

CONDITIONAL VOLUNTARY OFFER

TO

THE SHAREHOLDERS OF



A/S NØRRESUNDBY BANK
(COMPANY REG. (CVR) NO. 34790515)

SUBMITTED BY



SPAR NORD BANK A/S
(COMPANY REG. (CVR) NO. 13737584)

FINANCIAL ADVISERS



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GENERAL INFORMATION

This Offer Document contains important information and should be read before any decision is made with respect to accepting this conditional voluntary takeover offer.

No persons are authorised to disclose any information on behalf of the Offeror which is not contained in this Offer Document.

This Offer Document is not directed at shareholders whose participation in the Offer would require the issuance of an offer document, registration or activities other than what is required under Danish law. The takeover offer is not made, directly or indirectly, to shareholders resident in any jurisdiction in which the submission of the takeover offer or acceptance thereof would contravene the laws of such jurisdiction, and this offer document may not be distributed to shareholders resident in any such jurisdiction. Any person acquiring possession of this Offer Document is assumed to obtain on his or her own accord any necessary information on any applicable restrictions and to comply with such restrictions.

Any changes to the terms or conditions set out in this Offer Document will be announced through the Danish FSA, NASDAQ Copenhagen and electronic media if, and to the extent, such announcement is required under applicable Danish law.

This Offer Document may contain statements relating to future matters or events, including statements on future results, growth or other forecasts on developments and benefits in connection with the Offer. Such statements may generally, but not always, be identified by the use of words such as "expects", "assumes", "supposes" or similar expressions. Forward-looking statements, by their nature, involve risks and uncertainty as they relate to events and depend on circumstances occurring in the future. There can be no assurance that actual results will not differ, possibly materially, from those expressed or implied by such forward-looking statements.

SUMMARY OF THE OFFER

This summary highlights important and material information about the Offer, but is intended to be an overview only. For a more complete description of the terms and conditions of the Offer, Nørresundby Bank Shareholders should carefully read this entire Offer Document, as this summary does not contain all information that may be of interest to Nørresundby Bank Shareholders, and additional material information is contained in the remainder of this Offer Document. In case of inconsistencies between the summary and the remainder of this Offer Document, the remainder of this Offer Document shall prevail.

Offeror

Spar Nord Bank A/S, company reg. (CVR) no. 13 73 75 84, a public limited company incorporated under Danish law and having its registered address at Skelagervej 15, 9000 Aalborg, Denmark.

Nørresundby Bank

A/S Nørresundby Bank, company reg. (CVR) no. 34 79 05 15, a public limited company incorporated under Danish law and having its registered address at Torvet 4, 9400 Nørresundby, Denmark.

Offer Price

The shareholders are offered consideration in the form of a total of two New Spar Nord Shares with a nominal value of DKK 10 each and a cash payment of DKK 309 (the "Offer Price"), equivalent to a total price of DKK 425 (calculated on the basis of the closing price of Spar Nord's shares (58) on NASDAQ Copenhagen on the last trading day prior to Spar Nord's announcement of its intention to submit this Offer) per Nørresundby Bank Share with a nominal value of DKK 10.

It is a Condition to the Offer that Nørresundby Bank does not pay dividends or otherwise make distributions to Nørresundby Bank Shareholders in the period until the Offer has been Completed. In the event that Nørresundby Bank pays dividends or otherwise makes distributions to Nørresundby Bank Shareholders prior to settlement of the Offer, and the Offeror chooses to Complete the Offer irrespective thereof (by waiving the above-mentioned Condition), the Offer Price to be paid pursuant to the Offer will be reduced by the amount of such dividend or distribution per Nørresundby Bank Share on a DKK-for-DKK basis.

Offer Period

The Offer is valid as of 8 December 2014 and expires on 15 January 2015 at 00:00 a.m. (CET). However, the Offer Period may be extended in accordance with Section 9 of the Executive Order on Takeover Bids and as set forth in this Offer Document.

Share premium

The table below shows the share premium (rounded) which the Offer Price represented on 10 October 2014 (425) relative to the price per share at certain dates which are deemed to be relevant.

Period	Price per share (DKK)	Share premium relative to historic price per share (%)***
Closing price on NASDAQ Copenhagen on 7 November 2014*	298	43%
Closing price on NASDAQ Copenhagen on 9 October 2014*	261	63%
Closing price on NASDAQ Copenhagen on 30 December 2013	206	106%
Average closing price per share on NASDAQ Copenhagen in the three months up to and including 9 October 2014	269	58%
Average closing price per share on NASDAQ Copenhagen in the six months up to and including 9 October 2014	266	60%

*7 November 2014 was the last trading day on NASDAQ Copenhagen prior to Spar Nord's company announcement no. 21 of 10 November 2014 explaining that Spar Nord intended to submit this Offer. **9 October 2014 was the last trading day on NASDAQ Copenhagen prior to Nørresundby Bank's company announcement of 10 October 2014 regarding the intention to complete a merger with Nordjyske Bank A/S. ***The share premium has been calculated on the basis of DKK 425 per share.

The average prices have been calculated on the basis of the daily closing prices on NASDAQ Copenhagen in the period presented.

Conditions to the Offer

The Offer is subject to the following Conditions:

- that the Offeror has received valid acceptances of the Offer to the effect that the Offeror will hold more than 90% of the share capital and voting rights in Nørresundby Bank after Completion of the Offer;
- that amendments to Nørresundby Bank's Articles of Association are adopted to the effect that the voting limit of Article 10(2) of the Articles of Association is repealed;
- that the Offeror has obtained all necessary approvals and permissions from the relevant authorities, including the competition authorities and the Danish FSA;
- that Nørresundby Bank does not during the Offer Period issue new shares or other financial instruments convertible into shares in Nørresundby Bank;
- that Nørresundby Bank does not during the Offer Period pay dividends or otherwise make distributions to the shareholders;
- that Nørresundby Bank does not during the Offer Period make any decision to complete a demerger or merger or enter into transactions involving a material part of Nørresundby Bank's assets (to be understood as more than 5% of Nørresundby Bank's total assets); and
- that from the date of submission of the Offer until the date on which the Offer is Completed, no events have occurred which have a material adverse effect on Nørresundby Bank's financial position (a "Material Adverse Event") and that during that period Nørresundby Bank has not released and will not release any information the contents of which constitute a Material Adverse Event.

Acceptance

Acceptance of the Offer must be received by Spar Nord through the Nørresundby Bank Shareholders' own custodian banks prior to expiry of the Offer Period. Nørresundby Bank Shareholders wishing to accept the Offer may use the acceptance form attached to this Offer Document.

Nørresundby Bank Shareholders are requested to note that acceptance of the Offer must be notified to the Nørresundby Bank Shareholders' own custodian banks in due time to allow the custodian banks to process and communicate the acceptances to Spar Nord, which must have received such acceptances prior to expiry of the Offer Period on 15 January 2015 at 00:00 a.m. (CET).

The deadline for notification of acceptance to the custodian banks depends on the Nørresundby Bank Shareholders' agreement with and the rules and procedures of the relevant custodian banks, and the deadline may be earlier than the last day of the Offer Period.

Announcement of result

The Offeror will release an announcement of the result of the Offer through NASDAQ Copenhagen and electronic media not later than 18 hours after expiry of the Offer Period. The announcement will comprise the preliminary result of the Offer and a notification of whether the Offer will be extended or finalised. Not later than three days after the finalisation of the Offer, the final result will be announced by the Offeror through NASDAQ Copenhagen and electronic media, including the price of the New Spar Nord Shares.

Settlement

The Offer will be settled in cash through the Nørresundby Bank Shareholders' own custodian banks.

Settlement will be effected as soon as possible and not later than three business days after the date of announcement of the Completion of the Offer. The Offeror expects that settlement will be effected on 19 January 2015. An extension of the Offer Period to a date after 15 January 2015 will postpone the date of settlement.

The partial consideration in the form of New Spar Nord Shares will be settled by transfer of the New Spar Nord Shares to the selling Nørresundby Bank Shareholder's custodian bank in accordance with the relevant rules of VP Securities applicable from time to time.

Right of withdrawal

In the event of submission of a competing offer, any Nørresundby Bank Shareholders who have accepted the Offer may withdraw their acceptance of the Offer during a period of three business days after the announcement of the competing offer.

Subject thereto, any acceptance of the Offer and any sale of shares pursuant to this Offer are binding and irrevocable for Nørresundby Bank Shareholders.

Questions

Any questions in connection with acceptance of the Offer may be directed to the shareholders' own custodian banks or to:

Spar Nord Bank A/S
Company reg. (CVR) no. 13737584
Skelagervej 15
9000 Aalborg, Denmark
Attn: Back Office Fonds
E-mail: ifonds@sparnord.dk
Phone: +45 96 34 44 55

1. INTRODUCTION

1.1 The Offer

Spar Nord Bank A/S
Company reg. (CVR) no. 13737584
Skelagervej 15
9000 Aalborg, Denmark
("Spar Nord" or the "Offeror")

hereby submits a voluntary and conditional offer (the "Offer") to the shareholders (together the "Nørresundby Bank Shareholders" or each a "Nørresundby Bank Shareholder") of

A/S Nørresundby Bank
Company reg. (CVR) no. 34790515
Torvet 4
9400 Nørresundby, Denmark
("Nørresundby Bank" or the "Company")

for the acquisition of all shares in Nørresundby Bank which at the time of submission of the voluntary and conditional offer are not already held by the Offeror (the "Nørresundby Bank Shares") against a consideration of a total of two newly issued shares in Spar Nord with a nominal value of DKK 10 each (the "New Spar Nord Shares") and a cash payment of DKK 309 per Nørresundby Bank Share with a nominal value of DKK 10 (the "Offer Price"). Calculated on the basis of the closing price of Spar Nord's shares (58) on NASDAQ Copenhagen on the last trading day prior to Spar Nord's announcement of its intention to submit this Offer, the Offer Price corresponds to a total price of DKK 882,264,300 for the Nørresundby Bank Shares.

The Offer is submitted in pursuance of the rules of section 31 of the Securities Trading Act (Consolidated Act no. 831 of 12 June 2014 on securities trading) and section 4 of Executive Order no. 562 of 2 June 2014 on takeover bids (the "Executive Order on Takeover Bids") as well as the rules of Annex I and III of Commission Regulation (EU) 2004/809/EC (the "Prospectus Regulation") and section 14(ii) of Executive Order no. 1104 of 9 October 2014 (the "Executive Order on Large Prospectuses"). Accordingly, no prospectus will be prepared in connection with the Offer.

The Nørresundby Bank Shares are admitted to trading and official listing on NASDAQ Copenhagen A/S ("NASDAQ Copenhagen"). The Offeror offers to take over the Nørresundby Bank Shares on the terms (the "Offer") set forth in this offer document (the "Offer Document").

At the date of submission of the Offer (the "Date of Announcement"), the Offeror holds 2,524,084 Nørresundby Bank Shares with a nominal value of DKK 10 each, corresponding to 54.9% of the share capital.

The Offer Document has been prepared in a Danish-language and an English-language version. In case of any discrepancies, the Danish-language version prevails.

The Offer Document is structured to the effect that Part I contains Conditions and terms of the Offer and Part II describes Spar Nord and the New Spar Nord Shares offered to the Nørresundby Bank Shareholders as part of the Offer. Part III contains definitions and annexes.

Defined terms not otherwise defined in the this Offer Document are defined in section 39.

1.2 **Important dates relating to the Offer**

The following dates should be noted in relation to the Offer:

10 November 2014	Spar Nord's company announcement concerning its decision to submit the Offer
8 December 2014	Submission of the Offer
15 January 2015	Expected date of extraordinary general meeting of Nørresundby Bank held for the purpose of repealing the voting limit of Article 10(2) of Nørresundby Bank's Articles of Association
15 January 2015	Expected date of expiry of the Offer Period
16 January 2015	Expected date of announcement of the result of the Offer
19 January 2015	Expected Completion (including settlement) of the Offer based on the Offer Period expiring on 15 January 2015

Reference is made to the information about the Offer Period and any extensions thereof as described in this Offer Document.

PART I: THE OFFER

2. NØRRESUNDBY BANK AND THE OFFEROR'S INTENTIONS WITH NØRRESUNDBY BANK**2.1 Nørresundby Bank's activities and company information**

Nørresundby Bank offers all types of financial services, advice and products and its focus is on retail customers and small and medium-sized enterprises in local areas where the bank has a presence.

The Nørresundby Bank Shares are admitted to trading and official listing on NASDAQ Copenhagen (ISIN DK0060135549).

Nørresundby Bank's share capital amounts to DKK 46,000,000 divided into 4,600,000 shares of DKK 10 each.

The Nørresundby Bank Shares are issued to bearer and may be registered by name in Nørresundby Bank's register of shareholders. No restrictions apply to the transferability of the shares.

On the Date of Announcement, the Offeror holds 2,524,084 shares in Nørresundby Bank, corresponding to 54.9% of the share capital of Nørresundby Bank.

Nørresundby Bank has a board of representatives consisting of up to 30 members (currently 25 members), all of whom have been elected from among the shareholders of Nørresundby Bank. The board of representatives elects four members to the board of directors of Nørresundby Bank.

The board of directors of Nørresundby Bank consists of:

Mads Ole Hvolby (chairman), Poul Bak Søe Jeppesen (deputy chairman), John Christian Aasted, Morten Jensen, Bo Bojer (employee-elected board member) og Helle Rørbæk Juul Lynge (employee-elected board member).

The executive board of Nørresundby Bank consists of:

Andreas Rasmussen, Chief Executive Officer, and Finn Øst Andersson, Managing Director.

It is stated in the 2013 Annual Report that the shares in Nørresundby Bank are distributed among just over 23,000 shareholders. In the register of shareholders of Nørresundby Bank, the Offeror is listed as the only major shareholder of Nørresundby Bank.

Nørresundby Bank has its registered office at Torvet 4, 9400 Nørresundby, Denmark.

2.2 Financial ratios and financial guidance of Nørresundby Bank

The selected financial information for Nørresundby Bank below has been extracted from the unaudited interim financial statements as at and for the nine months ended 30 September 2014 and from the audited consolidated financial statements as at and for the financial years ended 31 December 2013, 2012 and 2011.

Summary income statement (DKK '000)	9M 2014	9M 2013	FY 2013	FY 2012	FY 2011
Net interest and fee income	324,604	315,782	423,014	424,195	421,431
Market-value adjustments	44,463	13,165	22,418	31,637	-15,185
Other operating income	1,863	2,439	3,336	3,826	5,369
Staff costs and administrative expenses	184,788	186,645	246,458	256,555	258,494
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2,448	3,977	6,446	5,753	11,629
Other operating expenses	10,346	11,565	15,305	11,237	15,084
Impairment of loans and advances etc.	17,534	42,863	59,633	88,193	66,386
Profit/loss on investments in group enterprises	0	0	0	0	0
Profit/loss before tax	155,814	86,336	120,926	97,920	60,022
Taxes	32,120	21,797	31,607	24,446	19,198
Profit/loss for the year	123,694	64,539	89,319	73,474	40,824
Summary balance sheet (DKK '000)					
Loans and advances	5,396,082	5,169,117	5,513,713	5,268,881	5,748,379
Deposits excluding pooled schemes	6,309,590	6,367,212	6,146,611	6,334,204	5,988,515
Deposits in pooled schemes	967,049	914,479	934,976	933,369	835,518
Subordinated debt	0	0	0	0	50,000
Share capital	46,000	46,000	46,000	46,000	46,000
Shareholders' equity	1,541,982	1,401,454	1,432,823	1,342,551	1,281,640
Balance sheet	9,455,627	9,419,526	9,253,141	9,352,389	9,358,656
Contingent liabilities etc.	1,586,926	1,385,592	1,331,079	1,262,885	1,193,827
Selected financial ratios					
Core income over costs	1.65	1.57	1.59	1.56	1.50
Income/cost ratio	1.72	1.35	1.37	1.27	1.17
Return on shareholders' equity before tax	14.0	8.4	8.7	7.5	4.7
Capital adequacy ratio	18.8	17.8	19.0	17.7	17.7
Core capital ratio	18.8	17.8	18.9	17.6	16.7
Excess cover relative to statutory liquidity ratio requirements	217	257	212	249	194
Share price	265	204	206	151	148
Equity value per share	340	313	318	301	287
Share price/equity value per share	0.78	0.65	0.65	0.50	0.52
Number of full-time employees (average)	240	251	249	260	271

In connection with the preparation of the interim report for the first nine months of 2014, Nørresundby Bank stated as follows with respect to the realised profit and the full-year profit guidance for 2014:

"Nørresundby Bank reported a profit before tax of DKK 155.8 million for the first nine months of 2014, against a profit of DKK 86.3 million at 30 September 2013. This was the best interim performance in company history, producing a return on shareholders' equity of 14% p.a."

and

"Based on the realised profit for the first nine months of 2014 and the guidance for the fourth quarter of 2014, the bank maintains the full-year guidance provided most recently in the interim report for the first half of 2014 for a profit before market-value adjustments and loan impairment losses to the tune of DKK 150–170 million. It is specified that the profit is expected to be at the top of the guidance."

Additional financial information is available at Nørresundby Bank's website: www.alm.nrsbank.dk.

2.3 Company announcements 2014

Date	Subject of announcement
11 November 2014	Spar Nord Bank A/S's offer
10 November 2014	Spar Nord Bank's offer
5 November 2014	Merger of Nordjyske Bank A/S and A/S Nørresundby Bank put on hold
29 October 2014	Merger of Nordjyske Bank A/S and A/S Nørresundby Bank
28 October 2014	Interim report, Q1-Q3 2014
10 October 2014	Merger of Nordjyske Bank A/S and A/S Nørresundby Bank
27 August 2014	Trading by company insiders
27 August 2014	Interim report, H1 2014
1 May 2014	Re-election and new election of members to the bank's board of directors
29 April 2014	Interim report, Q1 2014
11 April 2014	Capital gains and payment of dividends in Sparinvest Holdings SE
24 March 2014	Nørresundby Bank's sale of shares in Nets
20 March 2014	Articles of association
11 March 2014	Proceedings at the annual general meeting held on 11 march 2014
11 March 2014	Trading by company insiders
14 February 2014	Notice convening the annual general meeting to be held on 11 march 2014
14 February 2014	Trading by company insiders
12 February 2014	Trading by company insiders
11 February 2014	Annual report 2013
11 February 2014	Preliminary announcement of 2013 results

2.4 The Offeror's intentions with Nørresundby Bank and strategy therefor

2.4.1 Strategic rationale

The purpose of the Offer is to leverage the consolidation opportunities offered by Nørresundby Bank, thereby creating a bank with an even stronger position in the Aalborg area.

Spar Nord has noted with interest that the management of Nørresundby Bank wants the bank to participate in the ongoing consolidation of the Danish banking sector. The management of Nørresundby Bank has motivated its position by the fact that new legislative requirements and customer requirements for cheaper products and a higher level of advisory services call for greater scale.

Spar Nord believes that these aims are best achieved through a merger of Nørresundby Bank and Spar Nord and that such a merger would create significant value for shareholders, customers and employees alike.

Spar Nord and Nørresundby Bank are two banks which are very similar in many ways. In addition to being rooted in the same geographical region, Spar Nord's strategic focus is completely parallel to that of Nørresundby Bank, as Nørresundby Bank serves ordinary retail customers and local businesses based on its physical branches. Accordingly, both banks to a significant degree delegate their decision-making powers to the local branches to ensure that decisions are made in close proximity to their customers.

2.4.2 Intentions with Nørresundby Bank

If the Offer is Completed, Spar Nord will operate Nørresundby Bank as an independent subsidiary for a period of at least three years, during which Nørresundby Bank will continue under its existing name.

This implies that both Nørresundby Bank's headquarters and branches will continue unchanged in the coming period and that Spar Nord will generally strive to ensure as smooth a transition as possible for Nørresundby Bank's customers and employees and without significant changes to the terms applicable to the employees of the two banks.

After the first three years, assessments will be made to identify the most expedient way to realise synergies through an integration of the two banks. The synergies will be related mainly to corporate functions and support functions but also to a limited extent to the branch network. The latter will be done with a strong emphasis on maintaining the existing relations between Nørresundby Bank's customers and advisers.

Overall, Spar Nord expects that an integration could produce synergies to the tune of 4-5% of the two banks' total costs, driven by operating cost savings as well as by a reduction of the two banks' headcount by about 4%. It is expected that a staff reduction, which will be distributed on the employees of both banks, can be achieved primarily through normal attrition.

2.4.3 Plans to amend Nørresundby Bank's Articles of Association, delisting and changes to the board of representatives and board of directors

Article 10(2) of Nørresundby Bank's articles of association ("Nørresundby Bank's Articles of Association") contains a voting limit. As mentioned in section 7.2, it is a Condition for the Completion of the Offer that this provision of Nørresundby Bank's Articles of Association is repealed. On 1 December, Spar Nord requested the board of directors of Nørresundby Bank to convene two extraordinary general meetings of Nørresundby Bank with a view to repealing the said provision. The request to convene two extraordinary general meetings has been made because the voting limit of Article 10(2) of Nørresundby Bank's Articles of Association may only be repealed if at least two thirds of the share capital is represented at the general meeting and the proposed resolution is adopted by at least two thirds of the votes cast as well as of the voting share capital represented at the general meeting. See Article 11(2) of Nørresundby Bank's Articles of Association. If a sufficient share capital amount is not represented at the general meeting, but the proposed resolution is otherwise adopted by at least two thirds of the votes cast as well as of the voting share capital represented at the general meeting, the proposed resolution may be adopted by two thirds of the votes cast at a subsequent general meeting regardless of the share capital amount represented. See Article 11(3) of Nørresundby Bank's Articles of Association.

The purpose of the Offer is for the Offeror to acquire all Nørresundby Bank Shares and to subsequently apply for all shares in Nørresundby Bank to be delisted from NASDAQ Copenhagen. If, after Completion of the Offer, the Offeror has acquired more than 90% of the shares and the voting rights in Nørresundby Bank, the Offeror will initiate and complete a squeeze out of Nørresundby Bank Shares held by the remaining minority shareholders in accordance with sections 70-72 of the Companies Act. The squeeze out is expected to take place on terms and conditions equivalent to the terms and Conditions applicable to the Offer. In addition, the Offeror will immediately after the Completion request the board of directors to convene an extraordinary general meeting of Nørresundby Bank with a view to (i) amending the articles of association in order to elect two new members to the board of directors in addition to the existing members (one of which will be nominated as a candidate for the office of chairman and two new members of the board of representatives (in order that the existing members of the board of representatives continue in office and that future elections to the board of representatives will take place among the customers of Nørresundby Bank)), (ii) passing a resolution to delist Nørresundby Bank and (iii) authorising the board of directors to apply for the shares to be delisted from NASDAQ Copenhagen. If the delisting is completed, the Offeror will at a later point amend Nørresundby Bank's Articles of Association to reflect the fact that Nørresundby Bank is no longer a listed company.

2.5 Distribution of Nørresundby Bank's funds

In order to ensure optimum flexibility after the Completion of the Offer, the Offeror may at any time after the Completion of the Offer propose that Nørresundby Bank pay dividends (ordinary or interim) or otherwise make distributions to the Nørresundby Bank Shareholders, including the Offeror, within the first 12 months after settlement of the Offer. Such payment or distribution may total an amount equivalent to Nørresundby Bank's shareholders' equity, however, subject to the statuto-

ry minimum requirements for the amount of Own Funds and the rules on restrictions on the ability to make distributions regarding Common Equity Tier 1 Capital applicable from time to time to Nørresundby Bank.

2.6 **Persons acting in concert with Nørresundby Bank**

Spar Nord has no knowledge of the existence of any persons acting in concert with Nørresundby Bank in connection with the submission of the Offer. See section 1(iv) of the Executive Order on Takeover Bids.

2.7 **Existing agreements about fees, incentive programmes, etc. for the management of Nørresundby Bank**

Spar Nord has no knowledge of the existence of any agreements involving special fees, incentives, etc. to the management of Nørresundby Bank which will be triggered in connection with the Offer.

3. **INFORMATION ABOUT THE OFFEROR**

3.1 **Identity of the Offeror**

The Offer is submitted by:

Spar Nord Bank A/S
Company reg. (CVR) no. 13737584
Skelagervej 15
9000 Aalborg, Denmark

3.2 **Persons acting in concert with the Offeror**

There are no persons acting in concert with the Offeror in connection with the submission of the Offer. See section 1(iv) of the Executive Order on Takeover Bids.

3.3 **Activities, management, ownership and business of the Offeror**

3.3.1 Spar Nord's activities and business

Founded in Aalborg, Denmark in 1824, Spar Nord has historically been rooted in northern Jutland where it continues to have a market-leading position. In the period from 2002 to 2010, Spar Nord established and acquired 27 local banks (branches) outside northern Jutland, and in 2012 the bank merged with Sparbank A/S ("Sparbank"), which had 23 branches. Today, Spar Nord has a nationwide distribution network in Denmark with 71 branches.

Spar Nord offers all types of financial services, advice and products, and its focus is on retail customers and small and medium-sized enterprises in local areas where Spar Nord has a presence.

For a more detailed description of Spar Nord's business, see section 11.1.

3.3.2 Spar Nord's Management

Spar Nord's board of directors consists of:

Torben Fristrup (chairman), Per Nikolaj Bukh (deputy chairman), Kaj Christiansen, Laila Mortensen, Fritz Dahl Pedersen, Ole Skov (employee representative), Jannie Skovsen (employee representative), Gitte Holmgaard Sørensen (employee representative), Hans Østergaard and Kjeld Johannesen.

The executive board of Spar Nord consists of:

Lasse Nyby (Chief Executive Officer), Bent Jensen, John Lundsgaard and Lars Møller.

Spar Nord's Management considers corporate governance to be an essential part of maintaining good relationships to internal and external stakeholders and of being able to meet the group's financial and non-financial targets.

Spar Nord's Management consequently supports initiatives to promote corporate governance and has therefore chosen to comply with 46 of 47 of the most recent recommendations of the Committee on Corporate Governance and with the supplementary recommendations from the Danish Bankers Association. The full wording of Spar Nord's position on the recommendations is available on the bank's website at sparnord.dk/corporategovernance.

For a more detailed description of Spar Nord's board of directors and executive board, see section 23.

3.3.3 Ownership of Spar Nord

Spar Nord had about 124,000 shareholders at 31 December 2013. 37% of the capital was attributable to Spar Nord Shareholders holding fewer than 20,000 shares each.

Pursuant to section 29 of the Securities Trading Act and section 55 of the Companies Act, Spar Nord has received notification of holdings of 5% or more of the share capital or voting rights from the shareholders of Spar Nord listed below:

Major shareholders of Spar Nord

Major shareholder	No. of shares	Ownership interest	Voting rights
The Spar Nord Foundation	23,273,723	18.54%	18.55%
Nykredit Realkredit A/S	More than 12,552,992	More than 10.0%	More than 10.0%
FMR LLC	6,289,428	5.01%	5.01%
Wellington Management Company LLP	6,484,276	5.17%	5.17%

Note: Ownership interests are determined on the basis of the aggregate share capital, exclusive of Spar Nord's holding of treasury shares to which no voting rights are attached. Voting rights are determined on the basis of the aggregate share capital less any treasury shares held as at 30 September 2014. The calculation was made on the basis that Spar Nord's outstanding share capital amounts to DKK 1.255.299.180 at the Date of Completion, divided into 125,529,918 shares with a nominal value of DKK 10 each. The information stated reflects the ownership interests held at the date of the relevant major shareholders' duty to notify their holdings in accordance with section 29 of the Securities Trading Act.

3.4 The Offeror's existing ownership of and influence on Nørresundby Bank

As at the Date of Announcement, Spar Nord and its subsidiaries hold a total of 2,524,084 Nørresundby Bank Shares, corresponding to 54.9% of the share capital of Nørresundby Bank. Spar Nord has at its disposal 11 votes in Nørresundby Bank, which is an insignificant share of the votes in Nørresundby Bank.

No agreements exist regarding the acquisition of additional shares or voting rights in Nørresundby Bank.

3.5 Agreements relevant to the Offer

Agreement with Bankdata on Nørresundby Bank's data processing agreement

Spar Nord and Foreningen Bankdata ("Bankdata") have concluded an agreement on terms and conditions in connection with the Offer.

This agreement implies:

- that regardless of whether Spar Nord gains a controlling interest in Nørresundby Bank, Nørresundby Bank may continue with Bankdata on membership terms until the data processing agreement is terminated and that the provision on immediate termination of membership terms does not apply to Nørresundby Bank;
- that in such case any termination fee payable to Bankdata will be calculated on the basis of the volume of transactions with Bankdata in the year preceding the year in which Spar Nord potentially gains a controlling influence in Nørresundby Bank; and
- that if Spar Nord gains a controlling influence in Nørresundby Bank, any representatives on decision-making committees of Nørresundby Bank will resign therefrom.

Spar Nord has not entered into any further agreements of relevance to the Offer other than the non-disclosure agreement mentioned in section 3.7 below.

3.6 **Acquisition of Nørresundby Bank's shares during the Offer Period**

Spar Nord reserves the right to acquire shares in Nørresundby Bank during the Offer Period in accordance with the relevant rules of the Executive Order on Takeover Bids.

If, before Completion, the Offeror acquires Nørresundby Bank Shares in the market or through privately negotiated transactions on terms which are more favourable than those offered in this Offer, the Offeror will offer all other Nørresundby Bank Shareholders the same favourable terms. Any Nørresundby Bank Shareholders who have accepted the Offer at the time of such acquisitions will also be offered the more favourable terms.

3.7 **Contact to Nørresundby Bank's management prior to the submission of the Offer**

Prior to the submission of the Offer, Spar Nord's Management contacted Nørresundby Bank with a view to discussing a potential merger of Spar Nord and Nørresundby Bank. The Offer is being submitted independently of these discussions.

After announcing its intention to submit the Offer on 10 November 2014, Spar Nord has had the opportunity to perform a due diligence review of certain exposures in Nørresundby Bank, and in that connection Spar Nord was given access to information about Nørresundby Bank. Spar Nord has not had access to inside information about the Nørresundby Bank Shares within the meaning of section 34(2) of the Securities Trading Act. Spar Nord and Nørresundby Bank have entered into a non-disclosure agreement which imposes upon Spar Nord a duty of non-disclosure of confidential information received in connection with the due diligence review.

In accordance with section 19 of the Executive Order on Takeover Bids, the Offeror confirms that the Offeror (including any person acting in concert with the Offeror) has not entered into any agreements or made any changes to existing agreements regarding bonus or similar emoluments to the management of Nørresundby Bank.

4. **CONSIDERATION, FINANCING AND PAYMENT**

4.1 **Execution of the Offer**

Spar Nord acts as settlement agent in connection with the execution of the Offer. See section 5.5 below.

Any questions in connection with acceptance of the Offer may be directed to the shareholders' own custodian banks or to:

Spar Nord Bank A/S
Company reg. (CVR) no. 13737584
Skelagervej 15
9000 Aalborg, Denmark
Attn: Back Office Fonds
E-mail: ifonds@sparnord.dk
Phone: +45 96 34 44 55

4.2 **Offer Price and share price history**

The shareholders are offered consideration in the form of a total of two New Spar Nord Shares with a nominal value of DKK 10 each and a cash payment of DKK 309. The Offer Price, which corresponds to a total price of DKK 425 (calculated on the basis of the closing price of Spar Nord's shares (58) on NASDAQ Copenhagen on the last trading day prior to Spar Nord's announcement of its intention to submit this Offer) per Nørresundby Bank Share with a nominal value of DKK 10.

The table below shows the share premium (rounded) which the Offer Price represented on 10 October 2014 (425) relative to the price per share at certain dates which are deemed to be relevant.

Period	Price per share (DKK)	Share premium relative to historic price per share (%)***
Closing price on NASDAQ Copenhagen on 7 November 2014*	298	43%
Closing price on NASDAQ Copenhagen on 9 October 2014*	261	63%
Closing price on NASDAQ Copenhagen on 30 December 2013	206	106%
Average closing price per share on NASDAQ Copenhagen in the three months up to and including 9 October 2014	269	58%
Average closing price per share on NASDAQ Copenhagen in the six months up to and including 9 October 2014	266	60%

*7 November 2014 was the last trading day on NASDAQ Copenhagen prior to Spar Nord's company announcement no. 21 of 10 November 2014 explaining that Spar Nord intended to submit this Offer. **9 October 2014 was the last trading day on NASDAQ Copenhagen prior to Nørresundby Bank's company announcement of 10 October 2014 regarding the intention to complete a merger with Nordjyske Bank A/S. ***The share premium has been calculated on the basis of DKK 425 per share.

The average prices have been calculated on the basis of the daily closing prices on NASDAQ Copenhagen in the period presented.

4.3 Consideration

The consideration for the Nørresundby Bank Shares consists partly of New Spar Nord Shares.

For a more detailed description of Spar Nord's activities and business, see section 11.1.

It is noted that the Spar Nord Group's leasing activities during the period from the fourth quarter of 2011 to the second quarter of 2014 inclusive were for accounting purposes characterised as discontinued activities. Consequently, the result of leasing activities was recognised in the consolidated financial statements outside core earnings. However, in the third quarter of 2014, a strategic decision was made to resume the activities, so as of the third quarter of 2014 leasing is once again recognised in core earnings.

In accordance with IFRS, leasing activities have therefore been reclassified in the Offer Document from the line item "Profit/loss on discontinuing activities" to the respective line items. In accordance with IFRS, the reclassification is made with retroactive effect for the interim report for the period 2011 to the third quarter of 2014. A similar reclassification was made in the published financial statements for the third quarter of 2014. The reclassification has no impact on profit before tax for the period.

	9M	9M	FY	FY	FY
INCOME STATEMENT (DKKm)	2014	2013	2013	2012	2011
Net interest income*)	1,322.3	1,391.9	1,849.4	1,676.8	1,676.1
Net income from fees, charges and commissions	625.1	531.9	722.6	561.6	483.3
Market-value adjustments and dividends	353.0	143.1	200.8	243.8	130.1
Other operating income	36.3	68.3	99.2	173.9	219.8
Profit/loss on equity investments in associates and group enterprises	83.1	42.0	66.4	54.8	39.0
Core income	2,419.8	2,177.2	2,938.4	2,710.9	2,548.3
Wages and salaries	772.9	742	1,025.6	930.3	960.2
Operating expenses	486.2	475.6	617.5	591.1	561.7
Depreciation, amortisation and impairment	53.5	72.8	98.3	153.5	215.4
Costs	1,312.6	1,290.4	1,741.4	1,674.9	1,737.3
Core earnings before impairment	1,107.2	886.8	1,197.0	1,036.0	811.0
Impairment of loans, advances and receivables, etc. *)	288.3	311.2	404.8	661.8	475.1
Core earnings	818.9	575.6	792.2	374.2	335.9
Earnings from investment portfolios	19.0	41.3	43.6	40.9	3.0
Profit/loss on ordinary operations	837.9	616.9	835.8	415.1	338.9
Contributions to sector-wide solutions	-76.9	-83.1	-120.2	-58.4	6.0
Special merger-related items	0.0	-42.6	-46.1	-66.6	0.0
Profit/loss before tax	761.0	491.2	669.5	290.1	344.9
Taxes	125.7	107.8	133.4	66.3	70.1
Profit/loss for the period	635.3	383.4	536.1	223.8	274.8

*In the core earnings format, an amount was reclassified between the items Net interest income, Other operating income and Impairment of loans, advances and receivables, etc., which relates to the share of the discount, recognised as income, on commitments taken over from Sparbank.

