

# Annual Report 2011

Jernbanegade 4 - 8  
DK-9900 Frederikshavn

Tel: +45 9633 5000

Fax: +45 9633 5003

[email@nordjyskebank.dk](mailto:email@nordjyskebank.dk)

[www.nordjyskebank.dk](http://www.nordjyskebank.dk)

CVR no: 30828712

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## Management Report 2011

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

The bank has 57,000 customers. The volume of business with the customers - lending, guarantees, deposits and asset management - amounts to a total of DKK 16.4 billion.

In the end of 2011, the bank carried out a large customer satisfaction analysis covering the bank and the bank's branches. It is important for the bank to examine customer satisfaction so that we are always aware of how our customers and shareholders see the bank.

Our customers are generally highly satisfied with the bank. No less than 96 per cent have stated that they are satisfied or very satisfied with the bank. Almost all customers consider the bank trustworthy and reliable, and 89 per cent see the bank as very customer-oriented.

As many as 91 per cent of the customers are highly satisfied with products and services, and 85 per cent of all customers would recommend the bank to friends and acquaintances. The customers have pointed out an area where the bank can improve, as 19 per cent of the bank's customers say about the innovation area that the bank is not "innovative".

And to the question "how far is Nordjyske Bank from being the perfect bank", only 4 per cent of the customers say that the bank can become much better.

With 284 well-educated employees, including specially trained employees in the material advice areas, high-tech equipment and competent collaborators within special areas, Nordjyske Bank offers advice and expertise within all areas within provision of payment, credit, investment, pension and insurance. The bank emphasises individual advice for both commercial and private customers.

More than 90 per cent of the share capital of DKK 80.4 million is owned by private shareholders, most of them also customers with the bank. With more than 22,000 local people as shareholders, Nordjyske Bank can be considered a free, independent bank owned by the people, as the bank has no large shareholders, i.e. shareholders owning more than 5 per cent or more of the share capital.

At the end of the year, the equity amounts to DKK 1,245 million.

The clear business model of Nordjyske Bank and the sound bank virtues according to which the bank is run have been decisive factors for the creation of the strong foundation on which the bank is based, and which is a strong starting point for the future challenges on the financial market. We stick to the banking transactions and customers in the local market area who we know and understand, and who we are trying to serve in a serious and durable way.

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

The bank expects the consolidation among Danish banks to increase during the years to come, and the bank expects to continue to be proactive in the expected structural adaptation. It is natural for us to want to grow in the northern part of Jutland, but also Copenhagen and Aarhus are extremely interesting for the bank. We will primarily focus on private customers and small and medium-sized commercial customers.

Nordjyske Bank is well prepared for the challenges of the future with a strong local basis consisting of many shareholders and a large customer base. The bank has a strong equity, good liquidity and a strong capital base.

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

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### The year's result

#### Satisfactory result in an economic crisis

Although the economic stagnation is still noticeable, Nordjyske Bank can also for 2011 present a satisfactory operating result. The pre-tax result:

- amounts to a total of DKK 68 million against DKK 120 million in 2010 and at the level of the result for 2009
- creates a return on average equity of 5.5 per cent
- increases the bank's equity by DKK 43 million after payment of taxes of DKK 17 million and dividend to the shareholders of DKK 8 million.
- Before deduction of payments to the Deposit Guarantee Fund and before write-downs on lending and other receivables and market price adjustment for listed securities, etc., the core earnings of the bank amounts to DKK 199 million for 2011.

This core earning is the best result for the past five years if we ignore 2010 which was characterised by extraordinarily large appreciation of sector shares. The realised core earnings are within the most recently announced expectations of core earnings between DKK 190 and 200 million.

<b>Condensed income statement</b> (amounts in million DKK)	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Net interest earnings	356	352	340	286	243
Fees and commission earnings, net	102	100	93	82	93
Return on sector shares	5	38	5	-10	12
Other operating earnings, etc.	13	11	11	14	12
<b>Core earnings</b>	<b>476</b>	<b>501</b>	<b>449</b>	<b>372</b>	<b>360</b>
Operating costs and write-down on operations	277	268	262	224	207
<b>Core earnings before write-downs, etc.</b>	<b>199</b>	<b>233</b>	<b>187</b>	<b>148</b>	<b>153</b>
Payments to the Deposit Guarantee Fund / Contingency Association	14	20	25	7	-
Write-downs re the Contingency Association	-	16	15	7	-
Write-downs on own lending, etc.	112	81	86	31	-13
<b>Core income</b>	<b>73</b>	<b>116</b>	<b>61</b>	<b>103</b>	<b>166</b>
Market price adjustments for listed securities, etc.	-5	4	9	-22	12
<b>Pre-tax result</b>	<b>68</b>	<b>120</b>	<b>70</b>	<b>81</b>	<b>178</b>
<b>Return on total assets</b>					
Pre-tax result / average equity	5.5	10.4	6.5	7.8	18.3
Result after tax / average equity	4.1	8.0	5.8	5.8	14.3
Costs as a percentage of core earnings	58.2	53.5	58.4	60.2	57.5

Core earnings amount to a total of DKK 476 million - i.e. DKK 25 million less than the corresponding result for 2010. After correction for extraordinary large appreciation of the bank's sector shares in 2010 of a total

## Management Report 2011

of DKK 38 million, compared with the normal figure of about DKK 5 million, there has in reality been a small increase in the core earnings.

The demand among customers for financial products has been declining. The competition among banks has increased, in particular in relation to the customers with deposits, where the competition is characterised by increasing interest rates for deposits. In spite of this, Nordjyske Bank has succeeded in maintaining its deposits. Thus, the total deposits have only been reduced by DKK 53 million, corresponding to a reduction of 0.8 per cent during the period from the end of 2010 to the end of 2011. During the same period, the reduction for all banks amounts to 2 per cent according to the Danish central bank.

Lending has been reduced by DKK 242 million - or 4 per cent - whereas guarantees have been reduced by DKK 320 million, among other things because of a normalisation of the land registration procedure after initiation of electronic land registration. The reduction in lending is to be compared with a reduction for all banks of 8 per cent according to the Danish central bank.

### Business development affected by the economic crisis

Just like the previous two to three years, 2011 has been affected by the economic crisis.

<b>Development in business volume</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<small>(amounts in million DKK)</small>					
Total assets	8,374	8,646	8,962	8,050	7,565
Lending	5,755	5,997	6,051	5,701	5,082
Guarantees	934	1,254	1,415	1,077	1,817
Deposits	6,353	6,406	6,424	5,035	4,550
Equity	1,245	1,206	1,107	1,052	1,037

The reason for the banks' increasing demand for deposits is that the banks' possibility of financing their lending through the national and international money markets have been highly limited and for some banks almost impossible. Please note in this connection that Nordjyske Bank has within the past six months received several offers for loans from large Danish banks.

The pricing for both deposits and lending has been characterised by the liquidity and funding situation. The high funding and deposit costs have led to increases in the rate of interest for lending, although the Danish central bank has reduced the official rates of interest to the lowest level ever.

In spite of a year with decline, including a low level of activity in the housing area which has seen a reduction of 50 per cent in the number of mortgaging cases compared with the previous year, the bank has maintained the level of fee earnings.

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<b>Distribution of fee earnings</b>	<b>2011</b>	<b>2010</b>
<small>(amounts in million DKK)</small>		
Guarantees	8	10
Asset management	29	26
Security trading	7	6
Loan case processing	28	31
Currency earnings	2	2
Payment handling	16	15
Other fees, etc.	15	14
<b>Total fees and commission earnings</b>	<b>105</b>	<b>104</b>
Fees paid	3	4
<b>Total fees and commission earnings, net</b>	<b>102</b>	<b>100</b>

The total costs, operating costs and operating depreciation have been calculated at a total of DKK 277 million, i.e. DKK 9 million more than the previous year, corresponding to an increase of 3 per cent. In 2011, the development in costs was extraordinarily affected by costs and depreciation in connection with renovation of the bank's headquarters buildings to an amount of about DKK 3 million.

<b>Operating costs and operating depreciation, etc.</b>	<b>2011</b>	<b>2010</b>
<small>(amounts in million DKK)</small>		
Salaries	162	158
IT costs	57	53
Operating depreciation	11	8
Other costs	47	46
Non-recurring costs of integration of acquired savings banks	0	3
<b>Operating costs, etc.</b>	<b>277</b>	<b>268</b>
Contingency Association	14	20
<b>Operating costs, total</b>	<b>291</b>	<b>288</b>

The bank's contribution to restoring the financial stability has in 2011 been modest compared with the previous couple of years. In 2011, the bank has contributed a total of DKK 14 million in connection with the break-downs in Amagerbanken, Fjordbank Mors and MaxBank. In the course of the past four years, Nordjyske Bank has contributed a total of DKK 104 million to restoring financial stability.

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Write-downs on own lending and other receivables have been calculated at a total of DKK 112 million, which is DKK 31 million more than in 2010, but similar to the most recently published expectations regarding a write-down percentage around 1.5. The year's write-down percentage has been calculated at 1.6.

<b>Write-downs on lending, etc.</b>	<b>2011</b>	<b>2010</b>
(amounts in million DKK)		
Write-downs on individually assessed loans	130	92
Write-downs on groups assessed on a group basis	6	7
<b>Write-downs, total</b>	<b>136</b>	<b>99</b>
Received regarding receivables written down previously	3	2
Interest received regarding receivables written down	21	16
<b>Net effect of core earnings regarding own loans and guarantees</b>	<b>112</b>	<b>81</b>
Contingency Association	-	16
<b>Operating costs, total</b>	<b>112</b>	<b>97</b>

The increase compared with 2010 can be referred to a large number of industries. The reason is the additional deterioration of the European and the Danish economies during the summer, culminating in the current national debt crisis in the South European countries.

Please note that write-downs on agriculture are at the same level as in 2010.

### Development in the bank's staff

In 2008, Nordjyske Bank introduced an intelligent employment freeze in order to reduce salary costs through natural turnover. The term "intelligent employment freeze" indicated that all terminations are assessed individually in relation to the need for reemployment and that the bank continues to carry out strategic employment.

Since the implementation of the intelligent employment freeze, the bank has implemented a net reduction of 27 employees, exclusively through natural turnover.

In 2012, a net reduction of about 2 per cent is expected, leading to a total net reduction of about 11 per cent over the period 2008 - 2012. Seen in a longer perspective, considering experience regarding for example early retirement, a natural reduction at the level of the past few years is expected.

In addition the bank has in 2011 - because of increased use of Internet banking, implementation of mobile banking, a large reduction in cash customer service, and not least increased complexity as far as products are concerned - closed down six branch offices. Employees are now employed in larger branches, leading to considerably more synergy and a possibility of an efficient competence development with a view to being able to offer increased qualitative advice to the benefit of our customers.

## Management Report 2011

### Risk and risk management

The bank's activities mean that the bank is exposed to credit risk, market risk, liquidity risk and operational risks. These types of risk are described in detail in note 9 in the present annual report, which also includes notes about risks, and in Risk Report 2011.

In 2011 the bank updated its policies in this area, and it remains the bank's general policy only to undertake risks which the bank has the competence resources to control.

Risk-taking is a natural element in the bank's operations, and therefore risk management is also a natural and central element in the bank. As a consequence of the bank's business basis, credit risk constitutes the most important risk area.

