

To Nasdaq OMX Copenhagen og the Press
8 February 2012

**For further
information,
please contact:**

ANNUAL REPORT 2011

ROBUST PROFITS AND FOCUS ON CAPITAL STRENGTH

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- **Pre-tax profits of DKK 345 million – DKK 212 million up on 2010**
 - o 7.9% return on equity
- **Core earnings before impairment of DKK 698 million - in line with forecasts**
 - o 2% growth in net interest income
 - o 4% downturn in net income from fees, charges and commissions and 52% decline in market-value adjustments
 - o Satisfactory cost trend - down 1% on 2010
- **Loan impairment of DKK 404 million – 14% up on 2010**
 - o Impairment for business customers: 1.5%
 - o Impairment for retail customers: 0.4%
- **High customer activity level in challenging market**
 - o More than 7,000 new customers net
 - o Deposits up 2%, and a 1% increase in lending
- **Focus on capital strength**
 - o The phase-out of leasing activities proceeds according to plan, and in the period until 2015 it will result in a gradual strengthening of the Common Equity (Tier 1) ratio of 1.8 percentage point.
 - o Fully underwritten rights issue scheduled to be launched in Q1 - expected gross proceeds of DKK 850 million, equal to an expected strengthening of the Common Equity (Tier 1) ratio to about 12.5%
- **Outlook for 2012**
 - o Core earnings before impairment hovering around DKK 800 million
 - o Impairment losses remain at a high level

DKK m	2011	2010	Change %
Net interest income	1,472	1,438	2
Core income	2,158	2,302	-6
Costs	1,460	1,469	-1
Core earnings before impairment	698	834	-16
Impairment of loans and advances, etc.	404	356	14
Core earnings	294	477	-39
Contributions to sector-wide solutions	6	-324	-
Results of discontinuing activities	42	1	-
Profit/loss before tax	345	133	259

Lasse Nyby, CEO of Spar Nord Bank, has the following comment on the financial statements:

- Our 2011 financial statements are much better than in 2010 because the contributions we had to make to sector-wide solutions were less extensive than last year. But there is also good reason to be pleased that the influx of so many new customers has enabled us to generate positive growth in lending in an otherwise sharply dropping market, and that we have sliced our costs compared with last year. On the downside we can see that business trends are still challenging, for which reason our loan impairment remains relatively high. Everything considered, however, we are definitely on the right track and will be a very well-capitalized bank after the DKK 850 million capital increase slated for launch in Q1.

Sincerely
Spar Nord Bank

Ole Madsen
Senior Vice President Corporate Communication

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ROBUST PROFITS AND FOCUS ON CAPITAL STRENGTH



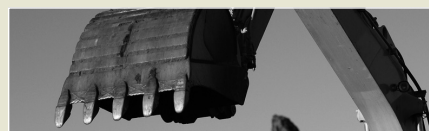
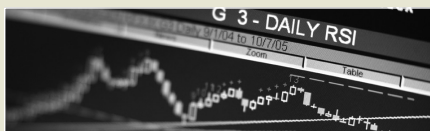
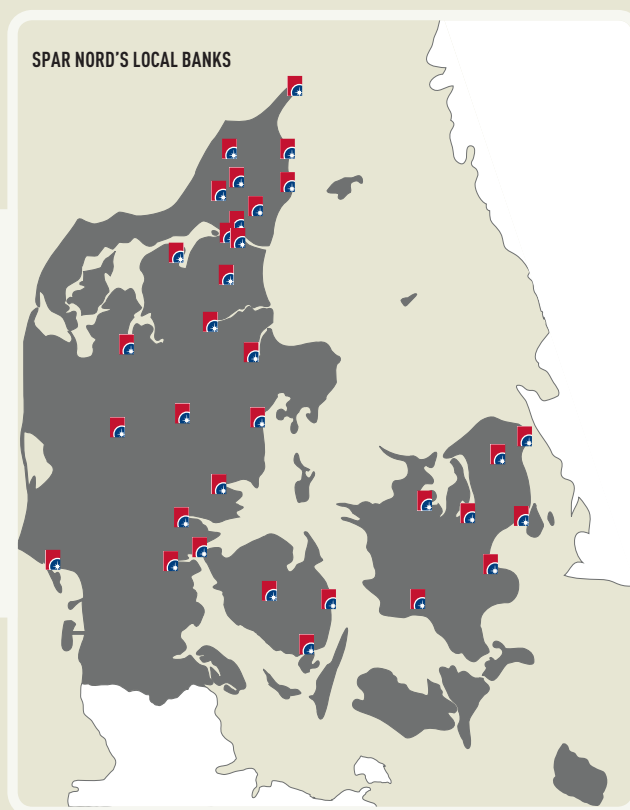
spar nord

THE SPAR NORD GROUP IN OVERVIEW



SPAR NORD'S BUSINESS MODEL

Spar Nord has made the "outside-in", rather than the top-down", management perspective the core of its business model. Spar Nord is composed of local units with a high degree of autonomy in areas such as customer and market cultivation and employee relations. The philosophy behind this business model is that what customers want from the decentralized customer-targeted units governs the work at the central support and development functions. The credit area is under centralized management.



SPAR NORD'S LOCAL BANKS

Spar Nord's Local Banks constitute the largest business unit in the Spar Nord Group. This business area comprises 69 local banks, with 959 employees serving about 250,000 retail and business customers. Spar Nord's Local Banks offer banking services, such as loans and credits, credit and debit cards and a wide range of savings products, nonlife insurance, life insurance and pension products.

TRADING, FIN. MARKETS & INT. DIV.

This business area is composed of Markets, Bonds, Shares, Interest & Forex, Asset Management and the International Division. The business area serves the Group's own retail and business customers, institutional customers and is also the supplier of wholesale services to small and medium-sized financial institutions.

SPAR NORD LEASING

Spar Nord Leasing (formerly Finans Nord) is a financing company operating in Denmark and Sweden. The company primarily finances vehicles in the core areas transport, agriculture and contracting. Since October 2011, the company has been classified as a discontinuing activity, as the forward-looking activities in Denmark have been transferred to the Jyske Bank Group.

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MANAGEMENT'S STATEMENT AND AUDITORS' REPORTS

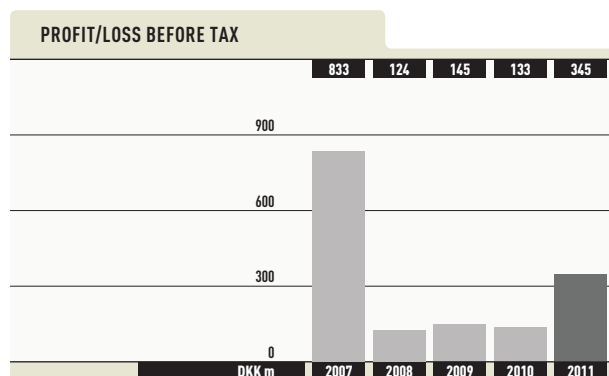
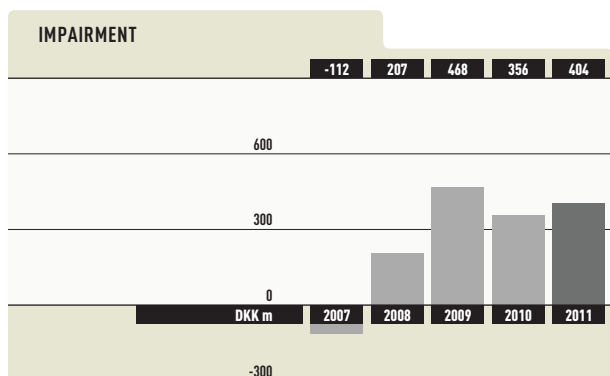
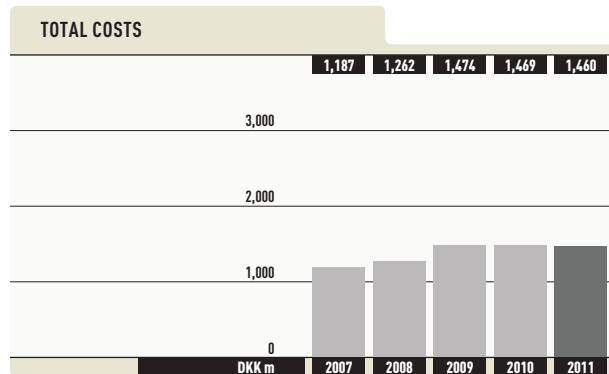
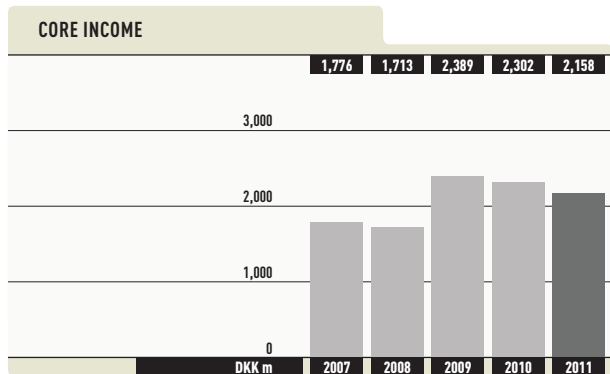
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CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY'S FINANCIAL STATEMENTS

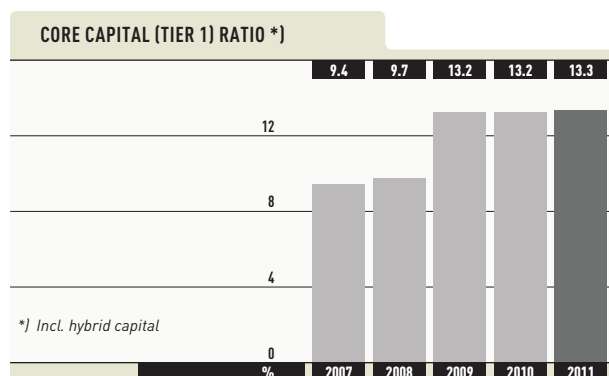
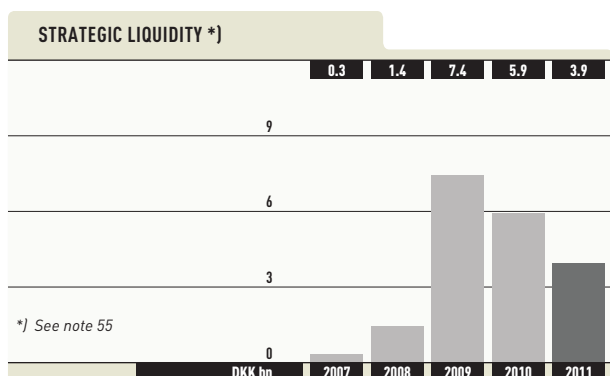
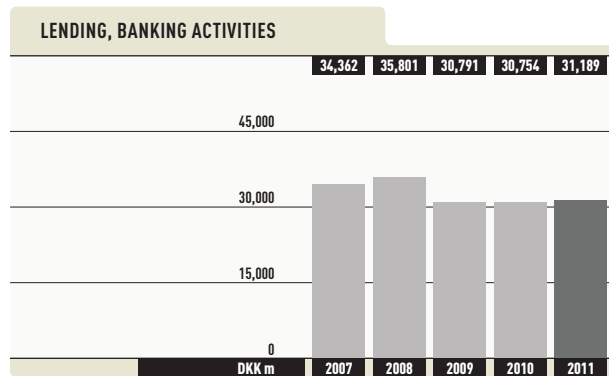
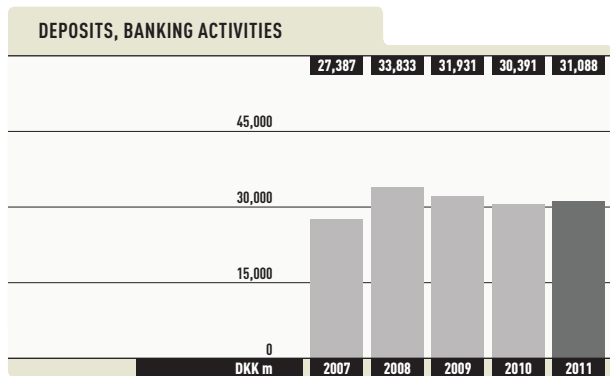
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KEY PERFORMANCE FEATURES

MAJOR ADVANCE IN PROFITS DESPITE LOWER CORE INCOME

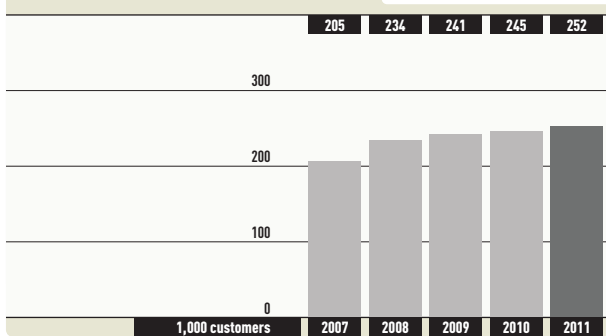


GROWTH IN DEPOSITS AND LENDING IN A WANING MARKET. STRONG CAPITAL AND CASH POSITION

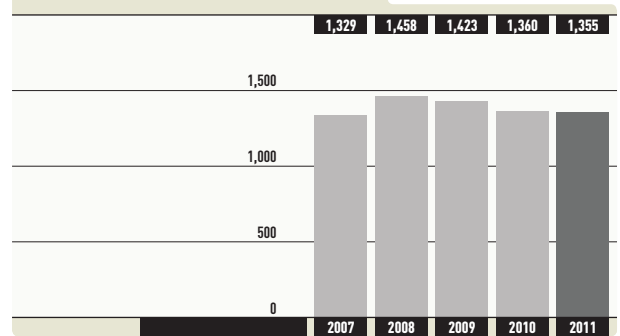


EXCELLENT CUSTOMER INFLUX AND HIGH CUSTOMER & EMPLOYEE SATISFACTION RATE

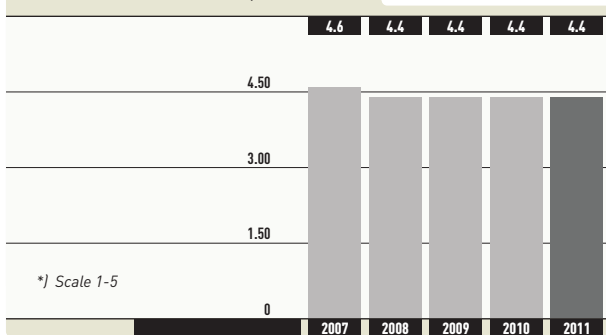
CUSTOMER NUMBER



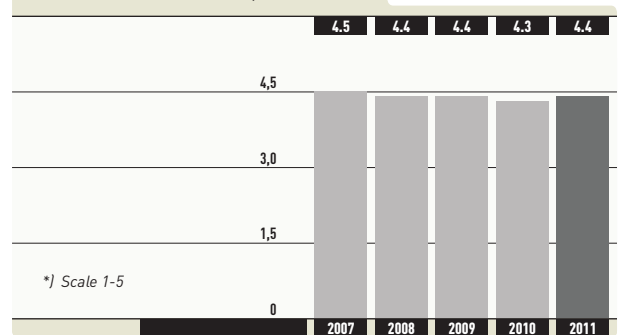
NUMBER OF EMPLOYEES



CUSTOMER SATISFACTION *)

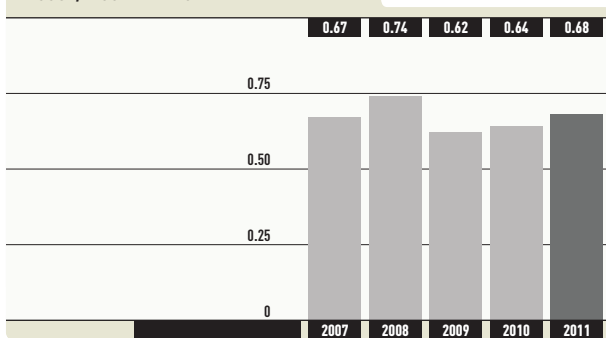


EMPLOYEE SATISFACTION *)

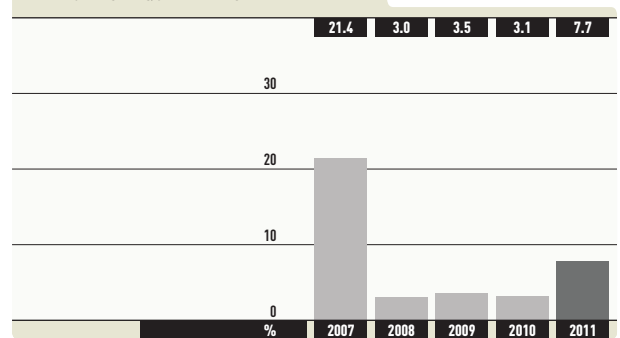


SHARE PRICE DOES NOT REFLECT POSITIVE PROFITS DEVELOPMENT

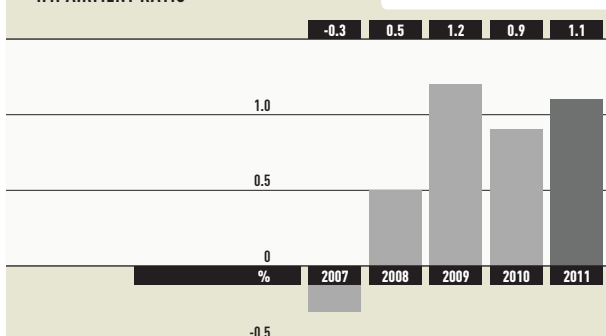
COST/INCOME RATIO



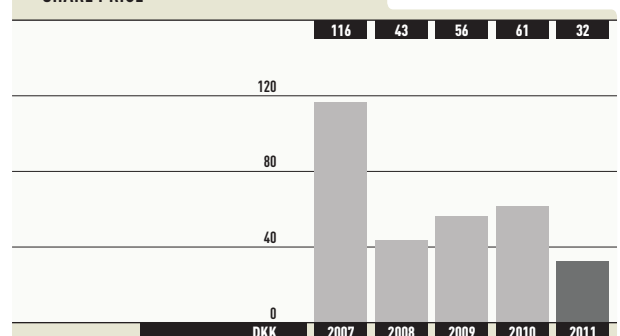
RETURN ON EQUITY - BEFORE TAX



IMPAIRMENT RATIO



SHARE PRICE



PREFACE

A year has passed since we introduced a new strategy plan for Spar Nord, covering the period 2011-13. TIME FOR CUSTOMERS, as the plan is called, generally conveys our aim of attracting more customers and more business, creating more cost efficiency and improving the bottom line.

TIME FOR CUSTOMERS pivots on the assumption that growth in business volume in the current market will require an increase in market shares. Developments in 2011 underpinned this assumption, as the Danish market, measured as the banking sector's total domestic lending, declined by 7%. Against this background we are satisfied to have recorded a 1% growth in lending, a 2% growth in deposits and a 2% increase in our net interest income thanks to a gratifying inflow of new customers.

Although customer influx and lending growth fell a bit short of our target, they were, on the other hand, achieved under market conditions and in a structural environment even more challenging than expected.

SYSTEMIC CHALLENGES IN DENMARK

Already a few weeks into 2011, we along with other Danish banks faced a significant challenge arising from the bankruptcy of Amagerbanken and its subsequent winding-up according to the rules laid down in the so-called Bank Package III. This winding-up engendered losses for depositors and senior lenders, the unfortunate consequence of which was that Danish banks were to some extent stigmatized in the international funding market. This had an especially adverse impact on Spar Nord, as we had planned a major bond issue immediately after the presentation of our Annual Report in February – a few days after Amagerbanken collapsed.

Regrettably, the turbulent situation continued well into spring, during which time Fjordbank Mors went bankrupt and, notably, Moody's responded to the Danish Bank Package III by effecting two collective downratings of Danish banks. As a result, we had to scrap our plan for launching a major international bond issue. Nevertheless, we were pleased to be able to complete two unguaranteed bond issues at the end of Q2 for a total of DKK 1.7 billion, taken up primarily by investors in the Danish and Scandinavian markets.

A NEW FUNDING STRUCTURE

All the same, the new situation on the funding market spurred us to implement a major reassessment of our funding structure. The new market conditions made it difficult – and at any rate not particularly profitable – for us to base our business on market funding to any major extent.

The solution was a tough but necessary decision to sell and phase out the leasing activities that had otherwise formed an integral and successful part of our business for 25 years. Within a few years, this combined transfer and phase-out will aid in significantly strengthening both our core capital and strategic liquidity and sharply reduce our need for market funding, thus minimizing our dependence on circumstances beyond our control.

A NEW REALITY

In terms of activities and performance, 2011 bore witness to the new reality in several ways, a reality that western economies, including Denmark's, have had to adapt to in the wake of the financial crisis. Growth and investments remained at a very low level, many businesses were under pressure, and the financial markets again became highly volatile.

Against this background it is gratifying for us to be able to report pre-tax profits of DKK 345 million in 2011, corresponding to a return on equity of 7.9%. The main reason that this performance was DKK 212 million better than in 2010 was a reduction in contributions to sector-wide solutions after Bank Package I expired, but also the positive growth in our own operations, given the circumstances.

Compared with 2010 we experienced a fall in core income of 6%, primarily driven by dire circumstances on the financial markets. On the upside, net interest income grew.

As for costs, we once more lived up to our zero growth goal, and in Q4 we took initiatives intended to ensure that 2012 will be the third year on end with zero growth in costs.

The harsh conditions for many businesses made 2011 yet another year that saw loan impairment provisions at a high level, viz. DKK 404 million, equal to about 1% of total loans, advances and guarantees. Even though we saw substantial impairment provisions, the figures testify to a strong credit quality viewed from a helicopter perspective. This accounts in great part for the fact that we have emerged from a period of four difficult years with respectable black figures on the bottom line.

We recommend that no dividends be distributed for 2011, as we are pursuing a strategy to strengthen our financial resources and consequently plan a capital increase by way of a rights issue in Q1 2012, with gross proceeds expected to amount to approx. DKK 850 million. The preparatory stages of the rights issue, which is expected to be fully underwritten, are well underway.

OUTLOOK FOR 2012

We expect the macroeconomic and structural challenges to remain substantial in the coming year. Growth in the Danish economy will be grinding up a long hill in a low gear, and many businesses will continue to be under pressure as concerns sales and earnings. However, we expect the economic conditions, coupled with the upsurge in savings, to be sufficiently positive to ensure that the finances of private households generally remain sound.

Despite the challenges we expect 2012 to show healthy earnings growth compared with 2011. Thus, we expect to realize core earnings before impairment at a level of DKK 800 million. We expect to make this strong advance relative to the DKK 698 million realized in 2011 by increasing net interest income and keeping a steady sight on cost-curbing measures.

Due to the continued challenging business trends, impairment losses are expected to remain at a high level.

Sincerely yours,



A handwritten signature in black ink, appearing to read 'Torben Fristrup'.

Torben Fristrup

Chairman of the Board of Directors

A handwritten signature in black ink, appearing to read 'Lasse Nyby'.

Lasse Nyby

Chief Executive Officer

MACROECONOMICS AND MARKET TRENDS

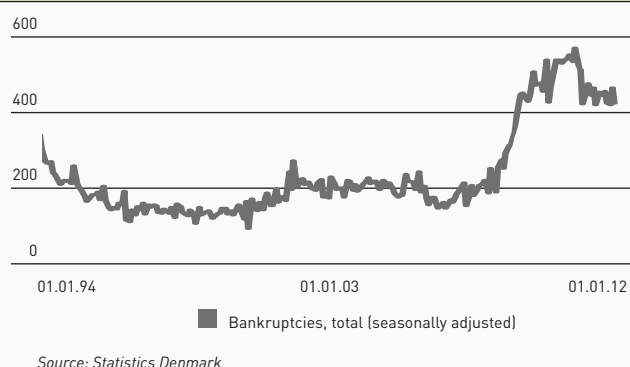
After a positive close to 2010, 2011 also kicked off to a start with positive sentiments in the Danish and global economies. Thus, during the two first quarterly periods Denmark saw marginally declining jobless rates while the housing market stabilized at the same time. In general, a nascent optimism prevailed, as well as confidence in the forthcoming effects of the stimulus initiatives introduced by western countries in recent years.

In the second half of the year, however, rising commodity prices, the debt-ravaged economies in southern Europe and distrust of political control in the Eurozone, coupled with fading industry and consumer confidence, brought growth once more to a near standstill.

For the year as a whole, growth in GDP is expected to amount to 0.8%, while unemployment stabilized at 6.0%.

The generally low economic activity level meant that total lending by Danish financial institutions dropped by 7% in the course of the year. A general de-gearing of businesses' and households' finances contributed to this development – a trend that historically emerges in the aftermath of crises, as the debt level tends to adapt itself to the lower asset values over a number of years.

NUMBER OF BANKRUPTCIES IN DENMARK 1994-2012

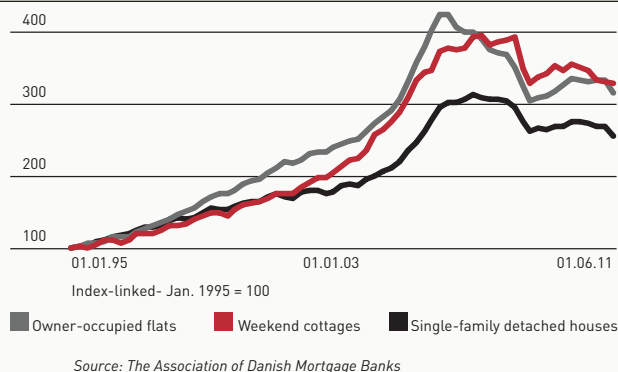


MACROECONOMIC INDICATORS 2009-2012
REALIZED AND EXPECTED DEVELOPMENTS IN DENMARK

	2010	2011	2012
Growth in GNP, % YOY	1.3	0.8	0.5
Growth in customer spending, % YOY	1.9	-0.6	0.6
Growth in investments, % YOY	-3.7	0.0	2.8
Unemployment, % YOY	6.0	6.0	6.5
Inflation, % YOY	2.3	2.8	1.8
Balance of payments, DKK bn	95	120	90
EUR/DKK	745	743	744
USD/DKK	575	575	620
Long interest rates, %/year-end	2.90	1.70	2.70

Source: Statistics Denmark, Nationalbanken (the Central Bank) and Spar Nord Bank

HOUSING PRICE INDEX IN DENMARK - 1995-MID-2011



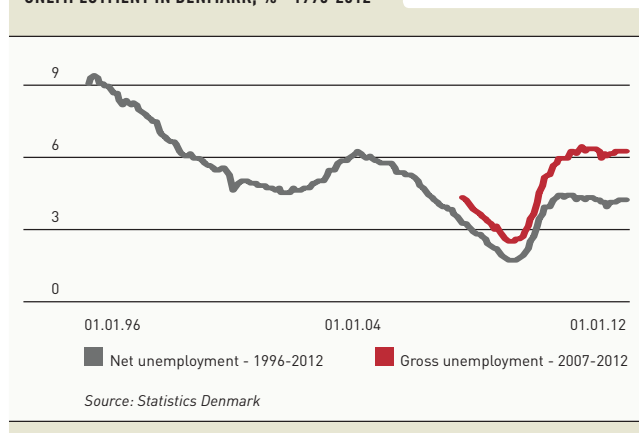
Outlook for 2012

Following the negative trends in the second half of 2011 and as a consequence of the widespread distrust regarding future economic developments, particularly in Europe, it is no longer unlikely that 2012 will pose dramatic economic challenges.