	9M 2014	9M 2013	FY 2013	FY 2012	FY 2011
BALANCE SHEET (DKKm)					
Total assets	78,816	75,080	74,605	79,146	70,081
Loans and advances	37,362	37,166	37,648	39,058	38,702
- Lending, banking activities	35,953	34,134	33,772	34,916	31,189
- Lending, reverse transactions	175	542	1,786	116	393
- Lending, leasing activities	1,234	2,490	2,090	4,026	7,120
Deposits	53,199	50,463	50,883	48,923	37,415
- Deposits, banking activities	42,930	41,998	41,831	41,922	31,088
- Deposits, repo transactions	0	0	0	0	0
Deposits in pooled schemes	10,269	8,465	9,052	7,001	6,327
Subordinated debt	1,711	2,319	3,002	2,562	2,317
Shareholders' equity	7,047	6,377	6,533	5,975	4,627
Contingent liabilities	8,021	5,435	5,380	5,767	3,838
Total Risk Exposure	48,698	43,111	42,697	46,307	42,188
Tier 1 Capital	6,619	7,400	7,437	6,973	5,622
Impairment account and discount on commitments taken over **)	2,154	2,155	2,117	2,742	1,143
Contractual non-performing loans	624	761	672	1,186	162
Business volume	192,523	181,933	182,387	179,346	144,207

**Spar Nord's allowance account amounted to DKK 1,776 million at 30 September 2014 (31 December 2013: DKK 1,606 million), and the discount on commitments taken over from Sparbank amounted to DKK 378 million at 30 September 2014 (31 December 2013: DKK 511 million).

	9M 2014	9M 2013	FY 2013	FY 2012	FY 2011
FINANCIAL RATIOS					
Own Funds					
Capital Ratio	15.5	17.4	19.4	15.5	14.0
Tier 1 Capital Ratio	13.6	17.2	17.4	15.1	13.3
Common Equity Tier 1 Capital Ratio	13.2	14	14.1	12.1	10.4
Earnings					
Return on equity before tax (%)	11.2	8	10.7	5.5	7.7
Return on equity after tax (%)	9.4	6.2	8.6	4.2	6.1
Cost share of core income	0.54	0.59	0.59	0.62	0.68
Cost share of core income, incl. impairment of loans and advances, etc.	0.66	0.74	0.73	0.86	0.87
Market risk					
Interest-rate risk (%)	1.9	0.1	-0.3	-1.1	-0.5
Foreign-exchange position (%)	3.4	3.4	3.7	1.4	6.9
Foreign-exchange risk (%)	0.0	0.0	0.0	0.0	0.1
Credit risk					
Loans and advances plus impairment account and discount hereon rel. to deposits	74.3	77.9	78.1	85.4	106.5
Loans and advances relative to shareholders' equity	5.3	5.8	5.8	6.5	8.4
Increase in loans and advances for the period (%)	3.7	-6	-7.9	1.7	-3.1
Excess coverage relative to statutory cash ratio requirement (%)	194.3	211.8	230.7	211.5	163.9
Sum of large exposures (%)	30.9	16.8	26.2	16.5	0.0
Impairment ratio	0.6	0.7	0.9	1.4	1.1
Employees and branches					
Number of employees (full-time, end of period)	1,509	1,518	1,512	1,653	1,397
Number of branches	71	76	76	90	69
THE SPAR NORD BANK SHARE					
DKK per share of DKK 10					
Share price, end of period	60	42	49	26	23
Net asset value (NAV)	56	51	52	48	58
Profit/loss for the period	5.1	3.1	4.3	1.9	3.4
Dividend	-	-	1	0	0
Return	-	-	88	13	-47
Price/earnings	-	-	11	14	7

At the release of its interim report for the first nine months of 2014, Spar Nord provided the following full-year profit guidance for 2014:

"In light of developments in Q1-Q3 and events following the end of the period, the group's full-year core earnings before impairment are now expected to hover around DKK 1,200 million – corresponding to an upward adjustment of the forecast earnings from operations of

DKK 100 million compared with the forecast at the beginning of the year. Despite the extraordinary portfolio writedown on agricultural customers in Q3, full-year loan losses, etc. are still expected to end at a slightly lower level than in 2013."

This guidance still applies.

For a more detailed review of Spar Nord's financial information, see sections 29 - 0.

4.4 **Compensation**

No Nørresundby Bank Shareholders will be offered any compensation pursuant to section 344(2) of the Companies Act.

4.5 **Financing**

The Offeror will finance the Completion of the Offer by issuing new shares in Spar Nord pursuant to an existing authorisation granted by the shareholders of Spar Nord to Spar Nord's board of directors (see Article 3(1) of Spar Nord's Articles of Association) as well as by application of existing funds. Accordingly, the completion of the Offer does not rely on external funding.

4.6 **Payment of the consideration**

Settlement of Nørresundby Bank shares which the Nørresundby Bank Shareholders have accepted to transfer under the Offer will take place through the individual Nørresundby Bank Shareholder's custodian bank or investment company. Settlement will take place not later than three trading days after announcement of the finalisation of the Offer, expectedly on 19 January 2015.

The partial consideration in the form of New Spar Nord Shares will be settled by transfer of the New Spar Nord Shares to the selling Nørresundby Bank Shareholder's custodian bank in accordance with the relevant rules of VP Securities applicable from time to time.

Any brokerage fees and other costs of sale are payable by the selling Nørresundby Bank Shareholders.

4.7 **Dividends and voting rights attaching to New Spar Nord Shares**

New Spar Nord Shares acquired by Nørresundby Bank Shareholders as part of the Completion of the Offer are eligible for dividends and other rights in Spar Nord as from the date of issuance of the New Spar Nord Shares.

5. **INFORMATION ABOUT OFFER PERIOD, ACCEPTANCE, ANNOUNCEMENT, ETC.**

5.1 **Offer Period**

The Offer is valid as of 8 December 2014 and expires on 15 January 2015 at 00:00 a.m. (CET) or on expiry of an extension of the Offer Period as set out below. Acceptance of the Offer must be received by Spar Nord before expiry of the Offer Period.

Before expiry of the Offer Period, the Offeror may, in its sole discretion, extend the Offer Period for the Offer by publishing a supplement to the Offer Document in accordance with section 9(2)-(4) of the Executive Order on Takeover Bids. Such an extension will not entitle Nørresundby Bank Shareholders who have accepted the Offer to withdraw their acceptances. However, the Offer Period may not be longer than 10 weeks from the date of announcement of the Offer Document and, in the event the Condition about regulatory approval in section 7.2 has not been met, not longer than nine months from the date of announcement of the Offer Document.

In the event a competing offer has been published and the Offeror does not withdraw the Offer as a result thereof, the Offer Period will be extended automatically to expire concurrently with the offer period (or any extensions thereof) of the competing offer. If the Offeror improves the Offer, including increases the Offer Price or otherwise improves the terms of the Offer during the final two (2)

weeks of the Offer Period, the Offeror will, in accordance with Danish law, keep the Offer open so that it expires 14 calendar days after the date on which such amendment is first announced.

The Offer Period may be extended one or more times.

In the event of an improvement of the Offer during the final two (2) weeks of the Offer Period, the Offer Period will be extended to expire 14 days after the date of announcement of the improved Offer. However, the Offer Period may not be longer than 10 weeks, respectively nine months, as stated above.

Any extension of the Offer Period will be announced by the Offeror through the Danish FSA, NASDAQ Copenhagen and electronic media before expiry of the Offer Period.

5.2 Retention of rights

Nørresundby Bank Shareholders will retain their rights as Nørresundby Bank Shareholders until the date of acceptance of the Offer by the individual Nørresundby Bank Shareholders and the Completion of the transfer of the Nørresundby Bank Shareholders' shares to the Offeror in connection with the Completion of the Offer.

5.3 Payment of dividends during the Offer Period

It is a Condition to the Offer that Nørresundby Bank does not pay dividends or otherwise make distributions to Nørresundby Bank Shareholders in the period until the Offer has been Completed. In the event that Nørresundby Bank pays dividends or otherwise makes distributions to Nørresundby Bank Shareholders prior to settlement of the Offer, and the Offeror chooses to Complete the Offer irrespective thereof (by waiving the above-mentioned Condition), the Offer Price to be paid per share on a DKK-for-DKK basis will be reduced by the amount of such dividend or distribution.

5.4 Improvement of the Offer

The Offeror does not expect to improve the Offer during the Offer Period but reserves the right to do so in accordance with the rules of the Executive Order on Takeover Bids.

In the event that the Offeror increases the Offer Price and/or otherwise changes the terms of the Offer in favour of the Nørresundby Bank Shareholders, Nørresundby Bank Shareholders who have accepted the Offer at a lower Offer Price will automatically be entitled to the higher Offer Price, provided the Offer is Completed.

5.5 Acceptance procedure and settlement

Nørresundby Bank Shareholders wishing to accept the Offer on the terms and Conditions of this Offer Document and sell their shares are requested to contact their custodian bank or investment company and request that acceptance of the Offer be communicated to:

Spar Nord Bank A/S
Company reg. (CVR) no. 13737584
Skelagervej 15
9000 Aalborg, Denmark
Attn: Back Office Fonds
E-mail: ifonds@sparnord.dk
Phone: +45 96 34 44 55

Nørresundby Bank Shareholders wishing to accept the Offer are requested to use the acceptance form attached to this Offer Document. Nørresundby Bank Shareholders should note that the acceptance must be communicated to their custodian bank or investment company in due time for the custodian bank or investment company to process and communicate the acceptances to Spar Nord, which must receive such acceptances before expiry of the Offer Period or before expiry of (any) extension of the Offer Period as described in this Offer Document.

The deadline for notification of acceptance depends on the individual Nørresundby Bank Shareholder's agreement with and the rules and procedures of the relevant custodian bank, and the deadline may be earlier than the last day of the Offer Period.

5.6 **Announcement of the result of the Offer**

The Offeror will release an announcement of the result of the Offer through NASDAQ Copenhagen and electronic media not later than 18 hours after expiry of the Offer Period. The announcement will comprise the preliminary result of the Offer and a notification of whether the Offer will be extended or finalised. Not later than three days after the finalisation of the Offer, the final result will be announced by the Offeror through NASDAQ Copenhagen and electronic media, including the price of the New Spar Nord Shares.

5.7 **Timing of settlement of the Offer**

If the Offer is Completed, settlement of the Offer will take place as soon as possible. The trading day for settlement will at the latest be three days after announcement of the finalisation of the Offer.

6. **GOVERNING LAW, RIGHT OF WITHDRAWAL, REDEMPTION, ETC.**

6.1 **Governing law and jurisdiction**

The Offer Document, including the Offer and acceptance thereof, is subject to Danish law. Any disputes arising in connection with the Offer Document will be submitted to the Maritime and Commercial High Court in Copenhagen in the first instance.

6.2 **Right of withdrawal**

In the event of submission of a competing offer, see section 26 of the Executive Order on Takeover Bids, any Nørresundby Bank Shareholders who have accepted the Offer may withdraw their acceptance of the Offer during a period of three business days after announcement of the competing offer in accordance with section 26(3) of the Executive Order on Takeover Bids.

Subject thereto, any acceptance of the Offer and any sale of shares pursuant to this Offer are binding and irrevocable for Nørresundby Bank Shareholders.

6.3 **Squeeze out**

If, after Completion of the Offer, the Offeror has acquired more than 90% of the shares and the voting rights in Nørresundby Bank, the Offeror will initiate and complete a squeeze out of Nørresundby Bank Shares held by the remaining minority shareholders in accordance with sections 70-72 of the Companies Act. The squeeze out is expected to take place on terms and conditions equivalent to the terms and conditions applicable to the Offer.

6.4 **Delisting of the shares in Nørresundby Bank**

If the Offer is Completed, the Offeror intends to apply for a delisting of all shares in Nørresundby Bank, including the Nørresundby Bank Shares, from NASDAQ Copenhagen as soon as possible.

7. **SPECIAL MATTERS REGARDING VOLUNTARY OFFERS**

7.1 **Maximum and minimum amount of shares which the Offeror undertakes to acquire**

Spar Nord undertakes to acquire a maximum of 100% of the Nørresundby Bank Shares.

It is a Condition for submission of the Offer that the Offeror will hold more than 90% of the shares and voting rights in Nørresundby Bank after Completion of the Offer. See section 7.2.

7.2 **Conditions for the Offer and the Offeror's possibilities of limiting and waiving these**

The Completion of the Offer is conditional on the following Conditions being met or, in the sole discretion of the Offeror, being wholly or partly waived or limited before expiry of the Offer Period:

- that the Offeror has received valid acceptances of the Offer to the effect that the Offeror will hold more than 90% of the shares and voting rights in Nørresundby Bank after completion of the Offer;
- that amendments to Nørresundby Bank's Articles of Association are adopted to the effect that the voting limit of Article 10(2) of the Articles of Association is repealed;
- that the Offeror has obtained all necessary approvals and permissions from the relevant authorities, including the competition authorities and the Danish FSA;
- that Nørresundby Bank does not during the Offer Period issue new shares or other financial instruments convertible into shares in Nørresundby Bank;
- that Nørresundby Bank does not during the Offer Period pay dividends or otherwise make distributions to the shareholders;
- that Nørresundby Bank does not during the Offer Period make any decision to complete a demerger or merger or enter into transactions involving a material part of Nørresundby Bank's assets (to be understood as more than 5% of Nørresundby Bank's total assets); and
- that from the date of submission of the Offer until the date on which the Offer is Completed, no events have occurred which have a material adverse effect on Nørresundby Bank's financial position (a "Material Adverse Event") and that during that period Nørresundby Bank has not released and will not release any information the contents of which constitute a Material Adverse Event.

The Offer will lapse if one or more of the Conditions set out above have not been met on expiry of the Offer Period. If the Offer lapses, the Offeror will be under no obligation to acquire any shares offered in pursuance of the Offer and any acceptance to sell shares in pursuance of the Offer will be unenforceable.

However, the Offeror may in its sole discretion waive or limit the scope of one or more of the above-mentioned Conditions by publication of a supplement to the Offer Document in accordance with section 25(2) of the Executive Order on Takeover Bids. Such waiver or limitation will not entitle any Nørresundby Bank Shareholders who have accepted the Offer to withdraw their acceptance.

Any waiver or limitation of Conditions will be announced by the Offeror through the Danish FSA, NASDAQ Copenhagen and electronic media before expiry of the Offer Period.

7.3 **No mandatory public offer**

The Completion of the Offer will not result in an obligation on the Offeror to submit a subsequent mandatory offer, see section 31(1) of the Securities Trading Act and section 2 of the Executive Order on Takeover Bids, as it follows from the condition related to the Offer regarding achievement of more than 90% of the shares and voting rights in Nørresundby Bank that the Offer will only be Completed if the conditions of section 31(6) of the Securities Trading Act have been met. Accordingly, the Offeror will not submit a mandatory offer.

8. **OTHER MATTERS ETC.**

8.1 **Other matters**

Any Nørresundby Bank Shares transferred to the Offeror under the Offer must be free from any and all charges, liens and other encumbrances, including third-party rights.

Selling Nørresundby Bank Shareholders may only vote at general meetings of Nørresundby Bank and retain the right to dividends up to the time the transfer of shares is Completed and the title to the shares passes to the Offeror.

The tax consequences for Nørresundby Bank Shareholders of accepting the Offer will depend on the individual circumstances of each Nørresundby Bank Shareholder. Nørresundby Bank Shareholders are requested to consult their own tax advisers as to the tax consequences of their acceptance of the Offer. For a description of the tax considerations related to acquiring the New Spar Nord Shares on Completion of the Offer, see section 35.

The Offeror has no knowledge of any agreements or other matters of material importance to an assessment of the Offer other than those discussed in this Offer Document.

8.2 Filing with the competition authorities

The Offeror is required to make a filing with the competition authorities in Denmark. On 5 December 2014, the Offeror made a filing with the Danish competition authorities. The Offeror is not required to make filings with competition authorities in countries other than Denmark.

8.3 Advisers

Financial advisers to the Offeror:

Carnegie Investment Bank
Overgaden neden Vandet 9B
1358 Copenhagen K, Denmark

Legal advisers to the Offeror:

Kromann Reumert
Sundkrogsgade 5
2100 Copenhagen Ø, Denmark

8.4 Costs of the Offer

The expected costs relating to the Completion of the Offer, including costs to legal and financial advisers and distribution costs, are expected to total DKK 12 million.

PART II: SPECIAL INFORMATION ABOUT THE CONSIDERATION BEING PAID BY WAY OF THE NEW SPAR NORD SHARES

9. **RISK FACTORS**

An investment in shares, including through acceptance of the Offer, involves risk. Nørresundby Bank shareholders are advised to consider carefully the following risk factors, which Spar Nord's management considers material, in conjunction with other information contained in this Offer Document prior to any decision on whether to vote in favour of the Offer.

The risks described are not the only risks that are relevant to the Spar Nord Group. They should be taken as an expression of the risk factors which Spar Nord's management believes are particularly important and relevant for the Spar Nord Group at the Date of Announcement. Should any of the following risks occur, it could have a material adverse effect on Spar Nord's business, results of operation and financial position. However, additional risks and uncertainties not presently known to Spar Nord's management or that Spar Nord's management currently deems immaterial may also have a material adverse effect on the Spar Nord Group's business, results of operations and financial position. The price of the New Spar Nord Shares may fall and a Nørresundby Bank Shareholder who on Completion of the Offer becomes a shareholder of Spar Nord may lose all or part of the value of his New Spar Nord Shares. This Offer Document also contains forward-looking statements that are subject to future events, risks and uncertainties. The Spar Nord Group's actual results could differ materially from those indicated in these forward-looking statements as a result of many factors, including, but not limited to, the risks the Spar Nord Group faces as described below and elsewhere in this Offer Document.

In accordance with statutory requirements, Spar Nord has published detailed information about risks, capital adequacy structure, capital adequacy, risk management, etc. in the form of risk reports. The most recent risk report is available at Spar Nord's website, www.sparnord.dk.

Spar Nord's management believes that the bank's actual risk situation has not changed significantly since the date of publication of Spar Nord's most recent risk report.

The risk factors set out below are not listed in any order of priority with regard to significance or likelihood of occurrence. It is not possible to quantify the significance to the Spar Nord Group of each individual risk factor as each of the risk factors mentioned below may materialise to a greater or lesser degree and have a material adverse effect on the Spar Nord Group's business, results of operations and financial position.

9.1 **Risks related to accepting the Offer**

Share consideration

The share consideration to the Nørresundby Bank Shareholders has been determined by the Board of directors of Spar Nord on the basis of a number of factors, including the amount of the cash consideration, Nørresundby Bank's most recent annual, half-yearly and quarterly financial reports and its profit guidance and the expected synergies from combining the two banks. Accordingly, the share consideration does not reflect the relative values of the Offer Price and the market price of the Nørresundby Bank Shares at the Date of Announcement or at the Date of Completion.

If the expected synergies fail to materialise in whole or in part as assumed on Completion of the Offer, or if circumstances arise or matters are ascertained which were not taken into consideration in the determination of the share consideration, shareholders of Nørresundby Bank will be exposed to the risk that the resulting effects may have a negative impact on the share consideration. As the share consideration is final, the share consideration cannot be adjusted in such a situation.

9.2 Risks related to macro-economic conditions

The Spar Nord Group's business, results of operations and financial position are impacted by macro-economic conditions and economic trends in Denmark

The Spar Nord Group's primary business activity is to offer financial products and services to retail customers and small and medium-sized businesses in Denmark. Historically, the Spar Nord Group is rooted in the North Jutland region, and a significant part of the Spar Nord Group's credit exposure relates to this region. In addition, the Spar Nord Group has significant credit exposure in Central and West Jutland. Accordingly, the Spar Nord Group relies strongly on macro-economic trends in Denmark generally and in the North, Central and West Jutland regions, in particular.

During the period from the onset of the financial crisis in 2008 and until the end of 2012, Denmark was affected by a number of adverse economic and market conditions, which among other things had the effect of reducing demand for the Spar Nord Group's products and services and increasing impairment on loans and advances, etc. Relatively more positive economic conditions and market conditions have prevailed in 2013 and 2014, but demand for financing remains relatively moderate, and impairment of loans and advances, etc. remains at a higher level than in the years prior to the financial crisis.

If economic recovery takes longer to materialise than currently anticipated by the Spar Nord Group's management, or circumstances deteriorate, this could have a material adverse effect on the Spar Nord Group's business, results of operations and financial position.

9.3 Credit risks

The Spar Nord Group has significant customer and counterparty credit risk exposure

The main credit risks the Spar Nord Group faces are related to traditional banking business, including in particular loans and advances to retail and business customers. These activities expose the Spar Nord Group, as is the case for other banks, to the risk of customers failing to meet all or part of their obligations. In addition, customers may have exposures with other banks or other creditors, including exposures of which the Spar Nord Group is not aware. Such other banks and creditors may terminate their exposures or demand repayment of amounts owed to them without the Spar Nord Group being able to influence such decision. This may affect the customer's ability to repay and may cause the Spar Nord Group to incur a loss or imply an increase in the Spar Nord Group's indication of impairment, risk of actual losses on exposures already written down or an increase in capital adequacy needs.

In addition, the Spar Nord Group is exposed to credit risk with respect to trading partners in the financial sector who owe money, securities or other assets and who may not pay or may not perform their obligations. Such customers and counterparties include borrowers of loans provided to them by the Spar Nord Group, issuers of securities whose securities the Spar Nord Group holds, trading counterparties, counterparties in swap or currency transactions and other financial instruments, exchanges, clearing houses and other trading partners in the financial sector. These parties may default on their obligations to the Spar Nord Group due to bankruptcy, liquidity shortages, economic downturns or declines in asset values, operational failures or for other reasons.

If any of these events were to occur they could have a material adverse effect on the Spar Nord Group's business, results of operation and financial position.

The Spar Nord Group's impairment of loans and advances has increased significantly relative to before the financial crisis

The Spar Nord Group's impairment of loans and advances amounted to DKK 405 million in 2013 and DKK 662 million in 2012. Despite being lower in 2013 than in 2012, the level of impairment on loans and advances still remained high compared with the Spar Nord Group's historical levels of before the financial crisis.

A deterioration of economic conditions in Denmark may have a material adverse effect on the credit quality of the Spar Nord Group's loan portfolio in the period after the Completion of the Offer and

may cause an increase in loan impairment charges and loan losses, etc., which could have a material adverse effect on the Group's business, results of operations and financial position.

The Spar Nord Group has exposure to agriculture-related loans and advances

Due to its presence in areas where agriculture plays a significant role, the Spar Nord Group has more exposure to the agricultural sector than Danish banks in general. In addition to providing loans and advances on its own books, the Spar Nord Group has contributed to providing financing for the agricultural sector by arranging mortgage credit loans through DLR.

At 31 December 2013, the Spar Nord Group's total exposure to the agricultural sector corresponded to 8.7% of its total loans, advances and guarantees. At 31 December 2012, the total exposure to the agricultural sector corresponded to 10.0% of total loans, advances and guarantees.

Although it is the Spar Nord Group's policy that loans and advances to the agricultural sector should generally be granted against collateral, loans and advances are also granted on an unsecured basis. Further, the expected value of the collateral provided may prove unrealisable. The collateral provided for both banking and mortgage exposures consists mainly of agricultural properties.

The agricultural sector has been severely affected by recent years' economic downturn. The Spar Nord Group's impairment of agriculture-related loans and advances amounted to DKK 122 million in 2013 and DKK 190 million in 2012. Impairment of loans and advances to the agricultural sector thus represented 29% of the total impact impairment charges had on operating results in 2012-2013.

If the economic downturn in Denmark persists or deepens, if meat, milk or grain prices fall, or if prices of animal feed increase, there is a risk of a higher default on agricultural exposures, increased set-off against the fees from DLR, reduced value of collateral and increased illiquidity of collateral, which could have a material adverse effect on the Spar Nord Group's business, results of operations and financial position.

The Spar Nord Group has exposure to the commercial property sector

While the Spar Nord Group's total exposure to the commercial property sector of 11.1% at 31 December 2013 and 11.9% at 31 December 2012 is below the average for Danish banks, property-related loans and advances are among the main drivers of impairment charges on loans and advances, etc. in recent years. The Spar Nord Group's impairment of loans and advances for the property market amounted to DKK 106 million in 2013 and DKK 140 million in 2012. Impairment of loans and advances to the commercial property market thus represented 23% of the total impact impairment charges had on operating results in 2012-2013.

At 31 December 2013, the Spar Nord Group's credit exposure to retail customers' loans secured against their homes amounted to DKK 4.7 billion, corresponding to 10.9% of total loans, advances and guarantees, and at 31 December 2012, it amounted to DKK 4.9 billion, corresponding to 10.9% of total loans, advances and guarantees.

Although it is the Spar Nord Group's policy that property-related loans and advances should generally be granted against collateral, loans and advances are also granted on an unsecured basis. Further, the expected value of the collateral provided may prove unrealisable.

General economic downturn, rising unemployment, falling house prices, increasing interest rates and/or a higher level of lending aversion among credit providers may result in a higher default rate on commitments with property exposure, reduced collateral values, increased illiquidity of collateral and increased set-off against fees from Totalcredit and may, therefore, have a material adverse effect on the Spar Nord Group's business, results of operation and financial position.

The Spar Nord Group is exposed to risks related to trading partners in the financial sector

Through its business collaboration with a large number of other financial businesses, including its role as a wholesale bank to small and medium-sized banks in Denmark, the Spar Nord Group is exposed to counterparty risk. Counterparty risk is the risk of loss caused by a trading partner in the financial sector defaulting on its obligations under a contract. In addition, the Spar Nord Group is exposed to risk when financial contracts are concluded or settled, as, for example, principals denominated in different currencies are not necessarily exchanged at the same time or securities are not received simultaneously with the appropriate payment.

Within the financial sector, default by any one institution could also lead to default by other institutions. Concerns about, or the default by, one institution could thus lead to significant liquidity problems, losses or default by other institutions, because the commercial and financial soundness of financial businesses may be closely related as a result of credit granting, trading, clearing and other mutual relationships. Even perceived lack of creditworthiness or doubts about a counterparty's solvency may lead to market-wide liquidity problems and losses for or default by the Spar Nord Group or by other institutions. This risk may have a material adverse effect on financial intermediaries, such as clearing houses, banks, investment companies and exchanges to which the Spar Nord Group is exposed.

All of the above factors may have a material adverse effect on the Spar Nord Group's business, results of operation and financial position.

9.4

Market risks**Interest margin trends have a significant impact on the Spar Nord Group's profitability**

The Spar Nord Group earns interest from loans and advances and other assets and pays interest to its depositors and other creditors. The results of operations are therefore strongly dependent on net interest income. The Spar Nord Group's net interest margin, which is the difference between the yield on interest-bearing assets and the cost of its interest-bearing liabilities, depends to some extent on prevailing interest rate levels and is a significant factor in determining the profitability of the Spar Nord Group. Given its business focus on retail customers and small- and medium-sized enterprises and its significant deposit surplus of recent years, the Spar Nord Group relies for its profitability on its ability to price deposits and lending. In other words, interest rate fluctuations and the Spar Nord Group's ability to price its credit services and credit products to its customers has a material effect on the Spar Nord Group's business, results of operation and financial position, and lower interest rate levels and narrowing interest rate spreads could have a material adverse effect thereon.

The Spar Nord Group's interest income could come under pressure due to continued moderate demand and, hence, moderate or negative lending growth

Since 2002, Spar Nord has opened or acquired a significant number of branches outside its traditional core area of North Jutland, and in its strategy plan for the years 2014-2015, Spar Nord has defined a goal for the next few years of generating a net inflow of retail and business customers and growth in its average business volume (deposits, loans, advances and guarantees) per customer. The Spar Nord Group aims to grow its Danish market share, and thereby achieve above-sector-average lending growth.

If due to market conditions or other factors the Spar Nord Group is unable to achieve its target growth and exploit the potential of newly opened or acquired branches, it will have a material adverse effect on the Spar Nord Group's potential for achieving satisfactory profitability in its established business activities in areas outside the North Jutland region, which, by extension, would have a material adverse effect on the Spar Nord Group's potential for achieving satisfactory profitability.

The Spar Nord Group's large portfolio of shares, bonds and other securities implies an increased risk for the Spar Nord Group

The Spar Nord Group holds a securities portfolio consisting of bonds (the "Bond Portfolio"), equities and other securities, which at 31 December 2013 amounted to DKK 21.0 billion.

Bond portfolio

The Spar Nord Group's portfolio of bonds amounted to DKK 18.8 billion at 31 December 2013. The bond portfolio is a means for the Spar Nord Group to ensure a regular cash flow, and it is built up by excess liquidity being invested in, primarily, Danish investment grade liquid government and mortgage bonds. Due to their high liquidity, short-term bonds are overweight in the liquidity portfolio. The Spar Nord Group's portfolio of bonds exposes the Spar Nord Group to market risk in the form of interest rate fluctuations and credit risk. Failure by the Spar Nord Group to manage these risks could have a material adverse effect on the Spar Nord Group's business, results of operations and financial position.

Assets in the trading portfolio

The Spar Nord Group's trading portfolio, consisting predominantly of listed shares and bonds, but which also contains other types of financial instruments, amounted to DKK 20.4 billion at 31 December 2013. The fair value of the Spar Nord Group's securities may decline going forward and may cause the Spar Nord Group to realise material negative value adjustments. Moreover, market volatility and illiquidity may make it difficult to value certain of the Spar Nord Group's holdings. Any of these factors could require the Spar Nord Group to recognise impairment charges, which may have a material adverse effect on the Spar Nord Group's business, results of operation and financial position.

Assets not forming part of the trading portfolio

The Spar Nord Group's holding of assets not forming part of the trading portfolio, mainly consisting of shares in associates and shares in strategic trading partners in the financial sector, amounted to DKK 2.1 billion at 31 December 2013. Shares in strategic business partners are held in support of the Spar Nord Group's business within mortgage credit, payment services, investment funds, etc., whereas shares in associates mainly consist of a 54.9% stake in Nørresundby Bank. In several of the sector companies, the shares are reallocated so as to have the ownership interest of the banks reflect the business volume of the relevant bank with the sector company. Typically, such reallocation is made annually based on the net asset value of the sector company in question. On this basis, the Spar Nord Group adjusts the recognised value of these shares when new information is available that supports a change of valuation. The value of assets outside the trading portfolio is measured based on a recognised valuation method. Adjustments of asset values are recognised in the income statement, and this could affect the Spar Nord Group's business, results of operations and financial position.

The Spar Nord Group's financial results and means of existence may be affected if its Capital Ratios are reduced or deemed inadequate

The CRR stipulates that banks must have a total Capital Ratio of at least 8%. See section 12 for more information.

According to the Danish Financial Business Act, banks must also meet a Combined Capital Buffer Requirement. See section 12 for more information.

Banks are also required to calculate their Solvency Need. The Solvency Need is calculated on the basis of an assessment of a number of risks to which banks are or may be subject, including credit risks, market risks, operational risks, etc. An increase in any of these risks could affect the Solvency Need.

The Danish FSA may lay down an individual solvency requirement of more than 8% if it finds that the Solvency Need does not reflect the risk relating to the bank's activities. The Danish FSA has not fixed a higher solvency requirement for Spar Nord.

Authorities, lenders, equity investors, analysts and other relevant market participants may believe the Spar Nord Group has an insufficient amount of own funds relative to conditions in the financial

sector or relative to conditions particular to the Spar Nord Group. Such an impression may cause the Spar Nord Group to incur increased funding costs and limit its access to the capital markets.

If the Spar Nord Group's Capital Ratios are reduced, and if the Spar Nord Group is unable to raise additional capital, the Spar Nord Group may need to reduce its lending or divest other assets in order to comply with one or more of the Capital Ratios, an individual solvency requirement as may be fixed by the Danish FSA, or its Solvency Need. Ultimately, this may result in the Spar Nord Group becoming subject to current or future rules on the restructuring of banks and/or cause the banking activities to be discontinued.

An increase of its Total Risk Exposure may reduce the Spar Nord Group's Capital Ratios

The Total Risk Exposure consists of balance sheet items, off-balance sheet items and other market and operational risk positions, measured and risk-weighted according to standard methods, of CRR. Any default on an exposure or reduction of the value of collateral provided could cause an increase in the Total Risk Exposure. Moreover, increased funding costs and other factors could affect the Spar Nord Group's Own Funds, and significant market volatility or legislative changes, for example, could result in an increase in its Total Risk Exposure and thus potentially reduce the Spar Nord Bank's Capital Ratios.

In the event the Spar Nord Group's operations lead to losses of a magnitude that reduces the Spar Nord Group's Capital Ratios, and the Spar Nord Group is unable to raise additional capital, the Spar Nord Group may need to reduce its lending or divest other assets in order to comply with the Capital Ratios, an individual solvency requirement as may be fixed by the Danish FSA, or its Solvency Need. Ultimately, this may result in the Spar Nord Group becoming subject to current or future rules on restructuring of banks and/or cause the banking activities to be discontinued.

9.5

Operational risks

Operational risks, including outsourcing partners and suppliers, could result in financial loss and could harm the Spar Nord Group's reputation

Like other banks in general, the Spar Nord Group is exposed to operational risks in the form of possible losses resulting from inappropriate or inadequate internal procedures, human or system errors, or external events, including events relating to the Spar Nord Group's outsourcing partners, for example in the IT area, which the Spar Nord Group makes extensive use of, both for development and operational assignments.

Operational risks are often associated with one-off events, such as failure to observe business or working procedures, defects or breakdowns of technical infrastructure, criminal acts, fire or storm damage, and litigation. Such events could potentially result in financial loss and could harm the Spar Nord Group's reputation.

The Spar Nord Group's business inherently involves operational risk, as the Spar Nord Group is dependent on processing a large number of complex transactions across numerous and diverse products, and it is subject to a number of different legal and regulatory regimes. The recording and processing of these transactions is potentially exposed to the risk of human or technical error or a breakdown of internal controls relating to the due authorisation of transactions. Given the Spar Nord Group's large volume of transactions, errors may be repeated or compounded before they are discovered and rectified, and there can be no assurance that previous risk assessments will adequately predict the occurrence, or estimate the costs, of such errors.

Failure by the Spar Nord Group to manage these risks could have a material adverse effect on the Spar Nord Group's reputation, business, results of operations and financial position.

The risk management methods used by the Spar Nord Group may prove insufficient to cover unidentified, unanticipated or incorrectly quantified risks, which could lead to material losses or a material increase in liabilities

The Spar Nord Group devotes significant resources to developing risk management policies, procedures and assessment methods for its banking and other businesses. Nevertheless, the risk management techniques and strategies applied by the Spar Nord Group may not be fully effective in hedging risk exposure in all economic market environments or against any type of risk, including unidentified or unanticipated risks. Some of the tools and metrics used by the Spar Nord Group for managing risk are based upon the use of observed historical market behaviour as well as predictions of future developments. The Spar Nord Group applies statistical and other tools for these observations and predictions in order to arrive at quantifications of risk exposures. These tools and metrics may fail to predict future risk exposures, or may predict incorrectly future risk exposures, and the Spar Nord Group's losses could therefore be significantly greater than such measures would indicate. In addition, the risk management methods used by the Spar Nord Group do not take all risks into account and could prove inadequate. If prices move in a way that the Spar Nord Group's risk models had not anticipated, the Spar Nord Group may experience significant losses. Assets that are not traded in a public market, such as derivative contracts between banks, may be assigned values that are calculated by the Spar Nord Group using mathematical models. A decline in the value of such assets may be difficult to register and may lead to unanticipated losses for the Spar Nord Group. Unanticipated or incorrectly quantified risk exposures could result in material losses to the banking and asset management business of the Spar Nord Group.

Other risk management methods depend upon the evaluation of information regarding markets, customers or other matters that are publicly available or otherwise accessible. Such information may not in all cases be accurate, up-to-date or properly evaluated. Management of operational, legal and regulatory risk requires, among other things, policies and procedures to properly record and verify a large number of transactions and events, and the Spar Nord Group's policies and procedures may not be fully effective.

