

To Nasdaq OMX Copenhagen and the Press

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PRELIMINARY ANNOUNCEMENT OF FINANCIAL STATEMENTS 2010 FOR SPAR NORD BANK A/S

- The Group's pre-tax profits amounted to DKK 133 million, equal to a 3.1% return on equity. Profit on ordinary operations before contributions to Bank Package I and other sector-targeted solutions amounted to DKK 457 million, equivalent to an 11% return on equity.
- Core income totalled DKK 2,575 million versus DKK 2,624 million in 2009. Net interest income was 9%, and market-value adjustments 12%, down on 2009. On the upside, the Bank recorded a 21% growth in net income from fees, charges and commissions.
- Total costs and expenses were in line with the 2009 level, after a year characterized by Group-wide focus on cost cuts.
- Loan impairment losses, etc. amounted to DKK 454 million in light of marginally improved business trends, but also continuing challenges for certain sectors, including agriculture. The realized impairment corresponds to 1.0% of the Group's total loans, advances and guarantees.
- The Group's contributions to Bank Package I and other sector-targeted solutions amounted to DKK 324 million. Expected costs in connection with Amagerbanken's bankruptcy in the amount of DKK 80 million were recognized in Q4 2010.
- Loans and advances advanced 4.3% and deposits 2.5% compared with end-2009.
- At end-2010, the Group's ICAAP ratio (individual solvency requirement) was an unchanged 8.5%, and the actual solvency ratio 13.4%. The core capital ratio stood at 13.2%, incl. hybrid capital, and 9.3% excl. hybrid capital.
- Spar Nord expects 2011 to be yet another year characterized by moderate growth in the Danish economy. However, since the Bank has expanded its distribution network in recent years, among other things, Spar Nord expects to be able to increase its market share to a degree that enables the Group to experience positive growth in lending and an upturn in both net interest income and net income from fees, charges and commissions. Core earnings before impairment are expected to hover around the DKK 850-1,050 million level.

Lasse Nyby, Chief Executive Officer of Spar Nord Bank, has the following comment on the financial statements:

- 2010 was a year that saw a cautious return towards more normal levels of activity. Even though loan impairment losses and major contributions to sector-targeted solutions have kept profits at a relatively modest level, the financial statements still hold many sources of satisfaction. Our income was largely maintained at the respectable level seen in 2009, we deliver the promised zero-growth in costs, and our impairment losses are 22% down on 2009. During the next three years, we will spotlight growth in market share with our new strategy plan, TIME FOR CUSTOMERS, one goal being to attract 10,000 new retail customers and 1,000 new business customers in 2011.

Sincerely yours,
Spar Nord BankOle Madsen
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PERFORMANCE INDICATORS

FOR THE GROUP

CORE EARNINGS - QUARTERLY

PERFORMANCE INDICATORS

INCOME STATEMENT DKK M	2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Q4
Net interest income	402.0	402.2	411.2	392.5	410.1
Net income from fees, charges and commissions	134.3	121.7	121.6	128.0	108.0
Market-value adjustments and dividends	30.1	78.3	77.5	82.4	69.0
Other operating income *)	36.8	30.4	36.0	29.3	26.1
Profit/loss on equity investments in associates and group enterprises	16.0	18.4	16.6	10.0	2.0
Core income	619.2	651.0	662.9	642.2	615.2
Wages and salaries	241.9	201.2	248.5	256.6	227.1
Operating expenses	153.8	123.6	139.9	151.6	158.9
Depreciation and impairment, operating lease assets *)	18.5	14.7	14.3	12.0	13.7
Depreciation and impairment, other assets	17.8	18.0	14.7	15.2	15.7
Costs	432.0	357.5	417.4	435.4	415.4
Core earnings before impairment	187.2	293.5	245.5	206.8	199.8
Impairment of loans, advances and receivables, etc.	122.7	101.1	107.2	122.6	164.5
Core earnings	64.5	192.4	138.3	84.2	35.3
Earnings from investment portfolios **)	-3.4	-9.4	-18.0	8.6	22.3
Profit/loss on ordinary operations	61.1	183.0	120.3	92.8	57.6
Contributions to sector-targeted solutions **)	-79.5	-81.5	-81.3	-81.9	-74.0
Profit/loss before tax	-18.4	101.5	39.0	10.9	-16.4
Tax	-3.3	22.9	7.0	1.4	-8.7
Profit/loss after tax	-15.1	78.6	32.0	9.5	-7.7

BALANCE SHEET DISCLOSURES

BALANCE SHEET DISCLOSURES DKK M					
Total assets	67,436	70,657	67,910	69,126	64,529
Loans and advances	39,952	39,293	39,627	40,027	38,315
bank loans and advances	38,435	39,020	38,820	38,600	38,315
reverse transactions	1,517	273	807	1,427	0
Deposits	36,882	36,457	37,829	38,478	35,998
bank deposits	30,391	31,451	33,155	34,075	31,931
repo transactions	813	0	0	0	0
deposits in pooled schemes	5,678	5,006	4,674	4,403	4,067
Subordinated debt	2,477	2,750	2,752	2,717	2,681
Shareholders' equity	4,374	4,383	4,306	4,274	4,143
Contingent liabilities	5,117	7,516	6,568	6,370	6,235
Risk-weighted items	43,406	43,786	43,384	42,881	41,692
Core capital (incl. hybrid core capital) after deductions	5,717	5,785	5,718	5,656	5,502
Impairment of loans, advances and receivables, etc.	1,027	1,241	1,194	1,150	1,100
Non-performing loans	105	151	124	122	103
Business volume	81,971	83,266	84,024	84,875	80,548

*) The accrual of income relating to initial payment under operating leases and the related depreciation of operating lease assets were adjusted at end-2010. The effect was recognized in Q1-Q4 2010, with resulting adjustments to other operating income and depreciation and impairment, operating lease assets.

The adjustments had no impact on profit in Q1-Q3 2010, nor any impact on Q4 2009.

**) The definition and breakdown of earnings from investment portfolios and contributions to sector-targeted solutions, which have been recognized separately, appear from note 3.

FINANCIAL RATIOS

FOR THE GROUP

CORE EARNINGS - QUARTERLY

FINANCIAL RATIOS

		2010 Q4	2010 Q3	2010 Q2	2010 Q1	2009 Q4
SOLVENCY						
Solvency ratio [%]		13.4	14.1	14.1	14.2	14.2
Core capital ratio, incl. hybrid capital [%]		13.2	13.2	13.2	13.2	13.2
Core capital ratio, excl. hybrid capital [%]		9.3	9.3	9.3	9.3	9.3
EARNINGS						
Return on equity before tax	%	-0.4	2.4	0.9	0.3	-0.4
Return on equity after tax	%	-0.4	1.8	0.8	0.2	-0.2
Cost share of core income	DKK m	0.70	0.55	0.63	0.68	0.68
Cost share of core income, incl. impairment of loans and advances	DKK m	0.90	0.70	0.79	0.87	0.94
MARKET RISK						
Interest-rate risk	%	0.1	-0.3	-0.2	-0.4	-0.3
Foreign-exchange position	%	2.9	3.2	3.4	3.2	2.9
Foreign-exchange risk	%	0.1	0.1	0.0	0.0	0.0
CREDIT RISK						
Loans and advances plus impairment rel. to deposits	%	111.1	110.6	107.4	106.6	109.1
Loans and advances rel. to shareholders' equity		9.1	9.0	9.2	9.4	9.2
Increase in loans and advances for the period	%	1.7	-0.8	-1.0	4.5	-1.0
Excess coverage rel. to statutory cash ratio requirement	%	109.1	100.6	131.2	165.6	157.0
Large exposures as % of capital base ***)	%	0.0	11.2	12.5	13.0	10.9
Impairment ratio [%]		0.3	0.2	0.2	0.3	0.4
EMPLOYEES AND BRANCHES						
Number of employees (full-time, end of year)		1,471	1,500	1,515	1,541	1,530
Number of branches		71	72	75	77	77
THE SPAR NORD BANK SHARE						
DKK PER SHARE OF DKK 10						
Share price, end of period		61	57	59	58	56
Net asset value (NAV)		77	77	76	75	75
Profit/loss for the period		-0.3	1.4	0.6	0.2	-0.1

***] With reference to the Danish Financial Supervisory Authority's "Guidelines on the reporting of financial ratios", the financial ratio "Large exposures as % of capital base" was adjusted for exposures to credit institutions below DKK 1 billion in Q4 2010 in accordance with section 145 of the Danish Financial Business Act, for which reason this financial ratio is not fully comparable with previous quarters.

PERFORMANCE INDICATORS

FOR THE GROUP

CORE EARNINGS - YEAR

PERFORMANCE INDICATORS

INCOME STATEMENT DKK M	2010	2009	Change in %	2008	2007	2006
Net interest income	1,607.9	1,767.7	-9.0	1,502.3	1,149.7	1,010.7
Net income from fees, charges and commissions	505.6	416.8	21.3	402.1	482.9	470.3
Market-value adjustments and dividends	268.3	304.0	-11.7	-68.2	181.9	208.6
Other operating income	132.5	99.8	32.8	89.6	75.6	61.4
Profit/loss on equity investments in associates and group enterprises	61.0	35.9	69.9	31.5	99.1	84.0
Core income	2,575.3	2,624.2	-1.9	1,957.3	1,989.2	1,835.0
Wages and salaries	948.2	915.4	3.6	820.1	770.1	686.0
Operating expenses	568.9	594.5	-4.3	464.0	442.6	402.3
Depreciation and impairment, operating lease assets	59.5	40.8	45.8	29.9	25.4	21.8
Depreciation and impairment, other assets	65.7	70.7	-7.1	66.1	48.2	51.7
Costs	1,642.3	1,621.4	1.3	1,380.1	1,286.3	1,161.8
Core earnings before impairment	933.0	1,002.8	-7.0	577.2	702.9	673.2
Impairment of loans, advances and receivables, etc.	453.6	584.0	-22.3	235.8	-111.3	-172.5
Core earnings	479.4	418.8	14.5	341.4	814.2	845.7
Earnings from investment portfolios *)	-22.2	17.1	-	-229.3	18.8	35.2
Totalkredit (sale of shares)	0.0	0.0	-	92.9	0.0	152.3
Profit/loss on ordinary operations	457.2	435.9	4.9	205.0	833.0	1,033.2
Contributions to sector-targeted solutions *)	-324.2	-291.2	11.3	-81.3	0.0	0.0
Profit/loss before tax	133.0	144.7	-8.1	123.7	833.0	1,033.2
Tax	28.0	27.2	2.9	28.4	152.7	204.6
Profit/loss after tax	105.0	117.5	-10.6	95.3	680.3	828.6

BALANCE SHEET DISCLOSURES

DKK M						
Total assets	67,436	64,529	4.5	69,268	63,394	58,565
Loans and advances	39,952	38,315	4.3	45,376	40,939	34,318
bank loans and advances	38,435	38,315	0.3	43,156	40,506	32,409
reverse transactions	1,517	0	-	2,220	433	1,909
Deposits	36,882	35,998	2.5	38,019	31,416	26,259
bank deposits	30,391	31,931	-4.8	33,833	27,387	22,166
repo transactions	813	0	-	0	0	537
deposits in pooled schemes	5,678	4,067	39.6	4,186	4,029	3,556
Subordinated debt	2,477	2,681	-7.6	1,652	1,770	1,458
Shareholders' equity	4,374	4,143	5.6	4,024	4,138	3,649
Contingent liabilities	5,137	6,235	-17.6	4,561	4,048	7,017
Risk-weighted items	43,406	41,692	4.1	42,813	43,656	38,289
Core capital (incl. hybrid core capital) after deductions	5,717	5,502	3.9	4,154	4,098	3,727
Impairment of loans, advances and receivables, etc.	1,027	1,100	-6.6	606	444	525
Non-performing loans	105	103	1.9	48	27	48
Business volume	81,971	80,548	1.8	87,956	76,403	67,594

*) The definition and breakdown of earnings from investment portfolios and contributions to sector-targeted solutions, which have been recognized separately, appear from note 3.

FINANCIAL RATIOS

FOR THE GROUP

CORE EARNINGS - YEAR

		2010	2009	2008	2007	2006
SOLVENCY						
Solvency ratio (%)		13.4	14.2	11.3	11.1	10.8
Core capital ratio, incl. hybrid capital (%)		13.2	13.2	9.7	9.4	9.7
Core capital ratio, excl. hybrid capital (%)		9.3	9.3	8.9	8.6	8.8
EARNINGS						
Return on equity before tax	%	3.1	3.5	3.0	21.4	30.9
Return on equity after tax	%	2.5	2.9	2.3	17.5	24.8
Cost share of core income	DKK m	0.64	0.62	0.71	0.65	0.63
Cost share of core income, incl. impairment of loans and advances	DKK m	0.81	0.84	0.83	0.59	0.54
MARKET RISK						
Interest-rate risk	%	0.1	-0.3	0.3	1.3	0.4
Foreign-exchange position	%	2.9	2.9	9.1	5.7	6.7
Foreign-exchange risk	%	0.1	0.0	0.1	0.1	0.1
CREDIT RISK						
Loans and advances plus impairment rel. to deposits	%	111.1	109.1	120.9	131.7	132.6
Loans and advances rel. to shareholders' equity		9.1	9.2	11.3	9.9	9.4
Increase in loans and advances for the year	%	4.3	-15.6	10.8	19.3	26.5
Excess coverage rel. to statutory cash ratio requirement	%	109.1	157.0	86.7	91.9	34.3
Large exposures as % of capital base **)	%	0.0	10.9	12.3	65.0	80.9
Impairment ratio (%)		1.0	1.3	0.5	-0.2	-0.4
EMPLOYEES AND BRANCHES						
Number of employees (full-time, end of year)		1,471	1,530	1,554	1,416	1,313
Number of local banks		71	77	75	82	77
THE SPAR NORD BANK SHARE						
DKK PER SHARE OF DKK 10						
Share price, end of year		61	56	43	116	137
Net asset value (NAV)		77	75	73	75	65
Profit/loss for the year		1.9	2.1	1.7	11.9	14.5
Dividend		0	0	0	3	3
Return	%	9	32	-61	-13	50
Price/earnings		32	27	25	10	9

**) With reference to the Danish Financial Supervisory Authority's "Guidelines on the reporting of financial ratios", the financial ratio "Large exposures as % of capital base" was adjusted for exposures to credit institutions below DKK 1 billion in 2010 in accordance with section 145 of the Danish Financial Business Act, for which reason this financial ratio is not fully comparable with previous years.

The Danish Financial Supervisory Authority's layout and ratio system appear from note 58.
Ratio definitions appear from note 59.

THE YEAR IN REVIEW - THE GROUP

INTRODUCTION

The Spar Nord Group ended the year with a pre-tax profit of DKK 133 million, equal to a 3% return on equity. Profit on ordinary operations before contributions to Bank Package I and other sector-targeted solutions amounted to DKK 457 million, equivalent to an 11% return on equity.

Core earnings before impairment and contributions to sector-targeted solutions fell 7% - down from DKK 1,003 million in 2009 to DKK 933 million in 2010. The realized core earnings before impairment are within the DKK 900-1,000 million band announced at the end of Q3. This decline compared with 2009 is due to the fact that moderate customer demand for financing, coupled with increased funding costs, reduced the Group's net interest income. At the same time, market-value adjustments ended slightly lower than the very high level we saw in 2009. On the upside, net income from fees, charges and commissions increased.

Total costs ended at the same level as in 2009 - a development that Management finds satisfactory, and which is attributable to the general fixation on efficiency and stringent attention to cost that characterized the Group in 2010.

The continued challenges posed in a wide range of industries in the corporate sector have kept loan impairment losses at a high level, specifically DKK 454 million, or 1% of the Group's total loans, advances and guarantees.

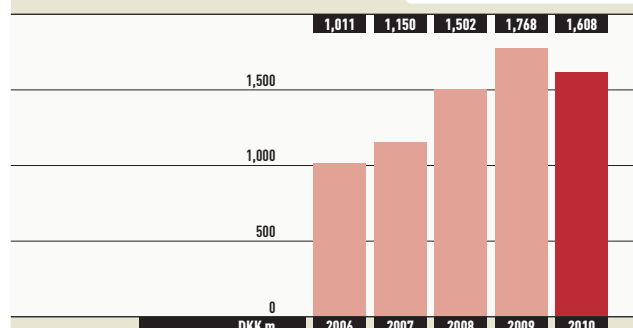
The Group's contributions to Bank Package I and other sector-targeted solutions, including contributions to the Depositors' Guarantee Fund in connection with the bankruptcy of Amagerbanken, amounted to DKK 324 million.

Overall, Spar Nord's Management therefore considers the profit performance to be satisfactory under the given market conditions.

