeeding meeting, shall be conclusive evidence of the matters in them. Until the contrary is proved, every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

14 Noteholders' Meeting

(a) Attendance at a Noteholder's Meeting:

- (i) At the Noteholders' Meeting, each Noteholder must document its holdings of Notes by presenting a custody account statement from VP or an authorised account institution evidencing that such Noteholder was registered as a Noteholder on the Business Day specified in the notice to convene a Noteholders' Meeting pursuant to Condition 14(c) or by providing other proof satisfactory to the chairman of the Noteholders' Meeting. The following may attend and speak at a Noteholders' Meeting:
 - (A) Noteholders and proxies;
 - (B) any beneficial owners of the Notes having presented relevant evidence to the chairman of the Noteholders' Meeting pursuant to Condition 3(c);
 - (C) any representative of the Noteholders appointed pursuant to Condition 13(a)(i)(E);
 - (D) the chairman; and
 - (E) the Issuer, the Issuing Agent, the Calculation Agent (through their respective representatives) and their respective financial and legal advisers.

No one else may attend or speak.

(b) Chairman of the Noteholders' Meeting:

- (i) The chairman of the Noteholders' Meeting shall be such person as the Issuer may nominate or, if no nomination is made, the person elected by the Noteholders present at such meeting.
- (ii) The Issuer shall upon request provide the chairman of the Noteholders' Meeting with the information available in the securities register kept by VP in respect of the Notes in order to convene and hold the Noteholders' Meeting.

(c) Convening a Noteholders' Meeting:

- (i) The Issuer may at any time, and shall, if so requested by one or more Noteholders representing at least 10 per cent. of the Outstanding Principal Amounts of the Notes for the time being outstanding convene a Noteholders' Meeting or initiate a Written Procedure. The Issuer may refrain from convening a Noteholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Noteholders and such person has informed the Issuer that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.
- (ii) The Issuer shall call the Noteholders by notice to each Noteholders' Meeting no later than 14 days after having received request to convene such Noteholders' Meeting from the Noteholders containing the subject of such meeting. If the Issuer does not call the Noteholders' Meeting within the deadline, the Noteholders shall be entitled to call the Noteholders' Meeting. The notice to convene a Noteholders'

Meeting shall be sent to each such person who is registered as a Noteholder on the date on which the notice is sent.

- (d) **Notice to convene a Noteholders' Meeting:** The notice pursuant to Condition 14(c) shall include the following:
- (i) time for the Noteholders' Meeting, which must be at least 5 days but not more than 30 days after the notice to the Noteholders;
 - (ii) place for the Noteholders' Meeting;
 - (iii) a specification of the Business Day(s) on which a person must be registered as a Noteholder in order to be entitled to exercise voting rights;
 - (iv) agenda for the meeting (including each request for a decision by the Noteholders); and
 - (v) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Noteholders' Meeting.

Should prior notification by the Noteholders be required in order to attend the Noteholders' Meeting, such requirement shall be included in the notice.

- (e) **Venue for Noteholders' Meetings:** All Noteholders' Meetings shall be held in the Copenhagen area and the Issuer shall pay expenses associated with the meeting other than travel and other expenses incurred by the Noteholders which shall be borne by each individual Noteholder.

15 Written Procedure

- (a) **Instigating a Written Procedure:**
- (i) The Issuer may instigate a Written Procedure at any time by sending a communication to each such person who is registered as a Noteholder on the date on which the communication is sent.
 - (ii) A communication pursuant to Condition 15(a)(i) shall include the following:
 - (A) each request for a decision by the Noteholders;
 - (B) a description of the reasons for each request;
 - (C) a specification of the Business Day(s) on which a person must be registered as a Noteholder in order to be entitled to exercise voting rights;
 - (D) instructions and directions on replying to the request (including a form for such reply containing an option to vote yes or no for each request) as well as a form of power of attorney; and
 - (E) the stipulated time period within which the Noteholder must reply to the request (such time period to last at least eight (8) Business Days from the communication pursuant to Condition 15(a)(i)).

If the voting shall be made electronically, instructions for such voting shall be included in the communication.

- (b) **Decisions:** When the requisite majority consents of the principal amount of the Notes outstanding pursuant to Condition 13(c) have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Condition 13(c) even if the time period for replies in the Written Procedure has not yet expired.

16 Repeated Noteholders' Meeting or Written Procedure

- (a) **Convening a repeated Noteholders' Meeting or Written Procedure:**
- (i) Even if the necessary quorum set out in Condition 13(d) is not achieved, the Noteholders' Meeting or Written Procedure, as applicable, shall be held and voting completed for the purpose of recording the

voting results in the minutes of the Noteholders' Meeting or Written Procedure, as applicable. The Issuer or the person who convened the initial Noteholders' Meeting or Written Procedure, as applicable, may, within ten Business Days of that Noteholders' Meeting or Written Procedure, as applicable, convene a repeated Noteholders' Meeting or Written Procedure, with the same agenda as the first Noteholders' Meeting or Written Procedure, as applicable.

- (ii) The provisions and procedures regarding a Noteholders' Meetings and a Written Procedure, as set out, as applicable, in Conditions 13, 14 and 15 shall apply mutatis mutandis to a repeated Noteholders' Meeting or Written Procedure, with the exception of the quorum requirements set out in Condition 13(d). A notice to convene for a repeated Noteholders' Meeting or Written Procedure, as applicable, shall also contain the voting results obtained in the initial Noteholders' Meeting or Written Procedure, as applicable,
- (iii) A repeated Noteholders' Meeting or Written Procedure, as applicable, may only be convened once for each initial Noteholders' Meeting or Written Procedure, as applicable. A repeated Noteholders' Meeting or Written Procedure, as applicable, may be convened pursuant to the procedures of a Written Procedure in accordance with Condition 15, even if the initial meeting was held pursuant to the procedures of a Noteholders' Meeting in accordance with Condition 14 and vice versa.

- (b) **Quorum at a repeated Noteholders' Meeting or Written Procedure:** The quorum at any such repeated Noteholder's Meeting or Written Procedure, as applicable, is one or more persons being or representing Noteholders whatever the principal amount of the Notes so held or represented, unless the business of such meeting includes consideration of a matter pursuant to Condition 13(c)(i), in which case the quorum shall be one or more persons holding Notes or representing Noteholders holding Notes in principal amount of not less than 33 1/3 per cent. of the Outstanding Principal Amount.

17 Representative

Save to the extent referred to in Condition 13(a)(i)(E), no trustee, agent or representative of the Noteholders will be appointed.

18 Modification of Notes

The Issuer may make, without the consent of the Noteholders:

- (i) any modification to the Notes or the Conditions as provided for in Condition 5(h);
- (ii) any modification to the Notes or the Conditions to correct a manifest error; or
- (iii) subject to Condition 7(g), any modification to the Notes or the Conditions which is not prejudicial to the interests of the Noteholders.

Subject as provided in the Conditions, no other modification may be made to the Notes or the Conditions except with the consent of the Issuer and sanction of a Noteholders' Meeting or a Written Procedure or as may be required by applicable laws or a court ruling or decision by a relevant authority.

Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 19 as soon as practicable thereafter.

19 Notices

Notices to the Noteholders shall be given in accordance with the procedures of VP in force from time to time and in a manner which complies with the rules of any stock exchange or other relevant authority on or by which the Notes are for the time being listed or admitted to trading. Any such notice will be deemed to have been given on the date it is published in accordance with the procedures of VP.

20 Waiver and remedies

No failure to exercise, and no delay in exercising, on the part of a Noteholder, any right in the Conditions shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right. Rights hereunder shall be in addition to all other rights provided by law. No notice or demand

given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.

21 Admission to trading and listing

The Issuer shall use its best endeavours (without thereby creating a legal obligation) to ensure that the Notes are listed and admitted to trading on Nasdaq Copenhagen A/S on or before the first anniversary of the Issue Date.

For the avoidance of doubt, the Noteholders have no right to accelerate the Notes or otherwise request a repayment or repurchase of the Notes if a failure to list or admit to trading the Notes in accordance with this Condition 21 occurs and any such failure to list or admit to trading the Notes on Nasdaq Copenhagen A/S shall not constitute an event of default or an Enforcement Event under the Notes.

22 Governing law and jurisdiction and recognition of write down or conversion powers

- (a) **Governing law:** The Conditions and the Notes are governed by, and shall be construed in accordance with, Danish law.
- (b) **Jurisdiction:** The courts of Denmark shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Conditions and the Notes.
- (c) **Recognition of write down or conversion powers:** For the avoidance of doubt, by its acquisition of the Notes, each Noteholder acknowledges and accepts that any liability arising under the Notes may be subject to (without limitation) the exercise of any Danish Statutory Loss Absorption Powers (including, for the avoidance of doubt, in accordance with Article 48 of the BRRD and Article 59 of the BRRD).

