

# Annual Report 2010

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## Management Report 2010

Nordjyske Bank is a local, free and independent bank in Vendsyssel.

The bank has 58,000 customers. The scope of business with the customers amounts to a total of DKK 13.6 billion. Add to this the asset management, at the end of the year amounting to DKK 5.5 billion.

With 288 well-qualified employees, including specially educated employees within the material advisory areas, advanced technological aids and competent collaborators within special areas, Nordjyske Bank offers advice and expertise in all areas within payment and credit handling and investment. The bank emphasizes individual advice to both commercial and private customers.

More than 90% of the share capital of DKK 80.4 million is owned by private shareholders who are also customers with the bank. With more than 20,000 local people as shareholders, Nordjyske Bank is considered a free, independent bank owned by the people, as the bank has no large shareholder, i.e. a shareholder owning 5% or more of the share capital.

At the end of the year, the equity amounts to DKK 1,206 million.

Behind the - also throughout the recent years of crisis - continued sound results you will find the fundamental principles and the business model according to which we run Nordjyske Bank. We stick to the bank business and customers in the near market which we know and understand, and which we try to serve in a serious and durable way.

The clear business model of Nordjyske Bank and the sound bank virtues according to which the bank is run have been decisive factors for the creation of the strong foundation on which the bank is based, and which is a strong starting point for the future challenges on the financial market.

The aim remains unchanged, i.e. that the area in the northern part of Jutland and our many thousand customers and shareholders will also in the long run maintain the advantages of having their own local bank with local and independent action and decision-making to the benefit of the development in the entire area.

We thank our many customers and shareholders for the continued great support for the bank.

## The year 2010 - in headlines

- Pre-tax result of DKK 120 million - compared with DKK 70 million the previous year - equals a return on the equity at the start of the year at 10.9%.
- Contribution to the Contingency Association and Deposit Guarantee Fund amounts to DKK 36 million.
- Result before tax and contribution to the sector solution thus amounts to DKK 156 million - or 14.1% of the equity at the start of the year.
- Core income before write-downs and price adjustment of listed securities, etc., amounts to DKK 213 million.
- Write-downs on loans, etc., amount to DKK 81 million, 1.1% of loans and guarantees.
- Excess liquidity 255%.
- Stable funding DKK 8.6 billion compared with total lending of DKK 6.0 billion, corresponding to a funding ratio of 0.70.
- Equity DKK 1,206 million.
- Capital ratio 17.4%, of which core capital 17.4% - based on equity alone.
- Capital adequacy requirement 9.7%.
- The year's result after tax, DKK 93 million, is distributed with DKK 85 million for consolidation and DKK 8 million as dividend to the shareholders.
- The bank's management considers the year's result satisfactory.

**Please note that changes have occurred in the comparative figures for 2009.**

The Financial Supervisory Authority has checked the bank's annual report for 2009. This is done as part of the control of the annual reports of financial businesses carried out by the Financial Supervisory Authority on behalf of the Securities Council (please see page 13).

## Handsome result and good prospects for Nordjyske Bank

The continued financial recession remains noticeable. In Nordjyske Bank we can, however, with satisfaction see that the bank has done well - also in 2010 - and continues to deliver handsome results.

The pre-tax result was DKK 120 million, compared with DKK 70 million in 2009.

The result is after Nordjyske Bank has contributed a total of DKK 36 million to the Contingency Association and the Deposit Guarantee Fund as the bank's contribution to the sector solution after a number of banks have had to stop running their operations.

The core earnings, i.e. the result before write-downs and price adjustment of listed securities, amounts to DKK 213 million for the year. This result is at the upper end of the previously announced range of DKK 200 - 215 million.

The handsome result is based on the following development trends:

An increase in core earnings by DKK 50 million or 11% to DKK 497 million originating from:

- An increase in net interest earnings of 4% to DKK 352 million compared with DKK 340 million the year before.
- An increase in fee and commission earnings - net - of 7% to DKK 97 million
- An increase in the return on sector shares of DKK 33 million which is just as in previous years considered part of the core earnings.

An increase in operating expenses and write-downs on operations of DKK 4 million to DKK 264 million - or 2%.

- Operating costs, etc. - (calculated exclusive of guarantee provision to the Contingency Association) - are of course affected by the adding of Ø. Brønderslev Sparekasse on 1/1-2010 and Løkken Sparekasse 1/4-2009.  
After correction for non-recurring payments in 2009 and 2010 in connection with the integration of Løkken Sparekasse and Øster Brønderslev Sparekasse, respectively, the costs show a rate of increase of 9%
- Write-downs on the bank's lending, etc., amount to DKK 81 million compared with DKK 86 million the previous year.
- The Contingency Association has charged the accounts with DKK 36 million compared with DKK 40 million the previous year.

<b>Condensed income statement</b> (Amounts in million DKK)	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Net interest earnings .....	352	340	286	243	222
Fees and commission earnings, net .....	97	91	81	93	90
Return on sector shares .....	38	5	-10	12	11
Other earnings .....	10	11	14	12	13
<b>Core earnings</b> .....	<b>497</b>	<b>447</b>	<b>371</b>	<b>360</b>	<b>336</b>
Operating costs and write-down on operations .....	264	260	223	207	200
The Contingency Association (commission) .....	20	25	7	-	-
<b>Core earnings before write-down on lending, etc. ...</b>	<b>213</b>	<b>162</b>	<b>141</b>	<b>153</b>	<b>136</b>
Write-down re the Contingency Association .....	16	15	7	-	-
Write-downs on own lending .....	81	86	31	-13	-25
<b>Core earnings</b> .....	<b>116</b>	<b>61</b>	<b>103</b>	<b>166</b>	<b>161</b>
Price adjustments for listed securities *) .....	4	9	-22	12	42
<b>Pre-tax result</b> .....	<b>120</b>	<b>70</b>	<b>81</b>	<b>178</b>	<b>203</b>
*) incl. gain from the sale of shares in Totalkredit A/S					

Nordjyske Bank has a comfortable liquidity situation, exclusively based on deposits from the local area.

The bank's stable funding, consisting of deposits, equity and bond loans with term to maturity of more than 1 year - amounts to DKK 8.6 billion - compared with lending of DKK 6.0 billion - or a funding ratio of 0.70. Without the state guaranteed funding of DKK 1 billion which is expected to be repaid in 2011 (the corresponding securities are in the bank's own holding) - the funding ratio is comfortable at 0.79.

The excess liquidity cover amounts to 255% (exclusive of the state guaranteed funding about 180%).

The equity - before distribution of dividend of DKK 8 million - amounts to DKK 1,206 million.

From official sources, the banks are requested to show restraint regarding payment of dividend, and consolidate instead. Nordjyske Bank finds it justifiable to do both - and intends to pay a dividend of 10% for 2010.

The capital adequacy ratio of the bank amounts to 17.4% - based only on equity.

The capital adequacy ratio in Nordjyske Bank has been calculated at 9.7%.

In spite of the expectations of a continued weak economic growth, Nordjyske Bank expects also in 2011 to be able to deliver a good and acceptable result.

Thus the bank expects core earnings before write-downs on lending of about the same level as 2010 - or in the range of DKK 175 - 200 million.

<b>Distribution of fee earnings</b> (Amounts in million DKK)	<b>2010</b>	<b>2009</b>
Guarantee commission .....	23	20
Asset management .....	26	23
Securities trading .....	6	9
Handling of loan cases .....	18	17
Currency earnings .....	2	2
Payment handling .....	10	8
Other fees, etc. ....	16	16
<b>Total fees and commission earnings</b> .....	<b>101</b>	<b>95</b>
Fees paid .....	4	4
<b>Total fees and commission earnings, net</b> .....	<b>97</b>	<b>91</b>

#### **Ordinary earnings from sector shares, etc.**

Earnings in 2010 amount to a total of DKK 38 million compared with DKK 5 million the year before.

The earnings, originating from DLR Kredit, BankInvest Holding, SparInvest Holding, Letpension, Nets Holding, Multidata Holding, Værdipapircentralen, PRAS, Bankdata, Vækst Invest Nordjylland, etc., cover dividend and value changes in the companies.

#### **Costs**

<b>Operating costs and Operating depreciation</b> (Amounts in million DKK)	<b>2010</b>	<b>2009</b>
Salaries .....	158	146
IT-costs .....	50	46
Operating depreciation .....	6	5
Other costs .....	47	42
Non-recurring costs of Integration of acquired savings banks ....	3	21
<b>Operating costs, etc.</b> .....	<b>264</b>	<b>260</b>
Contingency Association .....	20	25
<b>Operating costs, total</b> .....	<b>284</b>	<b>285</b>

<b>Return on total assets</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Pre-tax result / average equity .....	10.4	6.5	7.8	18.3	24.4
Result after tax / average equity .....	8.0	5.8	5.8	14.3	18.8
Costs in % of core earnings .....	57.1	63.8	62.0	57.5	59.5

#### **Write-downs on lending, etc.**

In 2010, an amount of DKK 81 million net has been charged compared with DKK 86 million the year before. (exclusive of the Contingency Association)

The write-down amounts to 1.1% of lending and guarantees - unchanged compared with 2009.

<b>Write-downs on loans, etc.</b> (Amounts in million DKK)	<b>2010</b>	<b>2009</b>
Write-downs on individually assessed loans .....	90	76
Write-downs on loans assessed on a group basis .....	7	6
Provisions regarding guarantees .....	2	15
<b>Write-downs and provisions, total</b> .....	<b>99</b>	<b>97</b>
Received regarding receivables written down previously ....	2	1
Interest received regarding receivables written down ....	16	10
Net effect of the core earnings regarding own loans and guarantees .....	81	86
Re the Contingency Association .....	16	15
<b>Effect on operations, total</b> .....	<b>97</b>	<b>101</b>

The total write-down and provisions balance then amounts to DKK 306 million - corresponding to 4.1% of loans and guarantees.

Please note that the total provisions for the Contingency Association have been written down completely and is thus not included in the total write-down and provisions balance.

Loans reset regarding interest amount to DKK 70 million, corresponding to 0.9% of loans and guarantees.

<b>Development in business scope</b> (Amounts in million DKK)	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Total assets .....	9,646	8,962	8,050	7,565	6,722
Lending .....	5,997	6,051	5,701	5,082	4,378
Guarantees .....	1,254	1,415	1,077	1,817	1,723
Deposits .....	6,406	6,424	5,035	4,550	4,314
Equity .....	1,206	1,107	1,052	1,037	912

<b>Credit risks</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Lending in relation to equity .....	5.0	5.5	5.4	4.9	4.8
The year's growth in lending .....	-0.9	6.2	12.2	16.1	28.6
Sum of large commitments .....	33.0	13.2	41.1	111.1	94.5
The year's net write-down percentage .....	1.3	1.3	0.6	-0.2	-0.4
Accumulated write-down percentage .....	4.1	3.6	2.5	1.9	2.3
Share of receivables with reduced rate of interest .....	0.9	0.6	0.4	0.3	0.3

## Development in lending

<b>Distribution of lending</b> (Amounts in million DKK)	<b>2010</b>	<b>2009</b>
Commercial loans .....	3,710	3,638
Private individuals .....	2,158	2,294
Public authorities .....	129	120
<b>Total lending</b> .....	<b>5,997</b>	<b>6,051</b>

Total lending fell by DKK 54 million - corresponding to a reduction of 0.9% to DKK 5,997 million.

Commercial lending has grown by DKK 72 million - or 2% - whereas lending to private customers has fallen by DKK 136 million - corresponding to a reduction of 6%.

The weak economic trends and the consequent weak investment climate form the basis of the stagnation in lending to businesses.

The fall in lending to private customers was caused by a conscious conversion of mortgage credits to mortgage credit loans. Thus mortgage credits fell by DKK 130 million in 2010.

<b>Distribution of loans and guarantees</b> (Amounts in million DKK)	<b>2010</b>	<b>2009</b>
Commercial customers .....	4,163	4,111
Private customers .....	2,955	3,168
Public authorities .....	132	123
Contingency Association .....	0	64
<b>Lending and guarantees total</b> .....	<b>7,250</b>	<b>7,466</b>

The total risk regarding loans and guarantees fell in the course of 2010 by DKK 216 million - corresponding to a fall of 2.9%. DKK 64 million of this reduction can be referred to the removal of the guarantee towards the Contingency Association, where the bank's loss of DKK 32 million has been charged to revenue and removed from the provisions.

In general, the bank's gross risk regarding loans and guarantees is distributed with 57% for businesses and 43% for private customers and public authorities.

Nordjyske Bank has very limited risks in the property business with a share of just above 5%, mainly originating from loans for local residential letting.

For the private portfolio, there still seems to be limited loss signals, and therefore the write-downs in 2010 regarding private customers are limited in spite of a share of loans and guarantees of 41%.

The main risk for the bank is at the moment lending to the agricultural sector where the bank's gross risk amounts to 18% of the bank's loans and guarantees - or a more correct risk calculation: 113% of the bank's equity. The bank's exposure in relation to the agricultural sector is described in detail on the next page.



## Loans and guarantees in the agricultural sector

<b>Before deduction of security:</b> (Amounts in million DKK)	<b>2010</b>	<b>2009</b>
Good quality .....	387	282
Normal quality .....	540	821
Some weaknesses .....	82	5
Material weaknesses .....	74	-
With objective indication of value reduction .....	237	174
<b>Total lending</b> .....	<b>1,320</b>	<b>1,302</b>

Write-downs and provisions for commitments with the agricultural sector amount to a total of DKK 154 million - or 10.5% of gross lending and guarantees to the sector.