INCOME

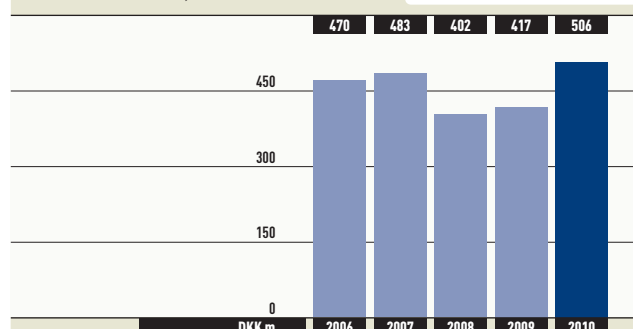
Net interest income amounted to DKK 1,608 million in 2010, equal to a 9% drop on 2009. This decrease occurred due to declining interest income from the Bank's bond portfolio, increasing interest expenses for hybrid core capital and senior funding and the generally low interest level.

NET INTEREST INCOME



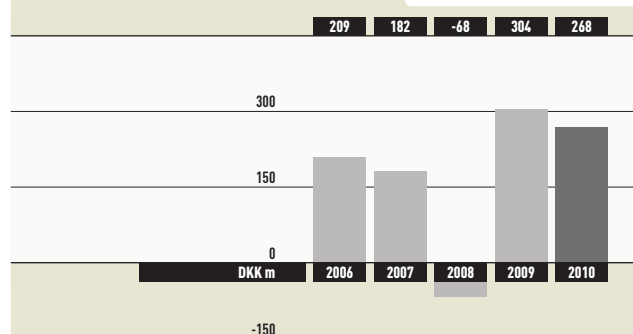
Net income from fees, charges and commissions ended at DKK 506 million, 21% up on 2009. This growth comes from many sources, as all fee types show progress. In particular, the housing area (guarantees and loan transaction fees) and the capital-market-related areas (securities trading and asset management) showed respectable growth in activities, and thus in fee income.

NET INCOME FROM FEES, CHARGES AND COMMISSIONS



Market-value adjustments and dividends ended at a highly satisfactory DKK 268 million after a year with excellent market conditions in the bond area. Positive market-value adjustments of the Bank's strategic share portfolio in sector companies (e.g. DLR Kredit, Bankinvest, Danish Ship Finance, etc.) amounted to DKK 44 million against DKK 48 million in 2009.

MARKET VALUE ADJUSTMENTS AND DIVIDENDS

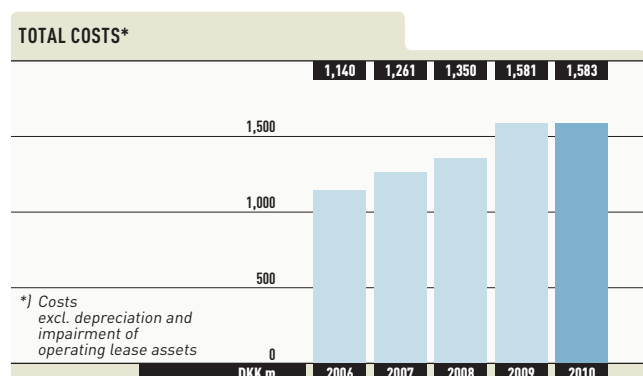


Other operating income, which is mainly composed of income from operational leasing, rose from DKK 100 million to DKK 133 million in 2010. This increase is attributable to the sharp growth in operational leasing at Finans Nord.

Profits on equity investments in associates, which ended at DKK 61 m, relate primarily to Spar Nord's stake in Nørresundby Bank and ValueInvest Asset Management.

COSTS

The Group's total costs ended at DKK 1,642 million, corresponding to a growth of 1% on 2009. Excluding depreciation and impairment of operating lease assets, this is tantamount to zero growth in costs.



Payroll costs increased by 4% to DKK 948 million. Collective agreement pay rises and extraordinary severance pay and disestablishment costs as a result of the staff cuts in Q1 2010 are the two reasons for this increase despite reductions made in staff, down from 1,530 to 1,471 people.

Operating expenses were successfully reduced by a highly satisfactory 4% to DKK 569 million. This reduction was effected across a wide range of expense types and entailed a targeted Group-wide effort.

The core income and costs realized correspond to a cost/income ratio of 0.64 versus 0.62 in 2009, a figure that needs improvement in coming years according to the goals of the new strategy plan, TIME FOR CUSTOMERS.

IMPAIRMENT

The Group's combined impairment of loans and advances, etc., amounted to DKK 454 million, (excl. the Private Contingency Association), corresponding to an impairment ratio of 1.0% of average bank loans. The realized impairment ratio is lower than expected at the beginning of the year and is assessed to be acceptable considering the continued negative socio-economic conditions.

THE GROUP'S LOANS, ADVANCES AND GUARANTEES - BY INDUSTRY

Industry %	Exposures The Group end-2009	Exposures The Group end-2010	Individual impairment end-2010
Fisheries	0.5	0.3	0.7
Agriculture and forestry	12.5	11.9	23.4
Industry and raw materials extraction	4.2	3.8	5.2
Energy supply	2.6	3.0	0.1
Building and construction	4.4	4.9	5.5
Trade	7.7	8.4	13.2
Transport, hotels and restaurants	7.0	6.6	7.6
Information and communication	0.2	0.2	0.4
Financing and insurance	4.5	7.9	5.9
Real estate	11.0	10.7	9.4
Other business areas	7.3	6.7	7.7
Business customers, total	61.9	64.4	79.1
Public authorities	1.4	2.3	0.0
Retail customers	36.7	33.3	20.9
Total	100.0	100.0	100.0

DKK 397 million of the DKK 454 million is attributable to business customers, corresponding to an impairment ratio of 1.3% for this customer category. Of this amount, impairment of balances with agricultural customers accounts for DKK 107 million, corresponding to an impairment ratio of 1.9%. Finally, retail customers account for DKK 57 million, corresponding to an impairment ratio of 0.4%.

At end-2010, total loan impairment losses, etc. amounted to DKK 1,027 million. Non-performing loans amount to DKK 105 million, and the cover ratio can thus be calculated at 9.8%.

The DKK 224 million provision for loss on the guarantee in connection with Bank Package I was written off at end-2010.

FINANCIAL CREDIT RISK

The Group's financial credit risk remains at a low level. The bond portfolio is primarily composed of bonds from issuers having a rating of A or higher, and the Group has no exposure to Portugal, Italy, Ireland, Greece or Spain.

BOND PORTFOLIO BY ISSUER TYPE*)

DKK m	End-2009	End-2010	% distribution End-2010
Government bonds	-41	-134	-1
Mortgage-credit bonds	10,243	10,833	87
Financial issuers	977	1,504	12
CDOs	36	0	0
Other issuers	127	238	2
Bonds	11,342	12,441	100

*) The bond portfolio plus spot and forward transactions (purchase + sale)

BOND PORTFOLIO BY RATING*)

DKK m	End- 2009	End- 2010	% distribution End- 2010
AAA	7,190	8,097	65
AA	3,724	3,221	26
A	417	984	8
BBB	0	2	0
BB	0	123	1
CCC	11	0	0
CC	0	12	0
Unrated	0	2	0
Bonds	11,342	12,441	100

*) The bond portfolio plus spot and forward transactions (purchase + sale)

EARNINGS FROM INVESTMENT PORTFOLIOS

Gains and losses on the liquidation portfolio of securities arising in connection with the close down of the Treasury function in 2008, and the Bank's investments in unlisted shares via Erhvervsinvest Nord A/S and Erhvervsinvest K/S are recognized under earnings on portfolio investments.

Earnings on portfolio investments amounted to DKK -22 million versus a gain of DKK 17 million in 2009. DKK 18 million of the loss is attributable to the liquidation portfolio, reduced to DKK 235 million in 2010, with the balance of DKK 4 million deriving from from unlisted shares.

BANK PACKAGE I AND OTHER SECTOR-TARGETED SOLUTIONS

The reason that the Spar Nord Group's profit for the year was relatively modest in 2010 is due particularly to the fact that the Group's contributions to Bank Package I and other sector-targeted solutions, including contributions to the Depositors' Guarantee Fund in connection with Amagerbanken's bankruptcy, amounted to DKK 324 million.

In total, Spar Nord's contributions to sector-targeted solutions in connection with the international financial crisis amounted to DKK 697 million.

PROFITS

Pre-tax profits amounted to DKK 133 million compared with last year's DKK 145 million. This profit performance yields a return on the beginning equity of 3%. After DKK 28 million in estimated tax, profits amount to DKK 105 million. The tax amounts to 21.1% of the pre-tax profits for the year.

As a consequence of Spar Nord's participation in Bank Package I, no dividend may be distributed for Q1-Q3 2010, and the Supervisory Board recommends to the shareholders at the Annual General Meeting that no dividends be distributed for 2010.

Q4

Pre-tax results in Q4 amounted to DKK -18 million compared with DKK 102 million in Q3. The primary background is an expense of DKK 80 million to the Depositors' Guarantee Fund that was recognized in connection with Amagerbanken's bankruptcy. An additional explanatory factor to the lower profit performance is the downturn in market-value adjustments, higher costs and impairment losses recorded in Q4.

The net interest income in Q4 ended at the same level as in Q3 at DKK 402 million, while net income from fees, charges and commissions amounted to DKK 134 million compared with DKK 122 million in Q3 2010.

Market-value adjustments in Q4 came to DKK 30 million against DKK 78 million in Q3. This decline is primarily a result of the interest increase in Q4.

Costs in Q4 ended at DKK 432 million. The growth relative to Q3 may be explained by the impact of the change of accrual principles applied to holiday pay obligations, which entailed that payroll costs ended DKK 31 million up on Q3. To this should be added costs that are attributable to an activity where a distressed structured bond was repurchased from the customers and resold.

Impairment of loans and advances amounted to DKK 123 million in Q4 versus DKK 101 million in Q3.

A loss of DKK 3 million was recognized on earnings from investment portfolios.

BUSINESS VOLUME

At end-2010, the Spar Nord Group's total business volume (deposits, loans, advances and guarantees) amounted to DKK 82.0 billion, 2% up on the figures reported at the close of 2009.

BANK DEPOSITS, BANK LENDING AND BUSINESS VOLUME

DKK m	2006	2007	2008	2009	2010
Bank deposits	22,166	27,387	33,833	31,931	30,391
Bank lending	32,409	40,506	43,156	38,315	38,435
Business volume	67,594	76,403	87,956	80,548	81,971

The Group's total bank lending stood at DKK 38.4 billion at year-end (2009: DKK 38.3 billion), 31% of which is attributable to retail customers (2009: 32%) and 69% to business customers (2009: 68%). Guarantees amounted to DKK 5.1 billion, versus DKK 6.2 billion at end-2009. This decline is primarily attributable to a reduced number of pending land registration applications.

Bank deposits amounted to DKK 30.4 billion (2009: DKK 31.9 billion), 60% of which is attributable to retail customers (2009: 57%) and 40% to business customers (2009: 43%). The reduction in bank deposits is due mainly to the fact that several business customers chose to place their liquidity in various types of securities as a consequence of the low interest level.

Spar Nord local banks' business volume amounted to DKK 62.7 billion at the close of 2010, 4% down on the volume at the end of 2009.

The local banks' bank lending stood at DKK 30.3 billion at the end of the year (2009: DKK 30.1 billion), 38% of which is attributable to retail customers (2009: 40%) and 62% to business customers (2009: 60%). Deposits with local banks amounted to DKK 27.6 billion at the end of the year (2009: DKK 29.5 billion), 65% of which is attributable to retail customers (2009: 61%) and 35% to business customers (2009: 39%).

Since end-2009, mortgage-credit loans arranged have increased DKK 3.8 billion, equal to 10.7%. Thus, the Group's arranged credits increased 6.1% in total in 2010.

CAPITAL

The core capital ratio, incl. hybrid core capital, stood at 13.2% at the end of 2010, with Spar Nord having an internal target of minimum 12.0%. The core capital ratio, excl. hybrid core capital, has been calculated at 9.3%, with Spar Nord having an internal target of minimum 8.0%.

The solvency ratio stood at 13.4%, which should be viewed in relation to Spar Nord's having calculated the ICAAP ratio at 8.5% at end-2010. Thus, the Bank has an excess capital coverage of 4.9 percentage points, equal to DKK 2.1 billion.

SOLVENCY RATIO AND CORE CAPITAL RATIO

%	2006	2007	2008	2009	2010
Core capital ratio, excl. hybrid	8.8	8.6	8.9	9.3	9.3
Core capital ratio, incl. hybrid	9.7	9.4	9.7	13.2	13.2
Solvency ratio	10.8	11.1	11.3	14.2	13.4
ICAAP ratio				8.5	8.5

LIQUIDITY

Spar Nord's strategic liquidity target is for cash deposits, senior funding, bond issues, subordinated debt and shareholders' equity to exceed the Bank's volume of lending.

STRATEGIC LIQUIDITY*)

DKK bn	End-2006	End-2007	End-2008	End-2009	End-2010
Deposits and other payables	22.7	27.4	33.8	31.9	31.2
Senior loans/bond issues	3.7	7.6	5.4	7.2	7.3
Shareholders' equity & suppl. capital	5.0	5.8	5.4	6.6	6.7
Generation of cash	31.4	40.8	44.6	45.7	45.2
Loans and advances	34.3	40.9	45.4	38.3	40.0
Liquidity target (>0)	-2.9	-0.1	-0.8	7.4	5.2

*) See note 54

Thus, the target is for long-term funding to finance loans and advances at all times. As from 2010, this target has been narrowed, as the Bank no longer includes subordinated loans, senior loans and issued bond loans falling due within 12 months when calculating its strategic liquidity.

At end-2010, Spar Nord had an excess coverage relative to the strategic liquidity target of DKK 5.2 billion (end-2009: DKK 7.4 billion). This reduction is due primarily to the fact that loans grew more than deposits.

OUTLOOK FOR 2011

In socio-economic terms, Spar Nord expects 2011 to be yet another year characterized by very moderate growth. After a historically high increase in disposable wages and salaries in 2010, increasing taxes and a lower rate of pay increases are expected to lead to a more subdued growth rate in 2011. Unemployment is expected to rise moderately, and savings will be high and the propensity to consume and invest relatively low.

However, since the Bank has expanded its distribution network in recent years, among other things, Spar Nord expects to be able to increase its market share to a degree that enables the Group to experience positive growth in lending despite subdued demand.

The interest margin is expected to be lower than in 2010, although not dramatically so. This expectation should be viewed in light of the increased competition for attracting good customers.

The projection as to growth in lending plus pressure on the interest margin combine to drive an expected moderate increase in net interest income.

On the fee side, we also expect growth - primarily fuelled by a sustained growth in lending and capital-market-related fee types.

Due to the marginally increasing interest level, market-value adjustments are expected to be down on 2010.

The other activities of Trading, Financial Markets & the International Division are expected to generate increased earnings, and Finans Nord's earnings are also expected to grow.

Costs, exclusive of depreciation and impairment on operational leasing, are expected to end at an unchanged level due to the initiatives implemented in 2010.

Overall, Management expects core earnings before impairment of loans and advances to hover around the DKK 850-1,050 million level.

Impairment of loans and advances is expected to end at an unchanged level of around 1% of total loans, advances and guarantees.

ORGANIZATION AND CORP. GOVERNANCE

SUPERVISORY BOARD

TORBEN FRISTRUP



CHAIRMAN OF THE SUPERVISORY BOARD

Born 1951. Member of the Supervisory Board since 2003, Chairman of the Supervisory Board since 2004. Member of the remuneration committee.

Chief Executive Officer
Cubic-Modulsystem A/S.

EDUCATION

Engineer, Executive education from IMD.

CHAIRMAN OF THE SUPERVISORY BOARD

A/S Peder Nielsens
Beslagfabrik,
Brønderslev Industri-
lakering A/S,
CUBIK Norge A/S,
CUBIC-Modular System Ltd.,
CUBIC Svenska AB,
Sjørring Maskinfabrik A/S

MEMBER OF THE SUPERVISORY BOARD

Cubic-Modulsystem A/S,
Keflico A/S,
Rigmor Nielsens Fond,
Kauffelts Fond,
Spar Nord Fonden.

SPECIAL EXPERTISE

Managing small and medium-sized businesses, including strategic development. Industry and manual trades. HR.

SHAREHOLDING

5,750

INDEPENDENT

PER NIKOLAJ BUKH



DEPUTY CHAIRMAN OF THE SUPERVISORY BOARD

Born 1965. Member of the Supervisory Board since 2007, Deputy Chairman of the Supervisory Board since 2009. Member of the audit committee. Member of the remuneration committee.

Professor,
Aalborg University.

EDUCATION

MSc econ., PhD.

MEMBER OF THE SUPERVISORY BOARD

Jurist- & Økonomforbundets
Forlag A/S,
Jurist- & Økonomforbundets
Forlagsfond,
Jurist- & Økonomforbundets
Forlag Holding A/S,
Spar Nord Fonden,
P. N. Bukh ApS,
Value Spread 1 ApS,
Berty A/S.