USE OF PROCEEDS

An amount equal to the net proceeds from the issuance of the Notes, being approximately DKK 595,500,000 have and will be applied by the Issuer for general banking purposes, including, without limitation, asset/liability management, strategic liquidity management and/or to fulfil own funds requirements.

DESCRIPTION OF SPAR NORD BANK A/S AND THE SPAR NORD BANK GROUP

1 SPAR NORD BANK'S BUSINESS AND MARKET

1.1 Business

1.1.1 History and development of Spar Nord Bank

Spar Nord Bank was founded in Aalborg on 12 May 1824, and North Jutland remains the Bank's home region. Since 2001, Spar Nord has established itself as a nationwide chain of local banks.

During the years since the growth strategy was initiated, Spar Nord Bank has acquired and established 64 branches outside North Jutland, while 31 branches have been closed or merged.

As at 31 December 2020, 29 of the Bank's 51 branches were outside the North Denmark Region and, the North Denmark Region accounted for 29.8 per cent. of the loan, advances and guarantees.

The acquisition of BankNordik's Danish business was completed on 1 February 2021. As part of the transaction, the Issuer took over BankNordik's 11 branches in Denmark, which immediately was merged to 6 branches.. After this acquisition, Spar Nord Bank consists of 57 branches.

Spar Nord Bank offers all types of financial services, consultancy and products, focusing its business on retail customers and small and medium-sized enterprises ("SMEs") in the local areas in which the Bank is represented.

In January 2019, Spar Nord Bank was designated as a systematically important financial institution ("SIFI") in Denmark. The appointment as a SIFI was reaffirmed by the Danish Financial Supervisory Authority (the "Danish FSA") in June 2020.

Spar Nord Bank's 57 local banks (branches)



The registered office and principal place of business of Spar Nord Bank A/S is situated at Skelagervej 15, DK-9000 Aalborg, Denmark. Its telephone number is +45 96 34 40 00 and the Bank is registered with the Danish Business

Authority under CVR number 13 73 75 84 as a public limited liability company (in Danish; “*aktieselskab*”). The website of the Issuer is <https://www.sparnord.dk/>. Information on the Issuer’s website does not form part of this Prospectus unless that information is incorporated by reference into this Prospectus

The legal name of the Bank is Spar Nord Bank A/S and its commercial name is Spar Nord.

1.1.2 Business segments

Spar Nord Bank consists of the business segments Spar Nord’s Local Banks and the Trading & Financial Markets Division. In addition, it has a number of corporate and support functions. Spar Nord’s Local Banks consists of the banking activities of the Spar Nord Bank Group’s branches, through which Spar Nord Bank serves retail and business customers and provides banking services such as loans and credit facilities, credit and debit cards as well as a broad range of savings, non-life insurance, life insurance and pension savings products. Moreover, Spar Nord’s Local Banks comprise the Spar Nord Bank Group’s leasing activities.

The Trading & Financial Markets Division consists of Markets, Bonds, Shares, the Interest and Forex Division and Asset Management. This business area serves Spar Nord Bank’s own retail and business customers and institutional clients and is a provider of wholesale services (forex and security-related transactions, trade finance services and clearing services) to small and medium-sized banks.

Selected information about the Spar Nord Bank Group’s business segments as at 31 December 2020 is provided in the table below:

Spar Nord Bank Group - Selected information about business segments	31.12.2020 (in DKKm)
Profit/loss before tax	
Local Banks	593
Trading, Financial Markets and International Division	275
Other Areas	49
Profit/loss before tax	918
Assets	
Local Banks	43,841
Trading, Financial Markets and International Division	35,177
Other Areas	23,060
Total assets allocated	102,077

1.1.3 Strategy plan: The Personal Bank in a Digital World 2.0

Spar Nord Bank’s strategic pointers for the years from 2020 and onwards are set out in our strategy plan, “The Personal Bank in a Digital World 2.0”. The strategy, approved by Spar Nord Bank’s Board of Directors in November 2019, springs from the fact that new generations seem to attach less importance than previous generations to the local presence that small banks as well as Spar Nord Bank have endeavoured to offer. At the same time, we realise that digital solutions have come a long way in recent years.

Thus, the market seems to be polarising, with some banks putting more emphasis on local presence than on developing their digital offerings. Meanwhile, other banks are focusing more on digitalisation than on having a physical presence in their local regions. In this new competitive environment, Spar Nord Bank believes that the key to success lies in combining the two approaches and utilising digitalisation and data to become even more personal in its customer approach.

This is the foundation for Spar Nord Bank’s strategic ambition of being “The Personal Bank in a Digital World 2.0”. The main implications of this ambition are that Spar Nord Bank will maintain a relatively high number of branches and focus strongly on providing personal advice and service. Also, Spar Nord Bank will invest in digital initiatives that will make the banking experience even more personal and use data as a means of getting to know our customers better.

Combined with the strategy plan “The Personal Bank in a Digital World 2.0”, Spar Nord Bank has defined three Must Win Battles which the Bank must win to realise its strategic goals. These battles are fought on the basis of specific focal points and benchmarks for the organisation which are translated into goals and KPIs for centralised and local follow-up.

Must Win Battle #1: “Personal advisory services and new products”. The focus here is on providing attentive and personal services to customers – something viewed by Spar Nord Bank as a paramount competitive parameter in the years ahead. Spar Nord Bank will focus on delivering even better services and products to retail and business customers alike.

Must Win Battle #2: “An effective and dynamic organisation”. The second Must Win Battle is about developing expertise, organisation and the tools and processes required to ensure that as much time as possible is spent on customers and as little time as possible on administration and paper work.

Must Win Battle #3: “A proper bank”. In coming years, Spar Nord Bank will make strategic and systematic efforts to ensure that, in all aspects of the Bank’s business, the Bank lives up to its corporate responsibilities and the expectations which customers and the general public have for the way in which the business should be run.

1.1.4 Customers and credit granting

The Bank’s primary target groups are retail customers, private banking customers and SMEs in the local areas where the Bank has a presence. In special cases, we offer asset financing abroad (primarily in Germany). Leasing products are offered to business customers in addition to traditional bank financing options.

As an entity, the Trading & Financial Markets Division serves customers from Spar Nord’s Local Banks as well as large retail customers and institutional clients in the field of equities, bonds, fixed income, forex products, asset management and international transactions.

Finally, under the umbrella concept SparXpres, the Bank offers consumer financing via retail stores, gift voucher solutions via shopping centres and shopping centre associations and direct loans via the website, sparxpres.dk (the information on the sparxpres.dk website does not form part of this Prospectus).

1.1.5 Customer focus and exposure

In its retail segment, Spar Nord Bank gives priority to full-service customers in the sense that it wants to be a banker for financially sound customers and their entire families, thus catering to all their banking needs. The Bank focuses its day-to-day operations on retaining existing full-service customers, turning existing non-regular customers into full-service customers and attracting new customers.

In the business customer segment, Spar Nord Bank focuses on sound businesses across industry sectors. In other words, it is to a large degree the structure of a local business community and the local focus that determine the distribution of industry sectors in the individual banking areas.

Spar Nord Bank’s credit exposure at Group level is characterised by a higher-than-average exposure to retail customers and good sector diversification in its business customer portfolio.

Spar Nord Bank generally aims to be the customer’s primary banker and hopes that customers conduct their basic banking business with the Bank. However, after a concrete assessment Spar Nord Bank may accept that the customer also banks with another one, two or three institutions, provided the Bank knows the extent of the credit facilities granted by these institutions.

The following table sets forth Spar Nord Bank Group’s loans, advances and guarantees by industry.

	2020	2019
Agriculture, hunting, forestry and fisheries	4.5	4.3
Industry and raw materials extraction	3.7	4.4
Utilities	2.7	2.5
Building and construction	3.7	3.7
Trade	5.0	6.2
Transport, hotels and restaurants	3.6	3.9
Information and communication	0.4	0.4
Financing and insurance	18.7	16.8
Real property	9.8	10.8
Other corporate	5.7	5.5

Total commercial	57.7	58.6
Public authorities	1.4	1.8
Total retail customers	40.9	39.6
Total	100.0	100.0

1.1.6 Distribution

The 57 local bank branches throughout Denmark constitute the backbone of Spar Nord Bank's distribution network. Spar Nord Bank gives very high priority to personalised advisory services in its physical branches, supplementing them with self-service solutions such as well-functioning online banking and mobile platforms.

As an entity, the Trading & Financial Markets Division serves customers from Spar Nord's Local Banks as well as large retail customers and institutional clients in the field of equities, bonds, fixed income, forex products, asset management and international transactions.

1.1.7 Business partners

Spar Nord Bank has an open structure and the bank forms part of a large number of strategic business relations. Spar Nord Bank aims to offer its customers financial solutions, products and advisory services in all areas, and in many of these areas the business has been outsourced to external providers and business partners.