The inability of the Spar Nord Group to successfully implement and adhere to effective risk management methods, including the inability to accurately assess the credit risk of its customers, could have a material adverse effect on the Spar Nord Group's business, results of operation and financial position.

The Spar Nord Group relies on its senior management and employees and it may have difficulty attracting and retaining qualified employees in future

The future operating results of the Spar Nord Group depend heavily on the continued contributions of senior management. Hence, it could have a material adverse effect on the Spar Nord Group if one or more of its senior managers were to cease taking an active part in the management of the Spar Nord Group's business. In addition, the Spar Nord Group will in large part depend on its ability to attract, train, retain and motivate competent managers and employees. Spar Nord's business model of giving great priority to decentralised decision-making makes it particularly important for Spar Nord to be able to attract and retain the right managers in the decentralised organisation.

In order to recruit qualified and experienced employees and to minimise the possibility of them leaving for other companies, the Spar Nord Group offers salary and employment conditions expected to be consistent with the standards prevailing in the parts of the labour markets in which the Spar Nord Group operates. This may have the effect of the Spar Nord Group incurring higher operational costs. If the Spar Nord Group cannot attract, train, retain and motivate qualified personnel, it may be unable to compete effectively in the banking industry, restricting the Spar Nord Group's growth strategies, which in each case could have a material adverse effect on the Spar Nord Group's business, results of operations and financial position.

Catastrophic events, terrorist attacks, acts of war, hostilities, pandemic diseases or other unpredictable events could have an adverse effect on the Spar Nord Group's business, results of operation and financial position

Catastrophic events, terrorist attacks, acts of war or hostilities, pandemic diseases or other similar unpredictable events, as well as responses to such events or acts, may create economic and political uncertainty and, more specifically, could disrupt the Spar Nord Group's business and result in substantial losses. Such events or acts and resulting losses are difficult to predict and may affect property, financial assets, trading positions or key employees. The Spar Nord Group may have par-

ticular exposure with regard to terrorist attacks, for example, because banks like Spar Nord may, due to their position in society, be considered as having particular exposure. If the Spar Nord Group's business continuity plans do not fully address such events or cannot be implemented under the circumstances, such losses may grow. Unforeseen events could also lead to additional operating costs, such as higher insurance premiums and the implementation of redundant back-up systems. Insurance coverage for certain unforeseeable risks may also be unavailable, and may thus increase the risk facing the Spar Nord Group. These factors may have a material adverse effect on the Spar Nord Group's business, results of operations and financial position.

9.6 Sector-related risks

Being a part of the financial services industry, the Spar Nord Group faces substantial competitive pressures

Most of the Spar Nord Group's activities are based in Denmark, which is a market with a vast number of large and small players and hence with substantial competition for the products and services that the Spar Nord Group provides. The Spar Nord Group's competitors include small local and regional banks as well as large national and international groups. The individual banks compete on a wide range of parameters, including marketing, prices, products, personalised advisory services and financial strength. In recent years, some of the apparently most important parameters of competition have been to develop and introduce attractive digital solutions for customers and employees and providing personalised advisory services and having a local commitment.

The Spar Nord Group has pursued a strategy of combining the digital aspects with the personalised approach and local commitment, but if the Spar Nord Group is unable to compete on these and possibly other significant competitive parameters, it may lose market share or incur losses on some or all of its activities. Failure by the Spar Nord Group to compete effectively could have a material adverse effect on its business, results of operations and financial position.

The Spar Nord Group is exposed to business and image-related risks

Media coverage and publicity in general could significantly impact customer behaviour and investor appetite for investing in bank shares. The Spar Nord Group makes continual efforts to differentiate itself from and strengthen its profile relative to the competition and to adapt to customers' and other important stakeholders' demands and requirements as and when they change. However, the Spar Nord Group, like other banks, is exposed to the risk of negative media coverage or publicity in analytical reports or newspaper articles, for example. Any negative publicity concerning the Spar Nord Group or the industry as a whole may weaken the Spar Nord Group's competitive strength and hence reduce its customer base and the Spar Nord Group's ability to attract investors. The Spar Nord Group has not been exposed to significantly poor media coverage or other media-related crisis issues in recent years, but if the Spar Nord Group is exposed to such coverage or such issues, it may have a material adverse effect on the Spar Nord Group's business, results of operations and financial position.

Legislation, regulation and actions of supervisory authorities may have a material effect on the Spar Nord Group's business, results of operation and financial position

The Spar Nord Group is subject to a large number of laws and regulations both at national and at EU level. Such laws and regulations govern, *inter alia*, the Spar Nord Group's business, organisation, management, accounting policies, capital adequacy and liquidity. Many of the Spar Nord Group's activities are contingent upon licences issued by financial authorities, and compliance by the Spar Nord Group with applicable laws and regulations is supervised by the Danish FSA and others.

Any amendments of the regulations to which the Spar Nord Group is subject, including, for example, the introduction of stricter capital adequacy rules, measurement of loans and advances, new liquidity requirements and increased supervision of banks in general, may cause the Spar Nord Group's costs to increase or otherwise cause the Spar Nord Group's earnings to fall.

Any future regulatory scrutiny and future changes in regulatory practice, in relation to, for example, the principles for impairment of loans and advances, calculation of the Solvency Need, etc., may result in an increase in the Group's impairment or capital requirements. For the Spar Nord Group, examples of such changes could be amended principles for calculating liquidity cover, including the weighting of the different assets carried in the Spar Nord Group's balance sheet and amended principles for capital adequacy, including tax deduction rules for investing in companies in the financial sector.

Finally, any intentional or unintentional non-compliance with the rules to which the Spar Nord Group is subject may result in the Spar Nord Group's licences being revoked.

If one or more of the above risks materialise, it could have a material adverse effect on the Spar Nord Group's reputation, business, results of operation and financial position.

A change in assumptions and methods of valuation may have a material effect on the Spar Nord Group's business, results of operation and financial position

A large number of assets have been provided as collateral for the Spar Nord Group's loans and advances to customers. Such assets include real property, including residential property and agricultural land, as well as securities and vehicles. In addition, the Spar Nord Group has a number of shareholding interests, primarily in unlisted shares, and properties which are not directly related to the Group's lending to customers. The valuation of the Spar Nord Group's assets and collateral is subject to a number of laws, regulations and recommendations laid down by the Danish FSA and others and in accordance with IFRS, and they are based on a number of assumptions and estimates.

In the valuation of individual assets and collateral, legislation allows for a certain degree of flexibility with respect to choice of method, and the Spar Nord Group applies a number of different valuation methods across asset classes.

Legislators, the Danish FSA or other authorities may from time to time amend the laws, regulations or recommendations relating to the valuation of individual assets. Furthermore, the assumptions and estimates that form the basis of the individual valuations may be subject to change or may no longer apply. Both factors may have a material adverse effect on the value of the Spar Nord Group's assets or collateral and may hence result in a need for additional impairment. A list of sectors which Spar Nord has particular exposure to is provided in section 9.3 above. For these areas, in particular, amendments to laws, regulations or recommendations concerning valuation or changes to assumptions and estimates forming the basis of the individual valuations may have a material adverse effect on the Spar Nord Group's business, results of operations and financial position.

9.7 Risks relating to the New Spar Nord Shares

The market price of New Spar Nord Shares and other securities may be highly volatile

The market price of the New Spar Nord Shares and other securities may be highly volatile and, due to various factors, subject to significant fluctuations, some or many of which may be beyond the Spar Nord Group's control and not necessarily related to the Spar Nord Group's business, operations or prospects. Such factors include changes in market conditions of companies in the financial services industry; variations in the Spar Nord Group's quarterly results of operation; fluctuations in stock market and bond market prices and turnover volumes; perceived systemic risk in Denmark; changes in the shareholder structure; changes in financial estimates or recommendations by securities analysts regarding Spar Nord's shares or other securities; the future issuance of Spar Nord shares or other securities; announcements by the Spar Nord Group or its competitors of new products, services or technology, acquisitions, or joint ventures; and activity by short sellers and changing government restrictions on such activity. In addition, the equity market has generally been exposed to significant fluctuations in prices which may be unrelated to or disproportionately high in relation to the results of operations of the companies in question. Such general factors may have a material adverse effect on the market price of the New Spar Nord Shares and other securities, irrespective of the Spar Nord Group's results of operations. In addition, Spar Nord is not a

component of the OMXC20 index, and this may influence the liquidity of the New Spar Nord Shares and coverage of the New Spar Nord Shares by international financial analysts.

If major Spar Nord Shareholders carry out a further offering of Spar Nord Shares, pre-emptive rights, bonds or other securities convertible or exchangeable into Spar Nord shares, or if the public assumes that an offering or sale might be made, this may have a material adverse effect on the price of the New Spar Nord Shares.

Spar Nord is a public limited company registered under Danish law, which may make it difficult for shareholders resident outside Denmark to exercise or enforce certain rights

Spar Nord is a public limited company registered under the laws of Denmark, which may make it difficult for shareholders of Spar Nord resident outside of Denmark to exercise or enforce certain rights. The rights of holders of Spar Nord's shares are governed by Danish law and by Spar Nord's Articles of Association. These rights may differ from the typical rights of shareholders in other jurisdictions. As a result, it may not be possible for investors to effect service of process upon Spar Nord outside Denmark or to enforce against Spar Nord judgments obtained in courts outside Denmark based upon applicable laws in jurisdictions outside Denmark. Furthermore, Spar Nord Shareholders resident outside Denmark may not be entitled to exercise their voting rights.

Spar Nord Shareholders with small shareholdings may have limited influence

Spar Nord had about 124,000 shareholders at 31 December 2013. The composition of shareholders determines the risk and control allocation, which implies the risk that shareholders may not be able to exert significant control and influence the Spar Nord's management to perform certain acts if major Spar Nord Shareholders do not exercise their influence to the same effect.

Spar Nord Shareholders outside Denmark are exposed to currency risk

The New Spar Nord Shares are priced in Danish kroner. Accordingly, the value of the New Spar Nord Shares is likely to fluctuate in line with any fluctuation of the exchange rate between the local currency of the country in which a shareholder resident outside Denmark is based and Danish kroner. If the value of Danish kroner depreciates against the local currency of the country in which a shareholder resident outside Denmark is based, the value of the New Spar Nord Shares will decline.

10. **INFORMATION ABOUT SPAR NORD**

10.1 **Company information about Spar Nord**

10.1.1 Name and registered office

Spar Nord Bank A/S
Company reg. (CVR) no. 13737584
Skelagervej 15
P.O. Box 162
9100 Aalborg, Denmark
Phone: +45 96 34 40 00
Website: www.sparnord.dk

According to Article 1(1) of Spar Nord's Articles of Association, Spar Nord has the following registered secondary names:

SBN Bank A/S (Spar Nord Bank A/S), Sparbank Nord A/S (Spar Nord Bank A/S), Telefonbanken A/S (Spar Nord Bank A/S), Spar Nordjylland Bank A/S (Spar Nord Bank A/S), Spar Nordjylland Bankaktieselskab, (Spar Nord Bank A/S), Sparekassen Nordjylland A/S (Spar Nord Bank A/S), Spar Nord Bankaktieselskab (Spar Nord Bank A/S), Aars Bank A/S (Spar Nord Bank A/S). Lokalbank Aabybro A/S (Spar Nord Bank A/S), Lokalbank Aalborg A/S (Spar Nord Bank A/S), Lokalbank Aars A/S (Spar Nord Bank A/S), Lokalbank Brønderslev A/S (Spar Nord Bank A/S), Lokalbank Danmark A/S (Spar Nord Bank A/S), Lokalbank Esbjerg A/S (Spar Nord Bank A/S), Lokalbank Fredericia A/S (Spar Nord Bank A/S), Lokalbank Frederikshavn A/S (Spar Nord Bank A/S), Lokalbank Fåborg A/S (Spar Nord Bank A/S), Lokalbank Grenaa A/S, (Spar Nord Bank A/S), Lokalbank Haderslev A/S (Spar Nord Bank A/S), Lokalbank Hadsund A/S (Spar Nord Bank A/S), Lokalbank Hasseriis A/S (Spar Nord Bank A/S), Lokalbank Herning A/S (Spar Nord Bank A/S), Lokalbank Hirtshals A/S, (Spar Nord Bank A/S), Lokalbank Hjallerup A/S (Spar Nord Bank A/S), Lokalbank Hjørring A/S (Spar Nord Bank A/S), Lokalbank Hobro A/S (Spar Nord Bank A/S), Lokalbank Holbæk A/S (Spar Nord Bank A/S), Lokalbank Holstebro A/S (Spar Nord Bank A/S), Lokalbank Horsens A/S (Spar Nord Bank A/S), Lokalbank Kolding A/S (Spar Nord Bank A/S), Lokalbank København A/S (Spar Nord Bank A/S), Lokalbank Køge A/S (Spar Nord Bank A/S), Lokalbank Løgstør A/S (Spar Nord Bank A/S), Lokalbank Nakskov A/S (Spar Nord Bank A/S), Lokalbank Nyborg A/S (Spar Nord Bank A/S), Lokalbank Nykøbing Falster A/S (Spar Nord Bank A/S), Lokalbank Næstved A/S (Spar Nord Bank A/S), Lokalbank Nørresundby A/S (Spar Nord Bank A/S), Lokalbank Odense A/S (Spar Nord Bank A/S), Lokalbank Randers A/S (Spar Nord Bank A/S), Lokalbank Ringsted A/S (Spar Nord Bank A/S), Lokalbank Silkeborg A/S (Spar Nord Bank A/S), Lokalbank Skagen A/S (Spar Nord Bank A/S), Lokalbank Skanderborg A/S (Spar Nord Bank A/S), Lokalbank Skive A/S (Spar Nord Bank A/S), Lokalbank Skjern A/S (Spar Nord Bank A/S), Lokalbank Slagelse A/S (Spar Nord Bank A/S), Lokalbank Støvring A/S (Spar Nord Bank A/S), Lokalbank Svendborg A/S (Spar Nord Bank A/S), Lokalbank Sæby A/S (Spar Nord Bank A/S), Lokalbank Sønderborg A/S (Spar Nord Bank A/S), Lokalbank Terndrup A/S (Spar Nord Bank A/S), Lokalbank Thisted A/S (Spar Nord Bank A/S), Lokalbank Vejgaard A/S (Spar Nord Bank A/S), Lokalbank Vejle A/S (Spar Nord Bank A/S), Lokalbank Viborg A/S (Spar Nord Bank A/S), Lokalbank Østeraa A/S (Spar Nord Bank A/S), Lokalbank Århus A/S (Spar Nord Bank A/S). Sparbank A/S (Spar Nord Bank A/S), Sparbank Vest A/S, Skive Sparekasse A/S, Egnssparekassen i Skive A/S, Nordvestjysk Sparekasse A/S, Breum Sparekasse A/S, Ejssing Sparekasse A/S, Haderup Sparekasse A/S, Hald Sparekasse A/S, Harre og Omegns Sparekasse A/S, Hem Sparekasse A/S, Hjerik Sparekasse A/S, Højslev Sparekasse A/S, Junget-Thorum Sparekasse A/S, Oddense Sparekasse A/S, Rødding Sparekasse A/S, Rønbjerg Sparekasse A/S, Sallingsund Sparekasse A/S, Selde-Åsted Sparekasse A/S, Sjørup Sparekasse A/S, Stoholm Sparekasse A/S.

Spar Nord's registered office is situated in the Municipality of Aalborg, Denmark.

Spar Nord is subject to Danish law.

10.1.2 ISIN Code

Existing Spar Nord Shares are listed on NASDAQ Copenhagen under ISIN code DK0060036564.

10.1.3 Date of incorporation and governing law

Spar Nord was officially incorporated as a public limited company under Danish law on 20 December 1989. In the period from 1824 until incorporation of the public limited company, Spar Nord (Sparekassen Nordjylland) carried on business as a guarantee savings bank.

10.1.4 Object

According to section 1(3) of Spar Nord's Articles of Association, Spar Nord's object is to carry on banking pursuant to section 7(1) and (2) of the Danish Financial Business Act.

10.1.5 Financial calendar

All items in Spar Nord's financial calendar for 2014 had passed at the Date of Announcement. Spar Nord's financial calendar for 2015 is shown in the table below:

Financial calendar for 2015	
Annual report 2014	5 February 2015
Annual general meeting	22 April 2015
Q1 interim report	29 April 2015
H1 financial statements	12 August 2015
Q3 interim report	28 October 2015

10.1.6 Financial year and financial reporting

Spar Nord's financial year runs from 1 January to 31 December.

Spar Nord publishes an annual report and quarterly interim reports for the Spar Nord Group. The annual report and the interim reports are published in Danish and English.

The most recent annual general meeting was held on 24 April 2014.

10.1.7 Auditors

Ernst & Young P/S
 Company reg. (CVR) no. 30700228
 Oswald Helmuths Vej 4
 2000 Frederiksberg, Denmark

Ernst & Young P/S is represented by Per Gunslev and Lisbet Kragelund.

The state-authorized public accountants providing an opinion on the consolidated and parent company financial statements are members of FSR – Danish Auditors.

10.1.8 Issuing agent

Spar Nord's issuing agent is:
 Spar Nord Bank A/S
 Company reg. (CVR) no. 13737584
 Skelagervej 15
 P.O. Box 162
 9100 Aalborg, Denmark

10.1.9 Registrar

Spar Nord's registrar is:
 VP Securities A/S
 Company reg. (CVR) no. 21599336
 Weidekampsgade 14
 2300 Copenhagen S, Denmark

10.1.10 Share capital before and after the Offer

As at the Date of Announcement, Spar Nord's share capital has a nominal value of DKK 1.255.299.180 divided into 125,529,918 Existing Shares with a nominal value of DKK 10 each. All Existing Spar Nord Shares have been issued and are fully paid up.

On acceptance of the Offer, a Nørresundby Bank Shareholder will receive two New Spar Nord Shares with a nominal value of DKK 10 each for each Nørresundby Bank share with a nominal value of DKK 10 held.

Assuming Completion of the Offer and based on Spar Nord's outstanding nominal share capital at the Date of Completion amounting to DKK 1.255.299.180, Spar Nord will issue new share capital of

up to DKK 41,518,320 divided into 4,151,832 New Spar Nord Shares with a nominal value of DKK 10 each, bringing the total nominal share capital of Spar Nord to DKK 1.296.817.500 equal to 129,681,750 Spar Nord Shares with a nominal value of DKK 10 each.

10.1.11 Dilution

At the Date of Completion, the aggregate ownership interest of Spar Nord's existing shareholders will be diluted by 3.1% (corresponding to 4,151,832 New Spar Nord Shares, of which 139,780 New Spar Nord Shares will be issued to Nørresundby Bank's holding of treasury shares, which in connection with the Completion of the Offer will be transferred to Spar Nord's holding of treasury shares), assuming that (i) Spar Nord on Completion of the Offer will hold 100% of the shares in Nørresundby Bank, (ii) Spar Nord's holding of treasury shares is unchanged from 30 September 2014, and (iii) Nørresundby Bank's holding of treasury shares is unchanged from 30 September 2014.

At 30 September 2014, Spar Nord's equity amounted to DKK 7,047 million, equal to DKK 56.2 per Existing Spar Nord Share. The Equity per Existing Spar Nord Share ratio is calculated by dividing equity by the total number of Existing Spar Nord Shares less Spar Nord's holding of treasury shares at 30 September 2014. On Completion of the Offer, Spar Nord's equity will be increased by approximately DKK 233 million to DKK 7,280 million (based on the equity at 30 September 2014), assuming that (i) Spar Nord on Completion of the Offer will hold 100% of the shares in Nørresundby Bank, (ii) Nørresundby Bank's holding of treasury shares is unchanged from 30 September 2014, and (iii) the new Spar Nord Shares are issued at a price of DKK 58. This corresponds DKK 56.3 per Spar Nord Share and marks a direct increase in equity per share of 0.1% (DKK 0.1) on the Existing Spar Nord Shares.

10.1.12 Historical changes in Spar Nord's share capital of the past three years

Date	Transaction	Share capital prior to change (DKK)	Nominal change (DKK)	Share capital after change (DKK)	Number of shares of DKK 10 nominal value each after change
13 November 2012	Merger	1,141,376,200	113,922,980	1.255.299.180	125,529,918
27 March 2012	Capital increase for cash with preemptive rights	570,688,100	570,688,100	1,141,376,200	114,137,620

10.1.13 Treasury shares

As at the Date of Announcement, the Spar Nord Group holds 95,698 Existing Spar Nord Shares in treasury corresponding to a total nominal value of DKK 956,980 or 0.1% of Spar Nord's share capital. The purchase and sale sums of Spar Nord's treasury shares and dividends received on treasury shares are taken directly to retained earnings under equity. As a result, the Spar Nord Group recognises shares held in treasury at DKK 0. Proceeds from the sale of treasury shares in connection with the exercise of share options or employee shares are taken directly to equity.

10.1.14 Warrants and share options

Spar Nord has not issued any warrants.

Spar Nord has previously issued share options, all of which have been exercised or have lapsed.

According to Spar Nord's current remuneration policy, no incentive schemes can be set up, and any introduction of new incentive schemes and the principles thereof must be approved at a general meeting.

10.1.15 Articles of Association

The following is a brief description of certain provisions of Spar Nord's Articles of Association.

Object

According to section 1(3) of Spar Nord's Articles of Association, Spar Nord's object is to carry on banking pursuant to section 7(1) and (2) of the Danish Financial Business Act.

Summary of provisions regarding Spar Nord's board of directors and executive board

The board of directors shall be composed of not less than four nor more than seven members elected by the shareholders in general meeting and members elected by the employees pursuant to the Danish Companies Act.

The members of the board of directors shall be elected for terms of two years, and if a member resigns during his term, a new member is elected at the next general meeting for the remaining part of the resigning member's term.

Members of the board of directors shall retire not later than four months after the end of the year in which they attain the age of 70. A member of the board of directors who is no longer permitted to manage his estate or who no longer complies with the requirements of the Danish FSA regarding aptitude and integrity shall retire from the board of directors.

The board of directors shall elect a chairman and a deputy chairman from among its number and shall lay down rules of procedure governing the performance of its duties.

The members of the board of directors shall receive a fee approved by the shareholders in general meeting.

Members of the board of directors and the executive board represent Spar Nord in all external affairs. Spar Nord is bound in legal transactions by the joint signatures of the chairman or the deputy chairman of the board of directors and any one member of the board of directors, or by the joint signatures of any one member of the executive board and any one member of the board of directors.

Authorisations to Spar Nord's board of directors

Pursuant to Article 4 of Spar Nord's Articles of Association, the board of directors shall be authorised to permit Spar Nord to receive capital contributions, which may be included when calculating Spar Nord's Capital Base, subject to compliance with the relevant conditions provided by law from time to time.

Pursuant to Article 3 of Spar Nord's Articles of Association, the board of directors shall be authorised to increase, in one or more issues, Spar Nord's share capital until 30 April 2016 by a maximum nominal value of DKK 125,529,918 in shares issued to named holders. Such shares shall rank *pari passu* with existing shares. The increase of Spar Nord's share capital may be effected either with pre-emptive rights to Spar Nord's shareholders (Article 3(1)) or without pre-emptive rights to Spar Nord's shareholders (Article 3(3)). If the increase is effected with preemptive rights to Spar Nord's shareholders, the new shares may be subscribed for at a discount to the market price and must be effected by cash contribution. If the increase is effected without preemptive rights to Spar Nord's shareholders, the new shares shall be subscribed for at market price by cash contribution or otherwise. The new Spar Nord Shares shall be negotiable instruments issued to named holders and shall rank *pari passu* for dividends and any other rights in Spar Nord as from such time as may be determined by the board of directors in its decision regarding the capital increase.

Denomination

Spar Nord's Shares have a nominal value of DKK 10 each.

Registration by name

Pursuant to Article 2(2) of Spar Nord's Articles of Association, Spar Nord Shares are issued to named holders and may, upon a shareholder's request, be registered by name in VP Securities and Spar Nord's register of shareholders.

Negotiability and transferability of the shares

Spar Nord's shares are negotiable instruments. The acquirer of a Spar Nord Share may not exercise rights belonging to a shareholder unless such acquirer has been registered in the register of shareholders or has notified and provided proof of his acquisition to Spar Nord.

However, this does not apply to the right to dividend or other disbursements nor to the right to new Spar Nord Shares in the event of capital increases.

The Shares cannot be assigned to bearer.

Pursuant to Article 2(3) of Spar Nord's Articles of Association, no restrictions shall apply to the transferability of Spar Nord's Shares.

Dividend

Spar Nord's shares are eligible for dividends if the shareholders in general meeting or the board of directors (by authority) approve a resolution to that effect in accordance with the general provisions of the Danish Companies Act. For additional information, see section 10.1.15.

Redemption and exchange

No shareholder shall be obligated to let his Spar Nord Shares be redeemed in whole or in part. See Article 2(3) of Spar Nord's Articles of Association.

Shareholder regions and bank committees

Spar Nord's operational area is divided into 34 shareholder regions.

In connection with the acquisition of shares, a shareholder acquiring shares through Spar Nord may be registered in the shareholder region of his choice. If the shareholder does not specify a region, or the shares are acquired through a different bank, such shareholder will be registered according to post code. All Spar Nord Shareholders resident abroad will be registered with the Copenhagen shareholder region.

Each shareholder region shall elect a bank committee consisting of eight members from among the shareholders of the region. The members of the bank committee shall be elected for terms of two years to the effect that half of them shall stand for election each year.

A member of a bank committee shall resign from the committee if such member ceases to hold shares registered in Spar Nord, or if he is no longer permitted to manage his estate. Members of the bank committee are elected at a shareholders' meeting to be held before 15 April each year and not later than two weeks before the annual general meeting of Spar Nord. Bank committees are set up and shareholder meetings held pursuant to Articles 6 to 8 of Spar Nord's Articles of Association.

Rights to attend and vote

Against presentation of an admission card, any shareholder who is registered in the register of shareholders as of the date of registration one week before a general meeting, or who has, as of that date, requested that his Spar Nord Shares be registered in the register of shareholders, shall be entitled to attend a general meeting - either in person or represented by proxy - and to address the general meeting. Instruments of proxy shall be in writing and dated and shall be presented upon obtaining an admission card. Instruments of proxy issued to Spar Nord's management shall be in writing and dated not more than 12 months prior to the relevant general meeting and may only be issued for one specific general meeting.

Pursuant to Article 10(4) of Spar Nord's Articles of Association, shareholders' right to vote at general meetings shall be exercised through delegates who are members of Spar Nord's bank committees. However, shareholders holding at least 20,000 Spar Nord Shares at the record date one week

before the relevant general meeting (major shareholders) shall be entitled to exercise their voting rights at general meetings. See Article 9(1) of Spar Nord's Articles of Association.

Delegates who are also members of a Spar Nord bank committee represent the share capital that has been registered as belonging to the relevant shareholder region as of the record date one week before the relevant general meeting. Each delegate represents equal fractions of the share capital, calculated on the basis of the number of delegates immediately prior to the general meeting. A major shareholder, see Article 9(1) of Spar Nord's Articles of Association, represents the share capital which has been registered at the date of registration one week before the relevant general meeting, or which such shareholder has requested be registered as belonging to the relevant major shareholder.

To be entitled to attend and vote at a general meeting, a delegate or major shareholder, respectively, shall request an admission card at least three days before the relevant general meeting. Voting may be made by proxy, and delegates may only issue a proxy to another bank committee member from the same region. The instrument of proxy shall be in writing and dated and may only be valid for one general meeting. No bank committee member can represent more than two delegates by proxy.

The Spar Nord Articles of Association contain no provisions regarding ownership or voting restrictions

General meetings

Spar Nord's annual general meeting shall be held each year before the end of April. Pursuant to Article 10 of Spar Nord's Articles of Association, general meetings shall be convened by the board of directors giving not less than three and not more than five weeks' notice.

The convening notice shall be announced in writing to the members of Spar Nord's bank committees, to the shareholders recorded in the register of shareholders who have so requested and on Spar Nord's website (www.sparnord.dk).

The convening notice shall contain the agenda. If any proposals are to be considered, the adoption of which is subject to a qualified majority, the essentials of such proposal shall moreover be stated in the convening notice. In the event that statutory provisions so require, the convening notice will contain the complete proposal and be sent to each registered shareholder.

Not later than three weeks before a general meeting, the following shall be available at Spar Nord's website (www.sparnord.dk) (i) the convening notice; (ii) the total number of shares and voting rights as of the date of the notice; (iii) the documents to be presented at the general meeting, including the audited annual report; (iv) the agenda and the complete proposals; and (v) the forms to be used for voting by proxy and by letter.

Extraordinary general meetings shall be convened as directed by the shareholders in general meeting, the board of directors or any one of Spar Nord's auditors. An extraordinary general meeting shall also be held for the purpose of transacting specified business when requested by shareholders representing a total of not less than 5% of the share capital. An extraordinary general meeting shall be convened not later than two weeks after the receipt of the appropriate request.

All business transacted at general meetings shall be decided by a simple, relative majority of votes, unless legislation or Spar Nord's Articles of Association provide otherwise. See "Rights to attend and vote" in section 10.1.15 for a description of voting rights at Spar Nord's general meetings.

Amendment of Spar Nord's Articles of Association and changes to the rights attaching to Spar Nord's shares

A resolution to amend Spar Nord's Articles of Association or to dissolve Spar Nord is subject to the proposal being adopted by two thirds of the votes cast as well as of the voting share capital represented at the general meeting. See Article 14(2) of Spar Nord's Articles of Association. In calculating the voting share capital, Spar Nord Shares not registered in the name of the holder or Spar

Nord Shares regarding which a request for registration in the name of the holder has not been made shall not be included.

The requirements for adopting amendments to Spar Nord's Articles of Association and changes to shareholder rights are no more stringent than the minimum statutory requirements. Pursuant to Article 5(1) of Spar Nord's Articles of Association, a decision to combine shareholder regions shall be made by Spar Nord's shareholders in general meeting in accordance with the rules on amendment of the articles of association. However, a decision to combine shareholder regions may be made by the board of directors if the bank committees in question agree.

Provisions of Spar Nord's Articles of Association which may delay, postpone or prevent a change of control in Spar Nord

The Spar Nord's board of directors is authorised to increase Spar Nord's share capital.

The Spar Nord Articles of Association contain no other provisions that could delay, postpone or prevent control. Section 61 of the Danish Financial Business Act implies that any acquisition of a qualified ownership interest – i.e. a share of at least 10% of the share capital or voting rights or a ownership interest allowing the holder to exert a significant influence on management, in a financial business or a financial holding company, including Spar Nord, requires prior approval from the Danish FSA.

11. BUSINESS AND MARKET

11.1 Business

History and development of Spar Nord

Founded in Aalborg, Denmark in 1824, Spar Nord has historically been rooted in northern Jutland where it continues to have a market-leading position. In the period from 2002 to 2010, Spar Nord established and acquired 27 local banks (branches) outside northern Jutland, and in 2012 the bank merged with Sparbank, which had 23 branches. Today, Spar Nord has a nation-wide distribution network in Denmark with 71 branches.

Spar Nord offers all types of financial services, advice and products and its focus is on retail customers and small and medium-sized enterprises in local areas where the bank has a presence.

Spar Nord has a total of 71 branches: 34 in North Jutland, 21 in the rest of Jutland, 4 in Funen and 12 in Zealand.

Spar Nord's 71 branches



Business segments

Spar Nord consists of the business segments Spar Nord's Local Banks and the Trading, Financial Markets & International Division. In addition, it has a number of staff and support departments. Spar Nord's Local Banks consists of the banking activities of the group's branches, through which Spar Nord 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.

Also included in Spar Nord's Local Banks are the Group's leasing activities, which effective from the fourth quarter of 2014 are once again considered a part of the Group's core business. For a period of three years running until the end of the third quarter of 2014, leasing was recognised as discontinued activities following an agreement concluded with Jyske Finans A/S in 2011 on the transfer of the forward-looking activities. The decision to revive leasing as a strategic activity should be seen in connection with the expiry of the non-competition clause that formed part of the agreement with Jyske Finans A/S and the fact that Spar Nord once again had sufficient cash resources to be an active player in the leasing market.

Trading, Financial Markets & the International Division consists of Markets, Bonds, Shares, the Interest and Forex Division, Asset Management and the International Division. This business area serves Spar Nord'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.

Certain information about the Spar Nord Group's business segments for the nine months ended 30 September 2014 is set out in the table below:

Selected information about business segments (DKKm)	30 Sep 2014
Profit/loss before tax	
Local Banks	470.1
Trading, Financial Markets and International Division	174.0
Other Areas	97.9
Other items after core earnings*	19.0
Total profit before tax	761.0
Assets	
Local Banks	47,998.7
Trading, Financial Markets and International Division	26,891.7
Other Areas	3,779.7
Other assets	146.3
Total assets	78,816.4

*Earnings from investment portfolios: DKK 19 million

Corporate vision

Spar Nord's corporate vision is as follows: "By giving our local banks a significant amount of local autonomy, we intend to create Denmark's most attractive banking chain. For the benefit of our customers, employees and shareholders."

In the vision, "local autonomy" refers to the group's decentralised organisation and the extensive degree of local self-determination. Spar Nord's local banks operate as a chain of individual businesses each with extensive decision-making powers in areas such as customer service, market canvassing, physical locations and employee relations. In addition, the local banks work with the other earnings-generating units to define requirements for development initiatives in the support functions. Local decision-making powers are limited only in respect of credit-granting.

"Banking chain" signals that Spar Nord is precisely a chain of individual businesses operating in an umbrella organisation and with banking expertise concentrated in centralised functions, for example in risk management, compliance, treasury, etc. In addition, the chain concept suggests an association with the retail trade, which is a field Spar Nord is very willing to look to for inspiration in respect of customer service and in-branch experiences.

Finally, the wording "...the most attractive banking chain... For the benefit of our customers, employees and shareholders" refers to Spar Nord's objective of ranking among the best of its peers in terms of customer satisfaction and customer inflow, employee satisfaction and performance as well as return on equity and share price performance.

Customer mission

Spar Nord's customer mission statement is as follows: "Together we create financial freedom".

In an explanatory addition to the customer mission statement, Spar Nord explains that financial freedom is created through "individual solutions based on competent advisory services and local involvement".

The wording indicates that what retail and business customers should achieve from making use of the bank's advisory services is financial freedom and financial headroom.

In other words, Spar Nord emphasises personal and attentive advisory services, and the bank's goal in any customer relationship is to compose an advisory and product offering tailored specifically to the needs of each individual customer.

Combined, the corporate vision and the customer mission statement represent Spar Nord's ambition of combining proximity and commitment from a small local bank with the strength, level of professional skill and support organisation of a large, nation-wide bank.

Corporate values

Spar Nord's three core values are to be Down-to-earth, Ambitious and Actively involved.

The first value, *being down-to-earth*, has formed part of the group's values for many years. In other words, an informal tone has always been a characteristic of Spar Nord in a setting where the employees engage on an even level with the customers and with each other. The group strives to preserve this informal atmosphere.

The *ambitious* value is well in line with the vision of becoming Denmark's most attractive banking chain for the customers, the employees and the shareholders. Specifically, it implies that Spar Nord Bank will work continuously to develop business concepts, products and the skills and qualifications of its employees.

Spar Nord wants to be *actively involved* and close to the customers in a dual sense. Physically present, meaning the nearest local bank is never far away because the bank is involved in the local community and engages with customers individually. Mentally present, meaning engaging with customers and always being able to provide an individually tailored solution.

Strategy plan: AN UNCOMPLICATED BANK

The strategy plan AN UNCOMPLICATED BANK indicates Spar Nord's strategic direction for 2014–2015. The strategy plan continues where the group left off in its geographical expansion during the period from 2002 to 2010, spotlighting growth in number of customers, business volume and earnings.