SPECIAL EXPERTISE

Finance and risk management. Financial markets. HR.

SHAREHOLDING

4,100

INDEPENDENT

JAN HØHOLT JENSEN



Born 1965. Employee-elected member of the Supervisory Board since 2004. Member of the audit committee.

Workplace representative,
Spar Nord Bank A/S.

EDUCATION

Financial services background. Financial continuing education.

MEMBER OF THE SUPERVISORY BOARD

The Financial Services
Union's "Spar Nord Kreds".

SPECIAL EXPERTISE

HR. Business administration.

SHAREHOLDING

3,208

CARSTEN NORMANN

Born 1962. Member of the Supervisory Board since 2004.

Professional supervisory board member. Former managing director of Dagrofa and Biva.

EDUCATION

MSc. (International Business Economics), Supervisory Board training for financial companies, Board certification from Board Governance.

MEMBER OF THE SUPERVISORY BOARD

Sportsmann Gruppen A/S, CaPa ApS, Laboris ApS, Søborg Hovedgade ApS.

SPECIAL EXPERTISE

Management. Retail trade. Strategy. Marketing. Empowerment.

SHAREHOLDING

1,380

INDEPENDENT**NIELS KRISTIAN KIRKETERP**

Born 1947. Member of the Supervisory Board since 2005.

Farmer, Kirketerp.

EDUCATION

Agricultural training.

SPECIAL EXPERTISE

Agriculture. Public and political institutions.

SHAREHOLDING

7,155

INDEPENDENT**OLE SKOV**

Born 1959. Employee-elected member of the Supervisory Board since 2000.

Senior workplace representative, Spar Nord Bank A/S.

EDUCATION

Financial services background. Financial service in-service training. Business diploma (accounts & financing). Supervisory Board training for financial companies.

CHAIRMAN OF THE SUPERVISORY BOARD

The Financial Services Union's "Spar Nord Kreds".

MEMBER OF THE SUPERVISORY BOARD

The Spar Nord Foundation, The Personnel Foundation at Spar Nord. The Financial Services Union Supervisory Board.

SPECIAL EXPERTISE

HR, Business administration, Financial markets.

SHAREHOLDING

1,854

JANNIE SKOVSEN

Born 1965. Employee-elected member of the Supervisory Board since 2008.

Workplace representative, Spar Nord Bank A/S.

EDUCATION

Financial services background. Financial service in-service training. Business diploma (marketing).

MEMBER OF THE SUPERVISORY BOARD

Spar Nord Constituency (Deputy Chairman). The Spar Nord Foundation.

SPECIAL EXPERTISE

HR. Business administration.

SHAREHOLDING

1,831

PER SØNDERGAARD PEDERSEN



Born 1954. Member of the Supervisory Board since 2002.

General manager, A.S.P. Ejendom ApS and PSP Holding ApS.

EDUCATION

Financial services background

CHAIRMAN OF THE SUPERVISORY BOARD

Athene Group A/S,
Business Institute Aalborg A/S,
Consencia A/S,
EIPE Holding A/S,
Exportakademiet Holding ApS,
Ib Andersen A/S,
Ib Andersen Ventilation A/S,
Ib Andersen Øst A/S,
J.A. Plastindustri A/S,
JMI Ejendomme A/S,
JMI Gruppen A/S,
Konsulenthuset Fremtiden ApS,
Lindgaard A/S,
NOWACO A/S,
Nybolig Jan Milvertz A/S,
Restaurant Fusion A/S,
Sport Nord A/S,
TBP Invest Aalborg A/S.

MEMBER OF THE SUPERVISORY BOARD

Ark. Bjørk og Maigaard Aps,
Bjørk og Maigaard Holding Aps,
Dansk Reservekraft Aps,
DTF Travel A/S,
Ejendomsaktieselskabet Thorkild Kristensen A/S,
Ejendomselskabet Hjulmagervej 58 A/S,
Ejendomsaktieselskabet Maren Poppes Gård,
Emidan A/S,
Fan Milk International A/S,
Fonden Musikkens Hus,

HANS ØSTERGAARD



Chairman of the audit committee.

Born 1946. Member of the Supervisory Board since 2009.

Professional supervisory board member. Former state-authorized public accountant.

EDUCATION

BCom (Accounting), Supervisory Board training for financial companies.

CHAIRMAN OF THE SUPERVISORY BOARD

C.S. Electric ApS,
HNC Group A/S,
HNC Holding A/S,
HNC Nord ApS.

MEMBER OF THE SUPERVISORY BOARD

Dyrlægerne Himmerland Kvæg.

SPECIAL EXPERTISE

Accounting and auditing, risk management.

SHAREHOLDING

2,000

INDEPENDENT

EXECUTIVE BOARD

LASSE NYBY



CHIEF EXECUTIVE OFFICER

Born	1960
Appointment year	1986
Joined the Exec. Board	1995
CEO	2000

EDUCATION

Financial services background, BCom (Management Accounting), Executive education from Insead

CHAIRMAN OF THE SUPERVISORY BOARD

FSP Pension, Regionale Bankers Forening, JSNFA Holding A/S, Advizer ApS, Finans Nord A/S, Erhvervsinvest Nord A/S, Spar Nords Ejendoms-selskab A/S.

MEMBER OF THE SUPERVISORY BOARD

Nykredit Holding A/S, PRAS A/S, Finansrådet, Vækst-Invest Nordjylland A/S, Finans Nord Easyfleet A/S, SN Finans Nord AB.

SHAREHOLDING

22,659

JOHN LUNDGAARD



MANAGING DIRECTOR

Born	1964
Appointment year	1986
Joined the Exec. Board	2000

EDUCATION

Financial services background, MBA.

CHAIRMAN OF THE SUPERVISORY BOARD

Skandinavisk Data Center A/S, Nordisk Finans IT, Factor Insurance Brokers A/S, Factor Insurance Brokers Jylland A/S, Høgsberg Assurance Service A/S.

MEMBER OF THE SUPERVISORY BOARD

Inwido Academy, letpension Holding A/S, letpension IT A/S, letpension Livs- og pensions-forsikrings-selskab A/S, Spar Nords Ejendoms-selskab A/S.

SHAREHOLDING

27,627

LARS MØLLER



MANAGING DIRECTOR

Born	1957
Appointment year	1984
Joined the Exec. Board	2000

EDUCATION

Financial services background, Executive education from Insead.

CHAIRMAN OF THE SUPERVISORY BOARD

BI Holding (Bankinvest Gruppen), BI Asset Management, BI Management.

MEMBER OF THE SUPERVISORY BOARD

DLR Kredit A/S, Erhvervsinvest Nord A/S, Spar Nords Ejendoms-selskab A/S, BI Technology A/S.

SHAREHOLDING

27,000

For more information about the Executive Board members, please refer to the Bank's website, sparnord.dk/ir. On the website you will see a list of the shareholdings and other directorships of the Executive Board members. Updated each quarter.

Spar Nord's Supervisory and Executive Boards consider corporate governance to be a fundamental requirement for maintaining a good relationship with internal and external stakeholders and for meeting the Group's financial and non-financial objectives.

Spar Nord's Management thus backs efforts to promote corporate governance, and has chosen to follow by far the bulk of the most recent recommendations from the Danish Corporate Governance

Committee and the supplementary recommendations from the Danish Bankers Association. A full overview of Spar Nord's position on the recommendations can be seen on its website atsparnord.dk/ir.

On the pages below you will see a more detailed introduction to Spar Nord's organizational and management structures, its approach to a dialogue with the Company's stakeholders, the work of the Supervisory and Executive Boards, remuneration issues, and more.



ORGANIZATIONAL AND MANAGEMENT STRUCTURE

Spar Nord's organizational and management model is based on an "outside-in" management perspective. The largest business unit, Spar Nord's Local Banks, is divided into 34 decentralized bank regions, each with a great deal of local autonomy as concerns its business profile, marketing and staff policies. All general managers of the bank regions report directly to the Executive Board.

Apart from Spar Nord's Local Banks, the Spar Nord Group consists of two other profit centres: Trading, Financial Markets & the International Division and the leasing company Finans Nord A/S.

Headquarters in Aalborg is composed of Corporate Coordination & Support and five staff functions. All executive staff members at Corporate Coordination & Support and in the staff functions also report directly to the Executive Board.

THE ROLE OF SHAREHOLDERS AND INTERACTION WITH THE COMPANY'S MANAGEMENT

Spar Nord's Management considers it extremely important that a good ongoing dialogue exists with shareholders - and that the Bank aids both professional and private shareholders in obtaining the best possible insight into the Bank's goals and strategies.

Communication with shareholders

Spar Nord Bank holds about 40 shareholders' meetings each year throughout the country with about 20,000 shareholders participating. In addition, Spar Nord promotes good communication with shareholders by always presenting thorough, updated and accessible information on the Company's website, sparnord.dk/ir. The website provides direct access to contacting both IR staff members and the Bank's Executive Board. In addition, the Bank issues the newsletter, 'Spar Nord Nyt', which presents information about the Company, the share and a wide range of other topics focusing on financial and non-financial issues.

Spar Nord regularly issues press releases and company announcements and publishes interim reports and annual reports in order to give all stakeholders an adequate picture of the Bank's position and developments. The financial statements are prepared in accordance with IFRS, and each quarter the Bank presents an update on the Group's outlook for the future. All financial statements are published simultaneously in Danish and English.

General Meeting

Basically, Spar Nord Bank follows the recommendations of the Corporate Governance Committee on preparing for annual general meetings, including the recommendations regarding the drafting of the convening notice and the issuing of proxies.

Shareholders with less than 20,000 shares appoint delegates at the annual local shareholders' meetings, who then represent the total share capital of the relevant shareholder region at the Annual General Meeting.

Shareholders holding 20,000 shares or more are entitled to attend the Annual General Meeting as delegates at the Meeting.

There are 34 local shareholder regions, which are geographically identical with Spar Nord's local bank regions. Eight delegates are elected in each region. If a delegate is unable to attend, another of the attending delegates from the same region is issued a proxy.

There is only one share class, and there are no restrictions as to voting rights and ownership or any other restrictions with respect to shareholders' right to exercise their influence.

Each year the Supervisory Board assesses whether the capital and share structure still serves the interests of the shareholders and the Company.

Alterations to the Articles of Association that cannot be made by the Supervisory Board pursuant to statutory provisions may be made at the General Meeting when adopted by at least two thirds of the votes cast as well as of the voting stock represented at the relevant General Meeting.

DIALOGUE WITH STAKEHOLDERS: OPENNESS AND TRANSPARENCY

In addition to having a constructive dialogue with shareholders, Spar Nord considers a good dialogue with other stakeholder groups to be crucial to positive development. A good reputation and excellent relations with customers, employees and the external environment in general is thus considered an important prerequisite for running a successful bank.

Spar Nord's Supervisory Board has adopted a communication strategy for the Group. The objective of the communication strategy is to create a common basis for the next few years' work to strengthen the business through Spar Nord's relations with its stakeholders. The strategy covers the areas branding, marketing, PR, internal communication and investor relations.

The communication strategy springs from Spar Nord's business model, the "Local Strategy". Among other things, this means that the communication strategy reflects Spar Nord's decentralized structure, and that the communication strategy shows how centrally initiated communication in the areas where this makes sense will operate as the point of departure for local communication initiatives.

SUPERVISORY BOARD

Spar Nord's Supervisory Board is composed of nine members, six of whom are elected by the shareholders and the remainder by the employees.

The Bank's Executive Board is not part of the Supervisory Board but takes part in all of its meetings. The Supervisory Board feels convinced that the size and composition selected will effectively contribute to ensuring constructive debate and efficient decision processes.

New Supervisory Board members are recruited through a formal, thorough and transparent process, based on a dialogue between the Supervisory Board and the chairmen of the regional bank committees, and the nominees are presented at shareholder meetings prior to the Annual General Meeting.

The members of the Supervisory Board are elected for a term of two years at a time, and the age limit for members is 70 years. The members of the Supervisory Board serve staggered terms, meaning that three members are up for election every year. The reason that

Spar Nord Bank has decided on this practice - and not the one recommended by the Danish Corporate Governance Committee, viz. an electoral period of 12 months - is to ensure better continuity in the activities of the Supervisory Board.

At least half of the Supervisory Board members elected at the Annual General Meeting must be disinterested in accordance with the recommendation of the Danish Corporate Governance Committee.

The number of employee-elected Supervisory Board members and the electoral procedure for employee elections comply with the provisions of the Danish Companies Act. The electoral term is four years.

The Supervisory Board finds it important that all members have the time and energy to actively participate in the Board's work, and believes that a simple calculation of directorships makes no sense, as the workload varies greatly from one company to another. Those of the current Supervisory Board who hold senior management positions in other companies all hold a number of posts that the Supervisory Board finds compatible with the board duties for Spar Nord Bank.

THE SUPERVISORY BOARD IS RESPONSIBLE FOR THE FOLLOWING:

- **Approving the Group's vision, mission, values, strategies and high-level structure - and monitoring whether the day-to-day management delivers results that match plans**
- **Instructions to the Executive Board**
- **Making decisions regarding the Group's proclivity for assuming risks - and monitoring whether the day-to-day management acts in accordance with instructions**
- **Approving capital and liquidity plans**
- **Approving financial and non-financial reporting**
- **Appointing and dismissing Executive Board members and Head of the Internal Audit Department**
- **Appointing and dismissing the General Managers in charge of finances and credit rating and the General Managers of Trading, Financial Markets & the International Division and Finans Nord at the recommendation of the Executive Board**
- **Making decisions regarding distribution of net profit or loss and distribution of dividend**
- **Nomination of auditor candidates at the Annual General Meeting**
- **Approving policies, business procedures, etc.**
- **Overseeing business procedures, financial statements presentation, risk management, etc.**
- **Discussing and making resolutions regarding acquisition and merger opportunities**
- **Making decisions regarding major capital investments**
- **Implementing remuneration policy into remuneration packages for Management**
- **Reviewing all important assets and liabilities**
- **Monitoring and authorizing of major credit facilities**
- **Monitoring and granting of credit facilities with respect to related parties**
- **Convening of General Meetings**

Spar Nord Bank's Supervisory Board convenes ten ordinary meetings a year plus a strategy seminar and four meetings with the chairmen of the regional bank committees. In 2010, the Supervisory Board held a total of 16 meetings. None of the members of the Supervisory Board or the Executive Board have attended less than 14 meetings.

The Supervisory Board's expertise and qualifications

Each year a comprehensive evaluation process is launched, with each Supervisory Board member presenting an overview of the de-

sired and actual situation as concerns a wide range of personal and professional qualifications - both at micro and macro level in relation to the overall Supervisory Board. The answers are discussed at Supervisory Board level and subsequently among the chairmen of regional bank committees.

The charts below show the qualifications and qualities that the Supervisory Board has defined as most important. The special qualifications of individual members appear from the overview in the introduction to this section.

PERSONAL QUALITIES	PROFESSIONAL QUALIFICATIONS	OTHER MATTERS
<ul style="list-style-type: none"> Fit & proper - credibility Time for board work Active and committed Ability to cooperate Network Independence Level of abstraction Professional managerial qualifications 	<p>SECTOR-SPECIFIC QUALIFICATIONS</p> <ul style="list-style-type: none"> Industry and SMB Retail trade Agriculture Properties Financial markets Municipalities, regions, etc. Manual trades <p>RISK MANAGEMENT</p> <ul style="list-style-type: none"> Credit risk Market risk Liquidity risk Operational risk IT risk <p>PROFESSIONAL EXPERTISE - BRANCH OF KNOWLEDGE</p> <ul style="list-style-type: none"> Accounting Auditing HR Marketing/branding Investor relations IT 	<ul style="list-style-type: none"> Continual replacement Age distribution Geographical distribution Equal gender distribution

Committees appointed by the Supervisory Board

Spar Nord Bank's Supervisory Board has set up an audit committee charged with monitoring and controlling accounting and auditing matters and undertaking the preparatory work concerning the Supervisory Board's processing of accounting and auditing issues.

The committee is composed of three members, one of whom is a member with special expertise in auditing and accounting matters, as required by statute, and who is also impartial.

The audit committee's terms of reference can be seen at [sparnord.dk/ir](#), which also provides a presentation of the members and their qualifications.

In addition, the Supervisory Board has set up a remuneration committee with two members. The remuneration committee is charged with undertaking the preparatory work concerning the Supervisory Board's processing of issues regarding remuneration, including remuneration policy.

Spar Nord's Supervisory Board has chosen not to set up a nomination committee, as the Supervisory Board members discharge the tasks connected with recommending nominees in a thorough and formalized dialogue with the chairmen of the local bank committees.

EXECUTIVE BOARD

The Executive Board is appointed by the Supervisory Board and is composed of Lasse Nyby, CEO, John Lundsgaard, Managing Director, and Lars Møller, Managing Director.