With the aim of achieving greater cost efficiency and increase user-friendliness towards its customers, Spar Nord Bank migrated to the BEC data centre in 2016. BEC is characterised by having a number of large member banks which, together with Spar Nord Bank, can contribute to the development capacity required in future banking operations.

Some of the most important business partners in the various product and advisory service areas include:

- Totalkredit (mortgage-credit institution);
- DLR Kredit (mortgage-credit institution);
- Bankinvest (investment associations);
- Valueinvest (investment associations);
- Privatsikring (non-life insurance – retail);
- Letpension (life insurance and pension product provider);
- Nets (payment services);
- Nærpension (pension products for business customers);
- Bokis (procurement partnership in payment cards and payment services); and
- Mobile Pay (shared mobile payment solution).

1.2 Financial Performance

The selected financial information provided below has been extracted from the audited consolidated financial statements as at and for the year ended 31 December 2020 and 31 December 2019. The audited consolidated financial statements as at and for the years ended 31 December 2020 and 2019 are incorporated in this Prospectus by reference. The consolidated financial statements for the year ended 31 December 2019 have been prepared in accordance with IFRS as adopted by the EU and furnished with an unqualified auditors' report by Deloitte Statsautoriseret Revisionpartnerselskab.

Deloitte Statsautoriseret Revisionpartnerselskab, Weidekampsgade 6, DK-2300 Copenhagen S, Denmark have been appointed as the Issuer's independent registered public accounting firm for the financial year ending on 31 December 2019 and onwards. The consolidated financial statements for the financial years ended 31 December 2019 and 31 December 2020 have been prepared in accordance with IFRS, as adopted by the EU.

Spar Nord Bank Group - Income statement (DKKm)	2020	2019
Net interest income	1,584	1,573
Net fee income	1,238	1,225
Market value adjustments and dividends	433	379
Other income	71	160
Core income	3,326	3,338
Staff costs	1,293	1,218
Operating expenses	806	796
Costs and expenses	2,099	2,014
Core earnings before impairment	1,227	1,324
Loan impairments etc.	309	22
Profit/loss before tax	918	1,302
Tax	181	243
Profit/loss for the year	737	1,059
Interest expenses to holders of Additional Tier 1 Capital	49	49
Total assets	102,077	93,113
Loans and advances	52,312	51,312
- Lending, banking and leasing activities	42,494	43,157
- Lending, reverse repo transactions	9,819	8,155
Deposits	78,881	70,602
- Deposits, banking activities	58,084	53,279
- Deposits, repo transactions	333	0
- Deposits in pooled schemes	20,464	17,323
Issued bonds	2,670	2,637
Subordinated debt	1,333	1,322
Additional Tier 1 Capital	794	860
Shareholders' equity	9,596	8,901
Guarantees	15,591	14,766
Total risk exposure amount	54,865	55,963
Tier 1 Capital	10,193	9,032
Impairment account and discount on commitments taken over **)	1,717	1,503
Contractual non-performing loans	275	303
Business volume	291,310	272,431

Spar Nord Bank Group – Financial ratios	2020	2019
Total capital		
Own Funds Ratio	21.0	18.5
Tier 1 Capital Ratio	18.6	16.1
Common Equity Tier 1 Capital Ratio	17.2	14.6
Earnings		
Return on equity before tax excl. Additional Tier 1 Capital *)	9.4	14.5
Return on equity after tax excl. Additional Tier 1 Capital *)	7.4	11.7

Spar Nord Bank Group – Financial ratios	2020	2019
Cost share of core income (DKK)	0.63	0.60
Cost share of core income- incl. loan impairments, etc. (DKK)	0.72	0.61
Return on assets (%)	0.7	1.1
Market risk and liquidity		
Interest rate risk (%)	1.1	0.6
Foreign exchange position (%)	0.9	1.0
Foreign exchange risk (%)	0.1	0.1
Liquidity Coverage Ratio (“LCR”) (%)	241	195
Bank and leasing loans relative to bank deposits (%)	73.2	81.0
Credit risk		
Bank and leasing loans relative to shareholders’ equity (%)	4.4	4.8
Increase in loans and advances for the year (%)	-1.5	9.1
Sum of large exposures (%)	78.1	83.6
Impairment ratio (%)	0.4	0.0
Employees and branches		
Number of employees (full-time equivalents, end of period)	1,545	1,549
Number of branches	51	49

*) The financial ratio has been calculated as if the Additional Tier 1 Capital were treated as a liability for accounting purposes, which means that the calculation of the financial ratio has been based on the shareholders’ share of profit and equity. The shareholders’ share of profit and equity appears from the statement of changes in equity.

1.3 Market

The Danish banking market is characterised by great diversification with a relatively large number of banks (63 Danish institutions and 28 branches of foreign banks). The market is more consolidated in terms of market share, with the ten largest banks holding a combined market share of about 86 per cent. The largest players are the two international financial groups Danske Bank and Nordea. In addition, a number of banks provide more or less full market coverage. These are Jyske Bank, Sydbank, Spar Nord Bank, Nykredit Bank, Vestjysk Bank and Arbejdernes Landsbank. The rest of the Danish banking market consists of a large number of small local banks and savings banks.

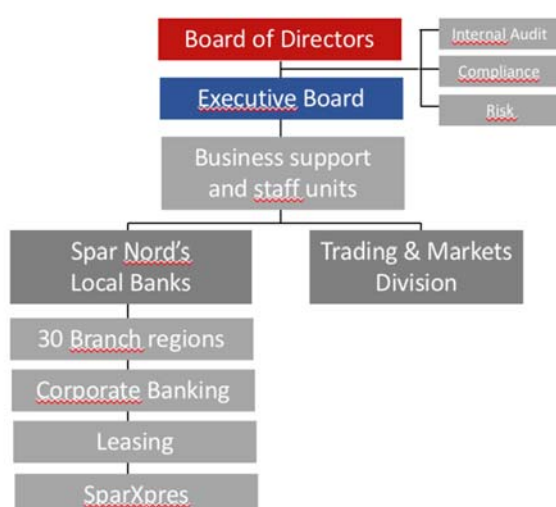
Spar Nord Bank’s competitors thus comprise large international players as well as small local and regional banks. As for the latter group, competition mainly involves building as many local ties and as strong a commitment to the local community as possible, while for the former group, attractive products and pricing are the most important factors. For both of these competitor groups, it is extremely important to provide a high level of quality in personalised advisory services, which requires, among other things, employees with strong professional skills and strong personal relations with retail and business customers.

Since 2009, the Danish banking sector has experienced negative growth in its overall lending and business volume. Accordingly, winning market share in order to maintain business volume has been essential.

1.4 Organisational Structure

Spar Nord Bank is the parent company of the Spar Nord Bank Group, which consists of Spar Nord Bank and its subsidiary. Spar Nord Bank’s organisation chart is shown below:

Spar Nord Bank’s organisational structure



1.5 Spar Nord Bank

Spar Nord Bank is listed on the Nasdaq Copenhagen A/S, and is a component of the Large Cap segment. The share capital amounts to DKK 1,230,025,260, divided into shares of DKK 10 each. As at 31 December 2020, Spar Nord Bank had approximately 93,500 shareholders. The ten largest shareholders combined held about 52 per cent. of the share capital. About 67 per cent. of the share capital is held by foundations and institutional investors and other major shareholders, while 33 per cent. of the share capital is held by shareholders who each own fewer than 20,000 shares. Geographically speaking, about 74 per cent. of the share capital is owned by Danish investors and about 26 per cent. by foreign investors.

Spar Nord Bank has two shareholders who have announced that they each hold more than 5 per cent. of the share capital. Spar Nord Fonden (the Spar Nord Foundation) is the largest shareholder, having an interest of 19.3 per cent. Nykredit Realkredit A/S is the second largest shareholder, having an interest of 14.0 per cent.

1.6 Spar Nord Bank's subsidiary

The following table shows Spar Nord Bank's subsidiary owned by Spar Nord Bank at the date of this Prospectus as well as a specification of its ownership interest. Spar Nord Bank's ownership interest corresponds to its voting shares in the company listed below.

Spar Nord Bank's subsidiary as at the date of this Prospectus

Name	Registered office	Country of incorporation	Ownership interest
Aktieselskabet Skelagervej 15	Aalborg	Denmark	100 %

1.7 Associates

Spar Nord Bank has equity investments in a number of associates, of which Danske Andelskassers Bank is the most important. As at 31 December 2020, Spar Nord Bank's stake in Danske Andelskassers Bank amounted to approx. 31.9 per cent. After purchases of shares in the third quarter of 2021, Spar Nord Bank's stake in Danske Andelskassers Bank increased to 36.67 per cent. As a result of the increased shareholding and pursuant to section 45 of the Danish Capital Markets Act, Spar Nord Bank was required to submit a mandatory takeover offer to all of Danske Andelskassers Bank's other shareholders. Other associates in which Spar Nord Bank has significant equity investments include Vækstinvest Nordjylland A/S, SNB Private Equity IV K/S and Core Property Management P/S.

