

Annual Report 2009

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Management Report 2009

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

The bank has 58,000 customers. The transactions with the customers amount to a total of 13.9 billion DKK. Add to this the property administration, amounting to 5.3 billion DKK at the end of the year.

With 280 well-qualified employees, including experts within the most important advisory areas, advanced technological equipment and competent cooperation partners within special areas, Nordjyske Bank offers advice and expertise within all areas of payment services, credit and investments. The bank emphasises individual advice to both commercial and private customers. Proximity to the customers is given top priority.

More than 90% of the share capital of 80.4 billion DKK is owned by private shareholders who are predominantly also customers with the bank. With more than 20,000 North Jutland citizens as shareholders, Nordjyske Bank can be considered a free, independent and citizen-owned bank, 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 1,107 million DKK.

Healthy bank principles have a strong position – also during periods of crisis

During the past year, the financial crisis has reached a level which has surprised most people, and even though there are now indications that things are calming down, we must expect that it will take some time before the negative spiral will turn around and we will experience new progress. Several financial institutions have had to close down during the crisis, and others are still fighting a tough battle to pull through.

Of course Nordjyske Bank has also felt the crisis. Large costs of the Government's Financial Guarantee Scheme I, increasing write-downs on lending and smaller activity increase than in previous years have had their influence. But in spite of financial crisis and recession, the general picture shows that Nordjyske Bank has done well, and for several reasons.

Part of the explanation is that already before the crisis we had a good starting point because of the bank's sound capital base, healthy commitments, competent credit control with handsome provisions for the risk of lending and guarantees, and competent and well-qualified employees.

At the same time, we are a thoroughly local bank. We know our customers, and we commit to the local community of which we are an integrated part. Through our commitments in the local community, we have always been highly aware that we are working with funds with which we have been entrusted. We are therefore running the bank on the basis of what some people might call conservative principles – we prefer to call them sound principles:

- we stick to transactions in which we are experts
- we run a bank, not a casino
- we only do business with customers in the local area, and
- we make an effort to use proper business ethics

On the basis of these principles, we have throughout the financial and economic crisis been able to create handsome results. We are convinced that the recipe is durable and an important reason why Nordjyske Bank is competing for top positions in the Danish premier league for banks.

Successful take-overs

During the past year, we have also had both the necessary capital and management to focus on the continued development of the bank. The year has brought two take-overs, and we have been happy to be able to welcome customers and employees, first at Løkken Sparekasse and in the beginning of 2010 also in Øster Brønderslev Sparekasse.

The acquisition of the two savings banks is in line with the bank's wish to grow larger and stronger, so that we will also in future be able to match the structural changes which the local communities are facing.

The year's result

Satisfactory increase in business scope

The bank's business with the customers is still developing satisfactorily, considering the external conditions.

Deposits, exclusive of deposits regarding the bank's pension pool schemes, have during the year been increased by 1,353 million DKK to a total of 5.6 billion DKK. Just above 1 billion DKK of this amount is related to the take-over of the core activities in Løkken Sparekasse. After correction for this, the growth rate can be calculated at just over 8%. Deposits related to the bank's pension pool schemes have during the same period been increased by 36 million DKK to 825 million DKK. At the end of the year, total deposits amounted to 6.4 billion DKK.

During the year, lending has increased by 351 million DKK to a total of 6.1 billion DKK. The increase can be related to loans taken over in connection with the acquisition of the core activities in Løkken Sparekasse, amounting to about 0.7 billion DKK at the end of the year.

Contingent liabilities in the form of guarantees issued at the request of the bank's customers have during the year increased by 338 million DKK to a total of 1.4 billion DKK. 130 million DKK thereof can be related to the acquisition of the core activities in Løkken Sparekasse.

The total credit risk (lending and guarantees) has increased during the year by 689 million DKK to 7.5 billion DKK. Including total deposits of 6.4 billion DKK, the total booked business with customers amounts to a total of 13.9 billion DKK. Add to this that the bank's FinansCenter administers assets to a total value of 5.3 billion DKK. Including asset management, the bank's total business with customers amounts to 19.2 billion DKK.

The total balance sheet has been increased by 912 million DKK to a total of 8.9 billion DKK.

Basic earnings increased by 16% or 61 million DKK

In 2009, the bank's net interest earnings increased by 53 million DKK – or 18% – to a total of 340 million DKK. After correction for net interest earnings in Løkken, the rate of increase amounts to about 12%.

Earnings in connection with other activities, including payment services, asset management and guarantee issuing, have during the same period increased by 9 million DKK – or 11% – to 90 million DKK. A large part of the increase in this area relates to Løkken.

Other operating earnings show a decrease of 1 million DKK to a total of 17 million DKK.

The total basic earnings have seen a net increase of 16% or 61 million DKK to a total of 447 million DKK. After correction for basic earnings in Løkken, the rate of increase amounts to about 9%.

Condensed income statement	2009	2008
Net interest receivables	340	287
Fees and commissions, etc., net	90	81
Net interest and fee income	430	368
Other operating income	17	18
Core income	447	386
Administration costs	239	223
Contingency Association, guarantee costs	25	7
Core earnings before write-downs	183	156
Write-downs on loans, etc.	82	31
Write-downs re the Contingency Association	15	7
Core earnings	86	118
Market value adjustment for listed securities	9	- 48
Ordinary result	95	70
Extraordinary capital gain from sector shares	-	7
Non-recurrent charges re integration of new business ..	21	-
Pre-tax profit	74	77

The increase in costs can be related to the acquisition of the core activities in Løkken Sparekasse

The ordinary administration costs have increased by 16 million DKK – all of which originate from the bank's new activity in Løkken.

In addition, non-recurrent costs of about 21 million DKK have been paid in connection with the integration of Løkken into Nordjyske Bank.

The bank's guarantee payment to the Contingency Association according to the Financial Stability Act to be paid during the period October 2008 to September 2010 amounted to a total of 25 million DKK in 2009 – compared with 7 million DKK in 2008. The scheme expires on 1 October 2010. A guarantee amount of 20 million DKK remains to be paid during the remaining period.

The increase in the bank's costs originates fully from extraordinary circumstances. After correction for such costs, there is even a small reduction in costs. This development is due to controlled adjustment of the bank's cost level.

Core earnings – 183 million DKK

Core earnings – before write-downs on loans, etc. – have increased by 27 million DKK to a total of 183 million DKK. The result is marginally above the interval of between 170 and 180 million DKK which was announced in connection with the publication of the bank's interim report as at 30 September 2009.

Write-downs on loans

The bank carries out ongoing evaluations of the quality of lending and accounts receivable with a view to calculating the need for write-downs and reversals thereof. In 2009 new write-downs of 122 million DKK were made, whereas write-downs of 37 million DKK have been reversed. This means that there has been a net increase in write-downs of 85 million DKK. In addition, write-downs of 8 million DKK as losses have been charged directly against profits. Interest received on written-down claims and paid on previously written down claims amounts to a total of 12 million DKK for 2009.

Write-downs on loans affect the result negatively with 82 million DKK in 2009 – compared with 31 million DKK the previous year. The write-downs amount to 1.05% of lending and guarantees at the end of 2009.

Add to this 15 million DKK as additional provisions for the bank's guarantee towards the Contingency Association, loss regarding ebh-bank, Løkken Sparekasse, Fionia Bank, etc. Including guarantee provision, the costs of the Government's Financial Guarantee Scheme I has charged a total of 40 million DKK to the financial statements for 2009.

The difficult situation in the agricultural sector will not shake the bank

Agriculture is important in the business structure in North Jutland. As the local bank in the area, we have heavy commitments as a lender to the agricultural sector. 17.2% of the bank's total lending and guarantees are within the agricultural sector, compared with 14.9% the previous year. The increase in lending to the agricultural sector originates mainly from the take-over of the core activities in Løkken Sparekasse as at 1 April 2009, in which about half of the total lending originated from the agricultural sector.

As far as risk is concerned, lending and guarantees to the agricultural sector amounted to 116% of the bank's equity at the end of 2009 – before deduction of the value of the security provided.

During the past three years, pig breeding has been characterised by insufficient earnings because of very low prices. This has also been the case for milk producers and plant growers during the past 1-2 years. The weak earnings in the agricultural sector have caused lots of media attention regarding possibilities of compulsory sale and liquidations within the agricultural sector, even the possible breakdown of some banks and savings banks with heavy commitments as lenders to the farming sector.

There is hardly any doubt that the difficult earnings conditions have caused headaches for some farmers and that it will accelerate the structural changes which are and have been going on within the agricultural sector. In 2010, improved terms of trade and the low interest rate are expected to form the basis for profitable operations within the most important branches of production. This will give the individual farmer a break in which to consider the long-term strategy for each individual farm.