The Executive Board is the supreme decision-making body as concerns the day-to-day affairs of the Bank, in compliance with the directions issued by the Supervisory Board. The more specific distribution of duties between the Supervisory Board and the Executive Board appears from the rules of procedures under which they both operate.

REMUNERATION OF THE SUPERVISORY BOARD AND THE EXECUTIVE BOARD

The remuneration of the Supervisory Board and the salaries and other emoluments paid to the Executive Board are shown in the notes to the Annual Report. Supervisory Board members are paid a fixed annual amount and do not participate in any bonus or option programmes. Against this background, the Supervisory Board sees no reason to treat remuneration as a separate item on the AGM agenda.

The Supervisory Board finds that Executive Board members' terms of service, including severance terms, are in line with general practice in the area and are regularly reviewed. The Supervisory Board finds that the overall remuneration is competitive and fair in light of the Executive Board's performance results and long-term value generation for shareholders.

As a consequence of the passage of the Act on Financial Stability (Bank Package I), and the new guidelines introduced as a result of its adoption, Spar Nord's Supervisory Board made the decision in October 2008 to cancel all current share-option-based incentive schemes with immediate effect.

Perspectives for the future as concerns incentive pay packages

It appears from the draft version of the new remuneration policy to be submitted for approval at the next Annual General Meeting that in future Spar Nord will not operate with incentive pay packages to the Supervisory Board, the Executive Board and other major risk takers.

Note 13 contains accurate information about the remuneration of members of the Executive Board and the Supervisory Board.

INCOME STATEMENT

	Spar Nord Bank A/S The Group 2010 DKK m	Spar Nord Bank A/S The Group 2009 DKK m	Spar Nord Bank A/S Parent Company 2010 DKK m	Spar Nord Bank A/S Parent Company 2009 DKK m
4 Interest income	2,395.9	2,900.3	2,226.3	2,739.6
5 Interest expenses	788.1	1,134.3	787.5	1,129.5
Net interest income	1,607.8	1,766.0	1,438.8	1,610.1
6 Dividends on shares, etc.	13.0	19.7	13.0	19.7
7+9 Fees, charges and commissions received	574.2	490.4	567.1	483.7
8+9 Fees, charges and commissions paid	68.6	73.6	68.6	73.6
Net income from interest, fees, charges and commissions	2,126.4	2,202.5	1,950.3	2,039.9
10 Market-value adjustments	235.1	305.2	237.7	318.3
12 Other operating income	132.4	99.8	48.1	42.1
13+14+15 Staff costs and administrative expenses	1,504.1	1,500.5	1,410.7	1,408.6
16 Depreciation, amortization and impairment of intangible assets and property, plant and equipment	125.2	111.6	62.8	63.9
17 Other operating expenses	221.9	176.0	216.0	172.6
18+36+52 Impairment of loans, advances and receivables, etc.	550.2	691.8	449.9	575.1
19 Profit/loss on equity investments in associates and group enterprises	40.5	17.1	37.8	-24.5
Profit/loss before tax	133.0	144.7	134.5	155.6
20 Tax	28.0	27.2	28.5	38.1
Profit/loss for the year	105.0	117.5	106.0	117.5

PROPOSAL FOR DISTRIBUTION OF NET PROFIT

Profit/loss for the year	106.0	117.5
Total available for distribution	106.0	117.5
Dividend distribution – DKK 0 per share (2009: DKK 0 per share)	0.0	0.0
Reserve for net revaluation according to the equity method	37.8	-24.5
Retained earnings	68.2	142.0
Total distribution	106.0	117.5

46 EARNINGS PER SHARE

Earnings per share	1.9	2.1
Diluted earnings per share	1.9	2.1

STATEMENT OF COMPREHENSIVE INCOME

Profit/loss for the year	105.0	117.5
<i>Other comprehensive income</i>		
Exchange adjustment upon translation of foreign entity	10.2	3.8
Net revaluation of properties	-1.2	20.1
Tax on other comprehensive income	0.9	-4.5
Other comprehensive income after tax	9.9	19.4
Total comprehensive income	114.9	136.9
<i>Which breaks down as follows:</i>		
The shareholders of Spar Nord Bank A/S	114.9	136.9

BALANCE SHEET

	Spar Nord Bank A/S The Group 31.12.10 DKK m	Spar Nord Bank A/S The Group 31.12.09 DKK m	Spar Nord Bank A/S Parent Company 31.12.10 DKK m	Spar Nord Bank A/S Parent Company 31.12.09 DKK m
ASSETS				
Cash balances and demand deposits with central banks	578.1	841.5	578.1	841.5
21 Receivables from credit institutions and central banks	2,227.8	4,013.7	2,224.9	3,996.6
22 Loans, advances and other receivables at amortized cost	39,952.1	38,315.4	39,051.1	37,272.3
23 Bonds at fair value	13,637.3	12,578.8	13,637.3	12,578.8
24 Shares, etc.	1,121.7	869.8	1,108.9	856.2
25 Equity investments in associates	745.8	718.8	745.3	715.1
26 Equity investments in group enterprises	0.0	0.0	465.2	457.7
Assets linked to pooled schemes	5,678.5	4,066.5	5,678.5	4,066.5
27 Intangible assets	157.5	165.9	132.0	140.4
Investment properties	61.4	60.4	61.4	60.4
Corporate properties	452.8	462.8	418.8	433.8
28 Land and buildings, total	514.2	523.2	480.2	494.2
Operating lease assets	437.4	199.2	-	-
Other property, plant and equipment	166.4	152.9	157.9	145.2
29 Other property, plant and equipment, total	603.8	352.1	157.9	145.2
Current tax assets	1.4	3.5	1.7	1.4
37 Temporary assets	79.8	96.7	0.2	0.1
30 Other assets	2,064.5	1,907.4	2,080.0	1,929.4
31 Prepayments	73.2	75.9	72.6	75.3
Total assets	67,435.7	64,529.2	66,413.9	63,570.7
SHAREHOLDERS' EQUITY AND LIABILITIES				
LIABILITIES OTHER THAN PROVISIONS				
32 Payables to credit institutions and central banks	7,314.0	9,327.3	7,224.2	9,073.7
33 Deposits and other payables	31,203.7	31,930.7	31,221.1	32,073.8
Deposits in pooled schemes	5,678.5	4,066.5	5,678.5	4,066.5
34 Issued bonds at amortized cost	7,806.2	6,445.2	7,806.2	6,445.2
Other non-derivative financial liabilities at fair value	1,211.4	86.0	1,211.4	86.0
Current tax liabilities	2.4	0.1	0.0	0.0
35 Other liabilities	6,708.6	5,210.8	6,260.1	4,793.5
Deferred income	190.1	158.7	16.4	18.5
Total liabilities other than provisions	60,114.9	57,225.3	59,417.9	56,557.2
PROVISIONS FOR LIABILITIES				
37 Provisions for deferred tax	333.7	311.1	9.4	22.1
Provisions for losses on guarantees	4.5	133.8	3.3	132.6
Other provisions	131.2	35.2	130.9	35.0
Total provisions	469.4	480.1	143.6	189.7
SUBORDINATED DEBT				
38 Subordinated debt	2,477.0	2,681.1	2,477.0	2,681.1
Total liabilities	63,061.3	60,386.5	62,038.5	59,428.0
SHAREHOLDERS' EQUITY				
Share capital	570.7	570.7	570.7	570.7
Revaluation reserves	64.6	54.7	64.6	54.7
Accumulated changes in value, total	64.6	54.7	64.6	54.7
Statutory reserves	440.1	411.9	729.5	704.0
Statutory reserves, total	440.1	411.9	729.5	704.0
Retained earnings	3,299.0	3,105.4	3,010.6	2,813.3
Total shareholders' equity	4,374.4	4,142.7	4,375.4	4,142.7
Total shareholders' equity and liabilities	67,435.7	64,529.2	66,413.9	63,570.7
OFF-BALANCE-SHEET ITEMS				
43 Contingent liabilities	5,137.5	6,235.3	5,788.8	6,942.2
44 Other obligating agreements	581.7	575.5	602.6	594.3
Total off-balance-sheet items	5,719.2	6,810.8	6,391.4	7,536.5

STATEMENT OF CHANGES IN EQUITY

SHAREHOLDERS' EQUITY

THE GROUP

	Share capital DKK m	Revaluation reserve DKK m	Foreign- currency translation reserve DKK m	Statutory reserves DKK m	Proposed dividend DKK m	Retained earnings DKK m	Total DKK m
Shareholders' equity 01.01.2010	570.7	61.5	-6.8	411.9	0.0	3,105.4	4,142.7
<i>Changes in shareholders' equity in 2010:</i>							
Dividends received from associates recognized at net asset value	-	-	-	-12.3	-	12.3	0.0
Disposal upon acquisition of treasury shares	-	-	-	-	-	-366.9	-366.9
Addition upon sale of treasury shares	-	-	-	-	-	483.7	483.7
Profit/loss for the year	-	-	-	40.5	-	64.5	105.0
<i>Other comprehensive income</i>							
Exchange adjustment upon translation of foreign entity	-	-	10.2	-	-	-	10.2
Net revaluation of properties	-	-1.2	-	-	-	-	-1.2
Tax on other comprehensive income	-	0.9	-	-	-	-	0.9
Total comprehensive income for the period	-	-0.3	10.2	40.5	0.0	64.5	114.9
Shareholders' equity 31.12.2010	570.7	61.2	3.4	440.1	0.0	3,299.0	4,374.4
<i>Shareholders' equity 01.01.2009</i>							
Shareholders' equity 01.01.2009	570.7	46.3	-10.6	433.6	0.0	2,984.5	4,024.5
<i>Changes in shareholders' equity in 2009:</i>							
Dividends received from associates recognized at net asset value	-	-	-	-3.5	-	3.5	0.0
Disposal upon acquisition of treasury shares	-	-	-	-	-	-248.7	-248.7
Addition upon sale of treasury shares	-	-	-	-	-	256.2	256.2
Tax, treasury shares	-	-	-	-	-	-33.1	-33.1
Dissolution of revaluation reserves, associates	-	-	-	-42.2	-	42.2	0.0
Dissolution of revaluation reserves, sold properties	-	-0.4	-	-	-	0.4	0.0
Other capital movements in associates and group enterprises	-	0.0	-	6.9	-	-	6.9
Profit/loss for the year	-	-	-	17.1	-	100.4	117.5
<i>Other comprehensive income</i>							
Exchange adjustment upon translation of foreign entity	-	-	3.8	-	-	-	3.8
Net revaluation of properties	-	20.1	-	-	-	-	20.1
Tax on other comprehensive income	-	-4.5	-	-	-	-	-4.5
Total comprehensive income for the period	-	15.6	3.8	17.1	0.0	100.4	136.9
Shareholders' equity 31.12.2009	570.7	61.5	-6.8	411.9	0.0	3,105.4	4,142.7

STATEMENT OF CHANGES IN EQUITY

SHAREHOLDERS' EQUITY

PARENT COMPANY

	Share capital DKK m	Revaluation reserve DKK m	Foreign- currency translation reserve DKK m	Statutory reserves DKK m	Proposed dividend DKK m	Retained earnings DKK m	Total DKK m
Shareholders' equity 01.01.2010	570.7	61.5	-6.8	704.0	0.0	2,813.3	4,142.7
<i>Changes in shareholders' equity in 2010:</i>							
Exchange adjustment upon translation of foreign entity	-	-	10.2	-	-	-	10.2
Deferred tax, revaluation of properties	-	0.9	-	-	-	-	0.9
Dividends received from associates recognized at net asset value	-	-	-	-12.3	-	12.3	0.0
Disposal upon acquisition of treasury shares	-	-	-	-	-	-366.9	-366.9
Addition upon sale of treasury shares	-	-	-	-	-	483.7	483.7
Dissolution of revaluation reserves, revalued properties	-	-1.2	-	-	-	-	-1.2
Profit/loss for the period	-	-	-	37.8	-	68.2	106.0
Shareholders' equity 31.12.2010	570.7	61.2	3.4	729.5	0.0	3,010.6	4,375.4

Shareholders' equity 01.01.2009	570.7	46.3	-10.6	767.3	0.0	2,650.8	4,024.5
<i>Changes in shareholders' equity in 2009:</i>							
Exchange adjustment upon translation of foreign entity	-	-	3.8	-	-	-	3.8
Deferred tax, revaluation of properties	-	-4.5	-	-	-	-	-4.5
Other capital movements in associates and group enterprises	-	-	-	6.9	-	-	6.9
Dividends received from associates recognized at net asset value	-	-	-	-3.5	-	3.5	0.0
Disposal upon acquisition of treasury shares	-	-	-	-	-	-248.7	-248.7
Addition upon sale of treasury shares	-	-	-	-	-	256.2	256.2
Tax, treasury shares	-	-	-	-	-	-33.1	-33.1
Dissolution of revaluation reserves, associates	-	-	-	-42.2	-	42.2	0.0
Dissolution of revaluation reserves, sold properties	-	-0.4	-	-	-	0.4	0.0
Dissolution of revaluation reserves, revalued properties	-	20.1	-	-	-	-	20.1
Profit/loss for the period	-	-	-	-24.5	-	142.0	117.5
Shareholders' equity 31.12.2009	570.7	61.5	-6.8	704.0	0.0	2,813.3	4,142.7

The share capital consists of 57,068,810 shares in the denomination of DKK 10.

No shares have been allocated special rights. There are no restrictions in terms of transferability and no restrictions on voting rights.

Spar Nord Bank participated in the government-backed guarantee scheme (the Private Contingency Association) adopted by the Danish Parliament on 10 October 2008. Participation in the scheme meant that the participating financial institutions were not allowed to pay dividend or repurchase treasury shares during the period until 1 October 2010, when the agreement expired. As from 1 October 2010 and for as long as the Danish state contributes hybrid core capital, the payment of dividend may not exceed the profit for the year; nor may treasury shares be repurchased. No dividend was paid in 2009 and 2010.

Differences in accounting policies between the Parent Company's Financial Statements and the Consolidated Financial Statements

With the exception that subsidiaries are included in the Consolidated Financial Statements and recognized at net asset value in the Parent Company's Financial Statements, the accounting policies have been consistently applied.

The difference between the shareholders' equity and profit or loss in the Group and in the Parent Company is due to properties being classified as investment properties in subsidiaries and as corporate properties in the Group. The difference consists of depreciation on such properties; see below.

	PROFIT/LOSS		SHAREHOLDERS EQUITY	
	2010	2009	2010	2009
The Spar Nord Bank Group	105.0	117.5	4,374.4	4,142.7
Depreciation, the Group's corporate properties	1.0	0.0	1.0	0.0
Spar Nord Bank, the Parent Company	106.0	117.5	4,375.4	4,142.7

STATEMENT OF CHANGES IN EQUITY

	Spar Nord Bank A/S The Group 2010 DKK m	Spar Nord Bank A/S The Group 2009 DKK m	Spar Nord Bank A/S Parent Company 2010 DKK m	Spar Nord Bank A/S Parent Company 2009 DKK m
NUMBER OF SHARES IN CIRCULATION				
Beginning of year	54,994,374	54,945,563	54,994,374	54,945,563
Acquisition/sale of treasury shares	1,982,126	48,811	1,982,126	48,811
End of year	56,976,500	54,994,374	56,976,500	54,994,374
Shares issued	57,068,810	57,068,810	57,068,810	57,068,810
The Group's treasury share portfolio	92,310	2,074,436	92,310	2,074,436
Outstanding shares in circulation	56,976,500	54,994,374	56,976,500	54,994,374

TREASURY SHARE PORTFOLIO

Number of shares	92,310	2,074,436	92,310	2,074,436
Nominal value, DKK m	0.9	20.7	0.9	20.7
Fair value, DKK m	5.6	115.1	5.6	115.1
Percentage of share capital	0.2	3.6	0.2	3.6

TREASURY SHARE PORTFOLIO, FAIR VALUE, DKK M

Portfolio, beginning of year	115.1	90.2	115.1	90.2
Acquisition of treasury shares	366.9	248.7	366.9	248.7
Sale of treasury shares	483.7	256.2	483.7	256.2
Market-value adjustment	7.3	32.4	7.3	32.4
Portfolio, end of year	5.6	115.1	5.6	115.1

TREASURY SHARES DEPOSITED AS COLLATERAL

Number of shares	1,283,217	1,721,733	1,283,217	1,721,733
Nominal value, DKK m	12.8	17.2	12.8	17.2
Fair value, DKK m	78.3	96.4	78.3	96.4
Percentage of share capital	2.2	3.0	2.2	3.0

Treasury shares deposited as collateral comprise collateral provided by customers in the form of Spar Nord shares

The Bank uses treasury shares for trading with customers and shareholders. Until the next Annual General Meeting, the Supervisory Board is authorized to let the Bank acquire treasury shares of a nominal value of up to 10% of the share capital based on the listed price at the date of acquisition subject to a deviation of up to 10%.