1.8 Spar Nord Bank's Board of Directors and Executive Board

As at the date of this Prospectus, Spar Nord Bank's Board of Directors consists of:

- 1.8.1 Kjeld Johannesen
Kjeld Johannesen was born in 1953 and has been a member of Spar Nord Bank's Board of Directors since 2014. Kjeld Johannesen holds a BCom (Marketing) and was previously the CEO of Danish Crown for 27 years. Moreover, Kjeld Johannesen has management experience from a large number of directorships of companies and interest groups.

Kjeld Johannesen's current directorships and directorships resigned within the past five years

Current directorships

CHAIRMAN

- KPC Holding A/S
- Hamlet Protein A/S
- New Nutrition ApS
- New Nutrition Holding ApS

BOARD MEMBER

- Aktieselskabet Schouw & Co
- Direktør Hans Hornsyld og Hornsyld og Hustru Eva Hornsylds Legat
- Direktør Svend Hornsylds Legat
- Sparekassen Nordjyllands Fond af 29. marts 1976

MANAGING DIRECTOR

- CLK 2016 Holding ApS
- Kjeld Johannesen Holding ApS

Resigned directorships within the past five years

CHAIRMAN

- Dat-Schaub A/S
- Kpc Finans III A/S

BOARD MEMBER

- Dat-Schaub A/S
- Daka Denmark A/S
- Tulip Food Company A/S (deputy chairman)

MANAGING DIRECTOR

- Danish Crown A/S
- Leverandørselskabet Danish Crown AmbA

- 1.8.2 Per Nikolaj Bukh
Per Nikolaj Bukh was born in 1965 and has been Deputy Chairman of Spar Nord Bank's Board of Directors since 2016. Per Nikolaj Bukh holds an MSc and a PhD in economics. Per Nikolaj Bukh works as a professor at Aalborg University and also has management experience from several directorships.

Per Nikolaj Bukh's current directorships and directorships resigned within the past five years

Current directorships

CHAIRMAN

- None

BOARD MEMBER

- Jurist- & Økonomforbundets Forlag A/S
- Jurist- & Økonomforbundets Forlagsfond
- Professionshøjskolen University College Nordjylland
- Sparekassen Nordjyllands Fond af 29. marts 1976
- Oberst H. Parkovs Mindefond

Resigned directorships within the past five years

CHAIRMAN

- None

BOARD MEMBER

- Padborg Ejendomme ApS
- Jurist- og Økonomiforbundets Forlag Holding A/S

Per Nikolaj Bukh's current directorships and directorships resigned within the past five years**Current directorships****MANAGING DIRECTOR**

- P.N. Bukh ApS

Resigned directorships within the past five years**MANAGING DIRECTOR**

- Value Spread 1 ApS

1.8.3

Henrik Sjøgreen

Henrik Sjøgreen was born in 1964 and has been a member of Spar Nord Bank's Board of Directors since 2020.

Henrik Sjøgreen has a financial service background and is the CEO of FIH A/S.

Henrik Sjøgreen's current directorships and directorships resigned within the past five years**Current directorships****CHAIRMAN**

- Simon Fougner Hartmanns Fond

Resigned directorships within the past five years**CHAIRMAN**

- FIH II A/S
- Fs Property Finance A/S
- Axcel Industriinvestor Invest A/S
- Datoelskabet af 1. Oktober 2015 A/S
- Pristine Invest III Aps

BOARD MEMBER

- Danmarks Skibskredit A/S
- FIH Holding A/S
- FIH A/S
- Henrik Frode Obels Fond
- Sparekassen Nordjyllands Fond af 29. marts 1976

BOARD MEMBER

- FIH Partners A/S
- Lfm Invest A/S

MANAGING DIRECTOR

- FIH A/S

MANAGING DIRECTOR

- Fih Holding A/S
- Pristine Invest II Aps
- Kappa Properties Aps

1.8.4

Kaj Christiansen

Kaj Christiansen was born in 1955 and has been a member of Spar Nord Bank's Board of Directors since 2012. Kaj Christiansen is a state-authorised public accountant and until 2018 was CEO of FME, Frederikshavn Maritime Erhvervspark A/S.

Kaj Christiansen's current directorships and directorships resigned within the past five years**Current directorships****CHAIRMAN**

- None

Resigned directorships within the past five years**CHAIRMAN**

- None

Kaj Christiansen's current directorships and directorships resigned within the past five years

Current directorships

BOARD MEMBER

- Dokøen A/S
- Frederikshavn Maritime Erhvervspark A/S
- Spar Nord Foundation
- Sparekassen Nordjyllands Fond af 29. marts 1976

MANAGING DIRECTOR

- Dokøen A/S

Resigned directorships within the past five years

BOARD MEMBER

- Fonden Arena Nord
- Northern Offshore Service A/S
- Ringvejens Erhvervsinvest A/S

MANAGING DIRECTOR

- KS Værftsvej 23, Aalborg
- Komplementaranpartsselskabet Værftsvej
- Frederikshavn Maritime Erhvervspark A/S
- Komanditaktieselskabet Østre havn
- Østre Havn Aalborg ApS
- Danyard Holding ApS

1.8.5

Morten Bach Gaardboe

Morten Bach Gaardboe was born in 1968 and has been a member of Spar Nord Bank's Board of Directors since 2016. Morten Bach Gaardboe has a financial services background and is the CEO of Altru ApS, Ejendomsselskabet Hans Egedes Vej 29 ApS, FEG Invest ApS og Gaardboe 2 Holding ApS.

Morten Bach Gaardboe's current directorships and directorships resigned within the past five years

Current directorships

CHAIRMAN

- Gefion Group A/S
- Svend Aage Nielsen, Autoriseret Elinstallatør A/S
- Slagelse Erhvervscenter A/S

BOARD MEMBER

- Sparekassen Nordjyllands Fond af 29. marts 1976

Resigned directorships within the past five years

CHAIRMAN

- Leto Leasing P/S
- Rødovre Port Holding A/S

BOARD MEMBER

- P.T.O. Teknik A/S
- Altru ApS
- FEG Invest ApS
- Fynboglas ApS
- Glascom A/S
- FEG Invest 2 ApS
- Dansk Glassliberi A/S

Morten Bach Gaardboe's current directorships and directorships resigned within the past five years

Current directorships

MANAGING DIRECTOR

- None

Resigned directorships within the past five years

MANAGING DIRECTOR

- Altru ApS
- Ejendomsselskabet Hans Egedes Vej 29 ApS
- FEG Invest ApS
- Gaardboe 2 Holding ApS
- Glascom A/S
- FEG Invest 2 ApS
- Dansk Glassliberi A/S

1.8.6

André Rogaczewski

André Rogaczewski was born in 1968 and has been a member of Spar Nord Bank's Board of Directors since 2021. André Rogaczewski holds an MSc in data science and is CEO of Netcompany A/S.

André Rogaczewski's current directorships and directorships resigned within the past five years

Current directorships

CHAIRMAN

- Netcompany A/S
- Fonden for Entreprenørskab
- Smarter Airports A/S

Resigned directorships within the past five years

CHAIRMAN

- None

BOARD MEMBER

- Sparekassen Nordjyllands Fond af 29. marts 1976
- Auction Group A/S
- Secure Payment Holding A/S
- Blue Cell Therapeutics Aps
- Payproff A/S

BOARD MEMBER

- Shopall 24 Technology ApS
- Netcompany Holding I A/S
- Netcompany Holding ApS
- Fire Eater A/S
- Berlingske Media A/S

MANAGING DIRECTOR

- Netcompany A/S

MANAGING DIRECTOR

- None

1.8.7

Jannie Skovsen

Jannie Skovsen was born in 1965 and has been an employee-elected member of Spar Nord Bank's Board of Directors since 2008. Jannie Skovsen has a financial services background, Board of Directors training and holds a Financial

post-graduate training. Jannie Skovsen is a workplace representative of Spar Nord Bank and serves as an employee representative on Spar Nord Bank's Board of Directors.

Jannie Skovsen's current directorships and directorships resigned within the past five years

Current directorships	Resigned directorships within the past five years
CHAIRMAN	CHAIRMAN
The Financial Services Union "Spar Nord Kreds"	None
BOARD MEMBER	BOARD MEMBER
- The Financial Services Union executive committee - The Spar Nord Foundation - Sparekassen Nordjyllands Fond af 29. marts 1976	None
MANAGING DIRECTOR	MANAGING DIRECTOR
None	None

- 1.8.8 Kim Østergaard
Kim Østergaard was born in 1985 and has been an employee-elected member of Spar Nord Bank's Board of Directors since 2020. Kim Østergaard has a financial services background, Board of Directors training and holds a financial post-graduate training and business diploma (business development). Kim Østergaard is a workplace representative of Spar Nord Bank and serves as an employee representative on Spar Nord Bank's Board of Directors.