Thus, Spar Nord's main scenario is that both Europe and Denmark are approaching a new recession. For Denmark, this will be the third recession in three years - and a recession the depth of which will depend on the economic decline in the rest of Europe. The severity of this decline is subject to major uncertainty. However, both households and businesses are expected to have generally healthier balance sheets than three to four years ago, so the economic decline will probably be less dramatic.

On the downside, the fact is that a number of states are reeling under a heavy economic burden. Only a small handful of stimulus options are left in the toolbox, and an additional negative blow to the European economies could potentially plunge the region into another major downward spiral.

UNEMPLOYMENT IN DENMARK, % - 1996-2012



SPAR NORD'S FORECAST FOR THE DANISH ECONOMY 2012

- Overall growth of 0.5%
- Consumption to advance 0.6%
- Investments remain on a low level
- Mounting unemployment

In general, Spar Nord expects zero growth in Europe in 2012. Given a continued high savings ratio, rising unemployment and declining housing prices, Danish growth is expected to end at a moderately positive level, namely around 0.5%. Unemployment is expected to increase by about 10,000 persons, pushing the unemployment rate up from the current 6.0% to around 6.5%. In such a scenario, the European Central Bank is likely to reduce interest rates additionally to 0.75%, which would cause interest rates in Denmark to be sliced even further.

Denmark's status as a "safe haven" means that foreign investors bought up Danish securities in bulk, particularly in the second half of 2011. This demand is reflected in unusually low bond rates, among other things, but it also strengthens the Danish kroner exchange rate relative to the euro. If this demand continues, Denmark's Nationalbank (the Central Bank) may be compelled to cut down the Danish key interest rate, moving it even closer to zero. All other things being equal, a lower Danish interest rate will curb investors' appetite for Danish securities, and thus weaken the Danish kroner exchange rate relative to euro.

Whether the demand for Danish securities will continue depends largely on the EU politicians' success in restoring confidence in the European economy. If the attempts to reach a permanent and credible solution to Europe's economic challenges prove successful, this may result in major interest rate hikes in Denmark because investors will then choose to switch their investments in low-interest Danish securities to other, higher-return securities.

SPAR NORD'S STRATEGY 2011-2013

STRATEGY PLAN: TIME FOR CUSTOMERS

The Bank's strategic roadmap for 2011-13 is described in the strategy plan, TIME FOR CUSTOMERS. The strategy plan continues the geographical expansion undertaken by the Group in the period from 2002 to 2010 and focuses on generating growth in customer numbers, business volume and earnings, among other target issues.

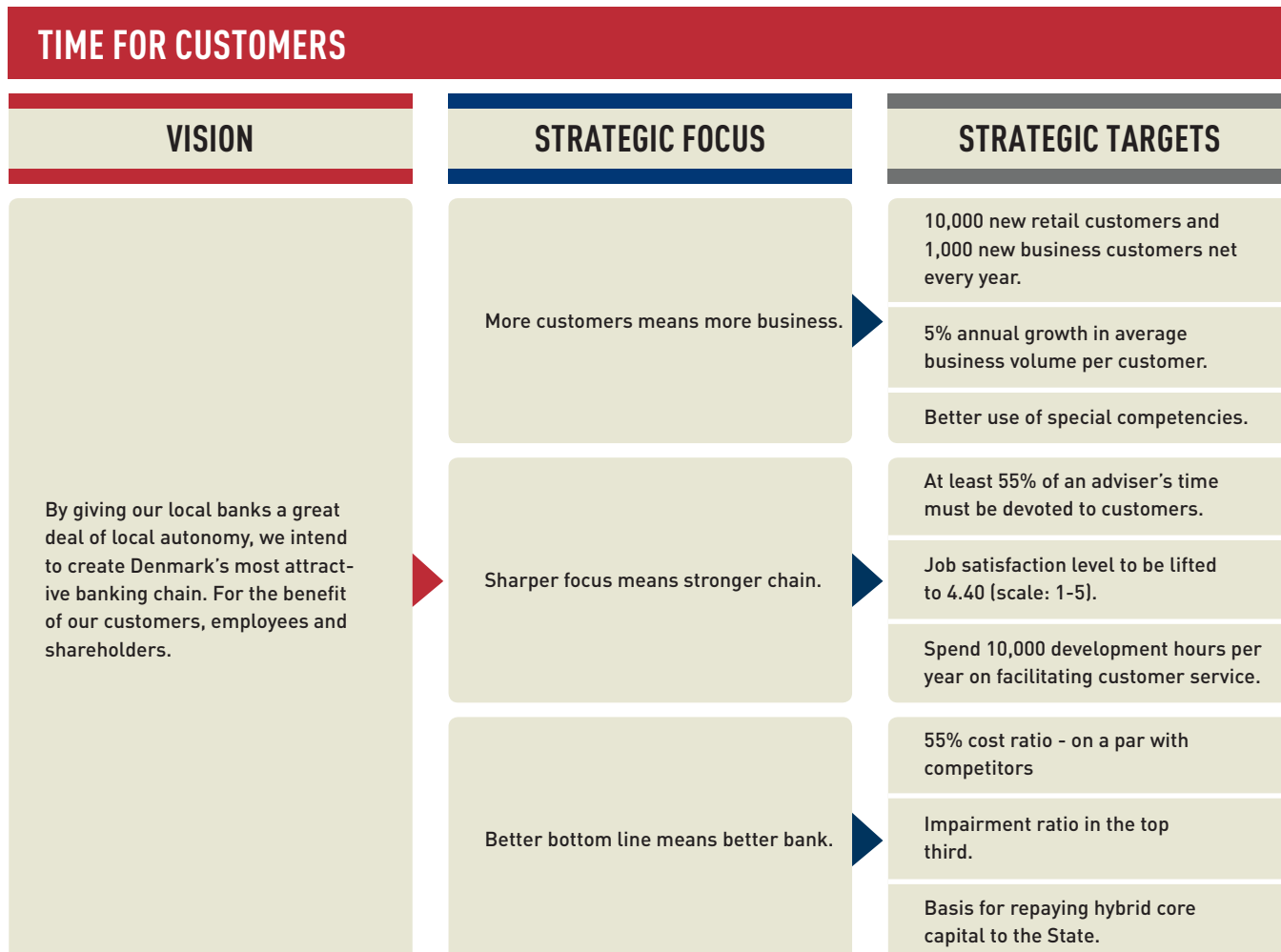
TIME FOR CUSTOMERS aims to maintain Spar Nord's approach to banking, combining local presence, local commitment and local decision-making powers with strong centralized competence units.

In market terms, Spar Nord wants to uphold its strong market position and high market share in North Jutland, its core area, while also

striving to exploit the growth potential fostered by recent years' investments in increased distributive force. Finally, an important goal is to keep credit quality at a high level.

The Bank additionally intends to apply the efforts targeted at TIME FOR CUSTOMERS towards creating improvements in the areas where the Bank has generated less satisfactory results, including cost efficiency and average business volume per customer.

In concrete terms, three strategic action areas have been formulated for the period 2011-13, each with three strategic targets.



TIME FOR CUSTOMERS



PERFORMANCE INDICATORS AND FINANCIAL RATIOS FOR THE GROUP

CORE EARNINGS - YEAR

PERFORMANCE INDICATORS

INCOME STATEMENT DKK m	2011	2010	Change in %	2009	2008	2007
Net interest income	1,471.7	1,438.3	2.3	1,611.5	1,318.8	992.8
Net income from fees, charges and commissions	476.8	498.5	-4.4	410.1	396.9	479.8
Market-value adjustments and dividends	130.3	270.2	-51.8	300.2	-64.0	182.5
Other operating income	40.3	34.1	18.2	30.8	29.4	22.2
Profit/loss on equity investments in associates and group enterprises	39.0	61.0	-36.1	35.9	31.5	99.1
Core income	2,158.1	2,302.1	-6.3	2,388.5	1,712.6	1,776.4
Salaries	882.5	875.5	0.8	845.1	759.9	718.2
Operating expenses	504.2	529.4	-4.8	559.8	437.5	421.7
Depreciation, amortization and impairment	73.3	63.7	15.1	68.9	64.1	46.7
Costs	1,460.0	1,468.6	-0.6	1,473.8	1,261.5	1,186.6
Core earnings before impairment	698.1	833.5	-16.2	914.7	451.1	589.8
Impairment of loans, advances and receivables, etc.	404.4	356.3	13.5	467.6	206.7	-112.4
Core earnings	293.7	477.2	-38.5	447.1	244.4	702.2
Earnings from investment portfolios *)	3.0	-22.2	-	17.1	-229.3	18.8
Totalkredit (sale of shares)	0.0	0.0	-	0.0	92.9	0.0
Profit/loss on ordinary operations	296.7	455.0	-34.8	464.2	108.0	721.0
Contributions to sector-wide solutions *)	6.0	-324.2	-	-291.2	-81.3	0.0
Profit/loss on continuing activities	302.7	130.8	131.4	173.0	26.7	721.0
Spar Nord Leasing (discontinuing activities)	42.2	2.2	-	-28.3	97.0	112.0
Profit/loss before tax	344.9	133.0	159.3	144.7	123.7	833.0
Tax on continuing activities	52.9	27.1	95.2	33.9	4.5	148.8
Tax on discontinuing activities	17.2	0.9	-	-6.7	23.9	3.9
Profit/loss	274.8	105.0	161.7	117.5	95.3	680.3

BALANCE SHEET DISCLOSURES

DKK m	2011	2010	Change in %	2009	2008	2007
Total assets	70,081	67,436	3.9	64,529	69,268	63,394
Loans and advances	38,702	39,952	-3.1	38,315	45,376	40,939
Lending, banking activities	31,189	30,754	1.4	30,791	35,801	34,362
Lending, reverse transactions	393	1,517	-	0	2,220	433
Lending, leasing activities	7,120	7,681	-7.3	7,524	7,355	6,144
Deposits	37,415	36,882	1.4	35,998	38,019	31,416
Deposits, banking activities	31,088	30,391	2.3	31,931	33,833	27,387
Deposits, repo transactions	0	813	-	0	0	0
Deposits in pooled schemes	6,327	5,678	11.4	4,067	4,186	4,029
Subordinated debt	2,317	2,477	-6.5	2,681	1,652	1,770
Shareholders' equity	4,627	4,374	5.8	4,143	4,024	4,138
Contingent liabilities	3,838	5,137	-25.3	6,235	4,561	4,048
Risk-weighted items	42,188	43,406	-2.8	41,692	42,813	43,656
Core capital (Tier 1), incl. hybrid core capital, after deductions	5,622	5,717	-1.7	5,502	4,154	4,098
Impairment of loans, advances and receivables, etc.	1,143	1,027	11.3	1,100	606	444
Non-performing loans	122	105	16.2	103	48	27
Business volume	79,955	81,971	-2.5	80,548	87,956	76,403

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

Divestment of leasing activity - accounting consequences

The accounting rules regarding the presentation of a discontinuing activity mean that the results of the discontinuing activity must be presented on a separate line, and that the comparative figures as regards the income statement must be restated. Accordingly, the individual items in the income statements for 2007 to 2010 have been reclassified, as the share of the individual items in the consolidated income statement relating to Spar Nord Leasing has been moved to the account line, "profit/loss on discontinuing activities", termed "Spar Nord Leasing (discontinuing activities)" in the format, "Core earnings". It follows from the accounting rules that balance-sheet items are not to be recognized separately and comparative figures are not to be restated. The development in lending is broken down into the subcategories "banking activities", "reverse transactions" and "leasing activities".

CORE EARNINGS - YEAR

FINANCIAL RATIOS

	2011	2010	2009	2008	2007
SOLVENCY					
Solvency ratio, [%]	14.0	13.4	14.2	11.3	11.1
Core capital (Tier 1) ratio, incl. hybrid capital, [%]	13.3	13.2	13.2	9.7	9.4
Common Equity (Tier 1) ratio, [%]	10.4	9.5	9.3	8.9	8.9
EARNINGS					
Return on equity before tax	7.7	3.1	3.5	3.0	21.4
Return on equity after tax	6.1	2.5	2.9	2.3	17.5
Cost share of core income, continuing activities	DKK 0.68	0.64	0.62	0.74	0.67
Cost share of core income, incl. impairment of loans and advances, etc.	DKK 0.86	0.79	0.81	0.86	0.60
MARKET RISK					
Interest-rate risk	-0.5	0.1	-0.3	0.3	1.3
Foreign-exchange position	6.9	2.9	2.9	9.1	5.7
Foreign-exchange risk	0.1	0.1	0.0	0.1	0.1
CREDIT RISK					
Loans and advances plus impairment rel. to deposits	106.5	111.1	109.1	120.9	131.7
Loans and advances rel. to shareholders' equity	8.4	9.1	9.2	11.3	9.9
Increase in loans and advances for the year	-3.1	4.3	-15.6	10.8	19.3
Excess coverage rel. to statutory cash ratio requirement	163.9	109.1	157.0	86.7	91.9
Large exposures as % of capital base **)	0.0	0.0	10.9	12.3	65.0
Impairment ratio, continuing activities	1.1	0.9	1.2	0.5	-0.3
EMPLOYEES AND BRANCHES					
Number of employees (full-time, end of year) (continuing activities)	1,355	1,360	1,423	1,458	1,329
Number of employees (full-time, end of year) (discontinuing activities)	42	111	107	96	87
Number of local banks	69	71	77	75	82
THE SPAR NORD BANK SHARE					
DKK PER SHARE OF DKK 10					
Share price, end of year	32	61	56	43	116
Net asset value (NAV)	82	77	75	73	75
Profit/loss for the year	4.8	1.9	2.1	1.7	12.3
Dividend	0	0	0	0	3
Return	-48	9	30	-60	-13
Price/earnings	7	32	27	25	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" has been adjusted for exposures to credit institutions below DKK 1 billion after deductions in 2010 and 2011 in accordance with section 145 of the Danish Financial Business Act, for which reason the financial ratio is not fully comparable with previous years.

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

Ratio definitions appear from note 60.

PERFORMANCE INDICATORS AND FINANCIAL RATIOS FOR THE GROUP

CORE EARNINGS - QUARTERLY

PERFORMANCE INDICATORS

INCOME STATEMENT DKK m	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4
Net interest income	401.8	380.0	345.8	344.1	351.8
Net income from fees, charges and commissions	117.1	110.6	116.9	132.2	132.4
Market-value adjustments and dividends	32.9	-0.5	44.2	53.7	29.9
Other operating income	12.3	8.0	8.8	11.2	7.7
Profit/loss on equity investments in associates and group enterprises	0.0	13.1	14.5	11.4	16.0
Core income	564.1	511.2	530.2	552.6	537.8
Salaries	242.6	187.5	237.8	214.6	222.2
Operating expenses	122.2	126.5	125.1	130.4	143.1
Depreciation, amortization and impairment	23.0	16.2	18.4	15.7	16.7
Costs	387.8	330.2	381.3	360.7	382.0
Core earnings before impairment	176.3	181.0	148.9	191.9	155.8
Impairment of loans, advances and receivables, etc.	141.4	94.3	84.9	83.8	101.2
Core earnings	34.9	86.7	64.0	108.1	54.6
Earnings from investment portfolios *)	-0.3	0.8	-4.5	7.0	-3.4
Profit/loss on ordinary operations	34.6	87.5	59.5	115.1	51.2
Contributions to sector-wide solutions *)	24.1	18.3	-35.1	-1.3	-79.5
Profit/loss on continuing activities before tax	58.7	105.8	24.4	113.8	-28.3
Spar Nord Leasing (discontinuing activities)	10.0	-20.2	27.7	24.7	9.9
Profit/loss before tax	68.7	85.6	52.1	138.5	-18.4
Tax on continuing activities	14.5	29.1	-16.1	25.4	-7.3
Tax on discontinuing activities	2.3	4.7	5.0	5.2	4.0
Profit/loss	51.9	51.8	63.2	107.9	-15.1

BALANCE SHEET DISCLOSURES

DKK m					
Total assets	70,081	71,335	71,933	67,665	67,436
Loans and advances	38,702	39,592	41,023	39,931	39,952
Lending, banking activities	31,189	31,388	32,743	30,628	30,754
Lending, reverse transactions	393	536	581	1,475	1,517
Lending, leasing activities	7,120	7,668	7,699	7,828	7,681
Deposits	37,415	35,848	36,275	36,725	36,882
Deposits, banking activities	31,088	29,725	30,084	30,562	30,391
Deposits, repo transactions	0	0	100	251	813
Deposits in pooled schemes	6,327	6,123	6,091	5,912	5,678
Subordinated debt	2,317	2,504	2,464	2,445	2,477
Shareholders' equity	4,627	4,571	4,524	4,470	4,374
Contingent liabilities	3,838	3,646	3,854	3,825	5,137
Risk-weighted items	42,188	43,740	43,334	42,563	43,406
Core capital (Tier 1) [incl. hybrid core capital], after deductions	5,622	5,553	5,876	5,792	5,717
Impairment of loans, advances and receivables, etc.	1,143	1,073	1,014	1,025	1,027
Non-performing loans	122	105	80	115	105
Business volume	79,955	79,086	81,152	80,481	81,971

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

Divestment of leasing activity - accounting consequences

The accounting rules regarding the presentation of a discontinuing activity mean that the results of the discontinuing activity must be presented on a separate line, and that the comparative figures as regards the income statement must be restated. Accordingly, the individual items in the income statements for Q4 2010 to Q2 2011 have been reclassified, as the share of the individual items in the consolidated income statement relating to Spar Nord Leasing has been moved to the account line, "profit/loss on discontinuing activities", termed "Spar Nord Leasing [discontinuing activities]" in the format, "Core earnings". It follows from the accounting rules that balance-sheet items are not to be recognized separately and comparative figures are not to be restated. The development in lending is broken down into the subcategories "banking activities", "reverse transactions" and "leasing activities".

CORE EARNINGS - QUARTERLY

FINANCIAL RATIOS

	2011 Q4	2011 Q3	2011 Q2	2011 Q1	2010 Q4	
SOLVENCY						
Solvency ratio (%)	14.0	13.8	13.8	13.9	13.4	
Core capital (Tier 1) ratio, incl. hybrid capital, (%)	13.3	12.7	13.6	13.6	13.2	
Common Equity (Tier 1) ratio, (%)	10.4	9.9	9.9	9.9	9.5	
EARNINGS						
Return on equity before tax	%	1.5	1.9	1.2	3.1	-0.4
Return on equity after tax	%	1.2	1.2	1.4	2.4	-0.4
Cost share of core income, incl. continuing activities	DKK	0.69	0.65	0.72	0.65	0.71
Cost share of core income, incl. impairment of loans and advances	DKK	0.94	0.83	0.88	0.80	0.90
MARKET RISK						
Interest-rate risk	%	-0.5	-0.6	-0.3	-0.6	0.1
Foreign-exchange position	%	6.9	2.5	4.0	2.3	2.9
Foreign-exchange risk	%	0.1	0.0	0.1	0.1	0.1
CREDIT RISK						
Loans and advances plus impairment rel. to deposits	%	106.5	113.4	115.9	111.5	111.1
Loans and advances rel. to shareholders' equity		8.4	8.7	9.1	8.9	9.1
Increase in loans and advances for the period	%	-2.2	-3.5	2.7	-0.1	1.7
Excess coverage rel. to statutory cash ratio requirement	%	163.9	99.9	77.0	90.2	109.1
Large exposures as % of capital base	%	0.0	0.0	0.0	0.0	0.0
Impairment ratio, continuing activities		0.4	0.3	0.2	0.2	0.3
EMPLOYEES AND BRANCHES						
Number of employees (full-time, end of period) (continuing activities)		1,355	1,362	1,356	1,361	1,360
Number of employees (full-time, end of period) (discontinuing activities)		42	121	119	111	111
Number of branches		69	69	69	69	71
THE SPAR NORD BANK SHARE						
DKK PER SHARE OF DKK 10						
Share price, end of period		32	35	43	49	61
Net asset value (NAV)		82	81	80	79	77
Profit/loss for the period		0.9	0.9	1.1	1.9	-0.3

THE YEAR IN REVIEW - THE GROUP

INTRODUCTION

In 2011, the Spar Nord Group recorded a pre-tax profit of DKK 345 million. This profit is DKK 212 million higher than in 2010 and corresponds to a return on the beginning equity of 7.9% before tax.

Core earnings before impairment and contributions to sector-wide solutions ended at DKK 698 million, which is 16% down on 2010. This decline is mainly attributable to lower market-value adjustments, but also to a downturn in activity-contingent earnings. On the upside, the Bank recorded a 2% growth in net interest income.

The Group's costs ended 1% lower than in the past two years - after a year with a small increase in the Group's payroll costs and a satisfactory decrease in other operating costs.

Loan impairment losses, etc. remained at a high level on account of the still challenging business trends. As in the past two years, impairment losses were primarily attributable to business customers.

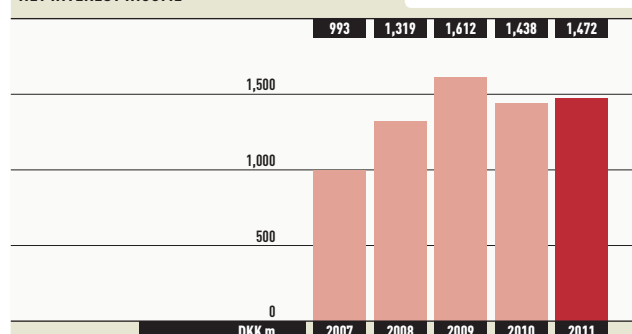
2011 was yet another year of tribulation on the international funding markets, for which reason the Group decided in Q3 to phase out its leasing activities as and when the appropriate contracts expired. This decision will help to strengthen the Group's capital and liquidity resources significantly in the years to come.

From an overall perspective, Spar Nord's Management finds that the profits realized can be termed satisfactory in view of the prevailing market conditions and the initiatives introduced by the Group.

INCOME

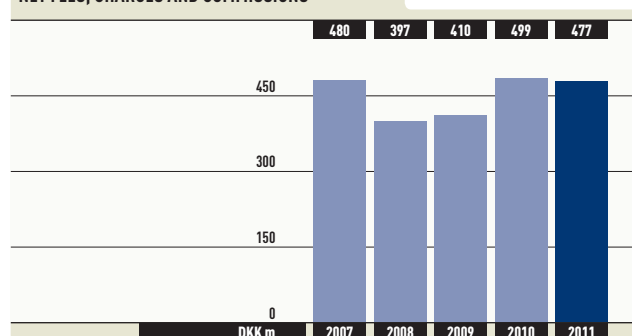
In 2011, net interest income amounted to DKK 1,472 million, equal to an advance of DKK 33 million, or 2% compared with 2010. This rise is attributable to marginal growth in lending volume coupled with a widening of the Group's lending margin. On the downside funding costs remained high.

NET INTEREST INCOME



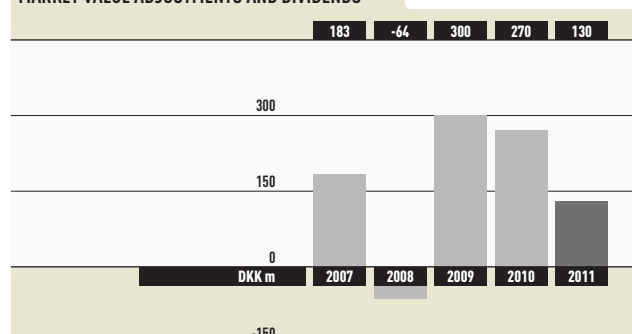
Net income from fees, charges and commissions amounted to DKK 477 million, corresponding to a decline of DKK 22 million, equal to 4% compared with 2010. This decline is attributable primarily to a fall in guarantee commissions on account of fewer pending land registration applications and a reduction in fees from securities trading. On the upside, there was growth in asset management fees and growth in loan transaction fees - both as a result of the positive influx of new customers.

NET FEES, CHARGES AND COMMISSIONS



Market-value adjustments and dividends ended at DKK 130 million, which is DKK 140 million, or 52% down on 2010. This drop is attributable to a sharp reduction in market-value adjustments of the Group's bond portfolio, but also to lower market-value adjustments on strategic shareholdings in companies in the financial sector.

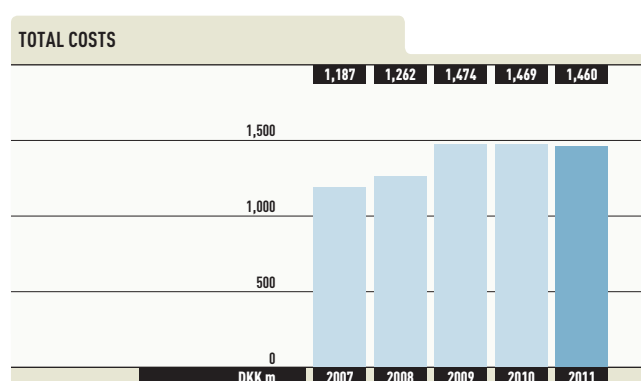
MARKET VALUE ADJUSTMENTS AND DIVIDENDS



Other operating income, which includes operation of properties and support services provided to other financial institutions, amounted to DKK 40 million compared with DKK 34 million in 2010. The profit on equity investments in associates, primarily Nørresundby Bank and Valueinvest Asset Management, amounted to DKK 39 million compared with DKK 61 million in 2010. This decline is attributable to a downturn in the share of profits from Nørresundby Bank.

COSTS AND EXPENSES

The Group's total costs and expenses amounted to DKK 1,460 million, which is 1% lower than in 2010 and in 2009.



Payroll costs ended at DKK 882 million, which is DKK 7 million, or 1%, up on 2010. The higher payroll costs are attributable to pay increases under collective agreements and higher payroll taxes – two circumstances that more than offset the consequences of the Group's having an average of 3% fewer employees in 2011 than in 2010.

Operating costs ended at DKK 504 million, which is DKK 25 million, or 5%, down on 2010. This is due to a reduction in all material cost categories, apart from marketing, which has been given a higher priority in accordance with the strategy TIME FOR CUSTOMERS.

The core income and costs realized correspond to a cost/income ratio of 0.68% (2010: 0.64%). A figure that needs to be improved sharply in the coming years according to the Group's strategy.

To ensure zero growth in the Group's costs also in 2012 and thus attain the desired cost-efficiency improvements, the Bank closed down 47 positions in Q4.

CORE EARNINGS BEFORE IMPAIRMENT

The Group's core earnings before impairment amounted to DKK 698 million versus DKK 833 million in 2010.