Lending and guarantees with objective indication of value reduction have been covered completely through write-down/provisions and cautiously calculated security.

The individual calculation of the capital adequacy allowance has been made for possible losses on commitments with material weaknesses without write-down and provisions, just as capital has been set aside to cover the risk of commitments with certain weaknesses. In total, an additional amount of DKK 110 million has been set aside for possible future losses.

Nordjyske Bank naturally has relatively large lending activities to the agricultural sector, as this is an important industry in the bank's market area.

The bank's agricultural customers generally have robust capital conditions, and the dominant part of the agricultural customers is characterized by having been in the industry for many years. Add to this the considerable provisions which the bank has already made for the agricultural sector and the bank's own capital adequacy - based exclusively on equity - of 17.4%.

Of course, Nordjyske Bank is affected by the current economic problems in the agricultural sector with increased write-downs, but the difficulties in the agricultural sector can in no way threaten the bank.

<b>After deduction of security:</b> (Amounts in million DKK)	<b>2010</b>	<b>2009</b>
Good quality .....	106	110
Normal quality .....	168	400
Some weaknesses .....	26	15
Material weaknesses .....	53	-
With objective indication of value reduction .....	23	70
<b>Total lending</b> .....	<b>376</b>	<b>595</b>

*The securities have been calculated according to the principles described in note 9. Among other things, this means that security in the agricultural properties has been calculated at about 60-80% of the market value.*

In addition to lending to agricultural customers with agricultural operations in Denmark, the bank has provided funding for investments and development of agricultural operations (plant growing) abroad. According to the industry codes of the Danish Statistical Office, these loans have been included under real property.

The loans - amounting to 3.3% of the bank's loans and guarantees - are considered without any type of risk for the bank as they are covered by first mortgage security supplemented by state guarantee from the Export Credit Fund - and as the cash equity amounts to about 50% of the investment.

## Development in deposits

<b>Deposits</b> (Amounts in million DKK)	<b>2010</b>	<b>2009</b>
Demand .....	2,876	2,765
Notice .....	1,379	1,340
Time deposits .....	139	434
Special deposits .....	1,065	1,060
Pension pool .....	947	825
<b>Total deposits</b> .....	<b>6,406</b>	<b>6,424</b>

The bank's deposits fell marginally by DKK 18 million - or 0.3%

The bank's funding through deposits originates from our customers in the local area. Therefore, the "foreign deposits" from the former Løkken Sparekasse have been phased out as the agreements terminated. This is evident from the development in agreement deposits, which fell by DKK 295 million in 2010.

The bank's other deposits increased by DKK 277 million - or by 5%.

<b>Deposits / Lending</b> (Amounts in million DKK)	<b>2010</b>	<b>2009</b>
Deposits .....	6,406	6,424
Lending .....	5,997	6,051
<b>Excess deposits</b> .....	<b>409</b>	<b>373</b>

The bank has maintained good surplus deposits. Now on an even stronger base, as from the end of 2009 they are only based on "natural deposits" from the local area.

<b>Stable funding</b> (Amounts in million DKK)	<b>2010</b>	<b>2009</b>
Lending .....	<b>5,997</b>	<b>6,051</b>
Funding:		
Equity .....	1,206	1,107
Deposits .....	6,406	6,424
Bond loans, etc. ....	1,008	8
Funding total .....	<b>8,620</b>	<b>7,539</b>
Surplus .....	2,623	1,488
Funding ratio .....	0.70	0.80
- excl. bond loans .....	0.79	0.80

The stable funding has been calculated according to the "supervision diamond" of the Danish Financial Supervisory Authority, where the limit value for the funding ratio has been fixed at 1.00.

Even without the bond loan - originating from the state guaranteed funding - the bank has a quite comfortable situation in this area.

Please note that the bank has the corresponding bonds in its own holdings. According to the plan, the loan is to be phased out during 2011, as there does not seem to be a need for this additional security which was the reason for raising the state guaranteed funding in the middle of 2010.

## Liquidity

At the end of 2010, the bank's liquid reserves of DKK 3,439 million - compared with a statutory liquidity requirement of DKK 969 million - i.e. excess liquidity of 255%.

When the state guaranteed funding is repaid in 2011, the excess liquidity will amount to about 180%.

Cf. calculation of the "stable funding" - the bank has an extremely stable and forward-looking liquidity position.

According to the "supervision diamond" of the Financial Supervisory Authority, the lower limit to excess liquidity is 50%.

## Capital

<b>Core capital / weighted items</b> (Amounts in million DKK)	<b>2010</b>	<b>2009</b>
Equity .....	1,206	1,107
- deduction		
dividend .....	8	0
goodwill, tax, etc. ....	18	20
investment shares in financial businesses .....	86	45
Subordinate capital .....	7	7
<b>Core capital .....</b>	<b>1,101</b>	<b>1,048</b>
Weighted items .....	6,326	6,333
Capital adequacy rate .....	17.4	16.6
Core capital percentage .....	17.4	16.4

The bank's capital adequacy and core capital percentage amount to 17.4 - based only on equity.

Compared with an individual capital adequacy requirement of 9.7, there is excess capital adequacy of almost 80%.

## Supervision diamond

Just before the summer holidays, the Financial Supervisory Authority introduced the so-called "Supervision diamond" consisting of five key markers for what is in principle considered special risk areas for banks.

For each of the five key markers, the Financial Supervisory Authority has established a limit which the banks should in principle observe. In December 2010, the limits were adjusted within specific areas.

As at 31/12-2010, Nordjyske Bank fully meets the limits set up.

### Supervision diamond

Key markers	Limit	Nordjyske Bank, 31.12.2010
The sum of large commitments	>125 % of core capital	33%
Growth In lending p.a.	< 20%	- 1%
Property exposure	< 25% of lending and guarantees	5%
Stable funding ratio	< 1.0	0.7
Excess liquidity	> 50%	255%

<b>Key figures for capital adequacy</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Capital adequacy ratio .....	17.4	16.6	14.3	10.1	*11.2
Core capital ratio .....	17.4	16.4	14.3	10.1	*17.0
Growth in risk-weighted items .....	-9.7	-9.6	-9.1	28.5	19.3
Equity compared in relation to assets .....	12.5	12.4	13.0	13.7	13.6
*) calculated according to the previous rules, as the bank does not have sufficient data basis to be able to calculate the key figures according to the current set of rules.					

### **Decision of the Securities Council regarding the annual report 2009 from Nordjyske Bank**

The Financial Supervisory Authority has checked the bank's annual report 2009. This happens as part of the control of the annual reports of financial businesses carried out by the Financial Supervisory Authority on behalf of the Securities Council.

In February 2011, the bank has received the decision of the Securities Council regarding the control.

Considering the quantity and nature of the deviations, the Securities Council is of the opinion that the errors and deviations found amount to an error in total, even though some of the deviations are not in themselves material.

The bank has been ordered to correct all errors and deviations in the annual report for 2010 as the publication of this annual report was imminent.

Below you will find a description of the errors and deviations in the annual report according to the Securities Council and an estimate of the effect of these errors and deviations on the result and the equity:

1. In 2009, the bank has credited the investment property in the bank's subsidiary (Sæbygaard Skov) to revenue at an increase in value of DKK 4 million. The Financial Supervisory Authority does not disagree with the value assessment, but finds that the value increase has occurred before 2009. The change means that the result before and after tax will be reduced by DKK 4 million to DKK 70 million and DKK 63 million, respectively.  
The equity at the end of 2009 will remain unchanged at DKK 1,107 million, and this also applies to capital adequacy ratio and core capital ratio - unchanged at 16.6 and 16.4, respectively.
2. Intangible assets taken over in connection with the acquisition of the green part of Løkken Sparekasse are to be divided into: Customer relations and goodwill, whereas the bank has calculated them at a total amount. The change is of no importance to the result or the equity.
3. The note on individual write-downs and group write-downs must be changed so that the line "Added through acquisitions" is removed. Means that the write-downs received in connection with the acquisition of the green part must be included in the bank's financial statements as a price depreciation - and not as a write-down. Has no effect on the result, equity or the book value of lending.
4. The section on accounting policy must include a description of the accounting policy regarding business transfers, criteria for separation of headquarters buildings and the financial instruments: "Debt to credit institutions and central banks", "Deposits and other debts" and "Deposits in pooled schemes" - reference to the Executive Order on the Preparation of Financial Statements Is not sufficient.
5. A concrete description is to be made of securities distributed by the individual groups of loans and guarantees.

6. Commitments taken over in connection with the acquisition of the green part of Løkken Sparekasse must be included in the description of the credit quality. (Applies to commitments which are not OIV commitments and which are not in arrears)
7. The information about sensitivity to market risks must be described with reasonably likely changes to relevant risk variable, and the effect must be calculated in proportion to the result and the equity.
8. The bank management must state whether the financial statements (and not the annual report) give a correct impression of the assets and liabilities, etc., of the business, and whether the Management's Report contains a correct account (and not review).
9. That the key figures of the five year survey regarding "Costs of staff and administration" and "Write-downs on loans and receivables" are reproduced in accordance with the official income statement - and that there must be an explanation as to why "Capital adequacy and core capital ratio" - for 2006 and 2005 have not been converted to the new rules.
10. That lines which do not include amounts must not be included, that the line "Assets in temporary possession" should not be called "Temporarily acquired assets", and that the line "Suggested dividend" should not be called "Of this suggested dividend" and that this line should be placed before the line "Total equity".
11. That description of accounting policy for "Other unlisted securities" is not completely precise regarding the entry of DKK 645 thousand In note 14 - referred to as "Unlisted shares etc. included at market value".

In the present annual report, the bank has adjusted the comparative figures for 2009, the description of accounting policy and the notes as such in accordance with the order issued by the Securities Council.

#### **Uncertainty in connection with inclusion and calculation**

The year's result has not been affected by unusual conditions - apart from those mentioned in the Management's Report.

After the end of the accounting year, the state company Finansielt Stabilitet A/S has taken over the bank Amagerbanken after the liquidation of the bank.

Nordjyske Bank is not exposed to the Amagerbanken through credit facilities, bonds or shares in Amagerbanken.

Just like the other Danish banks, Nordjyske Bank is liable for losses faced by the Deposit Guarantee Fund in connection with the liquidation of Amagerbanken.

Nordjyske Bank's most recently calculated share of the sector's liability towards the Deposit Guarantee Fund for depositors and investors amounts to 0.65%.

Apart from this, no events have occurred after the end of the financial year which will affect the bank's result for 2010, the bank's assets and liabilities, and the financial position as at the end of 2010.

When calculating the book values, estimates have been made. The estimates made are based on conditions which the Management finds justifiable.

The most important estimates cover

- write-downs on loans and receivables where quantification of the risk of failing future payments involve a material estimate,
- the description of credit quality involves a certain amount of uncertainty, as the bank has in some areas had to make a qualified estimate,
- value assessment of intangible assets regarding quantification of the future earnings and the calculation interest applied,
- value assessment of properties regarding the calculation interest applied, and
- value assessment of unlisted sector shares, cf. the information below

Unlisted shares in companies owned by the bank jointly with a number of other banks, etc. - the so-called sector shares - involve a material estimate in connection with the determination of market value. The market value is fixed on the basis of available information about current transactions. If no current market data is available, the market value is determined on the basis of the most recently prepared and approved financial statements of the companies. The principle behind the bank's determination of the market value remains unchanged compared with the previous years.

### **Consolidation and capital**

Of the year's result after tax of DKK 93 million, it is suggested that DKK 8 million is distributed as dividend and that the remaining amount is added to equity.

In the course of the year, the equity has been increased by DKK 5 million net as a consequence of net sale of the bank's shares. The bank's equity amounts to DKK 1,206 million at the end of the year.

When calculating the bank's capital adequacy (solvency), the standard methods for the calculation of credit risks outside the trading portfolio and market risks are used. For the calculation of the operational risks, the so-called basic indicator method is used.

In December 2010, the bank's capital adequacy ratio amounts to 17.4.

According to the stipulations in the Executive Order on Capital Adequacy, the bank must publish detailed information about risks, capital structure, capital adequacy and risk control, etc. Such information appears from the bank's website [www.nordjyskebank.dk](http://www.nordjyskebank.dk).

### **The individual capital adequacy requirement**

Since 2007, banks in Denmark have had to calculate their individual capital adequacy requirement in an internal calculation reflecting the risk profile in the individual bank when it was exposed to a number of stress tests, through which the individual bank's individual capital adequacy requirement and the necessary sufficient core capital were calculated.

Regardless of the result of the calculations, the individual capital adequacy requirement cannot amount to less than the statutory minimum requirement of 8%.

Nordjyske Bank's calculation of the individual capital adequacy requirement amounts to 9.7%.

Seen in the light of the fact that the actual capital adequacy amounts to 17.4% at the end of 2010, the bank has excess cover of the individual capital adequacy requirement of almost 80% based on capital of the best quality, i.e. equity. This emphasises the bank's capital adequacy robustness.

For further information about the bank's calculated individual capital adequacy requirement, please refer to the bank's website: [www.nordjyskebank.dk](http://www.nordjyskebank.dk)

### **Proposal to the general meeting**

With the approval of the Committee of Representatives, the Board of Directors recommend the following proposal for a change to the bank's Articles of Association for discussion at the ordinary general meeting to be held on 8 March 2011 in Arena Nord, Frederikshavn:

- Extension of the authorisation to increase the share capital until 8 March 2016.
- Authorisation for the Board of Directors to decide that communication with the shareholders can be electronic communication.
- that extraordinary general meetings shall be held in Vendsyssel according to decision made by the Board of Directors.
- that the financial statements must be audited.
- authorisation to the Board of Directors to make the changes requested by the Financial Supervisory Authority or which must be made as a consequence of changes to legislation.

