

# **Articles of Association of Spar Nord Bank A/S**

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### **Name, registered office and objects of the Company**

#### **Article 1**

(1).

The company's name is Spar Nord Bank A/S ("the Company").

The Company also carries on business under the ancillary names stated in Annex 1 to the Articles of Association.

(2).

The Company's registered office is located in the Municipality of Aalborg.

(3).

The object for which the Company is established is to carry on banking pursuant to section 7(1) and (2) of the Danish Act on Financial Operations.

(4).

The Company's Register of Shareholders shall be kept by VP Investor Services A/S, CVR no. 30201183.

### **Capital and shares**

#### **Article 2**

(1).

The Company's share capital amounts to DKK 1,255,299,180, divided into shares in the denomination of DKK 10. The share capital has been paid up in full.

(2).

The shares are issued to named holders and may, upon the appropriate shareholder's request, be inscribed as such in the inscription system kept by VP Securities A/S and in the Company's Register of Shareholders.

The shares cannot be transferred to bearer. The shares are negotiable instruments. The acquirer of a share cannot exercise rights embodied in the share certificate unless it has been recorded in the name of the person in question in the Register of Shareholders, or unless the acquirer has given substantiated notification in writing to the Company of his acquisition. But this provision shall affect neither the right to dividend and other disbursements nor the right to new shares in the event of an increase of the share capital.

(3).

The shares shall be freely transferable instruments. No shareholder shall be obligated to let the Company or any third party redeem his shares, whether in whole or in part.

#### **Article 3**

(1).

The Board of Directors shall be authorized to increase the Company's share capital in the period ending on 28 April 2014 by a maximum of DKK 285,344,050 in shares issued to named holders by way of one or more issues. Such shares shall rank *pari passu* with existing shares.

The increase of the Company's capital may be effected either with or without a pre-emptive right for the Company's shareholders. If the increase is effected without a preemptive right for the Company's shareholders, the new shares shall be subscribed for at market price. If the increase is effected with a preemptive right for the Company's shareholders, the new shares may be subscribed for at a discount to the market price.

(2).

The new shares subscribed for pursuant to the authorization in Article 3(1) shall be negotiable instruments, shall be issued to named holders and shall rank for dividends and any other rights in the Company as from such time as is determined by the Board of Directors in its decision regarding the capital increase.

### **Article 3a**

(1).

The Board of Directors shall be authorized to increase the Company's share capital in the period ending on 11 August 2014 by a maximum of DKK 1,265,000,000 by way of one or more issues. The new shares, which shall be issued to named holders, shall rank pari passu with existing shares. The increase of the Company's capital shall take place without a pre-emptive right for the Company's existing shareholders, meaning that any new shares will be offered at the prevailing market price, however not less than DKK 10.50 per share of DKK 10. The increase can take place by conversion of debt in the form of hybrid core capital. To the extent that conversion is effected pursuant to Article 3 b, the authorized maximum shall be reduced by a corresponding amount.

(2).

The new shares subscribed for pursuant to the authorization in Article 3 a (1) shall be negotiable instruments, shall be issued to named holders and shall rank for dividends and any other rights in the Company as from such time as is determined by the Board of Directors in the decision regarding the capital increase.

### **Article 3b**

(1).

Pursuant to the authorization adopted at the Company's Annual General Meeting on 29 April 2009, the Company raised a loan in the amount of DKK 1,265,000,000 by way of hybrid core capital on 30 June 2009 without a pre-emptive right for the Bank's existing shareholders, see Danish Act no. 67 of 3 February 2009 regarding contributions to credit institutions, in return for a bond offering at a price of DKK 0.01 per bond. The loan was raised at par.

The terms of the loan were specified in a separate agreement, see the annex to the Articles of Association (Annex 3).

(2).

At the Company's Extraordinary General Meeting on 12 August 2009, a decision was made to the effect that the bonds may be converted into Spar Nord Bank shares at the market price prevailing at the time of conversion, calculated in accordance with the terms of the loan.

(3).

The bond loan will be a subordinated bullet loan with no maturity date according to more specific rules laid down in the Danish Financial Business Act (hybrid core capital). The interest rate payable per annum on the loan will be fixed as the sum of

1) a reference rate by way of the Danish Government's five-year zero-coupon rate on the last trading day before the conclusion of the loan agreement;

2) with addition of 6.375 percentage points;

3) with addition of 0.1 percentage point; and

4) with addition of 0.4 percentage points,

the latter however only during a period ending on 12 August 2014. In addition, the interest rate may be raised in proportion to future dividend payments according to conditions specified in the terms of the loan. The convertible bonds may be redeemed by the Company five years after the loan was raised pursuant to more specific conditions laid down in the terms of the loan. The convertible bonds fall due for redemption in the event of the Company's bankruptcy.

The convertible bonds have been issued as bearer instruments and as dematerialized securities recorded in the inscription system kept by VP Securities A/S. No restrictions apply to the transferability of the convertible bonds.

(4).

If the Company's hybrid core capital amounts to more than 35% of the core capital, including hybrid core capital, see the Danish Financial Business Act, the loan or parts thereof may be converted into shares until 12 August 2014 as stated in the terms of the loan. If the hybrid core capital amounts to more than 50% of the core capital, including hybrid core capital, the loan will be converted into share capital up to the same date, until the hybrid core capital amounts to less than 35% of the core capital, including hybrid core capital.

(5).

In the event of a capital increase, capital reduction, the issuing of warrants, the issuing of new convertible instruments of debt or dissolution, including merger and demerger, before conversion has taken place, the procedure stated in the terms of the loan will be followed.

The highest amount by which the share capital can be increased in connection with a conversion is DKK 1,265,000,000, and the minimum amount will be DKK 50,000,000.

The Board of Directors is authorized to make the alterations to the Articles of Association that are necessary in connection with the conversion.

To the extent that dividend is paid on the Company's shares, see Danish Act no. 1003 of 10 October 2008 regarding financial stability and Danish Act no. 67 of 3 February 2009 regarding governmental capital contributions to credit institutions, the new shares will rank *pari passu* with the Company's other shares as from the registration of the capital increase.

All other rights shall become effective as from the same time. The shares shall be subject to the same rules regarding pre-emptive rights as the existing shares and shall rank *pari passu* with the Bank's other shares with respect to rights, redeemability and transferability.

### **Article 3c**

#### **(1)**

The Board of Directors shall be authorized to increase the Company's share capital in the period ending on 11 September 2014 by a maximum of DKK 500,000,000 by way of one or more issues. The new shares, which shall be issued to named holders, shall rank *pari passu* with existing shares. The increase of the Company's capital will be effected either without a pre-emptive right for the Company's shareholders, and the new shares shall consequently be subscribed for at market price. The increase may be effected by means of debt conversion of hybrid core capital. Where conversion is effected in pursuance of Article 3d, the authorization shall be reduced by a corresponding amount.

#### **(2)**

The new shares subscribed for pursuant to the authorization in Article 3c (1) shall be negotiable instruments, shall be issued to named holders and shall rank for dividends and any other rights in the Company as from such time as is determined by the Board of Directors in its decision to implement a capital increase.

### **Article 3d**

As a result of the merger between Spar Nord Bank A/S and Sparbank A/S, adopted on 13 November 2012, Spar Nord Bank A/S succeeded to the agreement on state-funded capital injection concluded between Sparbank A/S as the borrower and the Danish State, represented by the Danish Ministry of Economic and Business Affairs, as the lender. In connection with Spar Nord Bank A/S succeeding to the agreement, an addendum was made to the agreement and Spar Nord Bank A/S' corresponding agreement, as described above in Article 3b.

The agreement is included as Annex 4 to these Articles of Association, and the addendum is included as Annex 5. The annexes constitute an integral part of the Articles of Association. The terms and conditions for the state-funded capital injection taken over appear from this Article 3d.

#### **(1)**

The General Meeting has adopted the merger between Spar Nord Bank A/S and Sparbank A/S, and thus the Bank succeeds to a loan with a total principal amount of DKK 480,295,950, granted as hybrid core capital, see the Danish Act on State-Funded Capital Injection in Credit Institutions, on the loan terms (hereinafter called the "Loan Terms") contained in the Agreement on State-Funded Capital Injection with the associated Terms and Conditions for the Notes attached to the Articles of Association as Annex 4.

The loan granted by the Danish State has been floated against the issuance of notes in the denomination of DKK 0.01, at par.

#### **(2)**

The notes and/or the coupon accrued can be converted into shares of the Bank at the market price prevailing on the day of conversion, to be determined in accordance with the Loan Terms attached to the Articles of Association as Annex 4.

#### **(3)**

The note loan will be a subordinated bullet loan with no maturity according to more specific rules laid down in the Danish Financial Business Act (the rules regarding "hybrid core capital"). The interest payable per annum on the loan will be fixed as the sum of a fixed coupon - calculated in accordance with the rules from time to time applicable for International Capital Market Association and VP Securities A/S - and a variable dividend coupon charge as described in more detail in the Loan Terms attached to these Articles of Association as Annex 4. The interest rate may be increased in proportion to future dividend payments according to the more specific conditions set out in the Loan Terms. The convertible notes cannot be redeemed, either in whole or in part, during the first three years after disbursement of the loan. Subsequently, the Bank may redeem the convertible notes in accordance with the applicable conditions stipulated in the Loan Terms. But the creditor may demand that the convertible notes be redeemed prematurely in the event that (i) the Bank goes into liquidation, (b) a bankruptcy order is issued against the Bank, or (c) the Danish Financial Supervisory Authority revokes the Bank's authorization as a credit institution and approves the winding-up of the Bank, excepting winding-up through merger.

**(4)**

The convertible notes have been issued as dematerialized securities recorded in the inscription system kept by VP Securities A/S. No restrictions apply to the transferability of the convertible notes.

**(5)**

If the Bank's hybrid core capital (whether the hybrid core capital subscribed for by the Danish State or any other subscribed hybrid core capital) amounts to more than 35% of the core capital (Tier 1), including hybrid core capital, see the Danish Financial Business Act, the loan granted by the Danish State may be wholly or partly converted into shares during the period until 11 September 2014 at the Bank's instigation in accordance with the applicable conditions stipulated in the Loan Terms.

**(6)**

In the event of a capital increase, a capital reduction, the issuing of warrants, etc., the issuing of new convertible instruments of debt, payment of dividend, repayment of subordinated debt, a scrip issue or the issuing of bonus shares, liquidation or dissolution, including a merger or demerger, the procedure set out in the Loan Terms shall be followed.

**(7)**

The highest amount by which the share capital can be increased in connection with a conversion of the loan granted by the Danish State is DKK 500 million; the lowest amount is DKK 20. The Board of Directors shall make the amendments to the Bank's Articles of Association that are necessary in connection with the conversion, including to Article 2 as concerns the amount of share capital.

**(8)**

For the purpose of payment of dividend, the new shares will rank *pari passu* with the Bank's other shares as from the registration of the capital increase with the Danish Business Authority. All other rights, including voting rights, shall become effective as from the same time. The new shares shall be subject to the same rules regarding pre-emptive rights as the existing shares and shall rank *pari passu* with the Bank's other shares with respect to rights, redeemability and transferability.

**(9)**

The new shares issued upon conversion of hybrid core capital and/or accrued coupon pursuant to Article 3d shall be negotiable instruments and be inscribed in the inscription system kept by VP Securities A/S and in the Company's Register of Shareholders.

**(10)**

The Board of Directors shall be authorized to make such corrections or amendments to the Articles of Association as are required by legislation or by the Danish Financial Supervisory Authority.

#### **Article 4**

The Board of Directors shall be authorized to permit the Company to receive capital contributions, which may be included when calculating the Company's capital base, subject to observance of the relevant conditions therefor laid down in the legislation from time applicable.

#### **Shareholder regions**

## **Article 5**

(1).

The Company's operational area is divided into shareholder regions. The division details appear from Annex 2, which constitutes an integral part of the Articles of Association.

A decision to combine shareholder regions shall be made by the shareholders in general meeting pursuant to the provisions on alteration of the Articles of Association laid down in Article 14(2).

But a decision to combine shareholder regions can be made by the Company's Board of Directors if the Bank Committees in question so agree.

(2).

In connection with the acquisition of shares through one of the branches of Spar Nord Bank, a shareholder may choose to be registered as a shareholder in any shareholder region. If he does not specify any region, or if the acquisition takes place through another bank, for example, then the shareholder will be registered as belonging to the shareholder region which - according to Annex 2 to the Articles of Association - includes the address or postal code initially reported through VP Securities A/S to the Company as the shareholder's address or business address.

A shareholder can only be registered in one shareholder region, but may request in writing to be transferred to another shareholder region.

(3).

A shareholder with permanent residence or business address abroad is included in the Copenhagen shareholder region, unless the relevant shareholder has chosen another region.

## **Bank Committees**

## **Article 6**

(1).

The shareholders shall elect a Bank Committee in each shareholder region. Such Bank Committee shall have eight members.

Members of a Bank Committee shall be elected for a term of two years at a time, and half of them shall be eligible for re-election each year.

The election shall be held before 15 April, but no later than two weeks before the Annual General Meeting of the Company, and the electoral term shall commence as from the time of election. Retiring members shall be eligible for re-election.

When combining the Company's shareholder regions, all Bank Committee members from the combined shareholder regions shall run for re-election at the next Shareholders' Meeting. The Company's internal auditors draw lots to determine which members of the Bank Committee shall be up for re-election the following year.

(2).

The object of the Bank Committees shall be to promote the activities of Spar Nord Bank in the shareholder region and exercise the voting rights as delegates for the shareholders at the Company's General Meetings.

The more specific rules and regulations governing the function of the Bank Committees appear from the Rules of Procedure for Bank Committees laid down by the Board of Directors.

## **Article 7**

(1).

The following shareholders are eligible to the Bank Committee: shareholders in propria persona who are of age and have full legal capacity, and who can prove that they have been registered prior to 1 January immediately before the relevant Shareholders' Meeting, or who have requested that their shares be registered as belonging to the shareholder region in question, or who still own shares in the Company registered in the relevant shareholder region as of the date when the pertinent Shareholders' Meeting is convened.

The major shareholders mentioned in Article 9(1) and employees in the Company or its subsidiaries cannot be elected to the Bank Committee.

(2).

The shareholders in the region may nominate candidates to the Bank Committee. Proposals for nomination shall reach the Company by 15 January. If 15 January is a Saturday or a Sunday, the deadline will be postponed to the following Monday. The list of candidates will be published at the same time as the Shareholders' Meeting is convened.

(3).

A member of a Bank Committee whose shares are no longer registered in the appropriate region, or who is divested of the management of his estate, shall retire from the Bank Committee.

(4).

If a member of a Bank Committee retires during his term of office, a new member shall be elected at the next Shareholders' Meeting.

## **Shareholders' Meetings**

### **Article 8**

(1).

Shareholders in each shareholder region shall be convened for a Shareholders' Meeting to be held before 1 April and no later than three weeks before the Annual General Meeting of the Company. The Shareholders' Meeting can be held over a period of several days. Common Shareholders' Meetings may be held for several shareholder regions.

(2).

Shareholders' Meetings shall be convened with not less than 14 days' notice by an advertisement inserted in one or more of the newspapers published in the region and by notifying the shareholders entitled to vote; see clause (4). Meetings may be convened electronically according to more specific agreement with the shareholder.

The Board of Directors may resolve that shareholders must obtain admission cards in order to attend the Shareholders' Meetings.

(3).

At the Shareholders' Meeting, a report shall be given on the Company's activities, with special emphasis on development in the region. In addition, the election of members of the Bank Committee shall be held. At the same time, the elected members shall be deemed elected as delegates to the Annual General Meeting.

(4).

Shareholders who can prove that they are listed as belonging to the shareholder region in question as of the date when the Shareholders' Meeting is convened are entitled to vote at the Shareholders' Meeting.

The major shareholders mentioned in Article 9(1) shall not be entitled to vote at Shareholders' Meetings.

(5).

Voting for election of members of a Bank Committee can take place at Shareholders' Meetings by letter or by electronic voting. In other respects, voting shall take place according to electoral rules laid down by the Board of Directors.

## **Major shareholders**

### **Article 9**

(1).

A shareholder who owns at least 20,000 shares (a major shareholder) on the cut-off date one week before the General Meeting shall be entitled to exercise his voting rights at the General Meeting.

## General Meetings

### Article 10

(1).

The shareholders at the General Meeting have supreme authority in all Company affairs within the limits laid down by these Articles of Association.

(2).

General Meetings shall be convened by the Board of Directors sending written notice to the members of the Bank Committees and the shareholders recorded in the Register of Shareholders who have so requested.

In addition, the convening notice shall be announced on the Company's website.

(3).

Annual General Meetings shall be convened no sooner than five weeks nor later than three weeks in advance, and the convening notice shall contain the agenda of the Meeting. 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 shall contain the complete text of the proposal and be sent to each shareholder of record.

(4).

The right of shareholders to exercise their voting rights at a General Meeting shall be exercised through the delegates.

But this shall not apply to the shareholders referred to in Article 9 (1).

(5).

Against presentation of an admission card, any shareholder who has been recorded as of the cut-off date one week before the General Meeting or as of that date has requested that his shares be registered in the Register of Shareholders shall be entitled to attend a General Meeting - either in person or represented by a proxy - and to address the Meeting.

(6).

Admission cards are available on request by shareholders comprised by Article 10(5) at the Company's offices or at any other place specified in the convening notice until three days before the General Meeting.

(7).

The instrument of proxy shall be dated and shall be produced upon obtaining an admission card. Instruments of proxy issued to the Company's Board of Directors shall be in writing and dated not more than 12 months before the relevant General Meeting, and may only be issued for one specific General Meeting.

(8).

No later than three weeks before the General Meeting, the following information shall be available at the Company's website, [www.sparnord.dk](http://www.sparnord.dk):

1. The convening notice
2. The total number of shares and voting rights as of the date of convening the General Meeting
3. The documents to be produced at the General Meeting, including the audited annual report
4. The agenda and the complete proposals
5. Forms to be used for voting by proxy and by letter.

### Article 11

Extraordinary General Meetings shall be held whenever the holding of such a meeting is requested by either the shareholders in General Meeting, by the Board of Directors or by any one of the auditors. An Extraordinary General Meeting shall also be held for the purpose of transacting specified business when shareholders representing in the aggregate not less than 5% of the Company's total share capital request the holding of such a meeting. Such an Extraordinary



General Meeting shall be convened no later than two weeks after the receipt of the appropriate request.

#### **Article 12**

(1).

Annual General Meetings shall be held in every year before the end of April.

(2).

The agenda of the Annual General Meeting shall include the following business:

1. Election of the Chairman of the Meeting.
2. The Board of Directors's report regarding the Company's activities during the past year.
3. The presentation of the audited financial statements and the consolidated financial statements, together with a resolution for their adoption.
4. A resolution regarding the application of the profits or the covering of any loss according to the financial statements as adopted.
5. A resolution to empower the Board of Directors to buy treasury shares.
6. Election of members to the Board of Directors.
7. Appointment of auditors.
8. Any proposals from the Board of Directors or shareholders.
9. Any other business.

(3).

Any shareholder shall be entitled to have specific business transacted at the Annual General Meeting if he submits a requisition in writing to the Board of Directors no later than six weeks before the Annual General Meeting in the year in question.

#### **Article 13**

(1).

The shareholders at the General Meeting shall elect a Chairman to officiate at the General Meeting and decide all questions regarding the transaction of business, the voting and the result thereof.

(2).

Minutes shall be taken of the proceedings and the decisions made at the General Meeting, such minutes to be signed by the Chairman of the Meeting.

No later than two weeks after the General Meeting, a transcript of the minutes of the General Meeting and of the voting results shall be available at the Company's website, [www.sparnord.dk](http://www.sparnord.dk).

#### **Article 14**

(1).

All business transacted at the General Meeting shall be decided by a simple, relative majority of votes, unless the Danish legislation or these Articles of Association provide otherwise.

(2).

A resolution to alter the Articles of Association or to dissolve the Company is subject to the proposal being adopted by 2/3 of the votes cast as well as of the voting stock represented at the General Meeting. In calculating the voting stock, shares that are not registered in the name of the holder or shares regarding which a request for registration in the name of the holder has not been made shall not be included.

(3).

Ballot cards with printed information about the number of votes shall be used in the election of members to the Board of Directors. The number of delegates desired to be elected shall be entered on the ballot cards. A ballot card is valid if it does not contain the names of more candidates than the number to be elected at the relevant General Meeting.

#### **Article 15**

(1).

Delegates who are also members of the Bank Committees represent the share capital that has been registered as belonging to the relevant shareholder region as of the cut-off date one week before the relevant General Meeting. Each delegate represents equal fractions of the share capital, calculated based on the number of delegates immediately prior to the General Meeting.

(2).

A major shareholder, see Article 9(1), represents the share capital that has been registered as of the cut-off date one week before the General Meeting, or regarding which a request for registration has been made as of the same date.

(3).

In order to be entitled to vote at the General Meeting, a delegate or the major shareholder shall have requested an admission card no later than three days before a General Meeting.

(4).

Voting may be made by proxy.

(5).

A delegate may only issue a proxy to another Bank Committee member from the same region. The instrument of proxy, which shall be dated, is only valid for one General Meeting. No Bank Committee member can represent more than two delegates by proxy.

(6).

It is possible to vote electronically or by letter prior to the General Meeting. The ballot paper to be used for this purpose can be downloaded from the Company's website.

## **The Board of Directors**

### **Article 16**

(1).

The Board of Directors shall be composed of not less than four nor more than six members elected by the shareholders at the General Meeting and members elected by the employees pursuant to section 49 of the Danish Companies Act.

(2).

The members of the Board of Directors shall be elected for a term of two years at a time.

(3).

Members of the Board of Directors shall retire no later than four months after the end of the year in which they attain the age of 70.

(4).

A member of the Board of Directors who is divested of the management of his estate or who no longer complies with the requirements of the Danish Financial Supervisory Authority regarding his aptitude and integrity shall retire from the Board of Directors.

(5).

Any vacancy occurring in the Board of Directors may be filled by the election of a new member at the next General Meeting. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

### **Article 17**

(1).

The Board of Directors shall elect a Chairman and a Deputy Chairman from among their number and shall lay down rules of procedure governing the discharge of their duties.

(2).

The members of the Board of Directors shall receive a fee approved by the shareholders at the Annual General Meeting.

## **The Executive Board**

### **Article 18**

The Board of Directors shall appoint an Executive Board composed of from one to five members to be in charge of day-to-day management of company affairs. The terms of employment of the Executive Board shall be laid down in agreement between the Executive Board and the Board of Directors.

### **Incentive pay**

#### **Article 19**

General guidelines have been prepared for the Company's incentive pay scheme for members of the Board of Directors and the Executive Board. These guidelines have been adopted by the shareholders at the Company's Annual General Meeting and have been published on the Company's website.