In addition, the Supervisory Board is authorized to increase the share capital by up to DKK 285,344,050 in the period until 28 April 2014.

	Spar Nord Bank A/S The Group 2010 DKK m	Spar Nord Bank A/S The Group 2009 DKK m	Spar Nord Bank A/S Parent Company 2010 DKK m	Spar Nord Bank A/S Parent Company 2009 DKK m
CAPITAL BASE AND SOLVENCY RATIO				
Shareholders' equity	4,374.4	4,142.7	4,375.4	4,142.7
Proposed dividend	0.0	0.0	0.0	0.0
Intangible assets, incl. share recognized in equity investments in associates	194.6	203.0	169.1	177.5
Miscellaneous	131.8	75.9	130.4	75.9
Core capital after deductions	4,048.0	3,863.8	4,075.9	3,889.3
Hybrid core capital	1,669.5	1,638.2	1,669.5	1,638.2
Core capital (incl. hybrid core capital) after deductions	5,717.5	5,502.0	5,745.4	5,527.5
Subordinated debt (excl. hybrid core capital)*]	807.5	1,042.9	807.5	1,042.9
Revaluation reserves, etc.	64.6	54.7	64.6	54.7
Other deductions	769.2	693.4	767.8	735.7
Capital base after deductions	5,820.4	5,906.2	5,849.7	5,889.4
Risk-weighted items	43,405.5	41,692.3	44,154.7	42,155.7
Core capital ratio (excl. hybrid core capital) [%]	9.3	9.3	9.2	9.2
Core capital ratio (incl. hybrid core capital) [%]	13.2	13.2	13.0	13.1
Solvency ratio [%]	13.4	14.2	13.2	14.0

*] Including portfolio of own bonds.

For a specification of the unaudited ICAAP result, please see the section on capital in the group annual review.

CASH FLOW STATEMENT

		Spar Nord Bank A/S koncernen 31.12.10 Mio. kr.	Spar Nord Bank A/S koncernen 31.12.09 Mio. kr.	Spar Nord Bank A/S moderselskab 31.12.10 Mio. kr.	Spar Nord Bank A/S moderselskab 31.12.09 Mio. kr.
OPERATIONS					
26	Profit/loss before tax	133.0	144.7	134.5	155.6
16	Foreign-currency translation, subsidiaries	10.2	3.8	0.0	0.0
28	Depreciation, amortization and impairment of intangible assets and property, plant and equipment	125.2	111.6	62.8	63.9
	Fair-value changes, investment properties	2.3	2.5	2.3	2.5
36+52	Gains and losses on the sale of intangible assets and property, plant and equipment	0.4	-3.8	0.4	-3.8
36	Adjustment of impairment of loans and advances, etc.	-72.7	493.6	-77.1	424.4
19	Provisions for liabilities	-33.3	127.8	-33.3	126.6
	Profit/loss on equity investments in associates and group enterprises	-40.5	-17.1	-37.8	24.5
	Corporate income tax paid	-2.5	1.5	-2.1	1.6
	Operations, total	122.1	864.6	49.7	795.3
WORKING CAPITAL					
21+32	Movement in credit institutions and central banks, net	-4,909.3	-8,485.7	-4,745.7	-8,525.6
22	Movement in loans, advances and other receivables at amortized cost	-1,564.0	6,566.9	-1,701.7	6,456.5
23	Movement in bonds at fair value	-1,058.5	-3,825.1	-1,058.5	-3,825.1
24	Movement in equity portfolio	-251.9	-288.1	-252.7	-287.5
34	Movement in issued bonds at amortized cost	1,361.0	3,024.5	1,361.0	3,024.5
	Movement in other assets and other liabilities, net	5,455.6	2,452.3	5,356.3	2,383.0
33	Movement in deposits and other payables	-727.0	-1,902.4	-852.7	-1,790.1
	Total working capital	-1,694.1	-2,457.6	-1,894.0	-2,564.3
	Cash generated from operations, total	-1,572.0	-1,593.0	-1,844.3	-1,769.0
INVESTMENTS					
25-26	Net investment in associates and group enterprises	0.6	163.3	-2.0	155.0
27	Net investment in intangible assets	0.0	-1.6	0.0	-1.6
28+29+30	Net investment in other property, plant and equipment	-346.6	-196.4	-57.1	-47.0
	Net investment in treasury shares	116.8	7.5	116.8	7.5
25+26	Dividends from associates and group enterprises	12.9	3.5	12.3	3.5
	Investments, total	-216.3	-23.7	70.0	117.4
FINANCING					
38	Subordinated debt	-204.1	1,028.8	-204.1	1,028.8
	Dividend to shareholders, excluding dividend on treasury shares	0.0	0.0	0.0	0.0
	Total financing	-204.1	1,028.8	-204.1	1,028.8
	Movement in cash and cash equivalents for the year	-1,992.4	-587.9	-1,978.4	-622.8
	Cash and cash equivalents, beginning of year	4,365.1	4,953.0	4,349.3	4,972.1
	Movement in cash and cash equivalents for the year	-1,992.4	-587.9	-1,978.4	-622.8
	Cash and cash equivalents, end of year	2,372.7	4,365.1	2,370.9	4,349.3
	<i>Cash and cash equivalents, end of year</i>				
	Cash, cash equivalents and demand deposits with central banks	578.1	1,519.0	578.1	1,503.2
21	Receivables from credit institutions and central banks with less than 3 mths to maturity	1,794.6	2,846.1	1,792.8	2,846.1
	Total	2,372.7	4,365.1	2,370.9	4,349.3

58 PERFORMANCE INDICATORS AND FINANCIAL RATIOS

The Danish Financial Supervisory Authority's layout and ratio system

THE SPAR NORD GROUP

PERFORMANCE INDICATORS DKK m	2010	2009	2008	2007	2006
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INCOME STATEMENT

Net income from interest, fees, charges and commissions	2,126.4	2,202.5	1,916.7	1,647.3	1,514.4
Market-value adjustments	235.1	305.2	-225.3	164.7	331.2
Staff costs and administrative expenses	1,504.1	1,500.5	1,285.0	1,216.6	1,101.5
Impairment of loans, advances and receivables, etc.	550.2	691.8	274.7	-113.4	-169.1
Profit/loss on equity investments in associates and group enterprises	40.5	17.1	43.3	121.8	107.0
Profit/loss for the year	105.0	117.5	95.3	680.3	828.6

BALANCE SHEET

Loans and advances	39,952	38,315	45,376	40,939	34,318
Shareholders' equity	4,374	4,143	4,024	4,138	3,649
Total assets	67,436	64,529	69,268	63,394	58,565

FINANCIAL RATIOS

Solvency

Solvency ratio (%)	13.4	14.2	11.3	11.1	10.8
Core capital ratio (%)	13.2	13.2	9.7	9.4	9.7

Earnings

Return on equity before tax	%	3.1	3.5	3.0	21.4	30.9
Return on equity after tax	%	2.5	2.9	2.3	17.5	24.8
Income/cost ratio		1.06	1.06	1.07	1.71	2.03

Market risk

Interest-rate risk	%	0.1	-0.3	0.3	1.3	0.4
Foreign-exchange position	%	2.9	2.9	9.1	5.7	6.7
Foreign-exchange risk	%	0.1	0.0	0.1	0.1	0.1

Credit risk

Loans and advances relative to deposits	%	108.3	106.4	119.3	130.3	130.7
Loans and advances plus impairment relative to deposits	%	111.1	109.1	120.9	131.7	132.6
Loans and advances relative to shareholders' equity		9.1	9.2	11.3	9.9	9.4
Increase in loans and advances for the year	%	4.3	-15.6	10.8	19.3	26.5
Excess coverage relative to statutory cash ratio requirement	%	109.3	157.0	86.7	91.9	34.3
Large exposures as % of capital base *)	%	0.0	10.9	12.3	65.0	80.9
Impairment ratio (%)		1.2	1.5	0.5	-0.2	-0.4

THE SPAR NORD BANK SHARE

DKK per share of DKK 10

Earnings per share for the year	DKK	1.8	2.1	1.7	11.9	14.5
NAV per share	DKK	77	75	73	75	65
Dividend per share	DKK	0	0	0	3	3
Share price/earnings per share for the year		33.9	26.7	25.5	9.7	9.4
Share price/NAV per share		0.8	0.7	0.6	1.6	2.1

*) With reference to the Danish Financial Supervisory Authority's "Guidelines on the reporting of financial ratios", the financial ratio "Large exposures as % of capital base" was adjusted for exposures to credit institutions below DKK 1 billion in 2010 in accordance with section 145 of the Danish Financial Business Act, for which reason this financial ratio is not fully comparable with previous years.

Ratio definitions appear from note 59.

PERFORMANCE INDICATORS AND FINANCIAL RATIOS

The Danish Financial Supervisory Authority's layout and ratio system

SPAR NORD BANK, THE PARENT COMPANY

PERFORMANCE INDICATORS	2010	2009	2008	2007	2006
DKK m					

INCOME STATEMENT

Net income from interest, fees, charges and commissions	1,950.3	2,039.9	1,727.2	1,484.4	1,398.6
Market-value adjustments	237.7	318.3	-216.1	150.2	338.8
Staff costs and administrative expenses	1,410.7	1,408.6	1,205.3	1,148.1	1,044.6
Impairment of loans, advances and receivables, etc.	449.9	575.1	245.8	-112.4	-173.6
Profit/loss on equity investments in associates and group enterprises	37.8	-24.5	113.3	246.1	166.9
Profit/loss for the year	106.0	117.5	95.3	680.3	828.6

BALANCE SHEET

Loans and advances	39,051	37,272	44,153	39,789	33,552
Shareholders' equity	4,375	4,143	4,024	4,138	3,649
Total assets	66,414	63,571	68,286	62,497	57,999

FINANCIAL RATIOS

Solvency

Solvency ratio [%]	13.2	14.0	11.0	11.1	10.8
Core capital ratio [%]	13.0	13.1	9.4	9.4	9.7

Earnings

Return on equity before tax	%	3.2	3.8	2.5	21.2	30.2
Return on equity after tax	%	2.5	2.9	2.3	17.5	24.8
Income/cost ratio		1.06	1.07	1.06	1.76	2.10

Market risk

Interest-rate risk	%	0.1	-0.4	0.3	1.1	0.3
Foreign-exchange position	%	2.8	2.2	8.4	5.8	6.7
Foreign-exchange risk	%	0.1	0.0	0.1	0.1	0.1

Credit risk

Loans and advances relative to deposits	%	105.8	103.1	116.0	126.4	127.5
Loans and advances plus impairment relative to deposits	%	108.2	105.4	117.4	127.7	129.3
Loans and advances relative to shareholders' equity		8.9	9.0	11.0	9.6	9.2
Increase in loans and advances for the year	%	4.8	-15.6	11.0	18.6	26.6
Excess coverage relative to statutory cash ratio requirement	%	111.9	157.8	87.7	90.0	32.5
Large exposures as % of capital base *)	%	0.0	10.9	12.3	65.5	81.5
Impairment ratio [%]		1.0	1.3	0.5	-0.3	-0.4

THE SPAR NORD BANK SHARE

DKK per share of DKK 10

Earnings per share for the year	DKK	1.9	2.1	1.7	11.9	14.5
NAV per share	DKK	77	75	73	75	65
Dividend per share	DKK	0	0	0	3	3
Share price/earnings per share for the year		32.1	26.7	25.5	9.7	9.4
Share price/NAV per share		0.8	0.7	0.6	1.6	2.1

*) With reference to the Danish Financial Supervisory Authority's "Guidelines on the reporting of financial ratios", the financial ratio "Large exposures as % of capital base" was adjusted for exposures to credit institutions below DKK 1 billion in 2010 in accordance with section 145 of the Danish Financial Business Act, for which reason this financial ratio is not fully comparable with previous years.

Ratio definitions appear from note 59.

3 BUSINESS SEGMENTS

The Group is organized into different business areas and resource and support functions, according to product and service characteristics. The reporting segments correspond to the Group's organizational units based on customer affiliation, and an internal follow-up is carried on in this regard.

Spar Nord's Local Banks cater to all types of retail and business customers. Corporate Banking provides services to large business customers and high-net-worth personal customers. Spar Nord's Local Banks (the retail bank unit) constitute the largest organizational unit in the Spar Nord Group, consisting of 71 local banks divided into 34 bank regions throughout the country, including Corporate Banking.

Finans Nord is a financing company in the Spar Nord Bank Group. Finans Nord specializes in corporate financing via leasing of equipment for transport, agriculture, construction and industry, and in loan and asset purchase financing. In addition, Finans Nord is active in the market for operational leasing of cars and other vehicles for both retail and business customers. Apart from the parent company, the Finans Nord Group consists of the subsidiaries SN Finans Nord AB, Finans Nord Cross Border A/S and Finans Nord Easyfleet A/S.

Trading, Financial Markets & the International Division consists of six divisions: Markets, Bonds, Shares, Interest & Forex, Asset Management and the International Division. The trading departments centre on forex and securities, including hedging and managing the transactions made by the local banks' customers. Moreover, the trading departments cooperate with a number of the Bank's largest business customers and retail customers, as well as managing some of the Bank's own positions. The International Division offers products and advice associated with export and import.

Corporate Coordination & Support and **Staff Functions** perform support functions and related services for the Group.

Areas eliminated in the calculation of core earnings in the Group's annual review:

Contributions to sector-targeted solutions comprise payment of guarantee commission to the Private Contingency Association, losses on sector-targeted solutions (impairment of loans and advances, etc.) and contributions to the Depositors' Guarantee Fund, which covers the deposits, etc. made by depositors up to EUR 100,000 in banks being wound up or in insolvent liquidation.

Earnings from investment portfolios, etc. consist of earnings from the Bank's trading portfolio, Erhvervsinvest Nord A/S and companies from which investment in unlisted shares is carried on.

Other matters:

An internal interest rate is calculated for all business segments. The internal interest rate is used to equalize differences between assets and liabilities (surplus/deficit of liquidity) among the business segments. The internal interest rate is calculated per currency on the basis of market rates plus a liquidity premium.

In 2010, adjustments were made to the calculation of the internal interest rate charged between business areas.

The effect of the change to the liquidity premium and the distribution of long-term funding is an additional internal interest expense of DKK 107 million for the Local Banks as of 31 December 2010. The contrary effect primarily impacts the item, Unallocated. In addition, the business areas are impacted to a small extent by adjustments to the internal interest rate.

Centrally incurred costs and a few income items are basically allocated between the individual business segments on the basis of cost. An allocation is made from the unit paying the costs based on an assessment of each individual unit's proportionate share of the overall activity level.

Other income and costs are allocated to the business segments to which they are directly related or can reasonably be allocated.

The assets and liabilities of the business segments are the operating assets and operating liabilities that are employed by a segment for its operations and that are either directly attributable to the segment or can reasonably be allocated to the segment. The individual business segment has allocated capital equal to 8% of the average risk-weighted items of the business area (2008: 8%). In the business segment, the item Unallocated represents the difference between allocated capital and shareholders' equity.

As in previous years, the Group uses core earnings as its profit target.

Transactions between business segments are settled on an arm's length basis.

SEGMENT INFORMATION

BUSINESS SEGMENTS 2010

DKK m

INCOME STATEMENT

	Spar Nord's Local Banks	Finans Nord	Trading, Financial Markets & the Inter- national Division	Corporate Coordination & Support	Staff Functions	Unallocated	Eliminations	Core Earnings*)	Earnings from investment portfolios, ect.	Contribu- tions to sector- targeted solutions	The Group, total
Net interest income	1,244.4	189.8	203.6	-1.4	-11.0	-17.5	0.0	1,607.9	-0.1	0.0	1,607.8
Net income from fees, charges and commissions	482.5	7.1	8.6	4.9	-0.4	2.9	0.0	505.6	0.0	0.0	505.6
Market-value adjustments and dividends	93.9	-1.8	138.5	5.0	-3.1	33.4	2.4	268.3	-20.2	0.0	248.1
Other operating income	27.0	98.3	7.8	-1.8	24.9	-8.0	-15.7	132.5	-0.1	0.0	132.4
Profit/loss on equity investments in associates	0.0	0.0	0.0	0.0	0.0	61.0	0.0	61.0	1.5	-22.0	40.5
Core income/revenue, total	1,847.8	293.4	358.5	6.7	10.4	71.8	-13.3	2,575.3	-18.9	-22.0	2,534.4
Operating expenses, depreciation and amortization	1,277.4	173.7	64.1	5.1	10.0	124.4	-12.4	1,642.3	0.3	208.6	1,851.2
Core earnings before impairment	570.4	119.7	294.4	1.6	0.4	-52.6	-0.9	933.0	-19.2	-230.6	683.2
Impairment of loans, advances and receivables, etc.	355.7	97.3	0.0	0.2	0.4	0.0	0.0	453.6	3.0	93.6	550.2
Core earnings / profit/loss on ordinary operations	214.7	22.4	294.4	1.4	0.0	-52.6	-0.9	479.4	-22.2	-324.2	133.0
Contributions for sector-targeted solutions	-84.8	-18.8	-12.6	-0.4	-1.5	-206.1	0.0		0.0	324.2	0.0
Profit/loss before tax	129.9	3.6	281.8	1.0	-1.5	-258.7	-0.9		-22.2	0.0	133.0

*) The core earnings column corresponds to the Group figures in the Management's review

The relation to the Group is specified in the columns Earnings from investment portfolios, etc. and Contributions to sector-targeted solutions .