This performance should be viewed in relation to the forecast of DKK 700 million announced when the Q1-Q3 quarterly report was made.

IMPAIRMENT

The total impact on operations from loan impairment amounted to DKK 404 million in 2011, equal to 1.1% of total loans, advances and guarantees. The realized impairment losses are 13% up on those in 2010 and reflect the continuing difficult business trends and thus challenges for a wide range of industries throughout the business sector.

DKK 339 million of the DKK 404 million is attributable to business customers, corresponding to an impairment ratio of 1.5% for this customer category. Thus, impairment losses of only DKK 65 million were realized on the Group's lending to private households, equal to an impairment ratio of 0.4%.

THE GROUP'S LOANS, ADVANCES AND GUARANTEES *) - BREAKDOWN BY SECTOR

Line of business %	Bank lending and guarantees		Individual impairment
	31.12.10	31.12.11	31.12.11
Agriculture, hunting and forestry	9.5	9.2	31.4
Fisheries	0.4	0.5	0.3
Industry and raw materials extraction	2.5	2.5	4.0
Energy supply	3.3	4.4	0.5
Building and construction	3.0	2.8	3.7
Trade	8.5	8.7	7.2
Transport, hotels and restaurants	2.5	3.0	2.2
Information and communication	0.2	0.4	0.2
Financing and insurance	9.2	6.3	6.6
Real estate	12.5	13.2	11.1
Other business areas	5.6	5.6	9.4
Business customers, total	57.2	56.6	76.6
Public authorities	2.7	4.8	0.0
Retail customers	40.1	38.6	23.4
Total	100.0	100.0	100.0

*) Excl. discontinuing activities

The Group's total impairment balance (continuing activities) amounted to DKK 998 million at the end of the year, which is DKK 103 million higher than at end-2010.

The Group's non-accrual loans (continuing activities) amount to DKK 86 million, and the cover ratio can thus be calculated at 11.6.

In continuation of a circular letter of 22 December 2011 sent by the Danish Financial Supervisory Authority to Danish financial institutions, the Bank undertook another review of its agricultural exposures. This review did not give rise to an increase of impairment provisions.

EARNINGS FROM INVESTMENT PORTFOLIOS

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

Earnings from investment portfolios ended at DKK 3 million in 2011 compared with a loss of DKK 22 million in 2010. The improved results are attributable to Erhvervsinvest K/S and positive adjustments at Erhvervsinvest Nord made when the portfolio company was sold.

SECTOR-WIDE SOLUTIONS

The Group's net contributions to sector-wide solutions, primarily in connection with the bankruptcies of Amagerbanken, Fjordbank Mors and Max Bank, amounted to an income of DKK 6 million compared with an expense of DKK 324 million in 2010.

The sharp difference is due primarily to the expiration of Bank Package I, but also to the fact that the Group carried its expected share of the payment to the Depositors' and Investors' Guarantee Fund to expense when Amagerbanken went bankrupt in 2010. As the dividend rate to be paid by the bankrupt estate of Amagerbanken was adjusted upwards in 2011 from the originally expected 58.8% to 84.4%, the Group carried DKK 46 million to income.

The Group has carried DKK 25 million regarding Fjordbank Mors and DKK 18 million regarding Max Bank to expense - both amounts are inclusive of the Group's share of Nørresundby Bank's contribution.

RESULTS OF DISCONTINUING ACTIVITIES

In 2011, Spar Nord Leasing recorded a pre-tax profit of DKK 42 million. Please refer to the section "Business areas" for a more detailed description.

PROFITS

Accordingly, the Group's pre-tax profits amounted to DKK 345 million compared with last year's DKK 133 million. This profit performance yields a 7.9% return on the beginning equity (before tax).

After DKK 70 million in estimated tax, profits amount to DKK 275 million. The tax amounts to 20% of the pre-tax profits for the year.

Q4

Profits amounted to DKK 69 million in Q4 compared with DKK 86 million in Q3 2011 and DKK -18 million in Q4 2010. The decline from Q3 to Q4 is attributable to an increase in payroll costs in connection with the closedown of 47 positions and higher impairment provisions. On the upside, net interest income and market-value adjustments rose.

The net interest income in Q4 amounted to DKK 402 million versus DKK 380 million in Q3 2010. The 6% increase is attributable to an unchanged lending volume combined with a wider interest margin.

The net income from fees, charges and commissions in Q4 amounted to DKK 117 million versus DKK 111 million in Q3. This increase is attributable to loan transaction fees and securities trading fees.

Market-value adjustments in Q4 amounted to DKK 33 million compared with a breakeven result in Q3 2011. The increase is attributable mainly to a positive development in the Bank's primary exposure, short mortgage-credit bonds against interest swaps.

Costs ended at DKK 388 million in Q4 versus DKK 330 million in Q3. The 17% growth is attributable to the DKK 17 million expensed in Q4 2011 by way of extraordinary severance pay in connection with the closedown of positions. To this should be added the impact of the accrual principles applied to holiday pay obligations, which means that payroll costs are always higher in Q4.

Impairment of loans and advances amounted to DKK 141 million in Q4 versus DKK 94 million in Q3. The increase is due to the sustained challenging business trends coupled with the adverse developments affecting a small number of business exposures across a variety of business lines. To this should be added an increase in impairment losses relating to retail customers.

A breakeven result was realized on earnings from investment portfolios compared with a DKK 1 million gain in Q3.

BUSINESS VOLUME

Lending, banking activities, grew 1% to DKK 31.2 billion (2010: DKK 30.8 billion), 37% of which is attributable to retail customers (2010: 38%) and 63% to business customers (2010: 62%).

Lending to business customers grew by 3% during the year, while lending to private households was unchanged despite a healthy customer influx.

Guarantees amounted to DKK 3.8 billion, versus DKK 5.1 billion at end-2010. This reduction is attributable to fewer pending land registration applications.

Deposits, banking activities, grew 2% to DKK 31.1 billion (2010: DKK 30.4 billion), 60% of which is attributable to retail customers (2010: 59%) and 40% to business customers (2010: 41%).

At end-2011, deposits and lending balanced in the Group's banking activities.

CAPITAL

The core capital (Tier 1) ratio, incl. hybrid core capital, with the Group's internal target being min. 12%, has been calculated at 13.3% at 31 December 2011.

As at 31 December 2011 the Common Equity (Tier 1) ratio stood at 10.4% - an increase of 0.9 percentage point since 31 December 2010 and 0.5 percentage point since 30 September 2011.

The increase in the Group's capital ratio is attributable primarily to reduced capital needs regarding credit exposure on account of the reduction in leasing lending.

The Group's solvency ratio has been calculated at 14.0%, which should be viewed in relation to the solvency need ratio calculated at 8.8% at 31 December 2011. Thus, the Group has an excess capital coverage of 5.2 percentage points corresponding to DKK 2.2 billion.

The Bank's objective is to have a solvency ratio that is at least 3 percentage points higher than the solvency need ratio.

SOLVENCY RATIO AND CORE CAPITAL (TIER 1) RATIO

%	2007	2008	2009	2010	2011
Common Equity (Tier 1) ratio	8.9	8.9	9.3	9.5	10.4
Core capital (Tier 1) ratio, incl. hybrid	9.4	9.7	13.2	13.2	13.3
Solvency ratio	11.1	11.3	14.2	13.4	14.0
Solvency need ratio			8.5	8.5	8.8

STRENGTHENING OF THE FINANCIAL RESOURCES

The future regulation of the capital markets, primarily as a result of the Basel III / CRD IV rules, will impose ever more stringent demands on the quality of financial institutions' capital base. With a view to adapting the Bank to this changed environment, the Board of Directors has found it expedient to increase the Bank's share capital by implementing a share issue with pre-emptive rights for existing shareholders, the expected gross proceeds being about DKK 850 million.

In addition to adapting to the future requirements and regulatory monitoring, this share issue reflects Management's wish to ensure a sound platform for the organic growth anticipated to occur through increased customer influx and business volume, particularly at the branches that have been acquired or established within the last few years.

Finally, Management expects opportunities to arise in coming years for small acquisitions of banking activities that are strategically attractive for the Group, which also calls for a fortified capital base.

After the completion of the rights issue, the Bank expects to have a Common Equity (Tier 1) ratio of more than 12%, which is considered satisfactory in comparison with the banks that the Bank normally compares itself with. In the next few years, the phasing out of the Group's leasing activities will help further strengthen the Group's Common Equity (Tier 1) ratio.

LIQUIDITY

In terms of liquidity, the Group pursues the strategic goal of deploying long-term funding to finance bank lending, excl. reverse transactions, at all times. Thus, the Group's objective is for deposits, excl. repo transactions, senior loans, issued bonds, subordinated debt and shareholders' equity to exceed lending, excl. reverse transactions. Subordinated debt, senior loans and issued bonds due within 12 months are not included in this calculation.

At end-2011, the Group had an excess coverage relative to its strategic target of DKK 3.9 billion.

During 2011, subordinated loan capital, senior funding and issued bonds totalling DKK 2.3 billion were redeemed, while funding worth a total of DKK 6.0 billion has a term to maturity of less than 12 months and is thus not included in the calculation.

During the same period, two unguaranteed bond issues totalling DKK 1.7 billion were completed, and an unguaranteed senior loan of DKK 450 million was floated and own, state-guaranteed bonds worth DKK 500 million were sold.

STRATEGIC LIQUIDITY *)

DKK bn	End-2007	End-2008	End-2009	End-2010	End-2011
Deposits, banking activities	27.4	33.8	31.9	30.4	31.1
Senior loans/bond issues	8.5	9.4	10.4	9.3	10.2
Shareholders' equity & subord. debt	5.9	5.7	6.8	6.9	6.9
Generation of cash	41.8	48.9	49.1	46.6	48.2
Lending, banking activities	34.4	35.8	30.8	30.7	31.2
Lending, leasing activities	6.1	7.4	7.5	7.7	7.1
Maturity, senior, issued bonds and subord. debt (Tier 2) < 1 year	1.0	4.3	3.4	2.3	6.0
Liquidity target (>0)	0.3	1.4	7.4	5.9	3.9

*) See note 55

The Bank's existing excess liquidity coverage and the phase-out of the leasing activities are assessed to provide a sufficient buffer to meet the cash requirement in connection with the bond and senior loans falling due in 2012.

The table below shows the maturity structure of the Group's capital market funding

THE MATURITY STRUCTURE OF THE GROUP'S CAPITAL MARKET FUNDING

DKK bn	2012	2013	2014	2015	2016->	Total
Senior loans	1.7	0.1	0.2	0.0	0.2	2.2
Issued bonds backed by a state guarantee	3.7	2.5	0.0	0.0	0.0	6.2
Issued bonds not backed by a state guarantee	0.0	1.5	0.3	0.0	0.0	1.8
Subord. loan capital	0.6	0.0	0.0	0.0	0.0	0.6
Hybrid core capital	0.0	0.0	1.3	0.4	0.0	1.7
Total	6.0	4.1	1.8	0.4	0.2	12.5

NEW LOAN OPTIONS AVAILABLE FROM NATIONALBANKEN

At 1 October 2011, the Danish Central Bank, Nationalbanken, gave financial institutions access to floating loans against security in good-quality lending. Later, Nationalbanken expanded the potential of financial institutions to float monetary-policy loans, initially with a six-month facility, but subsequently also with an option to float loans with a three-year term to maturity.

Spar Nord estimates that 85% of the Bank's lending may serve as security under the framework of the new scheme.

Spar Nord thus considers it sound to launch initiatives that will boost the sector's potential when the government-backed guarantees expire, but has no current plans to procure funding via the new programmes.

DIVESTMENT OF THE LEASING ACTIVITIES

At 30 September 2011, Spar Nord Leasing had total assets of DKK 8.5 billion, of which loans accounted for DKK 7.7 billion. At 1 October 2011, Finans Nord Easyfleet A/S and the future activities of Spar Nord Leasing A/S were transferred to the Jyske Bank Group. The decision was made to phase out the Group's remaining leasing activities in Denmark and the Swedish activities operated by SN Finans Nord AB as and when the underlying agreements expire and/or the customers find alternative leasing options. The majority of the assets are expected to be phased out by the end of 2015, about 45% by the end of 2012, about 70% by end-2013, and about 90% by end- 2014.

At the end of 2011, total assets had been reduced by DKK 0.7 billion since the phase-out was initiated - a figure which is slightly higher than expected.

The phase-out will result in an ongoing improvement of the Group's capital and liquidity resources. As from end-2011 and until its completion, the phase-out is expected to make a 1.8 percentage points improvement of the Bank's Common Equity (Tier 1) ratio and a fortification of the Group's strategic liquidity by DKK 7.1 billion, all else being equal.

FINANCIAL CREDIT RISK

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

Reference is made to the Group's risk report for a more detailed description of the Group's financial credit risk.

BOND PORTFOLIO BY ISSUER TYPE *)

DKK m	End-2010	End-2011	% 2011
Mortgage-credit bonds	10,833	12,320	89
Financial issuers	1,504	1,400	10
Credit bonds	238	125	1
Government bonds	-134	21	0
Bonds	12,441	13,866	100

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

BOND PORTFOLIO BY RATING *)

DKK m	End-2010	End-2011	Pct. 2011
AAA	8,097	6,269	45
AA	3,221	6,071	44
A	984	1,490	11
BBB	2	4	0
BB	123	4	0
B	0	15	0
CC	12	2	0
Unrated	2	11	0
Bonds	12,441	13,866	100

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

FOLLOW-UP ON STRATEGIC GOALS - TIME FOR CUSTOMERS

In 2011, the Group realized a net customer inflow of 6,400 retail customers and 700 business customers. This is lower than the strategic targets set in TIME FOR CUSTOMERS at 10,000 new retail customers and 1,000 new business customers, but in light of market developments this is considered satisfactory.

As a consequence of the generally low activity level in Denmark, we did not reach the strategic target of 5% growth in the average business volume per customer in 2011. Thus, growth was negative by -1%.

Satisfactory growth was generated with respect to the internally targeted strategic objectives, which primarily relate to streamlining customer advisers' daily workflow and creating greater job satisfaction.

As concerns the economic objectives, 2011 saw satisfactory results on the impairment side, as the Bank's impairment ratio is expected to end in the better third of a defined group of comparable banks in accordance with Spar Nord's goal. The cost efficiency performance was less satisfactory as the desired improvement of the cost ratio was not achieved.

OUTLOOK FOR 2012

Spar Nord expects 2012 to be yet another year characterized by moderate economic growth and widespread uncertainty on the financial markets. This forecast is based on expectations of moderate growth in business volume, subdued customer activity and continued widespread uncertainty regarding financial expectations.

In terms of income, Spar Nord expects to see healthy growth in 2012 in the Group's net interest income while net income from fees, charges and commissions and market-value adjustments are expected to remain unchanged. Costs and expenses are expected to stay at the 2011 level.

In this light, core earnings before impairment are expected to hover around the DKK 800 million level.

Loan impairment losses, etc. are expected to remain at a high level on account of the still challenging business trends.

Based on the available draft Depositors' Guarantee Scheme, contributions to sector-wide solutions are expected to amount to an expense of some DKK 35-65 million in 2012.

BUSINESS AREAS

SPAR NORD'S LOCAL BANKS



Spar Nord's Local Banks constitute the largest business unit in the Spar Nord Group. This business area comprises 69 local banks throughout the country, which employ 959 employees and serve about 250,000 retail and business customers. Lars Møller, Managing Director, and John Lundsgaard, Managing Director, share the general responsibility for managing Spar Nord's Local Banks.

KEY FIGURES 2011

Core income:	DKK 1,869 m	(2010: DKK 1,848 m)
Costs:	DKK 1,234 m	(2010: DKK 1,277 m)
Impairment:	DKK 404 m	(2010: DKK 356 m)
Core earnings:	DKK 231 m	(2010: DKK 215 m)

EVENTS IN 2011

- 7,100 new customers - net
- Lending up 2%, and a 1% increase in deposits
- 6% growth in mortgage-credit loans arranged
- Letpension launches pension and insurance products

OUTLOOK FOR 2012

- Organic growth
- Customer inflow and increased business volume
- Flat cost development - improved cost efficiency

MARKET CONDITIONS

2011 was a year characterized by moderate growth in the economy and the ever-challenging business trends. The investment needs of business enterprises remained subdued, and retail customers largely chose to save rather than spend. Thus, demand for financing was low both in the business and retail segments throughout the year, and the total domestic lending of Danish financial institutions dropped by 7% during the year. Together with the generally higher funding costs, this put net interest income under pressure, which prompted general price increases for bank services.

Business customers in the agricultural sector and the property business continued to face financial hardships, as did a broad spectrum of other industries and business types. The general situation remained positive for retail customers, as both housing prices and unemployment figures followed a relatively stable line, and disposable income for people in work remained high.

FINANCIAL GROWTH

As a result of a respectable influx of customers coupled with a widening of the lending margin, Spar Nord's Local Banks recorded 6% growth in net interest income. However, income from fees, charges and commissions declined by 5% on account of lower guarantee commissions and the moderate activity level, primarily in the securities area.

Costs and expenses dropped 3% on 2010. The decline is attributable primarily to a lower internal cost level and the stringent attention to cost throughout the organization.

Loan impairment losses closed at DKK 404 million, equal to 1.1% of total loans, advances and guarantees. A total of DKK 339 million is attributable to business customers, corresponding to an impairment ratio of 1.6%. Agricultural exposures incurred loan impairment of as much as DKK 133 million, while DKK 82 million was incurred on property-related exposures. The balance of DKK 65 million is attributable to retail customers, corresponding to an impairment ratio of 0.4%.

Thus, core earnings amounted to DKK 231 million compared with last year's DKK 215 million.

The total business volume of Spar Nord's Local Banks stood at DKK 62.3 billion at end-2011, versus DKK 62.7 billion at end-2010. Bank lending amounted to DKK 30.9 billion compared with DKK 30.3 billion a year earlier. During the year, mortgage-credit loans arranged by the local banks grew DKK 2.1 billion, with a total of DKK 41.3 billion having been arranged. Thus, the total volume of lending arranged grew DKK 2.7 billion to DKK 72.2 billion.

Bank deposits amounted to DKK 28.0 billion at end-2011 versus DKK 27.6 billion at end-2010.

BUSINESS DEVELOPMENTS

For Spar Nord's Local Banks 2011 was the first year since 2002 in which no new local banks were established outside North Jutland. Efforts were focused on generating business growth in the regions where the Bank already has a presence. During the year, two local banks were closed in North Jutland, with the Spar Nord chain now being composed of 69 local banks, 12 of which are located on the island of Zealand, 4 on the island of Funen and 53 in Jutland.

BREAKDOWN IN % OF SPAR NORD'S LOCAL BANKS 2011

	North Jutland	Outside North Jutland
Business volume	69	31
Core earnings before impairment	77	23
Customers	69	31
Employees	63	37

As for customers, 2011 was characterized by healthy growth, although the combined net customer influx was slightly lower than the target set in the TIME FOR CUSTOMERS strategy plan. Thus, the Bank attracted 7,100 new customers, most of whom came from bank regions outside North Jutland.

Thus, Spar Nord's Local Banks cater to a total of 20,000 business customers and 230,000 retail customers.

In addition to the total net customer influx, the Star Customer loyalty programme attracted a great many new customers. In all, the number of Star Customers grew by 11,000 during 2011.

The Bank's advisory and product areas recorded solid growth rates in the sale of pension plans and insurance products and a generally high activity level in the pension area, with new contributions to pension plans accounting for DKK 632 million.

The activity level was low in the investment area, one reason being that customers bought fewer unit trust certificates issued by Bank-Invest, ValueInvest, etc.

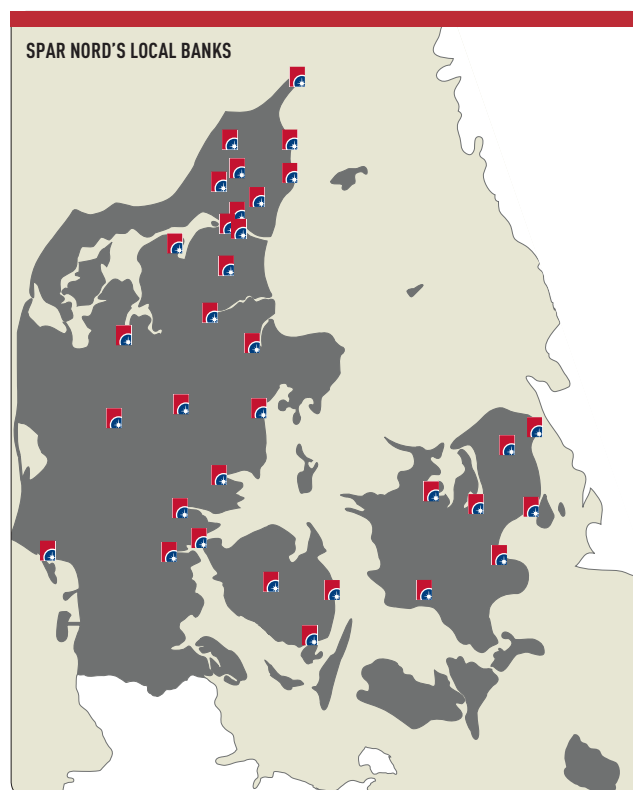
OUTLOOK

2012 is expected to be another year with moderate growth in businesses' investments and in private household consumption.

This naturally puts the spotlight on business growth generation via market shares, and Spar Nord expects that the local banks will be able to attract new customers in numbers that make it possible to retain or increase the lending volume somewhat, for one thing because the Bank has expanded the distribution network in recent years.

The interest margin is expected to be somewhat wider than in 2011. The general endeavours in the sector to improve profitability are expected to stretch the margin wider, while competition to win attractive customers will push profitability in the opposite direction.

Earnings are expected to show healthy growth compared with 2011, and the Bank also expects that the local banks outside North Jutland will contribute with a continually growing share of Spar Nord's Local Banks' total core earnings. Costs and expenses are expected to remain unchanged for the third year on end. Thus, the cost ratio is expected to improve.



TRADING, FINANCIAL MARKETS & THE INTERNATIONAL DIVISION



This business area is composed of Markets, Bonds, Interest & Forex, Shares, Asset Management and the International Division. The business area serves Spar Nord's own customers and institutional clients, and is also the nation's leading supplier of wholesale services to small and medium-sized financial institutions. Trading, Financial Markets & the International Division has a staff of 73 employees and is headed by Jan Gerhardt, Managing Director.

KEY FIGURES 2011

Core income:	DKK 255 m	(2010: DKK 359 m)
Costs:	DKK 67 m	(2010: DKK 64 m)
Core earnings:	DKK 188 m	(2010: DKK 294 m)

EVENTS IN 2011

- Less favourable interest-rate development cuts earnings from carry transactions
- Major drops on stock markets
- Highly satisfactory growth in the bond area

OUTLOOK FOR 2012

- Continued relatively low customer activity level across business types
- Low interest level on securities in the liquidity portfolio
- Unchanged income - zero growth in costs

MARKET CONDITIONS

Trading, Financial Markets & the International Division recorded core earnings of DKK 188 million in 2011, equal to a DKK 106 million decline, or 36%, on 2010. The drop relative to the excellent 2010 results is attributable primarily to interest developments and the downward trend in share prices.

MARKETS

Markets, which is responsible for managing the Bank's cash resources, reported lower, but still satisfactory profits for 2011. The drop relative to 2010, which was expected, stems primarily from the fact that interest developments resulted in lower earnings from carry transactions. To this should be added a decline in customer-related earnings, attributable to a slowdown in activities in both the bond and currency areas.

Despite dire market conditions, Markets recorded satisfactory results because risks and business types were better diversified, partly due to the establishment of a branch in Odense, which primarily canvasses the institutional segment.

BONDS

The Bond department recorded highly satisfactory results after a year characterized by high activity, a respectable influx of Danish and foreign customers, rising income and declining costs.

In the year under review, Spar Nord's relative trading volume on the bond market, measured in terms of the volume of Nasdaq OMX mortgage bonds traded, grew to a level corresponding to around 10% of the total volume in Denmark, a percentage far higher than the Bank's natural market share.

INTEREST AND FOREX PRODUCTS

During the past few years, Spar Nord has seen a general decline in customers' loans and investments denominated in foreign currency, and thus a decline in the volume of trading in interest- and currency-related products. At the same time, the activity level among the Bank's wholesale customers in this area has been declining, so that even the respectable growth in the number of wholesale customers was unable to stimulate growth in volume.

However, 2011 saw a slight advance, with core earnings ending at the highest level in four years.

SHARES

2011 proved a relentless year for stock markets. The markets took a severe beating particularly in the second half of the year, fuelled by general fears that the European government debt crisis would escalate, thus precipitating a meltdown of the Euro and an ensuing global recession. OMX C20, incl. dividends, thus declined 13.5%, MSCI Nordic dropped 13.8% and MSCI Europe fell 7.5%.

The widespread uncertainty and the heavy market plunges took their toll, with lower customer earnings, and losses impacting both market making and the trading portfolio.

ASSET MANAGEMENT

Spar Nord Asset Management, which is responsible for all mandate-based investment activities, recorded satisfactory earnings and performed satisfactorily in most areas compared with the relevant benchmarks.

In 2011, Spar Nord saw a decline in the total Asset Management volume of about DKK 500 million. At the end of the year, the total amount under Asset Management could be calculated at just under DKK 9 billion. However, almost 300 new mandate contracts were signed in 2011.

INTERNATIONAL ACTIVITIES

2011 marked a decline in earnings for the International Division, primarily attributable to a net interest income decline spawned by a slimmer volume of business with small and medium-sized financial institutions, for which Spar Nord carries on wholesale banking activities. On the upside the volume of business with international and institutional customers enjoyed healthy growth. Finally, foreign payments and trade finance services continued along a satisfactory growth curve.

OUTLOOK

Trading, Financial Markets & the International Division expects a 2012 performance in line with that of 2011. This is based on the expectation that turnover will remain relatively low across business types and unchanged earnings on the securities forming part of the Bank's liquidity portfolio.

SPAR NORD LEASING



Spar Nord Leasing is a finance company in the Spar Nord Group, carrying on activities in Denmark and Sweden, primarily within core areas such as transport, agriculture and contracting. Spar Nord Leasing has the status of a discontinuing activity as from Q4 2011, the forward-looking activities in Denmark having been divested to the Jyske Bank Group.

KEY FIGURES 2011

Net income:	DKK 391 m	(2010: DKK 273 m)
Costs:	DKK 278 m	(2010: DKK 174 m)
Profits before impairment:	DKK 113 m	(2010: DKK 100 m)
Impairment:	DKK 71 m	(2010: DKK 97 m)
Profit/loss before tax:	DKK 42 m	(2010: DKK 2 m)

EVENTS IN 2011

- The forward-looking activities in Denmark divested to the Jyske Bank Group
- Discontinuation of the existing portfolio launched
- Generally satisfactory development in operations

OUTLOOK FOR 2012

- Reduction of lending by about DKK 2.7 billion
- Continued positive contribution to the Group's profits

DECISION TO PHASE OUT LEASING ACTIVITIES

The frozen-over market for international funding with difficult access to funding and inflated prices spurred Spar Nord's decision in 2011 to divest and phase out the Group's leasing activities.