The purpose of A SIMPLE BANK is to retain and emphasise the strengths that have characterised the group in recent years, including the special approach to banking operations of combining local presence, local commitment and local decision-making powers with centralised units offering strong, specialist skills.

Other core strengths that Spar Nord aims to capitalise on going forward are the bank's strong market position and large market share in the core North Jutland region as well as the large growth potential created through recent years' investments to expand its distribution power. Lastly, the bank aims to retain the strong credit quality it has built in recent years.

In addition, the intention is for the work and efforts involved in A SIMPLE BANK to result in enhancements in areas where Spar Nord may previously have had less satisfactory results, including cost efficiency and average business volume per customer.

For the period 2014–2015, three specific strategic focal areas have been defined, each setting out three strategic goals.

Under the heading "Customers and business", the Bank aims to attract new retail and business customers, increase average business volumes.

Under the heading "Internal processes", the Bank has defined a goal for customer advisers to devote at least 65% of their time to customers and that the implementation of process and system improvements should free 30 minutes of customer time per day per adviser. Lastly, the bank has defined a goal that employees should increasingly use standard systems.

Under the heading "Financial performance", Spar Nord maintains a long-term goal of improving its cost/income ratio to 55 and to keeping the impairment ratio in the top third in the market. Lastly, the bank has defined a goal for the return on equity to be at least 10% after tax as from 2015.

Customers and credit granting

Spar Nord's main target groups are retail customers as well as small and medium-sized businesses in local areas where the bank has representation. A secondary target group is small and medium-sized banks that are wholesale customers of Spar Nord's Trading, Financial Markets & International Division.

In addition, the bank operates the SparXpres concept taken over from Sparbank and retained after the merger, providing consumer finance services through the retail sector, gift certificate solutions for shopping centres and retail associations as well as direct loans from the sparxpres.dk website.

Customer focus and exposure

For its retail customers, Spar Nord gives priority to full-service customers in the sense that for financially sound customers Spar Nord aims to be a banker to the entire family and cater to the full range of a family's banking needs. In day-to-day operations, the bank is focused on retaining existing full-service customers, turning existing part-service customers into full-service customers and attracting new customers with a good, strong banking potential.

For its business customers, Spar Nord is focused on healthy businesses across industries. In other words, it is very much a question of the structure of a local business community and the local focus that determines the distribution of branches in the individual banking areas.

At group level, Spar Nord has an above-average credit exposure to retail customers and a healthy industry diversification in its business customer portfolio.

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

The Spar Nord Group's loans, advances and guarantees by industry Industry percentages	Loans and guarantees			
	31/12/2011	31/12/2012	31/12/2013	30/09/2014
Agriculture, hunting and forestry	12.0	10.0	8.7	7.9
Fisheries	0.4	0.4	0.4	0.3
Industry and raw materials extraction	3.7	4.2	4.0	5.7
Energy supply	3.9	4.0	4.1	3.5
Building and construction	5.0	4.3	3.9	3.3
Trade	8.6	8.0	7.8	8.6
Transport, hotels and restaurants	6.4	4.7	4.1	3.9
Information and communication	0.4	0.4	0.3	0.4
Financing and insurance	5.5	4.9	7.7	5.0
Real property	11.3	11.9	11.1	11.1
Other industries	6.6	7.0	7.1	5.9
Total business customers	63.8	59.8	59.2	55.6
Public authorities	4.0	3.7	4.6	4.5
Total retail customers	32.2	36.5	36.2	39.9
Total	100.0	100.0	100.0	100.0

Distribution

The 71 local bank branches throughout Denmark constitute the backbone of Spar Nord's distribution network. Spar Nord gives very high priority to the personalised advisory services provided in the physical branches and considers efficient self-service solutions such as online banking and mobile platforms to be a supplementary factor.

Trading, Financial Markets & the International Division serves customers from Spar Nord's local branch network as well as large retail customers and institutional clients in the field of shares, bonds, fixed income/forex, asset management and international transactions. In addition, a substantial proportion of the activities in the Trading, Financial Markets & International Division derives from Spar Nord's position as a wholesale bank to small and medium-sized banks all over Denmark. For example, Spar Nord performs investment and forex transactions as well as international transactions for about 40 banks.

Business partners

Spar Nord has an open structure and the bank forms part of a large number of strategic business relations. Spar Nord 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.

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)
- Sparinvest (investment associations)
- Privatsikring (non-life insurance)
- Letpension (life insurance and pension product provider)
- PFA (life insurance and pension product provider)
- Clearwater (corporate finance)
- Nets (payment services)

11.2 Market

The Danish banking market is dominated by the two international financial groups, Danske Bank and Nordea. A number of other banks also provide more or less full market coverage. These are Jyske Bank, Sydbank, Spar Nord, 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.

Accordingly, Spar Nord competes with large nation-wide and international financial groups 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 volumes. Accordingly, increasing interest margins and winning market share in order to maintain or increase earnings has been essential.

12. THE DANISH BANKING SYSTEM AND REGULATION

Danish banks are subject to the rules set forth in the Financial Business Act, the Companies Act, Executive Orders issued by the Ministry of Business and Growth and the Danish FSA, as well as guidelines issued by the Danish FSA. The Danish FSA is responsible for the supervision of credit institutions (including banks and mortgage credit institutions), insurance companies, pension funds, insurance brokers, the Danish Labour Market Supplementary Pension (ATP), the Danish Employees' Capital Fund (LD), the Danish Labour Market Occupational Diseases Fund (AES), investment companies, investment management companies and investment associations (UCITS and non-UCITS).

Danish banks are also subject to regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 ("CRR").

The Financial Business Act, the regulations issued pursuant thereto and CRR set up requirements for the protection of depositors including by establishing total capital ratios that require banks to have sufficient capital to cover risk in relation to assets etc. (see below). In addition, liquidity rules require banks to maintain adequate liquid assets to meet depositor claims on demand or otherwise. To further safeguard the assets of banks, the Financial Business Act and CRR establish rules restricting banks' possibilities of concentrating assets in lending or other exposures to single custom-

ers or customer groups. The rules apply to Danish banks individually as well as on a consolidated basis.

Special information about capital requirements

The CRR stipulates a total Capital Ratio of at least 8%. The Capital Ratio is calculated by dividing Own Funds (Common Tier 1 Capital, Additional Tier 1 Capital and Tier 2 Instruments after deductions) with the Total Risk Exposure. CRR also stipulates that Common Equity Tier 1 Capital must account for at least 4.0% of the Total Risk Exposure, rising to 4.5% from 1 January 2015, and that the Tier 1 Capital must represent at least 5.5% of the Total Risk Exposure, rising to 6% from 1 January 2015.

The Capital Ratio, the Common Equity Tier 1 Capital Ratio and the Tier 1 Capital Ratio are collectively referred to as the Capital Ratios.

Pursuant to the Financial Business Act, banks must also comply with a Combined Capital Buffer Requirement. The Combined Capital Buffer Requirement is the sum of total Common Tier 1 Capital required to meet the capital conservation requirement, plus a company-specific countercyclical capital buffer, a G-SIFI buffer and a systemic buffer.

The Capital Conservation Buffer is 0% for 2014 and 2015. At 1 January 2016, the Capital Conservation Buffer must account for 0.625% of the Total Risk Exposure. When the Capital Conservation Buffer has been fully phased in on 1 January 2019, the Capital Conservation Buffer requirement will be 2.5% of the Total Risk Exposure.

The Danish FSA and other EU/EEA area regulators may fix a Company-Specific Countercyclical Capital Buffer if excess credit growth results in a system-wide build up of risk. As a general rule, the Company-Specific Countercyclical Capital Buffer may account for between 0% and 2.5% of the Total Risk Exposure when fully implemented in 2019. It is 0% of the Total Risk Exposure in 2014 and can be up to 0.5% in 2015, if the regulators determine there is a basis for introducing such a requirement.

A G-SIFI buffer is a buffer that applies only to globally systemically important financial institutions (G-SIFI).

A systemic Buffer may be determined by the Minister for Business and Growth for the purpose of preventing and limiting long-term non-systemic or macro-prudential risks not comprised by CRR. The rules on systemic Buffers take effect on 1 January 2015. The rules will initially be used to determine Systemic Buffers for the so-called SIFI institutions. Spar Nord is not a SIFI institution.

Pursuant to the Financial Business Act, the board of directors and the executive board of a bank must ensure that a bank has an adequate capital base and internal procedures for risk measurement and risk management for regular assessments and maintenance of Own Funds of a size, type and composition adequate to cover the risks of the institution.

The board of directors and the executive board must, on the basis of the above-mentioned assessment and in pursuance of the Financial Business Act, calculate the Solvency Need of the bank. The Solvency Need is expressed as the Sufficient Own Funds as a percentage of the Total Risk Exposure. The Solvency Need may not be less than the solvency requirement and the minimum capital requirement.

The Danish FSA may lay down a higher individual solvency requirement than 8% if it finds that the calculated solvency need does not reflect the risk of a bank's activities.

CRR introduces rules on the calculation and reporting to the Danish FSA of a so-called Leverage Ratio. In contrast to the rules for calculating the Total Risk Exposure, the Leverage Ratio does not consider the different degrees of risk that apply to different activities on a bank's balance sheet. The reporting duty imposed on the banks is intended to carry out a new review and calibration for the purpose of introducing a mandatory leverage ratio requirement in 2018. The Leverage Ratio is expected to be fixed at no more than 3% higher than the basis of calculation.

Special information about liquidity requirements

According to the Danish Financial Business Act, banks must maintain adequate liquidity.

The liquidity must amount to at least 15% of the liabilities which a bank, irrespective of any payment reservations, must pay on demand or at less than one month's notice, and at least 10% of the bank's total liabilities and guarantee commitments less subordinated debt that may be included in the calculation of Own Funds.

In addition to these requirements, the Danish FSA can order a bank or a group of banks with similar risk profiles to observe an additional specific liquidity requirement that considers specific liquidity risks in such bank or group of banks and for systemic liquidity risks.

The Liquidity Coverage Requirement ("LCR") will be incorporated in CRR effective 1 January 2015. According to the Liquidity Coverage Requirement, a bank must hold liquid assets, the aggregate amount of which must cover cash outflows less cash inflows in a stress situation to the effect that it maintains adequate liquidity buffers for covering potential imbalances between cash inflows and cash outflows in serious stress situations over a period of 30 days. The Liquidity Coverage Requirement will be phased in until 2018. In 2015, liquid assets must represent 60% of the Liquidity Coverage Requirement, while in 2017, liquid assets must represent 70% of the Liquidity Coverage Requirement. Current regulations on liquidity will continue to apply in 2016 and 2017 concurrently with the Liquidity Coverage Requirement.

The specific requirements for which assets can be recognised as liquid assets and the applicable limits for recognition are laid down by Commission Delegated Regulation of 10 October 2014 to supplement Regulation (EU) 575/2013 with regard to liquidity coverage requirement for credit institutions. According to the final wording of the requirements for what qualifies as liquid assets, Danish mortgage bonds are, subject to certain restrictions, considered extremely liquid assets, for which reason it is expected that most Danish banks will comply with the Liquidity Coverage Requirement.

CRR also regulate information reporting requirements for the purpose of introducing a minimum requirement for stable financing. The Commission will report, to the European Parliament and the Council, suitable proposals for how such requirements may be introduced by 2018. The implementation of such rules would be expected to contain a requirement for a bank's stable financing (i.e. its funding, etc., which is expected to be stable over a 12-month period) to correspond to not less than the bank's balance sheet and off-balance sheet items (such as drawings under credit facilities) that may result in a cash requirement during the same 12-month period (items that require stable funding). Accordingly, the ratio of stable funding and items requiring stable funding must be at least 1:1 (100%)

The Deposit Guarantee Scheme

In 1987, Denmark established a Deposit Guarantee Scheme. The current scheme is based on an EU directive. The Guarantee Fund was established to cover payments under the scheme. The scheme covers in full deposits made in certain accounts established according to law, including certain pension accounts, and up to EUR 100,000 of a customer's aggregate net deposits with a bank. Investors who keep securities in custody with institutions that are not able to redeliver the securities to the investors as a result of reconstruction or bankruptcy are covered up to the equivalent of EUR 20,000 per investor.

Bank Package III

In connection with the expiry of Bank Package I on 30 September 2010, Act no. 721 of 25 June 2010, as amended, established a framework model under the auspices of Finansiell Stabilitet for the controlled winding up of a distressed bank as a going concern (Bank Package III).

If a bank fails to meet the capital requirements of the Financial Business Act, and the bank fails to provide the capital required within a time limit fixed by the Danish FSA, the bank's board of directors must decide whether the bank should be wound up by Finansiel Stabilitet under the provisions of the Financial Stability Act or be wound up under the general rules of the Financial Business Act.

If a bank's board of directors decides to wind up the bank through Finansiel Stabilitet, Finansiel Stabilitet will establish a new subsidiary bank. This subsidiary bank will take over all assets of the distressed bank and will, moreover, take over a proportionate share of the unsubordinated debt, including deposits and other debt to unsecured creditors to the extent that the value of the assets covers such claims. Deposits under the Deposit Guarantee Scheme are fully covered by the Guarantee Fund.

The financial risks to Danish banks consist first and foremost of the Guarantee Fund's protection of depositors and investors within the framework of the Guarantee Fund. The Guarantee Fund (banking division) is financed by the Danish banks.

A new separate division, the winding-up division, has been established by the Guarantee Fund. The winding-up division must provide an unlimited guarantee to Finansiel Stabilitet for the subsidiary bank's repayment to Finansiel Stabilitet of the funding of the newly established bank and the liquidity line. The winding-up division must also provide an unlimited guarantee for any losses Finansiel Stabilitet may incur in connection with the winding-up of the subsidiary bank. The winding-up division will receive a risk premium for the guarantee.

The winding-up division's capital must be at least DKK 3.2 billion, which amount can be financed through guarantees from Danish banks. If the winding-up division's capital is used up because the guarantees have been invoked, the division may raise loans against state guarantee. These loans will be settled through claims on the banks. The banks' total contribution to the winding-up division during a financial year cannot exceed an amount equal to 0.2% of the banks' deposits. The individual bank's contribution will equal its current share of the total covered net deposits and its share of assets in custody accounts.

Pursuant to Act no. 619 of 14 June 2011, as amended (supplement to Bank Package III) amending the Act on a guarantee fund for depositors and investors, the Financial Stability Act and the Tax Assessment Act, a scheme has furthermore been introduced under which the Guarantee Fund may resolve to participate in the winding up of a bank by contributing funds or providing a guarantee for the coverage of all of the bank's unsubordinated creditors, see section 16k of the Financial Stability Act (dowry). The Guarantee Fund will resolve to do so when it is deemed that such winding-up will entail fewer costs for the Guarantee Fund than a winding-up under the Financial Stability Act, and the solution is deemed viable from a business point of view.

Bank Package IV

Pursuant to Document no. 181 prepared by the Danish Ministry of Economic and Business Affairs on 29 August 2011, adopted by a majority of the members of the Finance Committee on 7 September 2011, the Minister for Business and Growth was authorised to cause the implementation of an expansion of the possibilities for rescuing distressed banks ("Bank Package IV"). Bank Package IV provides Finansiel Stabilitet with an option to offer a dowry to a bank which takes over a distressed bank (excluding share capital and other subordinated capital) and to pay the expenses related thereto. Furthermore, it is a prerequisite that the state dowry does not make up a greater proportion of the individual state guarantees in the distressed bank than the proportion which the Guarantee Fund's dowry makes up of the covered deposits with the distressed bank.

Bank Package IV also provides Finansiel Stabilitet with an option to offer a dowry in case a subsidiary (bank) of Finansiel Stabilitet takes over a distressed bank (excluding share capital and other subordinated capital) and immediately divests a part (the viable (green) part) to another bank and to pay the related expenses. The dowry paid will be used to cover the loss in connection with the winding up of the remaining part of the acquired bank which the subsidiary would otherwise be expected to incur. As with Bank Package III, the winding-up division of the Guarantee Fund provides a loss guarantee which will cover any loss incurred by Finansiel Stabilitet's subsidiary (after recognition of the dowry provided by the Guarantee Fund on the takeover of the distressed bank, the

state dowry and the proceeds from the sale of the green part) when the winding up of the non-viable (red) part of the distressed bank has been completed.

The expenses to Finansiell Stabilitet and hence to the Danish State in connection with the dowry scheme cannot exceed the losses which could be expected on individual state guarantees provided, if the institutions had been wound up under the rules of Bank Package III.

Bank Package IV also contained possibilities for extending the individual state guarantees provided in connection with Part 4a of the Financial Stability Act or for providing new guarantees. Applications for extension were only accepted until the end of 2013.

Crisis management in the future

In October 2014, the Danish FSA submitted a draft Bill for the recovery and resolution of certain financial businesses and draft bills for an Act to amend the financial business act, the Financial Stability Act, the Act on a guarantee fund for depositors and investors, the Securities Trading, etc. Act and various other acts for consultation.

The consultation involves two bills that combined would introduce new regulations for the recovery and resolution of banks, mortgage banks and investment companies, etc.

If passed, the bills will implement EU Directive 2014/59/EU of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and Directive 2014/49/EU of 16 April 2014 on deposit guarantee schemes (Directive on Deposit Guarantee Schemes).

The new regulation for recovery and resolution will provide the Danish FSA and Finansiell Stabilitet with a set of tools and powers that will enable these bodies to intervene sufficiently early and quickly in an unsound or potentially failing institution covered by the bill, including banks, mortgage banks and investment companies.

Under the Bill, Finansiell Stabilitet will have the power to use a number of resolution measures and other measures to write down or convert relevant capital instruments (Common Equity Tier 1 Capital (share capital etc.), Additional Tier 1 Capital and Tier 2 Capital Instruments, etc.), to sell the bank, transfer all parts of the bank to a so-called bridge institution, transfer a portfolio of assets, transfer of rights or liabilities from a bank or from a bridge institution to a portfolio management company, write down or convert liabilities into equity (bail-in) and the power to terminate, suspend or amend contract terms.

The Bill would also mean that deposits covered by the Guarantee Fund would be subject to amended bankruptcy rules. It is proposed that such deposits rank ahead of unsecured creditors. Deposits from natural persons, so-called micro enterprises as well as small and medium-sized enterprises with deposits in excess of the Guarantee Fund maximum amount would rank ahead of unsecured creditors, but after deposits covered by the Guarantee Fund.

Similar to the principles of Bank Package III, losses from dealing with failing institutions covered by the Bill, will primarily be covered first by shareholders and subsequently by creditors.

The new regulation for dealing with failing or potentially failing institutions covered by the Bill will replace the current regulation provided by the Financial Stability Act, including Bank Package III. The Guarantee Fund dowry scheme would be continued under the Bill.

The purpose of the Directive on Deposit Guarantee Schemes is to facilitate increased harmonisation of deposit guarantee schemes within the European Union in respect of funding, and the extent and scope of cover. In this case, that will be effected through lowering the threshold for when deposits are fully covered. Pension accounts will still be fully covered, however.

Under the proposal, the regulation would enter into force on 1 June 2015.

Supervisory Diamond

In June 2010, the Danish FSA introduced the Supervisory Diamond (in Danish: "Tilsynsdiamanten") which identifies a series of special risk areas with associated limits which banks should generally comply with. The Supervisory Diamond has been revised several times since being introduced. The Supervisory Diamond forms part of the Danish FSA's organisation of supervisory activities and also imply that, going forward, the Danish FSA will initiate a dialogue with the banks on their risk profiles at an earlier stage. The Danish FSA makes individual and specific assessments of whether a so-called "risk warning" should be issued in situations where a bank exceeds the Supervisory Diamond threshold value. Such risk warning must be published.

13. **TREND INFORMATION**

Since the end of the previous financial year, there have been signs that demand for financing from retail and business customers has stabilised following an extended period of a negative trend. For example, the Spar Nord Group had a similar amount of loans and advances at 30 September 2014 and at 31 December 2013. In the period from 31 March 2014 to 30 September 2014, loans and advances increased by DKK 1.6 billion, or by 4.4%. In terms of fee income, steady growth in customer demand for savings products and very strong mortgage lending activity characterised the period since the end of the previous financial year. The latter trend is expected to continue for the rest of the current financial year. Value adjustments in the current financial year include a positive contribution of DKK 178 million from the sale of Nets and a negative contribution due to a DKK 195 million write-down (recognised in the financial statements in the fourth quarter of 2014) resulting from Spar Nord's decision to appoint BEC as its provider of data-processing services instead of SDC.

14. **PROFIT FORECASTS OR ESTIMATES**

At the release of its interim report for the first nine months of 2014, Spar Nord provided the following full-year profit guidance for 2014:

"In light of developments in Q1-Q3 and events following the end of the period, the group's full-year core earnings before impairment are now expected to hover around DKK 1,200 million – corresponding to an upward adjustment of the forecast earnings from operations of DKK 100 million compared with the forecast at the beginning of the year. Despite the extraordinary portfolio writedown on agricultural customers in Q3, full-year loan losses, etc. are still expected to end at a slightly lower level than in 2013."

This guidance still applies.

15. ORGANISATIONAL STRUCTURE

Spar Nord is the parent company of the Spar Nord Group, which consists of Spar Nord and its subsidiaries.

15.1 Spar Nord's organisational structure

Spar Nord's organisation chart is shown below:



15.2 Spar Nord subsidiaries

The following table shows a list of all of Spar Nord subsidiaries owned by Spar Nord at the Date of Announcement as well as a specification of ownership interests. Spar Nord's ownership interests corresponds to its voting shares in all companies listed below, all of which are considered to be material.

Spar Nord subsidiaries as per the Date of Announcement

Name	Registered office	Country of incorporation	Ownership interest
Erhvervsinvest Nord A/S	Aalborg	Denmark	100%
Aktieselskabet Skelagervej 15	Aalborg	Denmark	100%
Spar Nord Leasing A/S	Aalborg	Denmark	100%

15.3 Associates

Spar Nord has equity investments in a number of associates, of which Nørresundby Bank is the most important.

Spar Nord owns 54.9% of Nørresundby Bank, which reported a profit of DKK 89.3 million and distributed total dividends of DKK 23.0 million for the financial year ended 31 December 2013. Due to restrictions on voting rights set out in the articles of association of Nørresundby Bank, Spar Nord does not have a controlling interest in Nørresundby Bank's business, but recognises Nørresundby Bank as an associate in the financial statements.

Other associates in which Spar Nord has equity investments include: JSNA Holding A/S, Core Property Management A/S, Erhvervsinvest K/S, ValueInvest Asset Management S.A., Fjerritslev Gruppen ApS, Høgsberg Assurance Service A/S and Nørager Industrihuse I/S, Skandinavisk Data Center A/S ("SDC") and K/S IRMTRAUT Plejehjem.

16. **PROPERTY, PLANT AND EQUIPMENT**

The following table sets forth the carrying amounts of property, plant and equipment for the Spar Nord Group for the nine months ended 30 September 2014 and 2013 and for the financial years ended 31 December 2013, 2012 and 2011.

Property, plant and equipment (DKKm)	30/09/2014	30/09/2013	FY 2013	FY 2012	FY 2011
Investment properties	165.1	173.4	167.7	157.9	48.5
Corporate properties	503.1	604.3	511.7	622.4	456.6
Total land and buildings	668.2	777.7	679.4	780.3	505.1
Operating lease assets	17.7	32.0	25.9	266.2	404.0
Other property, plant and equipment	107.3	132.6	120.9	131.3	139.6
Other property, plant and equipment, total	125.0	164.6	146.8	397.5	543.6
Total property, plant and equipment	793.2	942.3	826.2	1,177.8	1,048.7

 17. **FACILITIES ETC.**

 17.1 **Facilities**

The Spar Nord Group's portfolio of owned properties includes in prime location corporate properties in major Danish cities and in small towns in Spar Nord's local area, mainly in North Jutland. The corporate properties include the Spar Nord Group's headquarters located at Skelagervej 15, 9000 Aalborg, Denmark. In addition to the corporate properties, the portfolio consists of several investment properties and a few properties taken over.

The Spar Nord Group has a total of 42 corporate properties, including four relatively new properties under the ownership of the subsidiary Aktieselskabet Skelagervej 15.

No significant burdens rest on the Spar Nord Group's properties. The Group is not planning any substantial investments in property, plant and equipment.

In addition to the portfolio of owned corporate properties, the Spar Nord Group has a significant number of leased premises in the cities where the group operates. The group has a total of 30 leased premises as well as a number of leases for ATMs.

Leases are usually long-term leases subject to a non-terminability period, after which the leases may usually be terminated by up to 12 months' notice.

 17.2 **Insurance**

Spar Nord's management believes that the companies of the Spar Nord Group have taken out insurance that is customary for the line of business in which they operate and at an adequate level.

 17.3 **Environmental issues**

Spar Nord's management believes that there are no significant environmental issues that could affect the use of the Spar Nord Group's current properties.

18. MAJOR SHAREHOLDERS

Pursuant to section 29 of the Securities Trading Act and section 55 of the Companies Act, Spar Nord has received notification of holdings of 5% or more of the share capital or voting rights from the shareholders of Spar Nord listed below:

Major shareholders of Spar Nord

Major shareholder	No. of shares	Ownership interest	Voting rights
The Spar Nord Foundation	23,273,723	18.54%	18.55%
Nykredit Realkredit A/S	More than 12,552,992	More than 10.0%	More than 10.0%
FMR LLC	6,289,428	5.01%	5.01%
Wellington Management Company LLP	6,484,276	5.17%	5.17%

Note: Ownership interests are determined on the basis of the aggregate share capital, exclusive of Spar Nord's holding of treasury shares to which no voting rights are attached. Voting rights are determined on the basis of the aggregate share capital less any treasury shares held as at 30 September 2014. The calculation was made on the basis that Spar Nord's outstanding share capital amounts to DKK 1.255.299.180 at the Date of Completion, divided into 125,529,918 shares with a nominal value of DKK 10 each. The information stated reflects the ownership interests held at the date of the relevant major shareholders' duty to notify their holdings in accordance with section 29 of the Securities Trading Act.

Spar Nord is not authorised to issue company announcements regarding major shareholdings unless it has received prior notice to that effect from a shareholder. Thus, changes may have occurred to the share capital or voting rights of major shareholders set out in the specification above.

Spar Nord is not aware of being owned or controlled, directly or indirectly, by others, and Spar Nord is not aware of any agreements that could later result in others taking over the control of Spar Nord.

All Spar Nord Shares carry the same voting rights. Accordingly, the major shareholders of Spar Nord do not have voting rights differing from those of other shareholders.

19. DIVIDEND POLICY

Spar Nord aims to generate a competitive return to its shareholders – by way of price performance and dividends. Accordingly, Spar Nord's policy is to pay dividends to its shareholders in years when results allow it. Spar Nord's board of directors has determined a dividend policy which provides for a dividend payout ratio of about 33%, which assumes that the bank's targets of a Common Equity Tier 1 Capital Ratio of at least 12% and a Capital Ratio of at least 15% have been met.

DKK	2013	2012	2011
Dividend per Spar Nord Share	1	0	0

20. LITIGATION

The Spar Nord Group is regularly involved in litigation in connection with the Spar Nord Group's business. Although the outcomes of claims, legal proceedings or other litigation against the Spar Nord Group cannot be predicted with certainty, the Spar Nord Group is not involved in any governmental, legal or arbitration proceedings (pending or threatened) which may have a significant effect on the financial position or profitability of the Spar Nord Group or have had such an effect during the 12 months preceding the Date of Announcement.

21. MATERIAL CONTRACTS

BEC – cooperation agreement

On 10 October 2014, Spar Nord entered into an agreement with BEC a.m.b.a. ("BEC") concerning a future cooperation in the IT area. The agreement implies that Spar Nord will become a member of BEC and migrate to BEC's IT platform.

The agreement with BEC means that Spar Nord has terminated its agreement with Skandinavisk Data Center A/S ("SDC") and, as a result, Spar Nord will in the fourth quarter of 2014 recognise an impairment of its shareholding in SDC equivalent to a market-value adjustment of DKK 195 million.

The conversion costs in connection with the practical migration to BEC's IT platform in 2016 are expected to amount to approximately DKK 40 million.

Spar Nord expects to achieve annual savings from the migration of about DKK 35 million in 2016 and about DKK 55 million in the following years.

Spar Nord and BEC have agreed that in connection with Spar Nord's withdrawal from SDC, BEC will grant Spar Nord a discount having the effect that Spar Nord's financial obligation towards SDC at the time of withdrawal is not expected to have any impact on the results of Spar Nord. In a normal year, the migration to BEC's platform and the agreed future prices, terms and conditions are expected to improve Spar Nord Group's cost/income ratio by approximately 0.02.

Totalkredit – cooperation agreement

Together with a number of regional and local banks, Spar Nord has entered into a cooperation agreement with Totalkredit A/S ("Totalkredit") to arrange Totalkredit loans for owner-occupied housing and holiday homes within the framework of mortgage credit legislation applicable from time to time. Spar Nord receives a fixed percentage of the management fee relating to the portfolio written by way of commission from Totalkredit. Totalkredit is a subsidiary of Nykredit Realkredit A/S ("Nykredit Realkredit"), which is owned by Nykredit Holding A/S ("Nykredit Holding"). In connection with the agreement, Nykredit Holding and Nykredit Realkredit have signed declarations confirming that the cooperation agreement will also be observed by Nykredit Holding, Nykredit Realkredit and other companies in the Nykredit group.

The cooperation agreement allows Totalkredit a right of setoff of any losses against commission receivable by Spar Nord from Totalkredit, and Spar Nord provides a loss guarantee to Totalkredit (i) in cases involving special types of risk, (ii) where Spar Nord has chosen not to provide the loan case with a special credit risk classification, (iii) until Totalkredit has approved the loan case and (iv) in the event that the construction of the mortgaged property is not completed.

Spar Nord may at any time terminate the cooperation with Totalkredit by notice to Totalkredit. Any termination will be effective from the date on which all ongoing cases have been finalised. Totalkredit cannot terminate the agreement unless in the event of default.

DLR Kredit – cooperation agreement

DLR Kredit A/S ("DLR") is owned by a large number of banks, including Spar Nord. Spar Nord has become a party to a cooperation agreement with DLR to arrange mortgage credit loans for agricultural and other commercial properties on competitive terms. Spar Nord receives a customer service commission for these services together with a guarantee commission for Spar Nord's share of the limited revolving guarantee described below.

DLR may offset identified losses on mortgage credit loans arranged by Spar Nord in the relevant year against Spar Nord's accrued customer service commission and guarantee commission. If the identified loss exceeds the commission for the relevant year, the identified loss may be offset against commissions for up to five years. In case identified losses on mortgage credit loans arranged by Spar Nord exceed the commission for the relevant year, DLR may request that Spar Nord provides a guarantee for repayment of the year's identified loss amounting to a maximum of 0.25% of the portfolio. If the identified loss has not been covered by setoff against commission over the next five years, DLR may exercise Spar Nord's guarantee. If such amount also proves insufficient, the loss will be covered by the common limited revolving guarantee described below.

At the time of conclusion of the agreement, the banks comprised by a cooperation agreement with DLR take on a share of a limited revolving guarantee set up to partly cover losses in DLR in excess of what is described above. The limited guarantee covers identified losses in DLR exceeding DLR's advance liability. The total limited guarantee cannot exceed DLR's advance liability multiplied by five. Spar Nord's share of the limited guarantee is calculated based on the residual bond debt on loans which Spar Nord at the beginning of the year is recorded as having arranged, relative to the total residual bond debt involved in the cooperation agreement.

The cooperation agreement cannot be terminated by Spar Nord as long as Spar Nord is a shareholder of DLR, and it will automatically terminate if Spar Nord sells its shares in DLR, effective from the end of the calendar year in which such sale is effected. By a resolution adopted by the board of directors, DLR may terminate the cooperation agreement by giving three months' notice to expire at the end of a calendar year.

BankInvest Fondsmæglerselskab – marketing and investment advisory services agreement

On 25 September 2009, Spar Nord entered into an agreement with BI Asset Management Fondsmæglerselskab A/S ("BankInvest Fondsmæglerselskab") relating to Spar Nord's sale of and advisory services relating to financial products marketed by BankInvest Fondsmæglerselskab against payment of a commission from BankInvest Fondsmæglerselskab to Spar Nord. BankInvest Fondsmæglerselskab is a subsidiary of BI Holding A/S ("BankInvest"), which is owned by a number of Danish banks, including Spar Nord.

The products comprise units in investment funds, special-purpose funds and hedge funds traded on NASDAQ Copenhagen and investments in a number of structured products.

The agreement may be terminated by either party giving three months' notice to expire at the end of a calendar year. However, the agreement may be terminated by BankInvest Fondsmæglerselskab giving one month's notice to expire at the end of a month in case of any merger, demerger or other transfer or conversion of all or part of Spar Nord's activities. The agreement does not prevent cooperation with other providers of similar products. It may not be assigned by Spar Nord without the written consent of BankInvest Fondsmæglerselskab.

Letpension – intermediary services relating to individual life and pension insurance products

On 25 June 2009, Spar Nord entered into an agreement regarding the provision of intermediary services with respect to individual life and pension insurance products with letpension livs- og pensionsforsikringselskab A/S (now "Bankpension livs- og pensionsforsikringselskab A/S").

The services currently comprise development and management of advisory and distribution solutions in the pension and insurance area, but not provision of pension and insurance products as such products are provided by PFA Pension according to an agreement of 1 October 2010. See below. After conclusion of the agreement with PFA Pension, the remaining obligations under the agreement of 25 June 2009 continued with letpension A/S ("letpension") (formerly letpension Holding A/S).

Letpension is owned jointly by a number of banks which are either members or associated members of the Danish Regional Bankers' Association or the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark, including by Spar Nord. Letpension was established for the purpose of offering attractive and up-to-date life and pension insurance products to the owners' customers on competitive terms.

The cooperation with letpension will terminate immediately if Spar Nord sells its shares in letpension in accordance with the shareholder agreement, or by resolution by the board of directors if Spar Nord (i) defaults on its obligations under the agreement; (ii) fails to arrange insurance or pension schemes through letpension for a period of six months; or (iii) ceases to be a member of any of the Danish Regional Bankers' Association or the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark.

PFA Pension – agreement on provision of pension and insurance products

On 1 October 2010, PFA Pension, forsikringsaktieselskab ("PFA Pension") and letpension entered into an agreement for the sale of and provision of intermediary services with respect to pension and insurance products to letpension shareholders and their customers.

Under the agreement, PFA Pension will provide pension and insurance products, letpension will handle general marketing, operation, management and further development of the pension and insurance products offered, and Spar Nord together with a number of other banks which are parties to the agreement will be responsible for the sale and provision of advisory services relating to pension and insurance products offered, against receipt of a fee from PFA.

It is a condition for Spar Nord's participation in the cooperation with PFA Pension that Spar Nord is a shareholder of letpension. If Spar Nord ceases to be a shareholder of letpension, Spar Nord must withdraw from the cooperation on the sale and provision of intermediary services with respect to the products referred to.

PFA Pension and letpension may terminate the agreement in case of default by another party and terminate the agreement with a bank in case of default by such bank.

The agreement contains a provision to the effect that, as long as Spar Nord is a party to the agreement, it may not, without the consent of PFA Pension, (i) offer pension or insurance products; (ii) enter into new agreements with providers other than PFA Pension regarding pension and insurance products; or (iii) take part in the establishment of any pension insurance and/or personal insurance business competing with PFA Pension.

22. MATERIAL INVESTMENTS

The Spar Nord Group's total investments for the nine months ended 30 September 2014 amounted to DKK 210 million, of which DKK 7 million was attributable to investments in equipment used for leasing in Spar Nord Leasing A/S, DKK 70 million was attributable to investments in other property, plant and equipment, including corporate properties and equipment, and DKK 25 million was attributable to investments in intangible assets, including goodwill, customer relations and software, and DKK 108 million to shares and equity investments in associates.