Furthermore, the Board of Directors will recommend to the general meeting authorisation of acquisition of own shares, cf. §198 of the Danish Limited Companies Act.

Furthermore, the general meeting must decide on the Financial Stability Act regarding the new winding up scheme for distressed financial institutions.

### **Financial risks**

The bank's credit risk is divided among a large number of small commitments. This is illustrated by the fact that the sum of large commitments amounts to only 33% of the equity. The total gearing of lending is moderate - 5 times the bank's equity. Including guarantees, the total credit gearing amounts to 6 times the equity.

The bank is only to a limited extent exposed to changes in the level of interest rates and exchange rate fluctuations. At the end of 2010, the bank's interest risk amounted to t DKK -4,862 and the exchange rate risk amounted to t DKK 1,641 at a sensitivity of 2.25% in relation to Euro and 12% in relation to other currencies.

### **Group Report**

Nordjyske Bank owns the entire share capital of Sæbygård Skov A/S. The result of the subsidiary for 2010 is included in the bank's income statement under "result of investments in associated businesses and subsidiaries". The shares are included at DKK 13.4 million, which is the book value.

Group financial statements have not been prepared, as the activities of the subsidiary is, both regarding balance sheet and result, immaterial compared with those of the bank.

### **Expectations for 2011**

An expected continued subdued economic development in society will dampen the investment interest. Therefore the bank expects a weak growth in the business volume in 2011.

In 2011, the bank expects a continued good core income before write-downs on loans and price adjustments for listed securities - and at the same level as in 2010 - or DKK 175-200 million.

the total result will, of course, be affected by the write-down on loans and the price development regarding the bank's holding of listed securities. The largest uncertain factor is the item write-downs on loans and guarantees, where the weak economic growth must be expected to lead to a write-down percentage in 2011 at the level realised for 2010.

### Ownership and shareholders

The bank's share capital of DKK 80.4 million is divided into 8,040,000 shares at DKK 10 each, all of them with the same rights. The shares have been adopted for listing on NASDAQ OMX Copenhagen.

According to the bank's Articles of Association, the shares must be registered by name. The shares are freely negotiable, but it will require the bank's consent if an acquirer obtains 10% or more of the bank's share capital.

The voting right at the bank's general meeting is exercised so that each DKK 100 or fraction thereof gives 1 vote. 1,000 votes will, however, be the largest number of votes any shareholder is able to cast on his/her own behalf.

More than 90% of the share capital of DKK 80.4 million is owned by individual shareholders, most of whom are also customers with the bank. Nordjyske Bank has just over 20,000 shareholders, but no "large shareholders", i.e. no shareholder has reported according to §55 and 56 of the Danish Limited Companies Act that they own 5% or more of the share capital.

With the acceptance of the Committee of Representatives, the Board of Directors is authorised to increase the share capital by up to DKK 69.6 million to a total of DKK 150 million. Of new shares issued according to this authorisation, up to DKK 25 million can be offered for free subscription without pre-emptive rights for the bank's shareholders.

In addition, the Board of Directors is authorised to allow the bank to acquire its own shares at any time corresponding to a maximum of 10% of the bank's nominal share capital and so that the shares can be acquired at the current listed price with a deviation of up to 10%.

<b>Own shares</b> (shares)	<b>2010</b>	<b>2009</b>
Share capital .....	8,040,000	8,040,000
Own holding .....	343,430	383,684
- as a percentage of the share capital .....	4.2	4.8
<b>Diluted share capital</b> .....	<b>7,696,570</b>	<b>7,656,316</b>

### The bank's management

#### Committee of Representatives

The Committee of Representatives includes at least 30 and no more than 60 members, at present 55 members. The members are elected by the general meeting. When electing members of the Committee of Representatives, equal representation from the activity areas of the bank is aimed at to reflect the bank's shareholder composition and business structure.

When a member of the Committee of Representatives has reached the age of 67, the representative in question will resign from the Committee of Representatives at the next ordinary general meeting.

#### The Board of Directors

The Board of Directors includes 4 - 6 members, at present 5 members, elected by and among the members of the Committee of Representatives. Board members elected by the Committee of Representatives are elected for a period of two years. Re-election is possible. If such a member retires from the Committee of Representatives, the membership of the Board of Directors terminates.

In addition, the Committee of Representatives can elect 1 member of the Board of Directors who is not a member of the Committee of Representatives when it is considered appropriate considering the composition of the Board of Directors. According to this authorisation, the Committee of Representatives has in March 2009 elected an independent member with competence within accounting and auditing, so that the Board of Directors meets the statutory requirements regarding an audit committee.



<b>The Nordjyske Bank share</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Earnings per share .....	11.6	7.8	7.5	17.3	19.5
Dividend per share .....	1.0	0.0	0.0	2.5	2.5
Listed price, end of the year .....	117.0	115.0	78.0	182.0	211.6
Book value, end of the year .....	156.6	144.7	136.5	130.5	114.2
Listed price / the year's result per share (P/E) .....	10.1	14.7	10.4	10.5	10.8
Listed price / book value per share .....	0.75	0.79	0.57	1.39	1.85

In addition, the Board of Directors includes the additional members prescribed by legislation, at present 3 employee representatives.

The Board of Directors holds an ordinary Board meeting 11 times per year.

The Board of Directors headed by the chairman carries out an annual evaluation of the Board meetings, level of information, etc., and of the composition of the Board of Directors in the short and the long term. During the latest evaluation, it was decided in order to ensure a reasonable balance between renewal and continuity in the work in the Board of Directors to aim at a maximum period for each Board member, always provided that continuity takes precedence before the fixed maximum period.

#### **Audit Committee**

The Board of Directors has established a separate audit committee. The committee monitors accounting and auditing and prepares issues to be discussed subsequently by the entire Board of Directors. In accordance with the legislation, the audit committee does not have independent decision-making competence.

The Audit Committee holds four ordinary meetings per year.

#### **Remuneration policy**

The remuneration policy for the Board of Directors and the Executive Board of Nordjyske Bank has been fixed so that both the Board of Directors and the Executive Board receive a fixed payment. Thus the remuneration includes no type of incentive pay. The fee received by the Board of Directors is fixed by the Committee of Representatives. The Board of Directors determines the remuneration to be received by the Executive Board.

#### **Changes to the bank's Articles of Association**

Proposals for changes to the bank's Articles of Association can be adopted by the general meeting if at least two thirds of the share capital are represented with voting right, and if the proposal is adopted with at least two thirds of both the votes cast and of the share capital with voting right represented at the general meeting.

If at least two thirds of the share capital are not represented at the general meeting with voting right, proposals for changes to the Articles of Association made by the Committee of Representatives or the Board of Directors which have obtained at least two thirds of the votes cast, can be adopted at a new general meeting with the above qualified majority, regardless of the size of the share capital represented.

Proposals for changes to the Articles of Association adopted unanimously by the Committee of Representatives can be adopted finally at a single general meeting with a majority of at least two thirds of both the votes cast and the share capital with voting right represented at the general meeting, regardless of the amount of shares represented.

### **Good corporate management**

As a listed company, Nordjyske Bank is covered by the recommendations for good corporate management issued by the Committee for Good Corporate Management. In addition, the bank is covered by the recommendations issued by the Danish Bankers' Association on good corporate management in banks and external auditing.

The bank's attitude to both sets of recommendations is generally favourable, and the bank's Executive Board and Board of Directors have chosen to adopt most of the recommendations. In individual areas, the bank's management has, however, chosen either not to observe the recommendations or only observe them partially. These are the following areas:

- According to the bank's Articles of Association, the members of the Board of Directors are not elected by the general meeting, but by the Committee of Representatives, who will also fix the fees for the Board members.
- The recommendation on terms of office of one year is not observed, as the Board of Directors finds it more important to ensure the continuity in the work in the Board of Directors. The members of the bank's Board of Directors are therefore elected for periods of two years, and the terms are staggered so that half of the members are up for election each year.
- The recommendation that information should be included in the annual report about fees received by individuals. The Board of Directors does not find information about the fees for individuals relevant to the public.
- The recommendation that the Board of Directors shall annually adopt overall, general frameworks for the auditor's provision of non-auditing services is not observed, as the external auditor services relate primarily to operating, tax and accounting aspects.

A detailed account of the bank's attitude to the two sets of recommendations is available on the bank's website [www.nordjyskebank.dk](http://www.nordjyskebank.dk)

### **Procedure for preparation of financial statements**

The Board of Directors, including the audit committee, and the Executive Board have the overall responsibility for the risk management and internal control of Nordjyske Bank in connection with the preparation of the financial statements, including observing the relevant legislation and other regulations in connection with the preparation of financial statements. The bank's control and risk management systems in connection with the accounts process may create a reasonable - but not absolute - certainty that inappropriate use of assets, losses and/or material errors and omissions in connection with the preparation of the financial statements are avoided.

The Board of Directors, including the audit committee and the Executive Board will on an ongoing basis assess risks and internal controls in connection with the bank's activities and their possible influence on the preparation of the financial statements.

### **Control environment**

The Executive Board will on an ongoing basis assess the bank's organisation, structure and staffing in all material areas, including within the area with relation to the preparation of financial statements.

The Board of Directors and the Executive Board shall establish and approve overall policies, procedures and controls in material areas in connection with the preparation of financial statements. Compliance is emphasised regularly, and random sample monitoring and control of compliance is carried out.

In accordance with the legislation, the Board of Directors has established an internal audit committee, reporting to the Board of Directors. The internal audit committee takes part in the auditing of the material and risk-related areas in connection with the preparation of the financial statements.

In addition, the bank's audit committee monitors the most important and risk-related areas in connection with the preparation of the financial statements.

**Risk assessment**

The Board of Directors and the Executive Board will on an ongoing basis carry out an overall assessment of risks in connection with the procedure for the preparation of financial statements.

The Board of Directors, including the audit committee, and the Executive Board will as part of the risk assessment annually decide on the risk of fraud and measures to be taken with a view to reducing and/or eliminating such risks.

**Social responsibility**

Nordjyske Bank has prepared a policy regarding social responsibility based on the bank's core values: safety, willingness to act and competence. The policy is also in accordance with the bank's vision of being "the safe choice".

According to the policy, the bank wants to ensure a fair treatment of its stakeholders, limit any negative effects on environment and local community, and contribute to mutually advantageous financial results - based on social responsibility.

The policy in its entirety and the related explanation is available on [www.nordjyskebank.dk/samfundsansvar2010](http://www.nordjyskebank.dk/samfundsansvar2010).

**Management positions as at 31 December 2010****Management positions in other companies held by the members of the Board of Directors****Hans Jørgen Kaptain, Attorney (Chairman)**

Manager of Kaptain ApS

Chairman of the Board of

Nordjyske Bank A/S, Elworks A/S, BIA A/S, Dafolo Holding A/S, GKH Invest A/S, Hjallerup Maskinforretning A/S, Jarnes A/S, Nordjysk Luftteknik A/S, Skagarak 2000 A/S, Skagarak Holding A/S, Stiholt Holding A/S, Aktieselskabet Sæby Fiskeindustri.

Member of the Board of

Dansk Træemballage A/S, Cosmos Trawl A/S, GMC Holding A/S, Holdingselskabet HT A/S, Hydra Tech A/S, Mekanord 2009 A/S, RAIS A/S, Skanderborg Maskinforretning A/S, Skagens Museum, Vanggaard Fonden, Den Grevelige Oberbech-Clausen-Peanske Familiefond, Sigurd og Margit Espersens Familiefond, Ann Birgitte og Niels Ørskov Christensens Familiefond, Danske Advokater, Nordjyllands Hallens Fond

**Erik Broholm Andersen, Farm Owner**

Director and member of the Board of

2B Biogas A/S.

Member of the Board of

Gærum Brugsforening.

**Per Lykkegaard Christensen, Farm Owner**

Director and member of the Board of

Blahova ApS, Lykkegaard Landbrug Holding ApS and a 100% owned subsidiary.

Member of the Board of

Farmas A/S, Donau Agro ApS, AKV-Langholt AMBA, Cargill AKV I/S, Projekt 26.05.06 ApS.

**Ole B. Kristensen, State-authorized Public Accountant**

Member of the Board of

Jens Peter Røntved Holding ApS, Christian Røntved Holding ApS, Fonden Arena Nord, Højvangen Holding ApS, Anna Christiansens Mindelegat.

**Henrik Lintner, Pharmacist**

Member of the Board of

Medlemspension af 1.1.2005 A/S, Bryghuset Vendia ApS.

**Sten Uggerhøj, Car Dealer**

Director and member of the Board of

Uggerhøj A/S, Uggerhøj Holding ApS and three 100% owned subsidiaries,

Ejendomsselskabet Weddelsborgvej 1 A/S.

Chairman of the Board of

Ejendomsselskabet Møllehuset A/S.

Member of the Board of

A/S Knud Uggerhøj, Uggerhøj Herning A/S, Uggerhøj Silkeborg A/S, Fortin Madrejon A/S, Trigon Holding A/S and two 100% owned subsidiaries, Civilingeniør Bent Bøgh og Hustru Inge Bøgh's Fond.