### **Powers to bind the Company**

#### **Article 20**

(1).

The members of the Board of Directors and the Executive Board represent the Company in all external affairs.

(2).

The Company shall be 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.

### **Financial year**

#### **Article 21**

The Company's financial year shall coincide with the calendar year.

### **Audit**

#### **Article 22**

One or two auditors elected by the shareholders in General Meeting shall audit the Company's financial statements. The auditors thus elected shall serve for a term of one year at a time.

Aalborg, 13 November 2012

Torben Fristrup

Hans Østergaard

Per Nikolaj Bukh

Jannie Skovsen

Ole Skov

Gitte H. Sørensen

Carsten Normann

Laila Mortensen

Kaj Christiansen

**ANNEX 1:**

The company's name is Spar Nord Bank A/S ("the Company").

The Company also carries on operations under the names of 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 A/S (Spar Nord Bank A/S), Sparekassen Nordjylland A/S (Spar Nord Bank A/S), Spar Nord Bankaktieselskab A/S (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 Hasseris 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, Sparbank Vest A/S, Skive Sparekasse A/S, Egnssparekassen i Skive A/S, Nordvestjysk Sparekasse A/S, Breum Sparekasse A/S, Ejsing Sparekasse A/S, Haderup Sparekasse A/S, Hald Sparekasse A/S, Harre og Omegns Sparekasse A/S, Hem Sparekasse A/S, Hjerker 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.

**ANNEX 2:**
**List of number of shareholder regions – shown by postal codes.**

| Shareholder region | Postal code numbers allocated                                                                                                                                                                                                                                                                                                                                        |
|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Esbjerg            | 6240, 6261, 6270, 6280, 6510, 6520, 6534, 6535, 6660, 6670, 6682, 6683, 6690, 6700, 6705, 6710, 6715, 6720, 6731, 6740, 6752, 6753, 6760, 6771, 6780, 6792, 6800, 6818, 6823, 6830, 6840, 6851, 6852, 6853, 6854, 6855, 6857, 6862, 6870                                                                                                                             |
| Frederikshavn      | 9900, 9940, 9970, 9981, 9982                                                                                                                                                                                                                                                                                                                                         |
| Lillebælt          | 5464, 5466, 5500, 5580, 5592, 7000, 7007                                                                                                                                                                                                                                                                                                                             |
| Helsingør          | 2970, 2980, 2990, 3000, 3050, 3060, 3070, 3080, 3100, 3120, 3140, 3150, 3230, 3250, 3330, 3480, 3490                                                                                                                                                                                                                                                                 |
| Herning            | 6880, 6893, 6900, 6920, 6933, 6940, 6950, 6960, 6971, 6973, 6980, 6990, 7270, 7280, 7330, 7361, 7362, 7400, 7430, 7540, 7441, 7442, 7451, 7480, 8765, 8766                                                                                                                                                                                                           |
| Hillerød           | 3200, 3210, 3220, 3300, 3310, 3320, 3360, 3370, 3390, 3400                                                                                                                                                                                                                                                                                                           |
| Holbæk             | 4060, 4070, 4174, 4190, 4270, 4281, 4291, 4293, 4295, 4296, 4300, 4320, 4330, 4340, 4350, 4360, 4370, 4390, 4400, 4420, 4440, 4450, 4460, 4470, 4480, 4490, 4500, 4520, 4532, 4534, 4540, 4550, 4560, 4571, 4572, 4573, 4581, 4583, 4591, 4592, 4593                                                                                                                 |
| Holstebro          | 7490, 7500, 7550, 7560, 7570, 7600, 7620, 7650, 7660, 7673, 7680                                                                                                                                                                                                                                                                                                     |
| Horsens            | 7130, 8350, 8700, 8723, 8732, 8740, 8751, 8752, 8762, 8763, 8781, 8783                                                                                                                                                                                                                                                                                               |
| Kolding            | 6000, 6051, 6052, 6064, 6070, 6091, 6092, 6093, 6094, 6100, 6580, 6600, 6621, 6622, 6630, 6640, 6650                                                                                                                                                                                                                                                                 |
| København          | 1000-1999, 2000, 2100, 2200, 2300, 2400, 2450, 2500, 2600, 2605, 2610, 2620, 2625, 2630, 2635, 2640, 2650, 2660, 2665, 2670, 2690, 2700, 2720, 2730, 2740, 2750, 2760, 2765, 2770, 2791, 2800, 2820, 2830, 2840, 2850, 2860, 2870, 2880, 2900, 2920, 2930, 2942, 2950, 2960, 3460, 3500, 3520, 3670, 3700, 3720, 3730, 3740, 3751, 3760, 3770, 3782, 3790, 3900-3992 |
| Køge               | 2680, 4100, 4140, 4600, 4623, 4632, 4640, 4652, 4653, 4654, 4660, 4671, 4672, 4673, 4681, 4682, 4683, 4690                                                                                                                                                                                                                                                           |
| Mariagerfjord      | 9500, 9510, 9550, 9560, 9610                                                                                                                                                                                                                                                                                                                                         |
| Midtvestsyssel     | 9320, 9330, 9340, 9480, 9700, 9740                                                                                                                                                                                                                                                                                                                                   |
| Nordvestvestsyssel | 9760, 9800, 9830, 9850, 9870, 9881                                                                                                                                                                                                                                                                                                                                   |
| Nyborg             | 5540, 5800, 5853, 5856, 5871                                                                                                                                                                                                                                                                                                                                         |
| Næstved-Slagelse   | 4160, 4171, 4173, 4180, 4200, 4220, 4230, 4241, 4242, 4243, 4250, 4261, 4262, 4684, 4700, 4720, 4733, 4735, 4736, 4750, 4760, 4771, 4772, 4773, 4780, 4791, 4792, 4793, 4800, 4840, 4850, 4862, 4863, 4871, 4872, 4873, 4874, 4880, 4891, 4892, 4894, 4895, 4900, 4912, 4913, 4920, 4930, 4941, 4943, 4944, 4951, 4952, 4953, 4960, 4970, 4983, 4990                 |
| Nørresundby        | 9310, 9362, 9370, 9380, 9381, 9382, 9400, 9430                                                                                                                                                                                                                                                                                                                       |
| Odense             | 5000, 5100, 5200, 5210, 5220, 5230, 5240, 5250, 5260, 5270, 5290, 5300, 5320, 5330, 5350, 5370, 5380, 5390, 5400, 5450, 5462, 5463, 5471, 5474, 5485, 5491, 5492, 5550, 5560, 5591, 5600, 5610, 5620, 5631, 5642, 5672, 5683, 5690, 5750, 5772, 5792, 5854, 5863                                                                                                     |
| Randers            | 8370, 8500, 8581, 8585, 8586, 8860, 8870, 8900, 8920, 8930, 8940, 8950, 8960, 8961, 8963, 8970, 8981, 8983, 8990                                                                                                                                                                                                                                                     |
| Rebild             | 9230, 9240, 9293, 9520, 9530, 9541, 9574, 9575                                                                                                                                                                                                                                                                                                                       |
| Roskilde           | 3450, 3540, 3550, 3600, 3630, 3650, 3660, 4000, 4030, 4040, 4050, 4130, 4621, 4622                                                                                                                                                                                                                                                                                   |
| Skagen             | 9990                                                                                                                                                                                                                                                                                                                                                                 |
| Skive              | 7800, 7830, 7840, 7850, 7860, 7870, 7884                                                                                                                                                                                                                                                                                                                             |
| Storkundeområdet   | I henhold til Vedtægternes § 5 stk. 2                                                                                                                                                                                                                                                                                                                                |

|                |                                                                                                                                                                                                                                                                                                                                                      |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Svendborg      | 5700, 5762, 5771, 5874, 5881, 5882, 5883, 5884, 5892, 5900, 5932, 5935, 5953, 5960, 5970, 5985                                                                                                                                                                                                                                                       |
| Sæby           | 9300, 9352, 9750                                                                                                                                                                                                                                                                                                                                     |
| Vejgaard       | 9210, 9220, 9260, 9270, 9280                                                                                                                                                                                                                                                                                                                         |
| Vejle          | 6040, 6200, 6230, 6300, 6310, 6320, 6330, 6340, 6360, 6372, 6392, 6400, 6430, 6440, 6470, 6500, 6541, 6560, 6623, 7080, 7100, 7120, 7140, 7150, 7160, 7171, 7173, 7182, 7183, 7184, 7190, 7200, 7250, 7260, 7300, 7321, 7323, 8721, 8722                                                                                                             |
| Vesthimmerland | 7900, 7950, 7960, 7970, 7980, 7990, 9600, 9620, 9631, 9640, 9670, 9681                                                                                                                                                                                                                                                                               |
| Viborg         | 7470, 8800, 8831, 8832, 9632                                                                                                                                                                                                                                                                                                                         |
| Aalborg        | 9000, 9100, 9200                                                                                                                                                                                                                                                                                                                                     |
| Aabybro        | 7700, 7730, 7741, 7742, 7752, 7755, 7760, 7770, 7790, 9440, 9460, 9490, 9492, 9493, 9690                                                                                                                                                                                                                                                             |
| Aarhus         | 8000, 8100, 8200, 8210, 8220, 8230, 8240, 8245, 8250, 8260, 8270, 8300, 8305, 8310, 8320, 8330, 8340, 8355, 8361, 8362, 8380, 8381, 8382, 8400, 8410, 8420, 8444, 8450, 8462, 8464, 8471, 8472, 8520, 8530, 8541, 8543, 8544, 8550, 8560, 8570, 8592, 8600, 8620, 8632, 8641, 8643, 8653, 8654, 8660, 8670, 8680, 8830, 8840, 8850, 8881, 8882, 8883 |

**ANNEX 3:****AGREEMENT ON STATE-FUNDED CAPITAL INJECTION**

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**BETWEEN** Spar Nord Bank A/S  
as Borrower

**AND** The Danish State represented by the Ministry of Economic and Business Affairs  
as Lender

Dated: 29 June 2009

## CONTENTS

|     |                                                     |    |
|-----|-----------------------------------------------------|----|
| 1.  | BACKGROUND AND PURPOSE .....                        | 1  |
| 2.  | DEFINITIONS .....                                   | 1  |
| 3.  | LOAN IN THE FORM OF HYBRID TIER 1 CAPITAL .....     | 4  |
| 4.  | SUBSCRIPTION OF NOTES AND PAYMENT OF THE LOAN ..... | 4  |
| 5.  | CONDITIONS PRECEDENT .....                          | 5  |
| 6.  | REPRESENTATIONS AND WARRANTIES.....                 | 6  |
| 7.  | OBLIGATIONS .....                                   | 8  |
| 8.  | BREACH OF AGREEMENT .....                           | 10 |
| 9.  | NOTICES .....                                       | 11 |
| 10. | AMENDMENTS, COSTS AND PRECEDENCE .....              | 11 |
| 11. | ASSIGNMENT OF RIGHTS AND OBLIGATIONS .....          | 13 |
| 12. | GOVERNING LAW AND JURISDICTION .....                | 15 |

## APPENDICES

Appendix 1: Loan Notes Agreement

Appendix 2: Calculation of financial ratios



## AGREEMENT ON STATE-FUNDED CAPITAL INJECTION

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This Agreement on State-Funded Capital Injection, including appendices, (the "Agreement") was made on 29 June 2009 between

- (1) Spar Nord Bank A/S, Central Business Register (CVR) no. 13737584, Skelagervej 15, DK-9000 Aalborg ("Spar Nord Bank"), as borrower, and
- (2) The Danish State represented by the Ministry of Economic and Business Affairs, Slotsholmsgade 10-12, DK-1216 Copenhagen K (the "Danish State"), as lender.

### 1. BACKGROUND AND PURPOSE

- 1.1 Application. Spar Nord Bank has on 19 May 2009 filed an application, including appendices, (the "Application") under the Act on State-Funded Capital Injections (as defined below) for the Danish State's injection of Hybrid Tier 1 Capital (as defined below) into Spar Nord Bank, and the Danish State has on the date of this Agreement accepted to inject such Hybrid Tier 1 Capital on the terms specified in this Agreement and the Loan Notes Agreement (as defined below).
- 1.2 Objective. The purpose of the injection of Hybrid Tier 1 Capital into Spar Nord Bank is to stimulate Spar Nord Bank's supply of credit to healthy undertakings and households by increasing its capital and the solvency and thus enhancing Spar Nord Bank's possibility to offer finance to the real economy according to the Act on State-Funded Capital Injections.

### 2. DEFINITIONS

- 2.1 For the purpose of this Agreement, the terms below shall be defined as follows:

"Act on State-Funded Capital Injections" (*lov om statsligt kapitalindskud*) shall mean Act No. 67 of 3 February 2009 and any executive order issued there under, all as amended from time to time.

"Application" shall have the meaning ascribed to it in Clause 1.1.

"Banking Day" shall mean a weekday when banks are generally open for business in Denmark.

"DKK" shall mean Danish kroner.

"Executive Board" shall mean the executive board of Spar Nord Bank from time to time as registered with the Danish Commerce and Companies Agency (*Erhvervs- og Selskabsstyrelsen*).

"Exit Strategies" shall mean the Danish State's sale, transfer of all rights and obligations or sale, transfer or assignment of all or part of the Notes, including by a Private Placement or in connection with a Stock Exchange Listing and/or any other form of exit strategy including securitisations initiated by the Danish State of the Danish State's interest in the Notes.

"Financial Business Act" (*lov om finansiel virksomhed*) shall mean Consolidated Act No. 897 of 4 September 2008 and any executive order issued there under, all as amended from time to time.

"Group" shall mean Spar Nord Bank and its Subsidiaries in accordance with section 5(1)(9) of the Financial Business Act.

"Group Entity" shall mean an entity which is part of the same Group as Spar Nord Bank.

"Hybrid Tier 1 Capital" shall mean loan capital that meets the requirements set out in section 132 of the Financial Business Act.

"Issue Date" shall have the meaning ascribed to it in Clause 4.1.

"Loan" shall have the meaning ascribed to it in Clause 3.1.

"Loan Notes Agreement" shall mean the Terms and Conditions of the Notes as specified in Appendix 1 or as subsequently amended in accordance with this Agreement or the Loan Notes Agreement.

"Notes" shall have the meaning assigned to them in Clause 3.1.

"Party" shall mean Spar Nord Bank or the Danish State.

"Parties" shall mean Spar Nord Bank and the Danish State.

"Private Placement" shall mean the Danish State's sale, transfer or assignment of any or all of the Notes by a private placement to one or more investors.

"Solvency Need" shall mean the individual solvency need as assessed by Spar Nord Bank's Board of Directors and Executive Board in accordance with section 124(4) of the Financial Business Act.

"Solvency Requirement" shall mean the higher of (i) the solvency requirement, see section 124(2) of the Financial Business Act and (ii) an individual solvency requirement determined by the Danish Financial Supervisory Authority, see section 124 (5) of the Financial Business Act.

"Stock Exchange Listing" shall mean the Danish State's sale, transfer or assignment of any or all of the Notes or any other exit in connection with admittance of all or part of the Notes for trading on a regulated market or another market in the European Union, the European Economic Area or in an OECD member country.

"Subsidiary" shall have the meaning ascribed to it in section 5(1)(8) of the Financial Business Act.

"Term of Agreement" shall mean the period from the date of this Agreement until the earlier of the time when (i) all amounts payable under the Loan, including interest and costs, have been repaid in full, cancelled or converted into equity under this Agreement and the Loan Notes Agreement, or (ii) the Danish State has transferred all Notes and has thus ceased to be creditor of all or part of the Loan.

"Tier 1 Capital" shall mean tier 1 capital (*kernekapital*) as defined in section 5(7)(4), of the Financial Business Act.

"Tier 1 Capital Ratio" shall mean Tier 1 Capital as a percentage of risk-weighted assets calculated according to the principles specified in the Danish Financial Supervisory Authority's reporting form for assessment of capital adequacy, CS01, item 4 (*Kernekapital (inkl. hybrid kernekapital) efter fradrag i procent af vægtede poster*).

"VP" shall mean VP Securities A/S, CVR no. 21599336.

- 2.2 For the purpose of this Agreement, all terms defined in the singular shall have the same meaning in the plural and vice-versa. All indefinite nouns shall have the same meaning in the definite form, and all references to paragraphs and appendices shall be references to paragraphs and appendices of this Agreement.

3. **LOAN IN THE FORM OF HYBRID TIER 1 CAPITAL**

- 3.1 The Loan. Subject to compliance with Clause 5 hereof, the Danish State subscribes for 126,500,000,000 notes (*kapitalbeviser*) (the "Notes") of DKK 0.01 each issued by Spar Nord Bank, corresponding to a total loan of DKK 1,265,000,000 (say Danish kroner one billion two hundred and sixty five million) (collectively the "Loan") on the terms specified in this Agreement and in the Loan Notes Agreement.
- 3.2 The Act on State-Funded Capital Injections. The Notes constitute Hybrid Tier 1 Capital and are subscribed for by the Danish State under the authority of the Act on State-Funded Capital Injections.

4. **SUBSCRIPTION OF NOTES AND PAYMENT OF THE LOAN**

- 4.1 Time of payment of the Loan. Subject to compliance with Clause 5 hereof, the proceeds of the Loan shall be credited by the Danish State to Spar Nord Bank's account no. 1745-9 with the Danish Central Bank (*Danmarks Nationalbank*) on 30 June 2009 or on such other Banking Day as agreed in writing between the Danish State and Spar Nord Bank (the "Issue Date").
- 4.2 Spar Nord Bank's obligations prior to the Issue Date. Spar Nord Bank shall no later than 2 p.m. on the first Banking Day prior to the Issue Date issue the Notes in VP and transfer them to the Danish State's deposit no. (CD-ident 08240): 082400000126726 with the Danish Central Bank (*Danmarks Nationalbank*) and conclude the necessary and customary agreements with VP and Spar Nord Bank as registrar ("*kontoførende institut*").
- 4.3 Spar Nord Bank's obligations on the Issue Date. Spar Nord Bank shall on the Issue Date:
- (a) provide a statement, which is acceptable to the Danish State in terms of form and content, made by Spar Nord Bank's Board of Directors to the effect (i) that the Danish State's conditions precedent as set out in Clause 5.1 are met as at the Issue Date, (ii) that the representations and warranties made by Spar Nord Bank as set out in Clause 6 are true, accurate and correct as at the Issue Date, and (iii) that no material adverse changes have occurred in Spar Nord Bank's operations, assets and liabilities and financial position since the filing of the Application other than as disclosed to the Danish State in writing prior to the date of this Agreement;
  - (b) provide a certified copy of the resolution by the general meeting of Spar Nord Bank, authorising the Board of Directors to raise Hybrid Tier 1 Capital

with variable dividend coupon charge as provided for in the Act on State-Funded Capital Injections;

- (c) provide a certified copy of the resolution by its Board of Directors approving this Agreement and the Loan Notes Agreement and authorising the Executive Board to execute this Agreement and the Loan Notes Agreement;
- (d) provide a certified copy of Spar Nord Bank's articles of association as at the Issue Date;
- (e) provide a comprehensive report dated as at the Issue Date on Spar Nord Bank from the Commerce and Companies Agency;
- (f) provide a legal opinion dated as at the Issue Date in a form acceptable to the Danish State;
- (g) make members of the Executive Board available for answering confirmatory questions to the satisfaction of the Danish State; and
- (h) take such further actions and/or deliver such additional statements, documents, etc. as are deemed necessary or appropriate by the Danish State.

## 5. **CONDITIONS PRECEDENT**

5.1 The Danish State's conditions precedent. On the part of the Danish State, the Agreement and the subscription of the Notes are subject to the following conditions precedent:

- (a) Spar Nord Bank complies with the Solvency Requirement and the Solvency Need as at the Issue Date;
- (b) Spar Nord Bank's Tier 1 Capital Ratio is at least 12 per cent after payment of the Loan on the Issue Date,
- (c) Spar Nord Bank's Tier 1 Capital Ratio is above 9 per cent prior to the Issue Date, and the Loan itself will not result in an increase of Spar Nord Bank's Tier 1 Capital Ratio corresponding to more than 3 percentage points compared to the numbers last reported in Spar Nord Bank's quarterly report for Q1 2009 ended 31 March 2009;

- (d) performance of Spar Nord Bank's obligations as set out in Clause 4.2 and 4.3 to the satisfaction of the Danish State; and
- (e) Spar Nord Bank's representations and warranties as set out in Clause 6 are true, accurate and correct as at the date of this Agreement and as at the Issue Date.

5.2 Waiver of conditions precedent and termination of the Agreement. The Danish State has the right (but not the obligation) to waive or modify its conditions precedent in whole or in part for the purpose of paying out the Loan. The Agreement shall be terminated if the Danish State's conditions precedent have not been met or waived no later than on the Issue Date, which may, in any event, occur no later than 31 December 2009. The Parties shall not make any claim against each other as a result of termination of this Agreement, unless such termination is attributable to a Party's breach of this Agreement. If the Agreement is terminated, the Parties' obligations under Clauses 10.3 and 12 shall continue in full force and effect.

## 6. REPRESENTATIONS AND WARRANTIES

6.1 Spar Nord Bank's warranties. Spar Nord Bank represents and warrants to the Danish State as at the date of this Agreement and the Issue Date as follows:

6.1.1 Legislation. The Group complies with applicable law, including the Act on State-Funded Capital Injections and the Financial Business Act.

6.1.2 Correct information. All information, presentations, reports, projections, forecasts, etc. which the Danish State has received from Spar Nord Bank in connection with the Application and the processing thereof, are correct and contain no material errors or omissions and accurately and fully disclose the financial position of Spar Nord Bank and the Group at the time of the Application or at the time they were made or updated, whichever is later, and no material adverse changes have occurred in Spar Nord Bank's and the Group's operations, assets and liabilities and financial position taken as a whole since the filing of the Application other than as disclosed to the Danish State in writing prior to the date of this Agreement. All the financial ratio calculations as set out in Appendix 2 are true and accurate.

6.1.3 No conflict. The conclusion and performance of this Agreement and the Loan Notes Agreement is not contrary to (i) any law, public rule, court decision or any kind of public regulation, (ii) Spar Nord Bank's articles of association and corporate resolutions of Spar Nord Bank or (iii) any material agreement or document to

which Spar Nord Bank or its Subsidiaries is a party or which is binding on Spar Nord Bank or its Subsidiaries.