Credit Risks	2011	2010	2009	2008	2007
Lending in proportion to equity	4.6	5.0	5.5	5.4	4.9
The year's growth in lending	-4.0	-0.9	6.2	12.2	16.1
Sum of large commitments	37.1	33.0	13.2 *)	41.1 *)	111.1 *)
The year's write-down percentage	1.6	1.3	1.3	0.6	-0.2
Accumulated write-down percentage	5.8	4.1	3.6	2.5	1.9
Share of receivables with reduced interest rates	1.1	0.9	0.6	0.4	0.3

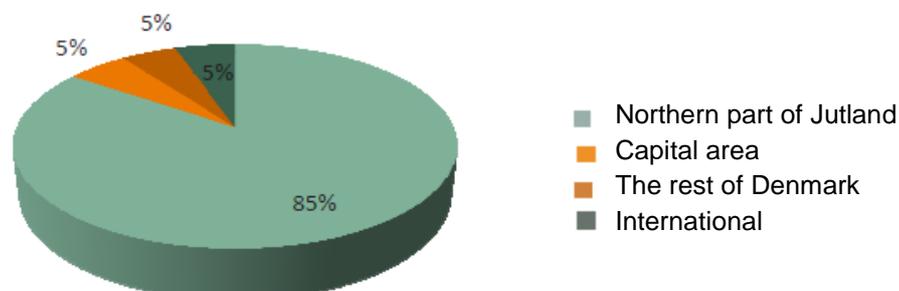
\*) Calculated according to previous rules.

The bank's credit policy means that the bank's risk profile in the credit area must be appropriately careful. This means among other things

- that the bank does not want individual commitments which are so large that a loss might threaten the bank's existence
- that the bank emphasises local knowledge
- that the bank has the largest possible security and solvency cover of its commitments

The bank also carries out a credit rating of the customers by ability and preparedness to meet obligations.

Lending and guarantees as at 31.12.2011 by geographical areas

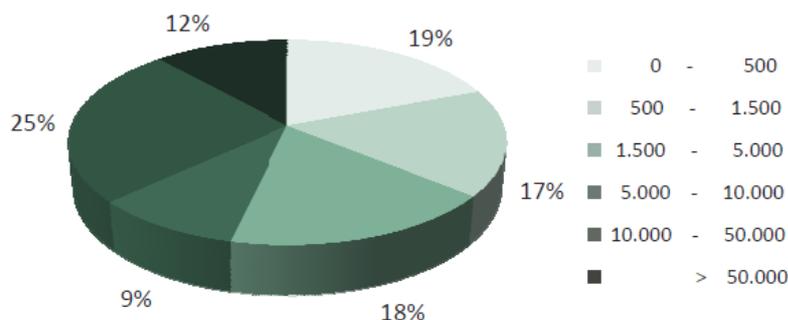


85 per cent of the bank's credit risks relate to the northern part of Jutland

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The bank's credit risks are concentrated on rather small commitments. 12 per cent originate commitments of more than DKK 50 million, whereas more than 60 per cent of the bank's credit commitments relate to commitment of less than DKK 10 million.

Lending and guarantees as at  
31.12.2011 by size



The development in the bank's credit rating of the customers reflects the present economic crisis in Denmark. Write-downs and provisions have been made for 17 per cent of the bank's loans and guarantees. In addition 1 per cent of the bank's lending and guarantees can be considered commitments involving material weaknesses.

Total lending and guarantees after write-downs	Before deduction of security:		After deduction of security:	
	2011	2010	2011	2010
(amounts in million DKK)				
Good quality	2,656	3,083	1,084	1,301
Normal quality	1,019	1,488	495	612
Slightly reduced quality	1,731	1,804	1,114	1,091
Some weaknesses	359	284	169	131
Material weaknesses	89	107	46	73
With objective indication of value reduction	835	484	139	100
<b>Total lending</b>	<b>6,689</b>	<b>7,250</b>	<b>3,047</b>	<b>3,308</b>

The risk of loss for lending and guarantees with objective indication of value reduction has been hedged through write-downs/provisions and carefully valued security. The risk of loss after write-downs and deduction of security indicates ability to repay, dividend, etc.

The bank's credit risks are controlled by a credit committee set up - consisting of a member of the Executive Board, the area director and the credit manager - among other things with the purpose of ensuring that the bank's credit policy is complied with in the organisation.

In addition, a quarterly stress test is carried out of the bank's lending and guarantee portfolio, together with a test of the ability of the credit rating model to capture commitments threatened by loss and write-down.

The bank implements credit controlling in the bank's branches on an ongoing basis with a view to monitoring and controlling credit risks and strengthening the credit competence of the employees.

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### Development in lending

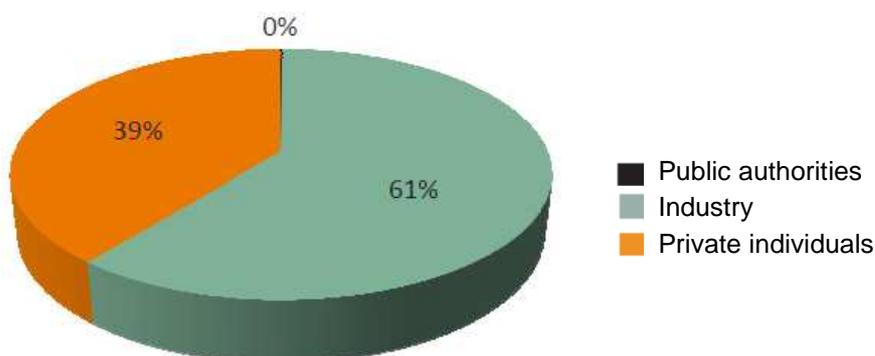
Distribution of lending	2011	2010
<small>(amounts in million DKK)</small>		
Industry	3,651	3,710
Private individuals	2,100	2,158
Public authorities	4	129
<b>Total lending</b>	<b>5,755</b>	<b>5,997</b>

Total lending has been reduced by DKK 242 million, corresponding to a reduction of 4 per cent to DKK 5,755 million.

Industrial lending has been reduced by DKK 59 million, corresponding to 2 per cent, whereas lending to private individuals has decreased by DKK 58 million, corresponding to a reduction of 3 per cent.

The increasing rate of saving, the persistent weak economic trends and consequent weak investment climate are the reasons for the stagnation in lending, both to industry and private individuals.

Lending and guarantees as at 31.12.2011 by sector



The total risk involved in lending and guarantees fell by DKK 561 million in 2011, corresponding to a reduction of just under 8 per cent.

Overall, the bank's gross risk from lending and guarantees is divided into 61 per cent for industrial lending and 39 per cent for private individuals.

The private portfolio seems to involve limited loss signals, and therefore the write-downs for 2011 for private customers are relatively small compared with private customers' share of lending and guarantees of 39 per cent.

The property business is facing challenges at the moment, but - because of the bank's business model - Nordjyske Bank has limited lending to and risk within this sector with a share of 6 per cent.

Nordjyske Bank has a material concentration of lending and guarantees to Danish commercial farming, amounting to 19 per cent. The bank's exposure to Danish commercial farming is explained in detail in the following.

## Management Report 2011

### Lending and guarantees to the agricultural sector

It is natural that Nordjyske Bank has relatively large lending to the agricultural sector, as that is a large industry within the bank's market area. Agriculture has always contributed positively to the earnings of Nordjyske Bank.

In general, the bank's agricultural customers have sound capital structures, and in general most of the agricultural customers are characterised by having been in the sector for many years. This means among other things that most land purchases were made at prices below the current level.

<b>Distribution among types of farms 31.12.2011</b>	<b>Lending and guarantees before write-downs</b>	<b>Write-downs</b>	<b>Lending and guarantees after write-downs</b>
<small>(amounts in million DKK)</small>			
Plant growing	380	16	364
Cattle breeding	387	69	318
Pig breeding	516	47	469
Fur farming	85	12	73
<b>Danish commercial farming</b>	<b>1,368</b>	<b>144</b>	<b>1,224</b>
Other farming	106	7	99
Fishery	323	25	298
Plant growing abroad	242	0	242
<b>Total</b>	<b>2,039</b>	<b>176</b>	<b>1,863</b>

Danish commercial farming is facing financial challenges at the moment. Large differences exist between the individual types of production, however, which is reflected in the bank's distribution of write-downs by type of production.

Write-downs and provisions regarding commitments with Danish commercial farming amount to a total of DKK144 million, or 10.5 per cent of lending and guarantees to the sector.

The bank's write-downs and provisions within Danish commercial farming are concentrated on cattle breeding and pig breeding. They account for DKK 116 million, or 13 per cent, of the bank's lending and guarantees for such types of production.

When calculating write-downs, the bank uses a price per hectare below the price fixed by the Danish Financial Supervisory Authority for farmland in Vendsyssel which can be cultivated. Furthermore, the security has been adjusted to the valuations used by the Danish Financial Supervisory Authority when calculating write-downs.

<b>Lending and guarantees to the agricultural sector after write-downs</b>	<b>Before deduction of security:</b>		<b>After deduction of security:</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<small>(amounts in million DKK)</small>				
Good quality	737	760	182	215
Normal quality	265	440	73	81
Slightly reduced quality	364	234	153	112
Some weaknesses	17	92	11	31
Material weaknesses	37	75	24	52

## Management Report 2011

With objective indication of value reduction

	443	299	58	39
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### Total lending

	<b>1,863</b>	<b>1,900</b>	<b>501</b>	<b>530</b>
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When calculating the solvency, allowance has furthermore been made for the possibility of losses from commitments with material weaknesses without write-down and provisions, just as capital has been reserved to cover the risk involved in commitments with slightly reduced quality and certain weaknesses.

The bank's write-down balance for Danish commercial farming amounts to DKK 144 million at the end of 2011. Add to this market value reductions for lending to Danish commercial farming received in connection with take-over of lending from Løkken Sparekasse and Øster Brønderslev Sparekasse of a total of DKK 26 million.

In addition, the bank has in the solvency statement made a provision of an additional DKK 148 million for Danish commercial farming and total provisions of DKK 318 million have been made for lending and guarantees for agricultural commitments, corresponding to 23 per cent.

Of course, Nordjyske Bank has been affected by the current financial challenges in the agricultural sector. A recent stress test of the bank's agricultural portfolio shows that a combination of a loss of the entire bank part of all agricultural commitments and a material reduction in the value of agricultural assets which form the security for such commitments will - everything else being equal - lead to a reduction of the bank's capital adequacy of a little more than 10 per cent, but still exceed the bank's individual capital requirement. Of course the stress test carried out is an unimaginable scenario, but it shows that the current difficulties of the agricultural sector will not at all be able to threaten the bank.

### Lending to plant growing abroad

Lending to plant growing abroad amounts to 3.6 per cent of the bank's lending and guarantees. Such loans are considered to involve a very limited risk loss for the bank, as they are secured by first mortgages together with state guarantee in the form of a guarantee issued by the Danish Export Credit Fund. At the same time, the equity contributed cash amounts to 40-50 per cent of the investment.

## Other risks

### Liquidity risk

Nordjyske Bank's liquidity risk must be sound. This means that the bank has sufficient lines with other banks to cover the day-to-day liquidity requirements. The bank has fixed limits to the liquidity risk. The liquidity is controlled, budgeted and reported on an ongoing basis to the Board of Directors and the Executive Board.

### Market risk

Nordjyske Bank's total market risk must be appropriately careful, and limits have been set up for the interest risk, currency risk and share risk. The limits are controlled and reported on an ongoing basis to the Board of Directors and the Executive Board.

## Liquidity

At the end of 2011, the total liquidity amounted to DKK 2,247 million calculated according to section 152 of FIL. The statutory liquidity requirement amounted to DKK 806 million, and the bank's excess liquidity cover was DKK 1,441 million, corresponding to 179 per cent.