**Management positions of members of the Executive Board****Jens Ole Jensen, Managing Director**

Member of the Board of

DLR kredit A/S

Nordjysk Lånefond (Mål 2 - Lånefonden)

Vækst-Invest Nordjylland A/S

Frederikshavn Havn A/S

**Income Statement**

Amount in 1,000 DKK

	Note	2010	2009
Interest income .....	3	431,769	478,154
Interest expenses .....	4	78,838	138,102
<b>Net interest income .....</b>		<b>352,931</b>	<b>340,052</b>
Dividend of shares, etc. ....		1,755	5,698
Fees and commission income .....	5	100,937	94,385
Fees and commissions paid .....		3,818	3,709
<b>Net interest and fee income .....</b>		<b>451,805</b>	<b>436,426</b>
Market value adjustments .....	6	44,699	14,250
Other operating income .....		5,078	5,485
Staff and administration costs .....	7	255,687	253,032
Depr. and write-downs, intangible and tangible assets .....		7,836	6,928
Other operating costs .....		21,492	24,965
Write-downs on loans and receivables, etc. ....		96,711	101,059
Profit or loss from investments in associated and group enterprises ...		565	-32
<b>Pre-tax profit .....</b>		<b>120,421</b>	<b>70,145</b>
Tax .....	8	27,503	7,442
<b>The year's result .....</b>		<b>92,918</b>	<b>62,703</b>

**Other total income**

Increases in reassessed value of headquarters properties .....	1,178	2,502
Reversals of such increases .....	635	144
<b>Net change .....</b>	<b>543</b>	<b>2,358</b>

Increases in and reversals of reassessed value of headquarters properties have no tax effect.

**Balance sheet, 31 Dec.**

Amount in 1,000 DKK

	Note	2010	2009
<b>Assets:</b>			
Cash balance and demand deposits at central banks .....		79,099	56,741
Receivables from credit institutions and central banks .....	10	597,444	1,417,626
Loans and other receivables at market value .....	11+12	10,115	10,446
Loans and other receivables at amortised cost price .....	11+12	5,986,648	6,041,044
Bonds at market value .....	13	1,732,873	410,051
- of this own holding of bonds issued .....		1,000,000	0
Shares, etc. ....	14	215,575	164,642
Investments in associated enterprises .....		1,000	1,000
Investments in group enterprises .....		13,381	12,816
Assets related to pooled schemes .....	15	736,679	596,303
Intangible assets .....	16	17,584	12,000
Land and buildings, total .....	17	146,803	145,730
- Investment properties .....		39,609	39,823
- Headquarters properties .....		107,194	105,907
Other tangible assets .....	18	6,909	5,752
Current tax assets .....		3,878	6,910
Deferred tax assets .....	8	0	8,400
Temporary assets .....		962	838
Other assets .....		91,438	65,608
Prepayments and accrued income .....		6,038	5,806
<b>Total assets .....</b>		<b>9,646,426</b>	<b>8,961,713</b>

**Balance sheet, 31 Dec.**

Amount in 1,000 DKK

	Note	2010	2009
<b>Liabilities:</b>			
<b>Payables</b>			
Payables to credit institutions and central banks .....	22	797,046	1,261,892
Total deposits .....		6,406,125	6,424,266
- deposits and other payables .....	23	5,458,725	5,598,951
- deposits in pooled schemes .....		947,400	825,315
Issued bonds at amortised cost .....	24	1,001,062	1,347
Other liabilities .....		210,514	130,160
Prepayments and deferred income .....		9	17
<b>Total debts .....</b>		<b>8,414,756</b>	<b>7,817,682</b>
<b>Provisions</b>			
Provisions for pensions and similar liabilities .....	25	11,444	9,622
Provisions for deferred tax .....	8	1,600	0
Provisions for losses on guarantees .....		3,795	19,970
Other provisions .....		2,049	0
<b>Total provisions .....</b>		<b>18,888</b>	<b>29,592</b>
<b>Subordinated investments</b>			
Subordinated investments .....	26	<b>6,930</b>	<b>6,951</b>
<b>Equity</b>			
Share capital .....	27	80,400	80,400
Revaluation reserves .....		24,151	23,608
Other reserves:			
- statutory reserves .....		5,135	4,570
Retained earnings .....		1,088,126	998,910
Suggested dividend .....		8,040	0
<b>Total equity .....</b>		<b>1,205,852</b>	<b>1,107,488</b>
<b>Total liabilities .....</b>		<b>9,646,426</b>	<b>8,961,713</b>

**Changes to the equity**

Amount in 1,000 DKK

	<b>2010</b>	<b>2009</b>
<b>Share capital</b>		
Share capital, start of the year .....	80,400	80,400
Capital additions or reductions .....	0	0
Share capital, end of the year .....	80,400	80,400
<b>Provisions for appreciation</b>		
Provisions for appreciation, start of the year .....	23,608	21,249
Other total income .....	543	2,359
Provisions for appreciation, end of the year .....	24,151	23,608
<b>Other reserves</b>		
Statutory reserves, start of the year .....	4,570	4,602
The year's profit .....	565	-32
Statutory reserves, end of the year .....	5,135	4,570
<b>Retained profit</b>		
Retained profit, start of the year .....	998,910	945,258
The year's profit .....	92,918	62,703
- provision for statutory reserves .....	565	-32
- transferred to suggested dividend .....	8,040	0
<b>Income and expenses entered directly in the equity</b>		
Gain from sale of own shares, before tax .....	960	-2,730
Current tax on shares sold .....	0	680
Adjustment of deferred tax, own shares .....	0	-4,110
Sale of own shares .....	63,638	61,252
Purchase of own shares .....	59,695	64,175
Retained profit, end of the year .....	1,088,126	998,910
<b>Suggested dividend</b>		
Suggested dividend, start of the year .....	0	0
Dividend paid .....	0	0
The year's profit .....	8,040	0
Suggested dividend, end of the year .....	8,040	0
Equity, end of the year .....	1,205,852	1,107,488



## **Accounting policy**

### **General information**

The annual report has been prepared in accordance with the "Order on financial reports for credit institutions and stockbroker companies, etc.", issued by the Danish Financial Supervisory Authority. The stipulations in the order on financial reporting issued by the Financial Supervisory Authority are compatible with the stipulations on inclusion and calculation in the international accounting standards (IAS/IFRS), and disclosure requirements determined by Nasdaq OMX Copenhagen A/S for listed companies.

### **Changes to the accounting policy**

The accounting policy remains unchanged compared with the annual report for 2009. As a consequence of the decision of the Securities Council, additions and clarifications to the accounting policy have been made.

### **The Group**

The bank owns the total share capital of Sæbygård Skov A/S, Frederikshavn. Group financial statements have not been prepared, as the activities of the subsidiary are insignificant, both regarding balance sheet and activity, compared with the bank's activities.

### **Inclusion**

Financial assets and financial liabilities are included in the balance sheet with effect from the date of settlement.

### **Accrual**

All interest earnings and interest expenses and current commissions are accrued within the financial year. Fee and commission earnings which form an integrated part of the effective interest on a loan are accrued during the expected term of the loan.

Interest receivables and payables, etc., which have not been added to accounts are included under "other assets" and "other liabilities", respectively.

Other commissions and fees are recognised on the due date.

### **Acquisitions**

In connection with acquisitions, all assets and liabilities in the business taken over which can be identified and calculated reliably are included at market value as at the acquisition date.

A possible favourable difference between the total cost price and the market value of the net assets on the take-over date will be added to intangible fixed assets as goodwill.

A possible negative difference in value between the total cost price and the market value of the net assets on the take-over date will be included in the income statement as income.

### **Value assessment – receivables and lending**

The value of receivables from credit institutions and central banks and lending is determined at the first inclusion at market value plus transaction costs less fees and commissions received which are related to the establishment.

Receivables from credit institutions and central banks and loans which are not reverse transactions are subsequently valued at amortised cost price less write-downs to a lower value in case of objective indication for a value reduction.

Receivables from credit institutions and central banks are all assessed individually for objective indication of value reduction. For material lending, an individual assessment is also made in order to determine whether there is an objective indication of value deterioration. The write-down requirement is calculated individually when there is at an individual level an objective indication of value deterioration. Individually assessed loans which have not been written down and other loans are subsequently valued on a portfolio basis.

Portfolio valuation of the write-down requirement is made as a consequence of an objective indication for value deterioration for groups of loans with similar characteristics regarding credit risk. The portfolio valuation is based on rating of the customers in the light of financial key figures. A gross approach is used for the calculation of the need for group write-downs. The method means that the total group write-downs amount to the sum of the individual customers' rating deterioration regardless whether other customers have obtained a better rating during the period.

An individual loan or a group of loans will be considered value-deteriorated if – and only if – there is objective indication of value deterioration as a result of one or more events occurring after the first inclusion of the loan, and if this or these events have an effect on the expected future payment flows which can be estimated reliably.

The agreed effective interest rate is used as a discounting factor for the individual loan. For portfolios of loans, the weighted average of the agreed effective interest rate is used for the individual loans in the portfolio.

The write-downs are calculated as the difference between the amortised cost price and the market value of the expected future payments, including the realisation value of any security. The future payments have been determined on the basis of the most probable result.

Portfolio assessment of the write-down requirement for groups of loans with similar characteristics regarding credit risks is based on a rating model where the model is developed and improved on an ongoing basis through back tests, etc.

#### **Valuation - securities**

Bonds, shares and financial instruments listed on NASDAQ OMX Copenhagen or on an international stock exchange have been valued at the closing price on the date of the balance sheet. Bonds drawn have been valued at the redemption price discounted from the due date to the end of the year.

Unlisted shares in companies owned jointly by the bank and a number of other financial institutions, etc., have been valued at market value. The market value is fixed on the basis of available information about current transactions. If there are no current market data, the market value is fixed on the basis of the companies' most recently prepared and approved financial statements.

Other unlisted securities are calculated at market value, in some cases it has not been possible to make a reliable calculation at market value. Such securities have been included at cost price less write-downs.

Capital investments in affiliated companies and subsidiaries have been valued at book value. In connection with the valuation of the most important asset, Sæbygård Skov, in the subsidiary, Sæbygård Skov A/S, an external expert has been used.

The bank has not re-classified financial assets, cf. §55 (4) of the Executive Order on the Preparation of Financial Statements, just as the bank does not own any other financial assets categorised as "hold-till-expiry" assets.

#### **Valuation – intangible fixed assets**

Customer relations acquired in connection with take-overs are calculated after the first inclusion at cost price less accumulated write-downs. The write-downs are calculated on a straight-line basis on the basis of an expected useful life of 10 years.

Goodwill, calculated as the positive difference between the total cost price and the value of the net assets in connection with take-overs, is valued at the current value of the expected future earnings from the business acquired. If a value reduction is determined, a write-down is made.

**Valuation – tangible fixed assets**

Land and buildings used fully or partially in connection with the bank's own operations are categorised as headquarters properties. Other sites and buildings are categorised as investment properties.

Investment properties are valued at market value calculated on the basis of a return-based model. The bank has not used external experts in connection with the calculation of values of own investment properties. In connection with valuation of the investment property in the subsidiary Sæbygård Skov A/S, an external expert has been used in connection with the valuation because of the special nature of the property. Write-downs are not made on investment properties.

Headquarters properties are calculated at re-assessed values calculated as the market value on the re-assessment date less the subsequently accumulated write-downs. The bank has not used external experts when calculating the value of headquarters properties. Write-downs have been calculated according to the straight-line method on the basis of an average useful life of 50 years, and considering the expected residual value of the buildings.

Regarding the return requirements fixed in connection of the valuation of the bank's properties, please refer to note 17.

Other tangible assets have been entered at purchase prices less allowances for depreciation. The allowances for depreciation have been calculated on a straight-line basis on the basis of an average useful life of 3 years for IT equipment and 5 years for other operating equipment.

**Valuation – financial obligations**

The bank's financial obligations, including "Debt to credit institutions", "Deposits and other debts" and "Deposits in pooled schemes" have at the first inclusion been calculated at market value plus possible transaction costs. In connection with subsequent calculations, the financial obligations are calculated at amortised cost price.

**Foreign exchange**

Earnings and expenses in foreign currencies have been converted into Danish kroner according to the exchange rate on the date of transaction.

Outstanding accounts and foreign exchange holdings have been calculated at the exchange rates fixed by the Danish central bank spot at the end of the year.

**Pension obligations and other staff obligations**

Uncovered pension obligations and staff obligations in the form of anniversary bonus are included in the balance sheet under the item "provisions for pensions and similar obligations" with the capitalised value of the expected, future payments.

Other staff obligations which are short-term obligations are included in the balance sheet as payables under the item "Other liabilities".

**Guarantees**

The bank's outstanding guarantees have been stated in note 29 "Contingent liabilities". The guarantees are reviewed regularly and assessed critically in order to clarify whether there is a risk that they will lead to a drain on the bank's financial resources.

Provisions for losses on guarantees are included under provisions in the balance sheet.

**Taxation**

The bank is taxed jointly with the subsidiary, Sæbygård Skov A/S. Company tax is paid according to the tax prepayment scheme.

Any deferred tax calculated on the basis of the current tax rate has been added as a liability under "provisions for deferred tax". Any tax asset (negative, deferred tax) has been capitalised under "deferred tax assets". There is no deferred tax regarding the bank's assets.