- 6.1.4 Material adverse events. Other than as disclosed to the Danish State in writing prior to the date of this Agreement, no material adverse event or material adverse change has occurred in Spar Nord Bank's and the Group's operations, assets and liabilities and financial position taken as a whole since the date of its most recent annual and quarterly report.
- 6.1.5 Fulfilment of conditions precedent. Spar Nord Bank meets all requirements that must be met under the Act on State-Funded Capital Injections in order to obtain a loan in the form of Hybrid Tier 1 Capital on the terms specified in this Agreement and in the Loan Notes Agreement. The Danish State's conditions precedent as specified in Clause 5.1 will be met as at the Issue Date.
- 6.1.6 Annual and Quarterly reports. The consolidated financial statements included in Spar Nord Bank's annual report for the financial year ended 31 December 2008 and quarterly report for Q1 2009 ended 31 March 2009, give a true and fair view of Spar Nord Bank's and the Group's assets, liabilities, equity and financial position at 31 December 2008 and 31 March 2009 (respectively), and of the results of Spar Nord Bank's and the Group's operations and the consolidated cash flows for the financial year starting on 1 January 2008 and ending on 31 December 2008 and the financial quarter starting on 1 January 2009 and ending on 31 March 2009. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union applied on a consistent basis (except as stated in such financial statements), and the financial statements of the Spar Nord Bank's have been prepared in accordance with the Financial Business Act. Furthermore, the annual report has been prepared in accordance with additional Danish disclosure requirements for annual reports of listed financial institutions.
- 6.1.7 No Proceedings. Other than as disclosed to the Danish State in writing prior to the date of this Agreement and the Issue Date, as applicable, there are no legal or governmental, administrative or other proceedings pending or, to the best of Spar Nord Bank's knowledge, threatened to which Spar Nord Bank or any of its Subsidiaries is a party which would have a material adverse effect on Spar Nord Bank's and the Group's operations, assets and liabilities and financial position taken as a whole.
- 6.1.8 No default. Neither Spar Nord Bank nor any of its Subsidiaries is, or with the giving of notice or lapse of time or both would be, (i) in violation of its articles of association or (ii) in default under any loan agreement or other agreement or instrument to which Spar Nord Bank or any of its Subsidiaries is a party except for

violations and defaults which, individually or in the aggregate, could not reasonably be expected to result in a material adverse effect.

- 6.1.9 **Approvals.** Spar Nord Bank and its Subsidiaries possess all licenses, approvals, and other authorizations necessary to conduct their respective businesses, subject, in each case, to such exceptions as would not have a material adverse effect, and neither Spar Nord Bank nor any of its Subsidiaries has received any written order or notice of proceedings relating to any such license, approval, or other authorization which would have a material adverse effect.

## 7. OBLIGATIONS

- 7.1 **Obligations of Spar Nord Bank.** Spar Nord Bank undertakes at the time of the conclusion of this Agreement and during the entire Term of Agreement to fulfil the obligations stipulated in this Clause 7.1 provided that clauses 7.1.1, 7.1.5, 7.1.7, 7.1.8 and 7.1.9 shall continue to apply until the Danish State has disposed of any and all shares in Spar Nord Bank received through conversion of the Notes to share capital in Spar Nord Bank in accordance with the Loan Notes Agreement.
- 7.1.1 **Legislation, etc.** Spar Nord Bank undertakes to observe applicable law, including the Act on State-Funded Capital Injections and the Financial Business Act as well as all the terms and conditions stipulated in this Agreement.
- 7.1.2 **Capital reduction and own shares.** Spar Nord Bank shall not (i) effect any capital reductions except to cover losses or to write down share capital in accordance with the Loan Notes Agreement or (ii) purchase own shares, including initiating new share buy back programs, if such purchase will constitute a violation of the Act on State-funded Capital Injections. Spar Nord Bank may not sell own shares on terms and conditions that are more burdensome for Spar Nord Bank than market terms unless it is necessary to do so in order to honour Spar Nord Bank's employee stock option programs.
- 7.1.3 **Dividends.** Spar Nord Bank shall not distribute dividends prior to 1 October 2010. After 1 October 2010, dividends may only be distributed to the extent that the dividends can be financed by Spar Nord Bank's net profits after taxes, which may be added to the distributable reserves, as generated in the period following 1 October 2010.
- 7.1.4 **Funding of Group Entities.** Spar Nord Bank may not use funds to capitalise businesses in violation of the Act on State-Funded Capital Injections. Spar Nord Bank may not make acquisition of shares that would constitute a violation of the



Act on State-Funded Capital Injections. All agreements and transactions with Group Entities shall be concluded on arm's length terms.

7.1.5 Restrictions on ownership, voting and negotiability etc.

- a) Spar Nord Bank shall not later than on its first ordinary general meeting after the date of this Agreement pass such resolutions as are required to comply with Section 8(7) of the Act on State-Funded Capital Injections.
- b) Spar Nord Bank may not in its articles of association introduce restrictions on ownership, voting rights, negotiability, nor may Spar Nord Bank introduce share classes.

7.1.6 Remuneration of the Executive Board. Spar Nord Bank may not (i) initiate new share option programmes or other similar plans for the Executive Board or prolong or renew existing programmes; (ii) remunerate the members of the Executive Board by variable pay elements, see section 77a(2) of the Financial Business Act, to an extent exceeding 20% of the total basic salary including pension; (iii) issue bonus shares at a favourable price or use similar beneficial schemes for the Executive Board; or (iv) make tax deductions of more than half the Executive Board's salaries, to the extent that such action would constitute a violation of Act on State-funded Capital Injections. Spar Nord Bank shall state the amount at which tax deductions have been made in a note to the annual report.

7.1.7 Notice of a breach of agreement. Spar Nord Bank shall give written notice to the Danish State as soon as Spar Nord Bank becomes aware (i) that a breach of this Agreement or an anticipatory breach will occur or (ii) that a payment under the Loan Notes Agreement will not be made.

7.1.8 Statement on lending activities. No later than on 31 March and 30 September of each year, Spar Nord Bank shall present a statement on its lending activities in the immediately preceding period from 1 July to 31 December and 1 January to 30 June respectively to the Danish State in accordance with the Act on State-Funded Capital Injections. The statement on lending activities shall be published as provided by the Act on State-Funded Capital Injections.

7.1.9 Conversion of the Loan. If all or part of the Loan is converted into share capital in Spar Nord Bank in accordance with the Loan Notes Agreement, Spar Nord Bank shall cooperate with and assist the Danish State if the Danish State wishes to dispose of the shares received in one or more rounds. Clause 11.2 shall apply *mutatis mutandis* to the Danish State's full or partial disposal of shares in Spar Nord Bank received by way of a conversion in accordance with the Loan Notes Agreement.

- 7.1.10 Announcements and Press Releases. Spar Nord Bank shall deliver to the Danish State a draft of any company announcement or press release relating to this Agreement, the Loan Notes Agreement or the Notes as soon as possible prior to the disclosure of such press release or announcement. Furthermore, if Spar Nord Bank intends or has taken a decision to convert any Notes or interest into shares as set out in the Loan Notes Agreement, Spar Nord Bank shall, until such conversion has been given up or completed, as applicable, deliver to the Danish State a draft of any company announcements or press release as soon as possible prior to the disclosure of such press release or announcement.
- 7.1.11 Corporate Authorisation. Spar Nord Bank shall hold an extraordinary general meeting not later than 12 August 2009 in order to obtain the necessary corporate authorisations required to give full effect to this Agreement and the Loan Notes Agreement. The proposal to obtain the necessary corporate authorisations shall be recommended by Spar Nord Bank's Board of Directors. If the necessary corporate authorisations are not adopted by the extraordinary general meeting, the Parties shall renegotiate the relevant provisions of this Agreement and the Loan Notes Agreement affected by the failure to obtain such corporate authorisations.
- 7.2 Withholding Tax in the Loan Notes Agreement. As long as the Danish State is the sole noteholder of the Notes, paragraph 9.5 of the Loan Notes Agreement shall not apply.

## 8. **BREACH OF AGREEMENT**

- 8.1 Breach of Agreement and remedies. In case of Spar Nord Bank's breach or anticipatory breach (*anteciperet misligholdelse*) of its obligations under this Agreement, and if such breach is not remedied on or before the tenth (10th) day after notice of such breach is given by the Danish State to Spar Nord Bank, the Danish State is entitled to exercise any remedies in accordance with Danish law, including to institute legal proceedings to enforce its rights.
- 8.2 Cure. Spar Nord Bank shall be obliged to enter into discussions with the Danish State regarding possible amendments to the Loan Notes Agreement which may cure any breach or prevent any breach from occurring under the Loan Notes Agreement.
- 8.3 No cancellation. For the avoidance of doubt, the Danish State's remedies as mentioned in Clause 8.1, may not result in Spar Nord Bank having to pay any amount under the Loan Notes Agreement at an earlier time than when the amount would otherwise have been due and payable under the Loan Notes Agreement.

9. **NOTICES**

9.1 Notices. Any notice to be given under this Agreement and under the Loan Notes Agreement shall be given by post, fax or e-mail (except that a notice or other communication under Section 8 of this Agreement may not be given by fax or e-mail) to the following addressees or to any other addressee (including e-mail addresses) designated by either Party to the other Party:

a.to Spar Nord Bank:

Spar Nord Bank A/S  
Attn: Head of Funding Jan Frølund Poulsen  
Skelagervej 15  
DK-9000 Aalborg  
Tel: +45 96 34 42 09  
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E-mail: jpo@sparnord.dk

b.to the Danish State:

The Danish State represented by the Ministry of Economic and Business Affairs  
Attn: Deputy Permanent Secretary Jens Lundager  
Slotsholmsgade 10-12  
DK-1216 Copenhagen K  
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E-mail: jlu@oem.dk

10. **AMENDMENTS, COSTS AND PRECEDENCE**

10.1 The Danish Financial Supervisory Authority. Any modification or amendment to the Loan Notes Agreement, as agreed between the Parties, which entails that the Notes do not constitute Hybrid Tier 1 Capital shall be subject to the prior written approval of the Danish Financial Supervisory Authority.

10.2 Consent. Notwithstanding the provisions of this Agreement and the Loan Notes Agreement, the consent of the Danish Financial Supervisory Authority shall not be required under this Agreement and the Loan Notes Agreement, and the Danish Financial Supervisory Authority has no powers vis-à-vis Spar Nord Bank, if Spar Nord Bank is no longer subject to

supervision from the Danish Financial Supervisory Authority in accordance with the Financial Business Act.

10.3 **Costs.** Spar Nord Bank shall pay:

- (a) an issue fee in the amount of DKK 3,582,000 shall be credited by Spar Nord Bank to the Danish State's account no. 0216-4069055494 with Danske Bank A/S in accordance with the Act on State-Funded Capital Injections;
- (b) all costs and other expenses incurred by the Danish State in connection with Spar Nord Bank's breach of this Agreement or the Loan Notes Agreement;
- (c) all costs and other expenses incurred in connection with a conversion of all or part of the Loan into share capital in accordance with the Loan Notes Agreement, excluding the Danish State's financial, legal and other advisers;
- (d) all costs incurred in connection with amendments to this Agreement and the Loan Notes Agreement initiated by Spar Nord Bank;
- (e) all costs relating to the establishment of a Stock Exchange Listing as well as all costs and expenses incidental to a continued Stock Exchange Listing, including listing fee and fees to agents, agencies etc., provided that the Danish State shall pay its own costs relating to a Stock Exchange Listing, including costs to financial, legal and other advisers, and, subject to prior approval, all Spar Nord Bank's documented, external initial expenses incidental to an establishment of a Stock Exchange Listing, including the costs and expenses of market places, dealers, clearing centres, lawyers, auditors, financial and other advisers; and
- (f) all Spar Nord Bank's costs incurred in connection with Exit Strategies, except as set out in paragraph (e) in relation to a Stock Exchange Listing.

10.4 **Precedence.** In case of any conflicting term between this Agreement and the Loan Notes Agreement on the one hand and the Act on State-Funded Capital Injections or the Financial Business Act on the other hand, the Act on State-Funded Capital Injections and the Financial Business Act, respectively, shall prevail. With regard to the Loan Notes Agreement, the preceding sentence shall, however, only apply as long as the Danish State owns all the Notes. In case of any conflicting term between the Loan Notes Agreement on the one hand and this Agreement (without the Loan

Notes Agreement), this Agreement shall prevail between the Danish State and Spar Nord Bank.

## 11. ASSIGNMENT OF RIGHTS AND OBLIGATIONS

- 11.1 Assignment by Spar Nord Bank. Spar Nord Bank may not assign any of its rights and/or obligations under this Agreement.
- 11.2 Assignment by the Danish State. The Danish State may, without the consent of Spar Nord Bank, assign all or any part of its rights and obligations (combined or individually) under this Agreement and may sell, transfer and assign any or all of the Notes in one or more rounds, including by way of Exit Strategies. Spar Nord Bank shall cooperate with and assist the Danish State if the Danish State wishes to implement Exit Strategies. Where the Danish State submits a written request to Spar Nord Bank for an Exit Strategy, Spar Nord Bank shall take the following action in accordance with the Danish State's directions:
- a) prepare and approve and provide assistance in connection with preparation of prospectus(es) in Danish and/or English, with a base prospectus and final terms, if relevant, in accordance with the applicable rules;
  - b) prepare and approve and provide assistance in connection with preparation of an information memorandum in Danish and/or English, describing Spar Nord Bank, the Group and the Notes in such detail as the Danish State may reasonably request;
  - c) apply for approval of prospectus(es) by competent authorities and answer any comments and use best efforts to seek to accommodate any requests made by such competent authorities;
  - d) comply with all market disclosure requirements and similar requirements in force from time to time at the relevant Stock Exchange, if any;
  - e) enter into any agreements that may be necessary or appropriate in connection with an Exit Strategy, including dealer agreements (programme agreements), agency agreements (issue and paying agency agreements), deeds of covenants, trust deeds, special issuer agreements and other usual agreements with dealers, operators of the relevant market or markets, clearing centres, and others;
  - f) accept any modifications and amendments to this Agreement and the Loan Notes Agreement affecting the Notes or any part thereof that may, in the Danish State's

opinion, be necessary or appropriate for the purpose of an Exit Strategy, including the making of necessary adjustments (including, where necessary, the deletion of the relevant provisions) should noteholder(s) be required to subscribe for shares in exchange for coupon and should such subscription requirement be impracticable in light of the preferred Exit Strategy of the Danish State as well as a change of the governing law of the Loan Notes Agreement to English law; provided that (i) provisions needed in order to qualify the Loan and the Notes as Hybrid Tier 1 Capital and regarding the registration of the Notes in VP shall always be governed by Danish law and (ii) such modifications and amendments to this Agreement and the Loan Notes Agreement affecting the Notes or any part thereof shall be agreed with Spar Nord Bank until the Issuer's Conversion Option Period (as defined in the Loan Notes Agreement) has lapsed;

- g) make the senior management of Spar Nord Bank available for investor presentations and investor meetings;
- h) to the extent possible facilitate that Spar Nord Bank has a credit rating from no less than two of the rating agencies Fitch, Moody's and Standard & Poor's or another recognised rating agency approved by the Danish State and assist in connection with obtaining ratings of the Notes or of any securities issued by another entity in connection with an Exit Strategy, however, to the extent ratings are applied for by another entity than Spar Nord Bank such application will be the overall responsibility of the management of such entity;
- i) undertake the same obligations and provide the same warranties to the buyers of Notes as Spar Nord Bank has given to the Danish State under this Agreement, however, only to the extent such obligations and warranties would be in conformity with market practice on subscription or purchase of Hybrid Tier 1 Capital;
- j) issue such company announcement as may be necessary to clear the Danish State of inside information immediately prior to an exit; and
- k) take any other action and/or enter into and execute any other agreements, declarations, documents etc. that the Danish State may consider necessary or appropriate for the purpose of an Exit Strategy.

11.3 Information and consultation before Exit Strategy. Without restricting the Danish State's right to pursue any Exit Strategy, cf. Section 11.2, the Danish State will, (i) upon request from Spar Nord Bank, in good faith consider possible exit strategies presented by Spar Nord Bank and, (ii) inform Spar Nord Bank prior to any decision concerning an Exit Strategy,

and, if so requested by Spar Nord Bank, in good faith enter into joint consideration of possible alternative exit strategies, provided that any such exit strategies under (i)-(ii) should be in accordance with the purpose and intentions of this Agreement, and be in the financial interest of the Danish State.

**12. GOVERNING LAW AND JURISDICTION**

12.1 Governing law and jurisdiction. This Agreement shall be governed by Danish law. Any dispute arising out of or in connection with this Agreement shall be brought before the Copenhagen City Court. Each Party is, however, entitled to request that the case be sent for trial in the Danish Eastern High Court.

Spar Nord Bank A/S:

Name: Lasse NybyName: John Lundsgaard  
Title: Chief Executive OfficerTitle: Executive Officer

The Danish State represented by the Minister of Economic and Business Affairs:

Lene Espersen

Countersigned in respect of the Minister of Economic and Business Affairs:

Michael Dithmer  
Permanent Secretary

Loan Notes Agreement

*[Attached as a separate document]*



Appendix 2

Calculation of financial ratios

*[Attached as a separate document]*

## TERMS AND CONDITIONS OF THE NOTES

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### SUMMARY OF TERMS:

Issuer: Spar Nord Bank A/S

Total issue: DKK 1,265,000,000

Issue Date: 30 June 2009

Annual Yield: 9.425 per cent p.a.

ACPE Conversion Fee: 0.100 per cent p.a.

Issuer's Conversion Option Fee: 0.400 per cent p.a.

Conversion: Conversion Option and Obligation

CONTENTS

|     |                                                |    |
|-----|------------------------------------------------|----|
| 1.  | DEFINITIONS .....                              | 1  |
| 2.  | FORM, DENOMINATION AND TITLE .....             | 8  |
| 3.  | STATUS.....                                    | 8  |
| 4.  | INTEREST PROVISIONS .....                      | 9  |
| 5.  | ALTERNATIVE COUPON PAYMENT .....               | 9  |
| 6.  | COUPON CANCELLATION .....                      | 11 |
| 7.  | REDUCTION OF PRINCIPAL AND UNPAID COUPON ..... | 12 |
| 8.  | REDEMPTION OF NOTES .....                      | 13 |
| 9.  | PAYMENTS .....                                 | 16 |
| 10. | OBLIGATIONS OF THE ISSUER.....                 | 16 |
| 11. | ISSUER’S CONVERSION OPTION AND OBLIGATION..... | 18 |
| 12. | BREACH OF CONDITIONS .....                     | 22 |
| 13. | AMENDMENTS AND NO CONSENT .....                | 23 |
| 14. | GOVERNING LAW AND JURISDICTION .....           | 23 |

APPENDICES

- Appendix 1List of the Issuer's Hybrid Tier 1 Capital
- Appendix 2Form of ACPE Notice
- Appendix 3Form of Notice of Conversion

## TERMS AND CONDITIONS OF THE NOTES

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### 13. DEFINITIONS

13.1 For the purpose of these Conditions, the terms below shall be defined as follows:

"ACPE Announcement Date" shall have the meaning ascribed to it in paragraph 17.5.

"ACPE Conversion Date" shall have the meaning ascribed to it in paragraph 17.1.

"ACPE Conversion Fee" shall mean a fee of 0.100 per cent p.a.

"ACPE Notice" shall have the meaning ascribed to it in paragraph 17.5.

"ACPE Reference Price" shall have the meaning ascribed to it in paragraph 17.4.

"ACPE Shares" shall have the meaning ascribed to it in paragraph 17.1.

"Actual/Actual (ICMA)" shall mean (a) where the relevant period is equal to or shorter than the Interest Period during which it falls, the actual number of days in the period divided by the product of (A) the actual number of days in such Interest Period and (B) the number of Interest Periods in any year; and (b) where the period is longer than the Interest Period, the sum of (i) the actual number of days in the period falling in the Interest Period in which it begins divided by the product of (A) the actual number of days in such Interest Period and (B) the number of Interest Periods in any year; and (ii) the actual number of days in the period falling in the next Interest Period divided by the product of (A) the actual number of days in such Interest Period and (B) the number of Interest Periods in any year.

"Alternative Coupon Payment Event" shall have the meaning ascribed to it in paragraph 17.1.

"Annual Fixed Coupon Amount" shall mean the Fixed Coupon Amount accrued on the Notes in a period starting on 1 May of any year and ending on 30 April of the following year.

"Annual Yield" shall mean an effective rate of 9.425 per cent per annum.

"Available Free Reserves" means the amount of free reserves (consisting of the retained profit brought forward from prior fiscal years, the retained profit for the most recent fiscal year and other reserves available for distribution of dividends) as disclosed in the Issuer's most recent audited annual financial accounts approved by the general meeting of shareholders of the Issuer as reduced by any payments on the Notes or any subordinated loan capital of the Issuer ranking *pari passu* with the Notes made since the date of such accounts by reference to free reserves disclosed therein.

"Banking Day" shall mean a weekday when banks are generally open for business in Denmark.

"Capital Requirement" shall mean the higher of the Solvency Requirement and the minimum capital requirement, see section 127 of the Danish Financial Business Act.

"Conditions" shall mean these Terms and Conditions of the Notes.

"Conversion Announcement Date" shall have the meaning ascribed to it in paragraph 23.12.

"Conversion Date" shall mean the date on which Notes are converted into New Shares by registration of the resulting capital increase with the Danish Commerce and Companies Agency (*Erhvervs- og Selskabsstyrelsen*).

"Corporate Action" shall mean distribution of dividend and any other distribution of cash or assets to shareholders of the Issuer, increase or decrease of share capital, issue of warrants on the Shares, options on the Shares, convertible bonds or other convertible instruments or other rights to subscribe or purchase Shares, split or consolidation of Shares, merger, demerger and any other corporate action involving the capital structure.

"Coupon" shall mean the Fixed Coupon Amount plus the Variable Dividend Coupon Charge.

"Danish Financial Business Act" shall mean Consolidated Act No. 897 of 4 September 2008 and any executive order issued thereunder, all as amended from time to time.

"Danish Act on State-Funded Capital Injections" shall mean Act No. 67 of 3 February 2009 and any executive order issued thereunder, all as amended from time to time.

"Denomination" shall mean DKK 0.01.

"Dividend Declared" shall mean the sum of (a) any dividend declared by the general meeting or the board of directors of the Issuer and distributed by the Issuer and (b) any dividend declared by the general meeting or the board of directors of the Issuer but scheduled to be distributed by the Issuer after the relevant VD Calculation Date, in the 12-month period preceding the relevant VD Calculation Date or, with regard to the first payment of Variable Dividend Coupon Charge, since 1 October 2010, in DKK or, if in another currency, the DKK equivalent of such dividend calculated on the date the dividend was declared.

"DKK" shall mean Danish kroner.