The subsidiary Finans Nord Easyfleet A/S and the forward-looking activities of Finans Nord A/S were transferred to the Jyske Bank Group at 1 October. The remaining leasing portfolio, operated by Spar Nord Leasing A/S, and the Swedish subsidiary SN Finans Nord AB will be phased out as and when the appropriate lease contracts expire.

At the same time, Spar Nord has concluded agreement with Jyske Bank that will permit Spar Nord's branches to continue to offer consultancy on and act as an intermediary in arranging contracts for leasing products.

MARKET DEVELOPMENTS

Spar Nord Leasing's activities encompass business financing via leasing and purchase contracts. Thus, cyclical trends affect the company, particularly market developments within the core areas, transport, agriculture and contracting. Developments were largely promising in 2011, as fewer of the company's customers encountered financial difficulties, and loan impairment provisions therefore dropped by 27%.

Developments were particularly positive within the areas transport, industry and contracting, although many businesses still faced major challenges. The crisis has not hit the agricultural sector, one of Spar Nord Leasing's activity areas, particularly hard in terms of leasing.

FINANCIAL GROWTH

From the beginning of 2011 and until the discontinuation process was launched on 1 October, Spar Nord Leasing established new agreements for a total of DKK 2.9 billion. As of 30 September 2011 total lending amounted to DKK 7.7 billion, having been reduced to DKK 7.1 billion at the end of the year.

Profits before impairment closed at DKK 113 million compared with DKK 100 million in 2010. After impairment of loans and advances pre-tax profits amounted to DKK 42 million (2010: DKK 2 million).

This profit performance was adversely impacted by non-recurring costs in connection with the sale of the subsidiary Finans Nord Easyfleet A/S and the transfer of Finans Nord A/S' future-oriented activities to the Jyske Bank Group. Thus, impairment of goodwill amounted to DKK 26 million, while severance costs accounted for DKK 13 million, and transaction costs for DKK 5 million.

OUTLOOK

The Spar Nord Leasing Group's total lending is expected to have been reduced from DKK 7.1 billion to DKK 4.4 billion in 2012.

As a consequence of the smaller business volume, profits before impairment are forecast to be lower than in 2011. After loan impairment provisions, a positive result is expected on discontinuing activities.

ESSENTIAL RISK CATEGORIES

CREDIT RISK

The risk of losses because counterparties fail to meet all or part of their payment obligations to the Group. Managed pursuant to the Bank's credit policy, which is geared to strike a balance between earnings and risks, and to ensure that the risk assumption is always quantified.

MARKET RISK

Market risk is an umbrella heading for the risk of loss caused by fluctuations in exchange rates or prices for financial instruments. Market risks are essentially managed on the basis of an instruction hierarchy having three levels: the Board of Directors, the Executive Board and the business units.

OPERATIONAL RISK

The risk of direct or indirect losses caused by deficient or erroneous internal procedures and processes, human errors, system errors or losses due to external events or incidents. Managed across the Group through a comprehensive system of business procedures and control measures.

LIQUIDITY RISK

Liquidity risk is the risk that the Group's financing costs rise disproportionately, and that the Group is prevented from entering into new transactions because it lacks adequate cash funds. On the basis of the overarching policies and strategic limitations for the Group's liquidity risks set down by the Board of Directors, the Executive Board has issued specific, operational frameworks and limits for Trading, Financial Markets & the International Division.

Risk assumption is a key element in banking, and risk management is a central focus area throughout the Spar Nord Group. The various categories of risk the Group assumes and the initiatives taken to manage and monitor them, as well as the development of various risks are described in the Group's Risk Report, which can be accessed at www.sparnord.dk/ir. This section gives a general outline of the risk area.

Inclination to assume risks

The risks assumed by Spar Nord and the proclivity for assuming risks within the individual risk categories spring from the Bank's general strategic goals. As a supplement, specific risk policies have been introduced, defining the general guidelines for handling and managing the Bank's risks. All policies are reviewed at least once a year.

The goal is to ensure that the connection between the Bank's vision, strategy and risk profile and day-to-day risk assumption is clear, and that the Bank has a risk profile that bears an appropriate proportion to its capital base at all times.

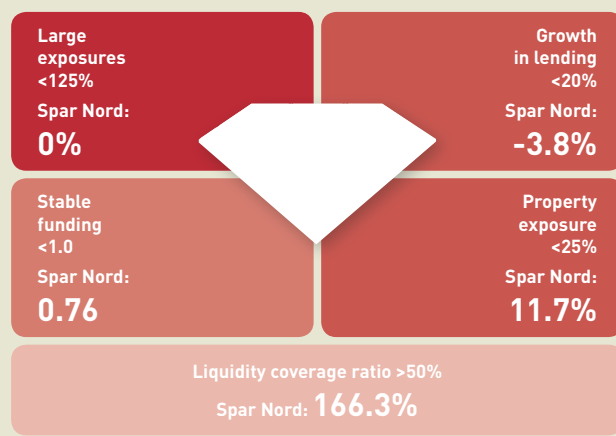
The core of Spar Nord's business is to run a bank for ordinary retail and business customers. Spar Nord endeavours to maintain a medium-to-low risk appetite, a policy reflected in its credit policy and dealings in the trading area.

THE SUPERVISORY AUTHORITY DIAMOND MODEL

In 2010, the Danish Financial Supervisory Authority introduced a new tool, the so-called 'Tilsynsdiamanten' ("The Supervisory Authority Diamond Test Model") – used to test the financial strength and risk exposure of a financial institution based on five parameters, each having its unique threshold value.

Together the five parameters should provide a picture showing how Danish financial institutions are operating, whether they are run at a sound risk level, and whether a given financial institution has an appropriate financial resilience.

At end-2011, Spar Nord Bank was comfortably within all threshold values.



Risk management and control systems

Risk management is a key focus area for Spar Nord Bank's Board of Directors, Executive Board and other executive staff members. Spar Nord has a two-tier management structure, and a written agreement has been concluded (the so-called section 70 instruction) between the Board of Directors and the Executive Board, specifying the powers and authority of the latter. The Board of Directors lays down general policies, while the Executive Board is responsible for the day-to-day management of the Group. The Group's management structure reflects statutory requirements for listed Danish companies and the provisions of the Danish Financial Business Act.

Various risk management issues and related aspects are recurrent items on the agenda of Board of Directors' meetings, and Spar Nord Bank has implemented a number of procedures and systems intended to ensure that risks are identified and appropriate mitigation actions defined, with an eye to ensuring compliance with applicable legislation.

The Board of Directors makes an annual review of the organization, its focus areas and resource allocation control systems to manage risk, and also annually assesses the risk of fraud in all business areas.

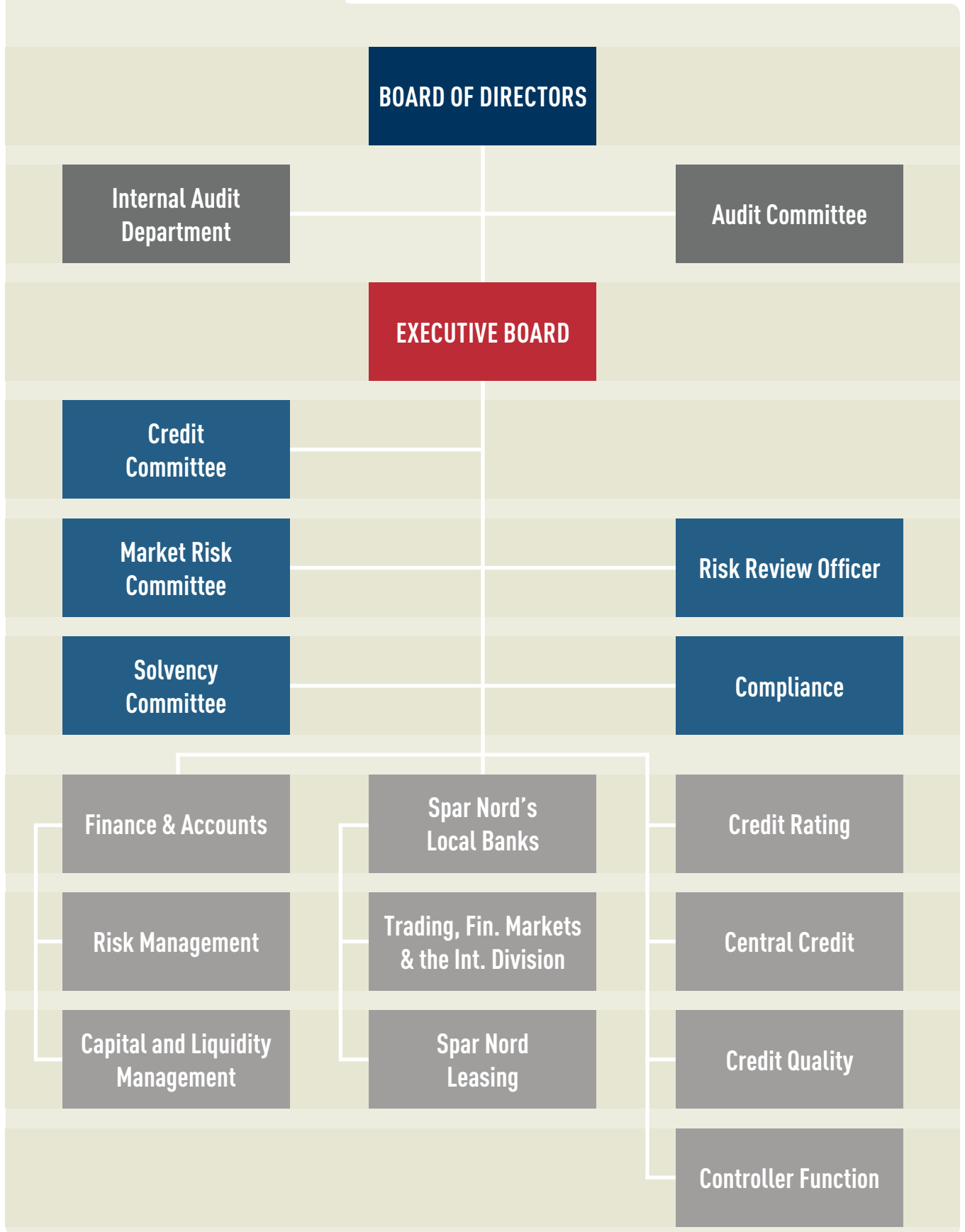
RISK MANAGEMENT - THE MOST IMPORTANT RISKS

RISK CATEGORY	Strategic perspective	Inclination to assume risks	Organization and responsibility	Systems and processes
Credit risk exposure to retail and business customers	<p>Retail customers and small and medium-sized businesses are the Bank's target group.</p> <p>Spar Nord pursues the strategic goal of generating sharp growth in customer numbers and average business volume.</p> <p>It is imperative for the Group that these goals are not met at the cost of credit quality.</p>	<p>The Bank's credit policy is geared to strike a balance between earnings and risks, and to ensure that the risk assumption is always quantified.</p> <p>It is Spar Nord's policy that all credit must be granted based on insight into the customers' financial position and that creditworthiness is a key parameter in all customer relations.</p> <p>Spar Nord does not enter into ordinary customer exposures of more than DKK 400 million or unsecured exposures of more than DKK 150 million. Exposures to trading partners in the financial sector are not comprised by these limits.</p>	<p>Customer advisers, in consultation with local managers, handle day-to-day management of the Bank's credit risks.</p> <p>The decentralized credit authorization limits range between DKK 2 and 10 million and are linked to qualifications and needs.</p> <p>Exposures that exceed the decentralized credit authorization limits are passed on for processing at Credit Rating or the Credit Committee, and all DKK 60+ million exposures and new exposures of DKK 30+ million need to be authorized by the Board of Directors.</p>	<p>Overall monitoring of the Group's credit risk exposure is managed by the Credit Quality function. This department monitors changes in the credit quality of all exposures and undertakes systematic credit quality control of the Bank's entire exposure portfolio.</p> <p>Credit scoring has been introduced in all the Bank's departments, and these tools are used at the local level to grant credit facilities. Thus, customers in the risk categories accorded the least risk exposure are likelier to be given higher credit limits or extensions than those with the greatest risk exposure. In addition, the systems are used for managing overdrafts and for pricing purposes.</p>
Credit risk exposure to financial counterparties	<p>As part of its trading in and holding of securities, foreign currency and derivative financial instruments and its payment services, etc., the Bank will experience credit risk exposure to financial counterparties.</p>	<p>Spar Nord's Management allocates lines for credit risk exposure to financial counterparties, based on the particular counterparty's risk profile, rating, size and solvency. The risks and lines of financial instruments are monitored constantly.</p>	<p>Risk and settlement lines to financial counterparties are authorized by the Credit Committee. Exposures that exceed the authority of the Credit Committee are authorized by the Board of Directors.</p>	<p>Overall monitoring of lines is handled by the credit organization.</p> <p>All lines are subject to review at least once a year based, among other things, on the financial statements of the financial counterparty.</p>

RISK MANAGEMENT - THE MOST IMPORTANT RISKS (continued)

RISK CATEGORY	Strategic perspective	Inclination to assume risks	Organization and responsibility	Systems and processes
Market risk	<p>Market risks arise as an element in trading with and having portfolios of securities, foreign exchange and derivative financial instruments.</p> <p>The assumption of market risks constitutes a part of the Bank's activities that impacts greatly on overall earnings.</p>	<p>The Bank's primary market risk by way of interest risk is attached to the Bank's bond portfolio, which is related to the Bank's liquidity management.</p> <p>The Bank has a low level of risk as concerns shares in its trading portfolio.</p> <p>Through its ownership of a number of companies in the financial sector, the Bank has a major portfolio of other shares outside the trading portfolio.</p> <p>The risk is limited for other types of market risks.</p>	<p>Spar Nord's Board of Directors determines the overarching policies, frameworks and principles.</p> <p>The Middle Office function of the Finance & Accounts Department is responsible for monitoring and checking that the Bank's market risk does not exceed the boundaries of the instruction limits.</p>	<p>For its management of market risks, the Bank has put a three-tier instruction hierarchy in place. At the first tier-level, the Board of Directors issues the definition of the limits for the Spar Nord Group to the Executive Board. At the second tier, the Executive Board delegates limits to the other entities of the Group, with Trading, Financial Markets & the International Division being the distinctly largest entity. At the third and last tier, the executives of Trading, Financial Markets & the International Division are granted the limits within which they may operate.</p>
Operational risk	<p>Operational risks are primarily internal in nature. This is why Spar Nord focuses on having a satisfactory control environment for the Bank's activities.</p> <p>The Bank seeks to align controlling operational risk with profit management and thus supporting the Bank's decisions.</p>	<p>The Bank pursues the policy of striking a balance between the scope of operational risks and cost trimming.</p> <p>The focus is on lowering the risk by coordinating the risk-reducing activities between the local and central responsibilities.</p> <p>Focusing on a heightened reporting level creates a basis for making individual risks visible, thus permitting the appropriate mitigating action to be taken subsequently.</p>	<p>Business procedures and systems are critical areas reviewed on an ongoing basis by the audit and compliance departments with a view to assessing risks and making recommendations to limit individual risks. Spar Nord develops IT systems, business procedures and other systems on an ongoing basis. Responsibility for risk management in this connection lies with the responsible units.</p> <p>In connection with projects, a risk assessment report must be prepared, specifying risks, potential consequences and initiatives to limit such risks.</p> <p>Spar Nord's security policy, including IT security policy, is reviewed annually and approved by the Board of Directors.</p>	<p>Spar Nord has contingency plans for dealing with critical areas like capital and liquidity. In addition, the Bank has contingency plans for dealing with situations involving long-term IT outage.</p> <p>In practice, this work is organized using guidelines, business procedures and systems that cover various areas of the Bank's activities.</p>
Liquidity risk	<p>One of Spar Nord's objectives in the liquidity area is to support its strategic goal of generating growth in customer numbers and average business volume.</p>	<p>The Bank adapts its liquidity buffer to the current market situation on an ongoing basis.</p> <p>The Bank's strategic liquidity target is for cash deposits, senior funding, subordinated debt and shareholders' equity to exceed lending. The calculation includes subordinated loans and senior funding with a term to maturity of more than 12 months.</p>	<p>Liquidity management is divided into short-term and long-term liquidity management.</p> <p>Managing short-term liquidity is the responsibility of the Bank's Trading area. Managing long-term liquidity is the responsibility of Finance & Accounts.</p>	<p>Managing the Bank's general liquidity is subject to a number of control mechanisms.</p> <p>A fixed goal for the day-to-day liquidity buffer coupled with a stress test is used for short-term liquidity requirements.</p> <p>Long-term liquidity is managed by focusing on strategic liquidity and using stress tests.</p>

THE RISK MANAGEMENT ORGANIZATION



THE RISK MANAGEMENT ORGANIZATION

The Group has a two-tier management structure with an Executive Board and a Board of Directors. The Board of Directors has formulated a set of written guidelines governing the Executive Board's actions in the risk area, clearly defining the areas of responsibility for each level of management. The Board of Directors lays down general policies, while the Executive Board is responsible for the day-to-day management of the Group.

The Board of Directors is responsible for ensuring that the Group has an appropriate organization and that risk policies and limits are established for all important risk categories. In addition, all major credit facilities must be submitted to the Board of Directors for approval. The Board of Directors also makes decisions regarding general principles for handling and monitoring risks. Regular reporting to the Board of Directors is undertaken with a view to enabling the Board of Directors to check whether the total risk policies and the pre-defined limits are complied with.

The Board of Directors has set up an audit committee charged with monitoring and controlling accounting and auditing matters and undertaking the preparatory work concerning the Board of Directors' 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 Board of Directors oversees the activities of the Group's Internal Audit Department, which reports to both the Board of Directors and the Executive Board. The Internal Audit Department bases its activities on the annual plan adopted by the Board of Directors. These activities include test examinations of business procedures and internal control systems in key areas subject to risk, including in connection with preparing the financial statements.

The Group's independent auditors are elected at the Annual General Meeting for one year at a time. The focus of the auditing team is discussed once a year between the Board of Directors and the auditors based on the recommendations of the audit committee.

The Executive Board is responsible for the day-to-day management of the Group. To this end, the Executive Board issues specific instructions for the Group's risks and its risk management procedures. The Executive Board reports regularly to the Board of Directors on the Group's risk exposure.

The Executive Board has appointed a number of committees and working parties that contribute to the Group's risk governance in specific areas, and which prepare cases and themes for processing by the Executive Board and Board of Directors.

Credit Committee

Credit applications that exceed the Credit Rating Department's authorization limits or involve a matter of principle will be dealt with by the Credit Committee, which is composed of the Chief Credit Officer and a member of the Executive Board. Frequently, matters that have been dealt with by the Credit Committee will be prepared for subsequent discussion among all members of the Board of Directors.

Market Risk Committee

The Market Risk Committee is composed of representatives of the Executive Board, Finance & Accounts and Trading, Financial Markets & the International Division. The Committee meets every quarter and reviews developments in the Bank's positions and risks as well as the liquidity situation and expectations regarding market developments and future plans. In addition, the Committee receives input from a more operationally slanted Capital Market Committee, for example regarding any issues that may require specific discussion in terms of principles.

Solvency Committee

The Solvency Committee is composed of members of the Executive Board, Credit Rating and Finance & Accounts. The objective of the Committee is to formulate targets and principles for calculating the appropriate capital base and the solvency need ratio. The Solvency Committee prepares a recommendation for the solvency need ratio and passes it on to the Board of Directors for approval.

Risk Review Officer

The Risk Review Officer's area of responsibility comprises the Group's risk-prone activities across various risk areas and organizational units and risks deriving from outsourced functions. The Risk Review Officer is responsible for appropriate risk management of the Bank's operations, including providing an overview of its risks and the overall risk exposure. The Risk Review Officer has general responsibility for compliance with the Group's risk policies and monitoring and reporting risks across risk categories and organizational units. The Risk Review Officer reports to the Executive Board.

Compliance

The Group's Compliance function is charged with overseeing the Bank's compliance with financial legislation, banking sector standards and the Group's internal guidelines in all areas. The Executive Board oversees this function, which reports to the Board of Directors and is manned by staff members responsible for compliance and representatives of a cross-section of the Group's business areas who are engaged in decentralized compliance tasks. The activities of the Compliance function are rooted in the annual plan adopted by the Board of Directors.



ORGANIZATION AND CORPORATE GOVERNANCE

BOARD OF DIRECTORS

TORBEN FRISTRUP



CHAIRMAN OF THE BOARD OF DIRECTORS

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

Chief Executive Officer, CUBIC-Modulsystem A/S, Manager, Regulus ApS and Frstrup Holding Aalborg ApS.

EDUCATION

Engineer, Executive education from IMD.

CHAIRMAN OF THE BOARD OF DIRECTORS

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

MEMBER OF THE BOARD OF DIRECTORS

CUBIC-Modulsystem A/S, Keflico A/S, Rigmor Nielsens Foundation, Erik Kauffelts Foundation, The Spar Nord Foundation.

SPECIAL EXPERTISE

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

SHAREHOLDING

5,750

DISINTERESTED

PER NIKOLAJ BUKH



DEPUTY CHAIRMAN OF THE BOARD OF DIRECTORS

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

Professor, Aalborg University, General Manager, Danmarksgade 28, Frederikshavn ApS, P. N. Bukh ApS, Value Spread 1.

EDUCATION

MSc Econ., PhD.

MEMBER OF THE BOARD OF DIRECTORS

Jurist- & Økonomforbundets Forlag A/S, Jurist- & Økonomforbundets Forlagsfond, Jurist- & Økonomforbundets Forlag Holding A/S, The Spar Nord Foundation, Padborg Ejendomme A/S.

SPECIAL EXPERTISE

Finance and risk management. Financial markets. HR.

SHAREHOLDING

4,100

DISINTERESTED

JAN HØHOLT JENSEN



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

Project consultant, Spar Nord Bank A/S.

EDUCATION

Financial services background, Financial continuing education.

MEMBER OF THE BOARD OF DIRECTORS

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

SPECIAL EXPERTISE

HR, Organisation.

SHAREHOLDING

3,416

CARSTEN NORMANN



Born 1962. Member of the Board of Directors since 2004.

Professional board member. General Manager, Cano Holding ApS.

EDUCATION

MSc (International Business Economics), Board of Directors training for financial companies, Board licence from Board Governance A/S.

CHAIRMAN OF THE BOARD OF DIRECTORS

Cano Holding

MEMBER OF THE BOARD OF DIRECTORS

Go'on gruppen A/S, Zap-In Kontorsupermarked A/S, Sportsmann Gruppen A/S, CaPa ApS, Laboris ApS, Søborg Hovedgade ApS.

SPECIAL EXPERTISE

Management, Retail Trade, Strategy, Marketing, Competence Development.

SHAREHOLDING

1,380

DISINTERESTED

NIELS KRISTIAN KIRKETERP

Born 1947. Member of the Board of Directors since 2005.

Farmer, Kirketerp.

EDUCATION

Agricultural training.

MEMBER OF THE BOARD OF DIRECTORS

The Spar Nord Foundation, K/S Welen.

SPECIAL EXPERTISE

Agriculture. Public and political institutions.

SHAREHOLDING

7,155

DISINTERESTED**OLE SKOV**

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

Senior workplace representative, Spar Nord Bank A/S.

EDUCATION

Financial services background, Financial continuing education, Business diploma (accounts & financing), Board of Directors training for financial companies.

CHAIRMAN OF THE BOARD OF DIRECTORS

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

MEMBER OF THE BOARD OF DIRECTORS

The Spar Nord Foundation, The Personnel Foundation at Spar Nord, The Financial Services Union's executive committee.

SPECIAL EXPERTISE

HR, Business administration, Financial markets.

SHAREHOLDING

3,162

JANNIE SKOVSEN

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

Workplace representative, Spar Nord Bank A/S.

EDUCATION

Financial services background, Financial continuing education, Business diploma (marketing).

MEMBER OF THE BOARD OF DIRECTORS

The Financial Services Union's "Spar Nord Kreds", (Deputy Chairman), The Spar Nord Foundation.

SPECIAL EXPERTISE

HR. Business administration.

SHAREHOLDING

2,331

HANS ØSTERGAARD

Born 1946. Member of the Board of Directors since 2009. Chairman of the audit committee.

Professional board member. Former state-authorized public accountant.

EDUCATION

State-authorized Public Accountant, BCom (Management Accounting), Board of Directors training for financial companies. Board licence from Board Governance A/S.

CHAIRMAN OF THE BOARD OF DIRECTORS

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

MEMBER OF THE BOARD OF DIRECTORS

Dyrlægerne Himmerland Kvæg.

SPECIAL EXPERTISE

Accounting and audit, risk management.

SHAREHOLDING

2,000

DISINTERESTED

EXECUTIVE BOARD

LASSE NYBY



CHIEF EXECUTIVE OFFICER

Born	1960
Year of employment	1986
Joined the Executive Board	1995
CEO	2000

EDUCATION

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

CHAIRMAN OF THE BOARD OF DIRECTORS

FSP Pension, Regionale Bankers Forening, JSNA Holding A/S, Advizer ApS, Spar Nord Leasing A/S, SN Finans Nord AB, Erhvervsinvest Nord A/S, Spar Nord Ejendoms-selskab A/S.

MEMBER OF THE BOARD OF DIRECTORS

Nykredit Holding A/S, PRAS A/S, The Danish Bankers Association, Vækst-Invest Nordjylland A/S, Finans Nord Cross Border A/S.

SHAREHOLDING

23,708

JOHN LUNDSGAARD



MANAGING DIRECTOR

Born	1964
Year of employment	1986
Joined the Executive Board	2000

EDUCATION

Financial services background, MBA.

CHAIRMAN OF THE BOARD OF DIRECTORS

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

MEMBER OF THE BOARD OF DIRECTORS

FA, the Financial Sector's Employers' Organization, Datakomm A/S, Ietpension A/S, Spar Nord Ejendoms-selskab A/S.

SHAREHOLDING

30,112

LARS MØLLER



MANAGING DIRECTOR

Born	1957
Year of employment	1984
Joined the Executive Board	2000

EDUCATION

Financial services background, Executive education from Insead.

CHAIRMAN OF THE BOARD OF DIRECTORS

BI Holding (the Bankinvest Group), BI Asset Management, BI Management.

MEMBER OF THE BOARD OF DIRECTORS

DLR Kredit A/S, Erhvervsinvest Nord A/S, Spar Nord Ejendoms-selskab A/S, BI Private Equity A/S.

SHAREHOLDING

29,692

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 Board of Directors and Executive Board 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 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 at sparnord.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 Board of Directors and Executive Board, 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 33 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 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 Spar Nord Leasing, which has been classified as a discontinuing activity since Q4 2011.

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 to the Executive Board.