**Premature use of new stipulations**

The Financial Supervisory Authority has issued a new executive order on financial statements which will become effective on 15 January 2011 and which will predominantly be used for the first time for annual and interim reports regarding financial statements for the financial year which starts on 1 January 2011 or later.

According to the new executive order on financial statements, § 93 regarding distribution of loans, etc., by sectors and industries must, however, be used for the annual report for 2010. The distribution by industries has been expanded and changed, and the comparative figures for 2009 can therefore not be balanced with the annual report for 2009.

The bank has chosen to use the following new stipulations for the annual report for 2010:

§ 79 regarding calculation of "other total income"

§ 93a regarding information about credit risks

§ 118 regarding information about auditors' fee

§ 129 regarding specification of difference between core capital and capital base and equity, etc.

§ 132a information about management positions in other businesses

The use of the new stipulations has no influence on income statement or balance sheet. They only have the effect of providing additional information.

## Notes with five-year surveys

The system set up by the Financial Supervisory Authority for organisation and key figures

Amounts in million DKK

<b>1. Five years' key figures</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Income statement:</b>					
Net interest and fee income .....	451.8	436.4	372.1	339.9	316.7
Market value adjustments .....	44.7	14.3	-32.5	26.5	56.4
Staff and administration costs .....	255.7	253.0	218.3	201.7	193.1
Write-downs on loans and receivables, etc.	96.7	101.1	38.3	-13.6	-25.3
Result of investments in associated and group companies .....	0.6	0.0	4.0	0.2	0.1
The year's result .....	92.9	62.7	60.3	139.2	157.0
<b>Balance sheet:</b>					
Lending .....	5,997	6,051	5,701	5,082	4,378
Equity .....	1,206	1,107	1,052	1,037	912
Total assets .....	9,646	8,962	8,050	7,565	6,722

Amounts in million DKK

<b>2. Five years' key figures</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Capital adequacy</b>					
Capital adequacy rate .....	17.4	16.6	14.3	10.1	* 11.2
Core capital percentage .....	17.4	16.4	14.3	10.1	* 17.0
<b>Earnings</b>					
Return on equity before tax .....	10.4	6.5	7.8	18.3	24.4
Return on equity after tax .....	8.0	5.8	5.8	14.3	18.8
Earnings per cost krone .....	1.3	1.2	1.3	1.9	2.2
<b>Market risks</b>					
Interest risk .....	-0.4	0.1	0.7	0.2	0.5
Foreign exchange position .....	1.2	3.2	5.0	87.5	3.0
Foreign exchange risk .....	0.0	0.0	0.0	0.1	0.0
<b>Credit risks</b>					
Loans in relation to deposits .....	98.3	98.2	116.5	114.6	104.8
Loans in relation to equity .....	5.0	5.5	5.4	4.9	4.8
The year's growth in lending .....	-0.9	6.2	12.2	16.1	28.6
Surplus cover compared with statutory liquidity requirements .....	255.0	157.2	90.6	42.6	32.7
The sum of large commitments .....	33.0	13.2	41.1	111.1	94.5
The year's write-down percentage .....	1.3	1.3	0.6	-0.2	-0.4
<b>The Nordjyske Bank share</b>					
<b>DKK per share of DKK 10 each</b>					
The year's result per share .....	11.6	7.8	7.5	17.3	19.5
Book value per share .....	156.7	144.7	136.5	130.5	114.2
Dividend per share .....	1.0	0.0	0.0	2.5	2.5
Listed price/the year's earning per share .....	10.1	14.7	10.4	10.5	10.8
Listed price/book value per share .....	0.75	0.79	0.57	1.39	1.85

\*) calculated according to previous rules, as the bank is not in possession of a sufficient data basis to be able to calculate the key figures according to the current set of rules.

**Notes for the income statement**

Amount in 1,000 DKK

	2010	2009
<b>3. Interest income:</b>		
Receivables from credit institutions and central banks	7,643	24,768
Interest on lending and other receivables .....	399,596	434,838
Interest on bonds .....	20,051	12,648
Derived financial instruments, total .....		
- foreign exchange contracts .....	3,462	5,072
- interest contracts .....	433	442
Other interest income .....	584	386
<b>Total interest income .....</b>	<b>431,769</b>	<b>478,154</b>
There are no interest earnings from genuine purchasing and repurchasing transactions.		
<b>4. Interest expenses:</b>		
Interest for credit institutions and central banks ....	6,940	27,418
Interest for deposits and other payables .....	62,807	110,368
Interest on bonds issued .....	8,829	51
Interest on subordinated capital investments .....	250	169
Other interest expenses .....	12	96
<b>Total interest expenses .....</b>	<b>78,838</b>	<b>138,102</b>
There are no interest expenses from genuine purchasing and repurchasing transactions.		
<b>5. Fees and commission income:</b>		
Security trading and custody accounts .....	32,163	31,436
Payment services .....	11,943	9,507
Loan transaction fees .....	18,066	17,202
Guarantee commission .....	22,982	20,338
Other fees and commissions .....	15,783	15,902
<b>Total fees and commission income</b>	<b>100,937</b>	<b>94,385</b>

**Notes for the income statement**

Amount in 1,000 DKK

	2010	2009
<b>6. Market value adjustments:</b>		
Loans and other receivables at market value.....	-331	208
Bonds .....	456	2,285
Shares, etc. ....	38,312	6,096
Investment properties .....	-426	61
Foreign exchange .....	6,489	6,310
Derived financial instruments .....	1,646	1,343
Assets related to pooled schemes .....	68,347	76,492
Deposits in pooled schemes .....	-69,794	- 78,545
	44,699	14,250
<b>7. Staff and administration costs:</b>		
Salaries and remuneration to:		
- Executive Board .....	3,414	3,004
- Executive Board, regulation of pension obligations .....	898	1,707
- Board of Directors .....	1,333	1,296
- Committee of Representatives .....	382	308
	6,027	6,315
Staff costs:		
- Salaries .....	123,395	113,890
- Pensions .....	13,968	12,575
- Costs of social security, etc. ....	14,157	12,722
	151,520	139,187
Other administration costs .....	98,140	107,530
	255,687	253,032
<b>Incentive schemes:</b>		
No special incentive schemes have been established for members of the management.		
<b>Retirement terms for the Executive Board:</b>		
The bank's directors can retire with six month's notice on the part of the Executive Board and 12 months notice on the part of the bank. In case of notice of termination on the part of the bank, an allowance of 12 months' salary is payable in addition to the notice period.		
<b>Number of employees:</b>		
The average number of employees during the financial year, calculated as full-time employees ...	287	277
<b>Auditing fee for:</b>		
Statutory auditing of financial statements .....	595	504
Statement jobs with security .....	63	88
Other services .....	62	0
	720	592



**Notes for the income statement**

Amount in 1,000 DKK

	<b>2010</b>		<b>2009</b>	
<b>8. Tax:</b>	income	tax	income	tax
Tax rate		25 pct.		25 pct.
<b>Tax on the year's income:</b>				
<b>Tax included in the income statement:</b>				
Result before tax and subsidiaries .....	119,856	29,964	70,177	17,544
Capital gain fixed assets, not taxable .....	35,597	- 8,899	3,774	- 944
Other, not taxable income .....	493	- 123	1,445	- 361
Expenses which are not deductible .....	1,463	366	3,058	764
Tax adjustments .....		- 1,908		- 2,603
Current tax .....		19,400		14,400
Regulation of deferred tax .....		10,000		- 6,910
Subsequent regulation of previous years' tax .....		- 1,897		- 48
Total tax amount to be included in the income statement .....		27,503		7,442
<b>Tax included directly in the equity:</b>				
Realised profits from transactions in own shares ..		0	- 2,730	- 680
Total tax on the year's income .....		27,503		6,762
<b>Deferred tax:</b>				
Unrealised profits from securities, etc. ....	28,002	7,001	- 13,488	- 3,372
Tangible fixed assets .....	- 2,724	- 681	- 2,446	- 612
Fees and commission .....	- 15,201	- 3,800	- 15,294	- 3,824
Goodwill .....	- 43	- 11	1,429	357
Other, net .....		-909		- 949
Deferred tax, total .....		1,600		- 8,400

## Notes for the balance sheet

### 9. Financial risks

Because of the bank's activities, the bank is exposed to various types of risk: credit risk, market risk, liquidity risk and operational risk.

The credit risk is the risk of loss caused by the customers' full or partial default on their payment obligations towards the bank

The market risk is the risk that the market value of the bank's assets and liabilities will change as a consequence of changes to the market conditions.

The liquidity risk is the risk that the bank's payment obligations cannot be met by the bank's liquidity reserves.

The operational risk is the risk that direct or indirect financial losses occur because of defects in internal processes and systems, human mistakes or as a consequence of external events.

It is the bank's general policy only to take on risks which are in accordance with the business principles according to which the bank is run, and which the bank has the competence resources to manage.

#### Credit risks

Nordjyske Bank undertakes credit risks on the basis of a credit policy established with the aim of

- that there is to be a well-balanced relation between the risks assumed and the return obtained by the bank
- that the bank's loss must be at an acceptable level compared with comparable Danish banks
- that the bank's loss can be covered by the bank's results.

It is the policy of Nordjyske Banks to base its lending on insight into the customers' financial situation and the customers' ability and willingness to meet their obligations are decisive for the bank's lending activities.

The bank's credit risk is distributed among a large number of small commitments. It is the aim that individual commitments will only in exceptional cases and for brief periods exceed 10% of the bank's equity as far as the unsecured part of the commitment is concerned.

In connection with the lending the bank aims at getting the highest possible security cover of the risk involved in the bank's commitments.

For lending to private customers, the most important types of security are: cars, real property and securities.

For lending to commercial customers, the most important types of security are: operating equipment, real property, guarantees, deposits and securities, and current assets (receivables, stocks, etc.).

The value of the security is calculated according to the following principles:

- Operating equipment:  
Calculation of the loan value of operating equipment is made according to the straight-line principle. Typically, 20-33% will be written off immediately, followed by an ongoing write-down of the value of the assets during the useful life.
- Real property:  
The loan value of the mortgage in private properties is normally at the level of 80% of the market value less higher-ranking mortgages. The loan value is, however, fixed individually on the basis of the characteristics of the individual properties, among other things location and size.

The loan value of mortgage in business properties, including agricultural properties, is typically in the range of 60-80% of the market value less higher-ranking mortgages. The loan value is fixed individually on the basis of the characteristics of the individual properties, including location and size, or on the basis of an independent valuation, alternatively a public property valuation.

- Guarantees:  
The loan value for guarantees from Danish public authorities is 100%. Other guarantees are fixed individually on the basis of a principle of caution.
- Deposits and securities:  
The loan value for deposits is typically 100%.  
For securities, the official price adjusted for estimated price fluctuation and corrected for estimated negotiability, currency, etc. is used as a starting point.
- Current assets (receivables, stocks, etc.)  
The loan value for current assets has been fixed individually on the basis of the realisation value of the current assets.
- Other types of security:  
The loan value is fixed individually on the basis of a principle of caution.

A credit rating of the bank's customers is made, i.e. a division of customers according to quality (ability and willingness to observe obligations undertaken). The model which is used for private customers is based on the customer's personal finances (assets, income and disposable amount) and supplemented by an evaluation of the customer's current situation. The model used for commercial customers is based on the customer's financial data, swot analyses and supplemented by an evaluation of the customer's current situation.

Credit rating is expressed by 13 rating classes which can be grouped as follows:

10-23	commitments of good quality
31-33	commitments of normal quality
37-38	commitments with some weaknesses
39	commitments with material weaknesses, but without a need for write-downs or provisions
41-	write-down commitments and distressed commitments

The total credit risk is managed according to policies and limits fixed by the bank's management. The responsibility for monitoring, overall risk rating and reporting to the bank's management is anchored centrally with the bank's credit office.

The bank's current credit risk is described in note 12.

### **Market risks**

It is the bank's basic policy that the market risks should be kept at a low level. For each market risk type, the bank's management has established concrete risk limits which must not be exceeded.

Most of the bank's lending and deposits and accounts with other credit institutions have been entered into on a variable basis.

The bank's main currency is Danish kroner. The bank has also made transactions in foreign currencies. Thus, the bank is only to a modest extent exposed to fluctuations in the exchange rates. Material foreign exchange positions are covered on an ongoing basis by opposing transactions.

The bank is co-owner of a number of sector enterprises (Bankinvest Holding A/S, Sparinvest Holding A/S, Let Pension A/S, DLR Kredit A/S, PRAS A/S, Nets Holding A/S, Multidata Holding A/S, Bankernes Kontantservice and Bankdata). These ownership shares can be compared with large bank's fully owned subsidiaries, and the investments are therefore not considered part of the bank's share risk. Furthermore, the bank has a small portfolio of listed shares.

If possible, the bank wants to own the premises from which the bank has its operations. On the other hand, the bank wants primarily only to own properties to be used for the banking activities. This means that the bank's property portfolio mainly consists of headquarters properties.

The bank's market risks are controlled by the bank's FinansCenter according to policies and frameworks established by the bank's management. The individual risk areas are monitored continually by the bank's finance department, and the bank's management is informed on an ongoing basis.

The sensitivity in the bank's current market risk is described in note 21.

### **Liquidity risks**

It is the bank's policy that the bank's operations must not depend on the short-term money market or short-term time deposits of a more volatile nature.

It is the aim of the bank to finance the loan portfolio by the sum of

- deposits from customers
- subordinated capital investments
- equity and
- long-term bond loans

Furthermore, it is the aim that the bank should, in case of a liquidity crisis, be able to meet the statutory liquidity requirements without drawing on other banks' unconfirmed lines.