Kim Østergaard's current directorships and directorships resigned within the past five years

Current directorships	Resigned directorships within the past five years
CHAIRMAN	CHAIRMAN
None	Subaio Aps
BOARD MEMBER	BOARD MEMBER
- Young Money - Sparekassen Nordjyllands Fond af 29. marts 1976	None
MANAGING DIRECTOR	MANAGING DIRECTOR
None	None

- 1.8.9 Lene Aaen
Lene Aaen was born in 1970 and has been a member of Spar Nord Bank's Board of Directors since 2018. Lene Aaen has a financial services background, Board of Directors training and holds a Financial post-graduate training. Lene Aaen is a workplace representative of Spar Nord Bank and serves as an employee representative on Spar Nord Bank's Board of Directors.

Lene Aaen's current directorships and directorships resigned within the past five years

Current directorships	Resigned directorships within the past five years
CHAIRMAN	CHAIRMAN
None	None

Lene Aaen's current directorships and directorships resigned within the past five years

Current directorships

BOARD MEMBER

- The Financial Services Union "Spar Nord Kreds"
- Sparekassen Nordjyllands Fond af 29. marts 1976

MANAGING DIRECTOR

- None

Resigned directorships within the past five years

-

BOARD MEMBER

- None

MANAGING DIRECTOR

- None

As of the date of this Prospectus, Spar Nord Bank's Executive Board consists of:

1.8.10

Lasse Nyby

Lasse Nyby was born in 1960 and was appointed Chief Executive Officer of Spar Nord Bank in 2000. Lasse Nyby has a financial services background and holds a BCom in management and accounting and has completed an executive education programme at INSEAD in France. Lasse Nyby also has management experience from several directorships.

Lasse Nyby's current directorships and directorships resigned within the past five years

Current directorships

CHAIRMAN

- Aktieselskabet Skelagervej 15

BOARD MEMBER

- AP Pension Livsforsikringselskab
- AP Pensionsservice
- Foreningen AP Pension F.M.B.A.
- Nykredit A/S
- PRAS A/S (deputy chairman)
- Finans Danmark
- FR I af 16. September 2015 A/S
- National Banks of Denmark
- Sparekassen Nordjyllands Fond af 29. marts 1976

MANAGING DIRECTOR

Resigned directorships within the past five years

CHAIRMAN

- Erhvervsinvest Nord A/S
- Komplementarselskabet Clearwater International ApS
- Spar Nord Ejendomsselskab A/S – ceased to exist by merger
- JSNA Holding ApS
- Spar Nord Leasing A/S – ceased to exist by merger

BOARD MEMBER

- Vækst-invest Nordjylland A/S
- PRAS A/S
- AP Skadesforsikring Aktieselskab A/S
- Totalkredit A/S

MANAGING DIRECTOR

- Spar Nord Bank A/S
- None

1.8.11 John Lundsgaard
John Lundsgaard was born in 1964 and was appointed Managing Director of Spar Nord Bank in 2000. John Lundsgaard has a financial services background and holds a Master of Business Administration (MBA). John Lundsgaard also has management experience from several directorships.

John Lundsgaard's current directorships and directorships resigned within the past five years

Current directorships

CHAIRMAN

- Factor Insurance Brokers A/S

BOARD MEMBER

- Aktieselskabet Skelagervej 15 (deputy chairman)
- BOKIS A/S
- Bankernes EDB Central a.m.b.a
- Finanssektorens Uddannelsescenter
- Kunsten Museum of Modern Art, Aalborg
- Utzon Center A/S
- Sparekassen Nordjyllands Fond af 29. marts 1976

MANAGING DIRECTOR

- Spar Nord Bank A/S

Resigned directorships within the past five years

CHAIRMAN

- SDC A/S
- Høgsberg Assurance Service A/S

BOARD MEMBER

- Bolighed A/S
- Swipp ApS
- Swipp Holding ApS
- Finanssektorens Arbejdsgiverforening
- Aktieselskabet Skelagervej 15
- Spar Nord Ejendomsselskab A/S – ceased to exist by merger
- Letpension A/S

MANAGING DIRECTOR

- None

1.8.12 Lars Møller
Lars Møller was born in 1957 and was appointed Managing Director of Spar Nord Bank in 2000. Lars Møller has a financial services background and has completed an executive education programme at INSEAD in France. Lars Møller also has management experience from several directorships.

Lars Møller's current directorships and directorships resigned within the past five years

Current directorships

CHAIRMAN

- BI Asset Management Fondsmæglerselskab A/S
- BI Holding A/S
- BI Management A/S

BOARD MEMBER

- Aktieselskabet Skelagervej 15
- DLR Kredit A/S (deputy chairman)
- Sparekassen Nordjyllands Fond af 29. marts 1976

Resigned directorships within the past five years

CHAIRMAN

- None

BOARD MEMBER

- Erhvervsinvest Nord A/S
- Spar Nord Ejendomsselskab A/S – ceased to exist by merger

Lars Møller's current directorships and directorships resigned within the past five years

Current directorships

MANAGING DIRECTOR

- Spar Nord Bank A/S

Resigned directorships within the past five years

MANAGING DIRECTOR

- None

1.8.13

Martin Kudsk Rasmussen

Martin Kudsk Rasmussen was born in 1978 and was appointed Managing Director of Spar Nord Bank in 2020. Martin Kudsk Rasmussen has a financial services background and has completed an executive education programme at INSEAD in France.

Martin Kudsk Rasmussen's current directorships and directorships resigned within the past five years

Current directorships

CHAIRMAN

- None

Resigned directorships within the past five years

CHAIRMAN

- None

BOARD MEMBER

- Letpension A/S
- SNB II Komplementar ApS
- SNB IV Komplementar ApS
- Vækst Invest Nordjylland A/S
- Sparekassen Nordjyllands Fond af 29. marts 1976

BOARD MEMBER

- None

MANAGING DIRECTOR

- Spar Nord Bank A/S

MANAGING DIRECTOR

- None

The business address of the members of Spar Nord Bank's Board of Directors and Executive Board is Skelagervej 15, 9000 Aalborg, Denmark.

There are no potential conflicts of interests between any duties to the Bank of members of the Board of Directors or Executive Board and their private interests and/or other duties

2

CAPITAL AND RISK MANAGEMENT

Spar Nord Bank has adopted a number of policies and instructions to ensure that the Spar Nord Bank Group consistently has adequate capital and cash resources to comply with statutory requirements and to support the Group's future activities and growth.

The Spar Nord Bank Group pursues a target of a Common Equity Tier 1 Capital Ratio of 13.5 per cent, while the target for the Spar Nord Bank Group's Own Funds Ratio is 17.5 per cent. The targets were raised when the Bank was designated as a SIFI institution in January 2019.

With respect to cash resources, Spar Nord Bank aims for the Group's lending and liquidity reserves to be funded long-term using customer deposits, senior loans, issued bonds, subordinated debt and shareholders' equity. Subordinated debt, senior loans and issued bonds falling due within 12 months are not included in this calculation. Moreover, Spar Nord Bank's objective is for the LCR to amount to at least 125 per cent, and to have liquidity ratios for both the liquidity benchmark and funding ratio that comply with the threshold values of the Danish FSA's Supervisory Diamond.

The European Commission's proposal for CRR II has been finally adopted, as a result of which the liquidity requirement in the form of the Net Stable Funding Ratio ("NSFR") will apply from mid-2021. The use of the NSFR seeks to ensure stable funding profiles for the individual banks, the focus being the relationship between the term of

individual assets and funding. The NSFR ratio is to be calculated for a 12-month horizon. Spar Nord Bank's objective is for the NSFR to amount to at least 105 per cent.

2.1 Capitalisation

Spar Nord Bank is licensed to carry on banking activities and is as such subject to a capital requirement pursuant to the CRR, the CRD Directive and the Danish Financial Business Act. Amongst other things, the CRR lays down rules for calculating own funds and total risk exposure amount ("REA").

2.1.1 Capital policy

Spar Nord Bank has adopted a capital policy, which forms the foundation of Spar Nord Bank's risk profile in terms of capital. The capital policy aims to ensure that Spar Nord Bank consistently complies with applicable legislation in respect of the following three areas:

- Calculation of risk exposure, own funds and capital requirement:
- Individual solvency need and supervision procedures: and
- Market discipline through a number of disclosure obligations.

Spar Nord Bank has adopted a number of guidelines to ensure that it constantly has access to sufficient capital to support its future business activities and growth. At the same time, Spar Nord Bank must be able to overcome cyclical downturns and absorb unexpected substantial credit losses and substantial negative changes in the value of market-risk-related positions.

2.1.2 Own Funds

Own funds are composed of Common Equity Tier 1 Capital, Additional Tier 1 Capital and Tier 2 Capital.

The table below shows the Spar Nord Bank Group's issues of own funds as at 31 December 2020. All issues meet the requirements laid down in the CRR with a view to inclusion in the calculation of own funds.