In order to meet the poor market conditions within the agricultural sector, Nordjyske Bank started making provisions of a considerable size already in 2007. This policy was continued in 2008 and 2009, so that the bank is prepared, and at the end of 2009, the bank has made the – considering the situation – necessary and material reservations for lending to the agricultural sector.

At the end of 2009, provisions of 149 million DKK have been made, corresponding to about 10% of the bank's total lending and guarantees for the agricultural sector.

It is characteristic for the bank's agricultural customers that the vast majority have considerable reserves and resistance in the form of considerable solvency and equity.

In addition, stress tests have been made to determine what may happen if the gloomy earnings conditions were to continue for several years.

If all of the bank's customers within the agricultural sector with weak financial position who do not at present have financial difficulties will later – because of continued gloomy earnings for several years into the future – face financial difficulties, the maximum loss is estimated at about 100 million DKK. Provisions for this amount has been made in the calculation of the bank's individual capital adequacy. So not even the most dismal scenarios will be able to shake the bank.

In addition to the above loans to agricultural customers in Denmark, the bank has provided loans for investments in and development of farming abroad. According to Statistics Denmark's business codes, these loans are entered under property administration and property transactions. The loans – amounting to 3.5% of the bank's lending and guarantees – are considered without any risk for the bank, as they are secured by first-ranking mortgage, supplemented by state guarantee in the form of a guarantee from the Danish Export Credit Fund – and at the same time, the cash equity amounts to about 50% of the investment.

The pre-tax result provides a 7% return on equity

The pre-tax result for 2009 amounts to a total of 74 million DKK.

The year's result after tax amounts to a total of 67 million DKK – compared with 56 million DKK in 2008. Considering the difficult external conditions, the bank's management considers the result satisfactory.

Comfortable liquidity situation

Prior to the international and national financial crisis, Nordjyske Bank has already in April 2007 secured long-term financing on the international monetary market in the form of a senior loan of just over 1 billion DKK. Half of the loan has a term of three years, i.e. until the spring of 2010, and the other half has a term of five years, i.e. until the spring of 2012.

It is the bank's general policy to finance its loans through normal deposits with the bank and equity – and to ensure the additional liquidity reserves through long-term senior loans. On the other hand, the bank does not want to finance its lending with short-term loans on the money market or through large deposits obtained outside the bank's normal clientele.

In general, the bank's liquidity situation can be calculated as follows:

Deposits, incl. pool	6.4 billion DKK
Equity	<u>1.1 billion DKK</u>
Own liquidity	7.5 billion DKK
Lending	<u>6.0 billion DKK</u>
Excess liquidity	1.5 billion DKK

Add to this the above senior loan of just over 1 billion DKK and temporary credit facilities with the Danish central bank of 0.3 billion DKK. Currently, there are now liquidity reserves of about 2.8 billion DKK.

Even after payment of half of the senior loan in April 2010, and apart from the temporary credit facilities with the Danish central bank, the bank will have liquidity reserves of about 2 billion DKK.

Consequently, the bank has a comfortable liquidity situation.

In the light of an analysis of the bank's deposits in December 2009, it is the opinion of the bank that about 80% of the total deposits will be covered by the Deposit Guarantee Fund when the new reimbursement amount of 750,000 DKK becomes effective in connection with the expiry of the Government's Financial Guarantee Scheme I at the end of September 2010.

The bank has initiated a number of activities with a view to ensuring that the liquidity reserves will also in the long term be maintained at a satisfactory level. In this connection, the bank expects to forward an application to Finansiel Stabilitet A/S in spring regarding a guarantee limit for a possible additional safeguarding of the bank's funding until the end of 2013, if the bank considers such safeguarding desirable before the end of 2010.

Furthermore, the bank has not granted international loans to customers against guarantee. Loans in foreign exchange to the bank's customers have been financed directly and with own funds. The bank has not increased its financial reserves by raising mortgage loans in the bank's properties.

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. And no events have occurred after the end of the accounting year which will influence the bank's result for 2009, the bank's assets and liabilities, and the financial position at the end of 2009.

The book values have been calculated by means of an assessment. The assessment has been based on premises which the management considers responsible.

The most important assessments relate to

- write-downs on loans and receivables where the quantification of the risk of failing future payments involves a considerable degree of estimate
- value assessment of goodwill regarding the quantification of future earnings and the rate of interest used for the calculation
- value assessment of properties regarding the rates of interest used for the calculation, and
- value assessment of unlisted sector shares, cf. below

Unlisted shares in companies owned jointly by the bank and a number of other banks, etc., – the so-called sector shares, involve considerable estimates in connection with the determination of market value. The market value is fixed on the basis of available information about current transactions. If there is no current market data, the market value is – for most of the bank's holding of sector shares – fixed on the basis of the companies' most recently prepared and approved financial statements. The principle for the bank's determination of the market value remains unchanged compared with previous years. If entered according to the generally used principle in the sector, where the market value is fixed on the basis of the companies' most recent interim reports or capital value calculations, the bank's holding of sector shares would have an additional value of 37.8 million DKK at the end of 2009. Calculated according to the same principles, the additional value at the beginning of 2009 would have amounted to 33.0 million DKK.

Consolidation and capital

The year's result after tax, a total of 67 million DKK, will be added to the equity. Furthermore, the equity has been increased during the year by 2.3 million DKK in connection with the re-valuation of the bank's headquarters properties. This amount has been added to a separate item under the reserves – provisions for appreciations.

During the year, the equity has been reduced by 9.4 million DKK net because of own share purchases. At the end of 2009, the bank has a holding of own shares of a total of 383,684 shares, corresponding to a nominal value of 3.8 million DKK – or 4.8% of the total share capital.

This means that the bank's equity has been increased by a net amount of 60 million DKK during 2009 – and at the end of the year it amounts to a total of 1,107 million DKK.

The bank's capital adequacy (solvency) is calculated by means of the standard methods for calculation of credit risks outside the trading portfolio and market risks. The so-called basic indicator method is used when measuring the operational risks. The bank's capital adequacy rate amounts to 16.6 as at 31 December 2009.

In accordance with the stipulations of the Executive Order on Capital Adequacy, the bank has to publish detailed information about risks, capital structure, capital adequacy, risk management, etc. Such information appears from the bank's website, www.nordjyskebank.dk.

The bank has joined the Contingency Association according to the Danish Financial Stability Act. This means that the bank's unsecured creditors, including deposit customers, are until the end of September 2010 covered by a state guarantee. It also means that during the period until the end of September 2010, the bank has to pay a guarantee amount of 2.2 million DKK per month, or a total of about 51 million DKK, and cover a proportional part of the losses determined in connection with the liquidation of distressed banks – so far a total of about 22 million DKK.

According to the Danish Financial Stability Act, no dividend can be paid to the shareholders in 2009 and 2010.

Acquisition of Øster Brønderslev Sparekasse at the start of 2010

As it appeared from company announcement no 01.2010 of 5 January 2010, Nordjyske Bank has at the start of 2010 taken over Øster Brønderslev Sparekasse. The take-over has been approved by the Danish Financial Supervisory Authority.

Consolidated pro forma balance sheet as at 01.01.2010 Amounts in million DKK	NB	ØBS	I alt
Assets:			
Cash balance and receivables with credit institutions and central banks	1,474	27	1,501
Loans and other receivables	6,051	220	6,271
Bonds	410	50	460
Shares, etc.	165	9	174
Capital shares in associated and connected businesses	14	0	14
Assets related to pooled schemes	596	0	596
Intangible assets	12	0	12
Land and buildings	146	2	148
Other tangible assets	6	1	7
Other assets	88	2	90
Total assets	8,962	311	9,273
Liabilities:			
Payables to credit institutions and central banks	1,262	0	1,262
Deposits and other payables	5,599	257	5,891
Deposits in pooled schemes	826	0	826
Bonds issued	1	0	1
Other liabilities	130	5	135
Total debts	7,817	262	8,114
Provisions for pension schemes, etc.	10	0	10
Provisions for losses on guarantees	20	1	21
Total provisions	30	1	31
Subordinated debt	7	0	7
Equity	1,107	*) 48	1,121
Total liabilities	8,962	311	9,273
*) Apart from 13 million DKK, equity and guarantee capital is changed to ordinary deposits			

The acquisition of Øster Brønderslev Sparekasse is only expected to have a marginal effect on the bank's liquidity.

The bank's capital adequacy will be reduced by 0.5 percentage points to 16.1 in connection with the take-over. The merger is not expected to have any major effect on the bank's result in 2010.