### **Operational risks**

Operational risks are the risks of direct or indirect loss as a consequence of insufficient business procedures, human errors, system errors, etc., or as a consequence of external events.

The bank's management is informed on an ongoing basis of the losses and events which are regarded as originating from operational risks.

IT-supplies, the most important area when assessing the bank's operational risks, have been outsourced to Bankdata, which is owned by the bank jointly with a number of other financial institutions. IT security is assessed on an ongoing basis, and in this connection, the necessary adjustments are made to the bank's disaster plans.

It is the bank's policy – based on determined events – to improve business procedures on an ongoing basis with a view to reducing the number of errors and events which entail a possibility of suffering a loss.

Amount in 1,000 DKK

	<b>2010</b>	<b>2009</b>
<b>10. Receivables from credit institutions and central banks:</b>		
Receivables on demand .....	191,470	23,939
Remaining term		
- up to and incl. 3 months .....	349,959	1,334,718
- from 3 months up to and incl. 1 year .....	0	0
- from 1 year up to and incl. 5 years .....	56,015	42,857
- more than 5 years .....	0	16,112
Total receivable from credit institutions and central banks .....	597,444	1,417,626
Time receivables from central banks .....	299,959	1,334,718
Receivables from credit institutions .....	297,485	82,908
Total receivables from credit institutions and central banks .....	597,444	1,417,626
<b>11. Lending and other receivables:</b>		
Demand receivables .....	965,038	1,138,554
Remaining term		
- up to and incl. 3 months .....	555,188	601,348
- from 3 months up to and incl. 1 year .....	2,113,361	1,967,593
- from 1 year up to and incl. 5 years .....	1,250,141	1,184,056
- more than 5 years .....	1,113,035	1,159,939
Total lending .....	5,996,763	6,051,490
<b>12. Credit risk</b>		
<b>A. Lending and guarantees by sectors and lines of business</b>		
Public authorities .....	1.8%	1.7%
Agriculture, hunting, forestry and fishing:		
Agriculture .....	18.1%	17.4%
Investment and development of agriculture abroad *) .....	3.3%	3.5%
Fur farming .....	1.2%	1.4%
Fishing .....	3.5%	3.0%
Agriculture, hunting, forestry, fishing .....	26.1%	25.3%
Industry and raw material extraction .....	5.8%	4.5%
Energy supply .....	0.2%	0.2%
Building and construction .....	3.5%	4.2%
Trade .....	5.9%	6.0%
Transport, hotels and restaurants .....	2.6%	2.8%
Information and communication .....	0.3%	0.3%
Financing and insurance .....	1.3%	2.0%
Real property .....	5.3%	4.9%
Other industries .....	6.4%	5.7%
Private .....	40.8%	42.4%
Total .....	100,0%	100,0%

\*) Please refer to Management's Report, page 9-10

Amount in 1,000 DKK

	<b>2010</b>		<b>2009</b>	
		of these included in the balance sheet*)		of these included in the balance sheet*)
<b>12. Credit risk, cont.</b>				
<b>B. Maximum credit exposure without considering security</b>				
Business .....	5,422,044	4,163,323	5,398,474	4,175,445
Public authorities .....	161,896	131,929	149,926	123,040
Private .....	3,762,565	2,955,179	3,977,557	3,168,504
<b>Total .....</b>	<b>9,346,505</b>	<b>7,250,431</b>	<b>9,525,957</b>	<b>7,466,989</b>
*) incl. Contingent liabilities				
<b>Security received for maximum credit exposure</b>				
Cars, operating equipment and current assets .....		853,872		819,732
Properties .....		3,023,041		3,212,094
Guarantees .....		159,706		122,395
Securities and cash deposits, etc .....		465,615		381,669
<b>Total .....</b>		<b>4,502,234</b>		<b>4,535,890</b>
Business .....		2,924,118		2,623,322
Public authorities .....		7,965		14,070
Private .....		1,570,151		1,898,498
<b>Total .....</b>		<b>4,502,234</b>		<b>4,535,890</b>
<b>C. Lending with individual write-downs</b>				
Total business .....		593,759		467,111
Private .....		101,887		92,903
<b>Total .....</b>		<b>695,646</b>		<b>560,014</b>
<b>D. Individual write-downs on the basis of:</b>				
Liquidation .....		31,682		20,433
Debt collection and suspension of payments .....		164,436		30,566
Other financial difficulties. ....		499,528		509,015
<b>Total .....</b>		<b>695,646</b>		<b>560,014</b>

Amount in 1,000 DKK

**12. Credit risk, cont.**
**E. Lending with objective indication of value reduction:**

Individually written down:

	2010	2009
Value before write-down .....	683,034	551,198
Value after write-down .....	428,107	344,427

Group-write-down:

Value before write-down .....	3,958,462	3,139,542
Value after write-down .....	3,932,425	3,120,117

**F. Write-downs on loans**

Individual write-downs

Write-downs, start of the year .....	239,682	153,690
Write-downs during the year .....	114,370	140,136
Reversal of write-downs made during previous financial years .....	47,631	36,614
Final loss, previously written down individually ....	29,765	17,531

Write-downs, end of the year .....	276,656	239,682
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Group-based write-downs

Write-downs, start of the year.....	19,425	13,107
Write-downs during the year .....	6,612	6,318

Write-downs, end of the year	26,037	19,425
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**G. Lending and guarantees which have not been written down and are not in arrears, by credit rating:**

	Business	Private	Business	Private
Rating category:				
10 - 23 good quality commitments .....	1,717,343	1,232,911	1,376,061	1,371,990
31 - 33 normal quality commitments .....	1,817,166	1,521,538	2,284,197	1,627,984
37 - 38 commitments with some weaknesses .....	234,114	132,940	170,620	112,626
39 commitments with material weaknesses .....	93,043	18,060	53,323	16,071
	3,861,666	2,916,449	3,884,201	3,128,671

**H. Arrears by period:**

Up to 90 days .....	13,528	30,445
More than 90 days .....	2,723	30,962
	16,251	61,407

Amount in 1,000 DKK	2010	2009
<b>13. Bonds at market value:</b>		
Mortgage bonds .....	678,724	303,658
Gov. bonds .....	16,080	12,538
Other listed bonds .....	1,038,069	93,855
<b>Total bonds at market value .....</b>	<b>1,732,873</b>	<b>410,051</b>
<b>14. Shares:</b>		
Listed shares .....	20,832	19,283
Unlisted shares, etc., at market value .....	27	645
Sector shares at market value .....	177,311	128,468
Other capital shares .....	17,405	16,246
<b>Shares, total .....</b>	<b>215,575</b>	<b>164,642</b>
<b>Sector share distribution:</b>		
<b>Asset mangement and pension</b>		
Bankinvest Holding A/S .....	5,975	4,959
Letpension Holding A/S .....	3,146	2,724
Sparinvest Holding A/S .....	19,313	3,792
<b>Sector infrastructure</b>		
Bankernes Kontantservice A/S .....	391	0
Multidata Holding A/S .....	1,076	974
Nets Holding A/S .....	19,688	2,168
Swift .....	82	80
Værdipapircentralen A/S .....	129	127
<b>Mortgage credit</b>		
Danmarks Skibskredit A/S .....	1,197	1,197
DLR Kredit A/S .....	95,669	84,973
PRAS A/S .....	30,645	27,474
<b>Sector shares, total .....</b>	<b>177,311</b>	<b>128,468</b>



Amount in 1,000 DKK	<b>2010</b>		<b>2009</b>	
<b>15. Assets related to pooled schemes:</b>				
Bonds:				
Index-linked bonds .....	210,786		168,766	
Other bonds .....	262,832	473,618	216,369	385,135
Shares:				
Investment ass. certificates .....	2,877		3,175	
Other shares .....	260,184	263,061	207,993	211,168
		736,679		596,303
<b>16. Intangible assets:</b>				
Customer relations:				
Total cost price, start of the year.....	13,000		0	
Added during the year .....	6,000	19,000	13,000	13,000
Write-downs, start of the year.....	1,300		0	
Write-downs of the year .....	1,900	3,200	1,300	1,300
Book value, end of the year .....		15,800		11,700
Goodwill:				
Total cost price, start of the year .....	504		0	
Added during the year .....	1,484	1,988	504	504
Write-downs, start of the year.....	204		0	
Write-downs of the year .....	0	204	204	204
Book value, end of the year .....		1,784		300
Intangible assets, total .....		17,584		12,000
<b>17. Land and buildings:</b>				
<b>Investment properties:</b>				
Market value, start of the year .....		39,823		34,562
Added during the year, including improvements .....		212		5,200
The year's value adjustment at market value .....		- 426		61
Market value, end of the year .....		39,609		39,823

Amount in 1,000 DKK	2010	2009
<b>17. Land and buildings, continued</b>		
<b>Headquarters properties:</b>		
Re-assessed value, start of the year .....	105,907	96,158
Added during the year, including improvements .....	3,045	10,031
Disposed of during the year .....	- 149	
Write-downs .....	- 1,844	- 1,902
Value adjustments during the year, included in the equity .....	543	2,358
Value adjustments during the year included in the income statement .....	- 308	- 738
	107,194	105,907
End of the year .....		

Value assessment of the bank's investment and headquarters properties has been made on the basis of a return-based model. As return requirement, a return rate of 7% p.a. has been used in Frederikshavn, Hjørring, Skagen and Sæby, and 9% p.a. in other towns. The bank has not used external parties in connection with the calculation of the property values.

**18. Other tangible assets:**

Total cost price, start of the year .....	52,612		48,706	
- added during the year, including improvements ...	5,233		3,936	
- disposed of during the year .....	2,429	55,416	30	52,612
Write-downs and depreciations, start of year .....	46,860		44,101	
- the year's depreciations .....	3,784		2,784	
- the year's reversed depreciation and write-downs	2,137	48,507	25	46,860
		6,909		5,752
Book value, end of year .....				

**19. Market value of financial instruments**

Financial instruments are included in the balance sheet either at market value or at amortised cost price. Market value is the amount at which a financial asset can be traded or the amount at which a financial obligation can be redeemed between willing and independent parties. For financial assets and obligations priced on active markets, the market value is calculated on the basis of market prices observed on the date of the balance sheet. For financial instruments which are not priced on active markets, the market value is calculated on the basis of generally accepted pricing methods.

The vast majority of the bank's receivables, loans and deposits cannot be transferred without the prior acceptance of the customers, and there is no active market for transactions in such financial instruments. The information stated on market value is therefore only based on circumstances where changes have been determined in the market conditions after the first inclusion of the instrument, including in particular changes to interest rates.

## 19. Market value of financial instruments, continued

Information about market value for financial instruments included at amortised cost price is based on the assessments below

- for loans and other receivables, write-downs in connection with value reductions are considered to correspond to the market value of the credit risk
- for financial instruments with an interest risk of less than six months, the amortised cost price is assessed at the market value
- for assets and liabilities with a fixed rate of interest, the market value is calculated on the basis of an estimate of the current return requirements on the market

Shares, etc., related to pooled schemes and derived financial instruments are in the balance sheet calculated at market value, so that the values included correspond to market values.

<b>Financial assets</b>	Book value	Market value	Book value	Market value
Cash in hand and demand deposits with central bank .....	79,099	79,099	56,741	56,741
Receivables from credit institutions and central banks .....	597,444	597,444	1,417,625	1,417,625
Loans and other receivables, at market value .....	10,115	10,115	10,446	10,446
Loans and other receivables at amortised cost price .....	5,985,979	5,996,002	6,041,043	6,054,629
Bonds at market value .....	1,732,873	1,732,873	410,051	410,051
Shares, etc. ....	215,575	215,575	164,642	164,642
Assets related to pooled schemes .....	736,679	736,679	596,303	596,303
Derived financial instruments .....	43,421	43,421	26,560	26,560
<b>Financial assets, total</b> .....	<b>9,401,185</b>	<b>9,411,208</b>	<b>8,723,411</b>	<b>8,736,997</b>
<b>Financial obligations</b>				
Debt to credit institutions and central banks .....	797,046	798,606	1,261,892	1,264,310
Deposits and other debts .....	5,458,725	5,472,864	5,598,951	5,616,574
Deposits in pooled schemes .....	947,400	947,400	825,315	825,315
Issued bonds at amortised cost price .....	1,001,062	1,001,125	1,347	1,414
Derived financial instruments .....	88,932	88,932	44,663	44,663
Subordinate capital investments .....	6,930	6,886	6,951	6,815
<b>Total financial obligations</b> .....	<b>8,300,095</b>	<b>8,315,813</b>	<b>7,739,119</b>	<b>7,759,091</b>