<b>Deposits / lending</b>	<b>2011</b>	<b>2010</b>
<small>(amounts in million DKK)</small>		
Deposits	6,353	6,406
Lending	5,755	5,997

## Management Report 2011

<b>Excess deposits</b>	<b>598</b>	<b>409</b>
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The bank's excess deposits increased during the year by DKK 189 million and now amount to DKK 598 million. Add to this the equity of DKK 1,245 million, so that the bank's "own liquidity" amounts to DKK 1,843 million.

### Development in deposits

It is the bank's policy to finance lending activities by means of deposits from customers and by means of equity.

90 per cent of the deposits are covered by the Deposit Guarantee Fund.

The bank does not depend on expensive agreement deposits, and no deposits account for more than 1 per cent of total deposits, just as the ten largest deposits amount to less than 5 per cent of total deposits.

<b>Stable funding ratio</b>	<b>2011</b>	<b>2010</b>
(amounts in million DKK)		
<b>Lending</b>	<b>5,755</b>	<b>5,997</b>
Funding:		
Equity	1,245	1,206
Deposits, etc.	6,361	6,414
<b>Total funding</b>	<b>7,606</b>	<b>7,620</b>
Excess amount	1,851	1,623
Funding ratio	0.76	0.79

In July, on the basis of much uncertainty on the money market, the bank issued a three-year bond-loan to a nominal amount of DKK 1.0 billion underwritten by the Financial Stability Company on behalf of the Danish state. The bonds were added to the bank's own holding with a possibility of a later sale.

In the light of the bank's very favourable liquidity situation, the bank has in 2011 prepaid the bond loan with half the amount in April 2011 and half the amount in December 2011, which also reduces the funding costs.

In April 2012, a syndicated loan of about DKK 470 million will be due. It is the intention to repay the loan by means of own funds, as there is no need to obtain new funding. This will reduce the bank's total funding costs additionally.

The repayment will reduce the excess liquidity from 179 per cent to 120 per cent. The excess cover still exceeds the bank's aims and also the Supervision diamond's demand for excess cover of at least 50 per cent. Nordjyske Bank has carried out a stress test of the liquidity during a period of 12 months showing that the bank will still be able to meet the requirements of the Supervision Diamond during this stressful process.

The bank has reserves in the form of confirmed lines which have not been utilised.

The Danish central bank has as at 1 October 2011 expanded the security basis for lending to include good quality lending. With the considerable "own liquidity" which the bank has at its disposal, we do not expect to need additional liquidity. However, the loan scheme of the Danish central bank is a material liquidity reserve.

## Management Report 2011

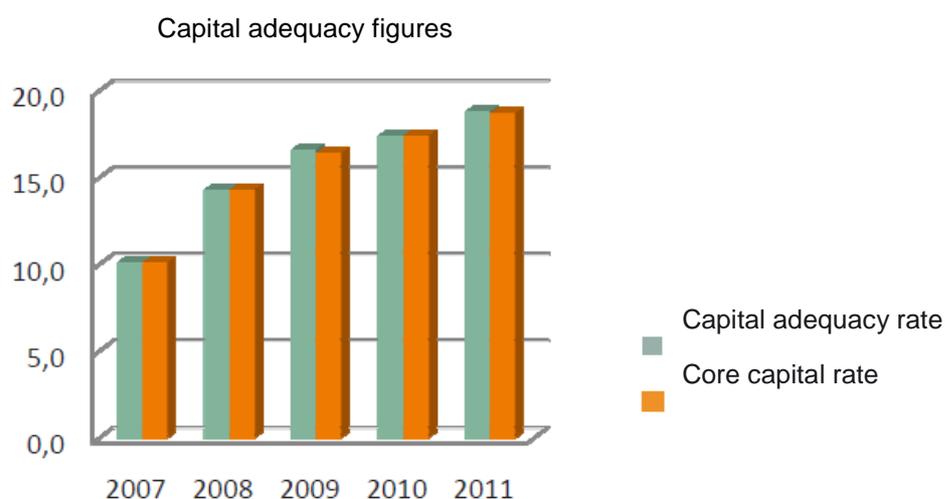
### Capital

<b>Core capital / risk-weighted items</b>	<b>2011</b>	<b>2010</b>
<small>(amounts in million DKK)</small>		
Equity	1,245	1,206
Deductions		
dividend	8	8
goodwill, etc.	19	18
investment shares in financial businesses	48	86
Subordinate capital	6	7
<b>Core capital</b>	<b>1,176</b>	<b>1,101</b>
<b>Risk-weighted items</b>	<b>6,271</b>	<b>6,326</b>
Capital adequacy rate	18.8	17.4
Core capital percentage	18.7	17.4

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

As at 31 December 2011, the bank's capital adequacy rate amounts to 18.8%.

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



Growth in the risk-weighted items in 2007-2011:

28,5   -9,1   4,5   -0,1   -0,8

The bank has a handsome increase in the capital adequacy figures during the five years.

## Management Report 2011

### The individual capital adequacy requirement

Nordjyske Bank's stress test of earnings and risks results in a sufficient core capital of DKK 623 million, corresponding to an individual capital adequacy requirement of 9.9 per cent.

As the actual capital adequacy amounts to 18.8 per cent at the end of 2011, the bank has excess cover for the individual capital adequacy requirement of 90 per cent based on best quality capital, i.e. equity. This underlines the bank's sound capital adequacy status.

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

### The Supervision Diamond

In 2010, the Danish Financial Supervisory Authority introduced the so-called "Supervision Diamond" consisting of five key markers for the areas which are considered special risk areas for financial institutions. For each of the five key markers, the Financial Supervisory Authority has established a limit within which the banks should in principle stay.

#### Key markers for the supervision diamond:

At the end of 2011, Nordjyske Bank is fully within the limits established.

Key markers	Marginal value	Nordjyske Bank 31.12.2011
Sum of large commitments	< 125 per cent of the core capital	37 per cent
Growth in lending p.a.	< 20 per cent	- 4 per cent
Property exposure	< 25 per cent of lending and guarantees	6 per cent
Stable funding ratio	< 1.0	0.76
Excess liquidity	> 50 per cent	179 per cent

### Basel III

Nordjyske Bank is aware of the future regulation (Basel III) which will increase the capital and liquidity requirements. According to our estimates, the bank will be able to observe the expected new requirements.

## Management Report 2011

### Consolidation

Of the year's result after taxes and other total income, a total of DKK 51 million, the suggestion is to distribute DKK 8 million as dividend and transfer the rest to equity.

During the year, the equity has also been reduced by DKK 4 million net as a consequence of net purchase of the bank's shares.

At the end of the year, the bank's equity amounts to a total of DKK 1,245 million.

### Proposal for the general meeting

According to legislation, the bank's salary policy must be presented for approval at the general meeting. In addition to the bank's salary policy and proposal for distribution of result, the Board of Directors has no other proposals for the year's ordinary general meeting to be held on 13 March 2012 at Arena Nord, Frederikshavn.

### Uncertainty in relation to inclusion and calculation

The year's result has not been affected by unusual conditions - except for those already stated in the Management Report.

Just like the other Danish banks, Nordjyske Bank is liable for losses of the Deposit Guarantee Fund in connection with the insolvency of other banks. Nordjyske Bank's most recently calculated share of the sector's liability towards the Deposit and Investment Guarantee Fund amounts to 0.68 per cent.

No events have occurred after the end of the financial year which will influence the bank's result for 2011, the bank's assets and liabilities, and its financial position as at the end of 2011.

Estimates have been made when calculating the book values. The estimates made are based on assumptions which the management finds reasonable.

The most important estimates relate to

- write-downs on lending and receivables where quantification of the risk of missing future payments involves material estimates,
- valuation of intellectual property, regarding quantification of future earnings and the rate of interest used for the calculation,
- valuation of properties, regarding the interest rates used for calculation and the internal rental value, and
- valuation of unlisted sector shares, cf. below

Unlisted shares in companies owned by the bank jointly with a number of other banks, etc. - the so-called sector shares - involve material estimates in connection with the determination of the market value. The calculation of the market value is based on available information about current transactions. If no current market data is available, the current value is based on published company announcements or alternatively capital value calculations.

Compared with the annual report for 2010, the bank has changed the above accounting estimates regarding the determination of the current value of the sector shares.

## Management Report 2011

### Group Report

Nordjyske Bank owns the entire share capital of Sæbygård Skov A/S. The result of the subsidiary for 2011 is included in the bank's income statement under "result of investments in associated businesses and subsidiaries". The shares have been included at DKK 12.4 million, which is the book value.

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

### Expectations for 2012

The bank expects that also 2012 will be characterised by a weak economic development. Limited demand for lending is expected among both private individuals and business as a consequence of the general economic uncertainty. Combined with the intense competition about the deposits of the customers, this means that the bank does not expect any material growth in the business volume with customers in 2012.

In 2012, the bank expects continued good core earnings before payments to the Deposit Guarantee Fund, write-downs on lending and market value adjustment of securities - to an amount of DKK 175-200 million, which is similar to 2011. A goal which can only be realised through continued, tight cost control.

The total result will, of course, be affected by the write-down item for lending and the market price development for the bank's holding of securities. The largest uncertainty factor is the write-down item for lending and guarantees, where the weak economic growth must be expected to lead to a write-down percentage for 2012 at the level of 2011.

### Shareholders

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

According to the Articles of Association of the bank, 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 per cent or more of the bank's share capital.

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

More than 90 per cent of the share capital of DKK 80.4 million is owned by private shareholders, most of them also customers with the bank. Nordjyske Bank has just over 22,000 shareholders, but no "large shareholder", i.e. no shareholder has reported according to section 55 and 56 of the Danish Limited Companies Act that they own 5 per cent or more of the share capital.

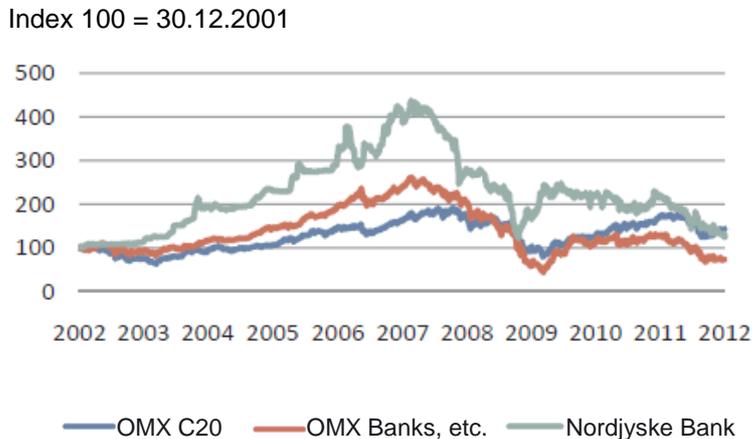
With the acceptance of the Committee of Representatives, the Board of Directors is authorised to increase the share capital by up to DKK 69.6 million to a total of DKK 150 million. Of new shares issued according to this authorisation, up to DKK 25 million can be offered for free subscription without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

In addition, the Board of Directors is authorised to allow the bank to acquire own shares at any time, corresponding to a maximum of 10 per cent 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 per cent.

## Management Report 2011

### The Nordjyske Bank share

In 2011, the share provided a return of - 42 per cent. The development in the market price must be seen in the light of the general development on the market for bank shares. The price development over 10 years looks like this:



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

Proposals to change 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 a voting right, and if the proposal is adopted with at least two thirds of both the votes cast and the share capital with voting right represented.