THE ROLE OF THE SHAREHOLDERS AND THEIR INTERACTION WITH THE MANAGEMENT OF THE COMPANY

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 broad spectrum 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. All financial statements are published simultaneously in Danish and English.

Annual 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.

According to the Articles of Association, shareholders' rights to vote at general meetings are exercised through delegates who are members of the Bank's bank committees. However, shareholders that hold at least 20,000 shares as of the record date one week before the relevant general meeting (major shareholders) are entitled to exercise their voting rights at general meetings.

Delegates that are also members of the Bank's bank committees represent the share capital listed as of the record date one week before the relevant general meeting as belonging to the relevant shareholder region. Each delegate represents equal fractions of the share capital calculated based on the number of delegates immediately before the relevant general meeting. A major shareholder represents the share capital registered, or requested to be registered, as belonging to the relevant major shareholder, one week before the relevant general meeting.

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

For the period until 28 April 2014, the Board of Directors is authorized to increase the Company's share capital by up to DKK 285,344,050 in shares issued to named holders. The increase may take place with or without a pre-emptive right for the Company's shareholders. If the increase is effected without pre-emptive rights for the Company's shareholders, the new shares must be subscribed for at market price.

Alterations to the Articles of Association that cannot be made by the Board of Directors 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 are thus considered an important prerequisite for running a successful bank.

Spar Nord's Board of Directors 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

THE BOARD OF DIRECTORS

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

However, since December 2011 the Board of Directors has been composed of eight members, as Per Søndergaard Pedersen stepped down after indications of impairment losses had been identified in respect of a small commitment with the company in which Per Søndergaard Pedersen is a shareholder and member of its board of directors.

As from Spar Nord's Annual General Meeting to be held on 18 April 2012, the Board of Directors will once more be composed of nine members.

The Bank's Executive Board is not part of the Board of Directors but takes part in all of its meetings. The Board of Directors feels convinced that the size and composition chosen are appropriate for the purpose of ensuring a constructive debate and efficient decision-making processes.

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

The Board of Directors is constantly working on promoting diversity, including in relation to gender, across all managerial levels in the Group. Reference is made to the section entitled "Gender and career" for a more detailed description.

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

The members of the Board of Directors are elected for a term of two years at a time, and the age limit for members is 70 years. The members of the Board of Directors 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 Board of Directors.

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

The Board of Directors 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 Board of Directors who hold senior management positions in other companies all hold a number of posts that the Board of Directors finds compatible with the board duties for Spar Nord Bank.

Spar Nord Bank's Board of Directors holds 11 ordinary meetings a year plus a strategy seminar and four meetings with the chairmen of the regional bank committees. In 2011, the Board of Directors held 21 meetings. The total attendance rate for the members of the Board of Directors and Executive Board was 98%.

The Board of Directors' expertise and qualifications

Each year a comprehensive evaluation process is launched, with each Director presenting an overview of the desired and actual situation as concerns a wide range of personal and professional qualifications - both at micro and macro level in relation to the overall Board of Directors. The answers are discussed at Board of Directors level and subsequently among the chairmen of regional bank committees.

The chart below shows how the members of the Board of Directors have prioritized the most important personal qualities, professional qualifications and general issues that affect the composition of the Board of Directors. The special qualifications of individual members appear from the overview in the introduction to this section.

Committees appointed by the Board of Directors

Spar Nord Bank's Board of Directors has set up an audit committee charged with monitoring and controlling accounting and auditing matters and undertaking the preparatory work concerning the Board of Directors' 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 terms of reference of the committees can be seen at sparnord.dk/ir, which also provides a presentation of the members and their qualifications.

PERSONAL QUALITIES	PROFESSIONAL QUALIFICATIONS	OTHER MATTERS
<ul style="list-style-type: none"> Fit & proper - credibility Time for board work Active and committed - interest in Spar Nord Ability to cooperate Network Independence - ability to match other members 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 Liquidity risk Market 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

THE BOARD OF DIRECTORS IS RESPONSIBLE FOR THE FOLLOWING:

- Approving the Group's vision, mission, values, strategies and organizational structure - and monitoring whether the day-to-day management delivers results that match plans
- 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 Chief Financial Officer, Chief Credit Officer and Senior Executive Vice President of Trading, Financial Markets & the International Division 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
- Monitoring and authorizing of major credit facilities
- Monitoring and granting of credit facilities with respect to related parties
- Convening of General Meetings

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

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

EXECUTIVE BOARD

The Executive Board is appointed by the Board of Directors 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 Board of Directors. The more specific distribution of duties between the Board of Directors and the Executive Board appears from the rules of procedures under which they both operate.

REMUNERATION OF THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

The remuneration of the Board of Directors and the salaries and other emoluments paid to the Executive Board are shown in the notes to the Annual Report. Directors are paid a fixed annual amount and do not participate in any bonus or option programmes.

The conditions of service on the Executive Board, including severance terms, are considered to follow general practice in the area and are evaluated on a regular basis. The Board of Directors finds that the overall remuneration is competitive and fair in consideration of the Executive Board's performance results and long-term value generation for shareholders.

According to the Group's remuneration policy, the Group does not operate with incentive schemes for the Board of Directors, the Executive Board and other key employees having an important influence on the Group's risk assumption functions.

INVESTOR RELATIONS

The overall objective of Spar Nord Bank's communication to investors and analysts is to ensure good and lasting relations. Spar Nord wants to maintain a high level of information and a high degree of approachability, and the Bank endeavours to make relevant and timely information available whenever needed. The Chief Executive Officer manages Spar Nord Bank's communication in consultation with the Senior Vice President, Corporate Communication.

IR ACTIVITIES

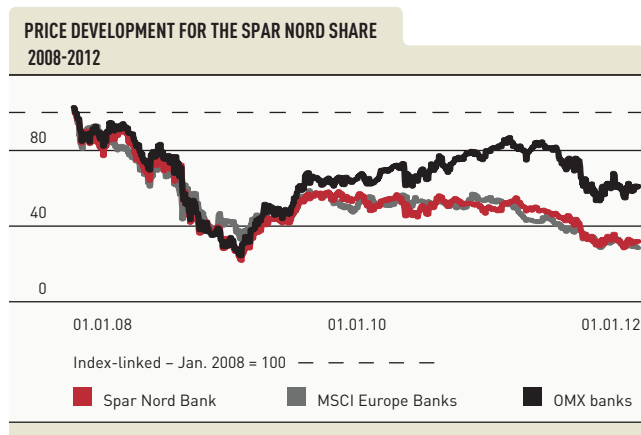
The Bank presents financial reports and other information via its IR website, sparnord.dk/ir, and also provides ongoing information to investors and analysts at frequent bilateral meetings as well as at conferences and roadshows immediately following the publication of the Group's annual and interim reports. In total, about 50 meetings with investors from Scandinavia, Great Britain and the USA were held in 2011.

THE SPAR NORD BANK SHARE

Spar Nord Bank is listed on the Nordic exchange, Nasdaq OMX Copenhagen, and ranges in the MidCap category. At 31 December 2011, the share capital stood at an unchanged nominal value of DKK 570,688,100, divided into shares in the denomination of DKK 10.

The Spar Nord Bank share dropped from a price of 61 at end-2010 to a price of 32 at end-2011, corresponding to 48%. At the end of the year, the market price was thus DKK 1.8 billion compared with DKK 3.5 billion at end-2010.

In 2011, the average daily trading volume was about 22,000 shares. Spar Nord Bank aims to increase the trading volume during the next few years, a goal that will be reflected in the price formation.



THE SPAR NORD BANK SHARE

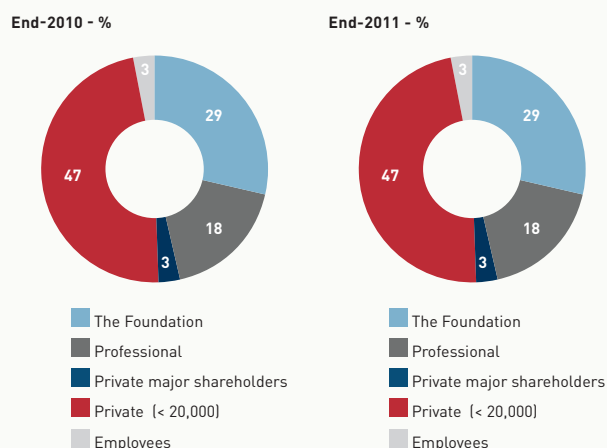
	2010	2011
Share capital (DKK m)	570,688	570,688
Share price/year-end	61	32
Total market value (DKK m)	3,481	1,826
Earnings per share for the year (DKK)	1.9	4.8
Dividend per share (DKK)	0	0
Net asset value (NAV) per share (DKK)	77	82
Share price/NAV per share (DKK)	0.8	0.4

BREAKDOWN OF SHAREHOLDERS

At 31 December 2011, Spar Nord Bank had about 110,000 shareholders. Shareholders holding less than 20,000 shares each account for 49% of the share capital.

The Bank has two shareholders who have announced that they hold more than 5% of the share capital. The Spar Nord Foundation, Østeraa 11, DK-9000 Aalborg, is the largest shareholder with an interest of 29%. Nykredit Realkredit A/S, Kalvebod Brygge 1-3, DK-1780 Copenhagen V, ranks second with an interest of 7.7%.

BREAKDOWN OF SHAREHOLDERS



DISTRIBUTION OF SHARES - BEG. 2012

Distribution of shares	Number of registered shareholders	Shareholders' total shareholdings (number)
1 - 99 shares	51,886	1,828,040
100 - 999 shares	52,381	17,596,491
1,000 - 9,999 shares	5,063	8,007,686
10,000 - 19,999 shares	67	764,002
20,000 or more shares	72	27,400,963
Treasury shares	1	21,699
Shares not registered in name of shareholder		1,449,929
Total	109,470	57,068,810

ANNUAL GENERAL MEETINGS

The Annual General Meeting will be held on 18 April 2012 in Aalborg Kongres- & Kultur Center.

DIVIDEND POLICY AND EXPECTATIONS

Spar Nord pursues the goal of generating a competitive return to its shareholders – by way of price developments and dividends. Thus, the Bank's policy is to distribute dividends to shareholders in years when profits permit.

The Bank has formulated a strategic goal to create a basis for repaying hybrid core capital to the Danish Government. In tandem with the Bank's internal solvency targets, this prompts Spar Nord to use a significant portion of profits in future years for consolidation purposes.

The recommendation to the shareholders at the Annual General Meeting is that DKK 0 per share will be distributed for 2011.

FINANCIAL CALENDAR 2012

08 February	Annual Report 2011
18 April	Annual General Meeting
25 April	Quarterly Report, Q1
15 August	Quarterly Report, Q2
24 October	Quarterly Report, Q3



ACTIVE INVOLVEMENT AND ENGAGEMENT - SPAR NORD'S SOCIAL RESPONSIBILITY

SPAR NORD'S PRINCIPLES

- **Our engagement is business-driven - the measures we implement must contribute to our business.**
- **Our engagement is the sum of local initiatives - we work to give something back to the local communities in which we operate.**
- **Our active involvement and engagement are well considered - we operate and put the main emphasis on one project at a time.**
- **Our active involvement and engagement are focused - we would rather do one thing with single-minded purpose than two things halfway.**
- **Our engagement is dynamic - we evolve and scale over time.**

Corporate Social Responsibility, or CSR, is something we take seriously at Spar Nord. However, we prefer to translate this fashionable term into our own language and reality because experience shows that this produces better defined and more focused action.

At Spar Nord we have therefore grouped our initiatives and activities relating to social responsibility under the heading of "Active involvement and engagement".

Active involvement and engagement relate to very specific behaviour, not abstract principles. We believe that our responsibility as a company and a financial institution is anchored in close involvement with customers and the local community. A responsibility and an involvement that are embedded as given elements in our history and culture and on which our business depends.

Active involvement and engagement imply a purely physical proximity and at the same time a receptiveness and attentiveness. Both aspects are pivotal to Spar Nord. All our business builds on local decision-making, local presence and active participation in the local community. We also take pride in placing the customer first, thereby showing engagement in the advice we give.

And our attitude of active involvement and engagement also manifests itself internally. We listen to our employees and are not afraid to publish the results in our Performance & Job Satisfaction Statement. We also listen to ourselves, continuously reflecting on our market conduct and on where our involvement can best benefit both the community and Spar Nord. Engagement, as an intrinsic part of everything we do, is therefore one of our core values.

FOCUS AND MEASUREMENT

To focus our active involvement and engagement and make those efforts tangible and measurable, we continually focus on special aspects of active involvement and engagement in our business and our social responsibility approach. We believe the best results are obtained by focusing on one thing at a time. This also means that our responsibility has evolved over time. This helps ensure that new actions rest on strong foundations and result in lasting improvements.

The annual theme topics we choose to particularly focus on are introduced in our Performance & Job Satisfaction Statement, in which we continuously measure a series of customer, employee and market-related issues. This way we ensure that words and headings are translated into concrete action and tangible improvements for all parties involved. The Performance & Job Satisfaction Statement is systematically expanded over time to include new action areas.

INTERNATIONAL INITIATIVES

Spar Nord supports the Danish Government's endeavours to put Corporate Social Responsibility at the top of the agenda, and we also support the intentions underpinning international initiatives like the UN Global Compact and UN PRI. Nevertheless, we have chosen not to formally commit ourselves to the two UN reporting initiatives. This decision should be viewed in light of the fact that we already endeavour to abide by the principles, and also that our activities are very locally slanted. Thus, in our assessment we could put our resources to better use if we channel them into other activities than spending them on reporting to the UN.

GENDER & CAREER

Since 2010, the theme topic "Gender & Career" has been the special focus area selected. This particular theme topic was chosen because people have discussed for decades how gender equality leads to better business. Thus, the theme topic Gender & Career harmonizes with the ideal of business-driven social responsibility, its purpose being to promote gender equality, to maximize talent potential regardless of gender, and to create an even better match between the Bank's customers and the staff and executives who advise them.

Spar Nord's commercial target group consists of ordinary retail customers and local businesses. It is desirable therefore for the Bank to have a broad composition at both non-executive and executive level. In terms of gender this means that the Bank has an aim of being an attractive workplace for both men and women, one where harmonious interaction exists between working life and private life.

Recognizing that the current reality does not match the Bank's goals and intentions, Spar Nord has launched a targeted action aimed at increasing the number of women in executive positions. Gender & Career has therefore been designated a joint action area for the Group as a whole, and a theme under which both central and local actions will be initiated.

EMPLOYEE DATA

	2010	2011
Employees (full-time)	1,471	1,397
Of which women (%)	53	53
Of which men (%)	47	47
Average age	44.5	45.2
Seniority (average)	12.3	13.2
Part-time employees (%)	18	18
Of which women (no.)	263	245
Of which men (no.)	14	14
Sickness absence	2.6	2.7
Competence development (days)	5,700	7,599
Competence development (DKK m)	8.5	8.9

TARGETS AND FOLLOW-UP INITIATIVES

The purpose of the Gender & Career initiative is to improve Spar Nord's ability to activate the human and leadership resources within its work force, and specifically therefore to ensure equal career opportunities in the Group for both sexes.

The primary goal is to interest more women in an executive career with the Spar Nord Group. Another key objective is, for both sexes, to improve the retention of executives by balancing career with recreation and family life.

In concrete terms, the goal has been formulated thus:

- In 2011, there should be at least three qualified applicants for executive positions at the Bank, and in 2012 there should be at least five - at least one of whom should be a woman.
- In the long term, the number of women attending the Pitstop management course should be at least 50%.

In addition to these goals, we also continually follow the distribution of gender at executive and mid-level executive level. We also carry out job satisfaction and performance analyses, broken down by gender, in a number of specific areas:

- Barriers to creating the desired career
- Potential for creating good balance between work and family life
- Benefit from staff performance appraisals
- Feedback and follow-up from an employee's immediate manager
- Satisfaction with development potential

ACTION AREAS

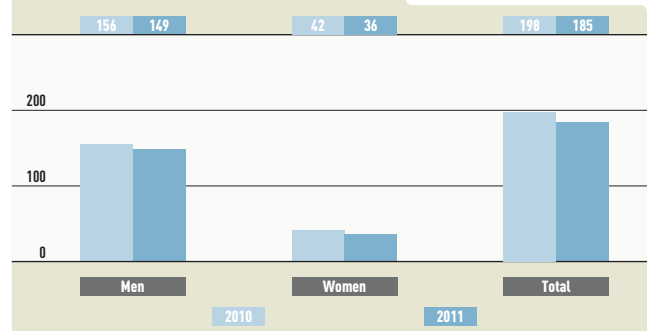
Highlights among the initiatives implemented in 2011:

- Launch of a job bank for employees interested in a career as an executive
- Development and launching of an experience forum/mentor programme targeted at executive talents
- Evaluation of job profiles and recruitment procedures
- Integration of gender and career in staff performance appraisals
- PhD project on gender and career

RESULTS FROM GENDER AND CAREER

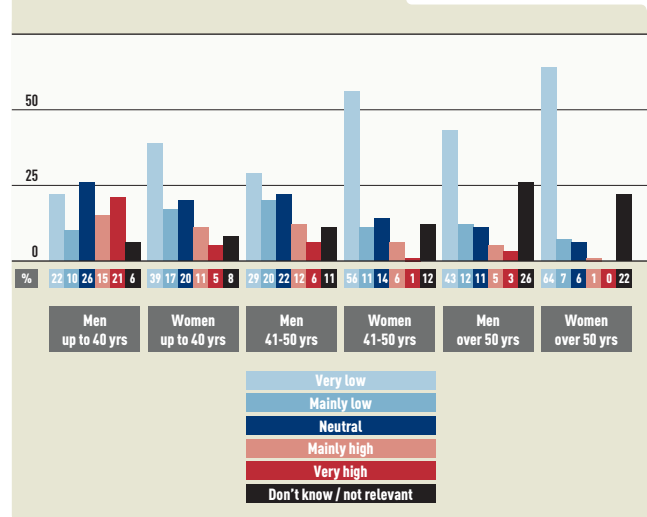
In 2011, the number and share of female executives rose, while the number and share of female middle managers decreased somewhat.

GENDER BREAKDOWN OF EXECUTIVE STAFF



Still far more men than women express a wish to embark on an executive career. In response to the statement "I am interested in becoming a manager within the next 0-3 years", 22% of the male respondents said that they agree strongly, compared to only 8% of the female respondents. However, both men and women showed significant progress since the last survey in 2009, when 11% of the men and 3% of the women declared that they agreed.

EXECUTIVE CAREER INTEREST - AGE AND GENDER



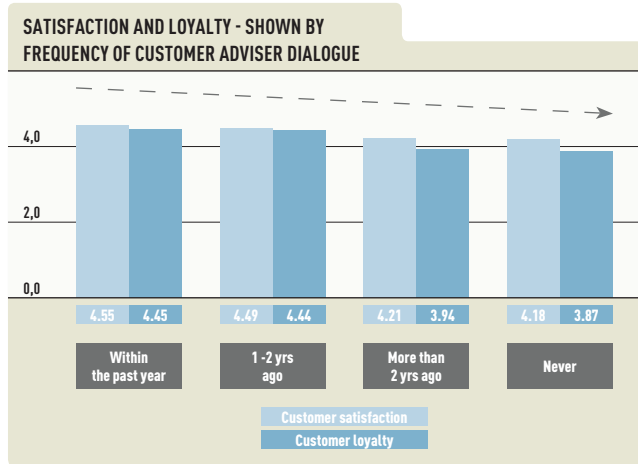
In 2011, vacancies for five executive and eight middle manager positions were advertised. Women constituted half of the in-house applicants for the executive positions and 25% of those for middle manager positions.

In the Pitstop programme completed in 2011, two out of the 16 participants who successfully completed the course were women. Another team will start on a new course programme in 2012, and among the applicants there were 62% men and 38% women.

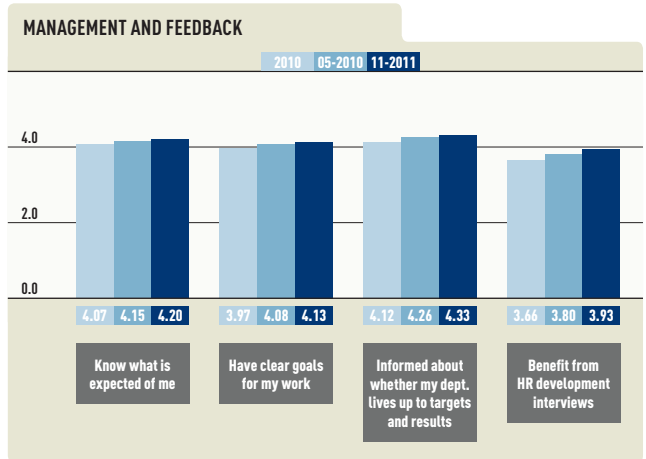
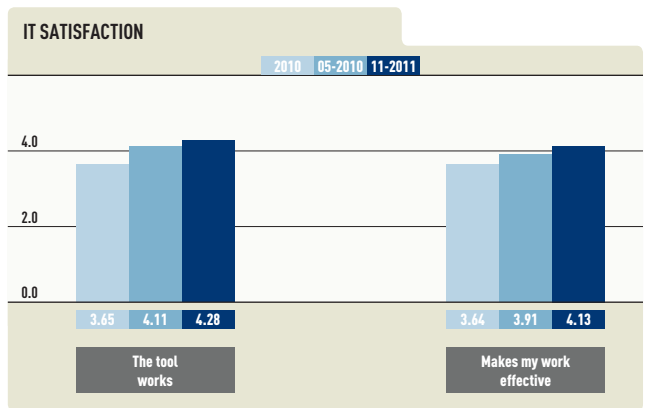
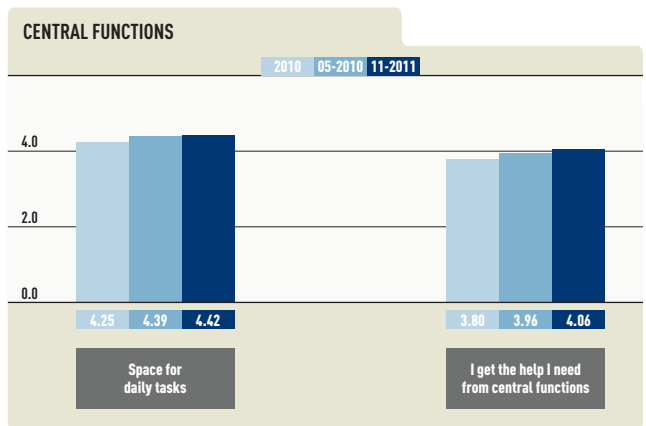
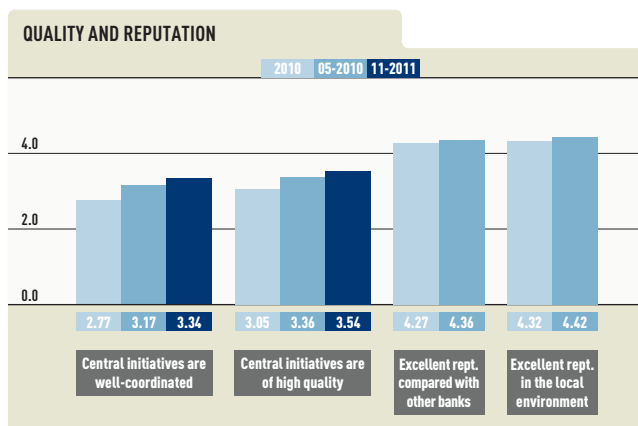
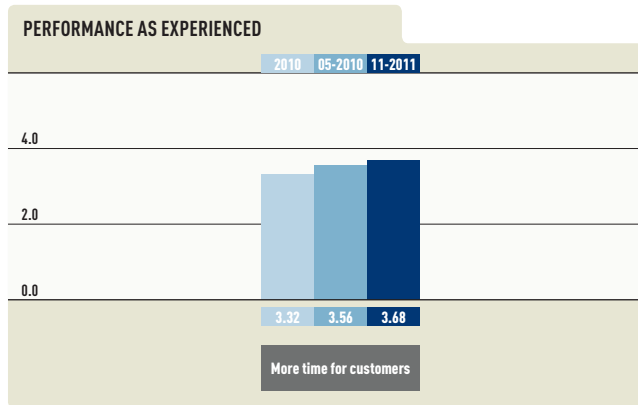
RESULTS FROM PERFORMANCE & JOB SATISFACTION

The customer survey in our Performance & Job Satisfaction Statement for the year shows growing customer satisfaction, unchanged customer loyalty and highly satisfactory progress in customers' as-

assessment of Spar Nord's reputation and credibility. The more specific results of the survey show that the key parameters for customer satisfaction and loyalty are the frequency and quality of the dialogue with the banking adviser and the Bank's general reputation.



The employee survey shows major progress as concerns both job satisfaction and how performance is experienced. Employees increasingly feel that the initiatives implemented to boost efficiency are yielding more time for customer contact, that central initiatives in the chain are well coordinated and of good quality, and that the Bank has a good reputation both nationally and locally.



As concerns management quality, employees gave higher points for feedback and clear management statements regarding objectives and results.

On the IT side, there was extremely satisfactory development in how employees evaluated both the quality of the tools and their own qualifications to use such tools.

MANAGEMENT'S STATEMENT ON THE ANNUAL REPORT

The Supervisory and Executive Boards have today reviewed and adopted the 2011 Annual Report of Spar Nord Bank A/S.

The Consolidated Financial Statements have been presented in accordance with International Financial Reporting Standards as adopted by the EU, and the Financial Statements for the Parent Company in accordance with the Danish Financial Business Act. Moreover, the Annual Report is presented in accordance with additional Danish disclosure requirements regarding annual reports for listed financial institutions.

We consider the accounting policies applied to be appropriate, and in our opinion the Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2011 and of the results of the Group's and the Parent Company's operations and cash flows for the 2011 financial year.

In addition, we also consider the Management's review to give a fair presentation of the development in the Group's and Parent Company's activities and financial affairs, the results for the year and the Group's and the Parent Company's financial position as a whole, as well as a description of the significant risks and elements of uncertainty that may affect the Group or Parent Company.

We recommend the Annual Report for adoption by the shareholders at the Annual General Meeting.

Aalborg, 8 February 2012

EXECUTIVE BOARD



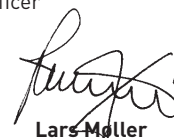
Lasse Nyby

Chief Executive Officer



John Lundsgaard

Managing Director



Lars Møller

Managing Director

BOARD OF DIRECTORS



Torben Frstrup

Chairman of the Board of Directors



Per Nikolaj Bukh

Deputy Chairman
of the Board of Directors



Jan Høholt Jensen

Elected by the employees



Niels Kristian Kirketerp



Carsten Normann



Ole Skov

Elected by the employees



Jannie Skovsen

Elected by the employees



Hans Østergaard

THE INTERNAL AUDIT DEPARTMENT'S STATEMENTS

We have audited the Consolidated Financial Statements and the Financial Statements of Spar Nord Bank A/S for the financial year 1 January - 31 December 2011, pp. 49-124. The Consolidated Financial Statements and the Parent Company's Financial Statements comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes for the Group and the Parent Company.