BALANCE SHEET

	Spar Nord's Local Banks	Finans Nord	Trading, Financial Markets & the Inter- national Division	Corporate Coordination & Support	Staff Functions	Unallocated	Eliminations	Core Earnings*)	The Group, total
Loans, advances and other receivables at amortized cost	30.330,5	7.681,5	8.720,0	0,7	0,0	0,0	-6.780,6	0,0	39.952,1
Equity investments in associates and group enterprises	0,0	0,0	0,0	0,0	0,0	709,5	0,0	36,3	745,8
Intangible assets and property, plant and equipment *)	204,7	471,3	0,9	73,4	487,1	39,0	-0,9	0,0	1.275,5
Miscellaneous assets *****)	6.146,3	83,3	16.335,8	181,6	39,2	2.412,5	-42,5	306,1	25.462,3
Total assets	36.681,5	8.236,1	25.056,7	255,7	526,3	3.161,0	-6.824,0	342,4	67.435,7
Deposits and other payables	27.601,2	0,0	3.386,5	233,4	0,0	0,0	-17,4	0,0	31.203,7
Shareholders' equity (allocated capital)	2.326,1	525,2	376,8	11,7	39,4	1.063,5	-0,9	32,6	4.374,4
Miscellaneous liabilities	5.205,3	7.816,8	5.582,4	232,1	11.906,0	7.919,4	-6.805,7	1,3	31.857,6
Total shareholders' equity and liabilities	35.132,6	8.342,0	9.345,7	477,2	11.945,4	8.982,9	-6.824,0	33,9	67.435,7

DISCLOSURES - TOTAL INCOME/REVENUE

Internal income/revenue	9,4	1,4	-76,8	412,1	302,4	-10,3	-5,3	-7,4	625,5
Internal income and eliminations offset against costs	0,0	0,0	-19,8	-439,3	-166,4	0,0	0,0	0,0	-625,5
Income/revenue, external customers	1.838,4	292,0	455,1	33,9	-125,6	60,1	-8,0	-11,5	2.534,4
Income/revenue, total	1.847,8	293,4	358,5	6,7	10,4	49,8	-13,3	-18,9	2.534,4

Income/revenue - external customers, total:

Denmark	1.838,4	254,1	455,1	33,9	-125,6	60,1	-8,0	-11,5	2.496,5
Other EU countries	0,0	37,9	0,0	0,0	0,0	0,0	0,0	0,0	37,9
Revenue, external customers, total	1.838,4	292,0	455,1	33,9	-125,6	60,1	-8,0	-11,5	2.534,4

DISCLOSURES, CASH FLOW STATEMENT

Depreciation, amortization and impairment ***)	19,9	61,5	0,4	25,0	17,9	0,5	0,0	0,0	125,2
Additions, capital expenditure *)	-18,3	-283,5	-0,1	-34,1	-4,2	-6,0	0,0	0,0	-346,2
Non-cash operating items excl. depreciation and impairment of non-current assets	0,0	9,9	0,0	0,0	0,0	-71,0	-2,7	0,0	-63,8
Impairment and reversal of impairment losses on loans and advances, etc.	-77,1	1,4	0,0	0,0	0,0	0,0	0,0	3,0	-72,7

FINANCIAL RATIOS

Return on equity, % **)	5.6	0.7	110.8	-	-	-	-	-	-
Cost share of core income	0.69	0.59	0.18	-	-	-	-	-	-
Risk-weighted items, end of year	29,076	6,564	4,711	147	493	2,008	-	407	43,406
Number of employees (full-time, end of year)	931	111	73	252	104	-	-	-	1,471

*) Non-current assets located in countries other than Denmark amounted to DKK 16.2 million at 31 December 2010.

**) The rate of return on equity per annum has been calculated on allocated capital, which amounts to 8% of the average risk-weighted items.

***) No significant writedowns for impairment have been made.

*****) Temporary assets amount to DKK 79.8 million, of which DKK 79.6 million relates to Finans Nord, and DKK 0.2 million relates to Staff Functions.

SEGMENT INFORMATION

BUSINESS SEGMENTS 2009

DKK m

INCOME STATEMENT

	Spar Nord's Local Banks	Finans Nord	Trading, Financial Markets & the Inter- national Division	Corporate Coordination & Support	Staff Functions	Unallocated	Eliminations	Core Earnings*)	Earnings from investment portfolios, ect.	Contribu- tions to sector- targeted solutions	The Group, total
Net interest income	1,476.5	182.9	305.1	2.4	-105.3	-93.9	0.0	1,767.7	-1.7	0.0	1,766.0
Net income from fees, charges and commissions	404.9	6.7	1.9	2.2	-0.2	1.3	0.0	416.8	0.0	0.0	416.8
Market-value adjustments and dividends	92.6	3.9	136.1	5.1	23.2	40.7	2.4	304.0	20.9	0.0	324.9
Other operating income	-12.0	68.9	3.3	-9.2	68.4	-11.7	-7.9	99.8	0.0	0.0	99.8
Profit/loss on equity investments in associates	2.2	0.0	0.0	0.0	0.0	33.7	0.0	35.9	-0.9	-17.9	17.1
Core income/revenue, total	1,964.2	262.4	446.4	0.5	-13.9	-29.9	-5.5	2,624.2	18.3	-17.9	2,624.6
Operating expenses, depreciation and amortization	1,282.7	147.6	53.6	-1.6	-6.0	150.6	-5.5	1,621.4	0.7	166.0	1,788.1
Core earnings before impairment	681.5	114.8	392.8	2.1	-7.9	-180.5	0.0	1,002.8	17.6	-183.9	836.5
Impairment of loans, advances and receivables, etc.	467.6	116.4	0.0	0.2	-0.2	0.0	0.0	584.0	0.5	107.3	691.8
Core earnings / profit/loss on ordinary operations	213.9	-1.6	392.8	1.9	-7.7	-180.5	0.0	418.8	17.1	-291.2	144.7
Contributions to sector-targeted solutions	-116.7	-24.6	-12.8	-0.4	-2.8	-133.9	0.0		0.0	291.2	0.0
Profit/loss before tax	97.2	-26.2	380.0	1.5	-10.5	-314.4	0.0		17.1	0.0	144.7

*) The core earnings column corresponds to the Group figures in the Management's review

The relation to the Group is specified in the columns Earnings from investment portfolios, etc. and Contributions to sector-targeted solutions.

BALANCE SHEET

	Spar Nord's Local Banks	Finans Nord	Trading, Financial Markets & the Inter- national Division	Corporate Coordination & Support	Staff Functions	Unallocated	Eliminations	Core Earnings*)	The Group, total
Loans, advances and other receivables at amortized cost	30,091.6	7,523.6	7,179.7	0.8	0.2	0.0	-6,480.5	0.0	38,315.4
Equity investments in associates and group enterprises	0.0	0.0	0.0	0.0	0.0	675.1	0.0	43.7	718.8
Intangible assets and property, plant and equipment *)	206.4	232.4	1.2	35.4	511.3	54.5	0.0	0.0	1,041.2
Miscellaneous assets *****)	4,524.6	258.6	16,985.5	253.5	39.1	2,155.7	-190.8	427.6	24,453.8
Total assets	34,822.6	8,014.6	24,166.4	289.7	550.6	2,885.3	-6,671.3	471.3	64,529.2
Deposits and other payables	29,458.3	0.0	2,410.7	204.8	0.0	0.0	-143.1	0.0	31,930.7
Shareholders' equity (allocated capital)	2,317.7	508.4	321.6	9.1	41.1	926.5	0.0	18.3	4,142.7
Miscellaneous liabilities	3,744.0	7,606.7	5,124.3	238.9	13,003.8	5,264.9	-6,528.2	1.4	28,455.8
Total shareholders' equity and liabilities	35,520.0	8,115.1	7,856.6	452.8	13,044.9	6,191.4	-6,671.3	19.7	64,529.2

DISCLOSURES - TOTAL INCOME/REVENUE

Internal income/revenue	227.9	2.1	-226.9	411.8	354.1	-98.0	0.0	-12.6	658.4
Internal income and eliminations offset against costs	0.0	0.0	-23.5	-434.3	-200.6	0.0	0.0	0.0	-658.4
Income/revenue, external customers	1,736.3	260.3	696.8	23.0	-167.4	50.2	-5.5	30.9	2,624.6
Income/revenue, total	1,964.2	262.4	446.4	0.5	-13.9	-47.8	-5.5	18.3	2,624.6

Income/revenue - external customers, total:

Denmark	1,736.3	237.8	696.8	23.0	-167.4	50.2	-5.5	30.9	2,602.1
Other EU countries	0.0	22.5	0.0	0.0	0.0	0.0	0.0	0.0	22.5
Revenue, external customers, total	1,736.3	260.3	696.8	23.0	-167.4	50.2	-5.5	30.9	2,624.6

DISCLOSURES, CASH FLOW STATEMENT

Depreciation, amortization and impairment ***)	22.5	42.6	0.6	18.4	21.5	6.0	0.0	0.0	111.6
Additions, capital expenditure *)	-20.0	-145.0	-0.5	-22.2	-9.7	-4.4	0.0	0.0	-201.8
Non-cash operating items excl. depreciation and impairment of non-current assets	0.0	3.6	0.0	0.0	0.0	155.2	-41.6	1.3	118.5
Impairment and reversal of impairment losses on loans and advances, etc.	424.4	68.7	0.0	0.0	0.0	0.0	0.0	0.5	493.6

FINANCIAL RATIOS

Return on equity, % **)	4.3	-5.0	152.0	-	-	-	-	-	-
Cost share of core income	0.65	0.56	0.12	-	-	-	-	-	-
Risk-weighted items, end of year	28,971	6,355	4,020	114	514	1,489	-	229	41,692
Number of employees (full-time, end of year)	995	107	67	264	97	-	-	-	1,530

*) Non-current assets located in countries other than Denmark amounted to DKK 3.9 million at 31 December 2009.

**) The rate of return on equity per annum has been calculated on allocated capital, which amounts to 8% of the average risk-weighted items.

***) No significant writedowns for impairment have been made.

*****) Temporary assets amount to DKK 96.7 million, of which DKK 96.6 million relates to Finans Nord, and DKK 0.1 million relates to Staff Functions.

1 ACCOUNTING POLICIES

1.1 BASIS FOR PREPARING THE ANNUAL REPORT

Spar Nord Bank A/S is a public limited company with its registered office in Denmark. The Annual Report for the period from 1 January to 31 December 2010 comprises the Consolidated Financial Statements of Spar Nord Bank A/S and its subsidiaries as well as the Financial Statements of the Parent Company.

The Consolidated Financial Statements are presented in accordance with the International Financial Reporting Standards (IFRS) as approved by the EU. The Financial Statements of the Parent Company are presented in accordance with the Danish Financial Business Act, including the Danish Executive Order on the Presentation of Financial Statements by Credit Institutions and Stockbrokers, etc.

Moreover, the Annual Report is presented in accordance with additional Danish disclosure requirements for annual reports prepared by listed financial institutions, cf. OMX Nordic Exchange Copenhagen A/S' disclosure requirements for annual reports prepared by listed companies, the Danish Financial Business Act, and the Executive Order regarding the application of IFRS standards in financial institutions issued pursuant to the Danish Financial Business Act.

On 9 February 2011, the Supervisory and Executive Boards reviewed and adopted the 2010 Annual Report of Spar Nord Bank A/S. The Annual Report will be submitted for adoption by the shareholders at the Annual General Meeting on 27 April 2011.

Recognition and measurement generally

The Annual Report is presented in Danish kroner (DKK) and rounded to the nearest million DKK.

Assets are recognized in the balance sheet if it is probable that future economic benefits will flow to the Group and the value of the assets can be measured reliably. Liabilities are recognized in the balance sheet when they are probable and can be measured reliably.

Upon initial recognition, assets and liabilities are measured at fair value. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Gains, losses and risks arising before the date of presentation of the Annual Report and the facts that confirm or rebut circumstances and conditions existing at the reporting date are taken into consideration upon recognition and measurement.

Income is recognized in the income statement as it is earned. Costs defrayed to generate earnings are recognized in the income statement. Value adjustments of financial assets, financial liabilities and derivative instruments are recognized in the income statement.

The policies regarding recognition and measurement in the Parent Company are compatible with IFRS. There is a difference between profit or loss and shareholders' equity in the Parent Company and the Group, which is due to properties being classified as investment properties in subsidiaries and as corporate properties in the Group. The difference consists of depreciation on such properties.

The accounting policies, which are set out below, have been applied consistently for the financial year, also with regard to comparative figures, and are thus unchanged compared with last year – with the exception of the reclassification mentioned below.

Clearing amounts payable have been reclassified from Payables to credit institutions to Other liabilities, such reclassification amounting to DKK 3,5 billion at 31 December 2010 (2009: DKK 3,0 billion).

Implementation of new financial reporting standards

In the Consolidated Financial Statements for 2010, Spar Nord Bank A/S has implemented the changes to IFRS and IAS standards and new IFRIC interpretations adopted by IASB that became effective on 1 January 2010. This did not materially affect recognition and measurement in 2010

DESCRIPTION OF ACCOUNTING POLICIES

Consolidated Financial Statements

The Consolidated Financial Statements cover the Parent Company, Spar Nord Bank A/S, and group enterprises in which Spar Nord Bank A/S controls financial and operational decisions. Spar Nord Bank A/S is considered to exercise control when it holds more than half the voting rights in a company, whether directly or indirectly, or otherwise controls managerial and operational decisions.

Associates are companies that are not group enterprises but in which the Group holds equity investments and has significant influence, but not a controlling interest. Significant influence is typically obtained when a company, directly or indirectly, owns or holds more than 20% of the voting rights, but less than 50%.

In assessing whether the Group has a controlling interest or significant influence, the voting rights that can be exercised on the reporting date are taken into account.

The following group enterprises are included by means of full consolidation:

- Erhvervsinvest Nord A/S
- Spar Nord Ejendomselskab A/S
- Finans Nord A/S
- SN Finans Nord AB
- Finans Nord Cross Border A/S
- Finans Nord Easyfleet A/S

Non-consolidated companies:

- Beluni Inc. (The company is in liquidation)

The Consolidated Financial Statements are prepared by adding together items of a uniform nature. Intercompany income and expenses, gains and losses as well as intercompany balances are eliminated in consolidation. The financial statements used in preparing the Consolidated Financial Statements are drawn up in accordance with the Group's accounting policies.

Business combinations

Acquired companies are recognized in the Consolidated Financial Statements as from the time of acquisition, defined as the time when the Bank obtains control of the acquired company. Companies sold or wound up are recognized in the consolidated income statement until the time of divestment.

Comparative figures are not adjusted for newly acquired, sold or wound-up companies. However, discontinued activities are presented separately.

The purchase method is used for company acquisitions, with identified assets and liabilities of the acquired companies being measured at their fair value as of the date of acquisition. Allowance is made for the tax impact of the revaluations.

Positive differences between the acquisition cost and the fair value of acquired, identified assets and liabilities (goodwill) are recognized under intangible assets. Goodwill is not systematically amortized. Instead periodic impairment tests are carried out.

Gains or losses upon the divestment or winding-up of group enterprises and associates are recognized as the difference between the selling price or the winding-up proceeds and the carrying amount of net assets at the time of sale plus the defrayed and expected costs of divestment or winding-up.

Foreign-currency translation

The Consolidated Financial Statements are presented in DKK, which is the Spar Nord Group's functional currency. Transactions denominated in a foreign currency are translated at the rate of exchange ruling at the date of the transaction. Exchange differences that arise between the exchange rate at the date of the transaction and the exchange rate at the payment date are recognized in the income statement under market-value adjustments.

Monetary items in foreign currencies are translated at the exchange rate prevailing at the reporting date. The difference between the exchange rate at the reporting date and the exchange rate at the time the balance arose is recognized in the income statement under market-value adjustments. Rates of exchange are assessed for illiquid currencies.