**20. Derived financial instruments**

<b>Nominal values</b>	Incl. 3 months	From 3 months up to and incl. 1 year	From 1 year up to and incl. 5 year	More than 5 years	<b>2010 total</b>	<b>2009 total</b>
Amount in 1,000 DKK						
Foreign exchange-related transactions:						
- forward transactions, purchases	301,932	45,343			347,275	434,880
- forward transactions, sale .....	1,188,176	134,049			1,322,225	1,098,156
- unsettled spot transactions, purchases .....	2,649				2,649	1,567
- unsettled spot transactions, sale .....	4,345	5,611			9,956	1,454
- currency swaps .....	22,216	12,607	136,105		170,928	395,598
Interest-related transactions:						
- forward transactions, purchases					504	0
- unsettled spot transact. purch. .	504				104,121	43,800
- unsettled spot transact. sale .....	104,121				13,610	20,418
- interest swaps .....	18,000	22,000	192,682	139,121	371,803	355,468
Share-related transactions:						
- unsettled spot transact., purch.	9,767				9,767	6,844
- unsettled spot transact., sale ....	10,062				10,062	9,051
<b>Net market values</b>						
Foreign exchange-related transactions:						
- forward transactions, purchase .	1,190	1,458			2,648	- 4,260
- forward transactions, sale .....	- 47,417	- 689			- 48,106	- 10,145
- unsettled spot transact. purchase .....	- 9,187				- 9,187	0
- unsettled spot transact. sale .....	25,118				25,118	- 1
- currency swaps .....					0	- 3,832
Interest-related transactions:						
- forward transactions, purchase	- 10				- 10	0
- unsettled spot transact. purch. .	- 14				- 14	52
- unsettled spot transact. sale .....	- 53				- 53	40
Share-related transactions:						
- unsettled spot transact., purch.	24				24	11
- unsettled spot transact. sale .....	- 14				- 14	32

<b>Market values</b>	<b>Contracts, total 2010</b>			<b>Contracts, total 2009</b>		
	Positive	Negative	Net	Positive	Negative	Net
Foreign exchange-related transact.						
- forward transact., purchase	5,443	2,795	2,648	2,414	6,674	- 4,260
- forward transact., sale	3,377	51,483	- 48,106	4,020	14,165	- 10,145
- unsettled spot transact., purch.		- 9,187	9,187			0
- unsettled spot transact., sale	25,923	- 805	25,118	0	1	- 1
- currency swaps	20,844	20,844	0	6,569	10,401	- 3,832
Interest-related transactions:						
- forward transactions, purchase		- 10	10	0	0	0
- unsettled spot transact., purch.	9	23	- 14	87	35	52
- unsettled spot transact., sale	3	56	- 53	50	10	40
- interest swaps	13,611	13,611	0	13,292	13,292	0
Share-related transactions:						
- unsettled spot transact., purch.	65	41	24	46	35	11
- unsettled spot transact., sale	45	59	- 14	82	50	32
Market value included in the balance sheet with these amounts						
Other assets	43,421			26,560		
Other liabilities		88,932			44,663	

**21. Market risks**

Amount in 1,000 DKK

**2010**
**2009**
**Interest risk for debt instruments**

By currency

DKK .....	- 3,670	2,171
CH F .....	- 772	- 1,115
EUR.....	- 273	- 55
Other currencies, net.....	- 147	- 76

Total .....	- 4,862	925
- % of core capital after deductions .....	0.4	0.1

The interest risk shows the loss/gain which the bank will obtain after a change to the effective interest rate of 1 percentage point.

**Foreign exchange risk**

Exposures in Euro .....	2,779	33,158
- sensitivity 2.25% .....	63	746
Exposures in other currencies .....	13,154	12,778
- sensitivity 12% .....	1,578	1,533
Total sensitivity .....	1,641	2,279
- as % of equity.....	0.1	0.2

The foreign exchange risk shows the loss the bank would suffer from reasonably probable changes on the foreign exchange market

**Share risk**

Sector shares .....	177,311	128,468
- sensitivity, 15% .....	26,597	19,270
Other shares .....	38,264	36,174
- sensitivity, 30% .....	11,479	10,852
Total sensitivity .....	38,076	30,122
- as % of equity.....	3.2	2,7

The share risk shows the loss the bank would suffer from reasonably probable changes on the share market.

Amount in 1,000 DKK	2010	2009
<b>22. Debts to credit institutions and central banks</b>		
On demand .....	325,555	313,101
Remaining term		
- up to and incl. 3 months .....	0	478,116
- from 1 year to and incl. 5 years .....	471,491	470,675
<b>Total debts to credit institutions and central banks .....</b>	<b>797,046</b>	<b>1,261,892</b>
<b>23. Deposits and other debts:</b>		
On demand .....	2,927,378	2,864,744
Remaining term		
- up to and incl. 3 months .....	209,159	487,075
- from 3 months to and incl. 1 year .....	858,431	1,070,992
- from 1 year to and incl. 5 years .....	725,854	448,268
- from 5 years .....	737,903	727,872
<b>Deposits and other debts, total .....</b>	<b>5,458,725</b>	<b>5,598,951</b>
<b>By categories:</b>		
On demand .....	2,876,252	2,764,581
Notice .....	1,378,426	1,340,494
Time deposits .....	138,942	434,173
Special deposits .....	1,065,105	1,059,703
<b>Deposits and other debts, total .....</b>	<b>5,458,725</b>	<b>5,598,951</b>
<b>24. Issued bonds at amortised cost price:</b>		
Remaining term		
- from 1 year to and incl. 5 years .....	1,001,023	1,308
- from 5 years .....	39	39
<b>Total issued bonds at amortised cost price .....</b>	<b>1,001,062</b>	<b>1,347</b>
<b>25. Provisions for pension and similar liabilities:</b>		
Pension commitments:		
The bank is obliged to pay pension, etc., to present and previous members of the Executive Board and their surviving relatives. Present value of this liability	4,318	5,498
Anniversary bonus .....	3,743	4,124
Salary and pension obligations taken over in connection with acquisition of business .....	3,383	0
<b>Total provisions for pension and similar liabilities .....</b>	<b>11,444</b>	<b>9,622</b>

Amount in 1,000 DKK

**2010**
**2009**
**26. Subordinate capital inv.:**

Employee bonds:

Principal amount, a total of 344 bonds .....	6,930	6,951
Extraordinarily repaid during the year .....	21	0
Included when calculating core capital .....	6,664	6,951
Interest during the financial year .....	250	169

**27. Share capital:**

The bank's share capital is divided into 8,040,000 shares with a nominal value of DKK 10 each.

**§§ 55 and 56 of the Danish Limited Companies Act**

No shareholder has reported according to §§ 55 or 56 of the Limited Companies Act that they own 5% or more of the share capital.

**Holding of own shares:**

Acquired

Number of own shares .....	533,116	567,310
Nominal value .....	5,331	5,673
% of share capital .....	6.6%	7.1%
Total purchase price .....	58,734	64,175

Sold

Number of own shares .....	573,370	519,064
Nominal value .....	5,734	5,191
% of share capital .....	7.1%	6.5%
Total sales price .....	63,638	55,092

End of year

Number of own shares .....	343,430	383,684
Nominal value .....	3,434	3,837
% of the share capital .....	4.2%	4.8%

Acquisition and sale of own shares have been effected as part of the bank's general day-to-day activities.



**Notes with additional information**
**28. Capital adequacy requirement:**

Amount in 1,000 DKK

	<b>2010</b>	<b>2009</b>
Equity according to balance sheet .....	1,205,852	1,107,488
Provisions for appreciation .....	24,151	23,608
<b>Core capital</b> .....	<b>1,181,701</b>	<b>1,083,880</b>
Proposed dividend .....	8,040	0
Intangible assets .....	17,584	12,000
Capitalised tax assets .....	0	8,400
Half the sum of capital investments, etc.> 10%. under §131 (2) no 2 of the Financial Business Act	25,624	20,400
Excess deduction under §139 (6) of the Financial Business Act	43,147	22,700
<b>Core capital after deductions</b> .....	<b>12,332</b>	<b>0</b>
<b>Core capital after deductions</b> .....	<b>1,131,413</b>	<b>1,040,780</b>
Additional capital:		
Provisions for appreciation .....	24,151	23,608
Subordinate capital investments .....	6,664	6,951
<b>Core capital before deductions</b> .....	<b>30,815</b>	<b>30,559</b>
Half the sum of capital investments, etc.> 10%. under §131 (2) no 2 of the Financial Business Act	43,147	22,700
Set off by the excess deduction under §139 (6) of the Financial Business Act	- 12,332	0
<b>Core capital after deductions</b> .....	<b>1,100,598</b>	<b>1,048,639</b>
Weighted items, total .....	6,326,000	6,332,901
Capital adequacy percentage .....	17.4%	16.6%

**29. Contingent liabilities:**

Amount in 1,000 DKK

	<b>2010</b>	<b>2009</b>
Financial guarantees .....	842,172	930,905
Loss guarantees for mortgage loans .....	104,896	92,448
Registration and converting guarantees .....	81,248	129,467
Other contingent liabilities .....	225,352	262,679
	<hr/>	<hr/>
Total .....	1,253,668	1,415,499
	<hr/>	<hr/>
Other binding agreements .....	0	0
	<hr/>	<hr/>
<b>Pledging</b>		
for drawing rights with the Danish central bank, bonds have been pledged .....	307,342	176,619
shares pledged .....	144,307	107,214
	<hr/>	<hr/>
Total pledged .....	451,649	283,833
	<hr/>	<hr/>
Deposit as security for negative market value regarding current financial contract. The contract relates to hedging of interest and foreign exchange risk regarding syndicated Euro loan and expired on 31.03.2010.	0	4,465
	<hr/>	<hr/>

Amount in 1,000 DKK

**2010**
**2009**
**30. Connected parties parter:**

Size of loans, pledges, surety or guarantees for members of the bank's banks:

Executive Board .....	2,390	2,801
Board of Directors.....	42,321	49,327

Commitments are made on market terms and according to the bank's normal business terms.

Interest rates, end % p.a.

Executive Board .....	4.02-4.41	3.95-4.75
Board of Directors .....	2.22-14.75	2.15-17.00

Board of Directors' and Executive Board's holding of shares in Nordjyske Bank A/S as at 31.12:

	No. shares	No. shares
Claus Andersen .....	1,775	1,775
Erik Broholm Andersen.....	2,840	2,840
Per Lykkegaard Christensen .....	1,885	1,630
Tina Hansen .....	1,402	1,402
Mikael Tolbod Jakobsen .....	1,252	1,252
Bjarne Jensen .....	1,825	1,825
Jens Ole Jensen.....	48,392	40,142
Hans Jørgen Kaptain.....	12,304	12,304
Hanne Karlshøj.....	2,812	2,812
Ole Kristensen.....	2,380	2,380
Henrik Lintner .....	3,150	3,150
Sten Uggerhøj .....	47,996	44,702

Holdings include the household's and any companies' holdings

**31. Acquisition of business**

Amount in 1,000 DKK

	2010		2009	
	Øster Brønderslev Spks		Part of Løkken Spks.	
<b>Acquired net assets:</b>	Market value on the take-over date	Book value before the acquisition	Market value on the take-over date	Book value before the acquisition
Cash and demand deposits with central banks .....	2,968	2,968	120,756	120,756
Receivables from credit institutions and central banks	24,042	24,042	5,766	5,766
Lending and other receivables at amortised cost price .....	218,770	219,270	630,602	604,277
Bonds at market value.....	50,547	50,547	0	0
Shares, etc. ....	8,443	8,639	0	0
Intangible assets .....	6,000	0	13,000	0
Land and buildings, total.....	2,900	2,488	13,911	17,314
Other tangible assets	505	505	1,945	1,945
Other assets .....	1,357	1,357	2,180	2,180
<b>Total assets .....</b>	<b>315,532</b>	<b>309,816</b>	<b>788,160</b>	<b>752,238</b>
Debts to credit institutions and central banks .....	0	0	189,485	189,485
Deposits and other debts .....	279,245	279,245	1,376,811	1,376,811
Issued bonds at amortised cost price.....	0	0	1,259	1,259
Other liabilities .....	12,111	4,911	26,572	26,572
<b>Total liabilities .....</b>	<b>291,356</b>	<b>284,156</b>	<b>1,594,127</b>	<b>1,594,127</b>
Provisions for losses from guarantees .....	873	873	26,325	0
<b>Total provisions .....</b>	<b>873</b>	<b>873</b>	<b>26,325</b>	<b>0</b>
Acquired net assets .....	23,303	24,787	- 832,292	- 841,889
<b>Goodwill .....</b>	<b>1,484</b>		<b>504</b>	
Purchase amount .....	24,787		- 831,889	
Contingent liabilities/guarantees .....	86,367	86,367	414,663	414,663

### 31. Acquisition of business, continued

In November 2009, the bank made an agreement with Øster Brønderslev Sparekasse about a merger of the two banks with Nordjyske Bank as the continuing financial institution. The merger became effective from 1 January 2010. The result of the acquired business cannot be calculated separately, as not all costs, etc., have been registered separately for the acquired activity. Similarly, the entire liquidity area with the related interest items has been integrated completely into Nordjyske Bank from 1 January 2010.

The distribution of the purchase amount on net assets appears from the table below. The positive difference between the market value of the acquired net assets and the purchase amount, t DKK 1,484, has been capitalised as goodwill under intangible assets.

In March 2009, the bank made an agreement with the state-owned winding-up company, Finansiell Stabilitet A/S, about a take-over of the core activities – the so-called green part of Løkken Sparekasse. The take-over was implemented with effect from 1 April 2009. The result of the acquired business for the period 1 April 2009 to 31 December 2009 cannot be calculated separately, as not all costs, etc., have been registered separately for the acquired activity.

Similarly, the entire liquidity area with related interest items has been fully integrated with Nordjyske Bank from 1 April 2009.

The distribution of the purchase amount on net assets appears from the table below. The positive difference between the market value of the acquired net assets and the purchase amount, t DKK 504, has been capitalised as goodwill.

## Statements

### Management Statement

We have today presented the annual report for 1 January – 31 December 2010 for Nordjyske Bank A/S.