The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards, as adopted by the EU, and Danish disclosure requirements for listed financial institutions. The Parent Company's Financial statements have been prepared in accordance with the Danish Financial Business Act.

In connection with the audit, we have read the Management's review and issued a statement in this regard.

Basis of opinion

We conducted our audit in compliance with the Executive Order issued by the Danish Financial Supervisory Authority on the planning and performance of audits in financial institutions, etc. and financial groups and in accordance with international auditing standards. This requires that we plan and perform our audit to obtain reasonable assurance that the Consolidated Financial Statements and the Parent Company's Financial Statements are free from material misstatement.

The audit was performed in accordance with the division of work agreed with the independent auditors and included an assessment of established procedures and internal controls, including the risk management system established by Management that is targeted at reporting procedures and significant business risks. We have examined, on a test basis, the evidence supporting the amounts and other disclosures in the Consolidated Financial Statements and the Parent Company's Financial Statements. Our audit also included assessing whether Management's choice of accounting policies is appropriate and whether Management's accounting estimates are reasonable, as well as the overall presentation of the Consolidated Financial Statements and the Parent Company's Financial Statements.

We have participated in the audit of material and risk-prone areas, and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion

In our opinion, the established procedures and internal controls function satisfactorily, including the risk management system established by Management that is targeted at the Group's and Parent Company's reporting procedures and significant business risks.

Further, in our opinion, the Consolidated Financial Statements and the Parent Company's Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2011 and of the results of the Group's and the Parent Company's operations and of the Group's cash flows for the financial year 1 January - 31 December 2011 in accordance with the International Financial Reporting Standards, as adopted by the EU, and Danish disclosure requirements for listed financial institutions in respect of the Consolidated Financial Statements, and in accordance with the Danish Financial Business Act in respect of the Parent Company's Financial Statements.

Statement on the Management's review

Pursuant to the Danish Financial Business Act, we have read the Management's review. We have not performed any other procedures in addition to our audit of the Consolidated Financial Statements and the Parent Company's Financial Statements.

On this basis, it is our opinion that the information given in the Management's review is consistent with the Consolidated Financial Statements and the Parent Company's Financial Statements.

Aalborg, 8 February 2012

Spar Nord Bank A/S

Internal Audit Department

Margit Nicolajsen

Margit Nicolajsen

Head of Internal Audit Department

INDEPENDENT AUDITORS' STATEMENTS

TO THE SHAREHOLDERS OF SPAR NORD BANK A/S

Auditors' Report on the Consolidated Financial Statements and the Parent Company's Financial Statements

We have audited the Consolidated Financial Statements and the Financial Statements of Spar Nord Bank A/S for the financial year 1 January – 31 December 2011. The Consolidated Financial Statements and the Parent Company's Financial Statements comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and the Parent Company. The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Parent Company's Financial Statements have been prepared in accordance with the Danish Financial Business Act. Further, the Consolidated Financial Statements have been prepared in accordance with Danish disclosure requirements for listed financial institutions.

Management's responsibility for the Consolidated Financial Statements and the Parent Company's Financial Statements

Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements and the Parent Company's Financial Statements in accordance with International Financial Reporting Standards as adopted by the EU (the Consolidated Financial Statements), the Danish Financial Business Act (the Parent Company's Financial Statements) and Danish disclosure requirements for listed financial institutions. Moreover, Management is responsible for the internal control considered necessary by it to prepare Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility and basis of opinion

Our responsibility is to express an opinion on the Consolidated Financial Statements and the Parent Company's Financial Statements based on our audit. We have performed our audit in accordance with international auditing standards and additional requirements pursuant to Danish legislation on accountants. This requires that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance whether the Consolidated Financial Statements and the Parent Company's Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements and the Parent Company's Financial Statements. The audit procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements and the Parent Company's Financial Statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the Consolidated Financial Statements and the Parent Company's Financial Statements. The purpose is to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Company's internal control. An audit also includes assessing whether Management's choice of accounting policies is appropriate and whether Management's accounting estimates are reasonable, as well as the overall presentation of the Consolidated Financial Statements and the Parent Company's Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company's Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2011 and of the results of the Group's and the Parent Company's operations and of the Group's cash flows for the financial year 1 January – 31 December 2011 in accordance with International Financial Reporting Standards, as adopted by the EU, and Danish disclosure requirements for listed financial institutions in respect of the Consolidated Financial Statements, and in accordance with the Danish Financial Business Act in respect of the Parent Company's Financial Statements.

Statement on the Management's review


Pursuant to the Danish Financial Business Act, we have read the Management's review. We have not performed any other procedures in addition to our audit of the Consolidated Financial Statements and the Parent Company's Financial Statements. On this basis, it is our opinion that the information given in the Management's review is consistent with the Consolidated Financial Statements and the Parent Company's Financial Statements.

Aalborg, 8 February 2012

KPMG

Statsautoriseret Revisionspartnerselskab


Per Gunslev
State-authorized
Public Accountant


Lisbet Kragelund
State-authorized
Public Accountant



FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY'S FINANCIAL STATEMENTS

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NOTE

INCOME STATEMENT

	Spar Nord Bank A/S The Group 2011 DKK m	Spar Nord Bank A/S The Group 2010 DKK m	Spar Nord Bank A/S Parent Company 2011 DKK m	Spar Nord Bank A/S Parent Company 2010 DKK m	
4	Interest income	2,121.4	2,062.8	2,122.4	2,063.7
5	Interest expenses	649.9	624.7	650.0	624.9
	Net interest income	1,471.5	1,438.1	1,472.4	1,438.8
6	Dividends on shares, etc.	10.3	13.0	10.3	13.0
7+9	Fees, charges and commissions received	532.8	566.1	532.8	566.1
8+9	Fees, charges and commissions paid	56.0	67.6	56.0	67.6
	Net income from interest, fees, charges and commissions	1,958.6	1,949.6	1,959.5	1,950.3
10	Market-value adjustments	115.5	236.9	114.1	237.7
12	Other operating income	40.6	34.2	37.4	36.7
13+14+15	Staff costs and administrative expenses	1,380.7	1,402.6	1,382.9	1,404.1
16	Depreciation, amortization and impairment of intangible assets and property, plant and equipment	73.3	63.7	68.1	62.8
17	Other operating expenses	0.0	211.2	0.0	211.2
18+36+53	Impairment of loans, advances and receivables, etc.	402.9	452.9	404.4	449.9
19	Profit/loss on equity investments in associates and group enterprises	44.9	40.5	44.8	36.5
	Profit/loss on continuing activities before tax	302.7	130.8	300.4	133.2
20	Tax on continuing activities	52.9	27.1	51.6	28.5
	Profit/loss on continuing activities	249.8	103.7	248.8	104.7
47	Profit/loss on discontinuing activities	25.0	1.3	25.0	1.3
	Profit/loss for the year	274.8	105.0	273.8	106.0
	<i>Portion attributable to:</i>				
	The shareholders of Spar Nord Bank A/S	274.8	105.0		

PROPOSAL FOR DISTRIBUTION OF NET PROFIT

Profit/loss for the year		273.8	106.0
Total available for distribution		273.8	106.0
Dividend distribution DKK 0 per share (2010: DKK 0 per share)		0.0	0.0
Reserve for net revaluation according to the equity method		69.8	37.8
Retained earnings		204.0	68.2
Total distribution		273.8	106.0

46 EARNINGS PER SHARE

Earnings per share (DKK)	4.8	1.9
Diluted earnings per share (DKK)	4.8	1.9
Earnings per share on continuing activities (DKK)	4.4	1.9
Diluted earnings per share on continuing activities (DKK)	4.4	1.9

STATEMENT OF COMPREHENSIVE INCOME

Profit/loss for the year	274.8	105.0	273.8	106.0
<i>Other comprehensive income</i>				
Exchange adjustment upon translation of foreign entity	0.8	10.2	0.8	10.2
Net revaluation of properties	-4.2	-1.2	-4.2	-1.2
Adjustment relating to associates	-3.3	0.0	-3.3	0.0
Tax on other comprehensive income	1.2	0.9	1.2	0.9
Other comprehensive income after tax	-5.5	9.9	-5.5	9.9
Total comprehensive income	269.3	114.9	268.3	115.9
<i>Portion attributable to:</i>				
The shareholders of Spar Nord Bank A/S	269.3	114.9	-	-

NOTE

BALANCE

	Spar Nord Bank A/S The Group 31.12.11 DKK m	Spar Nord Bank A/S The Group 31.12.10 DKK m	Spar Nord Bank A/S Parent Company 31.12.11 DKK m	Spar Nord Bank A/S Parent Company 31.12.10 DKK m
ASSETS				
	641.0	578.1	641.0	578.1
21 Receivables from credit institutions and central banks	2,428.3	2,227.8	2,395.0	2,224.9
Lending, banking activities	31,189.1	30,754.0	37,179.2	37,534.5
Lending, reverse transactions	393.2	1,516.6	393.2	1,516.6
Lending, leasing activities	7,119.8	7,681.5	-	-
22 Loans, advances and other receivables at amortized cost	38,702.1	39,952.1	37,572.4	39,051.1
23 Bonds at fair value	16,421.2	13,637.3	16,421.2	13,637.3
24 Shares, etc.	1,040.4	1,121.7	1,027.7	1,108.9
25 Equity investments in associates	765.1	745.8	764.6	745.3
26 Equity investments in group enterprises	-	-	490.9	465.2
58 Assets linked to pooled schemes	6,327.1	5,678.5	6,327.1	5,678.5
27 Intangible assets	131.4	157.5	131.4	132.0
Investment properties	48.5	61.4	48.5	61.4
Corporate properties	456.6	452.8	426.5	418.8
28 Land and buildings, total	505.1	514.2	475.0	480.2
Operating lease assets	404.0	437.4	-	-
Other property, plant and equipment	139.6	166.4	136.4	157.9
29 Other property, plant and equipment, total	543.6	603.8	136.4	157.9
Current tax assets	10.3	1.4	10.6	1.7
30 Temporary assets	87.5	79.8	1.8	0.2
31 Other assets	2,401.7	2,064.5	2,351.4	2,080.0
Prepayments	76.6	73.2	75.7	72.6
Total assets	70,081.4	67,435.7	68,822.2	66,413.9
SHAREHOLDERS' EQUITY AND LIABILITIES				
LIABILITIES OTHER THAN PROVISIONS				
32 Payables to credit institutions and central banks	12,090.9	7,314.0	11,640.4	7,224.2
33 Deposits and other payables	31,087.6	31,203.7	31,106.1	31,221.1
58 Deposits in pooled schemes	6,327.1	5,678.5	6,327.1	5,678.5
34 Issued bonds at amortized cost	8,021.3	7,806.2	8,021.3	7,806.2
Other non-derivative financial liabilities at fair value	769.8	1,211.4	769.8	1,211.4
Current tax liabilities	7.3	2.4	0.0	0.0
35 Other liabilities	4,326.0	6,708.6	3,941.5	6,260.1
Deferred income	53.8	190.1	11.0	16.4
Total liabilities other than provisions	62,683.8	60,114.9	61,817.2	59,417.9
PROVISIONS FOR LIABILITIES				
37 Provisions for deferred tax	394.9	333.7	2.4	9.4
Provisions for losses on guarantees	1.8	4.5	1.8	3.3
Other provisions	56.8	131.2	56.7	130.9
Total provisions for liabilities	453.5	469.4	60.9	143.6
SUBORDINATED DEBT				
38 Subordinated debt	2,316.8	2,477.0	2,316.8	2,477.0
Total liabilities	65,454.1	63,061.3	64,194.9	62,038.5
SHAREHOLDERS' EQUITY				
Share capital	570.7	570.7	570.7	570.7
Revaluation reserves	62.4	64.6	62.4	64.6
Accumulated changes in value, total	62.4	64.6	62.4	64.6
Statutory reserves	450.7	440.1	765.2	729.5
Statutory reserves, total	450.7	440.1	765.2	729.5
Retained earnings	3,543.5	3,299.0	3,229.0	3,010.6
Total shareholders' equity	4,627.3	4,374.4	4,627.3	4,375.4
Total shareholders' equity and liabilities	70,081.4	67,435.7	68,822.2	66,413.9
OFF-BALANCE-SHEET ITEMS				
43 Contingent liabilities	3,837.7	5,137.5	4,402.4	5,788.8
44 Other obligating agreements	520.9	581.7	541.3	602.6
Total off-balance-sheet items	4,358.6	5,719.2	4,943.7	6,391.4

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 01.01.2011	570.7	61.2	3.4	440.1	0.0	3,299.0	4,374.4
<i>Comprehensive income in 2011</i>							
Profit/loss for the year	-	-	-	44.9	-	229.9	274.8
<i>Other comprehensive income</i>							
Exchange adjustment upon translation of foreign entity	-	-	0.8	-	-	-	0.8
Net revaluation of properties	-	-4.2	-	-	-	-	-4.2
Tax on other comprehensive income	-	1.2	-	-	-	-	1.2
Dividends received from associates recognized at net asset value	-	-	-	-21.3	-	21.3	0.0
Other capital movements in associates	-	-	-	-3.3	-	-	-3.3
Dissolution of revaluation reserves, associates	-	-	-	-9.7	-	9.7	0.0
Other comprehensive income, total	-	-3.0	0.8	-34.3	0.0	31.0	-5.5
Total comprehensive income	-	-3.0	0.8	10.6	0.0	260.9	269.3
<i>Transactions with owners</i>							
Disposal upon acquisition of treasury shares	-	-	-	-	-	-128.3	-128.3
Addition upon sale of treasury shares	-	-	-	-	-	111.9	111.9
Transactions with owners, total	-	-	-	-	-	-16.4	-16.4
Shareholders' equity 31.12.2011	570.7	58.2	4.2	450.7	0.0	3,543.5	4,627.3
Shareholders' equity 01.01.2010							
570.7	61.5	-6.8	411.9	0.0	3,105.4	4,142.7	
<i>Comprehensive income in 2010</i>							
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
Dividends received from associates recognized at net asset value	-	-	-	-12.3	-	12.3	0.0
Other comprehensive income, total	-	-0.3	10.2	-12.3	0.0	12.3	9.9
Total comprehensive income	-	-0.3	10.2	28.2	0.0	76.8	114.9
<i>Transactions with owners</i>							
Disposal upon acquisition of treasury shares	-	-	-	-	-	-366.9	-366.9
Addition upon sale of treasury shares	-	-	-	-	-	483.7	483.7
Transactions with owners, total	-	-	-	-	-	116.8	116.8
Shareholders' equity 31.12.2010	570.7	61.2	3.4	440.1	0.0	3,299.0	4,374.4

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 01.01.2011	570.7	61.2	3.4	729.5	0.0	3,010.6	4,375.4
<i>Comprehensive income in 2011</i>							
Profit/loss for the year	-	-	-	69.8	-	204.0	273.8
<i>Other comprehensive income</i>							
Exchange adjustment upon translation of foreign entity	-	-	0.8	-	-	-	0.8
Net revaluation of properties	-	-4.2	-	-	-	-	-4.2
Tax on other comprehensive income	-	1.2	-	-	-	-	1.2
Dividends received from associates recognized at net asset value	-	-	-	-21.3	-	21.3	0.0
Other capital movements in associates	-	-	-	-3.3	-	-	-3.3
Dissolution of revaluation reserves, associates	-	-	-	-9.5	-	9.5	0.0
Other comprehensive income, total	-	-3.0	0.8	-34.1	0.0	30.8	-5.5
Total comprehensive income	-	-3.0	0.8	35.7	0.0	234.8	268.3
<i>Transactions with owners</i>							
Disposal upon acquisition of treasury shares	-	-	-	-	-	-128.3	-128.3
Addition upon sale of treasury shares	-	-	-	-	-	111.9	111.9
Transactions with owners, total	-	-	-	-	-	-16.4	-16.4
Shareholders' equity 31.12.2011	570.7	58.2	4.2	765.2	0.0	3,229.0	4,627.3
Shareholders' equity 01.01.2010	570.7	61.5	-6.8	704.0	0.0	2,813.3	4,142.7
<i>Comprehensive income in 2010</i>							
Profit/loss for the year	-	-	-	37.8	-	68.2	106.0
<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
Dividends received from associates recognized at net asset value	-	-	-	-12.3	-	12.3	0.0
Other comprehensive income, total	-	-0.3	10.2	-12.3	0.0	12.3	9.9
Total comprehensive income	-	-0.3	10.2	25.5	0.0	80.5	115.9
<i>Transactions with owners</i>							
Disposal upon acquisition of treasury shares	-	-	-	-	-	-366.9	-366.9
Addition upon sale of treasury shares	-	-	-	-	-	483.7	483.7
Transactions with owners, total	-	-	-	-	-	116.8	116.8
Shareholders' equity 31.12.2010	570.7	61.2	3.4	729.5	0.0	3,010.6	4,375.4

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	
	2011	2010	2011	2010
Spar Nord Bank, the Group	274.8	105.0	4,627.3	4,374.4
Net depreciation, the Group's corporate properties	-1.0	1.0	0.0	1.0
Spar Nord Bank, the Parent Company	273.8	106.0	4,627.3	4,375.4

	Number of shares		Nominal value (DKK m)	
	2011	2010	2011	2010
Issued shares				
1 January	57,068,810	57,068,810	570.7	570.7
31 December – fully paid-up	57,068,810	57,068,810	570.7	570.7

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 2010 and 2011.

STATEMENT OF CHANGES IN EQUITY

	Spar Nord Bank A/S The Group 2011	Spar Nord Bank A/S The Group 2010	Spar Nord Bank A/S Parent Company 2011	Spar Nord Bank A/S Parent Company 2010
NUMBER OF SHARES IN CIRCULATION				
Beginning of year	56,976,500	54,994,374	56,976,500	54,994,374
Acquisition/sale of treasury shares	-358,992	1,982,126	-358,992	1,982,126
End of year	56,617,508	56,976,500	56,617,508	56,976,500
Shares issued	57,068,810	57,068,810	57,068,810	57,068,810
The Group's treasury share portfolio	451,302	92,310	451,302	92,310
Outstanding shares in circulation	56,617,508	56,976,500	56,617,508	56,976,500

TREASURY SHARE PORTFOLIO

Number of shares	451,302	92,310	451,302	92,310
Nominal value, DKK m	4.5	0.9	4.5	0.9
Fair value, DKK m	14.4	5.6	14.4	5.6
Percentage of share capital	0.8	0.2	0.8	0.2

TREASURY SHARE PORTFOLIO, FAIR VALUE, DKK M

Portfolio, beginning of year	5.6	115.1	5.6	115.1
Acquisition of treasury shares	128.3	366.9	128.3	366.9
Sale of treasury shares	111.9	483.7	111.9	483.7
Market-value adjustment	-7.6	7.3	-7.6	7.3
Portfolio, end of year	14.4	5.6	14.4	5.6

TREASURY SHARES DEPOSITED AS COLLATERAL

Number of shares	1,287,466	1,283,217	1,287,466	1,283,217
Nominal value, DKK m	12.9	12.8	12.9	12.8
Fair value, DKK m	41.2	78.3	41.2	78.3
Percentage of share capital	2.3	2.2	2.3	2.2

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 Board of Directors 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%.

	Spar Nord Bank A/S The Group 2011 DKK m	Spar Nord Bank A/S The Group 2010 DKK m	Spar Nord Bank A/S Parent Company 2011 DKK m	Spar Nord Bank A/S Parent Company 2010 DKK m
CAPITAL BASE AND SOLVENCY RATIO				
Shareholders' equity	4,627.3	4,374.4	4,627.3	4,375.4
Proposed dividend	0.0	0.0	0.0	0.0
Intangible assets, incl. share recognized in investments in associates	166.3	194.6	166.3	169.1
Miscellaneous	62.4	64.6	62.4	64.6
Common Equity (Tier 1) after primary deductions	4,398.6	4,115.2	4,398.6	4,141.7
Hybrid core capital *)	1,611.1	1,669.5	1,611.1	1,669.5
Other deductions	388.1	67.2	388.1	66.0
Core capital (Tier 1) incl. hybrid core capital after deductions	5,621.6	5,717.5	5,621.6	5,745.2
Subordinated debt (excl. hybrid core capital *)	608.3	807.5	608.3	807.5
Revaluation reserves, etc.	62.4	64.6	62.4	64.6
Other deductions	388.1	769.2	388.1	767.8
Capital base after deductions	5,904.2	5,820.4	5,904.2	5,849.5
Risk-weighted items	42,187.8	43,405.5	42,633.5	44,154.7
Common Equity (Tier 1) ratio (%)	10.4	9.5	10.3	9.4
Core capital (Tier 1) ratio incl. hybrid core capital after deductions (%)	13.3	13.2	13.2	13.0
Solvency ratio (%)	14.0	13.4	13.8	13.2

*) Including portfolio of own bonds.

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

NOTE CASH FLOW STATEMENT

	Spar Nord Bank A/S The Group 31.12.11 DKK m	Spar Nord Bank A/S The Group 31.12.10 DKK m	Spar Nord Bank A/S Parent Company 31.12.11 DKK m	Spar Nord Bank A/S Parent Company 31.12.10 DKK m
OPERATIONS				
	302.7	130.8	300.4	133.2
Profit/loss on continuing activities before tax				
47 Profit/loss on discontinuing activities before tax	42.2	2.2	25.0	1.3
26 Foreign-currency translation, subsidiaries	0.8	10.2	0.0	0.0
28 Fair-value changes, investment properties	-3.2	2.3	-3.2	2.3
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	215.4	125.2	68.1	62.8
Gains and losses on the sale of intangible assets and property, plant and equipment	-1.2	0.4	-1.2	0.4
36+53 Adjustment of impairment of loans and advances, etc.	115.9	-72.7	107.3	-77.1
36 Provisions for liabilities	-77.1	-33.3	-75.7	-33.3
19 Profit/loss on equity investments in associates and group enterprises	-44.9	-40.5	-69.8	-37.8
Corporate income tax paid	-3.1	-2.5	-2.6	-2.1
Operations, total	547.5	122.1	348.3	49.7
WORKING CAPITAL				
21+32 Movement in credit institutions and central banks, net	4,855.9	-4,909.3	4,495.2	-4,745.7
22 Movement in loans, advances and other receivables at amortized cost	1,134.1	-1,564.0	1,371.4	-1,701.7
23 Movement in bonds at fair value	-2,783.9	-1,058.5	-2,783.9	-1,058.5
24 Movement in equity portfolio	81.3	-251.9	81.2	-252.7
34 Movement in issued bonds at amortized cost	215.1	1,361.0	215.1	1,361.0
Movement in other assets and other liabilities, net	-3,311.3	5,455.6	-3,105.3	5,356.3
33 Movement in deposits and other payables	-116.1	-727.0	-115.0	-852.7
Working capital, total	75.1	-1,694.1	158.7	-1,894.0
Cash generated from operations, total	622.6	-1,572.0	507.0	-1,844.3
INVESTMENTS				
25+26 Net investment in associates and group enterprises	1.0	0.6	1.0	-2.0
27 Net investment in intangible assets	-4.7	0.0	-4.7	0.0
28+29+30 Net investment in other property, plant and equipment	-121.2	-346.6	-36.0	-57.1
Net investment in treasury shares	-16.4	116.8	-16.4	116.8
25+26 Dividends from associates and group enterprises	21.3	12.9	21.3	12.3
Investments, total	-120.0	-216.3	-34.8	70.0
FINANCING				
38 Subordinated debt	-160.2	-204.1	-160.2	-204.1
Financing, total	-160.2	-204.1	-160.2	-204.1
Movement in cash and cash equivalents for the year	342.4	-1,992.4	312.0	-1,978.4
Cash and cash equivalents, beginning of year	2,372.7	4,365.1	2,370.9	4,349.3
Movement in cash and cash equivalents for the year	342.4	-1,992.4	312.0	-1,978.4
Cash and cash equivalents, end of year	2,715.1	2,372.7	2,682.9	2,370.9
Cash and cash equivalents, end of year				
Cash, cash equivalents and demand deposits with central banks	641.0	578.1	641.0	578.1
Receivables from credit institutions and central banks with less than 3 mths to maturity	2,074.1	1,794.6	2,041.9	1,792.8
21 Total	2,715.1	2,372.7	2,682.9	2,370.9

Information about cash flows for discontinuing activities appears from note 47, Discontinuing activities.



**LIST OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AND
THE PARENT COMPANY'S FINANCIAL STATEMENTS**

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NOTE 1 ACCOUNTING POLICIES

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 2011 comprises the Consolidated Financial Statements of Spar Nord Bank 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 adopted 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. NASDAQ OMX 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 8 February 2012, the Board of Directors and Executive Board reviewed and adopted the 2011 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 18 April 2012.

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.

However, a few reclassifications have been made. In 2011, Spar Nord Bank began phasing out the activities of Spar Nord Leasing, for which reason the profit or loss on these activities is presented in a separate line in the income statement under "Profit/loss on discontinuing activities" in accordance with IFRS 5. The comparative figures in the income statement and the performance indicators and financial ratios have been restated.

Implementation of new financial reporting standards

In the Consolidated Financial Statements for 2011, Spar Nord Bank has implemented the changes to IFRS and IAS standards and new IFRIC interpre-

tations adopted by the IASB that became effective on 1 January 2011. This did not affect recognition and measurement in 2011, thus not impacting profit or loss and diluted earnings per share.

DESCRIPTION OF ACCOUNTING POLICIES

Consolidated Financial Statements

The Consolidated Financial Statements cover the Parent Company, Spar Nord Bank, and group enterprises in which the Group controls financial and operational decisions. Spar Nord Bank 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 Ejendomsselskab A/S
- Spar Nord Leasing A/S
- SN Finans Nord AB
- Finans Nord Cross Border A/S
- Finans Nord Easyfleet A/S (until 30 September 2011)

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, discontinuing 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 and the Parent Company's 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 in shareholders' equity under a special reserve for translation adjustments via other comprehensive income.

Offsetting

Receivables and liabilities are offset 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 assets and redeem the liability at the same time.

Financial instruments generally

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 (fair-value option).

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.

The Spar Nord Group 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 at fair value on a recurring basis 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 trading portfolio are recognized on the settlement day at their fair value. Shares that are not included in the trading portfolio are measured at fair value with the ensuing changes in value in the income statement using the fair-value option.

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.

Unlisted unit trust certificates are measured at the price calculated by the unit trust.

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

For illiquid and unlisted bonds with no current 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.

Securities are removed from the balance sheet on the settlement day.

Repo/reverse transactions

If the sale is made subject to a repurchase agreement, securities sold are recognized in the balance sheet on the settlement day as if the securities were still part of the Group's portfolio. 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 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 that are measured 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 that are 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 is 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. (Spar Nord Leasing is being phased out, for which reason the amount is recognized under Profit/loss on discontinuing activities).