For the purpose of recognizing companies in currencies other than DKK in the Consolidated Financial Statements, income-statement items are translated at the exchange rate at the transaction date, and balance-sheet items are translated at the exchange rate at the reporting date. The exchange rate at the transaction date is calculated on the basis of the average rate for the individual months, to the extent this does not present a result differing significantly from that based on the exchange rate prevailing at the transaction date. Translation differences arising on the translation of these companies' beginning-of-year equity at the exchange rate on the reporting date, and on the translation of income statements from the exchange rate at the transaction date to the exchange rate at the reporting date, are recognized directly in shareholders' equity under a special reserve for translation adjustments.

Offsetting

The Group sets off receivables and liabilities when the Group has a legal right to set off the recognized amounts, while at the same time intending to make a net settlement or realize the asset and redeem the liability at the same time.

Finansielle instrumenter generelt

Financial instruments are recognized on the trade date.

Financial assets are classified in the following categories at the date of recognition:

- trading portfolio, which is valued at fair value;
- loans, advances and receivables, which are valued at amortized cost;
- held-to-maturity investments, which are valued at amortized cost;
- financial assets designated at fair value, with value adjustments being recognized in the income statement.

Financial liabilities are classified in the following categories at the date of recognition:

- trading portfolio, which is valued at fair value;
- other financial liabilities, which are valued at amortized cost.

Spar Nord does not have held-to-maturity investments.

Derivative instruments

Derivative instruments and unsettled spot transactions are recognized and measured at fair value at the trade date. Value adjustments are recognized in the income statement.

Positive market values are recognized under Other assets and negative market values under Other liabilities. In calculating the fair value, the listed bid/offer price is used to value listed instruments, while a valuation model based on recognized methods and current market data is used for unlisted instruments. Gains or losses at inception ("day 1-profit/loss") are not recognized for unlisted derivative instruments.

Interest from forward securities transactions, forward exchange contracts and interest and currency swaps is recognized net under Interest income. Positive fair values are recognized under Other assets. Negative market values are recognized under Other liabilities.

The fair value of derivative instruments for which there is no active market is fixed, for simple products such as interest and currency swaps, according to generally accepted valuation principles. The parameters of valuation are all market-based, such as yield curves with illiquidity and credit risk premiums. To the greatest extent possible, such premiums are identified on the basis of external sources.

For more complex financial instruments that contain an option element and which are unlisted, i.e. OTC products, internally developed models are used, typically based on valuation techniques and methods that are generally accepted within the sector. At the reporting date, Spar Nord had swaptions, interest caps and floors and currency options that had been valued on the basis of more complex models. As far as possible, the parameters of valuation are market-based.

The values generated by valuation models are frequently estimates of values that cannot be determined unequivocally on the basis of market observations. Thus, in some cases, the valuation is made by including risk factors (liquidity and counterparty risks) as additional parameters.

Certain contracts include conditions that correspond to those for derivative instruments. Such embedded derivatives are segregated, recognized separately and measured currently at fair value if they differ significantly from the relevant contract, unless the full contract is recognized and measured at fair value on an ongoing basis.

Bonds and shares, etc.

Bonds and shares, etc. are valued according to the following methods:

The portfolio of listed shares is measured at the listed prices quoted at the reporting date. Shares included in the Group's trading portfolio are recognized on the settlement day at their fair value. Shares that are not included in the Group's trading portfolio are measured at fair value with the ensuing changes in value in the income statement using the 'fair-value option' provided for in IAS 39.

The fair-value option makes it possible to account for securities outside the trading portfolio at fair value, as if they were part of the trading portfolio. It is a condition that such assets are managed on a fair-value basis, thus involving recognition of value adjustments in the income statement.

Likewise, the sale of securities is recognized on the settlement day. Unlisted unit trust certificates are measured at the price calculated by the unit trust.

The portfolio of listed bonds that are traded daily on the stock exchange are measured at the listed closing market price on the reporting date.

For illiquid and unlisted bonds with no listed prices, estimated prices are used. Such estimated prices are calculated using the Bank's own valuation models, which are based on a yield curve plus a credit spread. The estimated prices are extensively calculated on the basis of observable inputs that are used to calculate the fair value.

Where observable inputs are not available, the fair value is calculated based on a basket of reference bonds and an assessment of the likelihood of loss on the underlying assets or based on an external assessment of the price.

If a reliable fair value cannot be identified, the investment will be measured at cost less any writedowns for impairment.

Repo/reverse transactions

Securities sold are recognized in the balance sheet on the settlement day as if the securities were still part of the Group's portfolio, if the sale is made subject to a repurchase agreement. The amount received is recognized as a liability, and the difference between the offered price and the bid price is recognized as interest in the income statement over the term of the relevant instrument. The yield on the securities is recognized in the income statement.

Bought securities are not recognized in the balance sheet and the yield on such securities is not recognized in the income statement if a resale agreement is made simultaneously with the purchase. The purchase sum paid is recognized as a receivable, and the difference between the bid and offered price is recognized as interest in the income statement over the term of the relevant instrument.

Repo and reverse transactions are recognized and measured at amortized cost.

Hedge accounting

The Group uses derivative instruments to hedge interest risks attaching to fixed-interest assets and liabilities, which are measured at amortized cost. Such hedging instruments are measured at fair value and any changes in value are recognized in the income statement. When the criteria in IAS 39 for the application of hedge accounting have been met, the carrying amount of the hedged assets and liabilities is adjusted for changes in fair value regarding the hedged risks (fair-value hedging). If the criteria for hedging are no longer met, the accumulated value adjustment of the hedged item is amortized over the remaining term to maturity.

In hedging transactions where the criteria for applying fair-value hedge accounting have not been met, the value of the hedged item is not adjusted, for which reason the impact of hedging is not reflected for accounting purposes in the income statement.

INCOME STATEMENT

Interest income and expenses

Interest income and expenses relating to interest-bearing financial instruments at amortized cost are recognized in the income statement according to the effective interest method, based on the cost of the financial instrument. Interest includes amortization of fees, which is an integral part of the effective yield on a financial instrument, including upfront fees and the amortization of any further difference between the cost and redemption price.

Interest income and expenses also include interest on financial instruments valued at fair value, with the exception of interest relating to assets and deposits in pools, which are recognized under market-value adjustments.

Interest on loans and advances individually written down for impairment is recognized as income on the basis of the written-down value.

Interest income and expenses comprise interest income on finance leases and purchase contracts. Interest income is calculated based on the agreed effective interest rate.

Fees, etc. from operating and finance leases are accrued over the remaining term of the leases and are recognized on an ongoing basis under Interest income.

Net fees, charges and commissions received

Fees, charges and commissions relating to loans, advances and receivables are recognized as part of the carrying amount of loans, advances and receivables and are recognized in the income statement over the term of the loans and advances as part of the effective interest rate. Commissions relating to guarantees are carried to income over the term of the guarantees. Income generated upon performing a given transaction, including securities and custodianship fees plus payment services fees, is recognized as income when the transaction has been performed.

Consideration for arranging mortgage-credit loans for Totalkredit is calculated on the basis of the offset model. Loan origination fees are recognized at the date of loan origination, and consideration for continuous services to the borrower is recognized in step with our rendering such services and thus earning an entitlement to the consideration. Totalkredit can only offset losses ascertained during the first eight-year term of the mortgage-credit loan against future current commission income. Setoffs are recognized at the date of the loss-making event.

Market-value adjustments

Market-value adjustments include realized and unrealized market-value adjustments of items in the trading portfolio of securities and derivative instruments as well as other shares at fair value (the fair-value option). In addition, the impact on profits/losses from exchange adjustments and fair-value hedge accounting is also recognized under market-value adjustments.

Other operating income

Other operating income includes items that are secondary to the Group's activities, including gains and losses on the sale of acquired investment and corporate properties, the sale of leased assets, etc.

Other operating income also includes rental income from operating leases and from properties after deducting operating expenses.

Gains and losses on sales are calculated at the selling price after deducting the selling costs and the carrying amount at the date of the sale.

Staff costs and administrative expenses

Staff costs and administrative expenses comprise salaries, bonuses, the cost of employee bonds and equity-settled share options granted (management incentive schemes), holiday pay, anniversary lump sums, pension costs, etc.

Share-option scheme

The fair value of equity-settled share options granted (management incentive schemes) at the time of allocation is recognized in the income statement as a staff cost during the period when the employee provides the services that correspond to the options granted. A setoff is recognized directly in equity. In connection with recog-

nition over the service period, an estimate is made of the number of share options granted, and the fair value is calculated based on an option model. In connection with a final statement of allocation, previously expensed amounts are adjusted based on the actual allocation of options. The share options may be exercised no sooner than three years after allocation. Options granted will not be affected by the employee's resignation. For a more detailed description of the option model, reference is made to note 14, share-based payment.

Other operating expenses

Other operating expenses contain items of a secondary nature relative to the Group's activities, including the ongoing guarantee commissions regarding the government-backed guarantee scheme and contributions to sector-targeted solutions.

Profit/loss on equity investments in associates and group enterprises

Profits or losses on equity investments in associates and group enterprises comprise the proportionate share of the individual companies' results after tax.

Tax

Spar Nord Bank A/S is taxed jointly with its Danish subsidiaries. The current Danish corporation tax is allocated to the jointly taxed Danish companies in proportion to their respective taxable incomes. Companies that utilize tax losses in other companies pay joint taxation contributions to the Parent Company equivalent to the tax base of the utilized losses, while companies whose tax losses are utilized by other companies receive joint taxation contributions from the Parent Company equivalent to the tax base of the utilized losses (full allocation). The jointly taxed companies are included in the Danish tax prepayment scheme.

Tax for the year, which comprises current tax for the year and any change in deferred tax, is recognized in the income statement with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognized directly in equity.

To the extent that deductions are allowed for the consequences of share-based payment schemes in the determination of taxable income in Denmark, the tax effect of the schemes is recognized within tax on profit/loss for the year. If the combined tax deductions exceed the total cost for accounting purposes, the tax effect of the excess deduction is recognized directly in equity.

BALANCE SHEET

Receivables from credit institutions and central banks

Receivables from credit institutions and central banks comprise receivables from other credit institutions and time deposits with central banks. Reverse transactions, which involve buying securities to be resold at a later date, and where the counterparty is a credit institution or a central bank, are recognized as Receivables from credit institutions and central banks. The valuation of Receivables from credit institutions and central banks is made as stated under Loans, advances and receivables at amortized cost

Loans, advances and other receivables at amortized cost

Loans, advances and receivables, including mortgage deeds, receivables under finance leases, reverse transactions where the counterparty is not a credit institution or a central bank, and bonds for which no price was quoted in an active market at the time of acquisition.

Initial recognition is based on fair value plus transaction costs and less fees, charges and commissions received in connection with loan origination. Subsequently, loans, advances and receivables that are not reverse transactions are periodically remeasured at amortized cost using the effective interest method, less impairment provisions for bad and doubtful debts.

Impairment

Loans, advances and receivables are monitored continuously to assess whether there is any objective indication of impairment and whether an impairment test shows any losses. This is done by individually assessing all significant and credit-quality flagged loans, advances and receivables and by classifying other loans, advances and receivables into categories with uniform characteristics with respect to credit risk and then assessing them on a portfolio basis.

Individual impairment

Impairment is based on an individual assessment of facilities when there is an objective indication of impairment of an individual facility.

There is an objective indication of impairment of loans and advances if one or more of the following events have occurred:

- the borrower is in considerable financial difficulty;
- the borrower is in breach of his contract, e.g. in the form of non-payment of loan repayments and interest;
- the Group grants the borrower special terms that would not have been granted in the absence of the borrower's financial difficulty;
- the borrower is likely to become insolvent or subject to any other financial restructuring.

Impairment is calculated as the difference between the carrying amount and the discounted value of the expected cash flows, including the realization value of any collateral. Any subsequent increase of the discounted value of the expected cash flows results in full or partial reversal of impairment. For fixed-interest loans and advances, the original effective interest rate is used to calculate the discounted value, while the current effective interest rate is used for floating-rate loans and advances.

If a borrower is in considerable financial difficulty, the debt will be written down to an amount that the borrower is expected to be able to service in future based on a financial restructuring. If restructuring proves impossible, the impairment will be based on the expected proceeds of insolvency proceedings.

Groups of impairment losses

Individually assessed loans and advances that are not subject to impairment and other loans and advances are classified into categories to assess the need for impairment by group. A portfolio assessment is made on the basis of groups of loans with uniform characteristics with respect to credit risk. Among other things, the portfolio impairment is intended to cover deterioration in the payment behaviour for the relevant portfolio and changes in other conditions that, based on experience, are related to the extent of non-payment in the relevant groups of loans, advances and receivables.

In the retail customer area, portfolio assessment is based on a behaviour score for seven categories. In the business customer area, the portfolio assessment is based on nine rating categories, which are categorized according to financial performance indicators, etc.

The calculation of groups of impairment losses is based on gross migration. Thus, following a gross addition, the total groups of impairment losses are composed of the sum total of the individual borrowers' deterioration in scoring, without taking into account that other borrowers improved their score during the period.

The groups of impairment losses in Spar Nord Bank A/S are calculated as the difference between the carrying amount of the loans and advances and the present value of expected future payments. Expected future payments are calculated by setting up series of expected future payments and discounting them. The discount rate used is the weighted average of the agreed-upon effective interest rates on the individual loans and advances.

In Finans Nord, groups of impairment losses are based on a writedown of the portfolio of customers regarding which no individual impairment has been made. The groups of impairment losses are calculated separately for the industries Transport, Construction, Agriculture, Industry and other areas, as these groups have uniform characteristics with respect to credit risk.

The groups of impairment losses are based on a statistical model that incorporates external economic indicators in the form of unemployment rate and an index of consumer sentiment. Moreover, the model incorporates developments in the ratio of down payments and deposits, as a higher ratio of down payments or deposits will reduce group-based impairment losses.

Impairment losses, etc

Impairment losses on loans and advances are charged to an impairment account, which is offset against loans and advances. Any movement in the impairment account is recognized in the income statement under Impairment of loans, advances and receivables, etc. In case of any subsequent events that show that the impairment was not permanent, the impairment is reversed via Impairment of loans, advances and receivables, etc.

Loans and advances considered to be uncollectible are written off via the impairment account. Loans and advances are written off when established collection procedures have been observed as follows:

- the debtor has filed an insolvency petition and the liquidator has indicated the probable financial result of the insolvency proceedings;
- Spar Nord Bank cancels debts either following a compulsory or private arrangement with creditors;
- Spar Nord Bank considers collection of the debt completely unlikely for other reasons.

Interest on the written-down portion of the individual loans and advances is not carried to income.

Lease contracts

Lease contracts are classified as finance leases when all significant risks and returns associated with the title to an asset are transferred to the lessee. All other lease contracts are classified as operating leases.

Finance lease assets, with the Group as lessor, are recognized under loans and advances at the net investment in the leases less depreciation (repayments), calculated according to the annuity method over the term of the lease.

Income from leased assets is recognized based on the agreed effective interest rate in the lease, and is booked in the income statement under Interest income. Gains and losses on the sale of leased assets are booked as Other operating income.

Operating lease assets, with the Group as lessor, are recognized under Operating equipment and depreciated like the Group's other operating equipment. Rental income from operating leases is recognized on a straight-line basis over the relevant term of the lease, under Other operating income.

Equity investments in group enterprises and associates

Equity investments in associates are recognized at the proportionate share of the net asset value (NAV) on the reporting date plus the carrying amount of goodwill acquired.

Equity investments in group enterprises in the Parent Company are recognized at the proportionate share of the net asset value (NAV) on the reporting date plus the carrying amount of goodwill acquired.

Goodwill is calculated and measured as described above under the section dealing with the Consolidated Financial Statements.

The share of profit/loss for the year after tax is recognized in the income statement of the Parent Company under Profit/loss on equity investments in associates and group enterprises. In connection with the purchase or sale of group enterprises or associates, the results of such group enterprises or associates are included in the income statement from or until the takeover date, as the case may be.

Any gain or loss upon sale is calculated as the difference between the net sales price and the carrying amount at the transfer date, including the carrying amount of goodwill, and is recognized under Other operating income/Other operating expenses.

Pension pools

Assets forming part of pension pools and customers' contributions to pension pools are presented in separate balance-sheet items. The return on pooled assets and contributions are presented together under market-value adjustments and are specified in Notes to income statement disclosures.

Intangible assets

Goodwill

Goodwill acquired is recognized at cost less accumulated writedowns for impairment, as described under Business combinations. The carrying amount is not systematically amortized. The accounting treatment of business combinations before 1 January 2004 has not been revised in connection with the transition to IFRS.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the acquisition date. The identification of cash-generating units is based on the management structure and internal financial management.

Customer relations

Customer relations taken over in connection with company acquisitions are recognized at cost and are amortized on a straight-line basis over the expected useful life, which does not exceed ten years. The expected useful life depends on customer loyalty.

The useful life is reassessed annually. Any changes in amortization as a result of changes in useful life are recognized in future reporting periods as a change in accounting estimates.