The annual report has been prepared in accordance with the Danish Financial Business Act and has in addition been prepared in accordance with additional Danish disclosure requirements for annual reports for listed financial companies.

We consider the chosen accounting policy appropriate, so that the annual report shows a correct picture of the bank's assets and liabilities, the financial position, and the result.

The annual report is recommended for approval at the general meeting.

The Management's Report includes a correct review of the development of the bank's activities and financial situation and a correct description of the most important risks and uncertain factors which may affect the bank.

### Executive Board

Frederikshavn, 8 February 2011

Jens Ole Jensen  
Managing Director

Claus Andersen  
Director

Mikael Jakobsen  
Director

/Bjarne Haugaard  
Deputy Director

### Board of Directors

Frederikshavn, 8 February 2011

Hans Jørgen Kaptain

Erik Broholm Andersen

Per Lykkegaard  
Christensen

Tina Hansen

Bjarne Jensen

Hanne Karlshøj

Ole Kristensen

Henrik Lintner

Sten Uggerhøj

## Internal auditor's statement

We have audited the financial statements for Nordjyske Bank A/S for the financial year 2010. The financial statements have been prepared according to the Financial Business Act. In addition, the financial statements have been prepared in accordance with additional Danish disclosure requirements for financial statements of listed financial companies.

### The audit performed

The audit has been completed on the basis of the Executive Order issued by the Financial Supervisory Authority on the auditing of financial businesses, etc., and financial groups and according to Danish audit standards. According to these standards, we must plan and implement the audit with a view to obtaining a high level of certainty that the financial statements do not include any material misinformation.

The audit has been completed according to the division of labour agreed with the external auditors and has included an assessment of established business procedures and internal control, including the risk management organised by the management and aimed at reporting processes and material business risks. On the basis of importance and risk we have by random samples tested the basis for amounts and other information in the financial statements, including examination of information supporting the figures and information included in the financial statements. Our audit has also included a decision as to whether the management's accounting estimates are reasonable and an assessment of the total presentation of the financial statements.

We have been involved in the auditing of the material and risk-related areas and it is our opinion that the audit documentation obtained is sufficient and suitable as a basis for our conclusion.

The audit has not given rise to any reservations.

### Conclusion

It is our opinion that the existing business procedures and internal controls, including the risk management established by the management aimed at the bank's reporting processes and material business risks, work satisfactorily. It is the management's responsibility to prepare a management's report containing a correct report in accordance with Danish Financial Business Act.

It is also our opinion that the financial statements give a correct picture of the bank's assets, liabilities and financial position as at 31 December 2010 and of the result of the bank's activities for the financial year 2010 in accordance with the Financial Business Act and in accordance with the additional Danish disclosure requirements for financial statements for listed financial companies.

### Opinion on the management's report

The management is responsible for preparing a management's report, including a correct report in accordance with the Financial Business Act.

The audit has not included the management's report, but according to the Financial Business Act, we have read the management's report. We have not taken any other actions in addition to the audit performed of the financial statements.

On the basis of the above, it is our opinion that the information in the management's report is in accordance with the financial statements.

Frederikshavn, 8 February 2011

Jan L. Sørensen  
Internal Auditor

## **The independent auditors' opinion**

### **To the shareholders of Nordjyske Bank A/S**

We have audited the financial statements of Nordjyske Bank A/S for the financial year 1 January – 31 December 2010 including the accounting policy, income statement, balance sheet, equity statement and notes. The financial statements have been prepared according to the Danish Financial Business Act and in accordance with the Danish disclosure requirements for listed financial companies.

### **The management's responsibility for the financial statements**

The management is responsible for preparing and presenting financial statements which show a correct picture in accordance with the Danish Financial Business Act and Danish disclosure requirements for listed financial companies. This responsibility includes the preparation, implementation and maintenance of internal controls which are relevant for the preparation and presentation of financial statements which show a correct picture without material misinformation, regardless whether such misinformation is due to fraud or errors, and the selection and use of appropriate accounting policies and the making of accounting estimates which are reasonable according to the circumstances.

### **The auditor's responsibility and the audit performed**

It is our responsibility to express a conclusion about the financial statements on the basis of our audit. We have completed our audit in accordance with Danish audit standards. These standards require us to observe ethical requirements and to plan and carry out the audit with a view to obtaining a high level of certainty that the financial statements do not include material misinformation.

An audit also includes actions in order to obtain audit documentation for the amounts and information in the financial statements. The actions chosen depend on the auditor's assessment, including an assessment of the risk of material misinformation in the financial statements, regardless whether such misinformation is due to fraud or errors. In connection with the risk assessment, the auditor considers internal controls relevant for the company's preparation and presentation of financial statements which show a correct picture with a view to designing audit actions which are suitable for the circumstances, but not with the aim of expressing a conclusion on the efficiency of the company's internal control. In addition, an audit includes decision-making as to whether the accounting policy used by the management is appropriate, whether the accounting estimates made by the management are reasonable, and an assessment of the overall presentation of the financial statements.

It is our opinion that the audit documentation obtained is sufficient and suitable as a basis for our conclusion.

### **Conclusion**

It is our opinion that the financial statements show a correct picture of the company's assets, liabilities and financial position as at 31 December 2010 and of the result of the company's activities for the financial year 1 January – 31 December 2010 in accordance with the Danish Financial Business Act and the Danish disclosure requirements for listed companies.

### **Opinion on the management's report**

The management is responsible for preparing a management's report which includes a correct report in accordance with the Danish disclosure requirements for listed financial companies.

The audit has not included the management's report, but according to the Financial Business Act, we have read the management's report. We have not taken any other actions in addition to the audit performed of the financial statements.

On the basis of the above, it is our opinion that the information in the management's report is in accordance with the financial statements.

Frederikshavn, 8 February 2011

#### **BDO**

Statsautoriseret revisionsaktieselskab

#### **Beierholm**

Statsautoriseret revisionsaktieselskab

#### **Peter Have Jensen**

State-authorized public accountant

#### **Preben Randbæk**

State-authorized public accountant



## Company announcements issued in 2010

05.01.2010	Transfer of Øster Brønderslev Sparekasse to Nordjyske Bank A/S
10.02.2010	Annual report for 2009
10.02.2010	Announcement of financial statements for 2009
11.02.2010	Report regarding Insider register
12.02.2010	Report regarding Insider register
17.02.2010	Report regarding Insider register
17.02.2010	Ordinary general meeting, notice of meeting
10.03.2010	The course of events at the ordinary general meeting
18.05.2010	Quarterly report as at 31 March 2010
25.05.2010	Report regarding Insider register
16.07.2010	Nordjyske Bank issues bonds with a variable rate of interest
16.07.2010	Information material regarding the issue of bonds with variable rate of interest
10.08.2010	Interim report 2010
26.08.2010	Report regarding Insider register
27.08.2010	Report regarding Insider register
01.09.2010	IT cooperation between Bankdata and Jyske Bank
06.09.2010	Report on Insider register
22.11.2010	Quarterly report as at 30 September 2010
22.11.2010	Change of management at Nordjyske Bank
20.12.2010	Financial calendar 2011

## Financial calendar 2011

08.02.2011	Publication of annual report for 2010
08.03.2011	Ordinary general meeting
23.05.2011	Publication of quarterly report as at 31 March 2011
09.08.2011	Publication of interim report as at 30 June 2011
21.11.2011	Publication of quarterly report as at 30 September 2011

## Committee of Representatives

Erik Broholm Andersen, Farm Owner, Gærum (Chairman)  
Hans Jørgen Kaptain, Attorney, Sæby (Deputy Chairman)  
Inge Kjær Andersen, Dentist, Sæby  
Kjeld Andersen, Service Consultant, Øster Brønderslev  
Oluf Andersen, Pharmacist, Skagen  
Palle Joest Andersen, Farm Owner, Hjørring  
Peter Andersen, Sales Manager, Tårs  
Poul Andersen, Emergency Service Assistant, Tårs  
Børge Bech, Head of Secretariat, Løkken  
Erling Christensen, Furniture Dealer, Hørnsted  
Inge Christensen, Food Manufacturer, Østervrå  
Lars Ingemann Christensen, Manufacturer, Hjørring  
Per Lykkegaard Christensen, Farm Owner, Hjallerup  
Nina Charlotte Friis Christiansen, Shop Owner, Vittrup  
Thomas Christiansen, Fishing Vessel Master, Læsø  
Bo Clausen, Fish Exporter, Strandby  
Peter Cold, Fishing Vessel Master, Hirtshals  
Ole Conradsen, Director, Strandby  
John Elling, Fur Farmer, Jerup  
Lene Frandsen, Head of Office, Sindal  
Trine Frisgaard, Leading Bio-analyst, Dronninglund  
Svend Erik Frøstrup, Shop Owner, Løkken  
Birthe Gadekær, Principal, Tårs  
Hans-Christian Holst, Farm Owner, Asaa  
Henning Jensen, Consultant, Brønderslev  
Henning Redkjær Jensen, Director, Skagen  
Kurt Elbo Jensen, Stock Controller, Brønderslev  
Bent Johansen, Regional Chief Accountant, Brønderslev  
Per Jørgensen, Farm Owner, Brovst  
Tom Karlshøj, Farm Owner, Tversted  
Anker Laden-Andersen, Attorney, Sæby  
Bente Larsen, Veterinarian, Dybvad  
Per Drustrup Larsen, Librarian, Øster Brønderslev  
Henrik Lintner, Pharmacist, Hjørring  
Peter Mortensen, Forwarding Agent, Hirtshals  
Gert Nielsen, Director, Blæsbjerg, Sindal  
Jens Jørgen Nielsen, Concreter, Skagen  
Karsten Pauli Nielsen, Authorised HVAC Fitter, Hjørring  
Ole Nielsen, Master Mason, Lendum  
Poul Erik Nielsen, Manufacturer, Sæby  
Frans Nørby, Assistant Professor, Hjørring  
Knud B. Olesen, Authorised HVAC Fitter, Hirtshals  
Inger Marie Grund Petersen, Head of Tourist Organisation, Sæby  
Lars Petersen, Engineer, Gærum  
Niels H. Pedersen Qvist, Farmer, Specialist teacher, Vester Hassing  
Peter Schou, Fishing Vessel Master, Skagen  
Arne Skovsgaard, Farm Owner, Dybvad  
Jan Leth Sørensen, Haulier, Sæby  
Karsten Sørensen, Police Inspector, Øster Brønderslev  
Peer Buch Sørensen, Draper, Frederikshavn  
Ingeborg Thusgaard, Hospital Director, Frederikshavn  
Sten Uggerhøj, Car Dealer, Frederikshavn  
Claus Uttrup, Colonel, Hjørring  
Margrethe Vejby, Nurse, Aalbæk  
Morten Vestergaard, Director, Hjørring

## Executive Board

	Age	Elected to the Board of Directors	Up for election in
Hans Jørgen Kaptain, Attorney, Sæby (Chairman)	64 years	1993	2012
Erik Broholm Andersen, Farm Owner, Gærum (Deputy Chairman)	55 years	2001	2011
Per Lykkegaard Christensen, Farmer, Hjallerup	51 years	2008	2012
Ole Kristensen, State-Authorised Public Accountant, Frederikshavn	66 years	2009	2011
Henrik Lintner, Pharmacist, Hjørring	55 years	2007	2011
Sten Uggerhøj, Car Dealer, Frederikshavn	51 years	2005	2012

## Employee Representatives:

Tina Hansen, Head of residential dept., Frederikshavn	45 years	2006	2014
Bjarne Jensen, Customer advisor, Hjørring	44 years	2010	2014
Hanne Karlshøj, Customer advisor, Bindselev	53 years	2002	2014

## Audit Committee

Ole Kristensen, State-authorized public accountant (Chairman)  
Hans Jørgen Kaptain, Attorney at law  
Tina Hansen, Head of Residential Dept.

## Executive Board

Jens Ole Jensen, Managing Director  
Claus Andersen, Director  
Mikael Jakobsen, Director

## On the Executive Board

67 years 1985  
44 years 2010  
52 years 2010

## Branch managers

Asaa	Finn Jonasson, Branch Manager
Bangsbostrand	Peter Madsen, Branch Manager
Bindselev	Klaus Christensen, Branch Manager
Brønderslev	Kurt Landgrebe, Branch Manager
Dronninglund	Bent V Nielsen, Branch Director
Dybvad	Gunnar Jensen, Branch Manager
Frederikshavn	Claus Andersen, Director
Hirtshals	Jens Buje, Branch Director
Hjallerup	Casper Nødgaard, Branch Manager
Hjørring	Jens Christian Kringelholz, Area Director
København	Kim Vagner, Branch Director
Læsø	Karsten Nielsen, Branch Director
Løkken	Kjeld Ørum, Branch Director
Sindal	Karl Møller Pedersen, Branch Director
Skagen	Per Gunder, Centre Director
Strandby	Kirsten Poulsen, Branch Manager
Sæby	Torben Schioldan, Centre Director
Tårs	Bente Christensen, Branch Manager
Øster Brønderslev	Thomas Møller Petersen, Branch Manager
Østervrå	Annemette Mæhle, Branch Manager
Aalbæk	Mariann Grønbech, Branch Manager

## Joint functions

FinansCenter	Lars Kiærskou, Finance Manager
Business support	Ole Telling, HR Manager
Credit Office	Claus Kongsgaard, Credit Manager
Sale and Marketing	Mikael Jakobsen, Director
Finance and IT	Bjarne Haugaard, Deputy Director