The Spar Nord Group's total investments for the financial year ended 31 December 2013 amounted to DKK 183 million, of which DKK 39 million was attributable to investments in equipment used for leasing in Spar Nord Leasing A/S, DKK 105 million was attributable to investments in other property, plant and equipment, including corporate properties and equipment, and DKK 25 million was attributable to investments in intangible assets, including software, and DKK 14 million to shares and equity investments in associates.

The Spar Nord Group's total investments for the financial year ended 31 December 2012 amounted to DKK 934 million, of which DKK 183 million was attributable to equipment used for leasing, DKK 334 million was attributable to other property, plant and equipment, including corporate properties and equipment, DKK 77 million was attributable to investments in intangible assets, including goodwill, customer relations and software, and DKK 340 million to shares and equity investments in associates.

A substantial part of the investments in 2012 were related to the merger with Sparbank effective from 15 November 2012. For information about assets and liabilities taken over, see note 49 of Spar Nord's 2012 Annual Report. In addition, a number of corporate properties were acquired from the Spar Vest Foundation in connection with the merger.

The Spar Nord Group's investments for the financial year ended 31 December 2011 amounted to DKK 408 million, of which DKK 322 million was attributable to investments in equipment used for leasing in Spar Nord Leasing A/S, DKK 59 million was attributable to investments in other property, plant and equipment, including corporate properties and equipment, DKK 4 million was attributable to investments in intangible assets, including software, and DKK 23 million to shares and equity investments in associates.

As a consequence of the fact that effective from 1 October 2014 leasing activities are again a continuing activity of the Spar Nord Group, the Spar Nord Group's investments in equipment used for leasing are expected to be significantly higher in the coming years than they were in the years from 2011 to 2013.

In the period from 30 September 2014 until the Date of Announcement, the Spar Nord Group has made investments in shares for a total amount of DKK 148 million and investments in the form of deposits etc. with BEC for a total amount of DKK 344 million, which will be recognised under Other assets in the 2014 Annual Report.

The Spar Nord Group has no other significant ongoing investments and currently has not planned any other significant future investments other than investments in ordinary operations and maintenance.

23. THE BOARD OF DIRECTORS AND EXECUTIVE BOARD OF SPAR NORD

23.1 Spar Nord's board of directors

Spar Nord's board of directors has overall responsibility for the management of Spar Nord and supervises the executive board. Under the current management structure, the board of directors defines the overall principles governing the affairs of the Spar Nord Group. The executive board is the supreme decision-making body as concerns the day-to-day management, observing the guidelines and instructions issued by the board of directors. The board of directors must give specific authorisation for transactions which are unusual or significant to Spar Nord. The board of directors shall also consider from time to time whether the capital resources of Spar Nord are adequate in the context of Spar Nord's operations and shall ensure that Spar Nord's book-keeping and asset management functions are subject to the appropriate control.

The board of directors, which consists of non-executive directors, is elected by the shareholders of Spar Nord at the general meeting of shareholders with the exception of those board members who are elected pursuant to applicable law concerning employee representation on boards of directors (currently three members). Employees of companies that have more than 35 employees are entitled to elect a number of employee representatives corresponding to half of the number of members elected by the shareholders. Board members elected by the employees are elected for terms of four years, and they hold the same rights and obligations as any member of the board of directors elected by the shareholders. Board members elected by the shareholders are elected for terms of two years, and the number of such board members may range from four to seven.

Members of the board of directors must retire not later than four months after the end of the year in which they attain the age of 70. According to Danish law, members of the executive board may not also be members of the board of directors of Spar Nord.

Name	Year of birth	Position	Member of the board of directors since	Expiry of current term
Torben Fristrup	1951	Chairman	2003	2016
Per Nikolaj Bukh	1965	Deputy chairman	2007	2015
Kjeld Johannesen	1953	Board member	2014	2016
Hans Østergaard	1946	Board member	2009	2015
Ole Skov	1959	Board member	2000	2016
Jannie Skovsen	1965	Board member	2008	2016
Gitte Holmgaard Sørensen	1965	Board member	2012	2016
Kaj Christiansen	1955	Board member	2012	2015
Laila Mortensen	1965	Board member	2012	2016
Fritz Dahl Pedersen	1955	Board member	2012	2016

The business address of the current board members is Skelagervej 15, 9100 Aalborg, Denmark.

Torben Fristrup

Torben Fristrup was born in 1951 and has been chairman of Spar Nord's board of directors since 2004. Torben Fristrup holds a degree in engineering and has completed an executive management programme at IMD Business School in Switzerland. Torben Fristrup is Chief Executive Officer of CUBIC-Modulsystem A/S and has management experience from several companies.

Torben Fristrup's current directorships and directorships resigned within the past five years

Current directorships	Directorships resigned within the past five years
CHAIRMAN <ul style="list-style-type: none"> • Stanfo A/S • CUBIC Norge A/S • CUBIC-Modular System Ltd. • CUBIC Svenska AB BOARD MEMBER <ul style="list-style-type: none"> • CUBIC-Modulsystem A/S MANAGING DIRECTOR <ul style="list-style-type: none"> • CUBIC-Modulsystem A/S • Fristrup Holding Aalborg ApS • Regulus ApS 	CHAIRMAN <ul style="list-style-type: none"> • Sjørring Maskinfabrik A/S • Brønderslev Industrilakering A/S • Peder Niensens beslagfabrik A/S BOARD MEMBER <ul style="list-style-type: none"> • Direktør Erik Kauffeldts Fond • Keflico A/S • Rigmor Niensens Fond • Nordjysk Lånefond • Cubic – Holding A/S • The Spar Nord Foundation MANAGING DIRECTOR <ul style="list-style-type: none"> • Cubic – Holding A/S

Per Nikolaj Bukh

Per Nikolaj Bukh was born in 1965 and has been deputy chairman of Spar Nord's board of directors since 2009. 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	Directorships resigned within the past five years
CHAIRMAN <ul style="list-style-type: none"> • None BOARD MEMBER <ul style="list-style-type: none"> • Jurist- & Økonomforbundets Forlag A/S • Jurist- & Økonomforbundets Forlagsfond • Jurist- & Økonomforbundets Forlag Holding A/S • Padborg Ejendomme ApS MANAGING DIRECTOR <ul style="list-style-type: none"> • Value Spread 1 ApS • P.N. Bukh ApS 	CHAIRMAN <ul style="list-style-type: none"> • None BOARD MEMBER <ul style="list-style-type: none"> • The Spar Nord Foundation • Berty A/S MANAGING DIRECTOR <ul style="list-style-type: none"> • Danmarksgade 28 ApS • Berty A/S

Kjeld Johannesen

Kjeld Johannesen was born in 1953 and has been a member of the board of directors since 2014. Kjeld Johannesen holds a BCom (Sales and Marketing) and is Group CEO of Danish Crown. He also 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	Directorships resigned within the past five years
CHAIRMAN <ul style="list-style-type: none"> • DAT-Schaub A/S • KLS Ugglarps, Sweden BOARD MEMBER <ul style="list-style-type: none"> • Daka Denmark A/S - deputy chairman • Tulip Food Company A/S • Schouw & Co. A/S • Sokolow S.A., Poland - deputy chairman • Plumrose USA • Tulip Ltd., UK • Member of the board of directors of Danmarks Nationalbank • Chairman of the Permanent Committee on Business Policies of the Confederation of Danish Industry • Deputy chairman of the Employers' Association of Abattoirs 	CHAIRMAN <ul style="list-style-type: none"> • Dat-Schaub Holding A/S • Danish Crown Incorporated A/S BOARD MEMBER <ul style="list-style-type: none"> • Tulip Food Company A/S • Dat-Schaub Holding A/S • Confederation of Danish Industry • Aktieselskabet af 30. december 2010

MANAGING DIRECTOR

- Danish Crown A/S

MANAGING DIRECTOR

- None

Hans Østergaard

Hans Østergaard was born in 1946 and has been a member of Spar Nord's board of directors since 2009. Hans Østergaard is a state-authorized public accountant and has also completed a directorship training course targeted at financial businesses and has achieved board certification from Board Governance. Hans Østergaard is a professional board member.

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

Current directorships	Directorships resigned within the past five years
CHAIRMAN <ul style="list-style-type: none"> None 	CHAIRMAN <ul style="list-style-type: none"> HNC Group A/S C.S.Electric ApS C.S.Electric Nord ApS Flexodan A/S
BOARD MEMBER <ul style="list-style-type: none"> Flowcon International ApS 	BOARD MEMBER <ul style="list-style-type: none"> C.S.E. Holding A/S Dyrlægerne Himmerland Kvæg A/S
MANAGING DIRECTOR <ul style="list-style-type: none"> None 	MANAGING DIRECTOR <ul style="list-style-type: none"> None

Ole Skov

Ole Skov was born in 1959 and has been an employee-elected member of Spar Nord's board of directors since 2000. Ole Skov has a financial services background and holds a business diploma in accounting and finance and has also completed a directorship training course targeted at financial businesses. Ole Skov is a senior shop steward at Spar Nord and serves as an employee representative on the board of directors.

Ole Skov's current directorships and directorships resigned within the past five years

Current directorships	Directorships resigned within the past five years
CHAIRMAN <ul style="list-style-type: none"> The Financial Services Union "Spar Nord Kreds" 	CHAIRMAN <ul style="list-style-type: none"> None
BOARD MEMBER <ul style="list-style-type: none"> The Personnel Foundation of Spar Nord (Personalefonden i Spar Nord) The Executive Committee of the Financial Services Union 	BOARD MEMBER <ul style="list-style-type: none"> The Spar Nord Foundation
MANAGING DIRECTOR <ul style="list-style-type: none"> None 	MANAGING DIRECTOR <ul style="list-style-type: none"> None

Jannie Skovsen

Jannie Skovsen was born in 1965 and has been an employee-elected member of Spar Nord's board of directors since 2008. Jannie Skovsen has a financial services background and holds a business diploma and has also completed a directorship training course targeted at financial businesses. Jannie Skovsen is a shop steward at Spar Nord and serves as an employee representative on the board of directors.

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

Current directorships	Directorships resigned within the past five years
CHAIRMAN <ul style="list-style-type: none"> None 	CHAIRMAN <ul style="list-style-type: none"> None
BOARD MEMBER <ul style="list-style-type: none"> The Financial Services Union "Spar Nord Kreds" (deputy chairman) The Spar Nord Foundation 	BOARD MEMBER <ul style="list-style-type: none"> None
MANAGING DIRECTOR <ul style="list-style-type: none"> None 	MANAGING DIRECTOR <ul style="list-style-type: none"> None

Gitte Holmgaard Sørensen

Gitte Holmgaard Sørensen was born in 1965 and has been an employee-elected member of Spar Nord's board of directors since 2012. Gitte Holmgaard Sørensen has a financial services background and holds a business diploma and has also completed a directorship training course targeted at financial businesses.

Gitte Holmgaard Sørensen's current directorships and directorships resigned within the past five years

Current directorships	Directorships resigned within the past five years
CHAIRMAN <ul style="list-style-type: none"> The Personnel Foundation of Spar Nord Bank (Personalefonden i Spar Nord Bank) BOARD MEMBER <ul style="list-style-type: none"> The Financial Services Union "Spar Nord Kreds" MANAGING DIRECTOR <ul style="list-style-type: none"> None 	CHAIRMAN <ul style="list-style-type: none"> None BOARD MEMBER <ul style="list-style-type: none"> Spar Nord Foundation MANAGING DIRECTOR <ul style="list-style-type: none"> None

Laila Mortensen

Laila Mortensen was born in 1965 and has been a member of the board of directors since 2012. Laila Mortensen holds an MSc in Insurance Science from the University of Copenhagen and has furthermore completed an executive management programme at IMD Business in Switzerland. Laila Mortensen is Chief Executive Officer of Industriens Pension and has experience from several other directorships in the financial sector.

Laila Mortensen's current directorships and directorships resigned within the past five years

Current directorships	Directorships resigned within the past five years
CHAIRMAN <ul style="list-style-type: none"> IP Ejendomme 2013 P/S IP Infrastruktur P/S IP Komplementar ApS IP Infrastruktur Komplementar ApS IP Opp Kalvebod Brygge P/S BOARD MEMBER <ul style="list-style-type: none"> DSEB The Danish Insurance Association IP Alternative Investments Komplementar ApS IP Finans 1 ApS Industriens Pension Portfolio F.M.B.A Pensionsinfo IP Butendiek Wind Komplementar ApS MANAGING DIRECTOR <ul style="list-style-type: none"> Industripension Holding A/S Industriens Pensionsforsikring A/S Industriens Pensionservice A/S Industriens Pension ApS 	CHAIRMAN <ul style="list-style-type: none"> P/S Opp psykiatrisk afdeling Vejle - Industriens Pension Industriens Pension IT A/S BOARD MEMBER <ul style="list-style-type: none"> Kapitalforeningen Industriens Pension MANAGING DIRECTOR <ul style="list-style-type: none"> Komplementarselskabet OPP Psykiatrisk afdeling Vejle

Kaj Christiansen

Kaj Christiansen was born in 1955 and has been a member of the board of directors since 2012. Kaj Christiansen is a state-authorized public accountant and CEO of FME, Frederikshavn Maritime Erhvervspark A/S. Prior to that, Kaj Christiansen held a position as CFO with Danyard A/S.

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

Current directorships	Directorships resigned within the past five years
CHAIRMAN <ul style="list-style-type: none"> Fonden Arena Nord BOARD MEMBER <ul style="list-style-type: none"> Dokøen A/S Frederikshavn Maritime Erhvervspark A/S The Spar Nord Foundation 	CHAIRMAN <ul style="list-style-type: none"> None BOARD MEMBER <ul style="list-style-type: none"> Northern Offshore Service A/S Ringvejens Erhvervsinvest A/S Fonden Kattegat Silo Domus Aqua ApS

<p>MANAGING DIRECTOR</p> <ul style="list-style-type: none"> Frederikshavn Maritime Erhvervspark A/S Dokøen A/S Komanditaktieselskabet Østre havn Østre Havn Aalborg ApS Bangsbo Invest ApS 	<ul style="list-style-type: none"> Fonden Tordenskjold i Frederikshavn <p>MANAGING DIRECTOR</p> <ul style="list-style-type: none"> Danyard A/S KS Værftsvej Komplementaranpartsselskabet Værftsvej Fonden Kattegat Silo
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Fritz Dahl Pedersen

Fritz Dahl Pedersen was born in 1955 and has been a member of the board of directors since 2012. Fritz Dahl Pedersen has a background in finance and sales. Fritz Dahl Pedersen works as a car dealer and also has management experience from several directorships.

Fritz Dahl Pedersen's current directorships and directorships resigned within the past five years

Current directorships	Directorships resigned within the past five years
<p>CHAIRMAN</p> <ul style="list-style-type: none"> None <p>BOARD MEMBER</p> <ul style="list-style-type: none"> The Spar Vest Foundation Spar Vest Tyskland A/S Spar Vest Grønland A/S Spar Vest Finans A/S SVF Ejendomsservice A/S Fritz Dahl Pedersen Holding ApS Dahl Pedersen Holding ApS Bolette og Fritz Dahl Pedersen Ejendomsselskab ApS <p>MANAGING DIRECTOR</p> <ul style="list-style-type: none"> Fritz Dahl Pedersen Holding ApS Bolette og Fritz Dahl Pedersen Ejendomsselskab ApS Fritz Dahl Pedersen Biler ApS 	<p>CHAIRMAN</p> <ul style="list-style-type: none"> None <p>BOARD MEMBER</p> <ul style="list-style-type: none"> Sparbank A/S Fusioneret 14-11-2012 Kulturcenter Limfjorden Ejendomme A/S <p>MANAGING DIRECTOR</p> <ul style="list-style-type: none"> None

23.2 Spar Nord's executive board

Spar Nord's Executive Board is in charge of the day-to-day management of the Spar Nord Group as laid down in the rules of procedure for Spar Nord's executive board.

Name	Year of birth	Position	Position held since
Lasse Nyby	1960	Chief Executive Officer	2000
John Lundsgaard	1964	Managing Director	2000
Lars Møller	1957	Managing Director	2000
Bent Jensen	1960	Managing Director	2012

The business address of the members of Spar Nord's Executive Board is Skelagervej 15, 9100 Aalborg, Denmark.

Lasse Nyby

Lasse Nyby was born in 1960 and was appointed Chief Executive Officer of Spar Nord in 2000. Lasse Nyby has a financial services background and holds a BCom (Management Accounting) and has completed an executive management 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	Directorships resigned within the past five years
<p>CHAIRMAN</p> <ul style="list-style-type: none"> Aktieselskabet Skelagervej 15 Clearwater International ApS JSNA Holding A/S Spar Nord Leasing A/S 	<p>CHAIRMAN</p> <ul style="list-style-type: none"> Erhvervsinvest Nord A/S Spar Nord ejendomsselskab A/S Finanssektorens Pensionskasse SN Finans Nord AB

<p>BOARD MEMBER</p> <ul style="list-style-type: none"> • AP Pension Livsforsikringselskab • AP Pensionsservice • AP Skadesforsikring Aktieselskab • The Danish Bankers Association • Foreningen AP Pension F.M.B.A. • Nykredit Holding A/S • PRAS A/S • The Danish Regional Bankers' Association • Vækst-Invest Nordjylland A/S <p>MANAGING DIRECTOR</p> <ul style="list-style-type: none"> • None 	<p>BOARD MEMBER</p> <ul style="list-style-type: none"> • AP Invest Kapitalforening • AP Ejendoms aktieselskab • Finans Nord • Jyske Finans flåde- og billeasing A/S <p>MANAGING DIRECTOR</p> <ul style="list-style-type: none"> • None
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John Lundsgaard

John Lundsgaard was born in 1964 and was appointed Managing Director of Spar Nord in 2000. John Lundsgaard has a financial services background and holds an 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	Directorships resigned within the past five years
<p>CHAIRMAN</p> <ul style="list-style-type: none"> • Factor Insurance Brokers A/S • Høgsberg Assurance Service A/S <p>BOARD MEMBER</p> <ul style="list-style-type: none"> • Aktieselskabet Skelagervej 15 • Finanssektorens Arbejdsgiverforening • Ietpension Holding A/S <p>MANAGING DIRECTOR</p> <ul style="list-style-type: none"> • None 	<p>CHAIRMAN</p> <ul style="list-style-type: none"> • Skandinavisk Data Center A/S • Nordisk Finans IT A/S • NFIT A/S <p>BOARD MEMBER</p> <ul style="list-style-type: none"> • Spar Nord Ejendomsselskab A/S • Datakomm A/S • BP Livsforsikringselskabet A/S • Ietpension IT A/S • Maestro Business A/S <p>MANAGING DIRECTOR</p> <ul style="list-style-type: none"> • None

Lars Møller

Lars Møller was born in 1957 and was appointed Managing Director of Spar Nord in 2000. Lars Møller has a financial services background and has completed an executive management 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	Directorships resigned within the past five years
<p>CHAIRMAN</p> <ul style="list-style-type: none"> • BI Asset Management Fondsmæglerselskab A/S • BI Holding A/S • BI Management A/S <p>BOARD MEMBER</p> <ul style="list-style-type: none"> • DLR Kredit A/S <p>MANAGING DIRECTOR</p> <ul style="list-style-type: none"> • None 	<p>CHAIRMAN</p> <ul style="list-style-type: none"> • None <p>BOARD MEMBER</p> <ul style="list-style-type: none"> • Erhvervsinvest Nord A/S • Spar Nord ejendomsselskab A/S • Bankinvest Private Equity A/S <p>MANAGING DIRECTOR</p> <ul style="list-style-type: none"> • None

Bent Jensen

Bent Jensen was born in 1960 and was appointed Managing Director of Spar Nord in connection with the merger with Sparbank. Bent Jensen has a diploma from the Danish Insurance Academy and holds a BCom (Sales and Marketing) and an MBA from Henley Management College, London. Bent Jensen previously held positions as Marketing Manager, Manager, Retail Banking, Area Manager and Chief Executive Officer of Sparbank. Bent Jensen also has management experience from several directorships.

Bent Jensen's current directorships and directorships resigned within the past five years

Current directorships	Directorships resigned within the past five years
CHAIRMAN <ul style="list-style-type: none"> None BOARD MEMBER <ul style="list-style-type: none"> Aktieselskabet Skelagervej 15 Finanssektorens Uddannelsescenter MANAGING DIRECTOR <ul style="list-style-type: none"> None 	CHAIRMAN <ul style="list-style-type: none"> None BOARD MEMBER <ul style="list-style-type: none"> Factor Insurance Brokers A/S Høgsberg Assurance Service A/S Garant Invest A/S Egnsinvest Ejendomme A/S Egnsinvest Holding A/S Egnsinvest Management A/S Skive Smede & Maskinteknik A/S MANAGING DIRECTOR <ul style="list-style-type: none"> Sparbank A/S

23.3 Kinship

Spar Nord is not aware of any kinship existing between any members of Spar Nord's Board of Directors.

23.4 Convictions, indictments and conflicts of interest

During the past five years, none of the members of Spar Nord's Board of Directors or any of the members of Spar Nord's Executive Board have (i) been convicted of fraudulent offences or (ii) been the object of public prosecution and/or public sanctions by authorities or supervisory bodies (including appointed professional bodies) or (iii) been disqualified from acting as a member of an issuer's board of directors, executive board or supervisory body or from being in charge of an issuer's management or other affairs.

During the past five years, none of the members of Spar Nord's Board of Directors or any of the members of Spar Nord's Executive Board have been a member of the board of directors, executive board or supervisory bodies or a senior manager of any company that has commenced insolvency proceedings or other receivership, or entered into solvent liquidation.

Kaj Christiansen and Jannie Skovsen are both members of the board of the Spar Nord Foundation, which holds 23,273,723 Spar Nord Shares, corresponding to 18.54% of the share capital and 18.55% of the voting rights in Spar Nord. In its consideration of matters pertaining to the Spar Nord Foundation, Spar Nord's Board of Directors will observe the rules on impartiality of section 131 of the Companies Act. Otherwise, no current or potential conflicts of interest exist between any of the duties of the members of Spar Nord's Board of Directors, the members of Spar Nord's Executive Board and their private interests or other duties.

Spar Nord is not aware of any members of Spar Nord's Board of Directors, any members of Spar Nord's Executive Board having been appointed pursuant to an agreement or understanding with Spar Nord's major shareholders, customers, suppliers or other parties.

24. RESTRICTIONS ON SECURITIES TRADING

No restrictions have been imposed on trading in Spar Nord's shares by members of Spar Nord's board of directors or executive board except as provided by law and the guidelines set out in the Spar Nord Group's internal rules. The Spar Nord Group's internal rules contain no unusual restrictions.

25. REMUNERATION AND BENEFITS
25.1 Remuneration in financial businesses

In connection with the adoption of the Danish bank packages, certain restrictions were introduced on incentive remuneration to members of management in financial businesses. In December 2010 and August 2011, the Financial Business Act was amended, among other things to implement the provisions of Directive 2010/76/EU regarding remuneration policies. These provisions were most recently revised in Executive Order no. 285 of 27 March 2014 issued by the Danish FSA on remuneration.

neration policy and disclosure requirements on remuneration in financial businesses and financial holding companies.

The provisions introduced restrictions on incentive remuneration in financial businesses, including in Spar Nord. The restrictions provide, among other things, that no financial business or financial holding company may remunerate members of its board of directors or executive board by way of variable remuneration components, including share options and warrants, exceeding 50% of the fixed basic remuneration, including pension, however, only 20% if the company receives government subsidies, and the board of directors and executive board may not receive share options or similar instruments exceeding 12.5% of the basic remuneration, including pension.

There is an additional requirement that at least 50% of the variable pay must consist of shares or share-based instruments of the financial business or its parent company. Variable pay below DKK 100,000 is, however, generally excepted therefrom. Furthermore, a substantial portion of the variable remuneration components must be deferred for a period of four years and may only be paid if the financial businesses meet the statutory requirements with regard to own funds at the time of the payment. In the event that variable remuneration components have been paid on the basis of information on financial performance, and such information later proves to be erroneous, the financial business is entitled to reclaim the variable remuneration, provided, however, that the person to whom it was paid received it in bad faith with regard to the correctness of the information.

Similar rules apply to employees whose activities have a material effect on the financial business's risk profile (so-called significant risk takers).

The Spar Nord Group complies with the restrictions described above.

25.2 Remuneration of Spar Nord's board of directors

The members of Spar Nord's board of directors receive a fixed fee and are not covered by any type of incentive schemes or performance-based remuneration. The basic fee for each member is set at a level that reflects market standards considering the competencies and resource requirements of board members.

The chairman receives a fee corresponding to two and a half times the basic fee, and the deputy chairman receives one and a half times the basic fee. In addition to the basic fee, members receive compensation if they serve as members of the board's audit committee.

No agreements have been made with members of Spar Nord's board of directors, and the board members are not entitled to severance pay.

No members of Spar Nord's board of directors have entered into service contracts with Spar Nord's subsidiaries.

The table below sets forth the shareholder-approved remuneration of the board members for the financial year ended 31 December 2013, which is also the expected remuneration for the financial year ending 31 December 2014.

Remuneration paid to the members of the board of directors for the 2013 financial year	
Name	DKKm
Torben Fristrup	0.5
Per Nikolaj Bukh	0.4
Kaj Christiansen	0.2
Laila Mortensen	0.2
Carsten Normann	0.2
Fritz Dahl Pedersen	0.2
Ole Skov	0.3
Jannie Skovsen	0.2
Gitte Holmgaard Sørensen	0.2
Hans Østergaard	0.3

25.3 Remuneration of Spar Nord's executive board

Members of Spar Nord's Executive Board are employed on a contractual basis and their contract terms including remuneration are subject to annual assessment. Spar Nord's board of directors aims to structure the remuneration packages for the members of the executive board on the basis of market practice and at a level that makes it possible for Spar Nord to attract and retain competent executive board members.

The remuneration of the members of Spar Nord's executive board consists of a fixed salary and pension, as well as a company car and telephone. Members of Spar Nord's Executive Board do not receive variable remuneration components. If the Spar Nord Group terminates the employment relationship, the current members of the executive board have a notice period of 12 months and will be entitled to severance pay equal to two years' salary unless the relevant member of the executive board is in breach of the executive service contract. If members of the executive board terminate their employment, they have a notice period of six months and no right to severance pay.

In addition, Spar Nord is obligated to pay remuneration for a period of 36 months to an executive in the event of a merger or takeover in which the executive does not form part of the executive board of the continuing company, cannot be offered a relevant position with a salary corresponding to his/her previous salary and does not terminate his/her contract with or without notice.

Fees to the members of the executive board for external directorships are set off against the salary from Spar Nord.

No members of Spar Nord's Executive Board have entered into service contracts with Spar Nord's subsidiaries.

Remuneration paid to the members of the executive board for the 2013 financial year				
Name	Bank's expense, basic salary (DKKm)	Pension (DKKm)	Total remuneration earned and paid (DKKm)	Comments
Lasse Nyby	3.0	0.8	3.8	Plus a company car
Bent Jensen	3.0	0.3	3.3	Plus a company car
John Lundsgaard	2.5	0.4	2.9	
Lars Møller	2.5	1.0	3.5	Plus a company car

Spar Nord's executive board previously had a special pension scheme for which a provision of DKK 1.1 million had been made as at 31 December 2012. This special scheme was terminated with effect from 30 April 2013 and replaced by a higher regular pension contribution and an extraordinary pension deposit. The provision of DKK 1.1 million was reversed in 2013.

26. PRACTICES OF SPAR NORD'S BOARD OF DIRECTORS AND EXECUTIVE BOARD

26.1 Practices of Spar Nord's board of directors

It is the task and responsibility of the board of directors to be in charge of the overall management of the Spar Nord Group, including exercising control of the work performed by the executive board and establishing appropriate strategies.

Pursuant to Spar Nord's Articles of Association, the board of directors must consist of not less than four and not more than seven members elected by the shareholders. In addition to the members elected by the shareholders, the employees of the Spar Nord Group are entitled to elect a number of employee representatives corresponding to half of the number of members elected by the shareholders.

Members of the board of directors elected by the shareholders are elected for terms of two years and employee representatives are elected for terms of four years. Board members are eligible for re-election.

Members of the board of directors must retire not later than four months after the end of the year in which they attain the age of 70.

Pursuant to the Financial Business Act, a member of the board of directors may not serve on the executive board. The current members of the board of directors have served as board members as set out below:

Name	Year of birth	Position	Member of the board of directors since	Expiry of term
Torben Frstrup	1951	Chairman	2003	2016
Per Nikolaj Bukh	1965	Deputy chairman	2007	2015
Kjeld Johannesen	1953	Board member	2014	2016
Hans Østergaard	1946	Board member	2009	2015
Ole Skov	1959	Board member	2000	2016
Jannie Skovsen	1965	Board member	2008	2016
Gitte Holmgaard Sørensen	1965	Board member	2012	2016
Kaj Christiansen	1955	Board member	2012	2015
Laila Mortensen	1965	Board member	2012	2016
Fritz Dahl Pedersen	1955	Board member	2012	2016

After the annual general meeting, the members of the board of directors elect a chairman and a deputy chairman from among its number.

The board of directors forms a quorum when more than half of its members are represented. All resolutions are adopted by a simple majority of votes. In case of an equality of votes, the chairman, or in his absence the deputy chairman, has the casting vote pursuant to the rules of procedure of the board of directors. However, when appointing and dismissing members of the executive board, the head of the Internal Audit Department, general managers in charge of finance and credit rating and the general manager of Trading, Financial Markets & the International Division, it is required that at least half of all members of the board of directors vote in favour thereof.

Generally, the members of the executive board take part in the meetings of the board of directors. In 2014, the board of directors held 11 ordinary board meetings, eight extraordinary board meetings, an initial board meeting, a strategy seminar and three meetings with the chairmen of the regional bank committees.

Members of the board of directors and the executive board cannot be present during discussions of their own accounts and facilities or discussions of accounts and facilities available to a company in which they are members of the board of directors or the executive board, or during any discussions regarding lawsuits against them. This also applies to discussions regarding other matters if a member of the board of directors or of the executive board has a significant interest that may conflict with the Spar Nord Group's interests. Finally, the executive board cannot be present in case the board wishes to discuss the business of Spar Nord without their presence.

The external auditors and the head of the Internal Audit Department are always entitled to attend meetings of the board of directors during the transaction of business of importance to the audit or to the preparation of financial statements. The external auditors and the head of the Internal Audit Department must attend meetings of the board of directors at which these matters are considered if so requested by a member of the board of directors. Other attendance is subject to agreement with the chairman of the board of directors.

The board of directors is continuously kept informed of the auditors' work by way of long-form audit reports submitted to the board, and the board evaluates this work in connection with the signing of these reports.

According to the Financial Business Act, the board of directors must (i) determine and continuously consider what business activities Spar Nord is to perform, (ii) identify and quantify Spar Nord's risk profile, including assessing the risks that Spar Nord may assume and (iii) establish internal policies

for the management of Spar Nord's business activities and risk profile. Based on Spar Nord's risk profile and its internal policies, the board of directors must prepare written guidelines for the executive board. These guidelines must, as a minimum, contain the following:

- the framework for the risks that the executive board may expose Spar Nord to and the principles for defining different types of risk;
- the transactions that the executive board may execute without the approval of the board of directors; and
- the procedure for the executive board's reporting to the board of directors with regard to the risks associated with Spar Nord's activities.

The rules of procedure contain the information required pursuant to the Financial Business Act.

26.2 Practices of Spar Nord's executive board

According to Spar Nord's Articles of Association, the executive board is to manage the day-to-day business and affairs of Spar Nord, and the executive board must consist of not less than one and not more than five members. The rules of procedure of the executive board are defined by Spar Nord's board of directors and according to these, the board of directors has resolved that the executive board must consist of three to five members.

The current members of the executive board have held their current positions as set out below.

Name	Year of birth	Position	Position held since
Lasse Nyby	1960	President & CEO	2000
John Lundsgaard	1964	Managing Director	2000
Lars Møller	1957	Managing Director	2000
Bent Jensen	1960	Managing Director	2012

The duties of the executive board include the following:

- performing competent day-to-day management of the Spar Nord Group;
- managing the Spar Nord Group's credit risk, including credit grants up to DKK 60 million for existing customers and DKK 30 million for new customers;
- defining policies for and managing of the Spar Nord Group's market risks and liquidity reserves;
- managing the Spar Nord Group's liquidity risk;
- granting lines to Danish banks with respect to investment and settlement risk in trading with interest-, equity-, commodity- and currency-related products;
- reporting to the board of directors;
- ensuring sound and adequate bookkeeping and asset management;
- preparing drafts of annual and interim financial statements; and
- submitting matters to the board of directors and performing specific requests of the board of directors.

26.3 **Committees, including audit and remuneration committees**

Spar Nord's board of directors has established an audit committee which is responsible for monitoring and controlling accounting and auditing matters and for drafting material for the board of directors' consideration of matters relating to accounting and auditing.

The audit committee has three members, including a member who has special qualifications within auditing and accounting as defined by law and who is also independent.

As at the Date of Announcement, the audit committee consists of Hans Østergaard (chairman), Per Nikolaj Bukh and Ole Skov.

Spar Nord's board of directors has also set up a nomination and remuneration committee, which is responsible for the preparatory work for the board of directors' consideration of matters relating to nomination and remuneration. The establishment of the committee does not change the overall responsibility of the board of directors in these areas but is intended to strengthen the independence of the board of directors from the day-to-day management and to strengthen the insight and competencies of the board of directors relating to nomination and remuneration.

As at the Date of Announcement, the nomination and remuneration committee consists of Torben Fristrup (chairman), Per Nikolaj Bukh and Gitte Holmgaard Sørensen.

Spar Nord's board of directors has also set up a risk management committee which is responsible for the preparatory work for the board of directors' consideration of matters pertaining to the group's risk management and related matters.

As at the Date of Announcement, the risk management committee consists of Kaj Christiansen (chairman), Laila Mortensen and Torben Fristrup.

26.4 **Management reporting and internal control systems**

A written agreement has been concluded (the so-called Section 70 instruction) between Spar Nord's board of directors and executive board, specifying the powers and authority of the latter. Spar Nord's board of directors lays down overall policies while Spar Nord's Executive Board is in charge of the Spar Nord Group's day-to-day management.

Various risk management issues are recurrent items on the agenda of meetings of Spar Nord's board of directors, and the Spar Nord Group has implemented a number of procedures and systems intended to ensure that risks are identified and managed appropriately and in compliance with applicable legislation.

Spar Nord's board of directors makes an annual review of the organisation, its focus areas and resource allocation and also annually assesses the risk of fraud in all business areas.

Risk management and control systems in connection with financial reporting

Spar Nord's board of directors and executive board share the overall responsibility for the Spar Nord Group's risk management and controls in connection with its financial reporting. Spar Nord's board of directors and executive board are composed so as to ensure that the appropriate internal control and risk management expertise is present to ensure appropriate financial reporting.

Spar Nord's board of directors approves general policies, procedures and controls, and also prepares a detailed annual plan for the internal audit and compliance functions. Policies, manuals and procedures within important areas in connection with financial reporting are available, including a business procedure for financial reporting, a business procedure for the finance function and other key functions, and an IT security policy.

26.5 Corporate governance

Spar Nord's board of directors and executive board consider corporate governance to be an essential part of maintaining good relationships to internal and external stakeholders and being able to meet the group's financial and non-financial targets.

Spar Nord's Management consequently supports initiatives to promote corporate governance and has therefore chosen to comply with 46 of 47 of the most recent recommendations of the Committee on Corporate Governance and with the supplementary recommendations from the Danish Bankers Association.