"Early Redemption Amount" shall equal the product of the following formula:

$$\text{Denomination} + \sum CF_{nEX} \times (1 + \text{Effective Annual Yield})^{(T^r - T^n)} - \sum CF_n \times (1 + \text{Effective Annual Yield})^{(T^r - T^n)} + \text{Accrued Interest}$$

Where

Accrued Interest = Fixed Coupon accrued on a Note from the latest Fixed Coupon Payment Date until  $T^r$

$T^r$  = the Redemption Date

$T^0$  = the Issue Date

$T^n$  = the date of relevant  $CF_n$  or  $CF_{nEX}$

$CF_{nEX}$  = Fixed Coupon Amounts the Noteholder would have expected to receive since the Issue Date on a Note assuming all Fixed Coupon Amounts had been paid in full on each Fixed Coupon Payment Date with  $CF_{1EX}$  being the first such payment,  $CF_{2EX}$  being the second and so forth.

$CF_n$  = Actual payments of Coupon which have been received since the Issue Date on a Note with  $CF_1$  being the first such payment,  $CF_2$  being the second and so forth.

Periods between dates (such as  $T^r - T^0$  or  $T^r - T^n$ ) expressed in the formula above shall be calculated based on Actual/Actual (ICMA).

"Effective Annual Yield" means the sum of the Annual Yield, ACPE Conversion Fee and Issuer's Conversion Option Fee (if applicable).

"Fixed Coupon" means a nominal rate corresponding to the Effective Annual Yield when paying the Fixed Coupon Amount in semi-annual instalments. The Fixed Coupon is 9.690248 per cent p.a. in the Issuer's Conversion Option Period and 9.212810 per cent p.a. thereafter.

"Fixed Coupon Amount" shall have the meaning ascribed to it in paragraph 16.1.

"Fixed Coupon Payment Date" means 1 May or 1 November of any year.

"Group" shall have the meaning ascribed to it in section 5(1)(9) of the Danish Financial Business Act.

"Hybrid Tier 1 Capital" shall mean subordinated loan capital that meets the requirements in section 132 of the Danish Financial Business Act.

"Hybrid Tier 1 Capital Ratio" shall mean the Issuer's Hybrid Tier 1 Capital at any time relative to the Issuer's Tier 1 Capital (as calculated in accordance with Section 129(2) of the Danish Financial Business Act) at any time.

"Initial Hybrid Tier 1 Capital Ratio" shall mean the Issuer's Initial Hybrid Tier 1 Capital relative to the Issuer's Tier 1 Capital (as calculated in accordance with Section 129(2) of the Danish Financial Business Act) at any time.

"Initial Hybrid Tier 1 Capital" shall mean the Issuer's Hybrid Tier 1 Capital on the Issue Date (immediately post issue of the Notes) as subsequently redeemed or otherwise decreased unless replaced by new Hybrid Tier 1 Capital; provided, however, that the amount of the Issuer's Hybrid Tier 1 Capital for the purpose of calculating the Issuer's Initial Hybrid Tier 1 Capital cannot exceed the amount of the Issuer's Hybrid Tier 1 Capital on the Issue Date using prevailing currency rates (immediately post issue of the Notes). Issuer's Initial Hybrid Tier 1 Capital shall for all calculation purposes be determined using prevailing currency rates as of the relevant date for the calculation of the Initial Hybrid Tier 1 Capital. A list of the Issuer's Hybrid Tier 1 Capital in place at the Issue Date is attached as Appendix 1.

"Interest Period" means each period beginning on (and including) the Issue Date or any Fixed Coupon Payment Date and ending on (but excluding) the next Fixed Coupon Payment Date.

"Issue Date" shall mean 30 June 2009.

"Issuer" shall mean Spar Nord Bank A/S, Central Business Register (CVR) no. 13737584, Skelagervej 15, 9000 Aalborg, Denmark.

"Issuer's Conversion Option" shall have the meaning ascribed to it in paragraph 23.1.

"Issuer's Conversion Option Fee" shall mean a fee of 0.400 per cent p.a. payable for the duration of the Issuer's Conversion Option Period.

"Issuer's Conversion Option Period" shall have the meaning ascribed to it in paragraph 23.1.

"Loan above Market Capitalisation" shall mean the Outstanding Principal Amount divided by the Market Capitalisation.

"Market Capitalisation" shall mean DKK 2,813,159,000 adjusted for any net cash proceeds from the subscription of new Shares in the Issuer made since the Issue Date.

"New Shares" shall have the meaning ascribed to it in paragraph 23.4.

"Note" and "Notes" shall have the meaning ascribed to such terms in paragraph 2.1.

"Noteholder" shall mean any person registered as holder of Note(s) evidenced as such by book entry in the records of VP.

"Notice of Conversion" shall have the meaning ascribed to it in paragraph 23.12.

"Number of Notes" shall mean the number of Notes outstanding at any given time.

"Optional Redemption Date" shall mean 30 May 2014.



"Original Number of Notes" means 126,500,000,000 Notes of DKK 0.01 each.

"Outstanding Principal Amount" shall mean the product of the Number of Notes multiplied by the Denomination.

"Price Sensitive Information" shall mean information about (i) the Issuer, including the Issuer's and the Issuer's Group's business, assets, liabilities, condition (financial or otherwise), results and operations, (ii) the Shares, or (iii) market conditions relating to the Shares, which information ((i)-(iii)), alone or in combination with other information, has or would reasonably be expected to have, alone or in the aggregate, an influence on the price of the Shares or which a rational investor would reasonably be expected to take into consideration when assessing the value of the Shares, provided, however, that information about the mere intention to and the mere decision to exercise the Issuer's Conversion Option shall not constitute Price Sensitive Information for the purposes of these Conditions, but that, for the avoidance of doubt, any matter (including the incurrence of a loss) giving rise to the exercise of the Issuer's Conversion Option may be deemed Price Sensitive Information. The Issuer is in possession of Price Sensitive Information if any member of the board of directors, any executive officer or any other key employee is in possession of such Price Sensitive Information.

"Redemption Date" means the date on which a Note(s) is/are redeemed in accordance with paragraph 20.

"Reference Price" shall have the meaning ascribed to it in paragraph 23.6.

"Settlement Date" shall mean the date on which (as the case may be) Notes or Coupon are converted into New Shares or ACPE Shares in the register of VP and New Shares or ACPE Shares (as the case may be) are deposited on VP accounts of the Noteholder(s) against deletion of the Notes converted or cancelling of Coupon.

"Shares" shall mean shares issued by the Issuer.

"Solvency Requirement" shall mean the higher of (i) the solvency requirement, see section 124(2) of the Financial Business Act and (ii) an individual solvency requirement determined by the Danish Financial Supervisory Authority, see section 124(5) of the Danish Financial Business Act.

"Stock Exchange" shall mean Nasdaq OMX Copenhagen A/S, Central Business Register (CVR) no. 19042677, or another regulated market within the European Union or the European Economic Area.

"Subordinated Loan Capital" shall mean capital that meets the requirements in section 136 of the Danish Financial Business Act and any other loan capital designated as subordinated to all other non-subordinated loan capital.

"Taxes" shall mean all existing and future Danish direct and indirect taxes, duties, charges, withholdings, etc. and all types of restrictions or conditions resulting in taxes in Denmark.

"Term of the Loan" shall mean the period from the Issue Date until the time when all amounts due under the Notes, including Coupon and costs, are fully repaid or no longer due.

"Tier 1 Capital" shall mean tier 1 capital (*kernekapital*) as defined in section 5(7)(4) of the Danish Financial Business Act.

"Tier 1 Capital Ratio" shall mean Tier 1 Capital as a percentage of risk-weighted assets calculated according to the principles specified in the Danish Financial Supervisory Authority's reporting form for assessment of capital adequacy, CS01, item 4 (*Kernekapital (inkl. hybrid kernekapital) efter fradrag i procent af vægtede poster*).

"Trading Day" means a day where the Stock Exchange is open for trading.

"Variable Dividend Coupon Charge" shall have the meaning ascribed to it in paragraph 16.3.

"VD Calculation Date" shall have the meaning ascribed to it in paragraph 16.4.

"Volume Weighted Average Price" shall mean in respect of the Shares the volume-weighted average price published by or derived from the price displayed under the heading "Bloomberg VWAP" on Bloomberg page SPNO DC <equity> VAP (or any successor page) in respect of the period from 9 a.m. CET on the first day of the relevant calculation period to 5 p.m. CET on the last day of the relevant calculation period.

"VP" shall mean VP Securities A/S, Central Business Register (CVR) no. 21599336.

13.2 For the purpose of these Conditions, all terms defined in the singular shall have the same meaning in the plural and vice-versa. All indefinite nouns shall have the same meaning in the definite form, and all references to paragraphs and appendices shall be references to paragraphs and appendices of these Conditions.

14. **FORM, DENOMINATION AND TITLE**

14.1 The Notes. The Issuer shall issue 126,500,000,000 notes (*kapitalbeviser*) (each a "Note" and collectively the "Notes") of nominally DKK 0.01 each, in total DKK 1,265,000,000 under these Conditions.

14.2 Registration in VP. The Notes shall be in dematerialised form and issued through VP. Title to the Notes will pass by registration in the VP register between the direct or indirect account holders at VP in accordance with the rules and procedures of VP from time to time. The Noteholder will be the person evidenced as such by a book entry in the records of the VP register. Where a nominee is so evidenced, it shall be treated by the Issuer as the Noteholder of the relevant Note. The person or nominee evidenced as a Noteholder shall be treated as such for the purposes of payment of principal or Coupon on such Note.

14.3 Negotiability. The Notes shall be freely transferable.

15. **STATUS**

15.1 Ranking. The Notes shall constitute Hybrid Tier 1 Capital of the Issuer. The Notes shall rank *pari passu* with any other Hybrid Tier 1 Capital of the Issuer and with any capital instruments expressed to rank *pari passu* with Hybrid Tier 1 Capital of the Issuer. The Notes shall rank senior to the Issuer's share capital and debt expressed to be subordinate to Hybrid Tier 1 Capital, including in relation to the right to receive periodic payments and the right to receive dividend in case of the Issuer's bankruptcy or liquidation.

15.2 Subordination. The Notes shall be subordinate to all non-subordinated debt of the Issuer and all debt ranking as Subordinated Loan Capital of the Issuer.

16. **INTEREST PROVISIONS**

- 16.1 Fixed Coupon Amount. The Issuer shall pay the Fixed Coupon on the Notes ("Fixed Coupon Amount") semi-annually on each of the Fixed Coupon Payment Dates, the first time on 1 November 2009.
- 16.2 Calculation of Fixed Coupon. The Fixed Coupon Amount shall be calculated based on Actual/Actual (ICMA) by multiplying the Fixed Coupon by the Outstanding Principal Amount.
- 16.3 Variable Dividend Coupon Charge. In addition to the Fixed Coupon Amount, the Issuer shall pay a variable dividend coupon charge on the Notes ("Variable Dividend Coupon Charge") calculated as the higher of:
- (i) DKK 0, and
  - (ii)  $(\text{Dividend Declared} \times 1.25 \times \text{Loan above Market Capitalisation}) - \text{Annual Fixed Coupon Amount}$ .
- 16.4 Calculation of the Variable Dividend Coupon Charge. The Variable Dividend Coupon Charge shall be calculated five Banking Days prior to 1 May of every year ("VD Calculation Date"). In the event that the Issuer shall declare a dividend at a later date in April of that year such date shall be deemed to be the VD Calculation Date. The Variable Dividend Coupon Charge shall become payable on 1 May of every year, the first time being 1 May 2012 on the basis of the period starting on 1 October 2010 and ending on the VD Calculation Date in 2012.

17. **ALTERNATIVE COUPON PAYMENT**

- 17.1 Alternative Coupon Payment Event. If, following the making of any Coupon payment or part thereof the Issuer would have a solvency (*solvens*) of less than 110% of the Solvency Requirement ("Alternative Coupon Payment Event") on any Fixed Coupon Payment Date the payment of the relevant Coupon or part thereof shall be settled by way of issue of new Shares or delivery of existing own Shares ("ACPE Shares") to the Noteholder(s) pro rata with their holding of Notes on the relevant Fixed Coupon Payment Date or such later date as may be required in accordance with paragraph 23.6.2 ("ACPE Conversion Date"). The Coupon shall be converted into ACPE Shares on the ACPE Conversion Date by registration of the resulting capital increase with the Danish Commerce and Companies Agency (*Erhvervs- og Selskabsstyrelsen*).

- 17.2 Pari Passu Shares. The ACPE Shares shall carry the same rights as the Issuer's existing Shares on the ACPE Conversion Date and shall be listed on the Stock Exchange. The ACPE Shares shall be negotiable instruments and shall be freely transferable. The ACPE Shares shall carry dividend as from the time of registration with the Danish Commerce and Companies Agency (*Erhvervs- og Selskabsstyrelsen*) as the Issuer's Shares on the ACPE Conversion Date.
- 17.3 Implementation of issue of ACPE Shares. The issue of ACPE Shares shall be implemented by way of an issue of ACPE Shares pro rata to the Noteholder(s)' holding of Notes on all accounts with VP in accordance with the from time to time standard procedures of VP. In exchange for the valid issue of ACPE Shares the Noteholder(s) will after the ACPE Conversion Date cease to have any claim in respect of the Coupon converted into ACPE Shares. The Noteholder(s) shall be obliged to subscribe for the ACPE Shares if and to the extent required under applicable law.
- 17.4 Number of ACPE Shares. The Coupon to be converted due to an Alternative Coupon Payment Event shall be converted into a number of ACPE Shares in accordance with the following formula:

ACPE Shares = Coupon (on all of the Notes) to be converted at the ACPE Conversion Date divided by the ACPE Reference Price.

"ACPE Reference Price" is defined as the price calculated in accordance with paragraph 23.6.2 and 23.6.3 (if applicable). Paragraph 23.5, 23.7, 23.9, 23.10, 23.13 and 23.14 shall apply *mutatis mutandis* with regard to an Alternative Coupon Payment Event and the issue of the ACPE Shares.

- 17.5 Notice of Alternative Coupon Payment Event. In the event of an Alternative Coupon Payment Event as set out in paragraph 17.1 the Issuer shall give a notice (the "ACPE Notice") to the Noteholder(s) and the public to this effect, in accordance with the rules of VP, the rules of the Stock Exchange and applicable law, no less than 3 Trading Days and no more than 5 Trading Days prior to the ACPE Conversion Date subject always to the application of paragraph 23.6.2 (the "ACPE Announcement Date"). The ACPE Notice shall be unconditional and irrevocable and shall be in the form attached as Appendix 2. The ACPE Notice shall be given prior to the opening of the Stock Exchange on the ACPE Announcement Date. No later than on the ACPE Conversion Date and prior to conversion of the Coupon, the Issuer shall give a notice to the Noteholder(s) and the public of the

ACPE Reference Price in accordance with the rules of VP, the rules of the Stock Exchange and applicable law.

18. **COUPON CANCELLATION**

18.1 Non-payment of Coupon (cancellation event). In the event that the Issuer on any Fixed Coupon Payment Date:

- (i) Does not have Available Free Reserves; or
- (ii) Does not satisfy the Capital Requirement;

the Coupon shall be cancelled and shall not fall due.

The Danish Financial Supervisory Authority may require that a Coupon be cancelled and not fall due, when the Danish Financial Supervisory Authority in its sole discretion assesses that the Issuer does not satisfy the Capital Requirement before or following the payment of such Coupon, or assesses that the payment of the Coupon would have an adverse effect on the Issuer's financial position which would result in the Issuer being unlikely to meet its Capital Requirement.

18.2 Non-payment of Coupon (reduction event). Subject to paragraph 18.1, if the Coupon payable on the Notes on any Fixed Coupon Payment Date either:

- (i) Exceeds the amount of Available Free Reserves; or
- (ii) The Issuer prior to or following payment of such Coupon will not satisfy the Capital Requirement;

the Coupon on the Notes on the relevant date will be reduced to an amount equal to with regard to (i) the Available Free Reserves or with regard to (ii) the greatest amount following the payment of which the Issuer will continue to satisfy the Capital Requirement.

In the event that less than the full payment of a Coupon is to be made, the amount to be paid on any Note shall represent a pro rata share of the full amount available for payment calculated by reference to the Denomination as a proportion of the sum of the Outstanding Principal Amount and the total outstanding principal amount of any *pari passu* ranking capital instruments.

18.3 Cancellation of non-paid Coupon. Any Coupon payment which has not been made (in whole or in part) with reference to paragraph 18.1 and

18.2 shall be cancelled and no request for payment may subsequently be made.

18.4 Accrual of Coupon. Accrual of Coupon will cease with effect from in respect of paragraph 18.1(i) or 18.2(i) the date of approval by the general meeting of shareholders of the Issuer of the relevant annual audited accounts disclosing that the Issuer does not have sufficient Available Free Reserves or in respect of paragraph 18.1(ii) or 18.2(ii) the date on which the Issuer fails to satisfy the Capital Requirement. Where Coupon has ceased to accrue accrual of Coupon will recommence in respect of paragraph 18.1(i) or 18.2(i) from the date of the general meeting of shareholders' approval of audited annual accounts disclosing that the Issuer has Available Free Reserves or in respect of paragraph 18.1(ii) or 18.2(ii) the date on which the Issuer next satisfies the Capital Requirement.

18.5 Notice. The Issuer shall give notice to the Noteholder(s) as soon as possible following the occurrence of an event implying that non-payment, in whole or in part, of Coupon under this paragraph 18 may arise.

19. **REDUCTION OF PRINCIPAL AND UNPAID COUPON**

19.1 Reduction of Outstanding Principal and Coupon. The Issuer may in accordance with section 132 of the Danish Financial Business Act, by a resolution passed at a general meeting of its shareholders duly convened in accordance with Danish law and the Issuer's Articles of Association, resolve to reduce and cancel (in whole or in part) the Notes, any due but unpaid Coupon and any Coupon accrued on the Notes since the last Fixed Coupon Payment Date or VD Calculation Date, on a pro rata basis with any *pari passu* ranking capital instruments outstanding, upon the occurrence of all of the following circumstances:

- (a) The equity capital of the Issuer has been lost;
- (b) A general meeting of the shareholders of the Issuer has effectively resolved in accordance with Danish law and the Issuer's Articles of Association to reduce the share capital of the Issuer to zero; and
- (c) Following the resolution referred to in (b) above either: (A) sufficient new share and/or other capital of the Issuer is subscribed or contributed so as to enable the Issuer, following any such reduction and cancellation of the Notes, to comply with the Capital Requirement, or (B) the Issuer

discontinues its business without a loss to its non-subordinated creditors.

19.2 Prior Approvals and Notice. The amount of any reduction pursuant to paragraph 19.1 shall be subject to the prior approval of the Issuer's elected external auditors and the Danish Financial Supervisory Authority. The Issuer shall give notice to the Noteholder(s) of the reduction and cancellation immediately following the passing of the resolution, cf. paragraph 19.1 above.

19.3 Effect. The Notes to be reduced and cancelled pursuant to paragraph 19.1 shall be selected in accordance with the from time to time standard procedures of VP and will take effect on the date specified in the resolution approving any such reduction and cancellation. The Noteholder(s) will thereafter cease to have any claim in respect of any Notes to be reduced and cancelled. To the extent that only part of the Notes has been reduced and cancelled, Coupon will continue to accrue in accordance with the terms hereof on the remaining Notes.

## 20. REDEMPTION OF NOTES

20.1 No maturity. The Notes are perpetual and shall not fall due, neither in whole nor in part, at any fixed date. No demand may be made for redemption, in whole or in part, of the Notes, unless expressly specified in these Conditions.

20.2 Non-redemption. The Notes shall be non-callable until the Optional Redemption Date.

20.3 Redemption at the option of the Issuer. The Issuer may, subject to the written consent of the Danish Financial Supervisory Authority, redeem all or part of the Notes, with the addition of accrued and due but unpaid Coupon, on or after the Optional Redemption Date. If the Notes are redeemed before the first day of the sixth year from the Issue Date, redemption shall, however, be subject to the following conditions being met on the Redemption Date:

- (a) The Issuer's Tier 1 Capital Ratio shall be at least 12 per cent following such redemption; or
- (b) The total sum of the Denomination of the Notes to be redeemed has been replaced by other Tier 1 Capital of at least the same quality as the Notes.



- 20.4 Redemption price in the fifth year from the Issue Date. The Issuer may redeem all or part of the Notes, with the addition of any accrued and due but unpaid Coupon, on or after the Optional Redemption Date but prior to the first day of the sixth year from the Issue Date, at a price per Note which is the higher of:
- (a) The Denomination; or
  - (b) The Early Redemption Amount;
- plus
- (i) In respect of (a) above, Fixed Coupon accrued on the Denomination from the latest Fixed Coupon Payment Date until the Redemption Date; plus
  - (ii) In respect of both (a) and (b) above, Variable Dividend Coupon Charge accrued from the latest VD Calculation Date until the Redemption Date.
- 20.5 Redemption price in the sixth year from the Issue Date. The Issuer may redeem all or part of the Notes, with the addition of any accrued and due but unpaid Coupon on the Denomination, on or after the first day of the sixth year from the Issue Date but prior to the first day of the seventh year from the Issue Date, at a price per Note of:
- (a) 105 per cent of the Denomination; plus
  - (b) In the event of a cancellation pursuant to paragraph 18.3 has occurred at any time since the Issue Date up and until the Redemption Date, 5 per cent of the Denomination; plus
  - (c) Fixed Coupon accrued on the Denomination from the latest Fixed Coupon Payment Date until the Redemption Date; plus
  - (d) Variable Dividend Coupon Charge accrued on the Denomination from the latest VD Calculation Date until the Redemption Date.
- 20.6 Redemption price in or after the seventh year from Issue Date. The Issuer may redeem all or part of the Notes, with the addition of any accrued and due but unpaid Coupon on the Denomination, on or after the first day of the seventh year from the Issue Date, at a price per Note of:

- (a) 110 per cent of the Denomination; plus
- (b) Fixed Coupon accrued on the Denomination from the latest Fixed Coupon Payment Date until the Redemption Date; plus
- (c) Variable Dividend Coupon Charge accrued on the Denomination from the latest VD Calculation Date until the Redemption Date.

20.7 Partial redemption. The Issuer may only redeem the Notes in part subject to the following conditions:

- (a) The Issuer may redeem the Notes by no more than three redemption calls before the Notes are redeemed in full (with the addition of accrued and due but unpaid Coupon).
- (b) Any partial redemption shall comprise at least 20 per cent of the Original Number of Notes per call.
- (c) At least 30 per cent of the Original Number of Notes shall remain outstanding following a partial redemption.
- (d) The Notes to be redeemed shall be selected in accordance with the from time to time standard procedures of VP.
- (e) Any redemption shall be subject to the prior written consent of the Danish Financial Supervisory Authority.