The individual capital adequacy requirement

Since 2007, the financial institutions in Denmark have had to calculate their individual capital adequacy requirements in an internal calculation reflecting the risk profile of the individual financial institute when exposed to a number of stress tests, thereby calculating the individual capital adequacy requirement of each financial institution and the necessary core capital.

Regardless of the result of the calculation, the individual capital adequacy requirement cannot be lower than the minimum statutory requirement of 8%.

Nordjyske Bank's calculation of the individual capital adequacy requirement amounts to 8%, i.e. the bank's capital adequacy requirement amounts to the statutory minimum requirement of 8%. In the light of the fact that the actual capital adequacy rate amounts to 16.6% at the end of 2009, the bank has a surplus cover of the individual capital adequacy requirement of more than 100% – on the basis of capital of the best possible quality, i.e. the equity. This emphasises the bank's solvency strength. This is also the reason why the bank has not applied for capital from the Government's Financial Guarantee Scheme II.

For further information about the bank's calculated individual capital adequacy requirement, please see the bank's website: www.nordjyskebank.dk

Proposal for the general meeting

With the acceptance of the Committee of Representatives, the Board of Directors recommends the following proposal for a change to the bank's Articles of Association for adoption at the ordinary general meeting to be held on 9 March 2010 at Arena Nord, Frederikshavn:

- Time limit for notice of general meetings to be increased to no more than 5 weeks and no less than 3 weeks before the date of the general meeting,
- Requirements regarding material to be presented before the general meeting,
- Time limit for the handing in of proposals for discussion at the general meeting is to be fixed at 6 weeks before the date of the general meeting,
- Requirements regarding the share of the share capital which can demand an extraordinary general meeting, to be reduced to 1/20 of the share capital,
- New stipulation regarding who has the right to attend the general meeting,
- Details about the shares which have a voting right at the general meeting,
- An expansion of the bank's committee of representatives to at least 30 and no more than 60.

Apart from the last item, the suggested changes are statutory changes as a consequence of the new company legislation which has been adopted and is expected to become effective during the spring of 2010.

In addition, the Board of Directors will recommend to the general meeting that it should – like previous years – be authorised to acquire own shares, cf. §48 of the Danish Limited Companies Act.

Group Report

Nordjyske Bank owns the entire share capital of Sæbygård Skov A/S. The subsidiary's result for 2009 is included in the bank's financial statement under "result of capital shares in associated and connected businesses". The shares have been entered at 12.8 million DKK, which is the book value.

No group financial statements have been prepared, as the subsidiary's activities are, regarding both balance sheet and result, insignificant compared with the bank's activities.

Expectations for 2010

A continued slow economic development with an expected increase in unemployment, uncertainty regarding property prices and investment and consumption will in itself slow down the economic activity in our country. Therefore, the bank expects a weak growth in the business scope in 2010.

In 2010, the bank expects continued handsome basic earnings before write-downs on loans and price adjustment of listed securities – and at the same level as the realised level of 2009 – or about 175-200 million DKK.

The total result will, of course, be affected by the write-down item for loans and the price development of the bank's holding of listed securities. The most important uncertain factor is the write-down item regarding loans and guarantees, where the recession must be expected to lead to a write-down percentage in 2010 at the same level as in 2009. The depth and consequences of the economic recession is difficult to quantify, but a loss percentage of between 1.0 and 1.5 for 2010 is not considered unrealistic.

Ownership and shareholders

The bank's share capital of 80.4 million DKK is divided into 8,040,000 shares of 10 DKK which all have the same rights. The shares are listed 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 100 DKK or fraction thereof gives 1 vote. 1,000 votes are, however, the largest number of votes any shareholder shall be able to cast on his/her own behalf.

More than 90% of the share capital of 80.4 million DKK is owned by private shareholders, most of whom are also customers with the bank. Nordjyske Bank has just over 20,000 shareholders, but no "large shareholder", i.e. no shareholder has reported according to §§28a and 28b 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 69.6 million DKK to a total of 150 million DKK. Of new shares issued according to the above authorisation, up to 25 million DKK can be offered for free subscription without pre-emptive rights for the bank's existing shareholders.

In addition, the Board of Directors has been 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%.

The bank's management

Committee of Representatives

The Committee of Representatives includes at least 25 and a maximum of 50 members, at present 45 members. The members are elected by the general meeting of shareholders. When electing the 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 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, who are elected by and among the members of the Committee of Representatives. Members of the Board of Directors elected by the Committee of Representatives are elected for a period of two years. Re-election is possible. If such a member resigns from the Committee of Representatives, the membership of the Board of Directors terminates.

In addition, the Committee of Representatives can elect one 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.

The Board of Directors includes the additional members prescribed by legislation, at present three employee representatives.

Audit Committee

The Board of Directors has set up 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 legislation, the audit committee does not have independent decision-making competence.

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 by at least two thirds of both the votes cast and 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, the proposal for changes to the Articles of Association made by the Committee of Representatives or the Board of Directors which has 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 share of the share capital represented.

Proposals for changes to 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

Just like other listed companies, 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:

- The recommendation on restrictions to the number of positions in Boards of Directors and Executive Boards held by the individual Board Member (IV, item 7) is not observed, as the Board of Directors is of the opinion that it is not the number of management positions, but the work load involved, which is important.
- The recommendation on terms of office of one year (IV, item 9 (1)) is not observed, as the Board of Directors finds it more important to safeguard 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 fees received by individual people 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 at the bank's website 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 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 which reports to the Board of Directors and will, in accordance with an audit plan approved by the Board of Directors, by random sampling audit business procedures and internal controls in material and risk-related areas in connection with the preparation of the financial statements.

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

Risk assessment

The Board of Directors and the Management 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 in order to reduce and/or eliminate such risks.

Social responsibility

Nordjyske Bank has prepared a policy regarding social responsibility based on the bank's core values: proximity, willingness to act and competence. The policy is also in accordance with the bank's vision about being "an attractive bank with business focus – a good place for customers, employees and shareholders".

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

The policy in its entirety and the related explanation is available at www.nordjyskebank.dk/samfundsansvar2009.

Management positions as at 31 December 2009**Management positions of members of the Board of Directors in other Danish companies****Hans Jørgen Kaptain, Attorney at law (Chairman)**

Chairman of the Board of Directors of

B & H EL-Artikler A/S, BIA A/S, Dafolo Holding A/S, GKH Invest, Hjallerup Maskinforretning A/S, Jarnes A/S, Nordjysk Luftteknik A/S, Skagerak 2000 A/S, Skagerak Holding A/S, Stampen Træ-Pak A/S, Stiholt Holding A/S, Aktieselskabet Sæby Fiskeindustri.

Member of the Board of Directors of

Cosmos Trawl A/S, GMC Holding A/S, Holdingselskabet HT A/S, Hydra Tech A/S, Mekanord 2009 A/S, RAIS A/S, Scandinavian Brake Systems A/S, Skanderborg Maskinforretning A/S.

Erik Broholm Andersen, Farmer

Director and member of the Board of Directors of 2B Biogas A/S.

Per Lykkegaard Christensen, Farmer

Member of the Board of Directors of Farmas A/S

Henrik Lintner, Pharmacist

Member of the Board of Directors of Medlemspension af 1.1.2005 A/S.

Sten Uggerhøj, Car Dealer

Director and member of the Board of Directors of

Uggerhøj A/S,

Chairman of the Board of Directors of

Uggerhøj Silkeborg A/S, Ejendomsselskabet Møllehuset A/S, A/S Holst Sørensen, Frederikshavn

Member of the Board of Directors of

A/S Knud Uggerhøj, Uggerhøj Herning A/S, Ejendomsselskabet Weddelsborgvej 1 A/S, Aktieselskabet Trigon, Fortin Madrejon A/S, Southfarms A/S.

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

Member of the Board of Directors of

DLR kredit A/S

Vækst-Invest Nordjylland A/S

Frederikshavn Havn A/S

Income Statement

Amount in 1,000 DKK

	Note	2009	2008
Interest income	3	474,351	511,523
Interest expenses	4	138,102	225,723
Net interest income		336,249	285,800
Dividend of shares, etc.		5,698	5,301
Fees and commission income	5	94,385	83,305
Fees and commissions paid		3,993	2,570
Net interest and fee income		432,339	371,836
Market value adjustments	6	14,250	-32,477
Other operating income		5,485	5,766
Staff and administration costs	7	252,748	218,050
Depr. and write-downs, intangible and tangible assets		6,928	4,8727
Other operating costs		24,965	6,795
Write-downs on loans and receivables, etc.		97,256	38,331
Profit or loss from investments in associated and group enterprises ...		3,952	56
Pre-tax profit		74,129	77,133
Tax	8	7,442	20,823
The year's result		66,687	56,310

Balance sheet, 31 Dec.