However, Spar Nord does not comply with clause 3.1.5 of the recommendations, which is worded as follows:

"The Committee recommends that members of the board of directors elected by the general meeting be up for election every year at the annual general meeting."

Spar Nord does not comply with this recommendation as the members of Spar Nord's board of directors are elected for terms of two years. The members of the board of directors serve staggered terms, meaning that three members are up for election every year. With terms of two years and staggered terms, the board of directors aims at ensuring the necessary continuity in the work of the board of directors.

The full wording of Spar Nord's position on the recommendations is available on the bank's website at sparnord.dk/corporategovernance.

26.6 Incentive remuneration guidelines

In accordance with Spar Nord's remuneration policy, no incentive remuneration is offered to the members of Spar Nord's board of directors and executive board. Any introduction of new incentive schemes and the principles thereof must be approved at a general meeting.

27. EMPLOYEES

27.1 Overview of employees

The Spar Nord Group had a total of 1,509 employees at 30 September 2014. The table below shows a breakdown of the Spar Nord Group's employees by business area as at 30 September 2014.

Number of employees by area	30 Sep 2014
Local Banks	1,092
Trading, Financial Markets and International Division	68
Spar Nord Leasing	8
Business support	216
Other, including employees dismissed without service requirement	125
Total	1,509

Collective agreements are made with the Danish Financial Services Union in respect of the Spar Nord Group.

27.2 Employee remuneration programmes

The Spar Nord Group currently does not have any bonus programmes for employees in the form of award of "free shares" subject to achievement of certain financial targets.

There are currently no plans to establish share option schemes.

27.3 **Holdings of securities**

Shares and share options in Spar Nord held by Spar Nord's board of directors and executive board as at the Date of Announcement		
Board of directors	Number of Spar Nord Shares	Number of Spar Nord share options
Torben Fristrup	34,300	0
Per Nikolaj Bukh	16,200	0
Kaj Christiansen	7,800	0
Laila Mortensen	0	0
Fritz Dahl Pedersen	1,800	0
Ole Skov	7,054	0
Jannie Skovsen	7,624	0
Gitte Holmgaard Sørensen	2,486	0
Hans Østergaard	5,193	0
Kjeld Johannesen	8,000	0
Executive board	Number of Spar Nord Shares	Number of Spar Nord share options
Lasse Nyby	48,064	0
Bent Jensen	8,383	0
John Lundsgaard	65,633	0
Lars Møller	62,960	0

As can be seen from the table above, the members of Spar Nord's board of directors and executive board hold a total of 275,497 Shares as at the Date of Announcement, corresponding to 0.22% of Spar Nord's share capital.

In addition, Hans Østergaard holds 62 Nørresundby Bank Shares. On Completion of the Offer, Hans Østergaard will accordingly subscribe for 124 additional shares in Spar Nord.

 28. **RELATED PARTY TRANSACTIONS**

Pursuant to IFRS, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party's financial or operational decisions, as defined by IAS 24 "Related Party Disclosures". In determining each possible related party relationship, the substance of the relationship, and not merely the legal form, must be considered.

Spar Nord enters into a number of transactions with related parties, substantially all of which occur in the normal course of business. The most important transactions relate to IT services.

Related party transactions are settled on market terms. During the period from 1 January 2014 to the Date of Announcement, transactions were only effected in connection with what is mentioned below, and these transactions were not significant. Spar Nord has terminated its collaboration with SDC going forward, which has not affected the transactions in the period from 1 January 2014 to the Date of Announcement.

Sections 28.1 - 28.4 contain a description of the transactions that, in the opinion of Spar Nord, represent related party transactions as defined by IFRS.

 28.1 **Transactions with associates**

The following table sets forth the Spar Nord Group's transactions with associates for the financial years ended 31 December 2013, 2012 and 2011 as shown in Spar Nord's annual reports.

Spar Nord Group's transactions with associates	Financial year		
	2013	2012	2011
DKKm			
Assets			
Loans, advances and loan commitments	188.2	160.5	-
Prepayments	153.4	154.2	-
Total	341.6	314.7	0.0

Shareholders' equity and liabilities			
Deposits	48.5	42.4	55.3
Total	48.5	42.4	55.3
Off-balance sheet items			
Other obligating agreements	541.4	512.0	-
Total	541.4	512.0	0.0
Income statement			
Interest income	3.4	4.5	0.3
Interest expenses	0.1	0.2	0.6
Fees, charges and commissions received	0.3	-	-
Dividend received	70.4	51.9	21.3
Other income	13.0	8.0	-
Other expenses	192.7	172.1	-
Total	-105.7	-107.9	21.0

Transactions with associates primarily cover transactions with the following companies: Nørresundby Bank, SDC, Core Property Management A/S, Erhvervsinvest K/S, ValueInvest Asset Management S.A.

28.2 Transactions with parties exercising controlling or significant influence

Related parties with significant influence are shareholders holding more than 20% of Spar Nord's share capital or where significant influence is deemed to exist otherwise. In 2013, 2012 and 2011, the Spar Nord Foundation was such a related party to Spar Nord. In 2011 and 2012, until the merger of Spar Nord and Sparbank, the Spar Vest Foundation was such a related party to Sparbank. In 2013, 2012 and 2011, no other related parties exercised significant influence over Spar Nord.

The following table sets forth the Spar Nord Group's transactions with parties exercising significant influence for the financial years ended 31 December 2013, 2012 and 2011 as shown in Spar Nord's annual reports.

Spar Nord Group's transactions with parties exercising controlling or significant influence DKKm	Financial year		
	2013	2012	2011
Shareholders' equity and liabilities			
Deposits	20.6	23.7	72.1
Total	20.6	23.7	72.1
Income statement			
Interest expenses	-	0.2	1.0
Other income *)	2.8	2.8	2.8
Total	2.8	2.6	-3.8

**) Other income includes the Spar Nord Foundation's consideration for Spar Nord's management of administrative matters on behalf of the Spar Nord Foundation.*

28.3 Transactions with Spar Nord's board of directors and executive board

The following table sets forth the Spar Nord Group's transactions with members of the board of directors and executive board for the financial years ended 31 December 2013, 2012 and 2011 as shown in Spar Nord's annual reports.

The Spar Nord Group's transactions with the members of Spar Nord's board of directors DKKm	Financial year		
	2013	2012	2011
Assets			
Loans	27.6	24.8	20.2
Unutilised loan and guarantee commitments	13.9	31.4	24.9
Total	41.5	56.2	45.1
Shareholders' equity and liabilities			
Deposits	9.5	7.9	7.5
Total	9.5	7.9	7.5
Off-balance sheet items			

Guarantees issued	0.6	0.6	-
Collateral accepted	19.1	28.3	14.3
Total	19.7	28.9	14.3
Income statement			
Interest income	0.7	0.9	1.0
Interest expenses	0.1	0.1	-
Fees, charges and commissions received	0.2	-	-
Total	0.8	0.8	1.0

The Spar Nord Group's transactions with the members of Spar Nord's executive board

DKK m	Financial year		
	2013	2012	2011
Assets			
Loans etc.	0.8	1.0	1.3
Unutilised loan and guarantee commitments	4.0	3.9	1.2
Total	4.8	4.9	2.5
Shareholders' equity and liabilities			
Deposits	6.0	4.1	3.6
Total	6.0	4.1	3.6
Off-balance sheet items			
Guarantees issued	-	-	1.1
Total	-	-	1.1
Income statement			
Interest expenses	0.1	-	-
Fees, charges and commissions received	0.1	-	-
Total	0.0	-	-

The following table sets forth the average interest rates on credit facilities granted to members of the board of directors and the executive board of Spar Nord for the financial years ended 31 December 2013, 2012 and 2011:

Average interest rates on credit facilities granted to members of Spar Nord's board of directors and executive board

%	Financial year		
	2013	2012	2011
Board of directors	0.49 - 7.75	0.53 - 7.75	1.25 - 10.23
Executive board	2.49 - 2.60	2.53 - 5.38	1.25 - 3.25

28.4 Transactions with group enterprises

Spar Nord previously had a wholly-owned company, Beluni Inc., which could not be consolidated, and which was liquidated at the beginning of February 2012 after having been in solvent liquidation for a number of years. The company had a deposit account of DKK 0.3 million with Spar Nord in 2012 and 2011.

29. OPERATING AND FINANCIAL REVIEW

29.1 Financial position and results of operations

The following review of financial factors for the Spar Nord Group is intended to provide an introduction to the financial condition of the Spar Nord Group. Reference is made to section 0 and to the financial highlights presented in the published annual and interim reports, which are incorporated by reference as set out in the cross reference table in section 30.2.

29.1.1 Primary factors affecting the Spar Nord Group's results of operations

The Spar Nord Group's business, results of operations and financial position have been affected, and will continue to be affected, by various factors, the most significant of which are described below. The impact of these and other potential factors may vary significantly in the future.

Macroeconomic environment

The Spar Nord Group derives a substantial part of its income from its operations in Denmark. Accordingly, the Spar Nord Group's business, results of operations and financial position primarily depend upon the economic conditions in Denmark, in particular economic growth and the general level of interest rates.

After a period from 2008 to 2012 characterised by a difficult macroeconomic environment, when financial markets throughout the western world were experiencing tremendous turbulence and volatility, macroeconomic conditions slowly recovered in 2013 and 2014. As a result, the substantial decline in lending volumes characterising the years from 2008 to 2012 has been replaced by a more stable situation, although customer demand for financing remains very moderate.

Interest rates and interest margin

In response to the economic slowdown, the European Central Bank and Danmarks Nationalbank have since 2008 implemented a series of interest rate cuts. In 2011, 2012, 2013 and 2014, interest rates remained at a very low level.

As the Spar Nord Group earns interest on loans and advances and other assets and pays interest to its depositors and other creditors, the Spar Nord Group's results of operations are highly dependent on net interest income. The net interest margin, which is the difference between the yield on interest-bearing assets and the cost of interest-bearing liabilities, varies according to prevailing interest rates and is a significant factor in determining the profitability of the Spar Nord Group. Interest rate drops and the narrowing interest rate spread could cause a decline in net interest income and the net interest margin.

Net interest income is driven by a combination of lending and deposit volumes and margins. The deposit margin is generally more sensitive to rising interest rates than the lending margin as the interest rate payable on customer deposits in a period of low interest rates approaches the minimum level of zero, limiting the possibility of controlling deposit margins.

Impairment of loans and advances

The Spar Nord Group's core earnings are materially affected by the credit quality of retail and business customers and, by extension, the level of impairment on loans and advances. A more detailed description of developments in impairment charges in the Spar Nord Group is provided in section 30.2.

Contributions to sector-wide solutions

As a result of the financial market unrest, the Danish parliament in 2008 passed the Financial Stability Act (Bank Package I), among other things introducing a general guarantee scheme under which the Danish State guaranteed unsubordinated creditors' claims against Danish banks if such claims were not otherwise covered.

The Spar Nord Group participated in Bank Package I, and in that connection it incurred substantial costs for annual guarantee commission and guarantees against losses on distressed banks. On expiry of Bank Package I, two new bills called Bank Package III and Bank Package IV were introduced, which may be deployed to secure depositors and financial stability in the event of future bank failures.

The Spar Nord Group has incurred significant expenses for sector-wide solutions, which have impacted the Spar Nord Group's business, results of operations and financial position.

29.1.2 Financial position and results of operations of the Spar Nord Group

First nine months of 2014 compared with first nine months of 2013

The Spar Nord Group's pre-tax profit was DKK 761 million in the nine months ended 30 September 2014 against DKK 491 million in the same period of 2013. This performance corresponds to an annualised 14.9% return on equity before tax.

Core income rose 11% and costs by 2% on the first nine months of 2013, lifting the cost/income ratio to 0.54. Core earnings before impairment ended at DKK 1,107 million, 25% up on the same period last year, while impairment of loans, advances and receivables, etc. dropped 7% to DKK 288 million.

Developments in the line items that contributed to the performance improvement are commented below.

Net interest income for the nine months amounted to DKK 1,322 million, which was DKK 70 million, or 5%, lower than in the year-earlier period. The decline was due to a lower lending margin, a reduction in the lease lending portfolio and lower interest income on the bond portfolio.

Net income from fees, charges and commissions amounted to DKK 625 million, a DKK 93 million, or 18%, improvement on the first nine months of 2013. The improvement was attributable to rising income from mortgage loan mediation and asset management and savings products.

Market-value adjustments and dividends came to DKK 353 million, which was DKK 210 million more than in the same period of 2013. The improvement was attributable especially to positive market-value adjustments of DKK 178 million on the Bank's shareholding in Nets.

Total costs amounted to DKK 1,313 million, which was in line with expectations owing to factors such as higher financial services employer tax and 2% higher than in the year-earlier period.

Loan impairments etc. amounted to DKK 288 million, which was DKK 23 million, or 7%, lower than in the first nine months of 2013, and correspond to an impairment ratio ex. mortgage lending of 0.83% p.a. The decline was attributable to a general improvement in the ability to service loans among the bank's customers, although agricultural customers still represented a challenge.

The line item Contributions to sector-wide solutions comprises Spar Nord's payments and Spar Nord's share of Nørresundby Bank's payments to the Danish Guarantee Fund for Depositors and Investors. The item amounted to DKK 77 million, which was 7% lower than in the same period of 2013.

The improvement was due to lower costs associated with troubled banks.

The pre-tax profit subsequently amounted to DKK 761 million, up from DKK 491 million in the first nine months of 2013.

Consolidated financial statements for 2013 compared with 2012

Net interest income amounted to DKK 1,849 million in 2013, a DKK 173 million, or 10%, improvement on 2012. The increase was attributable to higher volume after the merger with Sparbank combined with ongoing optimisation of the Spar Nord Group's funding structure. This was partly offset by low market rates and, by extension, negative deposit margins and continuing pressure on lending margins.

Net fee income amounted to DKK 723 million, a DKK 161 million, or 29%, improvement on 2012. Also with respect to fees, the improvement was partly attributable to the increase in business volume, including mediation of mortgage loans, resulting from the merger with Sparbank.

The Spar Nord Group's total costs were DKK 1,741 million, which was DKK 67 million more than in 2012, but lower than expected after the merger with Sparbank.

Payroll costs amounted to DKK 1,026 million, which was DKK 95 million, or 10%, higher than in 2012. The increase was due to ordinary payroll costs taken over in connection with the merger as the Spar Nord Group employed 161 more staff at 31 December 2013 than before the merger.

Operating expenses amounted to DKK 618 million, which was DKK 26 million, or 4%, higher than in 2012. The increase, which was slightly lower than expected, was due to factors such as higher IT costs and cost of premises due to the merger with Sparbank.

The total impact on the income statement from impairment on loans and advances was DKK 405 million in 2013, which was 39% lower than in 2012. The impact made up around 0.87% of total loans and guarantees.

The line item Contributions to sector-wide solutions primarily comprises Spar Nord's payments and Spar Nord's share of Nørresundby Bank's payments to the Danish Guarantee Fund for Depositors and Investors. The item amounted to an expense of DKK 120 million in 2013 (2012: DKK 58 million).

The Spar Nord Group recorded a pre-tax profit of DKK 670 million in 2013 against DKK 290 million in 2012. The profit resulted in a return on equity of 10.7% before tax and 8.6% after tax. After tax charges of DKK 133 million, the profit amounted to DKK 536 million. The tax charge represented 20% of the pre-tax profit for the year.

Consolidated financial statements for 2012 compared with 2011

Net interest income amounted to DKK 1,677 million in 2012, which was on a level with 2011.

Net fee income amounted to DKK 562 million, a DKK 78 million, or 16%, improvement on 2011. The increase was attributable especially to a high level of mortgage lending activity, including new lending and remortgaging. The group also recorded an increase in income from securities trading and continuing growth in mediation of insurance products.

Market value adjustments and dividends amounted to DKK 244 million, which was DKK 114 million, or 87%, higher than in 2011.

The Spar Nord Group's total costs were DKK 1,675 million, which was DKK 62 million lower than in 2011. Adjusted for operating costs taken over in connection with the merger with Sparbank, the reduction was DKK 101 million.

The total impact on the income statement from impairment on loans and advances was DKK 662 million in 2012, corresponding to 1.5% of total loans and guarantees. Impairments were DKK 187 million higher than in 2011, reflecting a year of difficult economic cycles and resulting challenges for a number of industries.

The line item Contributions to sector-wide solutions amounted to an expense of DKK 58 million in 2012 (2011: DKK -6 million).

The group recorded a pre-tax profit of DKK 290 million in 2012 against DKK 345 million in 2011. The profit resulted in a return on equity of 5.5% before tax. After tax charges of DKK 66 million, the profit amounted to DKK 224 million.

The Spar Nord Group's balance sheet

The Spar Nord Group's total assets at 31 December 2013 amounted to DKK 74,605 million, against DKK 79,146 million at 31 December 2012 and DKK 70,081 million at 31 December 2011. For the entire period, the assets were in all material respects related to lending relating to banking activities, lending relating to leasing activities, bonds at fair value and assets linked to pooled schemes.

The Spar Nord Group's total shareholders' equity and liabilities at 31 December 2013 amounted to DKK 74,605 million, against DKK 79,146 million at 31 December 2012 and DKK 70,081 million at 31 December 2011. Shareholders' equity and liabilities primarily consist of payables to credit insti-

tutions and central banks, deposits and other payables, deposits in pooled schemes, issued bonds and other liabilities.

Financial period 2011-2013

The Spar Nord Group's leasing activities during the period from the fourth quarter of 2011 to the second quarter of 2014 inclusive were for accounting purposes characterised as discontinued activities. Consequently, the result of leasing activities was recognised in the consolidated financial statements outside core earnings. However, in the third quarter of 2014, a strategic decision was made to resume the activities, so as of the third quarter of 2014 leasing is once again recognised in core earnings.

In accordance with IFRS, leasing activities have therefore been reclassified in the Offer Document from the line item "Profit/loss on discontinuing activities" to the respective line items. In accordance with IFRS, the reclassification is made with retroactive effect for the interim report for the period 2011 to the third quarter of 2014. A similar reclassification was made in the published financial statements for the third quarter of 2014. The reclassification has no impact on profit after tax for the period.

30. HISTORICAL FINANCIAL INFORMATION

30.1 Selected results for the Spar Nord Group

The consolidated financial statements as at and for the years ended 31 December 2013, 2012 and 2011 have been prepared in accordance with IFRS as adopted by the EU and furnished with an unqualified auditors' report by KPMG Statsautoriseret Revisionspartnerselskab (now Ernst & Young P/S), Spar Nord's independent auditors. The unaudited consolidated financial statements as at and for the nine months ended 30 September 2014 and 2013 have been prepared in accordance with IAS 34 as adopted by the EU.

INCOME STATEMENT (DKKm)	9M	9M	FY	FY	FY
	2014	2013	2013	2012	2011
Net interest income*)	1,322.3	1,391.9	1,849.4	1,676.8	1,676.1
Net income from fees, charges and commissions	625.1	531.9	722.6	561.6	483.3
Market-value adjustments and dividends	353.0	143.1	200.8	243.8	130.1
Other operating income	36.3	68.3	99.2	173.9	219.8
Profit/loss on equity investments in associates and group enterprises	83.1	42.0	66.4	54.8	39.0
Core income	2,419.8	2,177.2	2,938.4	2,710.9	2,548.3
Wages and salaries	772.9	742	1,025.6	930.3	960.2
Operating expenses	486.2	475.6	617.5	591.1	561.7
Depreciation, amortisation and impairment	53.5	72.8	98.3	153.5	215.4
Costs	1,312.6	1,290.4	1,741.4	1,674.9	1,737.3
Core earnings before impairment	1,107.2	886.8	1,197.0	1,036.0	811.0
Impairment of loans, advances and receivables, etc. *)	288.3	311.2	404.8	661.8	475.1
Core earnings	818.9	575.6	792.2	374.2	335.9
Earnings from investment portfolios	19.0	41.3	43.6	40.9	3.0
Profit/loss on ordinary operations	837.9	616.9	835.8	415.1	338.9
Contributions to sector-wide solutions	-76.9	-83.1	-120.2	-58.4	6.0
Special merger-related items	0.0	-42.6	-46.1	-66.6	0.0
Profit/loss before tax	761.0	491.2	669.5	290.1	344.9
Taxes	125.7	107.8	133.4	66.3	70.1
Profit/loss for the period	635.3	383.4	536.1	223.8	274.8

*In the core earnings format, an amount was reclassified between the items Net interest income, Other operating income and Impairment of loans, advances and receivables, etc., which relates to the share of the discount, recognised as income, on commitments taken over from Sparbank.

BALANCE SHEET (DKKm)	9M	9M	FY	FY	FY
	2014	2013	2013	2012	2011
Total assets	78,816	75,080	74,605	79,146	70,081
Loans and advances	37,362	37,166	37,648	39,058	38,702
- Lending, banking activities	35,953	34,134	33,772	34,916	31,189
- Lending, reverse transactions	175	542	1,786	116	393
- Lending, leasing activities	1,234	2,490	2,090	4,026	7,120
Deposits	53,199	50,463	50,883	48,923	37,415
- Deposits, banking activities	42,930	41,998	41,831	41,922	31,088
- Deposits, repo transactions	0	0	0	0	0
Deposits in pooled schemes	10,269	8,465	9,052	7,001	6,327
Subordinated debt	1,711	2,319	3,002	2,562	2,317
Shareholders' equity	7,047	6,377	6,533	5,975	4,627
Contingent liabilities	8,021	5,435	5,380	5,767	3,838
Total Risk Exposure	48,698	43,111	42,697	46,307	42,188
Tier 1 Capital	6,619	7,400	7,437	6,973	5,622
Impairment account and discount on commitments taken over **)	2,154	2,155	2,117	2,742	1,143
Contractual non-performing loans	624	761	672	1,186	162
Business volume	192,523	181,933	182,387	179,346	144,207

**Spar Nord's allowance account amounted to DKK 1,776 million at 30 September 2014 (31 December 2013: DKK 1,606 million), and the discount on commitments taken over from Sparbank amounted to DKK 378 million at 30 September 2014 (31 December 2013: DKK 511 million).

FINANCIAL RATIOS	9M 2014	9M 2013	FY 2013	FY 2012	FY 2011
Own Funds					
Capital Ratio	15.5	17.4	19.4	15.5	14.0
Core capital ratio	13.6	17.2	17.4	15.1	13.3
Common Equity Tier 1 Capital Ratio	13.2	14	14.1	12.1	10.4
Earnings					
Return on equity before tax (%)	11.2	8	10.7	5.5	7.7
Return on equity after tax (%)	9.4	6.2	8.6	4.2	6.1
Cost share of core income	0.54	0.59	0.59	0.62	0.68
Cost share of core income, incl. impairment of loans and advances, etc.	0.66	0.74	0.73	0.86	0.87
Market risk					
Interest-rate risk (%)	1.9	0.1	-0.3	-1.1	-0.5
Foreign-exchange position (%)	3.4	3.4	3.7	1.4	6.9
Foreign-exchange risk (%)	0.0	0.0	0.0	0.0	0.1
Credit risk					
Loans and advances plus impairment account and discount hereon rel. to deposits	74.3	77.9	78.1	85.4	106.5
Loans and advances relative to shareholders' equity	5.3	5.8	5.8	6.5	8.4
Increase in loans and advances for the period (%)	3.7	-6	-7.9	1.7	-3.1
Excess coverage relative to statutory cash ratio requirement (%)	194.3	211.8	230.7	211.5	163.9
Sum of large exposures (%)	30.9	16.8	26.2	16.5	0.0
Impairment ratio	0.6	0.7	0.9	1.4	1.1
Employees and branches					
Number of employees (full-time, end of period)	1,509	1,518	1,512	1,653	1,397
Number of branches	71	76	76	90	69
THE SPAR NORD BANK SHARE					
DKK per share of DKK 10					
Share price, end of period	60	42	49	26	23
Net asset value (NAV)	56	51	52	48	58
Profit/loss for the period	5.1	3.1	4.3	1.9	3.4
Dividend	-	-	1	0	0
Return	-	-	88	13	-47
Price/earnings	-	-	11	14	7

Reference is also made to section 0. ("Financial period 2011-2013") for a detailed description of the background of the reclassifications referred to in the notes to the tables above.

30.2 Cross reference table

In this section, cross-references are used to refer to the income statement and balance sheet, statement of changes in equity and notes to the financial statements as well as the management's review, management's and auditors' reports for the financial years ended 31 December 2011, 2012 and 2013 for the Spar Nord Group, and to the income statement and balance sheet, statement of changes in equity and notes to the financial statements as well as the management's review and management's report for the nine months ended 30 September 2014. For a detailed review of the annual reports and most recent interim reports, respectively, reference is made to the annual and interim reports which can be downloaded from the website of Spar Nord www.sparnord.dk.

Apart from the Spar Nord Group's financial statements, no other information in the Offer Document has been audited by Spar Nord's auditors.

Cross reference table	Reference to the 9M 2014 interim report	Reference to 2013 Annual Report	Reference to 2012 Annual Report	Reference to 2011 Annual Report
Key figures and ratios	5-6	8-11	12-15	12-15
Management's review	7-11	2-38	2-44	2-44
Management's statement	15	39	45	45
Auditors' report	-	40-41	46-47	46-47
Accounting policies	20	52-59	58-65	58-64
Income statement	16	44	50	50
Balance sheet	17	45	51	51
Changes in equity	18	46-48	52-54	52-54
Notes	20-34	51-123	57-129	57-124

31. **CAPITAL RESOURCES**

The following review of the Spar Nord Group’s capital and cash resources is based on figures at 30 September 2014.

31.1 **Policies and goals**

Spar Nord has adopted a number of policies and instructions to ensure that the Spar Nord 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 Group pursues a target of a Common Equity Tier 1 Capital Ratio of 12%. The Spar Nord Group has defined a target of 15% for its Capital Ratio. In addition, the Spar Nord Group aims to have a Capital Ratio that as a minimum is three percentage points higher than the Spar Nord Group’s Solvency Need.

With respect to cash resources, Spar Nord 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. Furthermore, Spar Nord has defined a target of having a liquidity excess cover ratio relative to the statutory minimum requirement laid down in section 152 of the Financial Business Act which complies with the threshold value for the Danish FSA’s Supervisory Diamond, and a funding structure that complies with the funding ratio value in the Supervisory Diamond.

Supervisory Diamond for Spar Nord, 30 September 2014



31.2 **Capitalisation**

Spar Nord is licensed to carry on banking activities and is as such subject to a capital requirement pursuant to the CRR and the Financial Business Act. Reference is made to the statement in section 12.

The CRR stipulates a total Capital Ratio of at least 8%. See section 12 for more information.

Pursuant to section 125 of the Financial Business Act, banks must comply with a combined capital buffer requirement. The combined capital buffer requirement must be covered by Common Equity Tier 1 Capital and is expected to be phased in before 2019. For 2015, the bank does not expect any requirement of capital to comply with the combined capital buffer requirement.

Detailed rules regulate the calculation of Own Funds and risks (the “Total Risk Exposure”). Own Funds comprises Common Equity Tier 1 Capital, Additional Tier 1 Capital and Tier 2 Capital Instruments after deductions. Common Equity Tier 1 Capital is largely equal to shareholders’ equity for accounting purposes but is subject to a number of deductions. The difference between shareholders’ equity for accounting purposes and Common Equity Tier 1 Capital appears from the table be-

low, showing the calculation of the Spar Nord Group's Own Funds. Under certain assumptions and subject to certain limitations, subordinated capital (Additional Tier 1 Capital and Tier 2 Capital Instruments) can be included in Own Funds.

The table below shows a calculation of Own Funds at 30 September 2014 for the Spar Nord Group.

Own Funds (DKKm)	30 Sep 2014
Shareholders' equity	7,047.4
Intangible assets, incl. share recognised in investments in associates	222.7
Deferred tax assets *)	14.8
Other primary deductions	269.1
Deduction, equity investments	119.2
Foreign currency translation reserve	-0.5
Common Equity Tier 1 Capital	6,422.1
Additional Tier 1 Capital **)	435.0
Other deductions	238.4
Tier 1 Capital	6,618.7
Subordinated debt, excl. Additional Tier 1 Capital **)	1,149.9
Other deductions	238.4
Own Funds	7,530.2

Note: The capital adequacy calculation includes the profit/loss for the period.

** Figure relates to a separate loss in a subsidiary.*

*** Including portfolio of own bonds.*

The Total Risk Exposure is a risk measure used to determine the Capital Ratios, among other things. Moreover, the Total Risk Exposure is used in connection with the calculation of the Solvency Need.

The Total Risk Exposure is impacted by a number of factors such as the breakdown of credit exposure by customer types and products. Risk-weighted Items regarding credit risk and market risk are calculated on the basis of the CRR standardised approach. Counterparty risk is calculated using the market value approach, while the calculation of operational risk is based on the basic indicator approach. In addition, the Spar Nord 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 table below shows Capital Ratios and the Total Risk Exposure at 30 September 2014 for the Spar Nord Group.

Capital Ratios and Total Risk Exposure	30 Sep 2014
Total Risk Exposure (DKKm)	48,698
Common Equity Tier 1 Capital Ratio	13.2
Core capital ratio	13.6
Capital Ratio	15.5

Solvency Need

Under Danish law, financial institutions must publish their Solvency Need on a quarterly basis. The calculation builds on the Danish FSA's guidelines on adequate capital base and individual solvency needs for credit institutions, employing the so-called 8+ method.

The overall solvency need is divided into risk areas according to the following principles:

- **Credit risk:** Comprises the risk of loss from borrowers or other counterparties failing to meet their payment obligations, including the risks attaching to customers having financial difficulties, large exposures, concentration risk and risks attaching to granted, unutilised credit lines.
- **Market risk:** Comprises the risk of loss because the fair value of the bank's assets or liabilities varies due to price fluctuations in the financial markets.

- **Operational risk:** Comprises the risk of financial loss due to inappropriate or inadequate internal processes, human or system error and similar errors and losses as a result of external events.
- **Other risks:** Comprise the risk of loss due to the business profile, strategic risks, reputational risk, property risk, risk relating to capital procurement, liquidity risk and other risks (group risks, bank size, settlement risk, external risks and the like). The capital required to cover these risks is reduced by the recognised profit before loan impairment losses etc.
- **Statutory requirements:** Comprises situations in which the Financial Business Act or the CRR stipulates a lower cap on the Solvency Need.

The table below shows a calculation of the Solvency Need at 30 September 2014 for the Spar Nord Group.

Solvency Need	Sufficient own funds (DKKm)	Group	Group Solvency Need ratio
Credit risk		3,706	7.6
Market risk		460	1.0
Operational risk		457	0.9
Other risks		108	0.2
Surcharge due to statutory requirements		0	0.0
Total		4,731	9.7

Sufficient Own Funds for Spar Nord at 30 September 2014 have been calculated at DKK 4,731 million. This corresponds to a solvency need ratio of 9.7%.

Of the Sufficient Own Funds, DKK 3,706 million is ascribable to credit risk. In addition, DKK 460 million of the Sufficient Own Funds attaches to market risk. The remaining DKK 565 million is ascribable to operational risk and other risks.

Capital policy and future capital plan

Compliance with the defined capital targets is ensured primarily through the ongoing consolidation via the Spar Nord Group's ordinary operations and through consistent focus on optimising the capital structure. Immediately after the acquisition of Nørresundby Bank, the Spar Nord Group will have a considerable capital excess coverage relative to the statutory capital requirement, but the Common Equity Tier 1 Capital Ratio will be slightly lower than the targets defined by Spar Nord's Management. However, Spar Nord expects that the Spar Nord Group will meet the internal targets by the third quarter of 2015.

Spar Nord intends to continue its existing practice of redeeming subordinated debt at the first ordinary call. As a result, in 2015 Spar Nord will redeem additional tier 1 capital in March and September in the nominal amount of DKK 350 million and DKK 200 million, respectively. The phasing in of the new capital requirements regulation (CRR) means that these loans will be recognised at 70% of their nominal value, and the capital reduction will thus amount to DKK 385 million. Furthermore, Spar Nord expects to issue subordinated debt in the first quarter of 2015 totalling DKK 700 million, which will comprise additional tier 1 and tier 2 capital. In connection with the acquisition of Nørresundby Bank, Spar Nord's equity will be increased by DKK 233 million, equal to the payment of two Spar Nord Shares for each Nørresundby Bank Share held.

31.3 Liquidity

The Spar Nord Group's activities are funded primarily 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)
- Shareholders' equity and subordinated debt

There are no restrictions on the Spar Nord Group's use of capital resources other than the restrictions that follow from Danish legislation or those described in section 22 "Material contracts".

The Spar Nord Group's primary source of funding are customer deposits, which at 30 September 2014 accounted for 70% of Spar Nord's total funding.

The table below shows a calculation of the funding structure at 30 September 2014 for the Spar Nord Group.

Funding source	30 Sep. 2014 DKKm	30 Sep. 2014 %
Short-term funding	9,855	16%
Customer deposits	42,930	70%
Senior funding	72	0%
Shareholders' equity and subordinated loan capital	8,759	14%
Total	61,616	100%

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 senior loans and issued bonds with terms to maturity of less than 12 months. For Spar Nord, short-term funding accounts for 16% of total funding, corresponding to DKK 9.9 billion.

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. Deposits, subordinated debt and shareholders' equity are also included in long-term funding. Subordinated debt is recognised as long-term funding because Spar Nord pursues a policy of repaying such debt on ordinary call. Accordingly, the contractual term to maturity will always be greater than 12 months.

Short-term funding thus includes issued bonds in the amount of DKK 23 million, while senior loans with terms to maturity of more than 12 months are recognised as senior funding. Short-term funding of DKK 9,855 million should thus be reduced by DKK 23 million and increased by DKK 72 million in order to tally with the bank's total payables to credit institutions and central banks.

Overview of capitalisation and debt obligations (DKKm)	30 Sep. 2014
Deposits and payables to credit institutions and central banks	
Payables to credit institutions and central banks	9,904.4
Deposits and other payables	42,930.3
Deposits in pooled schemes	10,268.8
Total deposits and payables to credit institutions and central banks	63,103.5
Other payables	
Issued bonds	23.3
Other liabilities	6,716.8
Total other payables	6,740.1
Subordinated debt	
Supplementary capital contributions	1,156.6
Additional tier 1 capital	554.8
Total subordinated debt	1,711.4
Total debt obligations	71,555.0
Shareholders' equity	
Share capital	1,255.3
Accumulated changes in value, total	85.0
Statutory reserves	562.3
Retained earnings	5,144.8
Total shareholders' equity	7,047.4
Total capitalisation	78,602.4
Debt obligations, secured	
Debt obligations, secured	9,783.4
Debt obligations, unsecured	61,771.6
Total debt obligations	71,555.0

Some of Spar Nord's payables to credit institutions and central banks are secured. At 30 September 2014, Spar Nord had deposited bonds as collateral for a monetary policy loan and LTRO funds totalling DKK 2.5 billion with the Danish central bank. During the same period, Spar Nord also entered into genuine sale and repurchase transactions with credit institutions totalling DKK 5.8 billion.

Under the Danish Deposit Guarantee Scheme, participating banks pay an annual fixed contribution of 0.25% of their covered net deposits (insurance-based model). Payments to the Banking Department continue until the scheme exceeds 1% of the covered net deposits. The Banking Department covers the immediate losses resulting from the winding up of Danish banks pursuant to Bank Package III and IV attributable to the covered net deposits. Any loss resulting from the final winding up will be covered by the Guarantee Fund via its Winding-up and Restructuring Department, with Spar Nord guaranteeing about 4,5% of any losses.

Of total deposits at 30 September 2014 of DKK 53 billion, approximately DKK 40 billion is covered by the Guarantee Fund, which covers up to EUR 100,000 (approximately DKK 745,000). The remaining deposits are not covered by a guarantee scheme.