20.8 Redemption (capital and tax event). Notwithstanding paragraph 20.2 and 20.7, if on or after the first day of the fourth year from the Issue Date the Notes (a) due to statutory amendments no longer fully can be included in the Issuer's Hybrid Tier 1 Capital or (b) if the Issuer no longer will be entitled to deduct Coupon (in whole or in part) for tax purposes, the Issuer may, subject to the prior written consent of the Danish Financial Supervisory Authority, redeem such part of the Notes, with the addition of any accrued and due but unpaid Coupon, which (as the case may be) fail to qualify as Hybrid Tier 1 Capital or for which Coupon no longer can be deducted for tax purposes. The price payable in respect of such redemption shall be the price determined in accordance with paragraph 20.4 to 20.6, paragraph 20.4 applying as from the first day of the fourth year from the Issue Date.

20.9 Notice. The Issuer shall give notice to the Noteholder(s) of its intent to exercise its rights under this paragraph 20 no later than 15 days and no more than 60 days before redemption may take place.

21. **PAYMENTS**

21.1 Currency. All payments under these Conditions shall be made in DKK.

21.2 Time. Payments of the Fixed Coupon shall be made semi-annually on each of the Fixed Coupon Payment Dates of each year. Payments of the Variable Dividend Coupon Charge shall be made annually on 1 May of each year starting on 1 May 2012. Any payment by the Issuer under these Conditions shall be made not later than on the due date of the relevant payment through VP, and shall be available to the Noteholder(s) on such date.

21.3 Principal and Coupon. Payments of principal and Coupon in respect of Notes shall be made to the Noteholder(s) shown in the relevant records of VP in accordance with and subject to the rules and regulations from time to time governing VP and as set out in paragraph 14.2.

21.4 Non-Banking Day. If a Fixed Coupon Payment Date falls on a day which is not a Banking Day, payment of Coupon shall be postponed to the following Banking Day without the Noteholder(s) being entitled to any further interest or other payment in respect of any such delay.

21.5 No withholding. All the Issuer's payments under these Conditions shall be made without any right of set-off and without any right to deduct Taxes. If the Issuer pays an amount from which Taxes are to be deducted, such amount shall be increased to ensure that the Noteholder(s) receive a net amount corresponding to the amount they would have received had such Taxes not been deducted.

21.6 Expenses. The Issuer shall pay all expenses incurred by the Noteholder(s) in connection with any breach of these Conditions.

22. **OBLIGATIONS OF THE ISSUER**

22.1 Obligations of the Issuer. The Issuer shall fulfil all obligations stipulated in this paragraph 22 as from the Issue Date and throughout the Term of the Loan; provided, however, that paragraphs 22.1.2, 22.1.5, 22.1.6 and 22.1.7 shall terminate upon the expiry of the Issuer's Conversion Option Period.

- 22.1.1 Capital reductions and own Shares. The Issuer shall not (i) effect any capital reductions except to cover losses or to carry out reductions pursuant to paragraph 19.1, or (ii) purchase own Shares, including initiating new share buy back programs, if such purchase will constitute a violation of the Act on State-funded Capital Injections. The Issuer may not sell own Shares on terms and conditions that are more burdensome for the Issuer than market terms unless it is necessary to do so in order to honour the Issuer's employee stock option programs.
- 22.1.2 Issue of share options etc. The Issuer may not issue share options, warrants, convertible debt instruments or similar instruments on terms that are less favourable to the Issuer than market terms, unless such issue is part of a general employee scheme.
- 22.1.3 Dividends and redemption of subordinated debt. The Issuer may not at any time pay dividend, repay or buy back any debt that is subordinated to the Notes or purports to rank *pari passu* with the Notes or other Hybrid Tier 1 Capital where (i) any Coupon that is past due remains unpaid or (ii), if relevant, Coupon has not been paid in full on two consecutive Fixed Coupon Payment Dates following an Alternative Coupon Payment Event or the date on which a cancellation of Coupon, see paragraph 18, has occurred. Notwithstanding the aforementioned, the Issuer may purchase debt that is subordinated to the Notes or purports to rank *pari passu* with the Notes or other Hybrid Tier 1 Capital to its trading portfolio (*handelsbeholdning*) in order to meet purchase orders from the Issuer's customers in respect of the Issuer operating as a "market maker".
- 22.1.4 Liquidation. The shareholders of the Issuer may not approve any resolution to liquidate the Issuer unless where such liquidation is required by law.
- 22.1.5 Merger and demerger. The Issuer may not enter into a (i) merger agreement (*fusionsplan*), and the shareholders of the Issuer may not approve such merger agreement, if the valuers declare pursuant to section 134(c) of the Danish Companies Act (*aktieselskabsloven*) that the consideration paid for the Shares is not fair and reasonable, or (ii) demerger agreement (*spaltningsplan*) if such agreement may have a material adverse effect on the Danish State's interests.
- 22.1.6 Delisting. The Issuer may not request for a delisting of the Shares from the Stock Exchange.
- 22.1.7 Other. The Issuer may not carry out any transaction or take any other action which would imply that in the event of a conversion of Coupon or Notes pursuant to paragraph 17 or 23 the economic value of the ACPE Shares or the New Shares to be received following the determination of the ACPE Reference Price or Reference

Price is less than the value of such ACPE Shares or New Shares (respectively) had such transaction or action not been executed or carried out.

23. **ISSUER'S CONVERSION OPTION AND OBLIGATION**

- 23.1 Issuer's Conversion Option. For a period of up to and not including the first day of the sixth year from the Issue Date (the "Issuer's Conversion Option Period"), the Issuer may at its discretion and at any time require that Notes be converted at the Denomination of the Notes, with the addition of any accrued and due but unpaid Coupon on the Denomination, in individual tranches of 20 per cent of the Original Number of Notes into New Shares of the Issuer, if the Issuer's Hybrid Tier 1 Capital Ratio exceeds 35 per cent (the "Issuer's Conversion Option").
- 23.2 Tranches. The Issuer's Conversion Option may only be exercised in individual tranches of 20 per cent of the Original Number of Notes at a time, unless a conversion of more than one tranche of 20 per cent is necessary to bring the Issuer's Hybrid Tier 1 Capital Ratio (including with the effect of the conversion) to a level at or below 35 per cent, in which case the Issuer may exercise the Issuer's Conversion Option in two or more tranches of 20 per cent of the Original Number of Notes as is necessary to bring the Issuer's Hybrid Tier 1 Capital Ratio (including with the effect of the conversion) to a level at or below 35 per cent.
- 23.3 Implementation of Conversion. The Issuer's Conversion Option shall be implemented by way of a proportionate reduction and cancellation of the holding of Notes on all accounts with VP in accordance with the from time to time procedures of VP. In exchange for a valid issue of New Shares, the Noteholder(s) will after the Settlement Date cease to have any claim in respect of any Notes converted. To the extent only part of the Notes has been converted, Coupon will continue to accrue in accordance with the terms hereof on the Denomination of the remaining outstanding Notes. The Noteholder(s) shall be obliged to subscribe for the New Shares in the form and manner and to the extent required under applicable law.
- 23.4 Number of New Shares. The Notes to be converted pursuant to the Issuer's Conversion Option shall be converted into a number of new Shares ("New Shares") in accordance with the following formula:

New Shares = The sum total of the Denomination of all of the Notes to be converted with the addition of any accrued and due but unpaid Coupon on such Notes divided by the Reference Price.

- 23.5 Rounding. If the Denomination of the Notes which are converted does not correspond to a whole number of New Shares in respect of any account with VP, the number of New Shares shall be rounded downwards to the nearest whole number. No fractions of New Shares will be delivered on conversion. Any balance on the Notes which may thus not be converted into New Shares, shall be paid in cash at par value of the Notes in connection with the conversion in accordance with the from time to time standard procedures of VP.
- 23.6 Reference Price. The reference price ("Reference Price") expressed in DKK per Share shall be calculated as set out in paragraphs 23.6.1 - 23.6.3:
- 23.6.1 No Price Sensitive Information. If the Issuer (i) is not in possession of Price Sensitive Information on the Conversion Announcement Date, (ii) has not been in possession of Price Sensitive Information within the last 5 consecutive Trading Days (and any other day within that period) prior to the Conversion Announcement Date, and (iii) do not believe or foresee, after having made due enquiry into the business, assets, liabilities, condition (financial or otherwise), results, and operations of the Issuer and the Issuer's Group, that it will become in possession of Price Sensitive Information within the first 10 consecutive Trading Days (and any other day within that period) after the Conversion Announcement Date, the Reference Price shall be calculated in accordance with the following formula:
- The Volume Weighted Average Price of the Shares calculated over a period of three (3) consecutive Trading Days before the Conversion Announcement Date (excluding the Conversion Announcement Date) minus 5 per cent.
- 23.6.2 Price Sensitive Information. If paragraph 23.6.1 does not apply, the Reference Price shall be calculated in accordance with the following formula (subject to paragraph 23.6.3):
- The average of (i) the Volume Weighted Average Price of the Shares calculated over a period of three (3) consecutive Trading Days before the Conversion Announcement Date (excluding the Conversion Announcement Date) and (ii) the Volume Weighted Average Price of the Shares calculated over a period starting on and including the Conversion Announcement Date and the two (2) consecutive Trading Days after the Conversion Announcement Date.
- For the avoidance of doubt, in the event that the Issuer is in possession of Price Sensitive Information, such Price Sensitive Information shall be disclosed to the

public in accordance with applicable law no later than on the Conversion Announcement Date. If the Issuer believes or foresees, after having made due enquiry into the business, assets, liabilities, condition (financial or otherwise), results, and operations of the Issuer and the Issuer's Group, that it will become in possession of Price Sensitive Information within the next 10 consecutive Trading Days, the Conversion Announcement shall be made no earlier than on the date of disclosure of such Price Sensitive Information.

- 23.6.3 Expert. If (i) the Shares are not actually traded on the Stock Exchange on any Trading Day within the last three (3) consecutive Trading Days prior to the Conversion Announcement Date (excluding the Conversion Announcement Date) or, if paragraph 11.6.2 applies, the Shares are not actually traded on the Stock Exchange on the Conversion Announcement Date or on any Trading Day within the first two (2) Trading Days after the Conversion Announcement Date or (ii) the Danish State requests this in writing no later than 2 Trading Days after the expiry of the relevant period for calculating the Reference Price as set out in (i) above, the Reference Price shall, after consultation with the Issuer and the Danish State, be fixed by an independent investment bank of repute, appointed by the Danish State after agreeing with the Issuer, whose written opinion shall be conclusive and binding on the Issuer and the Danish State, save to the extent of manifest error. If the Reference Price is to be determined by an investment bank, the conversion of the relevant Notes shall notwithstanding paragraph 23.12 take place as soon as possible after the investment bank has informed the Issuer and the Noteholder(s) of the Reference Price. The Issuer shall bear all costs to the investment bank. This provision shall cease to apply as and when the Danish State no longer is a Noteholder.
- 23.7 Delivery. The New Shares shall be delivered on the Settlement Date in dematerialised form through VP to the account of the Noteholder(s) in which the Notes converted were kept and otherwise in accordance with the from time to time standard procedures of VP.
- 23.8 Pari Passu Shares. The New Shares shall carry the same rights as the Issuer's existing Shares on the Conversion Date and shall be listed on the Stock Exchange. The New Shares shall be negotiable instruments and shall be freely transferable. The New Shares shall carry the same right to dividend as from the time of registration with the Danish Commerce and Companies Agency (*Erhvervs- og Selskabsstyrelsen*) as the Issuer's Shares on the Conversion Date.

- 23.9 Conditions. The Issuer's Conversion Option can only be exercised (including pursuant to paragraph 23.11) and a Notice of Conversion can only be delivered if each and every of the following conditions are met:
- (a) the Issuer has obtained the necessary corporate authorisation by a general meeting of the Issuer to issue the New Shares to the Noteholder(s) in exchange for Notes as set out in this paragraph 23;
  - (b) the Issuer has on or before the Conversion Date presented a legal opinion from the Issuer's external legal counsel to the Noteholder(s) in a form and with a content satisfactory to the Danish State confirming that the Issuer has the necessary corporate authorisation to issue the New Shares as set out in this paragraph 23, and that the New Shares are duly authorised and will be validly issued and, when issued, will rank *pari passu* with the Issuer's Shares on the Conversion Date;
  - (c) the Issuer's articles of association contain no restrictions on negotiability, ownership, voting rights, etc.;
  - (d) the Issuer has not entered into liquidation or suspended payments and no petition for bankruptcy has been filed against the Issuer; and
  - (e) no Corporate Action which may have an influence on the price of the Shares is pending or announced within the period of 5 consecutive Trading Days before and 10 consecutive Trading Days after the Conversion Announcement Date, or, if the Reference Price is determined in accordance with paragraph 23.6.3, within the period relevant for the investment bank's determination of the Reference Price.
- 23.10 No adjustment. The Reference Price shall not be subject to adjustment as a result of the Issuer's increase or decrease of share capital, issuance of warrants on the Shares or convertible instruments, merger or demerger.
- 23.11 Issuer's conversion obligation. If the Issuer's Initial Hybrid Tier 1 Capital Ratio exceeds 50 per cent, the Issuer is obliged to exercise the Issuer's Conversion Option in individual tranches of 20 per cent of the Original Number of Notes to the extent (and only to the extent) necessary to bring the Issuer's Initial Hybrid Tier 1 Capital Ratio (including with the effect of the conversion) to a level at or below 35 per cent.



- 23.12 Exercise of Issuer's Conversion Option. If the Issuer wishes or is obliged to exercise the Issuer's Conversion Option as set out in paragraphs 23.1 and 23.11, respectively, the Issuer shall give a notice ("Notice of Conversion") to the Noteholder(s) and the public to this effect, in accordance with the rules of VP, the rules of the Stock Exchange and applicable law, no less than 3 Trading Days and no more than 5 Trading Days prior to the Conversion Date ("Conversion Announcement Date"). The Notice of Conversion shall be unconditional and irrevocable and shall be in the form attached as Appendix 3. The Notice of Conversion shall be given prior to the opening of the Stock Exchange on the Conversion Announcement Date. No later than on the Conversion Date and prior to conversion of the relevant Notes, the Issuer shall give a notice to the Noteholder(s) and the public of the Reference Price in accordance with the rules of VP, the rules of the Stock Exchange and applicable law.
- 23.13 Tax. The Issuer shall pay any and all Taxes of the Noteholder(s) arising on exercise of the Issuer's Conversion Option.
- 23.14 Costs. The Issuer shall bear any and all costs to VP and the Noteholder(s)' depositaries arising on exercise of the Issuer's Conversion Option.

24. **BREACH OF CONDITIONS**

- 24.1 Breach of Conditions and Remedies. In case of Issuer's breach or anticipatory breach (*anteciperet misligholdelse*) of its obligations under these Conditions, each Noteholder is entitled to exercise any remedies in accordance with Danish law, including to institute legal proceedings to enforce its rights. For the avoidance of doubt, the remedies of the Noteholder(s) may not result in the Issuer having to pay any amount under these Conditions at an earlier time than when the amount would otherwise have been due and payable hereunder, except as set out in paragraph 24.2.
- 24.2 Cessation of Business. It shall (without limitation) be considered a breach of these Conditions if (a) Issuer has entered into liquidation, (b) a bankruptcy order is issued against the Issuer, or (c) the Issuer's authorisation as a credit institution is cancelled and the Danish Financial Supervisory Authority has approved a winding-up of the Issuer through other means than liquidation, bankruptcy or merger in accordance with Section 227 of the Financial Business Act. If an event as set out in this paragraph occurs in respect of the Issuer, any Noteholder(s) may notify the Issuer that the Notes are due and payable at the amounts set out in

paragraphs 20.4 to 20.6 (paragraph 20.4 applying as from the first day of the fourth year from the Issue Date) or, if the Notes were to become payable before the first day of the fourth year, at par value.

**25. AMENDMENTS AND NO CONSENT**

- 25.1 Amendments. Any amendment to these Conditions which entails that the Notes do not constitute Hybrid Tier 1 Capital shall be subject to the prior written approval of the Danish Financial Supervisory Authority.
- 25.2 No Consent. Notwithstanding the provisions of these Conditions, the consent of the Danish Financial Supervisory Authority shall not be required under these Conditions, and the Danish Financial Supervisory Authority has no powers vis-à-vis the Issuer, if the Issuer no longer is subject to supervision from the Danish Financial Supervisory Authority in accordance with the Danish Financial Business Act.

**26. GOVERNING LAW AND JURISDICTION**

- 26.1 Governing law and jurisdiction. These Conditions shall be governed by Danish law. Any dispute arising out of or in connection with these Conditions shall be brought before the Copenhagen City Court. The Issuer or any Noteholder may, however, request that the case be sent for trial in the Danish Eastern High Court.

Date: 29 June 2009

The Issuer,  
Spar Nord Bank A/S:

Name: Lasse Nyby Name: John Lundsgaard  
Title: Chief Executive Officer Title: Executive Officer

[List of the Issuer's Hybrid Tier 1 Capital]

Appendix 1

[Form of Notice of Alternative Coupon Payment Event]  
[Issuer's Letterhead]

To the Noteholders and  
Nasdaq OMX Copenhagen A/S

[date]

**Share settlement of coupon payable on notes under Spar Nord Bank's DKK 1,265,000,000 notes programme in accordance with the Danish Act on State-Funded Capital Injections (the "Programme")**

We refer to the Programme. Terms used in this notice have the same meaning as used in the Programme.

We hereby give notice in accordance with the Programme of an Alternative Coupon Payment Event in respect of Coupon payable on [date] with a total amount of DKK [amount] which will be converted into shares of Spar Nord Bank A/S ("Spar Nord Bank").

The Coupon payable will be converted into shares of Spar Nord Bank in accordance with the Programme and based on a conversion price of the average of (i) DKK [amount], corresponding to the volume weighted average price of Spar Nord Bank's shares calculated over the three trading days prior to today, and (ii) the volume weighted average price of Spar Nord Bank's shares calculated over the next three trading days (including today). Spar Nord Bank will on [date] announce the final price at which the notes are converted into new shares and the resulting amount of new shares to be issued.

[Description of matters giving rise to settlement in shares.]

[Timetable for issuing, delivering and listing new shares.]

The new shares will in every respect carry the same rights as Spar Nord Bank's existing shares from the time of registration of the new shares with the Danish Commerce and Companies Agency (*Erhvervs- og Selskabsstyrelsen*). The new shares will also carry the same right to dividend as the existing shares. The new shares will be negotiable instruments and will be freely transferable.

[Information on Danish State as major shareholder if a relevant limit is exceeded]

Spar Nord Bank A/S

[Form of Notice]  
[Issuer's Letterhead]

To the Noteholders and  
Nasdaq OMX Copenhagen A/S

[date]

**Conversion of notes under Spar Nord Bank's DKK 1,265,000,000 notes programme in accordance with the Danish Act on State-Funded Capital Injections (the "Programme")**

We refer to the Programme. Terms used in this notice have the same meaning as used in the Programme.

We hereby give notice in accordance with the Programme that Spar Nord Bank A/S ("Spar Nord Bank") [exercises the Issuer's Conversion Option]/[is obliged to require conversion] on [insert Conversion Date] of notes with a total nominal value of DKK [amount] into shares of Spar Nord Bank under the Programme.

The notes will be converted into shares of Spar Nord Bank in accordance with the Programme and based on a conversion price of [[DKK [amount], corresponding to the volume weighted average price of Spar Nord Bank's shares calculated over the three trading days prior to this announcement minus 5 per cent. Consequently, Spar Nord Bank will issue [ ] shares of nominal value DKK 10 each to the holders of converted notes (subject to any applicable rounding).] [representing the average of (i) DKK [amount], corresponding to the volume weighted average price of Spar Nord Bank's shares calculated over the three trading days prior to today, and (ii) the volume weighted average price of Spar Nord Bank's shares over the next three trading days (including today). Spar Nord Bank will on [date] announce the final price at which the notes are converted into new shares and the resulting amount of new shares to be issued]].

[Description of matters giving rise to conversion and the effect the conversion will have on the Issuer's Hybrid Tier 1 Capital Ratio and solvency ratio.]

[Timetable for issuing, delivering and listing new shares.]

The new shares will in every respect carry the same rights as Spar Nord Bank's existing shares from the time of registration of the new shares with the Danish Commerce and Companies Agency (*Erhvervs- og Selskabsstyrelsen*). The new shares will also carry the same right to dividend as the existing shares. The new shares will be negotiable instruments and will be freely transferable.

[Information on Danish State as major shareholder if a relevant limit is exceeded]

Spar Nord Bank A/S

**ANNEX 4**

**TO THE ARTICLES OF ASSOCIATION OF SPARBANK A/S**

**AGREEMENT ON STATE-FUNDED CAPITAL INJECTION**

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BETWEEN Sparbank A/S  
as Borrower

AND The Danish State represented by the Ministry of Economic and  
Business Affairs  
as Lender

Date:

CONTENTS

|     |                                                                   |    |
|-----|-------------------------------------------------------------------|----|
| 1.  | BACKGROUND AND OBJECTIVE .....                                    | 1  |
| 2.  | DEFINITIONS .....                                                 | 1  |
| 3.  | LOAN BY WAY OF HYBRID CORE CAPITAL .....                          | 3  |
| 4.  | DISBURSEMENT OF THE CAPITAL INJECTIONS AND ISSUANCE OF NOTES..... | 4  |
| 5.  | TERMS AND CONDITIONS .....                                        | 5  |
| 6.  | WARRANTIES AND REPRESENTATIONS.....                               | 6  |
| 7.  | LIABILITIES .....                                                 | 8  |
| 8.  | BREACH OF AGREEMENT .....                                         | 10 |
| 9.  | NOTICES .....                                                     | 10 |
| 10. | AMENDMENTS, COSTS AND PRECEDENCE .....                            | 11 |
| 11. | ASSIGNMENT OF RIGHTS AND OBLIGATIONS .....                        | 12 |
| 12. | GOVERNING LAW AND JURISDICTION .....                              | 14 |

APPENDICES

Appendix 1: Terms and Conditions for the Notes

Appendix 2: Calculations of financial ratios

## AGREEMENT ON STATE-FUNDED CAPITAL INJECTION

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This Agreement on State-Funded Capital Injection, including appendices, (the "Agreement") was made on [] September 2009 between

- (1) Sparbank A/S, CVR no. 12523580, Adelgade 8, 7800 Skive (the "Bank"), as borrower;  
and
- (2) The Danish State represented by the Ministry of Economic and Business Affairs, Slotsholmsgade 10-12, DK-1216 Copenhagen K (the "Danish State"), as lender.