Amount in 1,000 DKK

	Note	2009	2008
Assets:			
Cash balance and demand deposits at central banks		56,741	48,714
Receivables from credit institutions and central banks	10	1,417,626	805,452
Loans and other receivables at market value	11+12	10,446	10,238
Loans and other receivables at amortised cost price	11+12	6,041,044	5,690,478
Bonds at market value	13	410,051	387,957
Shares, etc.	14	164,642	176,315
Investments in associated enterprises		1,000	1,000
Investments in group enterprises		12,816	8,864
Assets related to pooled schemes	15	596,303	659,480
Intangible assets	16	12,000	0
Land and buildings, total	17	145,730	130,720
- Investment properties		39,823	34,562
- Headquarters properties		105,907	96,158
Other tangible assets	18	5,752	4,605
Current tax assets		6,910	14,186
Deferred tax assets	8	8,400	5,600
Temporary assets		838	838
Other assets	20	71,414	105,356
Total assets	20	8,961,713	8,049,803

Balance sheet, 31 Dec.

Amount in 1,000 DKK

	Note	2009	2008
Liabilities:			
Payables			
Payables to credit institutions and central banks	22	1,261,892	1,768,403
Deposits and other payables	23	5,598,951	4,246,123
Issued bonds at amortised cost		825,315	788,571
Deposits in pooled schemes	24	1,347	50
Current tax liabilities		0	0
Other liabilities	20	130,160	176,682
Prepayments and deferred income		17	20
Total debts		7,817,682	6,979,849
Provisions			
Provisions for pensions and similar liabilities	25	9,622	13,289
Provisions for losses on guarantees		19,970	5,038
Total provisions		29,592	18,327
Subordinated investments			
Subordinated investments	26	6,951	4,102
Total subordinated investments		6,951	4,102
Equity			
Share capital	27	80,400	80,400
Revaluation reserves		23,608	21,249
Other reserves:			
- statutory reserves		4,570	619
Retained earnings		998,910	945,257
Total equity		1,107,488	1,047,525
Suggested dividend		0	0
Total liabilities		8,961,713	8,049,803

Equity changes

Amount in 1,000 DKK

	2009	2008
Equity, start of the year	1,047,525	1,036,560
Result for the year	66,687	56,310
Income and expenses included directly in the equity:		
Pre-tax gain from sale of own shares	- 2,730	- 9,830
Current tax on own shares sold	680	2,457
Adjustment of deferred tax, own shares	- 4,110	3,885
	<u>- 6,160</u>	<u>- 3,488</u>
Reassessment of headquarters properties	2,359	1,790
	<u>- 3,801</u>	<u>- 1,698</u>
Total income	62,886	54,612
Dividend paid	0	- 19,611
Capital addition and reduction:		
Sale of own shares	61,252	49,486
Purchase of own shares	- 64,175	- 73,522
Capital additions and reductions, net	<u>- 2,923</u>	<u>- 24,036</u>
Equity at the end of the year	<u>1,107,488</u>	<u>1,047,525</u>

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 is compatible with the stipulations on inclusion and calculation in the international accounting standards, (IAS/IFRS) and Nasdaq OMXCopenhagen A/S’ disclosure requirements for listed companies.

Changes to accounting policy

The accounting policy used is unchanged compared with the annual report for 2008.

The Group

The bank owns the total share capital of Sæbygård Skov A/S, Frederikshavn. Group financial statement has not been prepared, as the subsidiary’s activities are unimportant, 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 payable interest, 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.

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 and less fees and commissions received which are related to the establishment.

Receivables from credit institutions and central banks and lending 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 value reduction.

Receivables from credit institutions and central banks are all assessed individually for objective indication of value deterioration. 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 for value deterioration. Individually valued lending which has not been written down and other lending are subsequently valued on portfolio basis.

Portfolio valuation of the write-down requirement is made as a consequence of an objective indication for value deterioration of 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 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 during the period obtained better ratings.

An individual loan or a group of loans are considered value-deteriorated if – and only if – there is objective indication for a value-deterioration as a consequence of one or more events occurring after the first inclusion of the loan, and if this or these events have an influence 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 risk 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 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 included at cost price or a possible, lower market value. Investments in the bank's subsidiaries have been valued at the book value.

The bank has not re-classified financial assets, cf. §55 (L) 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

Goodwill, including intangible assets such as the value of customer relations, taken over in connection with the acquisition of businesses have been valued at the market value of the expected future earnings of the acquired business.

Valuation – tangible fixed assets

Investment properties are valued at market value calculated on the basis of a return-based model. The bank has not used external parties in connection with the calculation of the value of investment properties. Write-downs are not made on investment properties.

Headquarters properties are calculated at the 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 parties when calculating the value of headquarters properties. Write-downs have been calculated according to the straight-line principle 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 with 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.

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 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 on the bank’s assets.

Notes with five-year surveys

Amounts in million DKK

1. Five years' key figures	2009	2008	2007	2006	2005
Income statement:					
Net interest income	340	287	245	225	206
Fees and commissions, etc., net	90	81	93	91	76
Net interest and fee income	430	368	338	316	282
The result of investment in associated and group companies	4	0	0	0	0
Other operating income, etc. *	13	18	22	20	18
Core income	447	386	360	336	300
Staff and administration costs	232	218	201	193	184
Other operating costs, etc.	7	6	6	7	7
Administration costs	239	224	207	200	191
Contingency Association, costs	25	6			
Core income before write-down on loans .	183	156	153	136	109
Write-downs on loans, etc.	82	31	-13	-25	-1
Provisions, Contingency Association	15	7	-	-	-
Core income	86	118	166	161	110
Price adjustment for listed securities, etc. * ..	9	-48	6	7	14
Extraordinary capital gain re sector shares *	0	7	6	35	2
Non-recurrent costs of integrating new business	21				
The year's result before tax	74	77	178	203	126
Tax	7	21	39	46	32
The year's result after tax	67	56	139	157	94
Market value adjustments, total, included in items marked *	14	-32	27	57	29
Balance sheet:					
Total assets	8,962	8,050	7,565	6,722	5,306
Lending	6,051	5,701	5,082	4,378	3,406
Guarantees	1,415	1,077	1,817	1,723	1,841
Deposits.....	6,424	5,035	4,550	4,314	4,082
Equity	1,107	1,048	1,037	912	757

Amounts in million DKK

2. Five years' key figures	2009	2008	2007	2006	2005
Profitability					
Result before tax / average equity	6.9	7.4	18.3	24.4	17.3
Result after tax / average equity	6.2	5.4	14.3	18.8	12.9
Costs as % of core income	53.5	57.9	57.5	59.5	63.7
Earnings per cost krone	1.19	1.29	1.92	2.16	1.63
Capital adequacy					
Capital adequacy rate	16.6	14.3	10.1	* 11.2	* 10.8
Core capital percentage	16.4	14.3	10.1	* 17.0	* 16.8
Growth in risk-weighted items	-9.6	-9.1	28.5	19.3	18.5
Equity in relation to assets	12.4	13.0	13.7	13.6	14.3
Market risks					
Interest risk	0.1	0.7	0.2	0.5	1.6
Foreign exchange position	3.2	5.0	87.5	3.0	1.9
Foreign exchange risk	0.0	0.0	0.1	0.0	0.0
Share risk, shares, etc., in % of core capital	15.6	17.4	30.1	18.8	20.5
Share risk, excl. sector companies	4.9	6.8	12.5	8.8	8.5
Liquidity risks					
Lending in relation to deposits	99.3	116.5	114.6	104.8	87.5
Surplus cover compared with statutory liquidity requirement	157.2	90.6	42.6	32.7	3.9
Credit risks					
Loans in relation to equity	5.5	5.4	4.9	4.8	4.5
The year's growth in lending	6.2	12.2	16.1	28.6	24.5
Sum of large commitments	13.2	41.1	111.1	94.5	118.1
The year's net write-down percentage	1.2	0.6	- 0.2	- 0.4	0.2
Accumulated write-down percentage	4.4	2.5	1.9	2.3	3.1
Share of amount owing with reduced rate of interest	0.6	0.4	0.3	0.3	0.3
The Nordjyske Bank share:					
Earnings per share	8.29	7.00	17.48	19.78	11.78
Dividend per share	0.00	0.00	2.50	2.50	2.50
Listed price	115.0	78.0	182.0	211.6	146.4
Book value	144.7	136.0	130.5	114.2	95.9
Listed price / the year's earnings per share (P/E)	13.9	11.1	10.4	10.7	12.4
Listed price / book value per share.....	0.80	0.57	1.40	1.85	1.53
Employees					
End of year as full-time employees	279	253	258	251	248