Spar Nord Bank Group's issues of subordinated debt at 31 December 2020 (DKKm)

	Principal	Issue date	First call date
Additional Tier 1 Capital - DK0030386297	450	06/12/2016	06/12/2021
Additional Tier 1 Capital - DK0030465083	330	15/04/2020	15/04/2025
Tier 2 capital - NO0010808033	444	18/10/2017	18/10/2022
Tier 2 capital - DK0030422357	400	19/06/2018	19/06/2023
Tier 2 capital - DK0030431341	150	29/11/2018	29/05/2024
Tier 2 capital - DK0030432075	350	29/11/2018	29/05/2024

The table below shows a calculation of own funds as at 31 December 2020 for the Spar Nord Bank Group on the basis of the book equity.

Spar Nord Bank Group - Own Funds (DKKm)

	31.12.2020
Shareholders' equity according to balance sheet	10,390
Transitional arrangements for mitigating the impact of the introduction of IFRS 9	433
Deduction tier 1 capital included in equity	-794
Proposed Dividend	-185
Intangible assets	-141
Other primary deductions	-53
Deduction insignificant capital shares - CET1 instruments	-132
Deduction significant capital shares - CET1 instruments	-95

Spar Nord Bank Group - Own Funds (DKKm)	31.12.2020
Common Equity Tier 1 Capital	9,422
Tier 1 capital	773
Deduction – Holdings of insignificant AT1 capital	-2
Total Tier 1 Capital	10,193
Tier 2 instruments	1,324
Deduction- Holdings of insignificant Tier 2 capital	-3
Own funds	11,514

2.1.3 Risk exposure amount and capital ratios

REA is a risk measure used, among other things, for determining the minimum own funds requirement and also for calculating capital ratios, the total capital requirement (including buffer requirement and the individual solvency need) and MREL requirement. The risk exposure represents the basis for determining the capital that must be reserved relative to the risk undertaken by Spar Nord Bank in activities involving credit and market risk. Finally, operational risk is a component of the total Risk Exposure Amount.

A variety of factors impact the REA, including the distribution of credit exposures on customer categories and products. The risk exposure for credit risk and market risk is calculated on the basis of the CRR standardised approach. The market value approach is used for calculating counterparty risk, while the calculation of operational risk is made using the basic indicator approach. In addition, Spar Nord Bank exercises the option to apply lower weighting to credit risk, including the use of the exposure categories retail customers and mortgages on real property as well as the Financial Collateral Comprehensive Method.

The figure below shows Spar Nord Bank's use of capital models for calculating risk exposure.

Spar Nord Bank's use of capital models to calculate risk exposure

Risk	Method
Credit risk	Standardised approach
Counterparty risk	Market value approach
Valuation of collateral security	Comprehensive method
Market risk	Standardised approach
Operational risk	Basic indicator approach
CVA – Credit Value Adjustment	Standardised approach

The table below shows capital ratios and the REA as at 31 December 2020 for the Spar Nord Bank Group. As shown in the table, both the Common Equity Tier 1 Capital Ratio and the own funds ratio were more than one percentage point higher than the target.

Spar Nord Bank Group's Total Risk Exposure Amount and Capital Ratios	31.12.2020
Risk Exposure Amount	
Weighted risk exposure amount, credit risk etc. (DKKm)	45,277
Weighted risk exposure amount, market risk (DKKm)	3,994
Weighted risk exposure amount, operational risk (DKKm)	5,594
Total Risk Exposure Amount (DKKm)	54,865
Capital Ratios	
Common Equity Tier 1 Capital Ratio	17.2
Tier 1 Capital Ratio	18.6
Own Funds Ratio	21.0

2.1.4 Individual solvency requirement

The Danish Financial Business Act, the CRD Directive and SREP guidelines stipulates requirements for the individual solvency requirement and any additional capital requirements. These requirements are to cover the risks not

sufficiently covered by the minimum own funds requirement of 8 per cent. pursuant to the CRR. Such risks include business risks and special credit risks.

Spar Nord Bank uses the so-called 8+ approach recommended by the Danish FSA in its guideline. The 8+ approach is based on the statutory minimum capital requirement of 8.0 per cent. of the REA (Pillar 1) plus add-ons for risks and matters not fully reflected in the calculation of the REA. In other words, ordinary risks are assumed to be covered by the 8 per cent. requirement, and, consequently a position has to be taken on the extent to which an institution has additional risks that necessitate an add-on to the calculated solvency need (Pillar 2).

In the guidelines issued by the Danish FSA, benchmarks have been defined within a number of risk areas determining when the Danish FSA basically finds that Pillar 1 is insufficient, and that an add-on to the minimum own funds requirement is required. In addition, to the extent possible methods have been introduced for calculating the amount of the add-on within the individual risk areas. Based on the guidelines issued by the Danish FSA, Spar Nord Bank's Board of Directors determines Spar Nord Bank's sufficient own funds and individual solvency need based on the recommendation of the Solvency and Risk Management Committee.

Spar Nord Bank's calculation method follows the guidelines issued by the Danish FSA and is based on an assessment of risks within the following nine key areas:

1. Earnings
2. Growth in lending
3. Credit risks
4. Market risk
5. Liquidity risk
6. Operational risk
7. Leverage
8. Regulatory maturity of capital instruments
9. Other risks

The impact of the individual areas on the solvency need has been calculated directly using the methods designated by the Danish FSA in its guidelines, and by making supplementary calculations. An estimate has been made in selected risk areas.

The table below shows a calculation of the own funds requirement as at 31 December 2020 for the Spar Nord Bank Group.

Spar Nord Bank Group's sufficient own funds by risk area	2020 (DKKm)	2020 (% of REA*)
Minimum 8% requirement		
Credit risk, incl. CVA	3,622	6.6
Market risk	320	0.6
Operational risk	448	0.8
Total	4,389	8.0
Add-on to solvency need		
Credit risk	236	0.4
Market risk	505	0.9

Spar Nord Bank Group's sufficient own funds by risk area	2020 (DKKm)	2020 (% of REA*)
Minimum 8% requirement		
Other risks	283	0.5
Total add-on	1,024	1.9
Total	5,413	9.9

*) REA = Risk Exposure Amount

Sufficient own funds for Spar Nord Bank as at 30 September 2021 have been calculated and correspond to a solvency need ratio of 9.7 per cent.

2.1.5 Combined buffer requirement

By virtue of the implementation of the CRD Directive into the Danish Financial Business Act, Danish financial institutions must comply with a number of capital buffer requirements. A common feature of all buffer requirements is that only Common Equity Tier 1 Capital may be used for meeting the bank's combined buffer requirement. If a financial institution fails to meet the combined buffer requirement, it would face restrictions in terms of making dividend payments and other distributions.

The combined capital buffer requirement consists of a countercyclical capital buffer, a capital conservation buffer and a systemic buffer. In addition, a buffer requirement applies to banks designated as SIFIs.

The Danish Minister for Industry, Business and Financial Affairs determines the countercyclical buffer rate in Denmark after recommendations from The Systemic Risk Council. At the meeting in June 2021, The Systemic Risk Council recommended to reactivate the countercyclical capital buffer at a rate of 1.0 per cent. from 30 September 2022. On 23 June 2021, the Minister for Industry, Business and Financial Affairs decided to increase the countercyclical capital buffer in line with the recommendation. On 14 December 2021, The Systemic Risk Council recommended a further increase in the capital buffer rate to 2.0 per cent. from 31 December 2022 and announced that The Systemic Risk Council expects to recommend a further increase of the buffer rate of 0.5 percentage points to 2.5 per cent at its meeting in March 2022, unless there is a significant slowdown in risk build-up in the financial system. On 15 December 2021, the Minister for Industry, Business and Financial Affairs decided to increase the countercyclical capital buffer rate to 2.0 per cent. with effect from 31 December 2022. At the date of this Prospectus, it is not possible to predict the future development of the countercyclical capital buffer in Denmark. The capital conservation buffer serves to ensure a more robust financial sector in terms of a strengthened Common Equity Tier 1 Capital Ratio. Phasing in of the buffer requirement commenced in 2016, and it will be fully phased-in in 2019, when banks must reserve 2.5 per cent. of their total Risk Exposure Amount.

After being designated a SIFI institution, Spar Nord Bank is subject to a 1.0 per cent. SIFI buffer requirement, which must be complied with by the end of 2021.

The table below shows the calculated combined buffer requirement as at 31 December 2020.

Spar Nord Bank Group – Combined buffer requirement	31.12.2020
Total Risk Exposure Amount (DKKm)	54,865
Institution-specific countercyclical buffer requirement (%)	0.0
Capital conservation buffer requirement (%)	2.5
SIFI buffer requirement (%)	1.0
Institution-specific countercyclical risk exposure (DKKm)	2
Capital conservation buffer requirement (DKKm)	1,372
SIFI buffer Requirement	549
Combined buffer requirement (DKKm)	1,922

2.1.6 Total capital requirement and excess coverage

The regulatory capital requirements express the amount of capital a bank must reserve to cover the risk it undertakes in the course of its operations in the fields of credit risk, market risk and operational risk.