### 1. BACKGROUND AND OBJECTIVE

- 1.1 Application. On 30 April 2009, the Bank filed an application, including appendices, (the "Application") under the Danish Act on State-Funded Capital Injection (as defined below) for the Danish State's Capital Injection (as defined below) by way of Hybrid Core Capital into the Bank, and on the date of this Agreement the Danish State accepted to such Capital Injection on the terms specified in this Agreement and in the Terms and Conditions (as defined below).
- 1.2 Objective. The purpose of the Capital Injection into the Bank is to stimulate the Bank's supply of credit to healthy undertakings and households by increasing its capital and the solvency and thus enhancing the Bank's potential for offering financing to the real economy according to the Danish Act on State-Funded Capital Injection.

### 2. DEFINITIONS

- 2.1 For the purpose of this Agreement, the terms below shall be defined as follows:

"Application" shall have the meaning ascribed to it in Clause 15.1.

"Banking Day" shall mean a weekday when banks are generally open for business in Denmark.

"Capital Injection" shall have the meaning ascribed to it in Clause 17.1.

"Consolidated Enterprise" shall mean a company that is consolidated with the Bank.



"Core Capital" shall mean core capital (or tier 1 capital) (*kernekapital*) as defined in section 5(7)(4), of the Danish Financial Business Act.

"Core Capital Ratio" shall mean Core Capital as a percentage of risk-weighted items calculated according to the principles specified in the Danish Financial Supervisory Authority's reporting form for assessment of capital adequacy, CS01, item 4 (*Kernekapital (inkl. hybrid kernekapital) efter fradrag i procent af vægtede poster*).

"Danish Act on State-Funded Capital Injection" (*lov om statsligt kapitalindskud*) shall mean Act no. 67 of 3 February 2009 and any executive orders issued thereunder, all as subsequently amended.

"Danish Financial Business Act" (*lov om finansiel virksomhed*) shall mean Consolidated Act no. 793 of 20 August 2009 and any executive orders issued thereunder, all as subsequently amended.

"DKK" shall mean Danish kroner.

"Executive Board" shall mean the executive board of the Bank from time to time as registered with the Danish Commerce and Companies Agency (*Erhvervs- og Selskabsstyrelsen*).

"Exit Strategies" shall mean the Danish State's transfer of rights and obligations under this Agreement or the Terms of Conditions and/or sale, transfer or assignment of any or all of the Notes, including by Private Placement or in connection with Official Listing, including securitization of the Notes.

"The Group" shall mean the Bank and its Subsidiaries as defined in section 5(1)(9), of the Danish Financial Business Act.

"Hybrid Core Capital" shall mean loan capital that meets the requirements set out in section 132 of the Danish Financial Business Act.

"Issue Date" shall have the meaning ascribed to it in Clause 18.1.

"Note" and the "Notes" shall mean any or all of the notes issued by the Bank to the Danish State pursuant to the Terms and Conditions.

The "Parties" shall mean the Bank and the Danish State.

A "Party" shall mean the Bank or the Danish State.

"Private Placement" shall mean the Danish State's sale, transfer or assignment of any or all of the Notes in a structured process (that does not constitute an Official Listing) to one or more investors.

"Solvency Need" shall mean the solvency need ratio as assessed by the Bank's Board of Directors and Executive Board in accordance with section 124(4) of the Danish Financial Business Act.

"Solvency Requirement" shall mean the higher of (i) the solvency requirement, see section 124(2) of the Danish Financial Business Act and (ii) an individual solvency requirement determined by the Danish Financial Supervisory Authority, see section 124(5) of the Danish Financial Business Act.

"Stock Exchange Listing" shall mean the Danish State's sale, transfer or assignment of any or all of the Notes in connection with admittance of all or part of the Notes for trading on a regulated market or another market in the European Union, the European Economic Area or in an OECD member country.

"Subsidiary" shall have the meaning ascribed to it in section 5(1)(8) of the Danish Financial Business Act.

"Term of Agreement" shall mean the period from the date of this Agreement until the earlier of the time when (i) all amounts payable under the Notes, including interest and costs, have been repaid in full, cancelled or converted into equity according to the Terms and Conditions, or (ii) the Danish State has transferred all Notes and has thus ceased to be creditor of all or part of the Notes.

"Terms and Conditions" shall mean the Terms and Conditions for the Notes annexed as Appendix 1, as subsequently amended in accordance with this Agreement or the Terms and Conditions

"VP" shall mean VP Securities A/S, Central Business Register (CVR) no. 21599336.

- 2.2 For the purpose of this Agreement, all terms defined in the singular shall have the same meaning in the plural and vice-versa. All indefinite nouns shall have the same meaning in the definite form, and all references to paragraphs and appendices shall be references to paragraphs and appendices of this Agreement.

### 3. **LOAN BY WAY OF HYBRID CORE CAPITAL**

- 3.1 Capital Injections and Notes. Subject to compliance with Clause 19 hereof, the Danish State grants a loan with a total principal amount of DKK 480,295,950 (in

words, Danish kroner four hundred and eighty million two hundred and ninety five thousand and nine hundred and fifty) to the Bank (the "Capital Injection") in return for the Bank simultaneously issuing 48,029,595,000 Notes in the denomination of DKK 0.01 to the Danish State on the terms and conditions specified in this Agreement and in the Terms and Conditions.

3.2 The Danish Act on State-Funded Capital Injection. The Notes constitute Hybrid Core Capital and are issued by the Bank to the Danish State pursuant to the Danish Act on State-Funded Capital Injection.

#### 4. **DISBURSEMENT OF THE CAPITAL INJECTIONS AND ISSUANCE OF NOTES**

4.1 Time of Disbursement. Subject to compliance with the conditions set out in Clause 19, the Danish State will transfer the Capital Injection to the Bank, account number 1737-8 with the Danish Central Bank (*Danmarks Nationalbank*) on 24 September 2009, or on such other Banking Day as agreed in writing between the Danish State and the Bank (the "Issue Date").

4.2 The Bank's obligations prior to the Issue Date. The Bank shall no later than 2 PM (Danish time) on the third Banking Day prior to the Issue Date issue the Notes via VP and transfer them to the Danish Agency for Governmental Management's deposit no. (CD-ident 08240): 082400000126726 and enter into necessary and customary agreements with VP, including as the entity responsible for issuance.

4.3 The Bank's obligations as of the Issue Date. As of the Issue Date the Bank shall:

- (a) provide a statement, which is acceptable to the Danish State in terms of form and content, prepared by the Bank's Board of Directors to the effect (i) that the Danish State's conditions precedent as set out in Clause 19.1 are met as of the Issue Date, (ii) that the representations and warranties made by the Bank as set out in Clause 20 are true, accurate and correct as of the Issue Date, and (iii) that no material adverse changes have occurred in the Bank's operations, assets and liabilities or financial position since the filing of the Application other than as disclosed to the Danish State in writing prior to the date of this Agreement;
- (b) provide a certified copy of the resolution by the general meeting of the Bank, authorizing the raising of the Capital Injection by way of Hybrid Core Capital, with a variable dividend coupon charge and with an attached right of conversion

in accordance with the Danish Act on State-Funded Capital Injection, the Danish Companies Act, this Agreement and the Terms and Conditions,

- (c) provide a certified copy of the resolution by its Board of Directors approving this Agreement and the Terms and Conditions and authorizing Henning Hürdum, CEO, to assign and execute this Agreement and the Terms and Conditions;
- (d) provide a certified copy of the Bank's Articles of Association as of the Issue Date;
- (e) provide a comprehensive report dated as of the Issue Date on the Bank from the Danish Commerce and Companies Agency;
- (f) provide a legal opinion dated as of the Issue Date that is acceptable to the Danish State in terms of form and content;
- (g) provide a statement issued by the Bank's Executive Board on the Bank's situation which is acceptable to the Danish State in terms of form and content; and
- (h) take such further actions and/or deliver such additional statements, documents, etc. as are deemed necessary or appropriate by the Danish State.

## 5. TERMS AND CONDITIONS

5.1 The Danish State's terms and conditions. The Danish State's compliance with this Agreement, the Terms and Conditions and disbursement of the Capital Injection are conditional upon the following:

- (f) that the Bank complies with the Solvency Requirement and the Solvency Need as of the Issue Date;
- (g) that the Bank's Core Capital Ratio as of the Issue Date will be at least 12%, after receiving the Capital Injection;
- (h) that the Bank's Core Capital Ratio prior to the Issue Date will be above 9%, and that, as a result of the Capital Injection, the Bank's Core Capital Ratio will not increase by more than three percentage points relative to the Bank's interim report for the period 1 January 2009 - 30 June 2009;

- (i) that the Bank's obligations as stated in Clause 18.2 and 18.3 are met in a way acceptable to the Danish State; and
- (j) that the Bank's warranties as stated in Clause 6 are true, accurate and correct as of the date of this Agreement and as of the Issue Date.

5.2 Waiver of conditions precedent and termination of the Agreement. The Danish State is entitled (but not obligated) to waive or modify its terms and conditions for completing the Capital Injection. The Agreement and the Terms and Condition shall lapse if the Danish State's conditions precedent have not been met or waived by the Issued Date, which may be no later than 31 December 2009. The Parties shall not make any claim against each other as a result of termination of this Agreement or the lapse of the Terms and Conditions, unless such termination or the lapse of the Terms and Conditions is attributable to a Party's breach of the obligations under this Agreement or the Terms and Conditions. If the Agreement is terminated or the Terms and Conditions lapse, the Parties' obligations under Clauses 24.3 and 12 and shall continue in full force and effect.

## 6. **WARRANTIES AND REPRESENTATIONS**

6.1 The Bank's representations and warranties. The Bank represents and warrants to the Danish State as of the date of this Agreement and the Issue Date as follows:

6.1.1 Legislation. The Bank complies with applicable law, including the Danish Act on State-Funded Capital Injection and the Danish Financial Business Act.

6.1.2 Correct information. All information, presentations, reports, projections, forecasts, etc. which the Danish State has received from the Bank in connection with the Application and the processing thereof, are correct and contain no material errors or omissions and accurately and fully disclose the financial position of the Bank at the time of the Application or at the time they were made or updated, whichever is later. No material adverse changes have occurred in the Bank's assets, liabilities or financial position since the filing of the Application other than as disclosed to the Danish State in writing prior to the date of the conclusion of this Agreement. All the financial ratio calculations as set out in Appendix 2 are true and accurate.

6.1.3 No conflict. The conclusion and performance of this Agreement and the Terms and Conditions are not contrary to (i) any applicable law, public rule, court decision or any kind of public order or decision, (ii) the Bank's Articles of Association and corporate

resolutions or (iii) any material agreement or document to which the Bank is a party or which is binding on it.

- 6.1.4 **Material adverse events.** Other than as disclosed to the Danish State in writing prior to the date of this Agreement, no material adverse event or material adverse change has occurred in the Bank's operations, assets and liabilities or financial position taken as a whole since the date of its most recent annual and quarterly report.
- 6.1.5 **Fulfilment of conditions precedent.** The Bank meets all requirements that must be met under the Danish Act on State-Funded Capital Injection in order to qualify for the Capital Injection on the terms specified in this Agreement and in the Terms and Conditions. The Danish State's conditions precedent as specified in Clause 19.1 will be met as of the Issue Date.
- 6.1.6 **Annual report and semi-annual report.** The Bank's Annual Report for the 2008 financial year and the interim report for the period 1 January 2009 to 30 June 2009 give a true and fair view of the Bank's assets, liabilities, liquidity and financial position at 31 December 2008 and 30 June 2009, respectively, and of the Bank's results and of the cash flows during the financial year 2008 and the period 1 January 2009 to 30 June 2009, respectively. The 2008 Annual Report has been prepared in accordance with the Danish Financial Business Act and in accordance with additional Danish disclosure requirements regarding annual reports presented by listed financial institutions, and such accounting policies have been consistently applied (other than as stated in the Annual Report).
- 6.1.7 **No Proceedings.** Other than as disclosed to the Danish State in writing prior to the date of this Agreement, there are no legal or governmental, administrative or other proceedings pending or, to the best of the Bank's knowledge, threatened, to which the Bank is a party and which would have a material adverse effect on the Bank's operations, assets and liabilities or financial position.
- 6.1.8 **No default.** The Bank does not violate its articles of association and is not in breach of loan agreements or other agreements or instruments to which the Bank is a party, which, individually or in the aggregate, might have a material adverse effect on the Bank.
- 6.1.9 **Approvals.** The Bank holds all material licenses, approvals and other authorizations necessary to conduct its business. The Bank has not received any written order or notice regarding any such license, approval or authorization which might have a material adverse effect on the Bank.

6.1.10 No Subsidiaries. The Bank has no Subsidiaries.

## 7. **LIABILITIES**

7.1 The Bank's obligations. The Bank undertakes at the time of concluding this Agreement, and during the entire Term of Agreement to fulfil the obligations stipulated in this Clause 7.1.

7.1.1 Legislation, etc. The Bank undertakes to observe applicable law, including the Danish Act on State-Funded Capital Injection and the Danish Financial Business Act, as well as all other terms and conditions stipulated in this Agreement and the Terms and Conditions.

7.1.2 Capital reductions and Treasury Shares. The Bank shall not (i) effect any capital reductions except to cover losses or to write down the equity in accordance with the Terms and Conditions or (ii) purchase Treasury Shares, including initiating new share buyback programs, if such purchase or buyback program will constitute a violation of the Danish Act on State-Funded Capital Injection. The Bank may only sell its Treasury Shares on market terms.

7.1.3 Dividends. The Bank shall not distribute dividends prior to 1 October 2010. After 1 October 2010, dividends may only be distributed to the extent that the dividends can be financed by the Bank's net profits after taxes, which may be added to the distributable reserves, as generated in the period following 1 October 2010.

7.1.4 Funding of companies. The Bank may not use funds to capitalize companies in violation of the Danish Act on State-Funded Capital Injection. The Bank may not acquire shares if such acquisition constitutes a violation of the Danish Act on State-Funded Capital Injection. All agreements and transactions with any Consolidated Enterprises must be concluded on arm's length terms, see the Danish Financial Business Act.

7.1.5 Ownership caps and restrictions on voting rights and transferability. The Bank shall be obliged:

- (a) no later than on the first ordinary general meeting after the date of this Agreement to decide that the ownership cap in article 4 of the Bank's Articles of Association and the voting right restriction in article 11 of the Bank's Articles of Association shall lapse from the time of conversion, if any, of the Notes into share capital under the Terms and Conditions and

(b) not to introduce restrictions on ownership (ownership caps), voting rights or transferability in its Articles of Association nor may the Bank introduce share classes.

- 7.1.6 Remuneration of the Executive Board. The Bank may not (i) initiate new share option programs or other similar plans for the Executive Board or prolong or renew existing programmes; (ii) remunerate the members of the Executive Board by variable pay elements, see section 77a(2) of the Danish Financial Business Act, to an extent exceeding 20% of the total basic salary including pension; (iii) issue bonus shares at a favourable price or use similar beneficial schemes for the Executive Board; or (iv) make tax deductions of more than half the Executive Board's salaries, to the extent that such action as stated in ((i)-(iv)) would constitute a violation of Act on State-Funded Capital Injection. The Bank shall in a note to the annual report disclose the amount for which tax deductions have been made.
- 7.1.7 Notice of a breach of agreement. The Bank shall give written notice to the Danish State as soon as the Bank becomes aware (i) that the breach or an anticipatory breach will occur of this Agreement or of the Terms and Conditions, or (ii) that a payment under the Terms and Conditions cannot or will not be made.
- 7.1.8 Statement on lending activities. No later than on 31 March and 30 September of each year, the Bank shall present a statement on its lending activities in the immediately preceding period from 1 July to 31 December and from 1 January to 30 June respectively to the Danish State in accordance with the Danish Act on State-Funded Capital Injection. The statement on lending activities will be published pursuant to the Danish Act on State-Funded Capital Injection.
- 7.1.9 Announcements and Press Releases. The Bank shall deliver to the Danish State a draft of all company announcements and press releases relating to this Agreement, the Terms and Conditions or the Notes as early as possible prior to the disclosure of such press release or announcement. Furthermore, if the Bank intends or has made a decision to convert any Notes or interest thereon into shares as set out in the Terms and Conditions, the Bank shall, until such conversion has been given up or completed, as applicable, deliver to the Danish State a draft of any company announcements or press release as soon as possible prior to the disclosure of such press release or announcement.
- 7.1.10 Conversion of the Notes. If the Notes or the interest on the Notes are converted into shares in the Bank in accordance with the Terms and Conditions, the Bank shall cooperate with an assist the Danish State if the Danish State wishes to dispose of the



shares received in one or more rounds. Clause 25.2 shall apply *mutatis mutandis* to the Danish State's full or partial disposal of shares in the Bank received by way of conversion in accordance with the Terms and Conditions.

- 7.1.11 **No conversion.** The Bank may not exercise, or give notice of the exercise of, the Issuer's Conversion Option (as defined in the Terms and Conditions) sooner than after the announcement of the Bank's preliminary announcement of its financial statements for Q3 2009.

## 8. BREACH OF AGREEMENT

- 8.1 **Breach of Agreement and remedies.** In case of the Bank's breach or anticipatory breach of its obligations under this Agreement, and if such breach is not remedied within 10 days after notice of such breach is given by the Danish State to the Bank, the Danish State is entitled to exercise any remedies in accordance with Danish law to enforce its rights.

- 8.2 **Cure.** The Bank shall be obligated to enter into discussions with the Danish State regarding possible amendments to the Terms and Conditions which may cure any breach or prevent any breach from occurring under the Terms and Conditions.

- 8.3 **No cancellation.** The Danish State's remedies in the event of breach of the Agreement may not result in the Bank having to pay any amount under the Terms and Conditions at an earlier time than when the amount would otherwise have been due and payable under the Terms and Conditions.

## 9. NOTICES

- 9.1 **Notices.** Any notice to be given under this Agreement and under the Terms and Conditions shall be given by post, fax or e-mail (except that a notice or other communication under Section 8 of this Agreement may not be given by fax or e-mail) to the following addressees or to any other addressee (including e-mail addresses) designated by either Party to the other Party:

(a) If to the Bank:

Sparbank A/S  
Att.: Chief Financial Officer Karl Tholstrup  
Adelgade 8  
DK-7800 Skive  
Tel.: +45 9616 1500

Fax: +45 9616 1615  
E-mail: [kth@sparbank.dk](mailto:kth@sparbank.dk)

(b) If to the Danish State:

The Danish State represented by the Ministry of Economic and Business Affairs  
Att.: Chief Financial Officer Jens Lundager Slotsholmsgade 10-12  
DK-1216 Copenhagen K  
Tel.: +45 3392 3350  
Fax: +45 3312 3778  
E-mail: [jl@oem.dk](mailto:jl@oem.dk)

## 10. AMENDMENTS, COSTS AND PRECEDENCE

- 10.1 The Danish Financial Supervisory Authority. Any modification of or amendment to the Terms and Conditions which entails that the Notes do not constitute Hybrid Core Capital shall be subject to the prior written approval of the Danish Financial Authority.
- 10.2 Consent. If the Bank is no longer subject to supervision by the Danish Financial Supervisory Authority in accordance with the Danish Financial Business Act, and the Danish Financial Supervisory Authority has no powers vis-à-vis the Bank, the consent of the Danish Financial Supervisory Authority shall not be required under this Agreement or the Terms and Conditions.
- 10.3 Expenses. The Bank shall pay:
- (a) an issue fee in the amount of DKK 1,609,581 shall be credited by the Bank to the Danish State's account no. 0216-4069055494 with Danske Bank A/S in accordance with the Danish Act on State-Funded Capital Injection;
  - (b) all costs and other expenses incurred by the Danish State in connection with the Bank's breach or anticipatory breach of this Agreement or the Terms and Conditions;
  - (c) all costs and other expenses incurred in connection with a conversion of the Notes or the interest on the Notes into share capital in accordance with the Terms and Conditions, excluding the Danish State's financial, legal and other advisers;

- (d) all costs and expenses incurred in connection with amendment or alteration of this Agreement and the Terms and Conditions instigated by the Bank;
- (e) all costs relating to the establishment of a Stock Exchange Listing as well as all costs and expenses incidental to a continued Stock Exchange Listing, including listing fee and fees to agents, agencies etc., provided that the Danish State shall pay its own costs relating to a Stock Exchange Listing, including costs to financial, legal and other advisers, and, subject to prior approval, all the Bank's documented, external initial expenses incidental to an establishment of a Stock Exchange Listing, including the costs and expenses of market places, dealers, clearing centres, lawyers, auditors, financial and other advisers; and
- (f) all the Bank's costs incurred in connection with Exit Strategies, except as set out in paragraph (e) in relation to a Stock Exchange Listing.

10.4 Precedence. In case of any conflicting term between this Agreement and the Terms and Conditions on the one hand and the Danish Act on State-Funded Capital Injection or the Danish Financial Business Act on the other hand, the Danish Act on State-Funded Capital Injection and the Danish Financial Business Act, respectively, shall prevail. With regard to the Notes, the preceding sentence shall, however, only apply as long as the Danish State owns all the Notes. In case of any conflicting term between the Terms and Conditions on the one hand and this Agreement, this Agreement shall prevail in the relations between the Danish State and the Bank.

## 11. **ASSIGNMENT OF RIGHTS AND OBLIGATIONS**

11.1 Assignment by the Bank. The Bank may not assign any of its rights and/or obligations under this Agreement or the Terms and Conditions.