*) calculated according to previous rules

Notes for the income statement

Amount in 1,000 DKK

3. Interest income:

	2009	2008
Interest on receivables from credit institutions and central banks *)	24,768	27,731
Interest on lending and other receivables *)	431,035	449,104
Interest on bonds	12,648	21,028
Derived financial instruments		
- foreign exchange contracts	5,072	11,945
- interest contracts	442	1,059
Other interest income	386	656
Total interest income	474,351	511,523

*) Of this interest income from actual purchase and resale transactions:

Receivables from credit institutions and central banks	0	0
Lending and other receivables	0	0
	0	0

4. Interest expenses:

Interest for credit institutions and central banks *)	27,418	80,317
Interest for deposits and other payables *)	110,368	145,175
Interest on bonds issued	51	1
Interest on subordinated capital investments	169	52
Other interest expenses	96	178
Total interest expenses	138,102	225,723

*) Of which interest expenses from actual sale and repurchase transactions:

Payables to credit institutions and central banks ...	0	0
Deposits and other payables	0	0
	0	0

5. Fees and commission income:

Security trading and custody accounts	31,436	34,283
Payment services	9,507	8,986
Loan transaction fees	20,485	13,865
Guarantee commission	20,338	16,177
Other fees and commissions	12,619	9,994
Total fees and commission income	94,385	83,305

Amount in 1,000 DKK	2009	2008
6. Market value adjustments:		
Loans and other receivables at market value.....	208	359
Bonds	2,285	- 9,106
Shares, etc.	6,096	- 20,710
Investment properties	61	49
Foreign exchange	6,310	3,950
Derived financial instruments	1,343	- 3,357
Assets related to pooled schemes	76,492	- 196,263
Deposits in pooled schemes	- 78,545	192,601
Total market value adjustments	14,250	-32,477
7. Staff and administration costs:		
Salaries and remuneration to:		
- Executive Board	3,004	2,878
- Executive Board, regulation of pension obligations	1,707	1,660
- Board of Directors	1,296	1,080
- Committee of Representatives	308	301
	6,315	5,919
Staff costs:		
- Salaries	113,890	105,679
- Pensions	12,575	11,107
- Costs of social security	12,722	10,884
	139,187	127,670
Other administration costs	107,246	84,461
Total staff and administration costs	252,748	218,050
Incentive schemes:		
No special incentive schemes have been established for members of the management.		
Retirement terms for the Executive Board:		
There is a mutual notice period of 12 months		
No compensation is granted to the Executive Board or employees if they resign without cause or their position is discontinued because of take-over bid.		
Number of employees:		
The average number of employees during the financial year, calculated at full-time employees ...	263.4	257.6
Audit fees:		
Total fee for the firm of auditors performing the statutory auditing	592	533
Of which other services than auditing	0	0

Amount in 1,000 DKK	2009		2008	
	income	tax 25 pct.	income	tax 25 pct.
8. Tax:				
Tax rate				
Tax on the year's income:				
Tax included in the income statement:				
Pre-tax profits	74,129	18,532	77,133	19,283
Capital gain fixed assets, not taxable	3,774	944	17,996	- 4,499
Other, not taxable income	1,445	361	487	- 122
Expenses which are not deductible	3,058	764	1,374	344
Tax adjustments		- 3,591		4,294
Current tax		14,400		19,300
Regulation of deferred tax		- 6,910		2,285
Subsequent regulation of previous years' tax		- 48		- 762
Total tax amount to be included in the income statement		7,442		20,823
Tax included directly in the equity:				
Realised profits from transactions in own shares ..	- 2,730	- 680	- 9.830	- 2,457
Total tax on the year's income		6,762		18,366
Deferred tax:				
Own shares	0	0	- 16.425	- 4,110
Unrealised profits from securities, etc.	- 13,488	- 3,372	17.138	4,288
Tangible fixed assets	- 2,446	- 612	- 3.205	- 801
Fees and commission	- 15,294	- 3,824	- 15.896	- 3,974
Goodwill	1,429	357	0	0
Other, net		- 949		- 1,003
Deferred tax, total		- 8,400		- 5,600

Notes for the balance sheet

9. Financial risks

As a result of the bank's activities, the bank is exposed to different 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 changes because of changed 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

- obtaining well-balanced relations between risks assumed and the return obtained by the bank
- making sure that the bank's losses are at an acceptable level compared with comparable Danish banks
- ensuring that the bank's losses can be covered by the bank's results.

It is the policy of Nordjyske Bank 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 lending activities, efforts are made to ensure that the bank gets the best possible security cover for the bank's commitments.

For lending to private customers, the most important types of security are:

- real property
- securities and
- cars.

For lending to commercial customers, the most important types of security are:

- real property
- securities
- operating equipment
- stocks
- debtors and
- guarantors.

A credit rating is made of the bank's customers, i.e. a division of the customers according to quality (ability and willingness to meet their commitments). The model used for private customers is based on the customer's personal financial situation (assets, income, and disposable amount) and supplemented by an assessment of the customer's current situation. The model used for commercial customers is based on the customer's accounting data, swot analyses together with an assessment of the customer's current situation.

The credit rating is reflected in 13 rating classes which can be grouped as follows: 10 - 31 good commitments

32 - 33 medium-quality commitments

37 - 39 weak commitments

41 - 42 write-down commitments

50- loss-giving commitments

The total credit risk is managed according to policies and frameworks laid down by the bank's management. The responsibility for monitoring, general risk-taking 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 basic policy of the bank to keep market risks at a low level. The bank's management has set up concrete risk limits for each market risk, which cannot be exceeded.

The main part of the bank's lending and deposit transactions and accounts with other credit institutions have been established on a variable basis.

The bank's main currency is Danish Kroner. The bank has also made transactions in foreign currencies. Material foreign exchange positions are hedged on an ongoing basis with off-setting transactions. The bank is therefore only to a limited extent exposed to exchange rate fluctuations.

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

If possible, the bank wants to own the premises from which the bank operates. On the other hand, the bank primarily wants to own properties to be used for the banking activities. This means that the bank's portfolio mainly includes headquarters property.

The bank's market risks are controlled by the bank's FinansCenter according to policies and limits set up by the bank's management. The individual risk areas are monitored continually by the bank's finance department, and the bank's management receives reports on an ongoing basis.

The sensitivity of the bank's current market risks has been described in note 21.

Liquidity risk

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

- deposits from customers (excluding pool deposits and time deposits above 15% of the total deposits)
- subordinated debts
- equity and
- long-term senior loans.

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

Operational risks

The bank's management is informed on an ongoing basis of the losses and events which are regarded as originating from operational risks. On the basis of this reporting, it is assessed whether business procedures, etc., can be adjusted and improved with a view to avoiding or minimising the operational risks.

The IT supply, which is the most important area when assessing the bank's operational risks, has been outsourced to Bankdata, which is owned jointly by the bank and a number of other financial institutions. IT security is assessed continually, and the necessary adjustments to the bank's emergency plans are made.

Amount in 1,000 DKK	2009	2008
10. Receivables from credit institutions and central banks:		
Receivables on demand	23,939	29,640
Remaining term		
- up to and incl. 3 months	1,334,718	717,852
- from 3 months up to and incl. 1 year	0	0
- from 1 year up to and incl. 5 years	42,857	42,281
- more than 5 years	16,112	15,679
Total receivable from credit institutions and central banks	1,417,626	805,452
Time receivables from central banks	1,334,718	717,851
Receivables from credit institutions	82,908	87,601
Total receivables from credit institutions and central banks	1,417,626	805,452
11. Lending and other receivables:		
Demand receivables	1,138,554	841,799
Remaining term		
- up to and incl. 3 months	601,348	789,096
- from 3 months up to and incl. 1 year	1,967,593	1,490,608
- from 1 year up to and incl. 5 years	1,184,056	1,154,924
- more than 5 years	1,159,939	1,424,289
Total lending	6,051,490	5,700,716
12. Credit risk		
Lending and guarantees by sectors and lines of business		
Agriculture, hunting and forestry	17.2%	14.9%
Mink breeding	1.9%	1.6%
Investment and development in farming abroad *)	3.5%	2.5%
Fishing	3.1%	2.8%
Manufacturing, etc.	5.0%	7.8%
Building and construction	4.1%	4.9%
Trade, restaurant and hotel activities	7.8%	9.0%
Transport, post and telephone	1.0%	2.1%
Credit and financing activities and insurance	1.7%	1.8%
Property administration and trade	7.3%	6.1%
Other trades	4.2%	4.1%
Public authorities	1.7%	0.1%
Private	41.5%	42.3%
Total	100.0%	100.0%