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

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

## Bank Management

### Committee of Representatives

The Committee of representatives shall have at least 30 and no more than 60 members, at present 52 members. The members are elected by the general meeting. When electing members of the Committee of Representatives, equal representation from the activities of the bank must be aimed at to reflect the bank's shareholders and business structure. When a member of the Committee of Representatives reaches the age of 67, the member in question shall retire from the Committee of Representatives at the subsequent ordinary general meeting.

### Board of Directors

The Board of Directors consists of 4 - 6 members to be elected by and among the members of the Committee of Representatives. Members of the Board of Directors, who are elected by the Committee of Representatives, are elected for a period of two years. Re-election shall be possible. If a member retires from the Committee of Representatives, the membership of the Board of Directors shall terminate.

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 this is considered appropriate considering the composition of the Board of Directors. According to this authorisation, the Committee of Representatives

## Management Report 2011

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 audit committee.

In addition, the Board of Directors includes such additional members as required by legislation, at present three employee representatives.

At present, the Board of Directors consists of 9 members, 5 of which have been elected among the Committee of Representatives, 1 member is not a member of the Committee of Representatives, but has been elected by the Committee of Representatives as an independent member, and 3 members have been elected by the employees.

The Board of Directors holds ordinary Board meetings 11 times each year.

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

### **Audit Committee**

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

The Audit Committee holds four ordinary meetings per year.

The Board of Directors has appointed Ole Kristensen qualified member of the Audit Committee in the light of his qualifications as state-authorized public accountant and a member of the Executive Board of Nordjyske Bank from 1985 to 2002. The Board of Directors is of the opinion that Ole Kristensen has the necessary qualifications.

### **Remuneration committee and policy**

The remuneration committee consists of all members of the Board of Directors.

According to the remuneration policy for the Board of Directors and the Executive Board in Nordjyske Bank, both the Board of Directors and the Executive Board will receive a fixed amount. This means that the remuneration does not include any type of incentive pay. The remuneration of the Board of Directors is fixed by the Committee of Representatives. The remuneration of the Executive Board is fixed by the Board of Directors.

### **Executive Board**

The Executive Board consists of 2 members who are in charge of the day-to-day management of the bank. The Executive Board has a well-defined division of labour with an appropriate relation to the competences of the members of the Executive Board.

## Preparation of financial statements

The Board of Directors, including the Audit Committee, and the Executive Board have the overall responsibility for Nordjyske Bank's risk management and internal control in connection with the preparation of the financial statements, including compliance with 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 accounting process can create sufficient - but not absolute - certainty that unlawful use of assets, losses and/or material mistakes and defects in connection with the preparation of the financial statements are avoided.

## Management Report 2011

The Board of Directors, including the Audit Committee, and the Executive Board will on an ongoing basis assess risks and internal control in connection with the bank's activities and its 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 will establish and approve general policies, procedures and controls in material areas in connection with the preparation of financial statements. Compliance is emphasised on an ongoing basis, and random monitoring and control of compliance will be carried out.

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

Furthermore, the bank's Audit Committee monitors the material and risk-related areas in connection with the preparation of the financial statements.

### Risk assessment

The Board of Directors and the Executive Board will on an ongoing basis assess risks in connection with the preparation of accounts.

As part of the risk assessment, the Board of Directors, including the Audit Committee, and the Executive Board will decide on the risk of fraud and measures to be taken with a view to reducing and/or eliminating such risks.

As a consequence of new rules in 2011, a person responsible for risk management has been appointed who is to ensure focus on this and a total overview of risks, including monitoring and assessment of risks and the related control.

### Good corporate management

As a listed company, Nordjyske Bank is covered by the recommendations for good corporate management issued by the Committee of Good Corporate Management. Add to this the recommendations on good corporate management in banks and external audit issued by the Danish Bankers' Association.

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 some areas, the bank's management has, however, chosen either not to observe the recommendations or only to observe them partially. This applies in the following areas:

- According to the bank's Articles of Association, members of the Board of Directors are not elected by the general meeting, but by the Committee of Representatives which also fixes the remuneration of the Board of Directors.
- The recommendation regarding a term of office of one year is not observed, as the Board of Directors finds it more important to ensure continuity in the work of the Board of Directors. Therefore, the members of the bank's Board of Directors are elected for periods of two years, and the terms of office are staggered, so that half of the members are elected each year.
- The recommendation that the Board of Directors should annually adopt the overall, general framework for the auditor's provision of non-auditing services is not observed, as the external auditor's services are primarily related to operating, tax and accounting issues.

On the bank's website [www.nordjyskebank.dk/selskabsledelse](http://www.nordjyskebank.dk/selskabsledelse), you will see a detailed explanation of the bank's attitude to the two sets of recommendations.

## Management Report 2011

### Social responsibility

Nordjyske Bank has prepared a policy for social responsibility based on the bank's core values: Safety, efficiency and competence. Furthermore, the policy is in line with the bank's vision of being "the safe choice".

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

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

## Management positions as at 31 December 2011

### Management positions in other companies held by members of the Board of Directors

#### **Hans Jørgen Kaptain, Attorney** (*chairman of the Board of Directors*)

Director of

Kaptain ApS

Chairman of the Board of Directors of

Elworks A/S, Dafolo Holding A/S, GKH Invest A/S, Hjallerup Maskinforretning A/S, Jarnes A/S, Nordjysk Luftteknik A/S, Skagarak Holding A/S, IE Holding A/S, Stiholt Holding A/S, Aktieselskabet Sæby Fiskeindustri, Den Grevelige Oberbech-Clausen-Peanske Familiefond, Nordjyllands Hallens Fond, Skagen Museum.

Member of the Board of Directors of

Dansk Træemballage A/S, GMC Holding A/S, Holdingselskabet HT A/S, Hydra Tech A/S, Mekanord 2009 A/S, RAIS A/S, Skanderborg Maskinforretning A/S, Vanggaard Fonden, Sigurd og Margit Espersens Familiefond, Ann Birgitte og Niels Ørskov Christensens Familiefond, Danske Advokater, Købstædernes Forsikring.

#### **Sten Uggerhøj, Car Dealer** (*deputy chairman of the Board of Directors*)

Director and member of the Board of Directors of

Uggerhøj A/S, Uggerhøj Aarhus A/S, Uggerhøj Holding ApS and three 100% owned subsidiaries, Ejendomsselskabet Weddelsborgvej 1 A/S.

Chairman of the Board of Directors of

Ejendomsselskabet Møllehuset A/S.

Member of the Board of Directors of

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

#### **Ole B. Kristensen, former Bank Director** (*chairman of the Audit Committee*)

Member of the Board of Directors of

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

#### **Erik Broholm Andersen, Farm Owner**

Director and member of the Board of Directors of

2B Biogas A/S.

Member of the Board of Directors of

Gærum Brugsforening.

#### **Per Lykkegaard Christensen, Farm Owner**

Director and member of the Board of Directors of

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

Member of the Board of Directors of

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

#### **Henrik Lintner, Pharmacist**

Member of the Board of Directors of

Medlemspension af 1.1.2005 A/S, Bryghuset Vendia ApS.

## Income Statement

Amounts in DKK 1,000

	note	2011	2010
Interest income.....	3	444,159	431,769
Interest expenses.....	4	86,820	78,838
<b>Net interest income .....</b>		<b>357,339</b>	<b>352,931</b>
Dividend of shares, etc.....		1,464	1,755
Fee and commission income .....	5	105,320	103,811
Fees and commissions paid.....		2,935	3,818
<b>Net interest and fee income .....</b>		<b>461,188</b>	<b>454,679</b>
Market value adjustment.....	6	5,151	44,699
Other operating income.....		5,718	5,078
Staff and administration costs .....	7	262,701	258,561
Depr. and write-downs, intangible and tangible assets .....		11,004	7,836
Other operating costs.....		17,085	21,492
Write-downs on loans and receivables, etc.....		112,694	96,711
Profit or loss from investments in associated and group enterprises .....		992	565
<b>Pre-tax result .....</b>		<b>67,581</b>	<b>120,421</b>
Tax.....	8	17,094	27,503
<b>The year's result.....</b>		<b>50,487</b>	<b>92,918</b>

## Other total income

Increases in reassessed value of headquarters properties.....	1,914	1,178
Reversals of such increases .....	1,545	635
<b>Net change.....</b>	<b>369</b>	<b>543</b>

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

**Balance sheet, 31 December**

Amounts in DKK 1,000

	note	2011	2010
<b>Assets:</b>			
Cash balance and demand deposits at central banks .....		81,394	79,099
Receivables from credit institutions and central banks .....	10	582,893	597,444
Loans and other receivables at market value .....	11+12	10,100	10,115
Loans and other receivables at amortised cost price .....	11+12	5,745,240	5,986,648
Bonds at market value .....	13	664,927	732,873
Shares, etc. ....	14	221,226	215,575
Investments in associated enterprises .....		699	1,000
Investments in group enterprises .....		12,389	13,381
Assets related to pooled schemes .....	15	777,844	736,679
Intangible assets .....	16	15,684	17,584
Land and buildings, total .....	17	146,250	146,803
– Investment properties .....		40,183	39,609
– Headquarters properties .....		106,067	107,194
Other tangible assets .....	18	6,480	6,909
Current tax assets .....		3,698	3,878
Temporary assets .....		12,530	962
Other assets .....		86,441	91,438
Prepayments and accrued income .....		5,784	6,038
<b>Total assets .....</b>		<b>8,373,579</b>	<b>8,646,426</b>

## Balance sheet, 31 December

Amounts in DKK 1,000

	note	2011	2010
<b>Liabilities:</b>			
<b>Payables</b>			
Payables to credit institutions and central banks .....	22	630,085	797,046
Total deposits and other payables .....		6,352,708	6,406,125
– deposits and other payables .....	23	5,423,687	5,458,725
– deposits in pooled schemes .....		929,021	947,400
Issued bonds at amortised cost .....	24	1,347	1,062
Other liabilities .....		124,159	210,514
Prepayments and deferred income .....		9	9
<b>Total debts .....</b>		<b>7,108,308</b>	<b>7,414,756</b>
<b>Provisions</b>			
Provisions for pensions and similar liabilities .....	25	5,499	11,444
Provisions for deferred tax .....	8	2,100	1,600
Provisions for losses on guarantees .....		1,845	1,795
Other provisions .....		3,760	4,049
<b>Total provisions .....</b>		<b>13,204</b>	<b>18,888</b>
<b>Subordinated investments</b>			
<b>Subordinated investments .....</b>	26	<b>6,845</b>	<b>6,930</b>
<b>Equity</b>			
Share capital .....	27	80,400	80,400
Revaluation reserves .....		24,520	24,151
Other reserves			
– statutory reserves .....		4,143	5,135
Retained earnings .....		1,128,119	1,088,126
Suggested dividend .....		8,040	8,040
<b>Total equity .....</b>		<b>1,245,222</b>	<b>1,205,852</b>
<b>Total liabilities .....</b>		<b>8,373,579</b>	<b>8,646,426</b>

## Changes to the equity

Amounts in DKK 1,000

	2011	2010
<b>Share capital</b>		
Share capital, start of the year .....	80,400	80,400
Capital additions or reductions.....	0	0
Share capital, end of the year .....	80,400	80,400
<b>Provisions for appreciation</b>		
Provisions for appreciation, start of the year .....	24,151	23,608
Other total income.....	369	543
Provisions for appreciation, end of the year .....	24,520	24,151
<b>Other reserves</b>		
Statutory reserves, start of the year .....	5,135	4,570
The year's profit .....	- 992	565
Statutory reserves, end of the year .....	4,143	5,135
<b>Retained profit</b>		
Retained profit, start of the year.....	1,088,126	998,910
The year's profit .....	50,487	92,918
Other total income.....	369	543
Total income, total.....	50,856	93,461
- provision for statutory reserves .....	992	565
- transferred to suggested dividend .....	- 8,040	8,040
- transferred to provisions for revaluation .....	- 369	543
Income and expenses entered directly in the equity		
Dividend of own shares.....	355	0
Sale of own shares .....	30,664	63,638
Purchase of own shares .....	- 34,465	- 58,735
Retained profit, end of the year.....	1,128,119	1,088,126
<b>Suggested dividend</b>		
Suggested dividend, start of the year .....	8,040	0
Dividend paid .....	- 7,685	0
Transferred dividend, own shares.....	- 355	0
The year's result.....	8,040	8,040
Suggested dividend, end of the year .....	8,040	8,040
Equity, end of the year .....	1,245,222	1,205,852

## Accounting policy

### General information

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

### Changes to the accounting policy

The accounting policy remains unchanged compared with the annual report for 2010.