At 30 September 2014, Spar Nord had contingent liabilities by way of guarantees of DKK 8.0 billion.

Spar Nord has no debt guaranteed by third parties.

Maturity structure of capital market funding

The table below shows the maturity structure of the Spar Nord Group's capital market funding at 30 September 2014. It is assumed that, in accordance with Spar Nord's practice in the area and

subject to approval by the Danish FSA, the subordinated loan capital will be repaid at the first possible call.

Maturity structure (DKKbn)	2014	2015	2016	2017->	Total
Senior loans	0	2,000	0	72	2,072
Issued bonds covered by state guarantee	0	0	0	0	0
Issued bonds not covered by state guarantee	0	23	0	0	23
Subordinated loan capital	0	56	0	1,100	1,156
Additional tier 1 capital	0	555	0	0	555
Total	0	2,634	0	1,172	3,806

Long-term liquidity is calculated relative to Spar Nord's internal strategic liquidity target and the funding ratio requirement of the Supervisory Diamond. Short-term liquidity is calculated relative to the requirement of the Supervisory Diamond on excess liquidity coverage, cf. section 152(1)(ii) of the Financial Business Act.

Based on liquidity projections for 2014-2015, the Spar Nord Management believes that, in the period until the end of 2015, Spar Nord will need to raise senior funding to a moderate extent. This assessment is based on Spar Nord's current liquidity situation, which is considered sufficient when calculated on the basis of short-term and long-term liquidity targets. The extent of new senior funding raised will in all material respects be related to funding of growth in lending and leasing activities during 2015.

While the bank in the opinion of the Spar Nord Management in all material respects only needs funding of future lending growth, the Spar Nord Management will regularly consider the possibility of issuing longer term current capital market funding to further strengthen the bank's funding structure.

With respect to strategic liquidity, Spar Nord aims for its 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.

At 30 September 2014, Spar Nord had strategic liquidity resources of DKK 14.0 billion.

Strategic liquidity (DKKbn)	30 Sep. 2014
Deposits, banking activities	42.9
Senior loans and issued bonds*	2.1
Shareholders' equity and subordinated debt	8.8
Total liquidity sourcing	53.8
Loans and advances, banking activities	36.0
Loans and advances, leasing activities	1.2
Senior loans, issued bonds and subordinated debt falling due within one year	2.6
Total strategic liquidity	14.0

*Incl. LTRO facility of Danmarks Nationalbank

Relative to the requirement in section 152 of the Financial Business Act, the Spar Nord Group had an excess liquidity cover of 194% at 30 September 2014. The Danish FSA's Supervisory Diamond defines the threshold value for excess liquidity cover at 50%.

Liquidity excess cover ratio relative to minimum requirement of section 152 of the Financial Business Act (DKKm)	30 Sep 2014
Liquidity requirement	7,810
Liquidity for compliance	22,981
Section 152 liquidity excess cover ratio	194%

31.4 Key information

Based on the above, Spar Nord thus believes that the Spar Nord Group's working capital at the Date of Announcement is sufficient to cover Spar Nord's current need for a period of at least 12

months.

In addition, Spar Nord believes that the Spar Nord Group has an appropriate capital structure and adequate capital resources at 30 September 2014. See section 31.3 for a more detailed review of the debt and capital situation.

32. **SIGNIFICANT CHANGES TO THE SPAR NORD GROUP'S FINANCIAL POSITION**

No significant changes have occurred to the Spar Nord Group's financial or trading position since 31 December 2013.

33. **THIRD PARTY INFORMATION AND EXPERT STATEMENTS AND DECLARATIONS OF INTEREST**

This Offer Document contains no expert statements or expert reports.

This Offer Document contains information about the market share, market position and industry data for the operating areas of the Spar Nord Group and its reporting segments. Unless otherwise indicated, the statistical and other market information relating to such information is based on data reported to Danmarks Nationalbank. Such information has been accurately reproduced and, as far as it can be ascertained from such information, no facts have been omitted which, in Spar Nord's Management's view, would render the information provided in the Offer inaccurate or misleading.

This business review contains a number of observations, opinions and estimates, especially in relation to market sizes, market shares and market trends, which are based on Spar Nord's Management's estimates and publicly available information. Spar Nord Management's estimates are generally based on the Spar Nord Group's knowledge of the market and various external research and industry reports. External sources were used only to a limited extent in the preparation of the business review. However, there can be no assurance that other sources may not express a different opinion of the market, etc. than the one on which Spar Nord Management has based its views. The information regarding market conditions is based on Spar Nord's Management's estimates. The forward-looking estimates are subject to substantial uncertainty.

Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. Spar Nord Management has not independently verified and cannot give any assurance as to the accuracy of such market data and industry forecasts contained in this Offer Document that were taken or derived from these industry publications.

34. **INTELLECTUAL PROPERTY RIGHTS**

The Spar Nord Group has no research or development activities giving rise to registrable intellectual property rights and has incurred no costs in this respect in the past three financial years.

However, the Spar Nord Group engages in ordinary product development within the Spar Nord Group's business segments.

35. **TAXATION**

The following is a brief, general description of the tax consequences for the Nørresundby Bank Shareholders who in connection with Completion of the Offer become shareholders of Spar Nord. In addition, this section contains a more detailed general description of the taxation of capital gains/losses and dividends in Denmark.

It should be noted that the description of the tax rules is for general, overall information only. Hence, shareholders should not use it as a basis for assessing the applicable tax consequences in their particular circumstances. Accordingly, the description does not replace tax advice, and Nørresundby Bank Shareholders who are uncertain as to the tax consequences applicable to them are advised to consult their tax advisers for a detailed analysis of their particular circumstances. Non-Danish shareholders are likewise recommended to consult their own tax advisers regarding the tax position in their respective countries.

The description is based solely upon the tax laws of Denmark in effect as at the Date of Announcement.

Taxation of investors subject to full tax liability in Denmark

Individuals residing in Denmark, or having spent at least six months in Denmark, and companies etc. that are either registered in Denmark or the management of which is effectively based in Denmark are generally subject to full tax liability in Denmark. If individuals or companies are subject to full tax liability in other countries, special rules may apply which are not covered by this description, including Danish companies with foreign subsidiaries with income triggering Danish CFC taxation.

Taxation of dividends

Individuals

Dividends paid to individuals are taxed as share income. For the 2014 income year, share income is taxed at the rate of 27% for share income up to DKK 49,200 (DKK 98,400 for married couples cohabiting at the end of the income year) and 42% for share income exceeding that amount. The relevant thresholds apply to the 2014 income year and are adjusted annually. The said amounts include all share income for the individual or couple in question. Dividends paid are generally subject to withholding tax at the rate of 27%. The dividend-distributing bank etc. is responsible for withholding tax when paying dividends.

Companies etc.

For corporate shareholders, a distinction is made between Subsidiary Shares, Group Shares, Tax-exempt Portfolio Shares and Portfolio Shares (as defined below) with respect to taxation of dividends and gains on shares:

- (a) "Subsidiary Shares": Shares in a company of which the shareholder holds at least 10% of the share capital and where the dividend-distributing company is residing in the EU/EEA or in a state that has signed a double taxation treaty with Denmark pursuant to which taxation of dividends is waived or reduced.
- (b) "Group Shares": Shares in a company with which the shareholder is jointly taxed or where the shareholder and the company meet the criteria for international joint taxation, usually implying that the shareholder controls, directly or indirectly, more than 50% of the votes or is otherwise deemed to have a controlling influence.
- (c) "Tax-exempt Portfolio Shares": Shares in a company of which the shareholder holds less than 10% of the share capital and which are not admitted to trading on a regulated market or a multilateral trading facility
- (d) "Portfolio Shares": Shares that do not qualify as Subsidiary Shares, Group Shares or Tax-exempt Portfolio Shares.

Dividends paid to a company are tax-exempt, irrespective of ownership period, in respect of dividends on Subsidiary Shares and Group Shares.

Dividends from Tax-exempt Portfolio Shares and Portfolio Shares are included in a company's taxable income and are therefore subject to the regular corporation tax rate of 24.5% for the 2014 income year. This rate will be lowered to 23.5% in 2015 and 22% in 2016. In connection with the payment of dividends from Tax-exempt Portfolio Shares and Portfolio Shares on 1 January 2014 or later, withholding tax of 22% will usually be withheld. The dividend-distributing bank etc. is responsible for withholding tax when paying dividends.

Special anti-abuse rules apply to certain holding companies, the so-called intermediate holding companies, which own Subsidiary Shares or Group Shares. These rules are not described in detail in this section.

Individuals, investment of pension savings

Subject to certain limits, investors may invest pension savings in shares, and net returns will fall under the scope of the Danish Pension Investment Return Tax Act and be subject to tax at a rate of 15.3% on a mark-to-market basis.

The usual dividend tax of 27% will not be withheld if the account is registered as a pension account.

Capital gains tax*Individuals*

The rules on taxation of individuals were changed effective 1 January 2010. The transitional rules regarding these changes and previous changes are not discussed in this section.

Gains realised are taxed as share income. For the 2014 income year, share income is taxed at the rate of 27% for share income up to DKK 49,200 (DKK 98,400 for married couples cohabiting at the end of the income year) and 42% for share income exceeding that amount. The relevant thresholds apply to the 2014 income year and are adjusted annually. The said amounts include all share income for the individual or couple in question.

Losses realised on the sale of shares admitted to trading on a regulated market may be offset against taxable gains and dividends on other shares admitted to trading on a regulated market ("Listed Shares"). If the individual is married and the total loss realised on Listed Shares exceeds the individual's annual income on Listed Shares, the residual loss may be offset against the income on Listed Shares realised by his or her spouse, provided that the spouses are cohabiting at the end of the income year.

Any unutilised losses may be carried forward without time limit to be offset against taxable gains and dividends on other Listed Shares. However, the right of deduction is subject to the Danish tax authorities having received notification of the acquisition of the shares, including the identity and number of the shares, the date of acquisition and the purchase price, before the final date for filing the tax return for the income year in which the acquisition took place.

Gains and losses are calculated as the sales price less the purchase price. Brokerage may be deducted from the sales price in the calculation of the gain.

If an investor sells only part of his shares in a company, gains/losses are determined according to the "average method" according to which the purchase price is determined as the average of the total purchase price of all the shares in the relevant company held by the investor. The FIFO method is applied in the determination of which shares are sold, implying that the share first acquired will be deemed to be the share first sold.

Individuals, investment of pension savings

Subject to certain limits, investors may invest pension savings in the New Spar Nord Shares, and net returns will fall under the scope of the Danish Pension Investment Return Tax Act. Net return is defined as the sum of dividends and interest received and the sum of gains less any losses in the relevant year. The net return is subject to tax at a rate of 15.3% on a mark-to-market basis.

According to the mark-to-market principle, each year's taxable gain or loss is calculated as the difference between the net value of the shares at the beginning and end of the tax year. Thus, taxation will take place on an accrual basis even though no shares have been disposed of and no gains or losses have been realised.

Companies etc.

Companies are not subject to taxation on gains and losses attributable to a sale of Subsidiary Shares, Group Shares or Tax-exempt Portfolio Shares.

Portfolio Shares are taxable according to the mark-to-market principle and are therefore included in the calculation of taxable income. Losses on Portfolio Shares are deductible, also in other taxable income. Taxable income is taxed at the rate of 24.5%.

Special anti-abuse rules apply to certain holding companies, the so-called intermediate holding companies, which own Subsidiary Shares or Group Shares. These rules are not described in this section.

A change of status from Subsidiary Shares/Group Shares to Portfolio Shares and vice versa will be treated as a disposal of the shares and reacquisition at the market price of the shares at the relevant time.

Transfer taxes/stamp duties

Shares are not subject to any Danish transfer taxes or stamp duties.

Taxation of investors not subject to full tax liability in Denmark

Taxation of dividends

Individuals

The distribution of dividends from a Danish company to a non-resident individual is generally subject to withholding tax at the rate of 27%. The dividend-distributing bank is responsible for withholding tax on behalf of the shareholder.

In the event that the dividend-receiving individual is a resident of a state with which Denmark has signed a double taxation treaty, the rate referred to in the double taxation treaty will apply. If too much tax has been levied, the shareholder may ask the tax authorities for a refund of the excess tax amount.

In the event that the individual holds less than 10% of the shares in the company distributing the dividends and the shareholder is a resident of a state with which Denmark has signed a double taxation treaty or another arrangement for the exchange of information between the countries' tax authorities, the dividends may on request be subject to withholding tax at a reduced rate of 15%. If the shareholder is a non-EU resident, it is further a condition that the shareholder holds, together with consolidated parties, less than 10% of the company's share capital.

Individuals who are residents of the United States, the United Kingdom, Norway, Sweden, Switzerland, Canada, Germany, the Benelux countries, Ireland or Greece may choose only to pay withholding tax at the rate provided in the double taxation treaty between Denmark and the country in which the relevant individual is resident. In order to qualify for this regime, an eligible holder of shares must deposit his shares with a Danish bank, and the shareholding must be registered with VP Securities. In addition, such shareholder must provide documentation from the relevant foreign tax authority as to the shareholder's tax residence and eligibility under the relevant treaty. Documentation must be given by filing a form available from the Danish tax authorities. The shareholder may generally agree with his custodian bank that the bank procures such form.

Individuals, investment of pension savings

Non-resident individuals are not subject to full tax liability in Denmark and, therefore, not comprised by the Danish Pension Investment Return Tax Act. Accordingly, tax shall be withheld under the general rules thereon, see above.

Companies etc.

Non-resident companies are not subject to taxation in Denmark on dividends received in respect of Subsidiary or Group Shares, when taxation of the dividends must be waived or reduced under the provisions of the Parent/Subsidiary Directive (Directive 2011/96/EU) or under a double taxation

treaty with the Faroe Islands, Greenland or the state in which the company is resident. With respect to Group Shares, it is also a condition that the dividend-receiving company is resident in the EU/EEA.

Dividends paid on Tax-exempt Portfolio Shares or Portfolio Shares are always subject to taxation, irrespective of ownership period. Tax on dividends at the rate of 27% is generally withheld by the dividend-distributing company. The dividend-distributing bank etc. is responsible for withholding tax when paying dividends.

In the event that the dividend-receiving company is a resident of a state with which Denmark has signed a double taxation treaty, the rate referred to in the double taxation treaty will apply. If too much tax has been levied, the company may ask the tax authorities for a refund of the excess tax amount.

In the event that the dividend-receiving company holds less than 10% of the shares in the company distributing the dividends and the shareholder is a resident of a state with which Denmark has signed a double taxation treaty or another arrangement for the exchange of information between the countries' tax authorities, the dividends may on request be subject to withholding tax at a reduced rate of 15%. If the shareholder is a non-EU resident, it is further a condition that the shareholder holds, together with consolidated parties, less than 10% of the company's share capital.

Permanent establishment in Denmark

In addition, shareholders with a permanent establishment in Denmark to which the shares can be attributed will be taxed according to the same rules as for shareholders subject to full tax liability in Denmark.

Capital gains tax

Individuals

Generally, non-resident investors are not subject to taxation in Denmark on capital gains on the sale of shares. Non-Danish shareholders holding shares in the ordinary course of their business ("næringsaktier") through a permanent establishment in Denmark will be subject to limited tax liability in Denmark with respect to gains and losses on such shares.

Companies

Shareholders who are not subject to full tax liability in Denmark are generally not subject to Danish tax on the disposal of shares. However, gains and losses on Portfolio Shares are subject to Danish taxation according to the rules applicable to investors resident in Denmark if the income can be attributed to a permanent establishment in Denmark, including gains, losses and dividends on shares recognised in the fixed capital of the permanent establishment.

Transfer taxes/stamp duties

Shares are not subject to any Danish transfer taxes or stamp duties.

Authorisation for tax-exempt share exchange

As described in section 4.2, the shareholders of Nørresundby Bank will receive consideration in the form of (i) the issuance of New Spar Nord Shares and (ii) cash payment.

From a tax perspective, the exchange of shares in one company for shares in another company is generally considered a sale. Nørresundby Bank Shareholders, who are individuals (and subject to tax liability in Denmark), or company shareholders holding Portfolio Shares, must therefore pay tax on any gains realised on the Nørresundby Bank Shares on the share exchange. The reason is that Nørresundby Bank Shareholders will be considered to have sold Nørresundby Bank Shares against a consideration in the form of New Spar Nord Shares (and cash payment).

As a result, the offered exchange of Nørresundby Bank Shares for New Spar Nord Shares will generally result in tax liability on any gain realised by the shareholders mentioned above. The gain is calculated according to the usual rules, i.e. as the difference between the purchase price and the sales price. For individuals, the gain is taxed as share income (27/42%), while the gain is taxed as corporate income at the rate of 24.5% (2014) for companies (see above). The taxable gain must be reported to the Danish tax authorities.

However, section 36 of the Danish Capital Gains Tax Act (tax-exempt share exchange) contains special rules that, subject to the satisfaction of a number of conditions, may prevent a tax liability from arising on an exchange of shares. Instead, the cost to Nørresundby Bank Shareholders of acquiring the New Spar Nord Shares is considered to be the same as for the exchanged shares in Nørresundby Bank. In this way, the tax is deferred until such time as the New Spar Nord Shares are sold or otherwise disposed of.

A general authorisation has been granted by the Danish tax authorities for such tax-exempt exchange of Nørresundby Bank Shares to New Spar Nord Shares. All Nørresundby Bank Shareholders may voluntarily opt to exercise this authorisation. Nørresundby Bank Shareholders exercising the authorisation will not be subject to tax on the share exchange and do not have to report the transaction to the Danish tax authorities. The authorisation is shown in Annex 3 (available in Danish only).

With respect to Nørresundby Bank Shareholders opting to exercise the authorisation, the cash payment also used as part consideration to the Nørresundby Bank Shareholders will be subject to withholding tax. This applies to both individuals and companies. Reference is made to the comments above on taxation of dividends.

With respect to Nørresundby Bank Shareholders opting not to exercise the authorisation, the entire consideration will be taxed according to the rules on capital gains. Reference is made to the comments above on taxation of capital gains. Nørresundby Bank Shareholders opting not to exercise the authorisation, must report the transaction to the Danish tax authorities.

36. THE NEW SPAR NORD SHARES

36.1 Issuance of the New Spar Nord Shares

Upon Completion of the Offer, New Spar Nord Shares will be issued to the Nørresundby Bank Shareholders as consideration for their shares in Nørresundby Bank. The total number of New Spar Nord Shares issued upon Completion of the Offer depends on acceptance from the Nørresundby Bank Shareholders on the Date of Completion.

On the Date of Announcement, Nørresundby Bank's total share capital amounts to DKK 46,000,000 nominal value divided into shares with a nominal value of DKK 10 each.

If the Offer is Completed, a shareholder of Nørresundby Bank will receive two New Spar Nord Shares for each share held in Nørresundby Bank of DKK 10. Based on an outstanding share capital in Nørresundby Bank of DKK 46,000,000 nominal value, the exchange ratio means that, on Completion of the Offer, the existing Nørresundby Bank Shareholders will hold Spar Nord Shares corresponding to a maximum of 3.2% of the share capital of Spar Nord.

Pursuant to Article 3 of Spar Nord's Articles of Association, the board of directors of Spar Nord is authorised to increase, in one or more issues, Spar Nord's share capital until 30 April 2016 by a maximum nominal value of DKK 125,529,918 in shares issued to named holders. Such shares shall rank *pari passu* with existing shares. Spar Nord may issue the New Spar Nord Shares pursuant to the authorisation. Any board resolution to this effect will be made immediately after the expiry of the Offer Period if it is ascertained that the Conditions in section 7.2 are met. Subscription of shares is effected by using the subscription form contained in the attached acceptance form in Annex 2.

36.2 Rights attaching to the New Spar Nord Shares

The New Spar Nord Shares rank *pari passu* with the Existing Spar Nord Shares.

No Spar Nord Shares carry any special rights.

No shareholder shall be obligated to let his Spar Nord Shares be redeemed in whole or in part. See Article 1(3) of Spar Nord's Articles of Association.

See section 10.1.15 for a description of certain provisions of Spar Nord's Articles of Association, including provisions regarding the right to attend and vote at Spar Nord's general meetings.

36.3 **Registered shares**

Pursuant to Article 1(2) of Spar Nord's Articles of Association, all Spar Nord Shares are issued to named holders and may, upon a shareholder's request, be registered by name in VP Securities and Spar Nord's register of shareholders.

36.4 **Dividend rights/Rights to share in profits**

The New Spar Nord Shares are eligible for dividends as of the time of issuance of the New Spar Nord Shares.

Dividends are paid in DKK to the shareholder's account with his custodian bank in accordance with the relevant rules of VP Securities in force from time to time.

Dividends which have not been claimed by shareholders within three years from the time they are payable are forfeited and will accrue to Spar Nord.

Spar Nord's Articles of Association do not contain any provisions on cumulative dividends.

See section 35 for a description of tax considerations regarding the distribution of dividends from Spar Nord.

36.5 **Dividends to non-resident shareholders**

There are no governmental laws, decrees or regulations in Denmark which restrict the export or import of capital (except for certain investments in areas in accordance with applicable resolutions adopted by the United Nations and the European Union), including, but not limited to, foreign exchange, or which affect the remittance of dividends, interest or other payments to non-resident holders of Spar Nord Shares. As a measure to prevent money laundering and financing of terrorism, persons travelling into or out of Denmark carrying amounts of money (including, but not limited to, cash and travellers cheques) worth the equivalent of EUR 10,000 or more must declare such amounts to the Danish tax authorities when travelling into or out of Denmark.

36.6 **Pre-emptive rights**

If Spar Nord's shareholders resolve to increase Spar Nord's share capital by a cash contribution, section 162 of the Companies Act will apply. Under the said provision, the shareholders will have a pre-emptive right to subscribe for new shares in Spar Nord pro rata to their shareholdings. However, a majority consisting of not less than two thirds of the votes cast and not less than two thirds of the share capital represented at the general meeting may resolve to deviate from such pre-emptive right, always provided that the capital increase is effected at market price.

Pursuant to Article 4 of Spar Nord's Articles of Association, Spar Nord's board of directors shall be authorised to permit Spar Nord to receive capital contributions, which may be included when calculating Spar Nord's Capital Base, subject to observance of the relevant conditions provided by law from time to time.

Pursuant to Article 3 of Spar Nord's Articles of Association, Spar Nord's board of directors is authorised to increase Spar Nord's share capital until 30 April 2016 by a nominal amount of up to DKK 125,529,918 by way of shares issued to named holders in one or more issues. Such shares will rank *pari passu* with the existing shares. The increase of Spar Nord's share capital may be effected either with pre-emptive rights to Spar Nord's shareholders (Article 3(1)) or without pre-emptive

rights to Spar Nord's shareholders (Article 3(3)). If the increase is effected with pre-emptive rights to Spar Nord's shareholders, the new shares may be subscribed for at a discount to the market price and must be effected by cash contribution. If the increase is effected without pre-emptive rights for Spar Nord's shareholders, the new shares shall be subscribed for at market price by cash contribution or otherwise. New Spar Nord Shares will be negotiable instruments issued to named holders and will rank *pari passu* for dividends and any other rights in Spar Nord as from such time as may be determined by Spar Nord's board of directors in its decision regarding the capital increase.

36.7 **Solvent liquidation**

In case of solvent liquidation of Spar Nord, the Spar Nord Shareholders are entitled to participate in the distribution of the net assets in proportion to their nominal shareholdings after Spar Nord's creditors have been satisfied.

36.8 **Negotiability and transferability of the New Spar Nord Shares**

All Spar Nord Shares are negotiable instruments. The acquirer of a Spar Nord Share may not exercise rights belonging to a shareholder unless such acquirer has been registered in the register of shareholders or has notified and provided proof of his acquisition to Spar Nord. However, this does not apply to the right to dividend or other disbursements nor to the right to New Spar Nord Shares in the event of capital increases.

The shares cannot be assigned to bearer. Pursuant to Article 1(3) of Spar Nord's Articles of Association, no restrictions shall apply to the transferability of Spar Nord's Shares.

36.9 **Redemption and exchange of the New Spar Nord Shares**

No shareholder shall be obligated to let his Spar Nord Shares be redeemed in whole or in part. See Article 2(3) of Spar Nord's Articles of Association. Accordingly, no shareholder will be obligated to exchange his Spar Nord Shares.

36.10 **Danish regulations governing tender offers, redemption of shares and disclosure of shareholdings**

Mandatory bids

Applicable provisions on mandatory takeover bids are set out in part 8 of the Securities Trading Act and the Executive Order on Takeover Bids. Section 31 of the Securities Trading Act comprises rules concerning public offers to acquire shares in companies admitted to trading on a regulated market (including NASDAQ Copenhagen) or an alternative market place.

If a shareholding is transferred, directly or indirectly, in a company with one or several share classes admitted to trading on a regulated market or an alternative market place, the acquirer must enable all shareholders of the company to dispose of their shares on identical terms, if such transfer involves the acquirer obtaining a controlling influence.

An acquirer has a controlling influence when he directly or indirectly holds more than one third of the voting rights in a company, unless it is possible in special cases to clearly demonstrate that such holding does not constitute a controlling interest. An acquirer who does not hold more than one third of the voting rights in a company nevertheless has a controlling influence if the acquirer:

- has the right to control one third of the voting rights in the company in accordance with any agreement with other investors;
- has the right to manage a company's financial and operating affairs in accordance with its articles of association or an agreement; or
- has the right to appoint or dismiss the majority of the members of the governing body, and such body has a controlling interest in the company.

Warrants, call options and other potential voting rights that may currently be exercised or converted must be taken into account in the assessment of whether an acquirer has a controlling influence.

If special conditions apply, the Danish FSA may grant an exemption from the obligation to make a mandatory takeover bid.

Squeeze out

Pursuant to section 70 of the Companies Act, shares in a company may be redeemed in whole or in part by a shareholder holding more than nine tenths of the shares and the corresponding voting rights in the company.

Furthermore, pursuant to section 73 of the Companies Act, a minority shareholder may require the majority shareholder holding more than nine tenths of the shares and the corresponding voting rights to redeem the minority shareholder's shares.

Major shareholdings

Companies Act

Pursuant to section 55(1) of the Danish Companies Act, any holder of shares in a limited liability company must notify the company if the voting rights attaching to the shares represent 5% or more of the voting rights of the share capital, or represent 5% or more of the share capital, or any change occurs to a previously notified shareholding to the effect that the 5, 10, 15, 20, 25, 50, 90 or 100% thresholds and the thresholds of one third or two thirds of the voting rights or of the share capital are reached or no longer reached.

Notification under article 55 must be given to the company no later than two weeks after one of the limits under section 55(1) are reached or are no longer reached. The company must enter the information in the register of shareholders.

The notification must include information on the date of acquisition or disposal of the shares, the number and, if applicable, the class of shares, the shareholder's full name and address or, in the case of a business, its name, company reg. (CVR) no. and registered office. If the shareholder is a foreign national or a foreign legal person, the notification must be accompanied by other documentation ensuring unambiguous identification of the shareholder.

The notification must also include information about the size and nominal value, respectively, of the shares and the voting rights attaching to them.

Failure to comply with the disclosure requirements is punishable by a fine.

Securities Trading Act

Pursuant to section 29 of the Securities Trading Act, a shareholder of a listed company is required to notify the listed company and the Danish FSA as soon as possible if the shareholder's stake represents 5% or more of the voting rights in the company or the nominal value represents 5% or more of the share capital, and when a change to a holding already notified entails that the limits of 5%, 10%, 15%, 20%, 25%, 50% or 90% and the limits of one third and two thirds of the share capital's voting rights or nominal value are reached or are no longer reached.

The notification must provide information about the full name, address or, in the case of business enterprises, registered office, the number of shares and their nominal value and share classes as well as information about the basis on which the calculation of the holdings has been made.

Failure to comply with the disclosure requirements is punishable by a fine.

When the company has received a notification, it must publish the content of such notification as soon as possible.

Furthermore, special duties of notification apply in respect of Spar Nord's insider group under the Securities Trading Act.

36.11 Trading in and official listing of the New Spar Nord Shares

An application will be made for the New Spar Nord Shares to be admitted to trading and official listing on NASDAQ Copenhagen, and the first day of trading is expected to be as stated in section 5.7. The New Spar Nord Shares will be admitted under the ISIN code of the Existing Spar Nord Shares (DK0060036564).

37. DOCUMENTS

This Offer Document contains a description of the Offer and the Offeror, Spar Nord.

The Offer Document is available from:

Spar Nord Bank A/S
 Company reg. (CVR) no. 13737584
 Skelagervej 15
 9000 Aalborg, Denmark

The Offer Document and the following documents relevant to the Offer are available on Spar Nord's website, www.sparnord.dk.

- Articles of Association of Spar Nord
- Risk report of Spar Nord
- Spar Nord's annual reports for the 2011, 2012 and 2013 financial years
- Spar Nord's interim report for the nine months ended 30 September 2014

Spar Nord's memorandum of association is not available.

Spar Nord's audited and consolidated annual reports for 2011, 2012 and 2013 and the interim report for the nine months ended 30 September 2014 are partly incorporated by reference. Reference is made to Spar Nord's website, www.sparnord.dk. See also the cross reference table in section 30.2 for information on cross references to Spar Nord's annual reports for 2011, 2012 and 2013 and the interim report for the nine months ended 30 September 2014.

The table below contains references to the risk report of Spar Nord for 2013. See the website of Spar Nord, www.sparnord.dk, for a detailed review of the risk report.

Reference to risk report of Spar Nord	
Subject	Spar Nord risk report (page)
Risk management policy	7
Credit risk	20-34
Market risk	35-40
Interest rate risk	35-37
Currency risk	38
Equity risk	38-39
Liquidity risk	14-17
Operational risk	41

38. **SIGNATURES**

Aalborg, 8 December 2014

Spar Nord Bank A/S

Board of directors

Torben Frstrup
(Chairman)

Per Nikolaj Bukh
(Deputy chairman)

Kjeld Johannesen

Kaj Christiansen

Laila Mortensen

Fritz Dahl Pedersen

Hans Østergaard

Ole Skov

Jannie Skovsen

Gitte Holmgaard Sørensen

Executive board

Lasse Nyby
(Chief Executive Officer)

John Lundsgaard
(Managing Director)

Lars Møller
(Managing Director)

Bent Jensen
(Managing Director)

PART III: DEFINITIONS AND ANNEXES

39. **DEFINITIONS AND GLOSSARY**

Additional Tier 1 Capital	Capital that meets the additional tier 1 capital requirements of Article 52 of the CRR
Bank Package I	Guarantee scheme adopted by the Danish parliament on 5 October 2008 pursuant to which the Danish State guaranteed unsecured creditors' claims against losses in Danish banks to the extent such claims were not otherwise covered. The scheme expired on 30 September 2010
Bank Package III	Act no. 721 of 25 June 2010, as amended, established a model, according to which Finansiel Stabilitet may handle the controlled winding up of a distressed bank as a going concern
Bank Package IV	Document no. 181 adopted by a majority of the members of the Finance Committee on 7 September 2011, according to which the Minister for Business and Growth was authorised to cause the implementation of an expansion of the possibilities for rescuing distressed banks
Bankdata	Foreningen Bankdata, Erritsø Bygade 102, 7000 Fredericia, Denmark
BankInvest	BI Holding A/S, Sundkrogsgade 7, 2100 Copenhagen Ø, Denmark
BEC	BEC a.m.b.a, Havsteensvej 4, 4000 Roskilde, Denmark
Bond portfolio	Spar Nord's securities portfolio consisting of bonds
Capital conservation buffer	As defined by section 5(1)(xxxiv) of the Financial Business Act
Capital Ratio	The Capital Ratio is calculated by dividing Own Funds (Common Equity Tier 1 Capital, Additional Tier 1 Capital and Tier 2 Capital Instruments after deductions) with the Total Risk Exposure
Capital Ratios	Collective term for the Capital Ratio, the Common Equity Tier 1 Capital Ratio and the Tier 1 Capital Ratio
Combined Capital Buffer Requirements	The sum of total Common Equity Tier 1 Capital required to meet the capital conservation requirement, plus a company-specific countercyclical capital buffer, a G-SIFI buffer and a systemic buffer
Commission	The European Commission
Common Equity Tier 1 Capital	Capital that meets the common equity tier 1 capital requirements of article 26 of the CRR
Common Equity Tier 1 Capital Ratio	Common Equity Tier 1 Capital must account for at least 4.0% of the Total Risk Exposure, rising to

	4.5% from 1 January 2015
Companies Act	Act on public and private limited companies (the Companies Act) (see Consolidating Act no. 322 of 11 April 2011, as amended)
Company-Specific Countercyclical Capital Buffer	As defined by section 5(1)(xxxvii) of the Financial Business Act
Completion	Completion, including settlement, of the Offer pursuant to the terms and Conditions of the Offer Document. "Complete"/"Completion" should be interpreted accordingly
Condition(s)	The conditions applicable for the Completion set out in section 7.2 of the Offer Document
CRR	Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 with relevant implementing measures
Danish FSA	The Danish financial supervisory authority
Danish State	The Danish State
Danish tax authorities	The Danish Customs and Tax Administration (SKAT)
Date of Announcement	8 December 2014, the date of announcement of the Offer Document
Date of Completion	The date on which the offer is Completed
Deposit Guarantee Scheme	Deposit guarantee schemes and similar funds
Directive on Deposit Guarantee Schemes	Directive 2014/49/EU of 16 April 2014 on deposit guarantee schemes
DKK	The official currency of the Kingdom of Denmark
DLR	DLR Kredit A/S, Nyropsgade 21, 1780 Copenhagen V, Denmark
EEA	The European Economic Area
EU	The European Union
EUR	The single European currency
Executive Order on Large Prospectuses	Executive Order no. 1104 of 9 October 2014
Executive Order on Takeover Bids	Executive Order no. 562 of 2 June 2014 on takeover bids
Existing Spar Nord Shares	On the Date of Announcement, Spar Nord's share capital amounted to DKK 1,255,299,180 nominal value, consisting of 125,529,918 shares with a nominal value of DKK 10 each
Financial Business Act	Consolidating Act no. 928 of 8 August 2014 and executive orders issued in pursuance thereof, all as amended