*) Please refer to Management's Report, page 7

Amount in 1,000 DKK	2009	2008
12. Credit risk, cont.		
Maximum credit exposure regardless of security		
Business	4,534,589	4,056,850
Public authorities	126,615	6,725
Private	3,166,507	2,911,233
Total	7,827,710	6,974,809
Business	606,795	375,520
Public authorities	0	0
Private	112,045	49,578
Total	718,840	425,098
Individual write-down made on the basis of:		
Liquidation	24,864	14,036
Debt collection and suspension of payments	30,566	25,174
Other financial difficulties	663,410	385,888
Total	718,840	425,098
Security received for individually written down claims includes:		
Securities and cash	6,385	2,282
Properties	225,786	155,441
Operating equipment	146,992	99,195
Guarantees	1,691	621
Mortgage deeds	19,494	24,915
	400,348	282,454
Write-downs of loans with objective indication of value deterioration:		
Individually written down:		
Value before write-down	718,840	425,098
Value after write-down	423,131	271,557
Group-write-down:		
Value before write-down	3,139,542	3,120,920
Value after write-down	3,108,431	3,107,813

Amount in 1,000 DKK

12. Credit risk, cont.

Write-downs on lending

Individual write-downs

	2009	2008
Write-downs, start of the year	153,690	121,993
Write-downs during the year	115,829	63,815
Reversal of write-downs made during previous financial years	36,614	23,026
Added by acquisition of business	82,078	0
Final loss, previously written down individually	19,274	9,092

Write-downs, end of the year	295,709	153,690
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Group-based write-downs

Write-downs, start of the year.....	13,107	10,470
Write-downs during the year	6,318	3,505
Reversal of write-downs made during previous financial years	0	868
Added by acquisition of business	11,686	0

Write-downs, end of the year	31,111	13,107
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Loans and guarantees, not written down and not in arrears, by rating categories and sectors

	Business	Private	Business	Private
Rating category:				
10 - 31 good commitments	2,243,379	1,322,061	2,755,467	1,670,313
32 - 33 medium-quality commitments	690,215	600,349	359,989	560,024
37 - 39 weak commitments	162,256	96,766	32,605	36,220

NB: Commitments taken over in connection with acquisition of Løkken Sparekasse are not included in the above distribution

Arrears by period and sectors

Up to 90 days	30,445	31,199
More than 90 days	30,962	11,209
	61,407	42,408

Business, total	38,435	26,006
Public authorities	284	5
Private customers	22,688	16,397
	61,407	42,408

Amount in 1,000 DKK	2009	2008
12. Credit risk, cont.		
Security received for arrears include		
Securities and cash, properties, operating equipment, guarantees and mortgage deeds		
Book value of loans which would be in arrears or written down if not renegotiated	0	0
13. Bonds at market value:		
Mortgage bonds	303,658	367,365
Gov. bonds	12,538	12,349
Other listed bonds	93,855	8,243
Total bonds at market value	410,051	387,957
14. Shares:		
Listed shares	19,283	52,045
Unlisted shares, etc., at market value	645	141
Sector shares at market value	128,468	108,311
Other capital shares	16,246	15,818
Shares, total	164,642	176,315
Sector share distribution:		
Asset mangement and pension		
Bankinvest Holding A/S	4,959	3,736
Letpension Holding A/S	2,724	6,294
Sparinvest Holding A/S	3,792	5,756
Sector infrastr.		
Multidata Holding A/S	974	1,179
PBS Holding A/S	2,168	1,602
Swift	80	78
Værdipapircentralen A/S	127	169
Mortgage credit		
Danmarks Skibskredit A/S	1,197	1,197
DLR Kredit A/S	84,973	58,968
PRAS A/S	27,474	29,332
Sector shares:	128,468	108,311

Re valuation of sector shares, please see notes in management's report page 9

Amount in 1,000 DKK	2009		2008	
15. Assets related to pooled schemes:				
Bonds:				
Index-linked bonds	168,766		199,294	
Other bonds	216,369	385,135	216,024	415,318
Shares:				
Investment ass. certificates	3,175		143,221	
Other shares	207,993	211,168	100,941	244,162
		596,303		659,480
16. Intangible assets:				
Total cost price, start of the year.....	0		0	
Added during the year	13,504	13,504	0	0
Write-downs, start of the year.....	0		0	
Write-downs of the year	1,504	1,504	0	0
Book value, end of the year		12,000		0
17. Land and buildings:				
Investment properties:				
Market value, start of the year		34,562		33,561
Added during the year, including improvements		5,200		952
Disposed of during the year		0		0
The year's value adjustment at market value		61		49
Market value, end of the year		39,823		34,562
Headquarters properties:				
Re-assessed value, start of the year		96,158		91,601
Added during the year, including improvements		10,031		4,387
Write-downs		- 1,902		- 1,683
Value adjustments during the year, included in the equity		2,358		1,790
Value adjustments during the year included in the income statement		- 738		63
End of the year		105,907		96,158

Value assessment of the bank's investment and headquarters properties have been based on a return-based model. Return requirement 7% p.a. in Frederikshavn, Hjørring, Skagen og Sæby and 9% p.a. in other towns.

The bank has not used external parties for the calculation of the value of the properties.

Amount in 1,000 DKK	2009		2008	
18. Other tangible assets:				
Total cost price, start of the year	48,706		46,452	
- added during the year, including improvements ...	3,936		2,311	
- disposed of during the year	30	52,612	57	48,706
Write-downs and depreciations, start of year	44,101		40,907	
- the year's depreciations	2,784		3,251	
- the year's reversed write-downs	25	46,860	57	44,101
Book value, end of year		5,752		4,605

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 repaid between willing, independent parties. For financial assets and liabilities priced on active markets, the market value is calculated on the basis of observed market prices 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.

By far the largest part of the bank's receivables, loans and deposits cannot be transferred without the customers' prior acceptance, and there is no active market for trade in such financial instruments. The information stated about 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.

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

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

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

Financial assets	Book value	Market value	Book value	Market value
Cash in hand and demand deposits with central bank	56,741	56,741	48,714	48,714
Receivables from credit institutions and central banks	1,417,625	1,417,625	805,452	805,452
Loans and other receivables, at market value	10,446	10,446	10,238	10,238
Loans and other receivables at amortised cost price	6,041,043	6,054,629	5,690,478	5,703,963
Bonds at market value	410,051	410,051	387,957	387,957
Shares, etc.	164,642	164,642	176,315	176,315
Assets related to pooled schemes	596,303	596,303	659,480	659,480
Derived financial instruments	26,560	26,560	50,679	50,679
Financial assets, total	8,723,411	8,736,997	7,829,313	7,842,798

19. Market value of financial instruments, cont.

Financial assets	2009		2008	
	Book value	Market value	Book value	Market value
Amount in 1,000 DKK				
Debt to credit institutions and central banks	1,261,892	1,264,310	1,768,403	1,783,547
Deposits and other debts	5,598,951	5,616,574	4,246,123	4,254,070
Deposits in pooled schemes	825,315	825,315	788,571	788,571
Issued bonds at amortised cost price	1,347	1,414	50	48
Derived financial instruments	44,663	44,663	74,438	74,438
Subordinate capital investments	6,951	6,815	4,102	3,957
Total financial obligations	7,739,119	7,759,091	6,881,687	6,904,631

20. Derived financial instruments

Nominal values	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	2009	2008
					total	total
Amount in 1,000 DKK						
Foreign exchange-related transactions						
- forward transactions, purchases	400,621	34,259			434,880	967,268
- forward transactions, sale	1,069,596	28,560			1,098,156	476,371
- unsettled spot transactions, purchases	1,567				1,567	25,127
- unsettled spot transactions, sale	1,454				1,454	11,175
- currency swaps	223,425	11,012	161,161		395,598	392,979
Interest-related transactions:						
- forward transactions, purchases					0	1,544
- forward transactions, sale					0	1,564
- unsettled spot transact. purch. .	43,800				43,800	28,116
- unsettled spot transact. sale	20,418				20,418	26,430
- interest swaps			231,032	124,436	355,468	348,576
Share-related transactions:						
- unsettled spot transact., purch.	6,844				6,844	25,483
- unsettled spot transact., sale	9,051				9,051	38,042