The capital requirement is the sum of the minimum own funds requirement, the individual solvency requirement and the combined buffer requirement.

The table below shows the calculated capital requirement and excess coverage as at 31 December 2020.

Spar Nord Bank Group – Capital requirement and excess coverage at 31 December 2020	DKKm	%
Minimum 8% requirement	4,389	8.0
Add-on to solvency need	1,024	1.9
Combined buffer requirement	1,922	3,5
Capital requirement	7,335	13,4
Total capital	11,514	21.0
Excess tier 2 capital	0	0.0
Excess coverage	4,178	7,6

2.1.7 MREL requirement

Pursuant to the Danish Financial Business Act, plans for winding up distressed banks are prepared by the Danish FSA and Finansielt Stabilitet. In connection with such plans, MREL must be defined. The general resolution principle for SIFIs, such as the Issuer, is that it should be possible to restructure them so they can return them to the market with adequate capitalisation to ensure market confidence.

The Spar Nord Bank Group's MREL requirement has been determined to two times its own funds requirement including its combined buffer requirement (however, only one time its countercyclical capital buffer requirement). The MREL requirement for the Group will be gradually phased in starting from 1 January 2019 and was planned to be fully completed on 1 January 2022. Due to the outbreak of COVID-19, the schedule for phasing in was postponed by half a year and is to be finalised on 1 July 2022. After the adoption of BRRD II, the last tranche due in July 2022 was changed from one tranche to three tranches. 20 per cent. will be due on 1 January 2022 and 40 per cent. will be due on each of January 2023 and January 2024. After January 2024, a fully phased-in MREL requirement (including the subordination requirement) of 24.2 per cent. of the Spar Nord Bank Group's REA, will apply.

2.1.8 Leverage ratio

The leverage ratio is calculated as Tier 1 Capital relative to REA. Spar Nord Bank has put in place procedures intended to counter the risk of excess leverage exposure and to ensure identification, management and monitoring of Spar Nord Bank's leverage exposure. In addition, methodologies have been developed to measure risks connected with excess leverage and other methodologies designed for assessing significant changes in leverage ratio.

From 28 June 2021 a leverage ratio requirement of 3 per cent. will apply. Spar Nord Bank complies with this requirement and with its own minimum leverage target of 6 per cent. by a fair margin as Spar Nord Bank's leverage ratio was calculated at 8.3 per cent. as at 31 December 2020.

2.1.9 Capital policy and future capital plan

The capital policy forms the foundation of the Spar Nord Bank Group's risk profile in terms of capital. The capital policy aims to ensure that the Spar Nord Bank Group consistently complies with applicable legislation in respect of the following three areas: (i) calculation of risk exposure, own funds and capital requirement; (ii) individual solvency need and supervision procedures; and (iii) market discipline through a number of disclosure obligations.

The capital policy defines targets for the common equity tier 1 ratio and the own funds ratio, which should be viewed relative to the capital requirements that apply to the Spar Nord Bank Group.

Compliance with the defined capital targets is ensured primarily through the ongoing consolidation via the Spar Nord Bank Group's ordinary operations and through consistent focus on optimising the capital structure. However, the excess capital coverage will be somewhat lower than the targets defined by Spar Nord Bank's Board of Directors and Executive Board.

2.2 Liquidity

The Spar Nord Bank Group's operations are predominantly funded through four funding sources:

- short-term funding (loans from or repo transactions with other credit institutions and Danmarks Nationalbank);
- customer deposits (bank deposits and repo transactions with customers);
- senior funding (issued bonds and senior loans); and
- shareholders' equity and subordinated debt

The Spar Nord Bank Group's primary source of funding are customer deposits, which as at 31 December 2020 accounted for 75.9 per cent. of Spar Nord Bank's total funding.

The table below shows a calculation of the funding structure as at 31 December 2020 for the Spar Nord Bank Group.

Spar Nord Bank Group - Funding structure (DKK m)	31.12.2020
Central banks and credit institutions	1,065
Repos and repurchases with central banks and credit institutions	3,102
Senior loans < 1 year	0
Issued bonds < 1 year	0
Deposits < 1 year	2,121
Deposits > 1 year and on demand	56,295
Senior loans > 1 year	0
Issued bonds > 1 year	2,670
Subordinated debt	1,333
Equity	10,390
Total	76,976

Short-term funding is funding with a term to maturity of less than 12 months. Short-term funding consists of unsecured debt to central banks and credit institutions, repo and repurchase business and deposits <1 year, senior loans and issued bonds with terms to maturity of less than 12 months. For Spar Nord Bank, short-term funding accounted for DKK 6,288 million or 8.2 per cent. of total funding.

Long-term funding is funding with a term to maturity of more than 12 months. Long-term funding consists of senior loans and issued bonds with terms to maturity of more than 12 months. Also included are demand deposits, deposits with terms to maturity of more than 12 months, subordinated debt and equity. Subordinated debt is recognised as long-term funding because Spar Nord Bank pursues a policy of repaying such debt on ordinary call. Accordingly, the contractual term to maturity will always be greater than 12 months.

Some of Spar Nord Bank amounts due to credit institutions and central banks are secured either by cash collateral or secured against bonds. As at 31 December 2020, Spar Nord Bank had entered into genuine sale and repo transactions with credit institutions totalling DKK 3.1 billion and provided cash collateral for financial transactions totalling DKK 0.6 billion.

Of deposits and other payables as at 31 December 2020 totalling DKK 58 billion, DKK 40 billion is covered by the Danish Deposit Guarantee Scheme. The remaining deposits of some DKK 18 billion are not covered by a guarantee scheme.

As at 31 December 2020, Spar Nord Bank had contingent liabilities by way of guarantees of DKK 15.6 billion and other contingent liabilities of DKK 1.2 billion.

Spar Nord Bank has no debt guaranteed by third parties.

2.2.1 Maturity structure of capital market funding

The table below shows the maturity structure of the Spar Nord Bank Group's capital market funding as at 31 December 2020, other than subordinated debt mentioned under own funds.

Spar Nord Bank Group's issues of subordinated debt at 31 December 2020 (DKK m)

	Principal	Issue date	First call date
SNP bonds - DK0030454046	925	05/12/2019	05/12/2022
SNP bonds - DK0030454129	1,350	05/12/2019	05/12/2024
SNP bonds – DK0030454202	400	05/12/2019	05/12/2024

Long-term liquidity is calculated relative to Spar Nord Bank's internal strategic liquidity target and the funding ratio requirement of the Supervisory Diamond. Short-term liquidity is calculated relative to the requirements of the LCR Regulation.

With respect to strategic liquidity, Spar Nord Bank aims for its lending and liquidity reserves to be funded long term using customer deposits, senior loans, issued bonds, subordinated debt and equity. Subordinated debt, additional tier 1 capital, senior loans and issued bonds with a contractual due date within 12 months do not form a part of the Spar Nord Bank's strategic liquidity. As at 31 December 2020, Spar Nord Bank had strategic liquidity resources of DKK 30.0 billion.

Spar Nord Bank Group – Strategic liquidity (DKKbn)

	31.12.2020
Deposits, banking activities	58,084
Senior loans	2,670
Subordinated debt	1,333
Equity	10,390
Liquidity procurement	72,476
Lending, banking and leasing activities	42,494
Senior loans and subordinated debt with a term to maturity of less than 12 months	0
Total strategic liquidity	29,982

Relative to the LCR Regulation, Spar Nord Bank calculated its LCR as at 31 December 2020 at 241 per cent. Relative to Spar Nord Bank's goal of a minimum LCR of 125 per cent, the excess coverage of 116 percentage points equals excess liquidity of DKK 11.5 billion.

Liquidity Coverage Ratio (DKKbn)

	31.12.2020
Liquidity resources	23,844
Liquidity Coverage Requirement	9,876
LCR (%)	241%

2.3 Spar Nord Bank credit ratings

Spar Nord Bank's credit ratings are material to the price of funding and capital as well as to funding flexibility, as it provides access to subordinated Tier 2 capital and Additional Tier 1 capital, as well as a broad investor base for both longer dated preferred and non-preferred senior debt. Therefore, it is a high priority of the Spar Nord Bank Group that the credit rating of the Issuer is on a high and competitive level.

Spar Nord Bank is rated by Moody's. On 30 October 2020, Moody's assigned a long term unsecured rating of A1 and a short term unsecured rating of P-1 to Spar Nord Bank. These ratings are based on a baseline credit assessment (BCA) and adjusted BCA of baa1. The rating of Spar Nord Bank benefited from Moody's advanced loss given failure analysis with three notches of rating uplift. The outlook on the long-term deposit rating is stable. Moody's has affirmed these ratings in its recent credit opinion on 29 October 2021. Moody's credit rating report in respect of the Issuer may be obtained via the Issuer's website <https://www.sparnord.com/investor-relations/#gaeld-info>.