In the annual report for 2010, the holding of own bonds to a value of DKK 1,100 million had by mistake not been set off in bonds issued. This error has been corrected in the comparative figures in the present annual report for 2011. In this connection, the balance sheet for 2010 has been reduced by DKK 1,000 million. In addition, a few other comparative figures have been changed. However, these changes do not affect the result for 2010 or the balance sheet or the equity at the end of 2010.

### The Group

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

### Inclusion

Financial assets and financial obligations 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.

Receivables and interest due, etc., which have not been allocated to accounts are included under "other assets" and "other liabilities", respectively.

Other commissions and fees are recognised on the due date.

### Acquisitions

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

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

A possible negative difference in the value of the total cost price and the market value of the net assets on the acquisition date will be added as income in the income statement.

### Value assessment - receivables and lending

The value of receivables from credit institutions and central banks and lending have been determined at the first inclusion at market value plus transaction costs and less fees and commissions received in connection with the establishment.

## Accounting policy

### **Value assessment - receivables and lending, cont.**

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

Receivables from credit institutions and central banks are all valued individually for an objective indication of value reduction.

For material lending, an individual valuation is also made to determine whether there is an objective indication of value reduction. The write-down requirement is calculated individually when there is at an individual level an objective indication for a value reduction. Individually assessed loans which have not been written down and other loans are subsequently valued on a portfolio basis.

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

An individual loan or a group of loans are considered value-deteriorated if - and only if - there is an objective indication of value deterioration as a result of one or more events occurring after the first inclusion of the loan, and such event/events have an effect on the expected future payment flows which can be estimated reliably. The agreed effective interest rate is used as a discounting factor for the individual loan. For portfolios of loans, the weighted average of the agreed effective interest rate is used for the individual loans in the portfolio.

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

As a consequence of changes to the valuation of the bank's securities, a value regulation of the bank's loans of DKK 8 million has been made. The value regulation includes a favourable net regulation of DKK 24 million regarding the valuation of the bank's securities in agricultural assets, where a more specified division of the assets into livestock, buildings, land and other tangible fixed assets is now carried out. Furthermore, the value regulation covers ordinary write-down of DKK 16 million on the value of securities relating to other commitments than agricultural commitments.

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

### **Valuation - securities**

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

Unlisted shares in companies owned jointly by the bank with a number of other financial institutions, etc., have been valued at market value. The calculation of the market value is based on available information about current transactions. If no current market data is available, the market value is based on published company announcements or alternatively on capital value calculations.

## Accounting policy

### Valuation - securities, cont.

Other unlisted securities are valued at market value. In a few cases, it has not been possible to make a reliable valuation at market value; such securities have been included at cost price less write-downs.

Capital investments in associated and group enterprises have been valued at book value, calculated according to an accounting policy similar to that used by the bank. In connection with the valuation of the most important asset, Sæbygård Skov, in the associated enterprise, Sæbygård Skov A/S, an external expert has been used.

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

### Valuation - intangible fixed assets

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

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

### Valuation - tangible fixed assets

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

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

Headquarters properties are calculated at re-assessed values calculated as the market value on the re-assessment date less the subsequently accumulated allowances for depreciation. The bank has not used external experts in connection with the valuation of the headquarters properties. The write-downs have been calculated on a straight-line basis 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 three years for IT equipment and five years for other operating equipment.

### Valuation - financial obligations

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

## Accounting policy

### **Valuation - financial obligations, cont.**

#### **Foreign exchange**

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

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-time obligations are included in the balance sheet as payables under the item "Other liabilities".

#### **Guarantees**

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

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

#### **Taxation**

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

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

**Notes with five-year surveys**

	2011	2010	2009	2008	2007
<b>1. Five years' financial data</b>					
(amounts in million DKK)					
<b>Income statement:</b>					
Net interest and fee income .....	461.2	454.7	438.2	372.7	339.9
Market value adjustments .....	5.2	44.7	14.3	-32.5	26.5
Staff and administration costs .....	262.7	258.6	254.8	218.9	201.7
Write-downs on loans and receivables, etc. ....	112.7	96.7	101.1	38.3	-13.6
Result of investments in associated and group companies .....	- 1.0	0.6	0.0	4.0	0.2
The year's result .....	50.5	92.9	62.7	60.3	139.2
<b>Balance sheet:</b>					
Lending .....	5,755	5,997	6,051	5,701	5,082
Equity .....	1,245	1,206	1,107	1,052	1,037
Total assets .....	8,374	8,646	8,962	8,050	7,565
<b>2. Five years' key figures</b>					
<b>Capital adequacy</b>					
Capital adequacy rate .....	18.8	17.4	16.6	14.3	10.1
Core capital percentage .....	18.7	17.4	16.4	14.3	10.1
<b>Earnings</b>					
Return on equity before tax .....	5.5	10.4	6.5	7.8	18.3
Return on equity after tax .....	4.1	8.0	5.8	5.8	14.3
Earnings per cost krone .....	1.2	1.3	1.2	1.3	1.9
<b>Market risks</b>					
Interest risk .....	- 1.0	- 0.4	0.1	0.7	0.2
Foreign exchange position .....	1.4	1.2	3.2	5.0	87.5
Foreign exchange risk .....	0.0	0.0	0.0	0.0	0.1
<b>Credit risk</b>					
Loans in relation to equity .....	4.6	5.0	5.5	5.4	4.9
The year's growth in lending .....	- 4.0	- 0.9	6.2	12.2	16.1
The sum of large commitments .....	37.1	33.0	13.2 *)	41.1 *)	111.1 *)
The year's write-down percentage .....	1.6	1.3	1.3	0.6	-0.2
<b>Liquidity risks</b>					
Lending including write-downs in proportion to deposits .....	97.1	98.3	98.2	116.5	114.6
Excess cover compared with statutory liquidity requirements .....	178.9	255.0	157.2	90.6	42.6
<b>The Nordjyske Bank share, DKK per share of DKK 10</b>					
The year's result per share .....	6.3	11.6	7.8	7.5	17.3
Book value per share .....	162.6	156.7	144.7	136.5	130.5
Listed price .....	66.0	117.0	115.0	78.0	182.0
Dividend per share .....	1.0	1.0	0.0	0.0	2.5
Listed price/the year's result per share .....	10.51	10.12	14.75	10.40	10.50
Listed price/book value per share .....	0.41	0.75	0.79	0.57	1.39

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

## Notes for the income statement

Amounts in DKK 1,000

	2011	2010
<b>3. Interest income</b>		
Receivables from credit institutions and central banks ...	5,558	7,643
Lending and other receivables .....	406,012	399,596
Bonds .....	26,537	20,051
Derived financial instruments, total		
– foreign exchange contracts .....	5,521	3,462
– interest contracts .....	358	5,879
Other interest income .....	173	584
<b>Total interest income .....</b>	<b>444,159</b>	<b>431,769</b>
There are no interest earnings from genuine purchasing and repurchasing transactions.		
<b>4. Interest expenses</b>		
Debt to credit institutions and central banks .....	9,354	6,940
Deposits and other debts .....	60,868	62,807
Bonds issued .....	16,305	8,829
Subordinated capital .....	247	250
Other interest expenses .....	46	12
<b>Total interest expenses .....</b>	<b>86,820</b>	<b>78,838</b>
There are no interest expenses from genuine purchasing and repurchasing transactions.		
<b>5. Fees and commission income</b>		
Security trading and custody accounts .....	36,296	32,163
Payment services .....	15,939	14,817
Loan transaction fees .....	27,848	31,333
Guarantee commission .....	8,455	9,715
Other fees and commission income .....	16,782	15,783
<b>Total fees and commission income .....</b>	<b>105,320</b>	<b>103,811</b>

## Notes for the income statement

Amounts in DKK 1,000

	2011		2010	
<b>6. Market value adjustments</b>				
Loans and other receivables at market value .....	-	15	-	331
Bonds .....		2,129		456
Shares, etc. ....	-	410		38,312
Investment properties.....	-	1,336	-	426
Foreign exchange .....		6,608		6,489
Derived financial instruments				
- currency swap .....	2		1,669	
- interest swap .....	51	53	-23	1,646
Assets related to pooled schemes .....	-	16,522		68,347
Deposits in pooled schemes .....		14,644	-	69,794
Total market value adjustments .....		5,151		44,699
<b>7. Staff and administration costs</b>				
Staff costs:				
Salaries .....	129,814		128,187	
Pension .....	15,643		15,203	
Costs of social security, etc. ....	16,487	161,944	14,157	157,547
Other administration costs .....		100,757		101,014
Total staff and administration costs .....		262,701		258,561
<b>Remuneration for Board of Directors:</b>				
Hans Jørgen Kaptain .....		284		275
Sten Uggerhøj .....		172		110
Erik Broholm Andersen .....		140		150
Per Lykkegaard Christensen.....		114		110
Tina Hansen.....		128		165
Bjarne Jensen (appointed March 2010).....		114		83
Hanne Karlshøj .....		114		110
Ole Kristensen.....		198		193
Henrik Lintner.....		114		110
Arne Ugilt (retired March 2010).....		0		27
Total .....		1,378		1,333
<b>Remuneration for the Executive Board</b>				
<b>Claus Andersen:</b>				
Appointed to the Executive Board 01.12.2010				
Fixed salary.....		1,781		144
Pension .....		170		14
Total .....		1,951		158

**Notes for the income statement**

Amounts in DKK 1,000

	2011	2010
<b>7. Staff and administration costs, cont.</b>		
<b>Mikael Jakobsen:</b>		
Appointed to the Executive Board 01.12.2010		
Fixed salary.....	1,717	138
Pension .....	170	14
Total .....	1,887	152
<b>Jens Ole Jensen:</b>		
Retired from the Executive Board 31.05.2011		
Fixed salary.....	1,501	2,508
Salary, etc., during the retirement period.....	825	0
Severance pay .....	115	0
Pension, adjustment of pension obligation, etc. ....	649	1,592
Total .....	3,090	4,100
Pension paid and similar amounts earned and recognised as expenses during previous years.....	4,200	2,000
<b>Remuneration for employees whose activities have material effect on the bank's risk profile</b>		
Remuneration to a total of 4 employees .....	4,777	4,435
Variable salary is not paid.		
<b>Incentive schemes:</b>		
No incentive schemes have been set up for members of the bank's management. This means that variable salary is not paid.		
<b>Retirement terms for the Executive Board:</b>		
The bank's directors can retire with six months' notice on the part of the Executive Board and 12 months' notice on the part of the bank. In case of notice of termination on the part of the bank, an allowance of 12 months' salary is payable in addition to the notice period.		
<b>Number of employees:</b>		
The average number of employees during the financial year, calculated as full-time employees	279	287
<b>Auditing fee for:</b>		
Statutory auditing of financial statements .....	720	595
Statement jobs with security .....	29	63
Fee for tax advice.....	46	0
Other services .....	44	62
<b>Total .....</b>	<b>839</b>	<b>720</b>

**Notes for the income statement**

Amounts in DKK 1,000

	2011		2010	
	Income	Tax 25%	Income	Tax 25%.
<b>8. Tax</b>				
Tax rate				
Tax on the year's income:				
Tax included in the income statement:				
Result before tax and subsidiaries .....	68,573	17,143	119,856	29,964
Capital gain fixed assets, not taxable .....	1,448 -	362	35,597 -	8,899
Other not taxable income .....	367 -	92	493 -	123
Expenses which are not deductible .....	4,157	1,039	1,463	366
Tax regulations.....	-	736	-	1,908
Current tax.....		16,992		19,400
Regulation of deferred tax.....		500		10,000
Subsequent regulation of previous years' tax .....	-	398	-	1,897
<b>Total tax on the year's result .....</b>		<b>17,094</b>		<b>27,503</b>
 Deferred tax:				
Unrealised profits from securities, etc. ....	29,474	7,369	28,002	7,001
Tangible fixed assets .....	- 3,097 -	774 -	- 2,724 -	681
Fees and commissions .....	- 14,440 -	3,610 -	- 15,201 -	3,800
Goodwill.....	- 514 -	129	43 -	11
Other, net .....	-	756	-	909
<b>Deferred tax, total.....</b>		<b>2,100</b>		<b>1,600</b>

## Notes for the balance sheet

### 9. Financial risks

Because 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 losses caused by the customers' full or partial default on their payment obligations to the bank.