20. Derived financial instruments, cont.

Net market values	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	2009 total	2008 total
Amount in 1,000 DKK						
Foreign exchange-related transactions						
- forward transactions, purchase .	- 3,977	-283			- 4,260	- 29,550
- forward transactions, sale	- 11,282	1,137			- 10,145	7,976
- unsettled spot transact. purchase	0				0	- 18
- unsettled spot transact. sale	- 1				- 1	111
- currency swaps	- 3,832	0	0		- 3,832	- 2,351
Interest-related transactions:						
- forward transactions, purchase					0	29
- forward transactions, sale					0	-2
- unsettled spot transact. purchase	52				52	151
- unsettled spot transact. sale	40				40	-58
- interest swaps			0	0	0	0
Share-related transactions:						
- unsettled spot transact. purchase	11				11	162
- unsettled spot transact. sale	32				32	- 208

Market values	Contracts, total 2009			Contracts total 2008		
Foreign exchange-related transact.	Positive	Negative	Net	Positive	Negative	Net
- forward transact., purchase	2,414	6,674	- 4,260	10,825	40,375	- 29,550
- forward transact., sale	4,020	14,165	- 10,145	21,661	13,685	7,976
- unsettled spot transact., purch.			0	21	39	-18
- unsettled spot transact., sale	0	1	- 1	118	7	111
- currency swaps	6,569	10,401	- 3,832	6,325	8,677	- 2,351
Interest-related transactions:						
- forward transactions, purchase				29	0	29
- forward transactions, sale					2	-2
- unsettled spot transact., purch.	87	35	52	152	1	151
- unsettled spot transact., sale	50	10	40	2	60	- 58
- interest swaps	13,292	13,292	0	11,012	11,012	0
Share-related transactions:						
- unsettled spot transact., purch.	46	35	11	340	178	162
- unsettled spot transact., sale	82	50	32	194	402	- 208
- share options issued						
Market value included in the balance sheet with these amounts						
Other assets	26,560			50,679		
Other liabilities		44,663			74,438	

21. Market risks

Amount in 1,000 DKK

	2009	2008
Interest risk for debt instruments		
By currency		
DKK	2,171	6,134
CH F	- 1,115	- 612
EUR	- 55	312
Other currencies, net	- 76	- 32
	925	5,802
Total		
- % of core capital after deductions	0.1	0,7

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

Exchange rate indicator 1	33,160	43.496
- in % of core capital after deductions	3.2	5

Exchange rate indicator 1 shows the largest amount of positions in currencies where the bank has a net receivable and the currencies where the bank has net debts.

Exchange rate indicator 2	260	214
- in % of the core capital after deductions	0.0	0.0

Exchange rate indicator 2, which allows for the volatility and joint variation of the different currencies, shows the maximum amount which the bank is 99% likely to lose during the next 10 days if the foreign exchange position is not changed.

Share risk

Total share risk	165,642	177,315
- in % of core capital after deductions	15.6	17.4
Share risk excl. of sector shares	52,619	69,002
- in % of core capital after deductions	4.9	6.8

The share risk shows the total loss which the bank may suffer from its shareholding.

Amount in 1,000 DKK	2009	2008
22. Debts to credit institutions and central banks		
Remaining term		
- up to and incl. 3 months	478,116	211,759
- from 3 months to and incl. 1 year	0	290,000
- from 1 year to and incl. 5 years	470,675	948,587
Total debts to credit institutions and central banks	1,261,892	1,768,403
23. Deposits and other debts:		
On demand	3,096,116	2,494,498
Remaining term		
- up to and incl. 3 months	487,075	476,282
- from 3 months to and incl. 1 year	1,070,992	686,617
- from 1 year to and incl. 5 years	216,896	142,656
- from 5 years	727,872	446,070
Total deposits	5,598,951	4,246,123
By categories:		
On demand	2,764,581	2,415,417
Notice	1,340,494	675,426
Time deposits	434,173	487,795
Special deposits	1,059,703	667,485
Total deposits	5,598,951	4,246,123
24. Issued bonds at amortised cost price:		
On demand	0	0
Remaining term		
- up to and incl. 3 months	0	0
- 3 months up to and incl. 1 year	0	0
- from 1 year to and incl. 5 years	1,308	13
- from 5 years	39	37
Total issued bonds at amortised cost price	1,347	50
25. Provisions for pension and similar liabilities:		
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	5,498	9,427
Anniversary bonus	4,124	3,862
Total provisions for pension and similar liabilities	9,622	13,289

Amount in 1,000 DKK

2009

2008

26. Subordinate capital inv.:

Employee bonds:

Principal amount, a total of 346 bonds	6,951	4,102
Included when calculating core capital	6,951	4,102
Interest during the financial year	169	52
Costs during financial year from issue	0	0

27. Share capital:

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

§§28a and 28b of the Danish Limited Companies Act

No shareholder has reported according to §§28a or 28b of the Limited Companies Act that they own 5% or more of the share capital.

Holding of own shares:

Acquired

Number of own shares	567,310	565,503
Nominal value	5,673	5,655
% of share capital	7.1%	7.0%
Total purchase price	64,665	73,522

Sold

Number of own shares	519,064	326,835
Nominal value	5,191	3,268
% of share capital	6.5%	4.1%
Total sales price	58,523	39,656

End of year

Number of own shares	383,684	335,438
Nominal value	3,837	3,354
% of the share capital	4.8%	4.2%

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

	2009	2008
Equity according to balance sheet	1,107,488	1,047,525
Core capital	1,083,880	1,026,276
Proposed dividend	0	0
Intangible assets	12,000	0
Capitalised tax assets	8,400 20,400	5,600 5,600
Core capital after primary deductions	1,063,480	1,020,676
Additional capital:		
Provisions for appreciation	23,608	21,249
Subordinate capital investments	6,951 30,559	4,102 25,351
Core capital before deductions	1,094,039	1,046,027
Deduction according to §139 of Financial Business Act	45,400	182,336
Core capital after deductions	1,048,639	863,691
Weighted items, total	6,332,901	6,059,140
Capital adequacy percentage	16.6%	14.3%
Minimum requirements for core capital cf. §124 (1) no 1 of Financial Business Act	506,632	484,731
29. Contingent liabilities:		
Financial guarantees	930,905	760,063
Loss guarantees for mortgage loans	92,448	77,228
Registration and converting guarantees	129,467	8,817
Other contingent liabilities	262,679	231,338
Total	1,415,499	1,077,446
Other binding agreements		0
Pledging		
for drawing rights with the Danish central bank, bonds have been pledged	176,619	199,846
shares pledged	107,214	95,623
Total pledged	283,833	295,469
Deposits as security for negative market value for an ongoing financial agreement. The agreement relates to hedging of the interest and foreign exchange risk for a syndicated Euro loan and will expire on 31 March 2010. The amount has been charged to revenue	4,465	0

Amount in 1,000 DKK

2009

2008

30. Connected parties parter:

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

Executive Board	2,801	3,521
Board of Directors.....	49,327	46,150

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

Interest rates, end % p.a.

Executive Board	3.95-4.75	4.17-7.51
Board of Directors	2.15-17.00	3.42-14.25

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

	No. shares	No. shares
Erik Broholm Andersen.....	2,840	2,840
Per Lykkegaard Christensen	1,630	1,630
Tina Hansen	1,402	1,572
Jens Ole Jensen.....	40,142	37,042
Hans Jørgen Kaptain.....	12,304	12,304
Hanne Karlshøj.....	2,812	2,812
Ole Kristensen.....	2,380	2,380
Henrik Lintner	3,150	3,249
Arne Ugilt.....	2,529	2,529
Sten Uggerhøj	44,702	44,702

Holdings include the household's and any companies' holdings

31. Acquisition of business

In March 2009, Nordjyske 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 take-over date on 1 April 2009.

The result of the acquired business for the period 1 April 2009 to 31 December cannot be calculated separately, as not all costs, etc., have been registered separately for the activity taken over. Similarly, the entire liquidity areas with related interest items have been integrated fully with Nordjyske Bank from 1 April 2009.

The distribution of the purchase amount on net assets appears from the table below. Goodwill, including intangible assets such as the value of customer relations, expresses the difference between the net assets taken over and the purchase amount.

Amount in 1,000 DKK	2009		2008
	Market value on the take- over date	Book value before the acquisition	
Acquired net assets:			
Cash and demand deposits with central banks	120,756	120.756	
Receivables from credit institutions and central banks	5,766	5.766	
Lending and other receivables at amortised cost price	604,277	604.277	
Bonds at market value.....	0	0	
Shares, etc.	0	0	
Land and buildings, total.....	13,911	17.314	
Other tangible assets	1,945	1.945	
Other assets	2,180	2.180	
Total assets	748,835	752.238	
Debts to credit institutions and central banks	189,485	189,485	
Deposits and other debts	1,376,811	1,376,811	
Issued bonds at amortised cost price	1,259	1,259	
Other liabilities	26,572	26,572	
Total liabilities	1,594,127	1,594,127	
Acquired net assets	- 845,292	- 841,889	
Goodwill	13,504		
Purchase amount	- 831,889		
Contingent liabilities/guarantees	414,663	414,663	

Statements

Management Statement

We have today presented the annual report for 1 January - 31 December 2009 for Nordjyske Bank A/S.