2.4 Legal and arbitration proceedings

The Spar Nord Bank Group operates in a legal and regulatory environment that exposes it to potentially significant litigation and regulatory risks. As a result, the Spar Nord Bank Group is and may become involved in various disputes and legal proceedings in Denmark and other jurisdictions, including litigation and regulatory investigations. Such disputes and legal proceedings are subject to many uncertainties, and outcomes are often difficult to predict, particularly in the earlier stages of a case or investigation.

The Spar Nord Bank Group is a party to a number of legal disputes arising from its business activities. Provisions for legal disputes are recognised where a legal or constructive obligation has incurred as a result of past events and it is probable that there will be an outflow of resources that can be reliably estimated. In this case, the Spar Nord Bank Group arrives at an estimate on the basis of an evaluation of the most likely outcome. Provisions are measured at the present value of the anticipated expenditure for settlement of the legal or constructive obligation that reflects the risks specific to the obligation.

As at the date of this Prospectus there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had in the past 12 months, significant effects on the financial position or profitability of the Issuer and/or the Spar Nord Bank Group.

TAXATION

Persons considering the purchase, ownership or disposition of the Notes should consult their own tax advisers concerning the tax consequences in the light of their particular situation. No representations with respect to the tax consequences of any particular Noteholder are made hereby.

Danish Taxation

The following is a summary description of the taxation in Denmark of the Notes according to the Danish tax laws in force as of the date of this Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The summary assumes that the holder of the Notes is the beneficial owner of the Notes and payments thereon. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the Notes, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as professional dealers in securities) may be subject to special rules. Potential investors are under all circumstances strongly recommended to contact their own tax advisor to clarify the individual consequences of their investment, holding and disposal of the Notes. The Issuer makes no representations regarding the tax consequences of purchase, holding or disposal of the Notes.

Taxation at source

Under existing Danish tax laws, no general withholding tax or coupon tax will apply to payments of interest or principal or other amounts due on the Notes.

Resident Noteholders

Private individuals, including persons who are engaged in financial trade, companies and similar enterprises resident in Denmark for tax purposes or receiving interest on the Notes through their permanent establishment in Denmark are liable to pay tax on such interest. For private individuals the income is taxed as personal income and not as capital income.

According to an advance tax ruling (in Danish: *bindende svar*) from the Danish tax authorities published in May 2020 it was ruled that capital gains on Additional Tier 1 Capital instruments (such as the Notes) are not taxable to individuals or corporate entities, unless the relevant holder of such instrument is engaged in financial trade with such instruments or have acquired such instruments due to speculation.

Non-resident Noteholders

Under existing Danish tax laws, payments of interest or principal amounts to any non-resident Noteholder in respect of the Notes are not subject to taxation in Denmark. Thus no Danish withholding tax will be payable with respect to such payments, and any capital gain realised upon the sale, exchange or retirement of a Note will not be subject to taxation in Denmark.

This tax treatment applies solely to Noteholders in respect of Notes who are not subject to full tax liability in Denmark or included in a Danish joint taxation scheme and do not carry on business in Denmark through a permanent establishment to which the Notes are allocated.

The Proposed Financial Transactions Tax (“FTT”)

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (together, the “**participating Member States**”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) Regulation (EC) no. 1287/2006 are expected to be exempt.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

U.S. Foreign Account Tax Compliance Act Withholding

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “**foreign financial institution**” (as defined by FATCA) may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Denmark) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. Noteholders should consult their own tax advisers regarding how these rules may apply to their investment in Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SELLING RESTRICTIONS

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act. Each Joint-Lead Manager represents that it has not offered and sold the Notes, and agrees that it will offer and sell the Notes (a) as part of their distribution at any time and (b) otherwise until 40 days after the later of the commencement of the offering and the Issue Date, only in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Joint-Lead Manager agrees that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The securities covered hereby have not been registered under the United States Securities Act of 1933 (the Securities Act) and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Issue Date, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

U.S. Internal Revenue Code of 1986 (TEFRA) is not applicable, since no physical note will be issued in any form or shape.

United Kingdom

Each Joint Lead Manager has represented and agreed will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (FSMA)) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Denmark

Each Joint Lead Agreement has represented and agreed that it has not offered or sold and will not offer, sell or deliver any of the Notes directly or indirectly in Denmark by way of a public offering, unless in compliance with, as applicable, the Prospectus Regulation, the Danish Consolidated Act no. 2014 of 1 November 2021 on Capital Markets, as amended, and Executive Orders issued thereunder and in compliance with Executive Order no. 2092 of 14 December 2020, as amended, supplemented or replaced from time to time, issued pursuant to the Danish Financial Business Act.

Prohibition of Sales to EEA Retail Investors

Each Joint-Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available the Notes to any retail investor in the EEA.

- (a) the expression "retail investor" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
 - (ii) a customer within the meaning of the Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129; and

- (iv) the expression "an offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Prohibition of Sales to UK Retail Investors

Each Joint-Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
- (b) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (EUWA); or
- (c) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
- (d) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and
- (e) the expression "an offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

General

Each Joint Lead Manager acknowledges that no representation is made that any action has been or will be taken by the Issuer or any other Joint Lead Manager in any jurisdiction that would permit a public offering of the Notes, or possession or distribution of this Prospectus or any additional marketing materials, in any country or jurisdiction where action for that purpose is required. Each Joint Lead Manager will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Prospectus or any additional marketing materials, in all cases at its own expense.

GENERAL INFORMATION

1. The Issuer has obtained all necessary consents, approvals and authorisations in Denmark in connection with the issue and performance of the Notes. The issuance of the Notes was duly authorised by a resolution of the Board of Directors of the Issuer passed on 23 February 2021.
2. There has been no significant change in the financial performance or position of the Issuer or the Group since 30 September 2021 nor has there been any material adverse change in the financial position or prospects of the Issuer since 31 December 2020.
3. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) as at the date of this Prospectus which may have, or have had in the past 12 months, significant effects on the financial position or profitability of the Issuer and/or the Group.
4. The Common Code for the Notes is 231469672. The International Securities Identification Number ("ISIN") for the Notes is DK0030484464. The Financial Instrument Short Name ("FISN") for the Notes is Spar Nord/3.25/Hybrid. Classification of Financial Instruments Code ("CFI") for the Notes is: DBVUQB.
5. There are no material contracts entered into in the ordinary course of the Issuer's business which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of the Notes being issued.
6. Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.
7. Copies of the following documents (and English translations where the documents in question are not in English) will, when published, be available at <https://www.sparnord.com/en/investor-relations/#debtinfo> and/or <https://www.sparnord.com/en/investor-relations/organization/#principles> :
 - (i) the Articles of Association of the Issuer; and
 - (ii) a copy of this Prospectus.

The documents specified in sub-paragraph (i) above are direct English translations of the Danish language originals. In the event that there are any inconsistencies or discrepancies between the Danish language versions and the English translations thereof, the original Danish language versions shall prevail.

8. Deloitte Statsautoriseret Revisionpartnerselskab of Weidekampsgade 6, DK-2300 Copenhagen S, Denmark, represented by Anders Oldau Gjelstrup (mne no. 10777) and Jakob Lindberg (mne no. 40824) both State Authorised Public Accountants and members of Foreningen af Statsautoriserede Revisorer, have audited the Issuer's accounts, which were prepared in accordance with the Danish Financial Business Act, and the Group's accounts, which were prepared in accordance with International Financial Reporting Standards as adopted by the EU, without qualification, for the financial years ended 31 December 2019 and 31 December 2020.
9. The Notes were issued by the Issuer and subscribed by the Joint Lead Managers on the Issue Date pursuant to a subscription agreement dated 4 March 2021 (the "**Subscription Agreement**"). The Issuer was acting as Joint Lead Manager in relation to the issuance of the Notes. Accordingly, there may be a potential conflict of interest of the Issuer acting as Joint Lead Manager in relation to the issuance of the Notes as the Issuer has an interest in the Notes being sold. Under the Subscription Agreement, the Issuer has paid certain fees to the Joint Lead Managers and reimbursed the Joint Lead Managers for certain expenses incurred in connection with the issuance of the Notes. Furthermore, the Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities they may incur in connection with the offer and sale of the Notes. Furthermore, the Joint Lead Managers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its

affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. The Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

10. The total expenses related to the admission to trading of the Notes are estimated by the Issuer to be approximately DKK 38,000.
11. The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.
12. In this Prospectus, references to websites or uniform resource locators (each, a “URL”) are inactive textual references and are included for information purposes only. The contents of any such website or URL shall not form part of, or be deemed to be incorporated into, this Prospectus unless that information is incorporated by reference into this Prospectus.

REGISTERED AND HEAD OFFICE OF THE ISSUER

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as to Danish law

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