11.2 Assignment by the Danish State. The Danish State may, without the consent of the Bank, assign all or any part of its right and obligations (combined or individually) under this Agreement and the Terms and Conditions, and may sell, transfer or assign any and all of the Notes in one or more rounds, including by way of Exit Strategies. The Bank shall cooperate with and assist the Danish State if the Danish State wishes to implement Exit Strategies. If the Danish's State submits a written request to the Bank for initiation or implementation of an Exit Strategy, the Bank shall take the following action in accordance with the Danish State's directions:

- (a) prepare and approve and provide assistance in connection with preparation of prospectus(es) in Danish and/or English, with a base prospectus and final

terms, if relevant, in accordance with the applicable rules;

- (b) prepare, approve and provide assistance in connection with the preparation of an information memorandum in Danish and/or English, describing the Bank's and any of its Consolidated Enterprises and the Notes in such detail as the Danish State may reasonably request;
- (c) apply for approval of prospectus(es) by competent authorities and answer and comply with any comments and use best efforts to seek to accommodate any requests or orders made by such competent authorities;
- (d) comply with all market disclosure and similar requirements in force from time to time in the market in which the Notes are admitted or are contemplated to be admitted for trading;
- (e) enter into such agreements that may be necessary or appropriate in connection with an Exit Strategy, including dealer agreements (program agreements), agency agreements (issue and paying agency agreements), deeds of covenants, trust deeds, special issue agreements and other usual agreements with securities dealers, operators of the relevant market or markets, clearing centres and others;
- (f) accept any modifications of and amendments to this Agreement and the Terms and Conditions affecting the Notes or any part thereof that may, in the Danish State's opinion, be necessary or appropriate for the purpose of an Exit Strategy, including the making of necessary adjustments (including, where necessary, the deletion of the relevant provisions). should the Noteholder (as defined in the Terms and Conditions) be required to subscribe for shares by converting coupon on the Notes, and should such subscription requirement be impracticable in light of the preferred Exit Strategy of the Danish State as well as a change of the governing law of the Terms and Conditions to English law; provided that (i) provisions needed in order to qualify the Notes as Hybrid Core Capital and regarding the registration of the Notes with VP shall always be governed by Danish law and (ii) such modifications and amendments to this Agreement or the Terms and Conditions affecting the Notes or any part thereof shall be agreed with the Bank until the Conversion Period (as defined in the Terms and Conditions) has lapsed;
- (g) make the senior management of the Bank available for investor presentations and investor meetings;

- (h) to the extent possible facilitate that the Bank has a credit rating from no less than two of the rating agencies Fitch, Moody's and Standard & Poor's or another recognized rating agency approved by the Danish State, and assist in connection with obtaining ratings of the Notes or of any securities issued by another entity in connection with an Exit Strategy. To the extent ratings are applied by another entity than the Bank, such application will be the overall responsibility of the management of such entity;
- (i) assume the same obligations and provide the same warranties to the buyers of Notes as the Bank has given to the Danish State under this Agreement and the Terms and Conditions, however, only to the extent such obligations and warranties would be in conformity with market practice on subscription or purchase of Hybrid Core Capital or notes;
- (j) issue such company announcements as may be necessary to clear the Danish State of inside information immediately prior to a complete or partial exit by way of sale of Notes; and
- (k) take any other action and/or enter into and execute any other agreements, declarations, documents etc. that the Danish State may consider necessary or appropriate for the purpose of an Exit Strategy.

11.3 **Information and consultation before Exit Strategy. Without restricting the Danish State's right to pursue any Exit Strategy, see Clause 11.2, the Danish State will (i) to a reasonable extent consider potential exit strategies proposed by the Bank, and (ii) inform the Bank prior to any decision to implement an Exit Strategy, and, to a reasonable extent, enter into a joint discussions of potential alternative exit strategies, however such that any such exit strategies under (i)-(ii) shall be in accordance with the purpose and intentions of this Agreement and the Terms and Conditions, and being in the financial interest of the Danish State.**

## 12. GOVERNING LAW AND JURISDICTION

12.1 Governing law and jurisdiction. This Agreement shall be governed by Danish law. Any dispute arising out of or in connection with this Agreement shall be settled by the Copenhagen City Court. Each Party is, however, entitled to request that the case be sent for trial in the Danish Eastern High Court.

Sparbank A/S:

Name: Henning Hürdum  
Title: Chief Executive Officer

The Danish State represented by the Minister of Economic and Business Affairs:

Lene Espersen

Countersigned by the permanent secretary for the Minister of Economic and Business Affairs:

Michael Dithmer

## TERMS AND CONDITIONS FOR THE NOTES

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### OVERVIEW OF THE TERMS AND CONDITIONS:

Issuer: Sparbank A/S

Total Amount of Issue: DKK 480,295,950

Day of issuance: 24 September 2009

Interest Conversion Commission: 0.10% p.a.

Conversion commission: 0.40% p.a.

Effective Annual Yield: 10.560% p.a.

Conversion: Issuer's Conversion Option.

CONTENTS

|     |                                                 |    |
|-----|-------------------------------------------------|----|
| 1.  | DEFINITIONS .....                               | 1  |
| 2.  | FORM AND DENOMINATION .....                     | 5  |
| 3.  | RANKING .....                                   | 5  |
| 4.  | INTEREST PROVISIONS .....                       | 5  |
| 5.  | ALTERNATIVE COUPON PAYMENT .....                | 6  |
| 6.  | CANCELLATION OF COUPON .....                    | 8  |
| 7.  | WRITE-DOWN OF PRINCIPAL AND UNPAID COUPON ..... | 9  |
| 8.  | REDEMPTION OF NOTES .....                       | 9  |
| 9.  | PAYMENTS .....                                  | 11 |
| 10. | OBLIGATIONS OF THE ISSUER.....                  | 11 |
| 11. | ISSUER'S CONVERSION OPTION .....                | 12 |
| 12. | BREACH .....                                    | 16 |
| 13. | AMENDMENTS AND APPROVAL .....                   | 16 |
| 14. | GOVERNING LAW AND JURISDICTION .....            | 16 |

Annex 1 List of Issuer's Hybrid Core Capital broken down by Issue Dates



## TERMS AND CONDITIONS FOR THE NOTES

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### 13. DEFINITIONS

For the purpose of these Terms and Conditions, the terms below shall be defined as follows:

"Addition of Interest Date" shall mean 1 May and 1 November each year.

"Alternative Coupon Payment Event" shall have the meaning ascribed to it in Clause 17.

"Annual Effective Yield" shall mean 10.560%.

"Annual Fixed Coupon" shall mean the sum of the Fixed Coupon accrued on the Notes in the period starting on 1 May of any year and ending on 1 May of the following year.

"Banking Day" shall mean a weekday when banks are generally open for business in Denmark.

"Calculation Period" shall mean that period within which the Interest Conversion Price is determined in accordance with Clause 31.4.1.

"Capital Requirement" shall mean the higher of the Solvency Requirement and the minimum capital requirement, see section 127 of the Danish Financial Business Act.

"Conversion Commission" shall mean 0.10% p.a.

"Conversion Commission" shall mean 0.40% p.a.

"Conversion Notice" shall have the meaning ascribed to it in Clause 37.3.

"Conversion Period" shall have the meaning ascribed to it in Clause 22.1.6.1.

"Conversion Price" shall have the meaning ascribed to it in Clause 37.7.

"Core Capital" shall mean core capital (tier 1 capital) (*kernekapital*) as defined in section 5(7)(4) of the Danish Financial Business Act.

"Corporate Action" shall mean distribution of dividend and any other distribution of cash or assets to shareholders of the Issuer, increase or decrease of share capital, issue of warrants on the Shares, options on the Shares, convertible notes or other convertible instruments or other rights to subscribe for or purchase Shares, split or consolidation of

Shares, merger, demerger and any other corporate action by the Issuer affecting its capital structure.

"Coupon" shall mean the sum of Fixed Coupon and the Variable Dividend Coupon Charge.

"Danish Act on State-Funded Capital Injection" (*lov om statsligt kapitalindskud*) shall mean Act no. 67 of 3 February 2009 and any executive orders issued thereunder, all as subsequently amended.

"Danish Companies Act" shall mean Consolidated Act no. 649 of 15 June 2006, as subsequently amended.

"Danish Financial Business Act" (*lov om finansiel virksomhed*) shall mean Consolidated Act no. 793 of 20 August 2009 and any executive orders issued thereunder, all as subsequently amended.

"Denomination" shall mean DKK 0.01.

"Distributable Reserves" shall mean the distributable reserves that can be seen in the Issuer's most recent audited annual report adopted at the Issuer's general meeting.

"Dividend Declared" shall mean the sum of the dividend declared as of a VD Calculation Date and adopted at the Issuer's general meeting or the board of directors during the period starting from the last VD Calculation Date, or, as concerns the first VD Calculation Date, in the period as from 1 October 2010 until the relevant VD Calculation Date and either (i) paid by the Issuer during the period or (ii) scheduled to be paid in the period after the VD Calculation Date where the dividend is calculated. If a resolution has been made to distribute dividend in another currency than DKK, then such amount shall be translated into DKK based on the rate of exchange published by the Danish Central Bank (*Danmarks Nationalbank*) on the date of the resolution to distribute dividend.

"DKK" shall mean Danish kroner.

"Early Redemption Amount" shall mean an amount, the payment of which on the Redemption Date means that the Note has generated a total yield corresponding to the Effective Yield calculated in the period from the period starting on the Issue Date and until the Redemption Date.

"Effective Yield" shall mean an effective yield corresponding to the sum of the Interest Conversion Commission, the Conversion Commission (if relevant) and the Annual Effective Yield. During the Period of Conversion, the Effective Yield shall amount to 11.060%, and subsequently 10.660% p.a.

"Fixed Coupon" shall have the meaning ascribed to it in Clause 30.2.

"Hybrid Core Capital" shall mean subordinated loan capital that meets the requirements in section 132 of the Danish Financial Business Act.

"Hybrid Core Capital Ratio" shall mean the Issuer's Hybrid Core Capital from time to time as a percentage of the Issuer's Core Capital from time to time.

"Interest Conversion Shares" shall have the meaning ascribed to it in Clause 31.1.

"Interest Conversion Announcement Day" shall have the meaning ascribed to it in Clause 31.2.

"Interest Conversion Day" shall have the meaning ascribed to it in Clause 31.1.

"Interest Conversion Notice" shall have the meaning ascribed to it in Clause 31.2.

"Interest Conversion Price" shall have the meaning ascribed to it in Clause 31.2.

"Interest Conversion Valuation Expert" shall have the meaning ascribed to it in Clause 31.4.2.

"Issue Date" shall mean 24 September 2009.

"Issuer" shall mean Sparbank A/S, Central Business Register (CVR) no. 12523580, Adelgade 8, 7800 Skive, Denmark.

"Issuer's Conversion Option" shall have the meaning ascribed to it in Clause 37.1.

"Issuer's Total Amount" shall have the meaning ascribed to it in Clause 28.1.

"Market Capitalization" shall mean DKK 832,609,000 plus any net cash proceeds from a cash increase of the share capital in the Issuer effected during the period from the Issue Date to a VD Calculation Date.

"New Shares" shall have the meaning ascribed to it in Clause 37.1.

"Nominal Rate" shall mean a nominal rate corresponding to the Effective Yield assuming semi-annual payments of Fixed Coupon. During the Period of Conversion, the Nominal Rate amounts to 10.770017%, and subsequently 10.390114%.

"Noteholder" shall mean a physical or legal person registered as holder of one or more Notes in the records of VP.

"Notes" shall have the meaning ascribed to it in Clause 28.1.

"Number of Notes" shall mean the number of Notes outstanding at any given time.

"Outstanding Principal" shall mean the Number of Notes multiplied by the Denomination.

"Partial Redemption" shall have the meaning ascribed to it in Clause 34.6.

"Price Sensitive Information" shall mean information about (i) the Issuer, including the Issuer's business, assets, liabilities, condition (financial or otherwise), results and operations, (ii) the Shares, and (iii) market conditions relating to (i) and/or (ii), which information ((i)-(iii)), alone or in combination with other information, has or would reasonably be expected to have an influence on the price of the Shares or which a rational investor would reasonably be expected to take into consideration when assessing the value of the Shares. The Issuer is in possession of Price Sensitive Information if a member of the Issuer's Board of Directors, Executive Board, management or other key employees is in possession of such Price Sensitive Information.

"Principal above Market Capitalization" shall mean the Outstanding Principal on a VD Calculation Date divided by the Market Capitalization.

"Redemption Date" shall mean the date on which all or parts of the Notes are redeemed in accordance with Clause 34.

"Shares" shall mean shares issued by the Issuer.

"Solvency Requirement" shall mean the higher of (i) the solvency requirement, see section 124(2) of the Danish Financial Business Act and (ii) an individual solvency requirement determined by the Danish Financial Supervisory Authority, see section 124(5) of the Danish Financial Business Act.

"Subordinated Loan Capital" shall mean loan capital meeting the requirements set out in section 136 of the Danish Financial Business Act, and all other loan capital designated as being subordinated to other non-subordinated capital (apart from Hybrid Core Capital or debt designated as being equated with Hybrid Core Capital).

"Terms and Conditions" shall mean these Terms and Conditions and the Terms and Conditions governing the Notes.

"The Stock Exchange" shall mean NASDAQ OMX Copenhagen A/S, CVR no. 19042677.

"Trading Day" means a day on which the Stock Exchange is open for trading.

"Valuation Expert" shall have the meaning ascribed to it in Clause 37.7.1.

"Valuation Report" shall have the meaning ascribed to it in Clause 37.7.4.

"Variable Dividend Coupon Charge" shall have the meaning ascribed to it in Clause 30.3.

"VD Calculation Date" shall have the meaning ascribed to it in Clause 30.3.

"Volume Weighted Average Price" shall in relation to the Shares mean the volume weighted average price calculated on the basis of the period from 9.00 AM Danish time on the first date of the Calculation Period and until 5.00 PM Danish time on the last date of the Calculation Period as published under the "Bloomberg VWAP" heading on Bloomberg's site SPB DC <equity> VWAP (or a corresponding site).

"VP" shall mean VP Securities A/S, Central Business Register (CVR) no. 21599336.

#### 14. **FORM AND DENOMINATION**

14.1 The Notes. The Issuer shall issue 48,029,595,000 Notes (each called a "Note" and jointly called the "Notes") of nominally DKK 0.01, a total of DKK 480,295,950 (in words, Danish kroner four hundred and eighty million two hundred and ninety five thousand nine hundred and fifty) ("The Issuer's Total Amount"), under these Terms and Conditions.

14.2 Registration with VP. The Notes have been dematerialized and issued via VP. Unless otherwise stated in these Terms and Conditions, the calculation and payment of interest etc. shall be effected in accordance with VP's rules in force from time to time.

#### 15. **RANKING**

15.1 Ranking. The Notes are Hybrid Core Capital. The Notes shall rank *pari passu* with any other Hybrid Core Capital of the Issuer and with any other debt instruments indicated to rank *pari passu* with Hybrid Core Capital. The Notes shall rank senior to the Issuer's share capital and debt indicated to be subordinate to Hybrid Core Capital, in every respect, including in relation to the right to receive periodic payments and the right to receive a dividend in case of the Issuer's bankruptcy or liquidation.

15.2 Subordination. The Notes shall be subordinate to all non-subordinated debt of the Issuer and all debt ranking as Subordinated Loan Capital of the Issuer.

#### 16. **INTEREST PROVISIONS**

16.1 Payment of Coupon. The Issuer shall pay Coupon to the Noteholders pursuant to this Clause 30.

16.2 Fixed Coupon. The Issuer shall pay the Nominal Rate of the Outstanding Principal ("Fixed Coupon"). Fixed Coupon shall be payable semi-annually on each Addition of Interest Date. Fixed Coupon is calculated in accordance with actual/actual (ICMA) and VP's rules in force from time to time.

16.3 Variable Dividend Coupon Charge. In addition, the Issuer shall pay a variable dividend coupon charge ("Variable Dividend Coupon Charge"), calculated as the higher of:

(i) DKK 0, and

(ii)  $(\text{Dividend Declared} \times 1.25 \times \text{Principal above Market Capitalization} - \text{Annual Fixed Coupon})$ .

The Variable Dividend Coupon Charge shall be calculated five Banking Days prior to 1 May of every year ("VD Calculation Date"). In the event that the Issuer's General Meeting or the Board of Directors has resolved to declare a dividend at a later date in April of that year, such date shall be deemed to be the VD Calculation Date. The Variable Dividend Coupon Charge shall be paid every year on 1 May, the first time being on 1 May 2012.

## 17. **ALTERNATIVE COUPON PAYMENT**

17.1 Alternative Coupon Payment Event. If the Issuer's solvency does not exceed 110% of the Solvency Requirement following a full or partial Coupon payment ("Alternative Coupon Payment Event"), any Coupon payment shall be effected by issuing new Shares or delivering existing own Shares ("Interest Conversion Shares") to the Noteholders in proportion to their holding of Notes on the relevant Addition of Interest Date or a later date as determined in accordance with Clause 31.4.1 (the "Interest Conversion Day").

17.2 Notice of Alternative Coupon Payment Event. In the event of an Alternative Coupon Payment Event, the Issuer shall notify the Noteholders and the public thereof ("Interest Conversion Notice") three Trading Days at the latest and five trading days at the earliest before the Interest Conversion Day (the "Interest Conversion Announcement Day"). Irrespective of the above, the Issuer shall be entitled to publish a notice on an Alternative Coupon Payment Event, if any, earlier, provided that the Issuer is obliged to do so under applicable law or the rules of the Stock Exchange, but the Issuer shall under all circumstances be obliged to publish an Interest Conversion Notice three Trading Days at the latest and five Trading Days at the earliest prior to the Interest Conversion Day. The Interest Conversion Notice shall be published before the Stock Exchange opens on the Interest Conversion Announcement Day. On the Interest Conversion Day at the latest and prior to the conversion of the Coupon, the Issuer shall notify the Noteholders and the public of the Interest Conversion Price. All notices in this Clause shall be given in accordance with VP's rules applying from time to time, the rules of the Stock Exchange and applicable law.

- 17.3 Number of Interest Conversion Shares. Coupon that is converted following an Alternative Coupon Payment Event shall be converted into a number of Interest Conversion Shares according to the following formula:

Number of Interest Conversion Shares = Coupon that is converted divided by the Interest Conversion Price, cf. however Clause 37.6.

- 17.4 Interest Conversion Price. The price at which the Coupon is converted into New Shares (the Interest Conversion Price") is stated in DKK per Share according to the rules in Clauses 31.4.1 and 31.4.2.

- 17.4.1 The Market Price. The Interest Conversion Price is calculated in accordance with the following formula:

The average of (i) the Volume Weighted Average Price of the Shares calculated over a period of three (3) consecutive Trading Days immediately before the Conversion Announcement Day (excluding the Conversion Announcement Day) and (ii) the Volume Weighted Average Price of the Shares calculated over a period of (3) consecutive Trading Days starting on and including the Conversion Announcement Day. In the event that the Issuer has Price Sensitive Information, such information shall be announced to the public in accordance with applicable law on the Interest Conversion Announcement Day. If, after having made reasonable investigations of the Issuer's business, assets, liabilities, affairs (financial and other) profit and operations, the Issuer finds or predicts that the Issuer will possess Price Sensitive Information within the first 10 consecutive Trading Days after the Interest Conversion Announcement Day, the Interest Conversion Announcement Day can, at the earliest, be the date of the publication of such Price Sensitive Information.

- 17.4.2 The Interest Conversion Valuation Expert. If (i) the Shares are not traded on one or more Trading Days during the Calculation Period or (ii) the Danish State so requests, the Interest Conversion Price shall be determined by an independent investment bank or a state-authorized public accountant appointed by the Danish State after having consulted the Issuer (the "Interest Conversion Valuation Expert"). The Interest Conversion Valuation Expert's determination of the Interest Conversion Price shall be binding. The Issuer shall pay all costs in relation to the Interest Conversion Valuation Expert. The conversion of the Coupon shall be effected as soon as possible after the Interest Conversion Valuation Expert has informed the Issuer and the Noteholders of the Interest Conversion Price. This Clause 31.4.2 shall lapse if the Danish State is no longer a Noteholder.

- 17.5 Conditions. A Coupon conversion pursuant to this Clause 31 can only be effected if:

- (i) the Issuer's general meeting has made all the required decisions regarding the issue of the Interest Conversion Shares against the conversion of Coupon at the Interest Conversion Price and on the other conditions in the Terms and Conditions,

- (ii) upon the conversion, the issuer presents a legal opinion in a form and with a content that is satisfactory to the Danish State in which it is confirmed that (i) above is met and that the Interest Conversion Shares will have the same rights and otherwise be identical to the Issuer's existing Shares upon the conversion,
- (iii) the Issuer's Articles of Association do not contain restrictions relating to holders, voting rights or volume etc.
- (iv) The Issuer is permitted to perform banking business, is not in suspension of payments or liquidation and no petition in bankruptcy is filed against the Issuer,
- (v) the Shares are and the Interest Conversion Shares will be admitted for trading on the Stock Exchange or another regulated market and
- (vi) no Corporate Action has been decided (or implemented), is pending or has been published within a period of five consecutive Trading Days prior to the Interest Conversion Announcement Day and for a period of 10 consecutive Trading Days after the Interest Conversion Announcement Day (including the actual Interest Conversion Announcement Day) or, provided that the Interest Conversion Price is determined in accordance with section 31.4.2, within the relevant period for the Interest Conversion Valuation Expert's determination of the Interest Conversion Price.

17.6 No adjustment. There will be no specific adjustment of the Interest Conversion Price following the Issuer's increase or reduction, if any, of the share capital, issue of warrants or convertible instruments, merger, demerger or other dissolution.

17.7 Also applicable. Clauses 37.6, 37.8, 37.9, 37.11 and 37.12 shall apply with the required amendments in relation to an Alternative Coupon Payment Event and the issue of Interest Conversion Shares.

## 18. CANCELLATION OF COUPON

18.1 Conditions. Coupon shall be payable on the due date, see Clauses 30.2 and 30.3, unless:

- (i) the Issuer either fails to meet the Capital requirement prior to the payment of Coupon or after the payment of Coupon will not meet the Capital Requirement,
- (ii) the Coupon exceeds the Distributable Reserves, see section 132(1)(7) of the Danish Financial Business Act or
- (iii) the Danish Financial Supervisory Authority has announced that the Supervisory Authority finds that the Issuer has failed to meet the Capital Requirement prior to the payment of Coupon or after the payment of Coupon will not meet the Capital Requirement or finds that the payment of Coupon will have a negative



effect on the Issuer's financial position, meaning that the Issuer will probably not meet the Capital Requirement.

- 18.2 Partial payment. In the event that one of the exceptions in Clause 32.1(i) or (ii) applies, the Issuer shall pay such lower Coupon as can be paid without the exceptions in Clause 32.1(i) and (ii) applying. In the event of partial payment of Coupon pursuant to this Clause 32.1, the amount payable on the Notes shall be a proportional share of the total amount available for payment of Coupon calculated as the Outstanding Principal's share of the sum of the Issuer's total Hybrid Core Capital on the due date.
- 18.3 Lapse of interest. Coupon which is not paid in full or in part in accordance with Clause 32.1 or 32.2 shall lapse, and payment cannot be claimed at a later time.
- 18.4 Resumption of duty to pay Coupon. The addition of Coupon shall be resumed as shall the duty to pay Coupon from the time when the exceptions in Clause 32.1 no longer apply.
- 18.5 Notification. The Issuer shall notify the Noteholders as soon as the Issuer learns that it is not possible to pay Coupon on the due date pursuant to this Clause 32.

## 19. **WRITE-DOWN OF PRINCIPAL AND UNPAID COUPON**

- 19.1 Write-down of the Notes. The Issuer shall at the ordinary or extraordinary general meeting be entitled to decide to write down the Outstanding Principal and accrued unpaid Coupon in part or in full, provided that the Issuer's equity is lost and the Issuer's share capital has been written down to zero. In the event of a partial write-down of the Outstanding Principal, such write-down shall be effected through a proportional write-down of the issuer's total Hybrid Core Capital.
- 19.2 Conditions for write-down: The Outstanding Principal and accrued unpaid Coupon can only be written down in accordance with Clause 33.1 if (i) the Issuer subsequently has new capital injected to meet the capital requirement or (ii) the Issuer discontinues without loss for non-subordinated creditors. The write-down amount shall be subject to prior approval by the Issuer's external auditor(s) and the Danish Financial Supervisory Authority.
- 19.3 Notification. The issuer shall be obliged to immediately or if possible beforehand notify Noteholders of the convening of a general meeting with a view to decisions of the type stated in Clause 33.1.