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

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

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

It is the bank's general policy only to undertake 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 set up with the following aims:

- there must be a well-balanced relation between the risks undertaken and the return obtained by the bank
- the bank's loss must be at an acceptable level compared with comparable Danish banks
- it must be possible to cover the bank's loss 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 rather small commitments. It is the aim that individual commitments will only in exceptional cases and for brief periods exceed 10 per cent of the bank's equity as far as the unsecured part of the commitments is concerned.

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

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

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

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

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

The loan value of mortgage in business properties, including agricultural properties, is fixed on the basis of the market value less higher-ranking mortgages. The loan value is fixed individually on the

## Notes for the balance sheet

basis of the characteristics of the individual properties, among other things location and size, or on the basis of an independent valuation, alternatively an official public property valuation.

### 9. Financial risks, cont.

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

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

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

10, 21, 22, 23	commitments of good quality
31	commitments of normal quality
32, 33, 37	commitments of slightly reduced quality
38	commitments with some weaknesses
39	commitments with material weaknesses, but without a need for write-downs or provisions
41, 42, 50	write-down commitments and distressed commitments

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

The bank's current credit risk is described in the Management Report, page 9, and note 12.

### Market risks

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

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

The bank's main currency is Danish kroner. The bank has also made transactions in foreign currencies. Material currency positions are covered on an ongoing basis through off-setting transactions. Thus, the bank is only to a limited extent exposed to exchange rate fluctuations.

The bank is co-owner of a number of sector enterprises (cf. note 14). These ownership shares can be compared with large banks' fully owned subsidiaries, and the investments are therefore not considered part of the bank's share risk. Furthermore, the bank has a small portfolio of listed shares.

## Notes for the balance sheet

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

## Notes for the balance sheet

### **Market risks, cont.**

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

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

### **Liquidity risks**

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

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

- deposits from customers
- equity and
- long-term senior loans and allocated lines

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

See description of the bank's current liquidity situation in the Management Report, page 13.

### **Operational risks**

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

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

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

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

## Notes for the balance sheet

Amounts in DKK 1,000

	2011	2010
<b>10. Receivables from credit institutions and central banks</b>		
Receivables on demand.....	166,432	191,470
Remaining term		
– up to and incl. 3 months .....	364,986	349,959
– from 3 months up to and incl. 1 year .....	37,496	0
– from 1 year up to and incl. 5 years .....	13,979	56,015
Total receivables from credit institutions and central banks.....	<u>582,893</u>	<u>597,444</u>
Time receivables from central banks .....	284,986	299,959
Receivables from credit institutions .....	<u>297,907</u>	<u>297,485</u>
Total receivables from credit institutions and central banks.....	<u>582,893</u>	<u>597,444</u>
<b>11. Lending and other receivables</b>		
Demand receivables .....	855,384	965,038
Remaining term		
– up to and incl. 3 months .....	595,819	555,188
– from 3 months up to and incl. 1 year .....	1,866,101	2,113,361
– from 1 year up to and incl. 5 years	1,385,256	1,250,141
– more than 5 years.....	<u>1,052,780</u>	<u>1,113,035</u>
Total lending.....	<u>5,755,340</u>	<u>5,996,763</u>
<b>12. Credit risk</b>		
<b>A. Lending and other guarantees by sector and lines of business</b>		
Public authorities.....	0.1%	1.8%
Agriculture, hunting, forestry and fishing:		
Agriculture .....	18.6%	18.1%
Plant growing abroad .....	3.6%	3.3%
Fur farming.....	1.1%	1.2%
Fishing.....	4.4%	3.5%
Agriculture, hunting, forestry and fishing, total	<u>27.7%</u>	<u>26.1%</u>
Industry and raw material extraction .....	6.4%	5.8%
Energy supply .....	0.2%	0.2%
Building and construction .....	3.4%	3.5%
Trade.....	5.9%	5.9%
Transport, hotels and restaurants .....	2.9%	2.6%
Information and communication .....	0.3%	0.3%
Financing and insurance .....	2.3%	1.3%
Real property.....	6.0%	5.3%
Other industries.....	5.4%	6.4%
	<u>60.5%</u>	<u>57.4%</u>
	<u>39.4%</u>	<u>40.8%</u>
Total .....	100.0%	100.0%

## Notes for the balance sheet

Amounts in DKK 1,000

	2011		2010	
<b>12. Credit risk, cont.</b>				
<b>B. Maximum credit exposure without considering security</b>		of this included in the balance sheet *)		of this included in the balance sheet *)
Business.....	5,406,356	4,042,619	5,422,044	4,163,323
Public authorities.....	11,811	7,069	161,896	131,929
Private .....	3,469,389	2,639,630	3,762,565	2,955,179
<b>Total .....</b>	<b>8,887,556</b>	<b>6,689,318</b>	<b>9,346,505</b>	<b>7,250,431</b>
*) incl. contingent liabilities				
<b>Security received for maximum credit exposure</b>				
Cars, operating equipment and current assets.....		894,149		853,872
Properties.....		2,796,922		3,023,041
Guarantees.....		152,745		159,706
Securities and cash deposits, etc. ....		349,063		465,615
<b>Total .....</b>		<b>4,192,879</b>		<b>4,502,234</b>
Business.....		2,826,265		2,924,118
Public authorities.....		8,050		7,965
Private .....		1,358,564		1,570,151
<b>Total .....</b>		<b>4,192,879</b>		<b>4,502,234</b>
<b>C. Lending with individual write-downs</b>				
Total business .....		1,031,936		593,759
Private .....		114,146		101,887
<b>Total .....</b>		<b>1,146,082</b>		<b>695,646</b>
<b>D. Individual write-downs made on the basis of:</b>				
Liquidation.....		54,091		31,682
Debt collection and suspension of payments.....		228,498		164,436
Other financial difficulties .....		863,493		499,528
<b>Total .....</b>		<b>1,146,082</b>		<b>695,646</b>

## Notes for the balance sheet

Amounts in DKK 1,000

	2011		2010	
<b>12. Credit risk, cont.</b>				
<b>E. Lending with objective indication of value reduction:</b>				
Individually written down lending:				
Value before write-down .....	1,129,867		683,034	
Value after write-down .....	768,538		428,107	
Group write-down:				
Value before write-down .....	2,823,259		3,958,462	
Value after write-down .....	2,790,791		3,932,425	
<b>F. Write-downs on loans</b>				
Individual write-downs				
Start of the year.....	278,673		239,682	
Write-downs during the year.....	213,232		116,387	
Reversal of write-downs made during previous financial years .....	95,369		47,631	
Final loss, previously written down individually .....	18,992		29,765	
End of the year.....	<u>377,544</u>		<u>278,673</u>	
Group-based write-downs				
Start of the year.....	26,037		19,425	
Write-downs during the year.....	6,683		6,612	
Reversal of write-downs made during previous financial years .....	252		0	
End of the year.....	<u>32,468</u>		<u>26,037</u>	
<b>G. Lending which has not been written down and are not in arrears, by credit rating:</b>	Commercial	Private	Commercial	Private
Rating category:				
10 - 23 good quality commitments .....	1,316,502	863,422	1,591,170	878,976
31 normal quality commitments .....	489,277	363,691	819,287	407,412
32 - 37 commitments with slightly reduced quality.....	793,878	727,674	779,651	743,666
38 commitments with some weaknesses.....	266,640	69,786	175,053	67,044
39 commitments with material weaknesses.....	94,369	28,525	114,568	23,548
	<u>2,960,666</u>	<u>2,053,098</u>	<u>3,479,729</u>	<u>2,120,646</u>
<b>H. Arrears by period:</b>				
Up to 90 days .....		28,126		30,021
More than 90 days .....		<u>1,258</u>		<u>2,822</u>
		<u>29,384</u>		<u>32,843</u>

## Notes for the balance sheet

Amount in DKK 1,000

	2011	2010
<b>13. Bonds at market value</b>		
Mortgage bonds .....	625,647	678,724
Gov. bonds .....	1,642	16,080
Other listed bonds .....	37,638	38,069
<b>Total bonds at market value.....</b>	<b>664,927</b>	<b>732,873</b>
<b>14. Shares</b>		
Listed shares .....	21,794	20,832
Unlisted shares, etc., at market value .....	8	27
Sector shares at market value .....	197,273	193,128
Other capital shares at original cost.....	2,151	1,588
<b>Shares, etc., total .....</b>	<b>221,226</b>	<b>215,575</b>
Distribution of sector shares:		
Asset management and pension		
Bankinvest Holding A/S .....	7,857	5,975
Let Pension Holding A/S .....	2,139	3,146
Sparinvest Holding A/S .....	11,358	19,313
Sector infrastructure		
Bankernes Kontantservice A/S .....	391	391
Multidata Holding A/S .....	4,289	1,076
Nets Holding A/S.....	19,688	19,688
Swift .....	98	82
Værdipapircentralen A/S .....	683	129
Bankdata .....	15,468	15,817
Mortgage credit		
Danmarks Skibskredit A/S .....	1,197	1,197
DLR Kredit A/S.....	100,782	95,669
PRAS A/S.....	33,323	30,645
<b>Sector shares, total .....</b>	<b>197,273</b>	<b>193,128</b>

**Notes for the balance sheet**

Amounts in DKK 1,000

	2011		2010	
<b>15. Shares related to pooled schemes:</b>				
Bonds:				
Index-linked bonds .....	268,169		210,786	
Other bonds .....	<u>310,387</u>	578,556	<u>262,832</u>	473,618
Shares				
Investment ass. certificates.....	0		2,877	
Other shares .....	<u>199,288</u>	199,288	<u>260,184</u>	263,061
		<u>777,844</u>		<u>736,679</u>
<b>16. Intangible assets</b>				
Customer relations:				
Total cost price, start of the year.....	19,000		13,000	
Added during the year.....	<u>0</u>	19,000	<u>6,000</u>	19,000
Depreciation, start of the year .....	3,200		1,300	
Depreciation during the year .....	<u>1,900</u>	5,100	<u>1,900</u>	3,200
Book value, end of the year .....		<u>13,900</u>		<u>15,800</u>
Goodwill:				
Total cost price, start of the year.....	1,988		504	
Added during the year.....	<u>0</u>	1,988	<u>1,484</u>	1,988
Write-downs, start of the year .....	204		204	
Write-downs during the year .....	<u>0</u>	204	<u>0</u>	204
Book value, end of the year .....		<u>1,784</u>		<u>1,784</u>
Intangible assets, total .....		<u>15,684</u>		<u>17,584</u>
<b>17. Land and buildings</b>				
Investment properties:				
Market value, start of the year.....		39,609		39,823
Added during the year, including improvements.....		1,910		212
The year's value adjustment at market value .....		<u>- 1,336</u>		<u>- 426</u>
Market value, end of the year.....		<u>40,183</u>		<u>39,609</u>