Net fees, charges and commissions received

Fees, charges and commissions relating to loans, advances and receivables that are considered an integral part of such loans, etc. 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 and DLR 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 the Bank rendering such services and thus earning an entitlement to the consideration. Recognized losses that can be offset are treated as an income reduction during the period in which losses are offset.

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, etc.

Other operating income also includes rental income from operating leases and from properties after deducting operating expenses. (Spar Nord Leasing is being phased out, for which reason the amount is recognized in Profit/loss on discontinuing activities).

Gains and losses on sales are calculated as the difference between the selling price less 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. The offsetting item is recognized in equity via other comprehensive income. In connection with recognition 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.

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.

Presentation of discontinuing activities

Discontinuing activities are shown as a separate item in the income statement termed "Profit/loss on discontinuing activities after tax" and are supplemented by a note with more details about the discontinuing activities, including the type of income, costs, etc. Cash flows from operating, investing and financing activities for the discontinuing activities are also specified in a note.

Assets and liabilities relating to the discontinuing activities are recognized in unchanged form in the balance sheet items to which they belong.

Assets and liabilities relating to discontinuing activities intended for sale are recognized in Temporary assets and Temporary liabilities.

The comparative figures, including the five-year overview, have been restated to reflect the discontinuing activities.

The item "Profit/loss on discontinuing activities after tax" in the income statement includes the post-tax profit/loss on Spar Nord Leasing.

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 in other comprehensive income with the portion attributable to other comprehensive income items, and in equity with the portion attributable to amounts recognized directly in equity.

Tax on discontinuing activities is recognized together with the other income and cost items relating to discontinuing activities in the line "Profit/loss on discontinuing activities". The disclosures in the note regarding the discontinuing activities show the tax expense.

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 in equity via other comprehensive income.

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

This item comprises 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. The measurement of reverse transactions is described in the section "Repo/reverse transactions".

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 loan 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 rating, without taking into account that other borrowers improved their rating during the period.

In Spar Nord Leasing, 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 deducted from 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;
- the Spar Nord Bank Group cancels debts either following a compulsory or private arrangement with creditors;
- the Spar Nord Bank Group 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 individual lease, and is booked in the income statement under Interest income (Spar Nord Leasing is being phased out, for which reason the amount is recognized under Profit/loss on discontinuing activities). Gains and losses on the sale of leased assets are booked as Other operating income. (Spar Nord Leasing is being phased out, for which reason the amount is recognized in Profit/loss on discontinuing activities).

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. (Spar Nord Leasing is being phased out, for which reason the amount is recognized in Profit/loss on discontinuing activities).

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 "Business combinations".

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. (The Parent Company's share of Spar Nord Leasing is recognized under Profit/loss on discontinuing activities because Spar Nord Leasing is being phased out).

Any gain or loss upon sale is calculated as the difference between the selling 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 is presented together under market-value adjustments and is 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.

Goodwill relating to associates is recognized under equity investments in associates.

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.

Goodwill is not amortized, but an impairment test is made at least once a year for each cash-flow-generating unit. Goodwill is written down to the recoverable amount via the income statement if the carrying amount of the cash-flow-generating unit's net assets exceeds the higher of the net selling price and the value in use that corresponds to the present value of expected future cash flows from the unit.

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.

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.

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, etc. 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 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. The revaluation of corporate properties to fair value 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. 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. For other operating equipment, depreciation is made on a straight-line basis over the expected useful life of a maximum of five years.

Impairment

Property, plant and equipment are subjected to an impairment test when there are indications of impairment, and they are written down to the recoverable amount, which is the higher of the net selling price and the value in use. The impairment losses are recognized in the income statement.

Temporary assets

Temporary assets comprise assets taken over as a result of the liquidation of customer exposures, the intention being to sell 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 carry-forward 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 and provisions for losses on irrevocable credit commitments and legal actions, 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, the provisions are discounted to net present value where the impact on the financial statements is 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 liquidation, whether solvent or insolvent, 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 and sales of own bonds are 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 of the liability.

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 the Company's cash flows for the year from operating, investment and financing activities, total change of cash for the year and cash 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 intangible assets and property, plant and equipment, 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.

The profit/loss on discontinuing activities is presented in performance figures and financial ratios (Core earnings) in the line "Spar Nord Leasing (discontinuing activities)" and shown before tax. The disclosures in the note regarding the profit/loss on discontinuing activities show the tax expense relating to discontinuing activities.

Ratio definitions appear from page 60.

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 is not required to observe in preparing the 2011 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 prematurely, if allowed, as of the IASB effective dates for financial years commencing 1 January 2012 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:

- 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. The provisions applying to financial liabilities will be amended so that changes to own credit risk will no longer impact the income statement, but will be recognized in other comprehensive income only. Spar Nord Bank expects the standard to have minor significance for the Group, but has not yet determined the impact. The standard is expected to become applicable to financial years commencing on 1 January 2015 and beyond. The reason is that the IASB has proposed that commencement be postponed until 2015 in order that all parts of IFRS 9 can enter into force at the same time.

- IFRS 10 changes the rules for including an entity in the Consolidated Financial Statements. IFRS 10 provides that an investor must include another entity in its consolidated financial statements when it has de facto control over it, even though the investor does not hold the majority of shares or voting rights. Moreover, the potential voting rights and rights of conversion must be assessed, as – combined with other rights – they may lead to a requirement for consolidation before they become exercisable. Presently, Spar Nord Bank does not expect the standard to have significance for the Group, but has not yet determined the impact. The standard applies to financial years commencing on 1 January 2013 and beyond.

- IFRS 12 contains disclosure requirements for both consolidated and non-consolidated enterprises, joint ventures and associates. The objective is to disclose information that makes it possible for financial statement users to assess the basis for control, risks associated with interests in non-consolidated enterprises, any restrictions relating to consolidated assets and liabilities and the involvement of non-controlling interests in the Group's activities. The standard will exclusively have relevance for the disclosure requirements in Spar Nord Bank. The standard applies to financial years commencing on 1 January 2013 and beyond.

- IFRS 13 replaces the provisions about fair value measurement set out in the individual IFRS standards, thus laying down one single definition of fair value and giving extensive guidelines about the application of the standard. In addition, the standard contains disclosure requirements for the measurement of fair value. The standard will exclusively have relevance for the disclosure requirements in Spar Nord Bank. The standard applies to financial years commencing on 1 January 2013 and beyond.

As mentioned above, the IASB has proposed postponing the commencement of IFRS 9 until all IFRS 9-subprojects have been completed. The projects not yet completed include the impairment project that may potentially have major significance for financial institutions, including the Spar Nord Bank Group.

Moreover, the Danish Financial Supervisory Authority has informed the sector that in light of the bank insolvencies in recent years, it is contemplating a clarification of the Danish rules on the impairment of loans, so that the event space between what can be considered a qualified and an appropriate estimate is narrowed.

The Danish Financial Supervisory Authority has not yet given such detailed information about the clarification as to allow the Group to calculate the significance for the Parent Company.

NOTE 2 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSESSMENTS

In order to determine the carrying amount of certain assets and liabilities, Management has to make a number of estimates and assessments of future circumstances that significantly affect the carrying amount of assets and liabilities.

Management's estimates and assessments are based on assumptions that Management considers appropriate but which are uncertain and unpredictable by their nature. The assumptions may be incomplete or inaccurate, and unexpected future events or circumstances may arise. Consequently, making estimates and assessments is difficult by nature, and when they also involve customer relationships and other counterparties, they will be subject to uncertainty. It may be necessary to change previous estimates as a result of changes in the circumstances forming the basis of such estimates, or due to new knowledge or subsequent events.

Critical estimates and assessments have the most substantial impact on the financial statements in the following areas:

- impairments of loans and advances;
- fair value of investment and corporate properties;
- fair value of financial instruments;
- classification of equity investments;
- contributions to sector-wide solutions, the Depositors' and Investors Guarantees Fund

Impairment of loans and advances

Testing the impairment of individual loans and advances requires estimates of factors subject to great uncertainty. The test involves estimates of the most probable future cash flows that the customer can generate.

Loans for which there is no objective indication of impairment are included in a group that is subjected to an impairment test at portfolio level.

In connection with testing the impairment of a group of loans and advances, it is essential to identify the events that give an objective indication of losses on the group. The valuation of the present value of cash flows generated by customers in the group is subject to uncertainty when historical data and empirical assessments are used to adjust the assumptions and for the purpose of reflecting the current situation.

Loans and advances are assigned to groups having uniform credit risk exposure using the Bank's rating/score model. Customers are subjected to ongoing scoring, and if calculations show that customers have changed credit risk properties, they will be transferred to new score classes on an ongoing basis. Thus, the downgrading of a customer to a weaker group serves as an indicator of the deterioration.

If the Group is aware at the reporting date that circumstances have occurred that have either worsened or improved the expected future payment pattern, and these changes have not been taken into account in the models, the appropriate action will be taken to correct this, based on a qualified management estimate.

Spar Nord Bank uses a credit system with statistically based scoring models for both retail and business customers.

In addition to its scoring and rating systems, the Bank uses an additional assessment method in its impairment model, where customers showing danger signals are flagged. Customers may be flagged both decentrally and centrally. Credit-quality flagging corresponds to a downgrading to the weakest rating/score class.

Credit-quality flagging is based on important Management estimates. In light of the situation in the financial sector and developments in the national economy in particular, these estimates have entailed an increase in the number of credit-quality flagged customers from the beginning to end of 2011.

The matters particularly affecting Management's estimates throughout 2011 are falling property prices, increasing unemployment and declining demand for numerous products and services. There was a minor increase in the risk level for both retail and business customers during 2011. This also means that we must expect relatively large impacts on operating results in 2012. We estimate the level of such impact to correspond to the level in 2011.

To reduce the risk attaching to individual exposures in the Group, Spar Nord accepts collateral consisting mainly of mortgages and charges over physical assets, securities and vehicles, of which mortgages on real property are the most common type of collateral. The valuation of such collateral is based on significant estimates made by Management.

Reference is made to note 22, Loans, advances and other receivables at amortized cost, and to note 53, Credit risk, for further details.

Fair value of investment and corporate properties

The fair value of the Group's investment and corporate properties is determined on the basis of the so-called return method. This means that future cash flows are determined on the basis of the Group's estimate of the future profit on ordinary operations and the required rate of return for each individual property, while taking into account such factors as location and state of maintenance. An external valuation supporting these estimates is obtained for each individual property. A number of these assumptions and estimates have a major impact on the calculations and include such parameters as inflation, developments in rent, costs and required rate of return. Any changes to these parameters as a result of, for example, changed market conditions will affect the expected return, and thus the fair value of the investment and corporate properties.

Fair value of financial instruments

Spar Nord Bank measures a number of financial instruments at fair value, including all derivative instruments as well as shares and bonds.

Assessments are made in connection with determining the fair value of financial instruments in the following areas:

- choosing valuation method;
- determining when available listed prices do not reflect the fair value;
- calculating fair-value adjustments to provide for relevant risk factors, such as credit, model and liquidity risks;
- assessing which market parameters are to be monitored;
- making estimates of future cash flows and return requirements for unlisted shares.

In these situations, the decisions are based on an opinion in accordance with the Group's accounting policies. All such decisions are approved by the relevant group functions.

As part of its day-to-day operations, Spar Nord Bank has acquired strategic equity investments. Strategic equity investments are measured at fair value based on the information available about trading in the relevant company's equity investments or, in the alternative, by using a valuation model based on generally accepted methods and current market data, including an assessment of expected future earnings and cash flows. The valuation will also be affected by co-ownership, trading with the relevant company and shareholders' agreements, etc. If a reliable fair value cannot be identified, the investment will be valued at cost less any writedowns for impairment.

Classification of equity investments

Equity investments are recognized and measured differently, depending on their classification. Estimates are required to determine whether the assumptions for making the relevant classification have been observed. Particularly the distinction between associates (significant influence) and other investments, as well as determining whether the criteria for using the fair-value option have been met, is of major importance.

Contributions to sector-wide solutions, the Depositors' and Investors' Guarantee Fund

Like all other financial institutions, Spar Nord Bank is comprised by the Depositors' Guarantee Fund and is thus obliged, jointly with other banks, to cover the deposits, etc. made by depositors up to EUR 100,000 in banks being wound up or in insolvent liquidation.

Spar Nord Bank recognizes a liability to cover its share of the obligation towards the Depositors' and Investors' Guarantee Fund from the time when the Bank becomes aware that a bank is being wound up or is in insolvent liquidation, and when sufficient information is available to recognize the expected liability reliably. The uncertainty attaching to the calculation of the dividend rate and the amount covered in a bank being wound up or in insolvent liquidation means that the recognized liability is subject to uncertainty.

NOTE 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.

Due to the presentation of Spar Nord Leasing as a discontinuing activity, a minor reclassification has been made for 2010 between the business areas Unallocated and Spar Nord Leasing in the lines Net interest income and Contributions to sector-wide solutions. As concerns 2010, Spar Nord Bank's lending to Spar Nord Leasing has been reclassified from Trading, Financial Markets & the International Division to Unallocated, after which such lending is eliminated in the Group.

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 69 local banks throughout the country.

Spar Nord Leasing (previously Finans Nord) is a financing company in the Spar Nord Bank Group. On 22 September 2011, Spar Nord Bank entered into an agreement regarding the sale of Finans Nord Easyfleet and the transfer of Spar Nord Leasing's future activities. The results for Spar Nord Leasing are presented in a separate line, "Profit/loss on discontinuing activities" (Spar Nord Leasing (Discontinuing activities)). The balance sheet items regarding the discontinuing activities are recognized in unchanged form in the respective items. The comparative figures have been restated to reflect the discontinuing activities.

Trading, Financial Markets & the International Division consists of Markets, Shares, Interest & Forex, Asset Management and the International Division. The activities of Trading & Financial Markets centre on forex and securities, including hedging and managing the transactions made by the local banks' customers. Moreover, Trading & Financial Markets cooperates 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-wide solutions consist of paid guarantee commission (costs) and contributions to the Depositors' and Investors' Guarantee Fund.

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.

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 whose operation 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 (2010: 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.

Information about income broken down by products and services

The Group's business areas are organized according to differences in products and services, and products and services are uniform within the individual business areas.

Income from the business area Local Banks mainly comprises income from interest and fees related to products within lending and deposits. The customers consist of retail, business and public customers.

Income from the business area Trading, Financial Markets & the International Division comprises interest and market-value adjustments on forex and trading products as well as interest income and market-value adjustments on the Bank's portfolio of securities.

Income from the business area Spar Nord Leasing (previously Finans Nord) comprises income related to both finance and operating leases. Income is recognized under Profit/loss on discontinuing activities.

As a consequence of IFRS requirements, the Bank must disclose whether 10% or more of its income derives from a single customer. The Spar Nord Bank Group has no such customers.

SEGMENT INFORMATION

BUSINESS SEGMENTS 2011

DKK m

	Spar Nord's Local Banks	Trading, Financial Markets & the International Division	Corporate Coordination & Support	Staff Functions	Unallocated	Eliminations	Core earnings*)	Earnings from investment portfolios, etc.	Contribu- tions to sector-wide solutions	Spar Nord Leasing (discontinuing activities)**)	The Group, total
INCOME STATEMENT											
Net interest income	1,313.1	206.9	-0.9	-57.6	10.2	0.0	1,471.7	-0.2	0.0	0.0	1,471.5
Net income from fees, charges and commissions	456.0	14.0	4.6	0.0	2.2	0.0	476.8	0.0	0.0	0.0	476.8
Market-value adjustments and dividends	90.8	32.4	3.9	4.1	2.3	-3.2	130.3	-4.5	0.0	0.0	125.8
Other operating income	9.3	2.1	24.5	11.9	-14.3	6.8	40.3	0.3	0.0	0.0	40.6
Profit/loss on equity investments in associates	0.0	0.0	0.0	0.0	39.0	0.0	39.0	6.1	-0.2	0.0	44.9
Core income/revenue, total	1,869.2	255.4	32.1	-41.6	39.4	3.6	2,158.1	1.7	-0.2	0.0	2,159.6
Operating expenses, depreciation and amortization	1,233.8	67.1	32.2	-41.6	165.9	2.6	1,460.0	0.2	-6.2	0.0	1,454.0
Core earnings before impairment	635.4	188.3	-0.1	0.0	-126.5	1.0	698.1	1.5	6.0	0.0	705.6
Impairment of loans, advances and receivables, etc.	404.3	0.1	0.0	0.0	0.0	0.0	404.4	-1.5	0.0	0.0	402.9
Core earnings / profit/loss on ordinary operations	231.1	188.2	-0.1	0.0	-126.5	1.0	293.7	3.0	6.0	0.0	302.7
Contributions to sector-wide solutions	0.0	0.0	0.0	0.0	6.0	0.0	6.0	0.0	-6.0	0.0	0.0
Profit/loss on continuing activities before tax	231.1	188.2	-0.1	0.0	-120.5	1.0	299.7	3.0	0.0	0.0	302.7
Spar Nord Leasing (discontinuing activities) **)	-	-	-	-	-	-	-	-	-	42.2	42.2
Profit/loss before tax	231.1	188.2	-0.1	0.0	-120.5	1.0	299.7	3.0	0.0	42.2	344.9

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

***) For further information about discontinuing activities, please see note 47.

The relation to the Group is specified in the columns "Earnings from investment portfolios, etc.", "Contributions to sector-wide solutions" and Spar Nord Leasing (Discontinuing activities).

	Spar Nord's Local Banks	Trading, Financial Markets & the Inter- national Division	Corporate Coordination & Support	Staff Functions	Unallocated	Eliminations	Earnings from investment portfolios, etc.	Spar Nord Leasing A/S (discontinuing activities)**)	The Group, total
BALANCE SHEET									
Loans, advances and other receivables at amortized cost	30,859.7	942.0	1.0	0.0	5,769.7	-5,990.1	0.0	7,119.8	38,702.1
Equity investments in associates and group enterprises	0.0	0.0	0.0	0.0	726.0	0.0	39.1	0.0	765.1
Intangible assets and property, plant and equipment *)	195.8	2.0	65.1	475.8	34.2	0.0	0.0	407.2	1,180.1
Miscellaneous assets **)	7,236.2	19,343.2	255.5	40.8	2,259.2	-116.7	158.8	257.1	29,434.1
Total assets									70,081.4
Deposits and other payables	27,951.9	2,868.8	285.5	0.0	0.0	-18.6	0.0	0.0	31,087.6
Shareholders' equity (allocated capital)	2,249.7	398.8	10.8	39.0	1,425.6	0.0	21.2	482.2	4,627.3
Miscellaneous liabilities	6,289.2	9,751.2	304.8	12,110.8	4,659.7	-6,088.2	0.0	7,339.0	34,366.5
Total shareholders' equity and liabilities									70,081.4
DISCLOSURES - TOTAL INCOME/REVENUE									
Internal income/revenue	-59.6	66.9	361.0	308.3	-81.4	0.0	-10.6	0.0	584.6
Internal income and eliminations offset against costs	0.0	-24.8	-357.9	-201.9	0.0	0.0	0.0	0.0	-584.6
Income/revenue, external customers, Denmark	1,928.8	213.3	29.0	-148.0	120.6	3.6	12.3	0.0	2,159.6
Income/revenue, total	1,869.2	255.4	32.1	-41.6	39.2	3.6	1.7	0.0	2,159.6
DISCLOSURES, CASH FLOW STATEMENT									
Depreciation, amortization and impairment ***)	21.0	0.3	27.3	19.5	5.2	0.0	0.0	142.1	215.4
Additions, capital expenditure *)	-12.1	-1.5	-19.0	-9.2	-1.3	0.0	0.0	-84.1	-127.2
Non-cash operating items excl. depreciation and impairment of non-current assets	0.0	0.0	0.0	0.0	-151.8	24.9	0.0	-0.6	-127.5
Impairment and reversal of impairment losses on loans and advances, etc.	107.3	0.0	0.0	0.0	0.0	0.0	-4.5	13.1	115.9
FINANCIAL RATIOS									
Return on equity [%] ****)	9.3	63.7	-	-	-	-	-	-	-
Cost share of core income	0.66	0.26	-	-	-	-	-	-	-
Risk-weighted items, end of year	28,122	4,986	135	487	2,167	-	263	6,028	42,188
Number of employees (full-time, end of year)	959	73	209	114	-	-	-	42	1,397

*) Non-current assets located in countries other than Denmark amounted to DKK 19.0 million at 31 December 2011.

***) Temporary assets amount to DKK 87.5 million, of which DKK 85.7 million relates to Spar Nord Leasing, and DKK 1.8 million relates to Staff Functions.

****) No significant writedowns for impairment have been made on assets forming part of the continuing activities. For details regarding impairment of goodwill in Spar Nord Leasing, please see note 47.

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

SEGMENT INFORMATION

BUSINESS SEGMENTS 2010

DKK m	Spar Nord's Local Banks	Trading, Financial Markets & the International Division	Corporate Coordination & Support	Staff Functions	Unallocated	Eliminations	Core earnings*)	Earnings from investment portfolios, etc.	Contribu- tions to sector-wide solutions	Spar Nord Leasing (discontinuing activities)**)	The Group, total
INCOME STATEMENT											
Net interest income	1,244.4	203.6	-1.4	-11.0	2.7	0.0	1,438.3	-0.2	0.0	0.0	1,438.1
Net income from fees, charges and commissions	482.5	8.6	4.9	-0.4	2.9	0.0	498.5	0.0	0.0	0.0	498.5
Market-value adjustments and dividends	93.9	138.5	5.0	-3.1	33.5	2.4	270.2	-20.3	0.0	0.0	249.9
Other operating income	27.0	7.8	-1.8	24.9	-8.1	-15.7	34.1	0.1	0.0	0.0	34.2
Profit/loss on equity investments in associates	0.0	0.0	0.0	0.0	61.0	0.0	61.0	1.5	-22.0	0.0	40.5
Core income/revenue, total	1,847.8	358.5	6.7	10.4	92.0	-13.3	2,302.1	-18.9	-22.0	0.0	2,261.2
Operating expenses, depreciation and amortization	1,277.4	64.1	5.1	10.0	124.4	-12.4	1,468.6	0.3	208.6	0.0	1,677.5
Core earnings before impairment	570.4	294.4	1.6	0.4	-32.4	-0.9	833.5	-19.2	-230.6	0.0	583.7
Impairment of loans, advances and receivables, etc.	355.7	0.0	0.2	0.4	0.0	0.0	356.3	3.0	93.6	0.0	452.9
Core earnings / profit/loss on ordinary operations	214.7	294.4	1.4	0.0	-32.4	-0.9	477.2	-22.2	-324.2	0.0	130.8
Contributions to sector-wide solutions	-84.8	-12.6	-0.4	-1.5	-224.9	0.0	-324.2	0.0	324.2	0.0	0.0
Profit/loss on continuing activities before tax	129.9	281.8	1.0	-1.5	-257.3	-0.9	153.0	-22.2	0.0	0.0	130.8
Spar Nord Leasing (discontinuing activities) **)	-	-	-	-	-	-	-	-	-	2.2	2.2
Profit/loss before tax	129.9	281.8	1.0	-1.5	-257.3	-0.9	153.0	-22.2	0.0	2.2	133.0

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

***) For further information about discontinuing activities, please see note 47.

The relation to the Group is specified in the columns "Earnings from investment portfolios, etc.", "Contributions to sector-wide solutions" and Spar Nord Leasing (Discontinuing activities).