## 20. **REDEMPTION OF NOTES**

- 20.1 No maturity. The Notes have no maturity, do not fall due for payment, neither in part or in full, at a certain time and cannot be required to be repaid, neither in part or in full, unless otherwise specifically stated in these Terms and Conditions.
- 20.2 Redemption. Notes cannot, neither in full or in part, be redeemed prior to 25 September 2012. If the Notes are redeemed by the Issuer, either fully or by Partial

Redemption, prior to 25 September 2014, redemption can only be effected if the conditions in section 132(4) in the Danish Financial Business Act have been met.

20.3 Redemption price in the fourth and fifth year from the Issue Date. In the period from 25 September 2012 to 24 September 2014, the Issuer may redeem the notes in full or by Partial Redemption with the addition of any due unpaid Coupon at an amount per Note corresponding to the higher of

- (a) the Denomination or
- (b) The Early Redemption Amount;

plus

- (i) in terms of (a) above, Fixed Coupon accrued in the period starting on the most recent Addition of Interest Day until the Redemption Date and
- (ii) in terms of both (a) and (b) above, Variable Dividend Coupon Charge accrued starting on the most recent VD calculation date and until the Redemption Date.

20.4 Redemption price in the sixth year from the Issue Date. In the period from 25 September 2014 to 24 September 2015, the Issuer may redeem the Notes in full or by Partial Redemption with the addition of any due unpaid Coupon at an amount per Note corresponding to 105% of the Denomination with the addition of

- (a) 5% of the Denomination, provided that the Coupon has lapsed in full or in part, see Clause 32.3, in the period starting on the Issue Date and until the Redemption Date,
- (b) Fixed Coupon accrued in the period starting on the most recent Addition of Interest Day and until the Redemption Date and
- (c) Variable Dividend Coupon Charge accrued in the period starting on the most recent VD calculation date and until the Redemption Date.

20.5 Redemption price in or after the seventh year from the Issue Date. From 25 September 2015, the Issuer may redeem the Notes in full or by Partial Redemption with the addition of any due unpaid Coupon at an amount per Note corresponding to 110% of the Denomination with the addition of

- (a) Fixed Coupon accrued in the period starting on the most recent Addition of Interest Day and until the Redemption Date and
- (b) Variable Dividend Coupon Charge accrued in the period starting on the most recent VD calculation date and until the Redemption Date.

- 20.6 Partial Redemption. Irrespective of Clauses 34.1 to 34.5, the Issuer may only redeem a part (and not all) of the Notes ("Partial Redemption") on the following conditions:
- (a) the Issuer may effect a maximum of three Partial Redemptions before all the Notes must be redeemed in full,
  - (b) at least 20% of the Issuer's Total Amount must be redeemed by Partial Redemption,
  - (c) the Outstanding Principal must total at least 30% of the Issuer's Total Amount following a Partial Redemption and
  - (d) the selection of Notes to be redeemed by Partial Redemption must be made in accordance with VP's rules in force from time to time.

20.7 Notification. The Issuer shall notify the Noteholders of any redemption pursuant to this Clause 34 no later than 15 days and no more than 60 days before redemption can be effected.

20.8 Approval from the Danish Financial Supervisory Authority. Both full redemption and Partial Redemption are subject to the Danish Financial Supervisory Authority's prior approval.

## 21. PAYMENTS

21.1 Currency. All payments to the Noteholders pursuant to these Terms and Conditions shall be made in DKK.

21.2 Time. All payments on Notes must be made no later than on the due date for the relevant payment and be at the Noteholder's free disposal on this date. All payments must be effected through VP and in accordance with VP's rules in force from time to time.

21.3 Non-Banking Day. If an Addition of Interest Day falls on a day that is not a Banking Day, payment of Coupon shall be postponed until the following Banking Day. Any postponement of Coupon payment pursuant to this Clause 35.3 shall not trigger any additional payment.

## 22. OBLIGATIONS OF THE ISSUER

22.1 Obligations of the Issuer. The Issuer shall fulfil all obligations stated in this Clause 26.1 from the Issue Date and until the Notes have been fully written down, see Clause 33, redeemed, see Clause 34, or converted, see Clause 37, as Clauses 36.1.2 and 36.1.5 to 36.1.7 shall, however, lapse upon the expiry of the Conversion period.

- 22.1.1 Capital reductions and Treasury Shares. The Issuer may not (i) reduce capital unless the purpose of such reduction is to cover losses or perform write-downs pursuant to Clause 33.1, (ii) purchase Treasury Shares, including initiate repurchase programmes for Treasury Shares, if such purchase is in contravention of the Danish Act on State-Funded Capital Injection or (iii) sell Treasury Shares on other terms than arm's length.
- 22.1.2 Issue of share options etc. The Issuer may not issue share options, warrants, convertible debt instruments or similar instruments on arm's length terms, unless such issue forms part of a general employee scheme.
- 22.1.3 Dividend and redemption of subordinate debt. The Issuer may not pay dividend, redeem or repurchase debt that is subordinated or ranks *pari passu* with the Notes or any other Hybrid Core Capital if (i) due Coupon has not been paid in part or in full or (ii) Coupon has lapsed in accordance with Clause 32 and Coupon has not been paid in full for two consecutive Addition of Interest Days after the date of the lapse of Coupon. Irrespective of the above, however, the Issuer may repurchase debt that is subordinated to the Notes or that ranks *pari passu* with the Notes or any other Hybrid Core Capital to its portfolio with a view to performing purchase orders from the Issuer's customers in connection with the Issuer's work as "market maker".
- 22.1.4 Liquidation. The Issuer's shareholders may not decide to liquidate the Issuer unless such liquidation is required by law.
- 22.1.5 Merger and demerger. The Issuer may not enter into a (i) merger plan (*fusionsplan*), and the shareholders of the Issuer may not approve such merger plan, if the valuation experts declare pursuant to section 134(c) of the Danish Companies Act (*aktieselskabsloven*) that the consideration paid for the Shares is not fair and reasonable, or (ii) demerger plan (*spaltningsplan*), and the shareholders of the Issuer may not approve such a demerger if such plan may have a material adverse effect on the Noteholders' interests.
- 22.1.6 Official listing. The Issuer may not request that the Shares be removed from trading on the Stock Exchange.
- 22.1.7 Miscellaneous. The Issuer may not carry out Corporate Actions that imply that the value of the total number of Interest Conversion Shares received in the event of an Alternative Coupon Payment Event, see Clause 31, or New Shares received in a conversion, see Clause 37, is lower than the value of such Shares, had the Corporate Action not been carried out.

## 23. **ISSUER'S CONVERSION OPTION**

- 23.1 Issuer's Conversion Option. In the period from the Issue Date and until 24 September 2014 (the "Conversion Period"), the Issuer may require from time to time that the Notes plus accrued unpaid Coupon be converted to new Shares in the Issuer ("New Shares") if the Issuer's Hybrid Core Capital percentage exceeds 35 ("Issuer's Conversion Option"). During the Conversion Period, the Issuer shall pay Conversion Commission.

- 23.2 Exercise of Issuer's Conversion Option. The Issuer's Conversion Option may only be exercised in tranches of 20% of the Issuer's Total Amount. If required to bring the Issuer's Hybrid Core Capital Percentage (calculated after the conversion of each tranche) down to 35 or less, the Issuer's Conversion Option may be exercised with several tranches at the time.
- 23.3 Notice of exercise. The Issuer shall notify the Noteholders and the public ("Conversion Notice") of the exercise of the Issuer's Conversion Option in accordance with VP's rules in force from time to time, the rules of the Stock Exchange and applicable law.
- 23.4 Exercise of Issuer's Conversion Option. The exercise of the conversion pursuant to the Conversion Notice shall be performed immediately upon the presentation of the Valuation Report. In VP, the conversion shall take the form of a proportionate or (if relevant) complete reduction and cancellation of the holding of Notes in all accounts with VP in accordance with the rules in force from time to time for VP. Following the exercise of the Issuer's Conversion Option, the Noteholders cannot raise claims against the Issuer concerning converted Notes in the event of a lawful issue of New Shares. Notes not converted into New Shares shall continue to accrue Coupon in accordance with these Terms and Conditions.
- 23.5 Number of New Shares. The Notes to be converted pursuant to this Clause 37 shall be converted into a number of New Shares in accordance with the following formula:
- Number of New Shares = the sum of the Denomination of the Notes to be converted plus accrued unpaid Coupon divided by the Conversion Price, see, however, Clause 37.6.
- 23.6 Rounding. If the Denomination of the Notes, together with accrued non-distributed Coupon, which are converted does not correspond to a whole number of New Shares in respect of any account with VP, the number of New Shares shall be rounded downwards to the nearest whole number of New Shares for such an account with VP. No fraction of New Shares shall be issued upon conversion, see this Clause 37. Any amount thus not converted shall be paid in cash to the Noteholders at the time of VP's exercise of the Issuer's Conversion Option in accordance with VP's rules in force from time to time.
- 23.7 Conversion price. The price at which the Notes are converted into New Shares (the "Conversion Price") is stated in DKK per Share according to the rules in Clauses 37.7.1 to 37.7.5.
- 23.7.1 The Valuation Expert. The Conversion Price shall be determined by an impartial state-authorized public accountant (the "Valuation Expert") appointed by FSR – Danish Auditors. The Valuation Expert shall meet the conditions for being appointed a Valuation Expert under section 6b of the Danish Companies Act and shall have some experience with credit institutions. Immediately after the Conversion Notice, the Issuer shall

contact FSR – Danish Auditors for the appointment of the Valuation Expert. The Issuer shall pay all costs in relation to the Valuation Expert.

- 23.7.2 Valuation criteria. The Conversion Price shall be determined by the Valuation Expert as the market capitalization of the Issuer's Shares immediately after the Conversion Notice considering the Issuer's situation at the time of the Conversion Notice. The Valuation Expert shall determine the most appropriate valuation methods considering the Issuer's situation, and if the Valuation Expert finds that it is appropriate may determine the market capitalization based on the price of the Shares on the Stock Exchange following the Conversion Notice. In his valuation, the Valuation Expert shall not consider the effect of any simultaneous or subsequent capital increase or capital injection in the Issuer, unless such capital increase or such capital injection has been subscribed or guaranteed at the time of the Conversion Notice. In the event that the Valuation Expert chooses to determine the market capitalization on the basis of the price of the Shares on the Stock Exchange following the Issuer's Conversion Notice, the Valuation Expert shall not adjust this price unless the Valuation Expert finds that this is appropriate. If the Conversion Price is lower than the nominal value of the New Shares, the Issuer's Conversion Option cannot be exercised.
- 23.7.3 No adjustment. There will be no specific adjustment of the Conversion Price following the Issuer's increase or reduction, if any, of the share capital, issue of warrants or convertible instruments, merger, demerger or other dissolution prior to the Conversion Notice, as the Conversion Price is determined at market capitalization, see Clause 37.7.2.
- 23.7.4 Valuation Report. The Valuation Expert's valuation report ("Valuation Report") shall be presented three weeks after the Conversion Notice, at the latest. The Valuation report shall include the procedure(s) used in the determination of the Conversion Price. The Valuation Report shall be final, and the Issuer or the Noteholder can therefore not raise claims or take legal action as a consequence of the Valuation Report. As soon as the Valuation Report is presented, the Issuer shall notify the Noteholders of the outcome of the Report in accordance with VP's rules in force from time to time, and the Issuer shall publish the Valuation Report in accordance with the rules of the Stock Exchange and applicable law.
- 23.7.5 The Issuer's cooperation. Immediately after the Valuation Expert's appointment, the Issuer shall provide the Valuation Expert with or publish (in accordance with the rules of the Stock Exchange and applicable law) all Price Sensitive Information and shall in the period until the Valuation Report is presented provide the Valuation Expert with or publish (in accordance with the rules of the Stock Exchange) any other Price Sensitive Information that may come to the Issuer's knowledge during the relevant period. On the Valuation Expert's request, the Issuer shall confirm that it has published or disclosed all Price Sensitive Information. The Issuer shall furthermore give the Valuation Expert access to all such information and employees with the Issuer that the

Valuation Expert deems to be necessary considering the limited period of time available for preparing the Valuation Report, see Clause 37.7.4. The Issuer shall furthermore comply with the principles in section 6b(4) of the Danish Companies Act. As far as possible, the Issuer shall ensure that the Issuer's accountant(s) cooperate(s) with and disclose(s) such information to the Valuation Expert as the Valuation Expert needs, including the Issuer's accountant's working papers.

- 23.8 Delivery. The New Shares shall be delivered in dematerialized form through VP to the accounts of the Noteholder(s) in which the Notes converted were held, and otherwise in accordance with the standard procedures of VP from time to time applicable.
- 23.9 Same rights. The New Shares shall have the same rights as and otherwise be identical to the Issuer's existing Shares at the time of exercise of the Issuer's Conversion Option. The New Shares shall be negotiable instruments and be freely assignable. The New Shares shall carry the same right to dividend as from the time of registration with the Danish Commerce and Companies Agency (*Erhvervs- og Selskabsstyrelsen*) as the Issuer's Shares at the time of exercise of the Issuer's Conversion Option.
- 23.10 Conditions. The Issuer's Conversion Option can only be exercised if:
- (i) the Issuer's general meeting has made all the required decisions regarding the issue of the New Shares against the conversion of the Notes at the Conversion Price and on the other conditions in the Terms and Conditions,
  - (ii) the Issuer, no later than upon the exercise of the Issuer's Conversion Option, presents a legal opinion in a form and with a content that is satisfactory to the Danish State in which it is confirmed that (i) above is met and that the New Shares will have the same rights and otherwise be identical to the Issuer's existing Shares upon the exercise of the Issuer's Conversion Option,
  - (iii) the Issuer's Articles of Association do not contain restrictions relating to holders, voting rights or volume etc.,
  - (iv) the Issuer is permitted to perform banking business, is not in suspension of payments or liquidation and no petition in bankruptcy has been filed against the Issuer,
  - (v) no Corporate Action has been decided (or implemented), is pending or has been published within the relevant period for the Valuation expert's determination of the Conversion Price and
  - (vi) the Shares are and the New Shares will be admitted for trading on the Stock Exchange or another regulated market.

23.11 Tax. The Issuer shall pay any and all Taxes that the Noteholders might be ordered to pay as a result of the Issuer's exercise of its Conversion Option.

23.12 Expenses. The Issuer shall defray any and all costs charged by VP and the Noteholders' depositories arising on exercise of the Issuer's Conversion Option.

## 24. **BREACH**

24.1 Breach of the Terms and Conditions. In the event of the Issuer's breach or anticipatory breach of its obligations under these Terms and Conditions, each Noteholder shall be entitled to exercise any remedies for breach in accordance with Danish law. A consequence of the exercise of remedies for breach may, however, not be that the Issuer is obliged to pay an amount earlier than the relevant amount would have otherwise fallen due for payment pursuant to the Terms and Conditions, see, however, Clause 38.2.

24.2 Cessation of Business. Without limitation, breach of these Terms and Conditions shall be deemed to be constituted by any of the following events: (i) if the Issuer has entered into liquidation, (ii) a bankruptcy order is issued against the Issuer, or (iii) the Danish Financial Supervisory Authority cancels the Issuer's authorization or licence to operate as a bank and approves the winding up of the Issuer, apart from winding-up through merger, pursuant to section 227 of the Danish Financial Business Act. In the event of breach pursuant to this Clause 38.2, any Noteholder may notify the Issuer that the Notes plus accrued Coupon are due for payment. The redemption amount pursuant to this Clause 38.2 shall be calculated in accordance with Clauses 34.3 to 34.5, always provided, however, that the redemption amount shall be determined at par if the due date is before 25 September 2012.

## 25. **AMENDMENTS AND APPROVAL**

25.1 Amendments. Any modification of or amendment to these Terms and Conditions which entails that the Notes do not constitute Hybrid Core Capital shall be subject to the prior written approval of the Danish Financial Authority.

25.2 Consent. If the Issuer is no longer subject to supervision by the Danish Financial Supervisory Authority in accordance with the Danish Financial Business Act, and the Danish Financial Supervisory Authority has no powers vis-à-vis the Issuer, the consent of the Danish Financial Supervisory Authority shall not be required under the Terms and Conditions.

## 26. **GOVERNING LAW AND JURISDICTION**

26.1 Governing law and jurisdiction. These Terms and Agreement shall be governed by Danish law. Any dispute arising out of or in connection with these Terms and Conditions shall be settled by the Copenhagen City Court. But the Issuer or a Noteholder is entitled to request that the case be sent for trial in the Danish Eastern High Court.



Date: [ ] September 2009

Issuer:  
Sparbank A/S

Name: Henning Hürdum  
Title: Chief Executive Officer

# Agreement

on

the amendment and clarification of agreements on state-funded capital injections  
("this Agreement")

**between**

The Danish State, represented by the Danish Ministry of Business and Growth  
Slotholmsgade 10-12  
DK-1216 Copenhagen K  
(the "Danish State")

**and**

Spar Nord Bank A/S  
Skelagervej 15  
DK-9000 Aalborg  
("Spar Nord Bank A/S")

**and**

Sparbank A/S  
Adelgade 8  
DK-7800 Skive  
("Sparbank A/S")

## Contents

1. PURPOSE AND BACKGROUND OF THE AGREEMENT .....**FEJL! BOGMÆRKE ER IKKE DEFINERET.**
2. DEFINITION CHANGES ..... **FEJL! BOGMÆRKE ER IKKE DEFINERET.**
3. NOTICES ..... **FEJL! BOGMÆRKE ER IKKE DEFINERET.**
4. EXERCISE OF THE CONVERSION OPTION ..... **FEJL! BOGMÆRKE ER IKKE DEFINERET.**
5. EFFECTIVE DATE AND APPROVAL ..... **FEJL! BOGMÆRKE ER IKKE DEFINERET.**
6. GOVERNING LAW AND JURISDICTION ..... **FEJL! BOGMÆRKE ER IKKE DEFINERET.**
7. SIGNATURES ..... **FEJL! BOGMÆRKE ER IKKE DEFINERET.**

## 1. PURPOSE AND BACKGROUND OF THE AGREEMENT

On 29 June 2009 and 21 September 2009, Spar Nord Bank A/S and Sparbank A/S, respectively, concluded agreements with the Danish State regarding state-funded capital injections in the form of hybrid core capital. The state-funded capital injection in Spar Nord Bank A/S amounted to DKK 1,265,000,000, while in Sparbank A/S it amounted to DKK 480,295,950.

The agreements on state-funded capital injections stipulate terms and conditions for a conversion option which enables the banks to convert the notes to shares subject to specific terms.

No part of the state-funded capital injections in the two banks has been converted to share capital.

Spar Nord Bank A/S and Sparbank A/S have concluded a merger agreement on 18 September 2012, which is conditional on approval by the General Meeting of the two banks. The continuing bank will be Spar Nord Bank A/S and when the merger is completed, Spar Nord Bank A/S will thus succeed to the rights and obligations of Sparbank A/S, including the agreement with the Danish State on injection of hybrid core capital.

On 11 October 2012, Spar Nord Bank A/S and Sparbank A/S published a joint merger plan.

The merger between Spar Nord Bank A/S and Sparbank A/S gives rise to the need for a number of clarifications of the basis of agreement between the Danish State and the continuing bank. The purpose of this Agreement is to clarify elements of the basis of agreement between the Danish State as the one party and Spar Nord Bank A/S and Sparbank A/S as the other party after completion of the merger.

With the exception of the changes expressly set out in this Agreement, the terms and conditions stipulated in the respective agreements on state-funded capital injections with relevant appendices shall apply.

The two agreements will thus continue to be treated as two separate capital injections subject to individually stipulated terms and conditions with respect to price, redemption, conversion, etc.

All terms used in this Agreement – with the exception of the changes made under this Agreement – shall have the same meaning as in the agreements on state-funded capital injections with relevant appendices.

This Agreement does not imply that the notes comprised by the agreements on state-funded capital injections do not constitute hybrid core capital in accordance with the provisions to this effect set out by section 17 of Executive Order no. 915 of 12 September 2012 on determination of capital base and clause 10.1 of the agreements of 29 June 2009 and 21 September 2009, respectively, between the Danish State as the one party and Spar Nord Bank A/S and Sparbank A/S as the respective other parties.

## 2. DEFINITION CHANGES

In the agreement of 21 September 2009 between Sparbank A/S and the Danish State concerning state-funded capital injection in the form of hybrid core capital with relevant appendices, the following definitions are changed:

After the completion of the merger, the "Bank", "Borrower" and "Lender" shall mean Spar Nord Bank A/S, Skelagervej 15, DK-9000 Aalborg, Central Business Register (CVR) no. 13737584.

## 3. NOTICES

In the agreement of 21 September 2009 between Sparbank A/S and the Danish State concerning state-funded capital injection in the form of hybrid core capital, clause 9.1 (a) is changed to read as follows:

*"(a) if to the Bank:*

*Spar Nord Bank A/S  
Attn.: Jan Frølund Poulsen, Head of Funding  
Skelagervej 15  
DK-9000 Aalborg  
Tel.: +45 96 34 42 09  
Fax: +45 96 34 45 76  
E-mail: jpo@sparnord.dk"*

## 4. EXERCISE OF THE CONVERSION OPTION

The Parties agree that the calculation of the size of convertible tranches of 20 per cent, see clause 11.2 of the terms and conditions for the notes in the banks' respective agreements with the Danish State, shall be performed pro rata to the amount of the capital injection to which the conversion pertains.

## 5. EFFECTIVE DATE AND APPROVAL

This Agreement becomes effective when approved by the General Meeting of Spar Nord Bank A/S and when the merger has been completed.

The Agreement constitutes an integral part of the Articles of Association of Spar Nord Bank A/S and shall consequently be appended to the Articles of Association in true copy.

## 6. GOVERNING LAW AND JURISDICTION

This Agreement shall be subject to the same provisions on governing law and jurisdiction as are set out in the agreements of 29 June 2009 and 21 September 2009, respectively, between the Danish State as the one party and Spar Nord Bank A/S and Sparbank A/S as the respective other parties.

## 7. SIGNATURES

For the Danish State  
Copenhagen, this 2012

Ole Sohn  
Minister for Business and Growth

Michael Dithmer  
Permanent Secretary

For Spar Nord Bank A/S  
Aalborg, this 2012

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For Sparbank A/S  
Skive, this 2012

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