## Notes for the balance sheet

Amounts in DKK 1,000

	2011		2010	
<b>17. Land and buildings, cont.</b>				
Headquarters properties:				
Re-assessed value, start of the year .....		107,194		105,907
Added during the year, including improvements.....		5,575		3,045
Disposed of during the year .....	-	2,001	-	149
Depreciation .....	-	1,888	-	1,844
Value changes during the year, included directly in the equity.....		369		543
Value changes during the year, included in the income statement.....	-	3,182	-	308
				107,194
End of the year .....		106,067		4
Valuation of the bank's investment and headquarters properties has been made on the basis of a return-based model. As return requirement, a return rate of 7% p.a. has been used in Frederikshavn, Hjørring, Skagen and Sæby and 9% p.a. in other towns. The bank has not used external parties in connection with the calculation of the property values.				
<b>18. Other tangible assets:</b>				
Total cost price, start of the year.....	53,939		49,498	
added during the year, including improvements .....	3,962		5,233	
disposed of during the year.....	- 6,575	51,326	- 792	53,939
	47,030			
Depreciation and write-downs, start of the year.....	0		43,746	
the year's allowances for depreciation.....	4,033		3,784	
the year's reversed allowances for depreciation and write-downs .....	- 6,217	44,846	- 500	47,030
Book value, end of the year .....		6,480		6,909

## 19. Market value of financial instruments

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

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

## Notes for the balance sheet

Amounts in DKK 1,000

2011

2010

### 19. Market value of financial instruments, cont.

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

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

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

	Book value	Market value	Book value	Market value
<b>Financial assets</b>				
Cash in hand and demand deposits with central banks	81,394	81,394	79,099	79,099
Receivables from credit institutions and central banks....	582,893	582,893	597,444	597,444
Loans and other receivables at market value .....	10,100	10,100	10,115	10,115
Loans and other receivables at amortised cost price .....	5,745,240	5,753,966	5,985,979	5,996,002
Bonds at market value .....	664,927	664,927	732,873	732,873
Shares, etc .....	221,226	221,226	215,575	215,575
Assets related to pooled schemes .....	777,844	777,844	736,679	736,679
Derived financial instruments .....	36,928	36,928	43,421	43,421
<b>Financial assets, total.....</b>	<b>8,120,552</b>	<b>8,129,278</b>	<b>8,401,185</b>	<b>8,411,208</b>
<b>Financial obligations</b>				
Debt to credit institutions and central banks .....	630,085	632,234	797,046	798,606
Deposits and other debts .....	5,423,687	5,460,469	5,458,725	5,472,864
Deposits in pooled schemes .....	929,021	929,021	947,400	947,400
Issued bonds at amortised cost price .....	1,347	1,415	1,062	1,125
Derived financial instruments .....	38,279	38,279	88,932	88,932
Subordinated capital investments .....	6,845	7,014	6,930	6,886
<b>Total financial obligations.....</b>	<b>7,029,264</b>	<b>7,068,432</b>	<b>7,300,095</b>	<b>7,315,813</b>

## Notes for the balance sheet

Amounts in DKK 1,000

### 20. *Derived financial instruments*

Nominal values	Op to and incl. 3 months	From 3 months up to and incl. 1 year	From 1 year up to and incl. 5 years	More than 5 years	2011 total	2010 total
Foreign exchange related transactions:						
forward transactions, purchases.....	231,328	66,639			297,967	347,275
forward transactions, sale	602,825	62,895			665,720	1,322,225
unsettled spot transactions, purchases	1,914				1,914	2,649
unsettled spot transactions, sale	9,368				9,368	9,956
currency swaps .....	0	10,986	57,161		68,147	170,928
Interest-related transactions:						
forward transactions, purchases.....	3,482				3,482	504
unsettled spot transactions, purchases	53,058				53,058	104,121
unsettled spot transactions, sale	3,126				3,126	13,610
interest swaps .....		104,000	81,633	163,736	349,369	371,803
Share-related transactions:						
unsettled spot transactions, purchases	8,384				8,384	9,767
unsettled spot transactions, sale	12,130				12,130	10,062
<b>Net market values</b>						
Foreign exchange-related transactions:						
forward transactions, purchases.....	2,574	3,148			574	2,648
forward transactions, sale .....	- 3,953	3,530			- 423	- 48,106
unsettled spot transactions, purchases	- 2				- 2	- 9
unsettled spot transactions, sales	1				1	25
currency swaps .....					0	0
Interest-related transactions:						
forward transactions, purchases.....	46				46	- 10
unsettled spot transactions, purchases	186				186	- 14
unsettled spot transactions, sales	- 5				- 5	- 53
interest swaps .....				- 586	- 586	0
Share-related transactions:						
unsettled spot transaction, purchases	21				21	24
unsettled spot transactions, sales	- 16				- 16	- 14

## Notes for the balance sheet

Amounts in DKK 1,000

### 20. Derived financial instruments, cont.

Market values	Contracts, total 2011			Contracts, total 2010		
	Positive	Negative	Net	Positive	Negative	Net
Foreign exchange-related transactions:						
forward transactions, purchases.....	4,364	4,938	- 574	5,443	2,795	2,648
forward transactions, sales.....	6,544	6,967	- 423	3,377	51,483	48,106
unsettled spot transactions, purchases	2	4	- 2	-	9	9
unsettled spot transactions, sales	1	0	1	26	1	25
currency swaps .....	8,232	8,232	0	20,844	20,844	0
Interest-related transactions:						
forward transactions, purchases.....	46	0	46	-	10	10
unsettled spot transactions, purchases	186	0	186	9	23	14
unsettled spot transactions, sales	1	6	- 5	3	56	53
interest swaps .....	17,483	18,069	- 586	13,611	13,611	0
Share-related transactions:						
unsettled spot transactions, purchases	53	32	21	65	41	24
unsettled spot transactions, sales	48	64	- 16	45	59	14
The market value is included in the balance sheet with the following amounts:						
Other assets .....	36,928			43,421		
Other liabilities.....		38,279			88,932	

**Notes for the balance sheet**

Amounts in DKK 1,000

	2011	2010
<b>21. Market risks</b>		
<b>Interest risk for debt instruments</b>		
By currency		
DKK .....	- 11,357	- 3,670
CHF .....	- 175	- 772
CZK .....	- 38	- 42
Other currencies, net .....	- 32	- 378
<b>Total .....</b>	<b>- 11,602</b>	<b>- 4,862</b>
% of equity .....	0.9	0.4
<p>The interest risk shows the loss/gain which the bank will suffer/obtain after reasonably probable changes to the effective interest rate of 1 percentage point.</p>		
<b>Foreign exchange risk</b>		
Exposures in Euro .....	6,859	
– sensitivity, 2.25% .....	154	2,779
63		63
Exposures in other currencies .....	9,581	13,154
– sensitivity, 12% .....	1,150	1,578
<b>Total sensitivity .....</b>	<b>1,304</b>	<b>1,641</b>
– as % of equity .....	0.1	0.1
<p>The foreign exchange risk shows the loss the bank would suffer from reasonably probable changes on the foreign exchange market.</p>		
<b>Share risk</b>		
Sector shares .....	197,273	177,311
– sensitivity, 15% .....	29,591	26,597
Other shares .....	23,953	38,264
– sensitivity, 30% .....	7,186	11,479
<b>Total sensitivity .....</b>	<b>36,777</b>	<b>38,076</b>
– as % of equity .....	3.0	3.2
<p>The share risk shows the loss the bank would suffer from reasonably probable changes on the share market.</p>		

**Notes for the balance sheet**

Amounts in DKK 1,000

	2011	2010
<b>22. Debt to credit institutions and central banks</b>		
On demand.....	150,375	325,555
Remaining term		
– from 3 months up to and incl. 1 year	470,213	0
– from 1 year up to and incl. 5 years	0	471,491
– more than 5 years.....	9,497	0
<b>Total debts to credit institutions and central banks.....</b>	<b>630,085</b>	<b>797,046</b>
The bank has unused confirmed long-term credit commitments of a total of.....	350,000	0
<b>23. Deposits and other debts</b>		
On demand.....	2,602,065	2,927,378
Remaining term		
– up to and incl. 3 months.....	411,886	209,159
– from 3 months up to and incl. 1 year.....	819,320	858,431
– from 1 year up to and incl. 5 years.....	791,875	725,854
– more than 5 years.....	798,541	737,903
<b>Deposits and other debts, total.....</b>	<b>5,423,687</b>	<b>5,458,725</b>
<b>By categories</b>		
– on demand.....	2,561,853	2,876,252
– notice.....	1,604,557	1,378,426
– time deposit.....	122,516	138,942
– special deposits.....	1,134,761	1,065,105
<b>Deposits and other debts, total.....</b>	<b>5,423,687</b>	<b>5,458,725</b>
<b>24. Issued bonds at amortised cost price</b>		
Remaining term		
from 1 year up to and incl. 5 years.....	1,347	1,023
more than 5 years.....	0	39
<b>Total issued bonds at amortised cost price.....</b>	<b>1,347</b>	<b>1,062</b>
<b>25. Provisions for pension and similar liabilities</b>		
Pension commitments:		
The bank is obliged to pay pension, etc., to former members of the Executive Boards and their surviving relatives. Present value of this commitment.....	42	4,318
Anniversary bonus.....	3,042	3,743
Salary and pension obligations taken over in connection with acquisition of business.....	2,415	3,383
<b>Total provisions for pension and similar obligations.....</b>	<b>5,499</b>	<b>11,444</b>

## Notes for the balance sheet

Amounts in DKK 1,000

	2011	2010
<b>26. Subordinate capital</b>		
Employee bonds:		
Principal amount, a total of 339 bonds.....	6,845	6,930
Extraordinarily redeemed during the year.....	84	21
Included when calculating the core capital .....	5,583	6,664
Interest during the financial year .....	247	250
<b>27. Share capital</b>		
The bank's share capital is divided into 8,040,000 shares of DKK 10 each		
<b>Section 55 and 56 of the Danish Limited Companies Act</b>		
No shareholder has reported according to section 55 or 56 of the Limited Companies Act that they own 5% or more of the share capital.		
<b>Holding of own shares</b>		
Acquired		
Number of own shares .....	384,961	533,116
Nominal value .....	3,850	5,331
% of the share capital.....	4.8%	6.6%
Total purchase price.....	34,465	58,735
Sold		
Number of own shares .....	345,403	573,370
Nominal value .....	3,454	5,734
% of the share capital.....	4.3%	7.1%
Total sales price .....	30,664	63,638
End of the year		
Number of own shares .....	382,988	343,430
Nominal value .....	3,830	3,434
% of the share capital.....	4.8%	4.3%
Acquisition and sale of own shares have been effected as part of the bank's general day-to-day activities.		