Financial Stability Act	Act no. 1003 of 10 October 2008 on financial stability, see Consolidating Act no. 875 of 15 September 2009, as amended
Finansiel Stabilitet	The state-owned company Finansiel Stabilitet A/S, which was established by Act no. 1003 of 10 October 2008. The company's objective is to contribute to securing financial stability in Denmark, including by winding up distressed banks. Moreover, it is the company's objective on behalf of the Danish State to manage the agreements entered into concerning the provision of an individual state guarantee for a specified portion of the institutions' debt
Group Shares	Shares in a company with which the shareholder is jointly taxed or where the shareholder and the company meet the criteria for international joint taxation, usually implying that the shareholder controls, directly or indirectly, more than 50% of the votes or is otherwise deemed to have a controlling influence
G-SIFI buffer	As defined by section 5(1)(xxxviii) of the Financial Business Act
Guarantee Fund	The Guarantee Fund is a private, self-governing fund established by Act no. 794 of 20 August 2009, the object of which is to provide coverage for private individuals and companies (legal entities) with deposits and securities in Danish banks in connection with suspension of payments or bankruptcy. All Danish banks, mortgage credit institutions or investment and investment management companies licensed to carry on business under the Financial Business Act are required to join and to contribute to the Guarantee Fund. This also applies to Danish branches of foreign institutions which are domiciled outside the EU
IFRS	International Financial Reporting Standards as adopted by the EU
Letpension	Letpension A/S, Sundkrogsgade 4, 2100 Copenhagen Ø, Denmark
Liquidity Coverage Requirement	The liquidity coverage requirement as set out in article 412(1) of the CRR
Listed shares	Shares admitted to trading in a regulated market
LTRO	Long term refinancing operation
Material Adverse Event	An event that has a material adverse effect on Nørresundby Bank's financial position
NASDAQ Copenhagen	NASDAQ Copenhagen A/S
Nets	Nets Denmark A/S
New Spar Nord Share	One new share with a nominal value of DKK 10 in Spar Nord issued as consideration to the Nørresundby Bank Shareholders on Completion of the Of-

	fer
Nørresundby Bank	A/S Nørresundby Bank
Nørresundby Bank Shareholder(s)	The shareholders of Nørresundby Bank at the Date of Announcement (except Spar Nord)
Nørresundby Bank Shares	All shares issued by Nørresundby Bank, corresponding to 46,000,000 shares of DKK 10 nominal value each which are not held by Spar Nord on the Date of Announcement (each a "Nørresundby Share")
Nørresundby Bank's Articles of Association	Nørresundby Bank's articles of association of 11 March 2014
Offer	The Offer submitted through this Offer Document
Offer Document	This document
Offer Period	The period during which the offer is open for acceptance, from 8 December 2014 to 15 January 2015
Offer Price	Price offered for the acquisition pursuant to the Offer Document
Offeror	Spar Nord Bank A/S
Own Funds	As defined in Article 4(1)(cxviii) of the CRR
PFA	PFA Pension, forsikringsaktieselskab, Sundkrogsgade 4, 2100 Copenhagen Ø, Denmark
Portfolio Shares	Shares that do not qualify as Subsidiary Shares, Group Shares or Tax-exempt Portfolio Shares
Privatsikring	Forsikringsselskabet Privatsikring A/S, Gammel Kongevej 60, 1790 Copenhagen V, Denmark
Prospectus Regulation	Commission Regulation (EU) 2004/809/EC
Recommendations	Recommendations on corporate governance issued by the Committee on Corporate Governance in May 2013
Risk-weighted Items	See section 142(2) of the Financial Business Act
SDC	Skandinavisk Data Center A/S, Borupvang 1A, 2750 Ballerup, Denmark
Securities Trading Act	Act no. 831 of 12 June 2014 to consolidate the Securities Trading Act
SIFI institution	Institute designated as a systemically important financial institution (SIFI) pursuant to section 308 of the Financial Business Act
Solvency Need	As defined by section 124(2) of the Financial Business Act
Spar Nord	Spar Nord Bank A/S
Spar Nord Foundation	Spar Nord Fonden, Østeraa 12, 9000 Aalborg, Den-

	mark
Spar Nord Group	Spar Nord and its consolidated subsidiaries
Spar Nord Leasing A/S	Spar Nord Leasing A/S
Spar Nord Shares	Existing Spar Nord Shares and the New Spar Nord Shares
Spar Nord's Articles of Association	Spar Nord's articles of association of 24 April 2013
Spar Nord's board of directors	The board of directors of Spar Nord at the Date of Announcement
Spar Nord's Executive Board	The executive board of Spar Nord at the Date of Announcement
Spar Nord's Local Banks	Business segment of Spar Nord Bank A/S
Spar Nord's Management	The board of directors and executive board of Spar Nord at the Date of Announcement
Spar Vest Foundation	Spar Vest Fonden, Adelgade 2, 2nd floor, 7800 Skive, Denmark
Sparbank	Sparbank A/S, with which Spar Nord merged in 2012
Subsidiary Shares	Shares in a company of which the shareholder holds at least 10% of the share capital and where the dividend-distributing company is residing in the EU/EEA or in a state that has signed a double taxation treaty with Denmark pursuant to which taxation of dividends is waived or reduced
Sufficient Own Funds	Solvency Need as a percentage divided by the Total Risk Exposure
Supervisory Diamond	The threshold values defined by the Danish FSA in a number of special areas which Danish banks should generally comply with
Systemic Buffer	As defined by section 5(1)(xl) of the Financial Business Act
Tax-exempt Portfolio Shares	Shares in a company of which the shareholder holds less than 10% of the share capital and which are not admitted to trading on a regulated market or a multilateral trading facility
Tier 1 Capital	Tier 1 Capital comprises Common Equity Tier 1 Capital and Additional Tier 1 Capital adjusted for statutory deductions. See section 5(7)(iv) of the Financial Business Act
Tier 1 Capital Ratio	The Tier 1 Capital must represent at least 5.5% of the Total Risk Exposure
Tier 2 Capital Instruments	Capital instruments and subordinated loans meeting the requirements of Article 63 of the CRR
Total Risk Exposure	The items defined in Article 92(3) of the CRR

Totalkredit	Totalkredit A/S, Kalvebod Brygge 1-3, 1780 Copenhagen V, Denmark Totalkredit A/S is a subsidiary of Nykredit Realkredit A/S, which is owned by Nykredit Holding A/S
Trading, Financial Markets and International Division	Business segment of Spar Nord Bank A/S
ValueInvest	ValueInvest Danmark, Sundkrogsgade 7, 2100 Copenhagen Ø, Denmark
VP Securities	VP Securities A/S, Weidekampsgade 14, 2300 Copenhagen S, Denmark

40. **ANNEXES**

ANNEX 1: OFFER ADVERTISEMENT

ANNEX 2: ACCEPTANCE FORM

ANNEX 3: AUTHORISATION FOR TAX-EXEMPT SHARE EXCHANGE (available in Danish only)

Annex 1

This offer advertisement ("Offer Advertisement") and the offer to which this Offer Advertisement relates (the "Offer") are not directed at shareholders whose participation in the offer would require the issuance of an offer document, registration or activities other than what is required under Danish law. The Offer is not made, directly or indirectly, to shareholders resident in any jurisdiction in which the submission of the Offer or acceptance thereof would contravene the laws of such jurisdiction, and this offer document may not be distributed to shareholders resident in any such jurisdiction. Any person acquiring possession of this offer document is assumed to obtain on his or her own accord any necessary information on any applicable restrictions and to comply with such restrictions.

This Offer Advertisement does not constitute an offer or invitation to purchase any securities or a solicitation of an offer to buy any securities pursuant to the Offer or otherwise. The Offer is made solely by means of the Offer Document, which will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted. Nørresundby Bank's shareholders are advised to read the Offer Document as it contains important information. The Offer is not being made, directly or indirectly, in, into or from within the USA, Canada, Australia or Japan or any other jurisdiction in which this would constitute a violation of the laws of the relevant jurisdiction, and the Offer does not apply in and cannot be accepted from within the USA, Canada, Australia or Japan or any other jurisdiction in which the Offer would constitute a violation of the laws of the relevant jurisdiction.

OFFER TO THE SHAREHOLDERS OF A/S NØRRESUNDBY BANK

Offer Advertisement

(pursuant to the rules of section 31 of the Securities Trading Act (Act no. 831 of 12 June 2014 to consolidate the Securities Trading Act) and section 2 of Executive Order no. 562 of 2 June 2014 on Takeover Bids (the "Executive Order on Takeover Bids")).

Spar Nord Bank A/S, Skelagervej 15, 9000 Aalborg, Denmark, company reg. (CVR) no. 13 73 75 84 ("Spar Nord" or the "Offeror") hereby submits a voluntary conditional offer (the "Offer") to the shareholders of A/S Nørresundby Bank, Torvet 4, 9400 Nørresundby, Denmark, company reg. (CVR) no. 34 79 05 15 ("Nørresundby Bank" or the "Company") pursuant to the offer document of 8 December 2014 (as amended or supplemented from time to time) (the "Offer Document").

Spar Nord offers the shareholders of Nørresundby Bank (together the "Shareholders" or each a "Shareholder") consideration in the form of a total of two shares in Spar Nord with a nominal value of DKK 10 each and a cash payment of DKK 309 (the "Offer Price"), equivalent to a total price of DKK 425 (calculated on the basis of the closing price of Spar Nord's shares (58) on NASDAQ Copenhagen A/S ("NASDAQ Copenhagen") on the last trading day prior to Spar Nord's announcement of its intention to submit this Offer) per share in Nørresundby Bank with a nominal value of DKK 10.

Based on the above, the Offer Price corresponds to a premium of (i) 63% compared with the closing price on NASDAQ Copenhagen on 9 October 2014 (the last trading day before Nørresundby Bank's company announcement no. 15 of 10 October 2014 regarding the bank's plans to complete a merger with Nordjyske Bank A/S), (ii) 43% compared with the closing price on NASDAQ Copenhagen on 7 November 2014 (the last trading day before Spar Nord's company announcement no. 21 of 10 November 2014 in which Spar Nord announced its intention to submit this Offer), (iii) 106% compared with the closing price on NASDAQ Copenhagen on 30 December 2013 (the last trading day in 2013), (iv) 58% compared with the average closing price on NASDAQ Copenhagen in the three months up to and including 9 October 2014 (the last trading day before Nørresundby Bank's company announcement no. 15 of 10 October 2014 regarding the bank's plans to complete a merger with Nordjyske Bank A/S), and (v) 60% compared with the average closing price on NASDAQ Copenhagen in the six months up to and including 9 October 2014 (the last trading day before Nørresundby Bank's company announcement no. 15 of 10 October 2014 regarding the bank's plans to complete a merger with Nordjyske Bank A/S).

The Offeror submits the Offer with a view to acquiring all shares in Nørresundby Bank not already held by the Offeror. If and when the Offer is completed, and the Offeror acquires more than 90% of the shares and the voting rights in Nørresundby Bank, the Offeror will initiate and complete a squeeze out of any shares held by

remaining minority shareholders of Nørresundby Bank and seek to delist Nørresundby Bank from NASDAQ Copenhagen.

Extract of the terms and conditions of the offer

Consideration for shares: The shareholders of Nørresundby Bank are offered a total of two shares in Spar Nord with a nominal value of DKK 10 each and a cash payment of DKK 309 per Nørresundby Bank share with a nominal value of DKK 10.

If Nørresundby Bank pays dividends or otherwise makes distributions to the shareholders before settlement of the Offer, the Offeror reserves the right to reduce the Offer Price by the amount of such dividend or distribution per Nørresundby Bank Share on a DKK-for-DKK basis.

The selling shareholders must pay all brokerage fees and/or other costs in connection with the sale of their shares, and the Offeror will not be required to pay any such fees or costs.

Offer Period: The Offer is valid as of 8 December 2014 and expires on 15 January 2015 at 00:00 a.m. (CET).

However, the Offer Period may be extended in accordance with section 9(2)-(4) of the Executive Order on Takeover Bids and as set forth in the Offer Document.

Acceptance procedure: Shareholders wishing to accept the Offer and thereby sell Nørresundby Bank shares to the Offeror on the terms and conditions set out in the Offer Document must contact their own custodian bank and request that acceptance of the Offer be communicated to:

Spar Nord Bank A/S
Company reg. (CVR) no. 13737584
Skelagervej 15
9000 Aalborg, Denmark
Attn: Back Office Fonds
E-mail: ifonds@sparnord.dk
Phone: +45 96 34 44 55

Shareholders wishing to accept the Offer may use the acceptance form attached to the Offer Document.

Shareholders are requested to note that acceptance of the Offer must be notified to their own custodian banks in due time to allow the custodian banks to process and communicate the acceptances to Spar Nord, which must have received such acceptances prior to expiry of the Offer Period on 15 January 2015 at 00:00 a.m. (CET).

The deadline for notification of acceptance depends on the individual Shareholder's agreement with and the rules and procedures of the relevant custodian bank, and the deadline may be earlier than the last day of the Offer Period.

Settlement: Settlement: Settlement of the Offer will take place by transfer of a total of two shares in Spar Nord Bank A/S with a nominal value of DKK 10 each and by cash payment of DKK 309 per Nørresundby Bank share with a nominal value of DKK 10.

The Offeror expects that settlement will be effected on 19 January 2015. An extension of the Offer Period to a date after 15 January 2015 will postpone the date of settlement.

Conditions to the Offer:

The Completion of the Offer is conditional on the following conditions being met or, in the sole discretion of the Offeror, being wholly or partly waived or limited before expiry of the Offer Period:

- i. that the Offeror has received valid acceptances of the Offer to the effect that the Offeror will hold more than 90% of the shares and voting rights in Nørresundby Bank after completion of the Offer;
- ii. that amendments to Nørresundby Bank's Articles of Association are adopted to the effect that the voting limit of Article 10(2) of the Articles of Association is repealed;
- iii. that in the period until the Offer is completed, no amendments to Nørresundby Bank's articles of association are adopted other than what is set out immediately above;
- iv. that the Offeror has obtained all necessary approvals and permissions from the relevant authorities, including the competition authorities and the Danish FSA;
- v. that Nørresundby Bank does not during the Offer Period issue new shares or other financial instruments convertible into shares in Nørresundby Bank;
- vi. that Nørresundby Bank does not during the Offer Period pay dividends or otherwise make distributions to the shareholders;
- vii. that Nørresundby Bank does not during the Offer Period make any decision to complete a demerger or merger or enter into transactions involving a material part of Nørresundby Bank's assets (to be understood as more than 5% of Nørresundby Bank's total assets); and
- viii. that from the date of submission of the Offer until the date on which the Offer is completed, no events have occurred which have a material adverse effect on Nørresundby Bank's financial position (a "Material Adverse Event") and that during that period Nørresundby Bank has not released and will not release any information the contents of which constitute a Material Adverse Event.

The Offer will lapse if one or more of the conditions set out above have not been met on expiry of the Offer Period. If the Offer lapses, the Offeror will be under no obligation to acquire any shares offered in pursuance of the Offer and any acceptance to sell shares in pursuance of the Offer will be unenforceable.

However, the Offeror may in its sole discretion waive or limit the scope of one or more of the above-mentioned conditions by publication of a supplement to the Offer Document in accordance with section 25(2) of the Executive Order on Takeover Bids. Such waiver or limitation will not entitle any Shareholders who have accepted the Offer to withdraw their acceptance.

Any waiver or limitation of conditions will be announced by the Offeror through the Danish FSA, NASDAQ Copenhagen and electronic media before expiry of the Offer Period.

Other terms and conditions:

Except in the circumstances described below regarding competing offers, acceptance of the Offer is irrevocable and binding for the Nørresundby Bank shareholders who have accepted the Offer until (i) the Offer has been completed or (ii) the date after expiry of the Offer Period on which the Offeror potentially announces that the Offer will not be completed.

In the event that the Offeror increases the Offer Price and/or otherwise changes the terms of the Offer in favour of the Nørresundby Bank shareholders, share-

holders who have accepted the Offer at a lower Offer Price will automatically be entitled to the higher Offer Price, provided the Offer is completed.

If a competing offer, see section 26 of the Executive Order on Takeover Bids, is announced by a third party, Shareholders who have accepted the Offer may withdraw their acceptance of the Offer during a period of three business days after announcement of the competing offer in accordance with section 26(3) of the Executive Order on Takeover Bids. Subject thereto, any acceptance of the Offer and any sale of shares pursuant to this Offer are binding and irrevocable for the shareholders.

Shareholders who have accepted the Offer will continue to be bound by their acceptance if the Offer Period is extended. However, the Offer Period may not be longer than 10 weeks from the date of announcement of the Offer Document (except in situations in which the period is extended in connection with one or more competing offers as defined in section 26 of the Executive Order on Takeover Bids) and, in the event the condition about regulatory approval has not been met, not longer than nine months from the date of announcement of the Offer Document.

The foregoing is a summary of the Offer Document, which contains all terms and conditions of the Offer and to which reference is made. This summary may not contain all of the information that is important to shareholders of Nørresundby Bank.

The Offeror will, subject to certain restrictions, request Nørresundby Bank to arrange for all registered shareholders to receive a copy of this Offer Advertisement and the acceptance form.

Copies of the Offer Document are available on request from Spar Nord Bank A/S, Back Office Fonds, phone: +45 96 34 44 55, e-mail: ifonds@sparnord.dk, and will also be available on www.sparnord.dk.

Any questions in connection with acceptance of the Offer may be directed to the shareholders' own custodian banks or to:

Spar Nord Bank A/S
Company reg. (CVR) no. 13737584
Skelagervej 15
9000 Aalborg, Denmark
Attn: Back Office Fonds
E-mail: ifonds@sparnord.dk
Phone: +45 96 34 44 55

Annex 2

(To be submitted to the shareholders' own custodian bank for endorsement and processing)

Acceptance must take place through the shareholders' own custodian banks and must be received by Spar Nord Bank A/S, Back Office Fonds, on or before 15 January 2015 at 00:00 a.m. (CET) or in the event of an extension of the Offer Period at such later date and time as stated in the notice of extension of the Offer Period.

The undersigned hereby represents that the A/S Nørresundby Bank shares sold are free from any and all charges, liens, encumbrances and other third party rights.

Subject to the terms set out in the Offer submitted by Spar Nord Bank A/S on 8 December 2014, I/we hereby accept the Offer for payment of 2 Spar Nord Bank A/S shares with a nominal value of DKK 10 each and a cash payment of DKK 309 per A/S Nørresundby Bank share with a nominal value of DKK 10 and place an order for sale of the following number of shares in A/S Nørresundby Bank (ISIN DK0060135549) with a nominal value of DKK 10 each:

	No. of A/S Nørresundby Bank shares
--	------------------------------------

I/we permit the effectuation of the sale by transfer of A/S Nørresundby Bank shares from my/our account with:

Custodian bank:	VP account:

I/we permit the cash proceeds from the sale of A/S Nørresundby Bank shares to be transferred to my/our account with:

Bank:	Reg. no. / account no.:

I/we permit that shares in Spar Nord Bank A/S are transferred to my/our custody account with:

Custodian bank:	VP account:

Information about the selling shareholder and signature:

Name:	
Address:	
Post code and city:	Company reg. (CVR) no. / Civil reg. (CPR) no.:
Phone:	Date and signature:
E-mail:	

The undersigned custodian bank agrees to transfer the above A/S Nørresundby Bank shares to Spar Nord Bank A/S if Spar Nord Bank A/S determined in its reasonable discretion that this acceptance form is in accordance with the Offer dated 8 December 2014 for the acquisition of shares and that the conditions to the Offer have been satisfied or waived by Spar Nord Bank A/S:

Company reg. (CVR) no.:	CD identification:
Stamp and signature:	

This acceptance form also serves as subscription form for shares in Spar Nord Bank AS subscribed by way of acceptance of the Offer. See section 163 of the Companies Act.

Information to the custodian bank:

Upon endorsement of this acceptance form, the shareholder's custodian bank must on or before 15 January 2015 at 00:00 a.m. (CET) (in the event of an extended Offer Period at such later date and time as stated in the notice of extension of the Offer Period) have submitted the acceptance of the Offer to Spar Nord Bank A/S.

Annex 3 (available in Danish only)

3.12.2014 12:44 Wednesday 03 of Dec 2014, SKAT

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D 3



Kundeservice
Erhverv

Skrivebyggevej 5
8000 Aalborg

Telefon 72 22 18 18
E-mail via www.skat.dk/kontakt
www.skat.dk

2. december 2014

J.nr. 14-5110722
CVR-nr. 34 79 05 15
CVR-nr. 13 73 78 84

Kromann Reumert
Att.: Jacob Girke Nordlander
Rådhuspladsen 3
8000 Aarhus C

A/S Nørresundby Bank og Spar Nord Bank A/S – Skattefri aktieombytning

Ansøgning

I har ved brev af 26. november 2014 på vegne kapitalejerne i A/S Nørresundby Bank med undtagelse af Spar Nord Bank A/S ansøgt om tilladelse til skattefri aktieombytning af kapitalandelen i A/S Nørresundby Bank med kapitalandele i Spar Nord Bank A/S.

Afgørelse

SKAT tillader uden vilkår skattefri aktieombytning, således at kapitalejerne i A/S Nørresundby Bank (bortset fra Spar Nord Bank A/S) kan apportindskyde deres kapitalandele i Spar Nord Bank A/S mod at erhverve de som følge af ombytningen nyudstedte kapitalandele i Spar Nord Bank A/S samt en kontant udligningssum. Hver Nørresundby Bank aktie vederlægges med 2 Spar Nord Bank aktier samt en kontant udligningssum på kr. 309.

Tilladelsen er efter en konkret vurdering af de foreliggende omstændigheder givet uden det sædvanligt anvendte anmeldelsesvilkår, fordi det ikke giver mening at pålægge den enkelte aktionær at foretage anmeldelse af ændringer i Spar Nord Bank A/S, hvor den enkelte aktionærs indflydelse typisk vil være ganske beskedne.

Afgørelsen er truffet efter reglerne i aktieavancebeskatningslovens § 36.

For god ordens skyld henleder vi opmærksomheden på, at den tilladte succession angår vederlaget i form af Spar Nord aktier, medens den kontante udligningssum anses for en skattepligtig aktieafståelse, som omfattes af de øvrige regler i aktieavancebeskatningsloven. Den skattemæssige virkning er nærmere beskrevet i SKATs juridiske vejledning afsnit C.D.6.3.8.

Værdiansættelse

Vi har ikke taget stilling til kapitalandelenes overdragelseskurs.

Hvis I beder om det, kan vi tage stilling til værdiansættelsen i et bindende svar. I kan finde vejledning om, hvordan I får bindende svar, på

skat.dk/juridiskvejledning →A.A.3 Bindende svar samt bindende tarifieringsoplysninger og bindende oprindelsesoplysninger.

Tilladelsens gyldighed

Ombygningen skal foretages senest 6 måneder fra datoen på denne afgørelse.

Ombygningen kan ikke skattemæssigt ske med tilbagevirkende kraft. Det står i aktieavancebeskatningslovens § 36, stk. 4.

Begrundelse

Skattemyndighedernes tilladelse skal indhentes for at sikre, at hovedformålet eller et af hovedformålene med aktieombygningen ikke er skatteunddragelse eller skatteundgåelse.

SKAT finder det ud fra en samlet vurdering af de oplysninger, som vi har fået, sandsynliggjort, at hovedformålet eller et af hovedformålene ikke er skatteundgåelse eller skatteunddragelse. Derfor giver vi tilladelsen med det nævnte vilkår.

Vi har især lagt vægt på, at parterne har oplyst, at formålet med aktieombygningen navnlig er, at opnå driftsmæssige fordele ved konsolidering og dermed skabe en bank med en endnu stærkere position i Aalborg-området, herunder henset til bl.a.

- nye lovkrav samt at kundernes krav om billigere produkter og højere rådgivningsniveau stiller krav om større enheder og
- udnyttelse af det potentiale for forbedret effektivitet og indtjeningskraft, der på længere sigt forventes at ligge i at betjene et større antal kunder på den samme produktions- og supportplatform.

Sagsfremstilling

Advokatfirmaet Kromann Reumert har i et brev fra den 26. november 2014 oplyst følgende til sagen:

*1. Baggrund

Spar Nord og Nørresundby Bank er begge pengeinstitutter noteret på NASDAQ OMX Copenhagen. Spar Nord ejer på nuværende tidspunkt 54,6% af aktiekapitalen i Nørresundby Bank.

Ved selskabsmeddelelse nr. 21 af 10. november 2014 ("Selskabsmeddelelsen") offentliggjorde Spar Nord en beslutning om at fremsætte et frivilligt købstilbud på alle (resterende) aktier i Nørresundby Bank. Selskabsmeddelelsen er vedlagt som [bilag 1](#).

I henhold til § 4, stk. 2 i bekendtgørelse om overtagelsestilbud skal Spar Nord hurtigst muligt og senest 4 uger efter offentliggørelse af beslutningen om at fremsætte et frivilligt købstilbud offentliggøre et godkendt tilbudsdokument. Det godkendte tilbudsdokument vil derfor senest blive fremsat d. 8. december 2014. Udkast til dette tilbudsdokument ("Købstilbuddet") er vedlagt som [bilag 2](#).

Som vederlag for aktierne i Nørresundby Bank vil aktionærerne i Nørresundby Bank ("Nørresundby Bank Aktionærerne") blive tilbudt dels ak-

tier i Spar Nord (ombytning), dels en kontantbetaling, jf. nærmere nedenfor.

Følgende betingelser gælder for Købstilbuddet:

- * At Spar Nord har modtaget gyldige accepter af Købstilbuddet, der bevirker, at Spar Nord efter Købstilbuddets gennemførelse vil eje mere end 90 % af aktiekapitalen og stemmerettighederne i Nørresundby Bank;
- * At der gennemføres ændringer i Nørresundby Bank Vedtægterne, således at stemmeloftet i Nørresundby Bank Vedtægternes § 10, stk. 2 ophæves (se nærmere pkt. 1.3.2 og 1.3.3);
- * At Spar Nord har opnået alle nødvendige godkendelser og tilladelser fra relevante myndigheder, herunder konkurrencemyndighederne og Finanstilsynet;
- * At Nørresundby Bank ikke i tilbudsperioden udsteder nye aktier eller øvrige finansielle instrumenter, der kan konverteres til aktier i Nørresundby Bank;
- * At Nørresundby Bank ikke i tilbudsperioden udbetaier udbytte eller foretager anden form for udlodning til Nørresundby Bank Aktionærerne;
- * At Nørresundby Bank ikke i tilbudsperioden træffer beslutning om at gennemføre en spaltning eller fusion eller indgår transaktioner med en væsentlig del (forstået som mere end 5 % af Nørresundby Banks samlede aktiver) af Nørresundby Banks aktiver; og
- * At der ikke fra Købstilbuddets fremsættelse og indtil dets gennemførelse er indtrådt en begivenhed, som har en væsentlig negativ indflydelse på Nørresundby Banks økonomiske eller finansielle stilling (en "Væsentlig Negativ Begivenhed"), og at Nørresundby Bank ikke i perioden har offentliggjort eller offentliggør oplysninger med et indhold, som udgør en Væsentlig Negativ Begivenhed.

Idet aktieavancebeskatning antageligt vil kunne udgøre en hindring for accept af Købstilbuddet, er det i henhold til SKATs praksis om massetilgøddelser blevet besluttet at anmode om generel tilladelse til skattefri aktieombytning forud for fremsættelsen af Købstilbuddet på vegne af Nørresundby Bank Aktionærerne for så vidt angår aktier i Nørresundby Bank, der i henhold til Købstilbuddet ombyttes med aktier i Spar Nord, jf. også Købstilbuddets pkt. 35 (Anmodning om skattefri aktieombytning).

1.1 Ansøgerne - Nørresundby Bank Aktionærerne

Nørresundby Bank er et børsnoteret selskab, og det er dermed en uoverkommelig opgave at identificere samtlige af Nørresundby Bank Aktionærerne. Det kan dog oplyses, at størstedelen af Nørresundby Bank Aktionærerne antageligt er fysiske personer, herunder kunder i Nørresundby Bank, med små aktiebesiddelser og dermed uden reel indflydelse på driften af Nørresundby Bank. Ud over Spar Nord besidder ingen aktionærer i Nørresundby Bank 5 % eller mere af aktiekapitalen eller stemmerettighederne. Vedtægterne indeholder en stemmeretsbegrænsning, hvorefter ingen aktionær i Nørresundby Bank har mere end 11 stemmer.

1.2 Erhvervende selskab - Spar Nord

1.2.1 Forretningen

Spar Nord er et børsnoteret pengeinstitut, der blev grundlagt i Aalborg i 1824. Spar Nord har historisk været funderet i det nordjyske område, hvor banken stadig er markedsledende. I perioden fra 2002 til 2010 har Spar Nord etableret og tilkøbt 27 lokale banker (filialer) uden for Nordjylland, og i 2012 fusionerede banken med Sparbank med 23 filialer, således at banken i dag har et landsdækkende distributionsnet med 71 filialer.

Spar Nord tilbyder alle former for finansielle ydelser, rådgivning og produkter og har forretningsmæssigt fokus på private kunder samt mindre og mellemstore virksomheder i de lokalområder, hvor banken er repræsenteret.

For en nærmere beskrivelse henvises der til Købstilbuddet, navnlig pkt. 3.3, 10.1 og 11.1.

1.2.2 Kapitalforhold

På nuværende tidspunkt udgør Spar Nords aktiekapital DKK 1.255.299.180 fordelt på 125.529.918 aktier à nom. DKK 10.

Under forudsætning af, at Købstilbuddet gennemføres og baseret på, at den samlede nominelle aktiekapital i Spar Nord pr. datoen for gennemførelse af Købstilbuddet udgør DKK 1.255.299.180, vil Spar Nord udstede ny aktiekapital på op til DKK 41.583.400 fordelt på 4.158.340 Nye Spar Nord aktier à nom. DKK 10, hvorefter den samlede nominelle aktiekapital i Spar Nord vil udgøre DKK 1.296.882.580 svarende til 129.688.258 Spar Nord aktier à nom. DKK 10.

For en nærmere beskrivelse henvises der til Købstilbuddet, navnlig pkt. 10.1.10-13.

1.2.3 Ejerskab

Spar Nord havde ultimo 2013 ca. 124.000 aktionærer. 37 pct. af kapitalen kan henføres til aktionærer, som hver især havde færre end 20.000 aktier.

I henhold til værdipapirhandelslovens § 29 og selskabslovens § 55 har Spar Nord modtaget meddelelser om beholdninger på mindst 5 % af aktiekapitalen eller stemmerettighederne fra nedenstående aktionærer i Spar Nord:

- Spar Nord Fonden, Aalborg
- Nykredit Realkredit A/S, København
- FMR LLC, Boston, MA
- Wellington Management Company LLP, Boston, MA

1.3 Erhvervede selskab - Nørresundby Bank

1.3.1 Forretningen

Nørresundby Bank er et børsnoteret pengeinstitut, der tilbyder alle former for finansielle ydelser, rådgivning og produkter. Nørresundby Bank har

forretningsmæssigt fokus på private kunder samt mindre og mellemstore virksomheder i de lokalområder, hvor banken er repræsenteret.

1.3.2 Kapitalforhold

Nørresundby Banks aktiekapital udgør DKK 46.000.000 fordelt på 4.600.000 aktier à nominelt DKK 10.

Der er et stemmeloft på aktierne i Nørresundby Bank, jf. Nørresundby Banks vedtægter, § 10, stk. 2 (Bilag 3).

1.3.3 Ejerskab

Nørresundby Banks aktier er fordelt på ca. 23.000 aktionærer. Spar Nord besidder dags dato i alt 2.520.63 af aktierne (54,8 %) og råder således over i alt 13 stemmer svarende til en ubetydelig del af stemmerettighederne i Nørresundby Bank. Ud over Spar Nord besidder ingen aktionærer i Nørresundby Bank 5 % eller mere af aktiekapitalen eller stemmerettighederne.

Det skal dog påpeges, at det som ovenfor nævnt er en betingelse for Købstilbuddet, at det ovenfor nævnte stemmeloft på aktierne i Nørresundby Bank ophæves, samt at Spar Nord erhverver minimum 90 % af aktierne, således at Spar Nord ved erhvervelsen af aktierne i Nørresundby Bank minimum kommer til at råde over minimum 90 % af stemmerne i selskabet.

Der henvises i øvrigt til Købstilbuddet pkt. 7.2.

1.4 Begrundelse

Baggrunden for den påtænkte fremsættelse af Købstilbuddet og dermed aktieombytningen er navnlig at opnå driftsmæssige fordele ved konsolidering og dermed skabe en bank med en endnu stærkere position i Aalborgområdet, herunder henset til bl.a.

- nye lovkraft samt at kundernes krav om billigere produkter og højere rådgivningsniveau stiller krav om større enheder,
- udnyttelse af det potentiale for forbedret effektivitet og indtjeningskraft, der på længere sigt forventes at ligge i at betjene et større antal kunder på den samme produktions- og supportplatform og
- at der er tale om to banker, der for så vidt angår geografisk placering, kundefokus, produkter, IT-plattform, kultur og værdier har mange fællestræk.

Hvis Købstilbuddet gennemføres vil Spar Nord drive Nørresundby Bank videre som et selvstændigt datterselskab i en periode på op til tre år.

Der henvises i øvrigt til Købstilbuddet, navnlig pkt. 2.4 samt Selskabsmeddelelsen.

2. Den påtænkte disposition

På baggrund af de ovenfor skitserede hensyn, ønsker Nørresundby Bank Aktionærerne at foretage følgende disposition:

- Skattefrie aktieombytning i henhold til aktieavancebeskatningslovens § 36

Nørresundby Bank Aktionærerne vil ombytte deres aktier i Nørresundby mod aktier i alt 2 nye aktier i Spar Nord á nominelt DKK 10 og en kontant betaling på DKK 309.

Der henvises i øvrigt til Købstilbuddet for en nærmere beskrivelse af vilkår og betingelser.

3. Objektive betingelser

Alle objektive betingelser for skattefri aktieombytning i aktieavancebeskatningslovens § 36, stk. 1 og 2 er opfyldt, idet

- der er tale om ombytning af aktier omfattet af aktieavancebeskatningslovens § 1,
- det erhvervende såvel som det erhvervede selskab er et aktieselskab og
- det erhvervende selskab erhverver et flertal af stemmerne i det erhvervede selskab.

For så vidt angår stemmerflertalskravet, vil der som nævnt i pkt. 1.3 skulle foretages en ophævelse af stemmeofteret i Nørresundby Banks vedtægter, forinden ombytningen gennemføres. SKAT kan derfor lægge til grund i deres vurdering af anmodningen, at Spar Nord - hvis købstilbuddet gennemføres - vil erhverve stemmeflertallet i Nørresundby Bank.

Endvidere bemærkes, at aktieombytningen vil blive gennemført inden for en periode på højst 6 måneder regnet fra den første ombytningsdag (tilbudsdag), og at ombytningen ikke vil ske med tilbagevirkende kraft, jf. aktieavancebeskatningslovens § 36, stk. 4.

4. Subjektive betingelser

Da de objektive betingelser er opfyldt, består der et retskrav på den ønskede tilladelse, men mindre transaktionen har skattesvig eller skatteunddragelse som hovedformål, jf. fusionsskattedirektivet artikel 11 og EF-domstolen dom af 17. juli 1997 i Leur Bloem-sagen.

Det fremgår af fusionsskattedirektivets artikel 11, stk. 1, litra a, 2. led, at skattemyndighederne er berettigede til at anlægge en formodning om, at hovedformålet med den enkelte transaktion er skatteundgåelse, hvis det må konstateres, at transaktionen ikke er baseret på gyldige forretningsmæssige årsager.

Som det fremgår ovenfor skyldes den påtænkte fremsættelse af Købstilbuddet og dermed aktieombytningen navnlig en ønske om udnytte driftsmæssige fordele ved konsolidering.

Transaktionen har således ikke skatteundgåelse eller -uddragelse som hovedformål eller som et af hovedformålene, men er derimod udelukkende begrundet i forretningsmæssige hensyn. Der anmodes derfor om tilladelse uden vilkår i overensstemmelse med sædvanlig praksis for massetiladelser.

5. Afsluttende bemærkninger

Vi skal høfligt anmode om, at sagen behandles hurtigst muligt, da Købstilbuddet efter § 4, stk. 2 i bekendtgørelse om overtagelsestilbud senest skal fremsættes d. 8. december 2014, og da Nørresundby Bank Aktionærernes skattemæssige stilling ønskes endeligt afklaret forinden.

SKAT bedes forudsætte, at det vedlagte Købstilbud i det væsentligste vil svare til det endelige købstilbud.

Såfremt SKAT ikke på foreliggende grundlag kan tage stilling til nærværende anmodning, herunder henset til at Købstilbuddet alene foreligger i udkastform, står vi til rådighed for uddybning og/eller afklaring i enhver henseende.

Idet Købstilbuddet endnu ikke er fremsat, skal vi venligst anmode om, at SKAT behandler sagen, herunder oplysningerne i Købstilbuddet, i strengeste fortrolighed.¹⁾

Løve og regler

I kan finde de love og regler, vi henviser til, på:

- skat.dk/skattelove
- skat.dk/juridiskvejledning → *C.D.6.3 Aktieombytning med tilladelse*
- skat.dk/afgørelser.

Med venlig hilsen



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