Impairment test

The carrying amount of goodwill and customer relations is tested for impairment together with the other property, plant and equipment and intangible assets in the cash-generating unit to which goodwill and customer relations have been allocated. If the carrying amount exceeds the recoverable amount, it is written down to the recoverable amount via the income statement. The recoverable amount is calculated as the present value of expected future net cash flows from the unit to which goodwill and customer relations relate.

Software

Software acquired is recognized at cost plus installation expenses and amortized according to the straight-line method over the expected useful life of a maximum of five years.

Self-developed software is recognized if the cost can be reliably calculated and if analyses show that the Group's future earnings from implementing such software are equal to the associated development costs.

Development

Development costs recognized as an asset are measured at cost and amortized on a straight-line basis over the expected useful life of a maximum of five years. Expenses during the planning stage are not included but expensed as and when defrayed.

The carrying amount of intangible assets is periodically remeasured and written down against the income statement if the carrying amount exceeds the expected future net income from the business or the asset.

Land and buildings

Properties are recognized at cost upon acquisition and subsequently measured at fair value. Borrowing costs from general borrowing or loans that are directly attributable to the acquisition and construction of qualifying assets (properties) are attributed to the cost of the specific individual asset.

The fair value is calculated on the basis of current market data according to an asset return model that includes the property's rental income, operating expenses, as well as management and maintenance. Operating expenses and maintenance costs are calculated on the basis of the condition of the individual property, construction year, materials used, etc. The fair value of the property is determined based on the calculated return on its operation and the individually determined rate of return. The return rate is fixed on the basis on the location of the individual property, potential use, the state of maintenance, quality, etc. The fair value of the individual property is reassessed annually based on the current letting market and the interest level.

Corporate properties are properties used by the Group for administrative purposes, as a branch or for other service activities. The carrying amount of corporate properties is systematically depreciated over the expected useful life of 50 years for buildings. Special installations in buildings are depreciated according to the straight-line method over a useful life of 20 years. Allowance is made for the expected scrap value when calculating depreciation. Revaluation of corporate properties is allocated to a special reserve under shareholders' equity, Revaluation reserves, while depreciation and impairment are recognized in the income statement under Depreciation, amortization and impairment of intangible assets and property, plant and equipment.

Land is not depreciated.

Investment properties are properties held to obtain rental income and/or capital gains, including properties let under operating leases and properties taken over. Investment properties are not depreciated. Changes in fair values are recognized in the Parent Company under Market-value adjustments, while the fair value changes in the Group are recognized under Other operating income. Rental income is recognized in the income statement under Other operating income.

Other property, plant and equipment

Operating equipment in the form of IT equipment, cars, furniture and fixtures and leasehold improvements are recognized at cost less accumulated depreciation and impairment. Depreciation is made on a straight-line basis over the expected useful life of a maximum of five years. The basis of depreciation for property, plant and equipment is the difference between cost and scrap value at the end of its useful life, and the scrap value is assessed regularly. Leasehold improvements are depreciated over the term of the lease, however maximum ten years.

Temporary assets

Temporary assets comprise assets taken over as a result of the liquidation of customer exposures, the intention being to sell off the assets within 12 months. Assets taken over are recognized at the lower of carrying amount and fair value, less any selling costs.

The assets are not depreciated as from the time when they are classified as temporary.

Losses on impairment arising upon initial classification as temporary assets and any gains or losses arising on subsequent measurement at the lower of carrying amount and fair value, less any selling costs, are recognized in the income statement under the items to which they relate. Gains and losses are disclosed in the notes.

Assets and related liabilities are presented in separate lines in the balance sheet.

Payable and deferred taxes

Current tax payable and current tax receivable are recognized in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax on taxable incomes relating to prior years, and tax paid on account.

Deferred tax is measured in accordance with the balance sheet liability method on all temporary differences between the carrying amount and tax base of assets and liabilities. However, deferred tax is not recognized in respect of temporary differences regarding goodwill that is not amortizable for tax purposes and other items for which temporary differences have arisen at the time of acquisition without this having an impact on the profit/loss or the taxable income. Where the tax base may be calculated according to different taxation rules, deferred tax is measured based on Management's planned use of the assets, or, as the case may be, the planned repayment of the liability.

Deferred tax is recognized in the balance sheet within the balance sheet headings Deferred tax assets and Deferred tax liabilities and is recognized on the basis of the applicable tax rate.

Deferred tax assets, including the tax base of losses qualifying for carryforward trade loss relief, are recognized within Other long-term assets at the amount at which they are expected to be realized, either by set-off against taxes on future earnings, or through set-off against deferred tax liabilities within the same taxable entity and jurisdiction.

Deferred tax assets and liabilities are set off if the company has a legal right to set off current tax liabilities and tax assets or intends to either settle current tax liabilities and tax assets on a net basis, or realize the assets and the liabilities at the same time.

Deferred tax is adjusted to reflect eliminations of unrealized intercompany gains and losses.

Deferred tax is measured on the basis of the tax rules and tax rates applicable in the respective countries at the time when the deferred tax is expected to crystallize in the form of current tax, based on the legislation in force at the reporting date. Any changes in deferred tax resulting from changed tax rates are recognized in the income statement.

Other assets

Other assets include interest and commissions receivable as well as the positive market value of derivative instruments.

Financial liabilities

Payables to credit institutions and central banks as well as deposits include amounts received in connection with repo transactions, which involve selling securities to be repurchased at a later date. Payables to credit institutions and central banks as well as deposits are recognized initially at the proceeds received net of transaction costs incurred. Payables to credit institutions and central banks as well as deposits not classified as repo transactions are subsequently measured at amortized cost using the effective interest method. Thus, the difference between net proceeds and nominal value is recognized in the income statement under Interest expenses over the loan term.

Miscellaneous commitments are measured at net realizable value.

Other liabilities

Other liabilities include interest payable, the negative market value of financial instruments and employee benefits payable.

Provisions for liabilities

Provisions for liabilities include mainly guarantee commitments, provisions for losses on irrevocable credit commitments, legal proceedings and contributions to sector-targeted solutions, etc.

A provision is recognized when a legal or constructive obligation exists and when it is probable that the obligation will become effective and can be measured reliably.

Provisions are based on Management's best estimate of the amount of the commitments. In measuring provisions for liabilities, discounting to net present value is made where deemed material.

Bonds issued / Subordinated debt

Bonds issued comprise the Group's issued bonds. Subordinated debt consists of liabilities in the form of subordinated loan capital and other capital contributions which, in case of voluntary or compulsory winding-up or liquidation, will not be repaid until the claims of ordinary creditors have been met.

Bonds issued and subordinated debt are recognized at the issue date or the date of borrowing, as the case may be, at the proceeds received less directly attributable transaction costs. Subsequently issued bonds and subordinated debt are measured at amortized cost, using the effective interest method.

Shareholders' equity

Revaluation reserves

Revaluation reserves comprise revaluations of the Group's corporate properties after the recognition of deferred tax. The reserve is dissolved when properties are impaired, sold or otherwise disposed of.

Foreign-currency translation reserve

The foreign-currency translation reserve includes translation differences arising on the translation of profits/losses and net investments in foreign entities from their functional currencies into DKK. In addition, the reserve includes exchange adjustments of financial liabilities that hedge the net investment in foreign entities.

Upon full or partial realization of the net investment in a foreign entity, the translation difference relating to the relevant entity is recognized in the income statement.

Statutory reserves

Statutory reserves comprise value adjustments of equity investments in associates and group enterprises according to the equity method. The reserves are reduced by the dividends distributed to the Parent Company and other movements in the shareholders' equity of group enterprises and associates, or if the equity investments are realized in whole or in part.

Proposed dividend

Proposed dividend is recognized as a liability at the time of adoption at the Annual General Meeting (time of declaration). Dividend proposed to be distributed for the year is included under Shareholders' equity until adoption of the dividend proposal.

Treasury shares and own bonds

Treasury shares and own bonds are not recognized as assets. The acquisition cost and selling price for treasury shares as well as dividends on such shares are recognized directly in Retained earnings under Shareholders' equity. The proceeds on the sale of treasury shares on the exercising of share options or employee shares are posted directly to Shareholders' equity.

The portfolio of own bonds is recognized directly in Issued bonds. Upon the acquisition of own bonds, any loss or gain is recognized as the difference between the acquisition cost and the carrying amount.

Contingent assets and contingent liabilities

Contingent assets and contingent liabilities comprise potential assets and liabilities deriving from past events, and whose existence is dependent on the occurrence of future, uncertain events that are beyond the Spar Nord Group's full control.

Contingent assets are disclosed where an inflow of economic benefits is probable.

Contingent liabilities are disclosed if they may, but most probably will not, result in an outflow of resources. In addition, the Group discloses information about current liabilities that have not been recognized because they are unlikely to result in an outflow of resources from the Group or cannot be reliably measured.

Cash flow statement

The cash flow statement shows cash flows for the year, broken down by operating, investing and financing activities, the year's movements in cash and cash equivalents and the cash and cash equivalents at the beginning and end of the year. Cash generated from operations is calculated according to the indirect method as the profit/loss before tax, adjusted for non-cash operating items and any changes in working capital

Cash generated from investments comprises payments associated with the purchase and sale of non-current assets, companies and securities. Cash generated from financing comprises dividends paid, movements in the shareholders' equity and subordinated debt.

Cash and cash equivalents comprise cash balances, demand deposits with central banks and receivables from credit institutions and central banks with less than three months to maturity.

Segment information

Segment information is reported in accordance with the Spar Nord Bank Group's accounting policies and follows the organizational structure as reflected in its internal management reporting.

Transactions between segments are settled on an arm's length basis. Centrally incurred expenses, such as salaries, rent, depreciation, etc. are allocated to the individual segments based on an assessment of the proportionate share of the overall activity level. Segment assets and liabilities are the operating assets and operating liabilities that are used or have arisen in connection with the operation of a segment and which are directly associated with or can be reasonably allocated to the segment. The individual segment includes a calculated share of equity. The item Earnings from investment portfolios, etc. is regarded as an intra-organizational activity and comprises income from the Bank's trading portfolio and earnings from Erhvervsinvest Nord A/S and Erhvervsinvest K/S limited partnerships, etc. Other income and expenses are charged to Unallocated.

Calculation of performance indicators and financial ratios (Core earnings)

The Group's performance indicators and financial ratios (Core earnings), appearing from the Management's review differ from the Consolidated Financial Statements format. The relationship between Core earnings and the Consolidated Financial Statements format is shown in note 3, Business segments.

Ratio definitions is shown in note 59.

Disclosures regarding standards that have not yet entered into force

The International Accounting Standards Board (IASB) has published a number of new financial reporting standards (IAS and IFRS) and interpretations (IFRIC), which Spar Nord Bank A/S is not required to observe in preparing the 2010 Annual Report.

The standards and interpretations that have been endorsed by the EU and having effective dates that differ from the effective dates required by the standards or interpretations issued by the IASB will be implemented, if allowed, as of the effective dates stated in the standards or interpretations issued by the IASB for financial years commencing 1 January 2011 or later. Other than stated below, none of the new standards and interpretations are expected to have any major impact on the financial reporting for the Spar Nord Bank Group:

- As part of the IASB Annual Improvement Project 2010, amendments have been made to IAS 34, Interim Financial Reporting. This standard merely affects the Group's disclosures in interim reports. The information required according to the standard will be referred to as the "minimum content" and not as previously "selected explanatory notes", which means that the disclosure requirements have been expanded. The standard lists additional examples of significant events and transactions that require disclosure. Moreover, relevant updates must be made to information about significant events and transactions that were disclosed in the most recent Consolidated Financial Statements and Parent Company Financial Statements. The amendments apply to financial years commencing on 1 January 2011 and beyond.
- IFRS 9 (1st part) changes the classification and measurement requirements for financial assets (the current IAS 39). In future, financial assets will be divided into two main classifications – those measured at amortized cost and those measured at fair value – to be presented in either profit or loss or in other comprehensive income. The existing measurement classifications are fair value presented in profit or loss, available-for-sale, held-to-maturity, and loans, advances and receivables. Spar Nord Bank A/S expects the standard to have minor significance for the Group, but has not yet determined the impact. The standard applies to financial years commencing on 1 January 2013 and beyond.

59 RATIO DEFINITIONS

Solvency ratio

Capital base in % of risk-weighted assets.

Core capital ratio

Core capital after deduction in % of risk-weighted assets.

Return on equity before tax

Profit/loss before tax in % of average shareholders' equity. The average shareholders' equity is calculated as a simple average of the shareholders' equity at the beginning of the year and at the end of the year.

Return on equity after tax

Profit/loss after tax in % of average shareholders' equity. The average shareholders' equity is calculated as a simple average of the shareholders' equity at the beginning of the year and at the end of the year.

Income/cost ratio (the Danish Financial Supervisory Authority's definition)

Net income from interest, fees, charges and commissions, Market-value adjustments, Other operating income and Profit/loss on equity investments in associates and group enterprises in % of Staff costs and administrative expenses, Depreciation, amortization and impairment of intangible assets and property, plant and equipment, Other operating expenses and Impairment of loans, advances and receivables.

Interest-rate risk

Interest-rate risk in % of core capital after deductions.

Foreign-exchange position

Foreign-exchange indicator 1 in % of core capital after deductions.

Foreign-exchange risk

Foreign-exchange indicator 2 in % of core capital after deductions.

Loans and advances + impairment relative to deposits

Loans and advances + impairment in % of deposits.

Loans and advances relative to deposits

Loans and advances in % of deposits.

Excess coverage relative to statutory cash ratio requirement

Cash balances, Demand deposits with Danmarks Nationalbank (the central bank), Absolutely secure and liquid demand deposits with credit institutions and insurance companies, Uncollateralized certificates of deposit issued by Danmarks Nationalbank and Secure and liquid (listed) uncollateralized securities in % of 10% of Reduced liabilities (other than provisions) and guarantee commitments.

Large exposures as % of capital base

Total large exposures in % of the capital base, adjusted for exposures to credit institutions, etc. below DKK 1 billion after deducting specially secured amounts and accepted collateral, guarantees, etc.

Share of receivables with reduced interest rate

Receivables at a reduced interest rate [before impairment] in % of loans and advances + guarantees + impairment.

Impairment ratio for the year

Impairment for the year in % of loans and advances + guarantees + impairment.

Increase in loans and advances for the year

Increase in loans and advances from the beginning of the year to the end of the year, in %.

Loans and advances relative to shareholders' equity

Loans and advances/shareholders' equity.

Earnings per share for the year

The profit/loss for the year after tax/average number of shares. The average number of shares is calculated as a simple average of the shares at the beginning of the year and at the end of the year.

Net asset value per share

Shareholders' equity/number of shares, excl. treasury shares.

Dividend per share

Proposed dividend/number of shares.

Share price relative to earnings per share for the year

Share price/earnings per share for the year.

Share price relative to net asset value (NAV)

Share price/NAV per share.

Cost share of core income

Operating expenses, depreciation and amortization/Core income.

Cost share of core income, incl. impairment of loans and advances

Operating expenses, depreciation and amortization + Impairment of loans and advances, etc./Core income.

Rate of return, %

Year-end price – year-end price the year before + dividend the year before in % of the year-end price the year before.

Price/earnings

Year-end price/Earnings per share.

Earnings per share

The profit/loss for the year after tax/average number of shares in circulation, excl. treasury shares. The average number of shares is calculated as a simple average of the shares at the beginning of the year and at the end of the year.

Diluted earnings per share

Profit/loss for the year after tax/average number of shares in circulation, incl. dilutive effect of share options and contingently issuable shares.

26 **GROUP ENTERPRISES**

	Share capital end of year DKK m	Shareholders' equity end of year DKK m	Profit/loss for the year DKK m	Spar Nord Bank A/S The Group 2010 %	Spar Nord Bank A/S The Group 2009 %	Spar Nord Bank A/S Parent Company 2010 %	Spar Nord Bank A/S Parent Company 2009 %
<i>Consolidated companies</i>							
Erhvervsinvest Nord A/S, Aalborg	30.0	37.5	-4.8	100.0	100.0	100.0	100.0
Spar Nord Ejendomsselskab A/S, Aalborg	12.0	8.3	0.8	100.0	100.0	100.0	100.0
Finans Nord A/S, Aalborg	10.0	419.4	1.3	100.0	100.0	100.0	100.0
SN Finans Nord AB, Sverige	74.6	84.1	5.7	100.0	100.0	-	-
Finans Nord Cross Border A/S, Aalborg	0.5	1.6	0.2	100.0	100.0	-	-
Finans Nord Easyfleet A/S, Aalborg	0.5	0.5	0.0	100.0	-	-	-
<i>Non-consolidated companies</i>							
Beluni Inc., USA (1)	0.0	0.0	0.0	100.0	100.0	100.0	100.0

1) The company is in liquidation.

All companies are subsidiaries that are wholly owned,
directly or indirectly, by Spar Nord Bank A/S.