## Notes with additional information

Amounts in DKK 1,000

	2011	2010
<b>28. Capital adequacy</b>		
Equity according to the balance sheet .....	1,245,222	1,205,852
Provisions for appreciation .....	24,520	24,151
<b>Core capital</b> .....	<b>1,220,702</b>	<b>1,181,701</b>
Suggested dividend .....	8,040	8,040
Intangible assets .....	15,684	17,584
Value of own shares, cf. section 28 (1) no 6 in executive order on the calculation of core capital .....	3,597	0
Half of the sum of capital investments, etc. > 10% according to section 131 (2) no 2 of the Financial Business Act .....	27,321	25,624
Excess deduction under section 139 (6) of the Financial Business Act .....	23,647	43,147
	0	12,332
<b>Core capital after deductions</b> .....	<b>1,169,734</b>	<b>1,100,598</b>
Additional capital:		
Provisions for appreciation .....	24,520	24,151
Subordinate capital investments .....	5,583	6,664
	30,103	30,815
<b>Core capital before deductions</b> .....	<b>1,199,837</b>	<b>1,131,413</b>
Half of the sum of capital investments, etc. > 10% in accordance with section 131 (1) no 3 of the Financial Business Act .....	23,647	43,147
Set off by the excess deduction under section 139 (6) of the Financial Business Act .....	0	-12,332
<b>Core capital after deductions</b> .....	<b>1,176,190</b>	<b>1,100,598</b>
Weighted items, total .....	6,270,722	6,326,000
Capital adequacy percentage .....	18.8%	17.4%
<b>29. Contingent liabilities</b>		
Financial guarantees .....	541,756	842,172
Loss guarantees for mortgage loans .....	104,601	104,896
Land registration and conversion guarantees .....	59,106	81,248
Other contingent liabilities .....	228,515	225,352
Total .....	933,978	1,253,668
Other binding agreements .....	0	0
<b>Pledging</b>		
For drawing rights with the Danish central bank, bonds have been pledged .....	467,801	307,342
shares pledged .....	0	144,307
Total pledged .....	467,801	451,649

**Notes with additional information**

Amounts in DKK 1,000

	2011	2010
<b>30. Connected parties</b>		
The size of loans, pledges, surety or guarantees for members of the bank's:		
Executive Board .....	594	2,390
Board of Directors .....	25,235	42,321
The commitments have been made on market terms and according to the bank's usual business terms		
Interest rates, end of the year, % p.a.		
Executive Board .....	4.947 - 4.947	4.02 - 4.41
Board of Directors .....	1.847 - 15.75	2.22 - 14.75
Shares in Nordjyske Bank A/S held by the Board of Directors and the Executive Board as at 31 December		
	Number of shares	Number of shares
Claus Andersen.....	1,801	1,775
Erik Broholm Andersen .....	2,840	2,840
Per Lykkegaard Christensen.....	1,885	1,885
Tina Hansen.....	1,402	1,402
Mikael Tolbod Jakobsen .....	2,252	1,252
Bjarne Jensen .....	1,966	1,825
Jens Ole Jensen .....	-	48,392
Hans Jørgen Kaptain .....	12,304	12,304
Hanne Karlshøj .....	2,812	2,812
Ole Kristensen.....	2,380	2,380
Henrik Lintner.....	3,150	3,150
Sten Uggerhøj.....	57,552	47,996
The holdings include the holdings of the Executive Board, the Board of Directors and their connected parties.		

## Statements

### Management Statement

We have today presented the annual report for 1 January - 31 December 2011 for Nordjyske Bank A/S.

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

We consider the accounting policy chosen to be appropriate so that the financial statements show a correct picture of the bank's assets and liabilities, the financial position, and the result.

The Management 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 uncertainties which may affect the bank.

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

### The Executive Board

Frederikshavn, 14 February 2012

Claus Andersen, Director

Mikael Jakobsen, Director

/Bjarne Haugaard Finance  
Director

### The Board of Directors

Frederikshavn, 14 February 2012

Hans Jørgen Kaptain

Sten Uggerhøj

Erik Broholm Andersen

Per Lykkegaard Christensen

Tina Hansen

Bjarne Jensen

Hanne Karlshøj

Ole Kristensen

Henrik Lintner

**Internal auditors' statements****To the owners of capital in Nordjyske Bank A/S****Auditors' report on the financial statements**

We have audited the financial statements for Nordjyske Bank A/S for the financial year 1 January to 31 December 2011, including income statement, statement of total gains and losses, balance sheet, equity statement and notes, including the accounting policy used. The financial statements have been prepared according to the Danish Financial Business Act, and in accordance with Danish disclosure requirements for listed financial companies.

**The audit performed**

The audit has been performed on the basis of the Executive Order issued by the Danish Financial Supervisory Authority on the auditing of financial businesses, etc., and financial groups and according to international auditing standards. This requires us to plan and carry out the audit in order to obtain a high level of certainty that the financial statements do not include material misinformation.

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

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

The audit has not given rise to any reservations.

**Conclusion**

It is our opinion that the existing business procedures and internal controls, including the risk management established by the management aimed at the bank's reporting processes and material business risks, work satisfactorily.

It is also our opinion that the financial statements give a correct picture of the bank's assets, liabilities and financial situation as at 31 December 2011 and the result of the bank's activities for the financial year 1 January - 31 December 2011 in accordance with the Danish Financial Business Act and Danish disclosure requirements for listed financial companies.

**Opinion on the Management's Report**

According to the Danish 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, 14 February 2012

Jan L. Sørensen  
Internal Auditor

## **The independent auditors' opinion**

### **To the owners of capital in Nordjyske Bank A/S**

#### **Auditors' opinion**

We have audited the financial statements for Nordjyske Bank A/S for the financial year 1 January - 31 December 2011, including income statement, statement of total gains and losses, balance sheet, equity statement and notes, including accounting policy used. The financial statements are 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 the preparation of financial statements which give a correct picture in accordance with the Danish Financial Business Act and Danish disclosure requirements for listed companies. Furthermore, the management is responsible for the internal control which the management considers necessary to be able to prepare financial statements without material misinformation, regardless whether such misinformation is due to fraud or errors.

#### **The auditor's responsibility**

It is our responsibility to express a conclusion about the financial statements on the basis of our audit. We have completed our audit in accordance with international audit standards and additional requirements according to Danish audit laws. This requires us to observe ethical requirements and plan and carry out the audit in order to obtain a high level of certainty that the financial statements do not include material misinformation.

An audit includes the performance of audit actions in order to obtain audit documentation for amounts and information in the financial statements. The actions chosen depend on the auditor's assessment, including the assessment of the risks of material misinformation in the financial statements, regardless whether they are due to fraud or mistakes. In connection with the risk assessment, the auditor will consider internal control relevant for the bank's preparation and presentation of financial statements providing a correct picture. The aim is to establish audit actions suitable in the circumstances, but not to express a conclusion on the efficiency of the bank's internal control. Furthermore, the audit includes a decision as to whether the management's choice of accounting policy is appropriate, whether the management's accounting estimates are reasonable, and an assessment of the total presentation of the financial statements.

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

The audit has not given rise to any reservations.

#### **Conclusion**

It is our opinion that the financial statements give a correct picture of the bank's assets, liabilities and financial situation as at 31 December 2011 and the result of the bank's activities for the financial year 1 January - 31 December 2011 in accordance with the Danish Financial Business Act and Danish disclosure requirements for listed financial companies.

#### **Opinion on the Management's Report**

According to the Danish 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, 14 February 2012

Aalborg, 14 February 2012

**BDO**

Statsautoriseret revisionsaktieselskab

**Beierholm**

Statsautoriseret Revisionspartnerselskab

Peter Have Jensen

State-authorized Public Accountant

Preben Randbæk

State-authorized Public accountant

**Company Announcements issued in 2011**

08.02.2011	Publication of Annual Report for 2010
08.02.2011	Annual Report for 2010
08.02.2011	Correcting information for the interim report 2010
08.02.2011	Accounting control, annual report for 2009 and the interim report for 2010
08.02.2011	Nordjyske Bank's Managing Director retires as at 31 May 2011
09.02.2011	Report regarding Insider register
11.02.2011	Ordinary general meeting, Notice of
15.02.2011	Ordinary general meeting, Notice of
08.03.2011	Report regarding Insider register
09.03.2011	Minutes of the bank's ordinary general meeting on 8 March 2011
28.03.2011	Cancellation of bonds issued with state guarantee - ISIN code DK0030254032
23.05.2011	Quarterly report as at 31 March 2011
31.05.2011	Report regarding Insider register
01.06.2011	Nordjyske Bank's Managing Director has retired as at 31 May 2011
06.06.2011	Report regarding Insider register
28.06.2011	Nordjyske Bank's exposure regarding Fjordbank Mors
09.08.2011	Interim report as at 30 June 2011
25.08.2011	Report regarding Insider register
21.11.2011	Quarterly report as at 30 September 2011
29.11.2011	Report regarding Insider register
23.12.2011	Cancellation of bonds issued with state guarantee - ISIN code DK0030254032

**Financial calendar 2012**

14.02.2012	Publication of annual report for 2011
13.03.2012	Ordinary general meeting
15.05.2012	Publication of quarterly report as at 31 March 2012
14.08.2012	Publication of quarterly report as at 30. June 2012
20.11.2012	Publication of quarterly report as at 30 September 2012

## The bank's management

### Committee of Representatives

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

## The bank's management

<b>Board of Directors</b>	Age	Elected to the Board	Up for election in
Hans Jørgen Kaptain, Attorney, Sæby (Chairman)	65 years	1993	2012
Sten Uggerhøj, Car Dealer, Frederikshavn (Deputy Chairman)	52 years	2005	2012
Erik Broholm Andersen, Farmer, Gærum	56 years	2001	2013
Per Lykkegaard Christensen, Farm Owner, Hjallerup	52 years	2008	2012
Ole Kristensen, Former Bank Director, Frederikshavn	67 years	2009	2013
Henrik Lintner, Pharmacist, Hjørring	56 years	2007	2013
<b>Employee representatives:</b>			
Tina Hansen, Head of residential department, Frederikshavn	45 years	2006	2014
Bjarne Jensen, Customer advisor, Hjørring	44 years	2010	2014
Hanne Karlshøj, Customer advisor, Bindslev	53 years	2002	2014
<b>Audit Committee</b>			
Ole Kristensen, Former Bank Director (Chairman)			
Hans Jørgen Kaptain, Attorney			
Sten Uggerhøj, Car Dealer, Frederikshavn			
<b>Executive Board</b>		On the Executive Board	
Claus Andersen, Bank Director	45 years	2010	
Mikael Jakobsen, Bank Director	53 years	2010	
<b>Branches</b>			
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 Manager		
Dybvad	Gunnar Jensen, Head of Branch		
Frederikshavn	Brian Thomsen, Branch Director		
Hirtshals	Jens Buje, Branch Director		
Hjallerup	Casper Nødgaard, Head of Branch		
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, Head of Branch		
Sæby	Torben Schioldan, Centre Director		
Tårs	Bente Christensen, Head of Branch		
Øster Brønderslev	Thomas Møller Petersen, Head of Branch		
Østervrå	Annemette Mæhle, Head of Branch		
Aalbæk	Mariann Grønbech, Head of Branch		
<b>Joint functions</b>			
Executive Secretariat	Alma Lund Høj, Head of Secretariat		
FinansCenter	Lars Kiærskou, Finance Manager		
Business Support	Ole Telling, HR Manager		
Credit Office	Claus Kongsgaard, Credit Manager		
Sale and marketing	Mikael Jakobsen, Bank Director		
Finance and IT	Bjarne Haugaard, Finance Director		