The annual report has been prepared in accordance with the Danish Financial Stability 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 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 affecting the bank.

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

Executive Board

Frederikshavn, 10 February 2010

Jens Ole Jensen
Man. Director

/Bjarne Haugaard
Deputy Director

Board of Directors

Frederikshavn, 10 February 2010

Hans Jørgen Kaptain

Erik Broholm Andersen

Per Lykkegaard
Christensen

Tina Hansen

Hanne Karlshøj

Ole Kristensen

Henrik Lintner

Arne Ugilt

Sten Uggerhøj

Internal auditor's statement

We have audited the financial statements for Nordjyske Bank A/S for the financial year 2009. The financial statements have been prepared according to the Financial Business Act. The financial statements have in addition been prepared in accordance with the additional Danish disclosure requirements for financial statements of listed financial companies.

The audit performed

The audit has been performed on the basis of the Executive Order issued by the Financial Supervisory Authority on the audit performed in financial businesses, etc., and financial groups, and according to Danish audit standards. These standards require us to plan and perform the audit with a view to obtaining a high degree of certainty that the financial statements do not include any material misinformation.

The audit has been performed according to the division of labour agreed with the external auditors and has included an assessment of established business procedures and internal controls, including the risk management planned by the management, aimed at reporting processes and material business risks. On the basis of importance and risk, we have used random samples to check the basis for amounts and other information in the financial statements, including investigation of information supporting the amounts and information stated in the financial statements. In addition, the audit has included decisions as to the appropriateness of the accounting policy chosen by the management, whether the accounting estimates made by the management are reasonable, and an assessment of the general presentation of the financial statements.

We have participated in the auditing of the material and risk-filled 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 established business procedures and internal controls, including the risk management established by the management and aimed at the bank's reporting processes and material business risks, are working satisfactorily.

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 2009, and of the result of the bank's activities for the financial year 2009 in accordance with the Financial Business Act, and in addition in accordance with the additional Danish disclosure requirements regarding 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 further actions in addition to the audit of the financial statements.

It is in the light of the above our opinion that the information in the management's report is in accordance with the financial statements.

Frederikshavn, 10 February 2010

The independent auditors' opinion

For the shareholders of Nordjyske Bank A/S

We have audited the financial statements for Nordjyske Bank A/S for the financial year 1 January – 31 December 2009, including accounting policy used, income statement, balance sheet, equity calculation 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 showing a correct picture in accordance with the Financial Business Act and the Danish disclosure requirements for listed financial companies. This responsibility includes the preparation, implementation and maintenance of the internal controls which are relevant for the preparation and presentation of financial statements which give a correct picture without material misinformation, regardless whether such misinformation is due to fraud or errors, and the selection and use of an appropriate accounting policy and the exercising 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 carried out our audit in accordance with Danish audit standards. Such standards require us to observe ethical requirements and plan and perform our audit with a view to obtaining a high level of certainty that the financial statements do not include material misinformation.

An audit includes actions to obtain audit documentation for the amounts and information stated in the financial statements. The actions chosen depend on the assessment of the auditor, including an assessment of the risk of material misinformation in the financial statement, 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 give a correct picture with a view to planning audit actions suitable in the circumstances, but not with the purpose of expressing a conclusion about the efficiency of the company's internal control. An audit also includes a decision as to the appropriateness of the accounting policy used by the management, whether the accounting estimates made by the management are reasonable, and an opinion on the general presentation of the financial statements.

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 reservations.

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 2009 and of the result of the company's activities for the financial year 1 January – 31 December 2009 in accordance with the 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 containing a correct report in accordance with 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, 10 February 2010

BDO

Statsautoriseret revisionsaktieselskab

Beierholm

Statsautoriseret revisionsaktieselskab

Peter Have Jensen

State-authorized public accountant

Preben Randbæk

State-authorized public accountant

Company announcements issued in 2009

10.02.2009	Financial statements for 2008
10.02.2009	Annual report for 2008
12.02.2009	Ordinary general meeting, notice
12.03.2009	Course of events at the general meeting
31.03.2009	Acquisition of Løkken Sparekasse
18.05.2009	Quarterly report as at 31 March 2009
23.06.2009	Nordjyske Bank turns down the Government's Financial Guarantee Scheme II
04.08.2009	Interim report 2009
15.10.2009	Nordjyske Bank, financial calendar for 2010
10.11.2009	Merger between Øster Brønderslev Sparekasse and Nordjyske Bank A/S
10.11.2009	Quarterly report as at 30 September 2009
08.12.2009	Transactions in Nordjyske Bank shares of management and their connected parties
17.12.2009	Change to the bank's Board of Directors

Financial calendar 2010

10.02. 2010	Publication of annual report for 2009
09.03. 2010	Ordinary general meeting
18.05. 2010	Publication of quarterly report as at 31 March 2010
10.08. 2010	Publication of interim report as at 30 June 2010
22.11. 2010	Publication of quarterly report as at 30 September 2010

Committee of Representatives

Erik Broholm Andersen, Farmer, Gærum (Chairman)
Hans Jørgen Kaptain, Attorney at law, Sæby (Deputy Chairman)
Oluf Andersen, Pharmacist, Skagen
Palle Joest Andersen, Farmer, Hjørring
Peter Andersen, Sales Manager, Tårs
Poul Andersen, Emergency Service Assistant, Tårs
Ejgil Bech, Sales Manager, Bindslev
Erling Christensen, Furniture Dealer, Hørnsted
Inge Christensen, Food Manufacturer, Østervrå
Lars Ingemann Christensen, Manufacturer, Hjørring
Per Lykkegaard Christensen, Farmer, Hjallerup
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
Birthe Gadekær, Deputy Principal, Tårs
Hans-Christian Holst, Large Farmer, Asaa
Henning Redkjær Jensen, Director, Skagen
Anker Laden-Andersen, Attorney, Sæby
Bente Larsen, Veterinarian, Dybvad
Henrik Lintner, Pharmacist, Hjørring
Peter Mortensen, Forwarding Agent, Hirtshals
Gert Nielsen, Director, Blæsbjerg, Sindal
Jens Jørgen Nielsen, Concreter, Skagen
Karsten P. 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, Large Farmer, Dybvad
Jan Leth Sørensen, Haulier, Sæby
Peer Buch Sørensen, Draper, Frederikshavn
Karsten Thorn, Engineer, Sæby
Ingeborg Thusgaard, Hospital Director, Frederikshavn
Sten Uggerhøj, Car dealer, Frederikshavn
Colonel Claus Uttrup, Hjørring
Margrethe Vejby, Nurse, Aalbæk
Morten Rokkedal Vestergaard, Director, Hjørring

Board of Directors

	Elected
Hans Jørgen Kaptain, Attorney at law, Sæby (Chairman)	1993
Erik Broholm Andersen, Farmer, Gærum (Deputy Chairman)	2001
Per Lykkegaard Christensen, Farmer, Hjallerup	2008
Tina Hansen, Head of Residential Dept., Frederikshavn (employee representative)	2006
Hanne Karlshøj, Customer Advisor, Bindslev (employee representative)	2002
Ole Kristensen, State-authorized Public Accountant, Frederikshavn	2009
Henrik Lintner, Chemist, Hjørring	2007
Arne Ugilt, Confidential clerk, Sæby (employee representative)	2006
Sten Uggerhøj, Car Dealer, Frederikshavn	2005

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, Man. Dir.

Linjefunktioner

Asaa	Finn Jonasson, Branch Manager
Bangsbostrand	Peter Madsen, Branch Manager
Bindslev	Klaus Christensen, Branch Manager
Brønderslev	Kurt Landgrebe, Branch Manager
Dronninglund	Bent V Nielsen, Branch Director
Dybvad	Gunnar Jensen, Branch Manager
Frederikshavn	Claus Andersen, Deputy Director
Hirtshals	Jens Buje, Branch Director
Hjallerup	Mads Andersen, 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 Kristensen, 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
HR and staff	Ole Telling, HR Manager
Credit office	Claus Kongsgaard, Credit Manager
Sale and marketing	Mikael Jakobsen, Deputy Director
Finance and IT	Bjarne Haugaard, Assistant Director