	Spar Nord's Local Banks	Trading, Financial Markets & the Inter- national Division	Corporate Coordination & Support	Staff Functions	Unallocated	Eliminations	Earnings from investment portfolios, (discontinuing etc. activities)**)	Spar Nord Leasing (discontinuing activities)**)	The Group, total
BALANCE SHEET									
Loans, advances and other receivables at amortized cost	30,330.5	8,720.0	0.7	0.0	0.0	-6,780.6	0.0	7,681.5	39,952.1
Equity investments in associates and group enterprises	0.0	0.0	0.0	0.0	709.5	0.0	36.3	0.0	745.8
Intangible assets and property, plant and equipment *)	204.7	0.9	73.4	487.1	39.0	-0.9	0.0	471.3	1,275.5
Miscellaneous assets **)	6,146.3	16,335.8	181.6	39.2	2,412.5	-42.5	306.1	83.3	25,462.3
Total assets									67,435.7
Deposits and other payables	27,601.2	3,386.5	233.4	0.0	0.0	-17.4	0.0	0.0	31,203.7
Shareholders' equity (allocated capital)	2,326.1	376.8	11.7	39.4	1,063.5	-0.9	32.6	525.2	4,374.4
Miscellaneous liabilities	5,205.3	5,582.4	232.1	11,906.0	7,919.4	-6,805.7	1.3	7,816.8	31,857.6
Total shareholders' equity and liabilities									67,435.7
DISCLOSURES - TOTAL INCOME/REVENUE									
Internal income/revenue	9.4	-76.8	412.1	302.4	-10.3	-5.3	-6.0	0.0	625.5
Internal income and eliminations offset against costs	0.0	-19.8	-439.3	-166.4	0.0	0.0	0.0	0.0	-625.5
Income/revenue, external customers, Denmark	1,838.4	455.1	33.9	-125.6	80.3	-8.0	-12.9	0.0	2,261.2
Income/revenue, total	1,847.8	358.5	6.7	10.4	70.0	-13.3	-18.9	0.0	2,261.2
DISCLOSURES, CASH FLOW STATEMENT									
Depreciation, amortization and impairment ***)	19.9	0.4	25.0	17.9	0.5	0.0	0.0	61.5	125.2
Additions, capital expenditure *)	-18.3	-0.1	-34.1	-4.2	-6.0	0.0	0.0	-283.5	-346.2
Non-cash operating items excl. depreciation and impairment of non-current assets	0.0	0.0	0.0	0.0	-71.0	-2.7	0.0	9.9	-63.8
Impairment and reversal of impairment losses on loans and advances, etc.	-77.1	0.0	0.0	0.0	0.0	0.0	3.0	1.4	-72.7
FINANCIAL RATIOS									
Return on equity (%) ****)	5.6	110.8	-	-	-	-	-	-	-
Cost share of core income	0.69	0.18	-	-	-	-	-	-	-
Risk-weighted items, end of year	29,076	4,711	147	493	2,008	-	407	6,564	43,406
Number of employees (full-time, end of year)	931	73	252	104	-	-	-	111	1,471

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

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

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

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

NOTE

	Spar Nord Bank A/S The Group 2011 DKK m	Spar Nord Bank A/S The Group 2010 DKK m	Spar Nord Bank A/S Parent Company 2011 DKK m	Spar Nord Bank A/S Parent Company 2010 DKK m
4 INTEREST INCOME				
Receivables from credit institutions and central banks	37.5	46.5	37.4	46.5
Loans, advances and other receivables	1,889.8	1,798.9	1,890.9	1,799.7
Interest income, discontinuing activities *)	-186.8	-162.6	-186.8	-162.6
Bonds	387.7	372.5	387.7	372.5
Foreign-exchange contracts	17.4	28.9	17.4	28.9
Interest-rate contracts	-24.2	-21.4	-24.2	-21.4
Derivative instruments, total	-6.8	7.5	-6.8	7.5
Other interest income	0.0	0.0	0.0	0.1
Total interest income	2,121.4	2,062.8	2,122.4	2,063.7
<i>Of which, income from genuine purchase and resale transactions booked under</i>				
Receivables from credit institutions and central banks	11.5	21.0	11.5	21.0
Loans, advances and other receivables	3.0	7.9	3.0	7.9
*) Discontinuing activities are described in more detail in note 47				
5 INTEREST EXPENSES				
Credit institutions and central banks	117.1	68.5	117.1	68.7
Deposits and other payables	302.3	367.8	302.4	367.8
Issued bonds	253.8	185.2	253.8	185.2
Interest expenses, discontinuing activities *)	-186.8	-162.6	-186.8	-162.6
Subordinated debt	163.3	165.6	163.3	165.6
Other interest expenses	0.2	0.2	0.2	0.2
Total interest expenses	649.9	624.7	650.0	624.9
<i>Of which, interest expenses from genuine sale and repo transactions booked under</i>				
Payables to credit institutions and central banks	36.2	5.8	36.2	5.8
Deposits and other payables	0.7	0.1	0.7	0.1
*) Discontinuing activities are described in more detail in note 47				
6 DIVIDENDS ON SHARES, ETC.				
Shares, etc. in the Bank's trading portfolio	2.1	1.2	2.1	1.2
Shares at fair value (the fair-value option)	8.2	11.8	8.2	11.8
Dividends on shares, etc., total	10.3	13.0	10.3	13.0
7 FEES, CHARGES AND COMMISSIONS RECEIVED				
Securities trading and custody accounts	111.8	126.2	111.8	126.2
Asset management	103.4	100.1	103.4	100.1
Payment services	60.2	60.7	60.2	60.7
Loan transaction fees	170.8	160.5	170.8	160.5
of which, mortgage credit institutions	117.6	103.5	117.6	103.5
Guarantee commissions	38.8	65.3	38.8	65.3
Other fees, charges and commissions	47.8	53.3	47.8	53.3
Total fees, charges and commissions received	532.8	566.1	532.8	566.1
8 FEES, CHARGES AND COMMISSIONS PAID				
Securities trading and custody accounts	44.2	50.9	44.2	50.9
Asset management	0.9	5.8	0.9	5.8
Guarantee commissions	0.2	0.0	0.2	0.0
Other fees, charges and commissions	10.7	10.9	10.7	10.9
Total fees, charges and commissions paid	56.0	67.6	56.0	67.6
9 NET FEES, CHARGES AND COMMISSIONS RECEIVED				
Securities trading and custody accounts	67.6	75.3	67.6	75.3
Asset management	102.5	94.3	102.5	94.3
Payment services	60.2	60.7	60.2	60.7
Loan transaction fees	170.8	160.5	170.8	160.5
of which, mortgage credit institutions	117.6	103.5	117.6	103.5
Guarantee commissions	38.6	65.3	38.6	65.3
Other fees, charges and commissions	37.1	42.4	37.1	42.4
Total net fees, charges and commissions received	476.8	498.5	476.8	498.5

NOTE

	Spar Nord Bank A/S The Group 2011 DKK m	Spar Nord Bank A/S The Group 2010 DKK m	Spar Nord Bank A/S Parent Company 2011 DKK m	Spar Nord Bank A/S Parent Company 2010 DKK m
10 MARKET-VALUE ADJUSTMENTS				
Other loans, advances and receivables at fair value	-12.5	-26.9	-12.5	-26.9
Bonds	154.8	125.0	154.8	125.0
Shares, etc.	16.4	63.0	11.8	66.2
Investment properties	0.0	0.0	3.2	-2.3
Currency	169.6	303.7	169.6	303.6
Foreign-exchange, interest, share, commodity and other contracts and derivative instruments	-185.5	-173.4	-185.5	-173.4
Assets linked to pooled schemes	-171.7	494.9	-171.7	494.9
Deposits in pooled schemes	171.7	-494.9	171.7	-494.9
Miscellaneous commitments	-27.3	-54.5	-27.3	-54.5
Total market-value adjustments	115.5	236.9	114.1	237.7
Trading portfolio	101.1	193.3	99.7	194.1
Other shares at fair value (the fair-value option)	14.4	43.6	14.4	43.6
Total market-value adjustments	115.5	236.9	114.1	237.7

11 NET FINANCIALS, THE SPAR NORD GROUP

2011	Interest income DKK m	Interest expenses DKK m	Net interest DKK m	Market-value adjustments DKK m	Dividend DKK m	Total DKK m
<i>Net financials at amortized cost</i>						
Receivables from and payables to credit institutions and central banks	25.9	80.9	-55.0	0.0	0.0	-55.0
Lending and deposits, banking activities	1,886.8	301.6	1,585.2	0.0	0.0	1,585.2
Repo and reverse transactions	14.6	36.9	-22.3	0.0	0.0	-22.3
Other issued bonds	0.0	253.8	-253.8	0.0	0.0	-253.8
Subordinated debt	0.0	163.3	-163.3	-27.3	0.0	-190.6
Net interest, discontinuing activities	-186.8	-186.8	0.0	0.0	0.0	0.0
Other financial instruments	0.0	0.2	-0.2	0.0	0.0	-0.2
Total	1,740.5	649.9	1,090.6	-27.3	0.0	1,063.3
<i>Net financials at fair value</i>						
Trading portfolio	380.9	0.0	380.9	128.4	2.1	511.4
Other financial investment assets	0.0	0.0	0.0	14.4	8.2	22.6
Total	380.9	0.0	380.9	142.8	10.3	534.0
Total net income from financials	2,121.4	649.9	1,471.5	115.5	10.3	1,597.3
2010	Interest income DKK m	Interest expenses DKK m	Net interest DKK m	Market-value adjustments DKK m	Dividend DKK m	Total DKK m
<i>Net financials at amortized cost</i>						
Receivables from and payables to credit institutions and central banks	25.6	62.7	-37.1	0.0	0.0	-37.1
Lending and deposits, banking activities	1,790.9	367.7	1,423.2	0.0	0.0	1,423.2
Repo and reverse transactions	28.9	5.9	23.0	0.0	0.0	23.0
Other issued bonds	0.0	185.2	-185.2	0.0	0.0	-185.2
Subordinated debt	0.0	165.6	-165.6	-54.5	0.0	-220.1
Net interest, discontinuing activities	-162.6	-162.6	0.0	0.0	0.0	0.0
Other financial instruments	0.0	0.2	-0.2	0.0	0.0	-0.2
Total	1,682.8	624.7	1,058.1	-54.5	0.0	1,003.6
<i>Net financials at fair value</i>						
Trading portfolio	380.0	0.0	380.0	247.8	1.2	629.0
Other financial investment assets	0.0	0.0	0.0	43.6	11.8	55.4
Total	380.0	0.0	380.0	291.4	13.0	684.4
Total net income from financials	2,062.8	624.7	1,438.1	236.9	13.0	1,688.0

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

NOTE

	Spar Nord Bank A/S The Group 2011 DKK m	Spar Nord Bank A/S The Group 2010 DKK m	Spar Nord Bank A/S Parent Company 2011 DKK m	Spar Nord Bank A/S Parent Company 2010 DKK m
12 OTHER OPERATING INCOME				
Gain on sale of shares and equity investments in associates and group enterprises	1.9	0.0	1.7	0.0
Gain on sale of investment and corporate properties and temporary properties	1.4	1.0	1.4	1.0
Gain on sale of operating equipment	0.1	0.0	0.1	0.0
Other income	30.0	28.9	30.1	29.0
<i>Operation of investment properties</i>				
Rental income	6.8	9.9	6.8	9.9
Operating expenses	1.8	2.1	1.7	2.1
Maintenance	0.3	0.8	0.3	0.8
Changes in value, investment properties	3.2	-2.3	-	-
Net interest expenses	0.7	0.4	0.7	0.3
Other operating income, total	40.6	34.2	37.4	36.7

13 STAFF COSTS AND ADMINISTRATIVE EXPENSES

Staff costs	882.6	875.5	882.5	875.5
Administrative expenses	498.1	527.1	500.4	528.6
Total staff costs and administrative expenses	1,380.7	1,402.6	1,382.9	1,404.1

Staff costs:

Salaries	736.5	735.3	736.4	735.3
Share-based payment	-	-	-	-
Pensions	84.6	87.4	84.6	87.4
Social security costs	61.5	52.8	61.5	52.8
Total staff costs	882.6	875.5	882.5	875.5

Of which, remuneration to present and previous members of the Executive Board and Board of Directors and material risk takers amounts to:

The Board of Directors

Number (2011 is excl. of Per Søndergaard Pedersen, who retired from the Board of Directors on 20 Dec. 2011)	8	9	8	9
Fixed pay	2.5	2.5	2.5	2.5
Variable pay	0.0	0.0	0.0	0.0
Pension	0.0	0.0	0.0	0.0
Total remuneration	2.5	2.5	2.5	2.5

Breakdown of remuneration to Board of Directors:

Torben Fristrup	0.5	0.5	0.5	0.5
Per Nikolaj Bukh	0.4	0.4	0.4	0.4
Jan Høholt Jensen	0.3	0.3	0.3	0.3
Carsten Normann	0.2	0.2	0.2	0.2
Niels Kristian Kirketerp	0.2	0.2	0.2	0.2
Ole Skov	0.2	0.2	0.2	0.2
Jannie Skovsen	0.2	0.2	0.2	0.2
Per Søndergaard Pedersen (retired on 20 Dec. 2011)	0.2	0.2	0.2	0.2
Hans Østergaard	0.3	0.3	0.3	0.3
Total remuneration	2.5	2.5	2.5	2.5
- of which, committee fees	0.3	0.3	0.3	0.3

The Board of Directors' remuneration in the Parent Company and the Group is identical.

The subsidiaries' boards of directors are composed of persons employed by Spar Nord Bank, the Parent Company.

The members of the Board of Directors receive a fixed fee. In addition, a fixed fee is paid to members of the audit committee.

The members of the Board of Directors are not covered by the corporate pension schemes.

Material risk takers

Number	13	13	12	12
Fixed pay	17.7 *)	13.0	12.8	11.5
Variable pay (**)	1.0	1.0	1.0	1.0
Pension	1.9	1.9	1.7	1.6
Total remuneration	20.6	15.9	15.5	14.1

**) This includes a retention allowance of DKK 3.6 million in connection with the divestment of Finans Nord Easyfleet A/S and the future activities of Spar Nord Leasing A/S.*

****) Variable pay comprises performance-based compensation earned in the year preceding the financial year.*

In accordance with section 77 of the Danish Financial Business Act, Spar Nord Bank's remuneration policy defines the group of persons who are material risk takers and also stipulates that no variable remuneration components may be paid to this group. The remuneration policy was adopted at the Annual General Meeting on 28 April 2011. The remuneration policy is available at the Bank's website sparnord.dk/ir/dk/governance.

According to the remuneration policy, the Board of Directors and the Executive Board are included in the group of material risk takers. The Board of Directors' and Executive Board's remuneration and number of members, etc. are not included in the above specification. The specifications of the Board of Directors' and Executive Board's remuneration etc. must be included in the total calculation and specification of the Bank's material risk takers.

	Spar Nord Bank A/S The Group 2011 DKK m	Spar Nord Bank A/S The Group 2010 DKK m	Spar Nord Bank A/S Parent Company 2011 DKK m	Spar Nord Bank A/S Parent Company 2010 DKK m
<i>Executive Board</i>				
Number	3	3	3	3
Base salary	9.2	8.3	9.2	8.3
- less fees received from directorships	1.6	1.3	1.6	1.3
The Bank's expense, base salary	7.6	7.0	7.6	7.0
Variable pay	0.0	0.0	0.0	0.0
Pension	1.0	1.0	1.0	1.0
Total remuneration	8.6	8.0	8.6	8.0

The composition of the Executive Board in 2011 was unchanged compared to 2010.

Remuneration of the Executive Board:

Lasse Nyby *)

Base salary	3.3	3.0	3.3	3.0
- fees received from directorships	0.5	0.5	0.5	0.5
The Bank's expense, base salary	2.8	2.5	2.8	2.5
Variable pay	0.0	0.0	0.0	0.0
Pension	0.4	0.4	0.4	0.4
Total remuneration	3.2	2.9	3.2	2.9

John Lundsgaard

Base salary	3.0	2.7	3.0	2.7
- fees received from directorships	0.6	0.3 **)	0.6	0.3 **)
The Bank's expense, base salary	2.4	2.4	2.4	2.4
Variable pay	0.0	0.0	0.0	0.0
Pension	0.3	0.3	0.3	0.3
Total remuneration	2.7	2.7	2.7	2.7

Lars Møller *)

Base salary	2.9	2.6	2.9	2.6
- fees received from directorships	0.5	0.5	0.5	0.5
The Bank's expense, base salary	2.4	2.1	2.4	2.1
Variable pay	0.0	0.0	0.0	0.0
Pension	0.3	0.3	0.3	0.3
Total remuneration	2.7	2.4	2.7	2.4

*) To which must be added employer-paid car

**) Including adjustment relating to prior year(s)

The Parent Company and the Group have the same Executive Board. The Executive Board does not receive separate remuneration for its executive board duties performed for the Group, for which reason the remuneration is identical in the Parent Company and the Group.

Termination rules:

The members of the Executive Board have a term of notice of 12 months and will receive compensation on termination of employment corresponding to two years' pay.

Pension obligation:

Like the other employees, members of the Executive Board and material risk takers are comprised by defined-contribution pension plans.

The Executive Board members are subject to special contractual provisions upon resignation in connection with transition to a retirement plan between age 60 and 64. Where an Executive Board member retires under FSP Pension's retirement plan, the Bank pays the value in use of the regular contributions until age 64. Provisions have been made for the probability of the Executive Board members exercising the special contractual terms upon resignation in connection with transition to retirement, such provisions amounting to a total of DKK 0.7 million (2010: DKK 0.5 million).

Incentive schemes:

No new share-option schemes were established for any of the Bank's staff groups.

	Spar Nord Bank A/S The Group 2011 DKK m	Spar Nord Bank A/S The Group 2010 DKK m	Spar Nord Bank A/S Parent Company 2011 DKK m	Spar Nord Bank A/S Parent Company 2010 DKK m
<i>Administrative expenses:</i>				
IT expenses	229.2	237.8	229.1	237.7
Marketing costs	86.9	65.7	86.9	65.7
Cost of premises	75.6	81.0	78.1	82.9
Staff costs and travelling expenses	46.2	45.9	46.2	45.8
Office expenses	28.3	30.6	28.3	30.6
Other administrative expenses	31.9	66.1	31.8	65.9
Total	498.1	527.1	500.4	528.6

The amount of loans, mortgages, pledges, sureties or guarantees and the associated security furnished on behalf of the below-mentioned board members:

<i>Loans, advances and loan commitments, etc.</i>	Interest rates 2011	Interest rates 2010		
Executive Board	1.25-3.25	1.46-2.46	3.6	1.5
Board of Directors	1.25-10.23 *)	1.46-8.98 *)	45.1 **)	47.6
Of which, unutilized loan commitments and guarantees, Executive Board			1.2	1.4
Of which, unutilized loan commitments and guarantees, Board of Directors			24.9 **)	25.8

*) *The interest rates pertain to loans in different currencies.*

**) *The commitments relating to the Director Per Søndergaard Pedersen are included until he retired from the Board of Directors on 20 December 2011.*

Mastercard debit balances are interest free for the Bank's customers, as well as for the Executive Board and Board of Directors.

<i>Deposits:</i>				
Executive Board	3.6	2.7	3.6	2.7
Board of Directors	7.5	4.3	7.5	4.3
<i>Security furnished:</i>				
Executive Board	0.0	0.0	0.0	0.0
Board of Directors	14.3	17.8	14.3	17.8

A tax deduction amounting to DKK 4.3 million was made in 2011 (2010: DKK 4.0 million) in respect of the pay to the individual members of the Executive Board.

Number of employees:

The average number of employees during the financial year in terms of full-time employees:

- continuing activities	1,356.9	1,400.6	1,356.9	1,400.6
- discontinuing activities	97.8	107.4	-	-

NOTE 14 **SHARE-BASED PAYMENT**

Share-option scheme

No share-option schemes were established in 2011. The only share-option scheme is the scheme under which shares were allocated in 2005-2007.

In the period 2005-2007, Spar Nord Bank had a share-option scheme for the Executive Board (three persons) and executive staff members (49 persons). The share-option scheme comprised a total of 1,382,301 share options at 31 December 2011 (2010: 2,082,171). Each share option entitles the option holder to buy one issued share of nom. DKK 10 in Spar Nord Bank A/S. The outstanding options correspond to 2.4% (2010: 3.6%) of the share capital if all share options are exercised prior to expiry.

The share option scheme ran until 2007 with an annual allocation of max. 930,000 options. The Board of Directors made an annual decision on the number of share options to be allocated to each of the above-mentioned persons.

The options were issued at an exercise price that corresponds to a simple average of "price (all trades)" five days before and five days after the publishing of the annual report for the relevant allocation period. Options granted will not be affected by the employee's resignation. As a main rule, the options granted are not transferable. Special provisions apply in case of the option holder's death.

The options may be exercised after at least three years and a max. of five years as from the respective dates of allocation. The options may only be exercised during a period of six weeks after the publishing of annual reports or interim financial reports.

The options can only be settled by way of shares.

Specification of outstanding share options:

Share options	Number			Average exercise price, DKK	Fair value per option *), DKK	Total fair value *), DKK m
	Executive Board, the Group	Other executive staff members	Total			
Allocated 2005-2007						
Beginning of 2010	319,371	1,762,800	2,082,171			
Lapsed	0	0	0			
Exercised	0	0	0			
Expired	0	0	0			
End-2010	319,371	1,762,800	2,082,171	92.5 - 139.1	11.6 - 27.2	8.3 - 18.1
Lapsed	0	0	0			
Exercised	0	0	0			
Expired	118,140	581,730	699,870			
End-2011	201,231	1,181,070	1,382,301	92.5 - 139.1	11.6 - 27.2	8.3 - 18.1
Number of options that may be exercised at the end of 2010	226,977	1,190,823	1,417,800			
Number of options that may be exercised at the end of 2011	201,231	1,181,070	1,382,301			

*) At the time of allocation.

The average share price for **exercised options** at the time of exercise is of no relevance, as no options were exercised in 2010 and 2011.

For **outstanding options** at 31 December 2011, the average remaining term was 0.2 year (2010: 0.8 year), and the exercise price for each option is in the DKK 92.5-139.1 range (2010: DKK 92.5-139.1 per option).

Employee shares

Currently, the Spar Nord Group has no established bonus schemes for any employees by way of allocation of shares qualifying for special tax privileges, based on certain performance-contingent assumptions

	Spar Nord Bank A/S The Group 2011 DKK m	Spar Nord Bank A/S The Group 2010 DKK m	Spar Nord Bank A/S Parent Company 2011 DKK m	Spar Nord Bank A/S Parent Company 2010 DKK m
15 AUDIT FEES				
Fees to the audit firm elected at the General Meeting	3.4	3.2	2.8	2.4
Fees to other audit firms for services other than audit	0.2	0.3	0.1	0.3
Total audit fees	3.6	3.5	2.9	2.7
<i>Total fees to the audit firm elected at the General Meeting break down as follows:</i>				
Statutory audit	1.2	1.3	0.9	0.9
Other assurance engagements	0.6	0.5	0.6	0.5
Tax and VAT advice	0.3	0.5	0.3	0.4
Other services	1.3	0.9	1.0	0.6
Total fees to the audit firm elected at the General Meeting	3.4	3.2	2.8	2.4

*) Inclusive discontinuing activities

NOTE

	Spar Nord Bank A/S The Group 2011 DKK m	Spar Nord Bank A/S The Group 2010 DKK m	Spar Nord Bank A/S Parent Company 2011 DKK m	Spar Nord Bank A/S Parent Company 2010 DKK m
16 DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT				
<i>Intangible assets</i>				
Customer relations, amortization	2.9	2.9	2.9	2.9
Other intangible assets, amortization	3.3	5.5	3.3	5.5
<i>Property, plant and equipment</i>				
Corporate properties, depreciation	12.0	11.8	11.5	10.8
Corporate properties, net revaluations and impairment	9.7	3.7	5.0	3.7
Other property, plant and equipment, depreciation	45.4	39.8	45.4	39.9
Total depreciation, amortization and impairment of intangible assets and property, plant and equipment	73.3	63.7	68.1	62.8
17 OTHER OPERATING EXPENSES				
Contributions to sector-wide solutions	-6.2	208.6	-6.2	208.6
Other operating expenses	6.2	2.6	6.2	2.6
Other operating expenses, total	0.0	211.2	0.0	211.2

Contributions to sector-wide solutions comprise guarantee commission to the Winding-Up Company (Afviklingselskabet Finansielt Stabilitet), calculated on the basis of the risk-weighted items of the individual member of the Private Contingency Association. This item includes net contributions of DKK -6.2 million (2010: DKK 82.5 million) to the Depositors' and Investors' Guarantee Fund, which covers the deposits, etc. made by depositors up to EUR 100,000 in banks being wound up or in insolvent liquidation. Net contributions to the Depositors' and Investors' Guarantee Fund consist of contributions to the Fund as a consequence of insolvent liquidations in the sector. Any later repayments as a consequence of the final valuation of insolvent banks are also included in this item.

18 IMPAIRMENT OF LOANS, ADVANCES AND RECEIVABLES, ETC.				
Loans and advances	404.4	358.1	404.7	355.1
The Private Contingency Association, etc.	0.0	93.6	0.0	93.6
Guarantees	-1.5	1.2	-0.3	1.2
Total impairment of loans, advances and receivables, etc.	402.9	452.9	404.4	449.9

The impairment accounts for loans & advances and guarantees, respectively, are shown in notes 53 and 36.

19 PROFIT/LOSS ON EQUITY INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES				
Profit/loss on equity investments in associates	44.9	40.5	44.9	40.5
Profit/loss on equity investments in group enterprises	0.0	0.0	-0.1	-4.0
Total profit/loss on equity investments in associates and group enterprises	44.9	40.5	44.8	36.5

20 TAX				
<i>Tax for the year can be broken down as follows:</i>				
Tax on profit/loss on continuing activities	52.9	27.1	51.6	28.5
Tax on profit/loss on discontinuing activities	17.2	0.9	0.0	0.0
Tax on other comprehensive income	-1.2	-0.9	-1.2	-0.9
Total tax	68.9	27.1	50.4	27.6

Tax on profit/loss on continuing activities breaks down as follows:

Current tax	75.2	40.4	75.8	40.3
Deferred tax, the year	-17.2	-13.3	-19.1	-11.8
Deferred tax, prior year(s)	-5.2	0.0	-5.2	0.0
Post-adjustment of tax calculated for prior years	0.1	0.0	0.1	0.0
Tax on profit/loss for the year on continuing activities	52.9	27.1	51.6	28.5

The effective tax rate on continuing activities results as follows:

Current Danish tax rate	25.0%	25.0%	25.0%	25.0%
Profit/loss on equity investments and market-value adjustment of shares	-4.1%	-8.3%	-4.1%	-7.6%
Non-deductible costs and non-taxable income	-1.7%	4.0%	-2.0%	4.0%
Adjustment of taxes relating to prior years	-1.7%	0.0%	-1.7%	0.0%
Total effective tax rate	17.5%	20.7%	17.2%	21.4%

Tax on other comprehensive income The Group	2011			2010		
	Before tax	Tax income/ expense	After tax	Before tax	Tax income/ expense	After tax
Adjustment relating to associates	-3.3	0.0	-3.3	0.0	0.0	0.0
Exchange-rate adjustments upon translation of foreign entity	0.8	0.0	0.8	10.2	0.0	10.2
Net revaluation of properties	-4.2	1.2	-3.0	-1.2	0.9	-0.3
Tax on other comprehensive income, total	-6.7	1.2	-5.5	9.0	0.9	9.9

NOTE

	Spar Nord Bank A/S The Group 31.12.11 DKK m	Spar Nord Bank A/S The Group 31.12.10 DKK m	Spar Nord Bank A/S Parent Company 31.12.11 DKK m	Spar Nord Bank A/S Parent Company 31.12.10 DKK m
21 RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS				
Receivables from central banks, subject to notice	7.6	20.5	7.6	20.5
Receivables from credit institutions	2,420.7	2,207.3	2,387.4	2,204.4
Total receivables from credit institutions and central banks	2,428.3	2,227.8	2,395.0	2,224.9
Of which, subordinated receivables	10.0	10.0	10.0	10.0
<i>Shown by term to maturity</i>				
Demand deposits	1,184.0	888.5	1,151.8	886.7
Up to 3 months	890.1	906.1	890.1	906.1
Over 3 months and up to 1 year	59.3	61.9	58.9	61.7
Over 1 year and up to 5 years	262.7	362.9	262.0	362.0
Over 5 years	32.2	8.4	32.2	8.4
Total	2,428.3	2,227.8	2,395.0	2,224.9

Of which, genuine purchase and resale transactions

Reverse transactions	818.9	811.8	818.9	811.8
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22 LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTIZED COST

Loans and advances, banking activities *)	31,189.1	30,754.0	37,179.2	37,534.5
Loans and advances, reverse transactions	393.2	1,516.6	393.2	1,516.6
Loans and advances, leasing activities	7,119.8	7,681.5	-	-
Loans, advances and other receivables at amortized cost, total	38,702.1	39,952.1	37,572.4	39,051.1

*) The item "Loans and advances, banking activities" comprises all loans and advances except those classified as reverse transactions and leasing activities and includes loans and advances in the business areas Spar Nord's Local Banks and Trading, Financial Markets & the International Division.

Broken down by category

Overdraft facilities	21,250.0	19,304.6	26,290.4	24,465.9
Lease contracts	6,252.9	6,762.5	-	-
Mortgage deeds	19.1	23.9	19.1	23.9
Other loans and advances	11,180.1	13,861.1	11,262.9	14,561.3
Total	38,702.1	39,952.1	37,572.4	39,051.1

Of which, subordinated receivables	0.5	28.9	0.5	28.9
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Shown by term to maturity

Demand deposits	1,417.9	4,506.6	1,418.2	4,506.8
Up to 3 months	6,439.6	2,085.0	10,924.1	6,109.7
Over 3 months and up to 1 year	10,695.9	12,950.9	10,792.0	14,042.4
Over 1 year and up to 5 years	12,437.7	12,651.1	7,658.6	7,771.1
Over 5 years	7,711.0	7,758.5	6,779.5	6,621.1
Total	38,702.1	39,952.1	37,572.4	39,051.1

Loans and advances, leasing activities

Lease contracts, etc.	6,252.9	6,762.5	-	-
Sales contracts	866.9	919.0	-	-
Total loans and advances, leasing activities	7,119.8	7,681.5	-	-

Finance lease assets, with the Group as lessor, comprise agricultural equipment, passenger cars and trucks, industrial machinery, contractor's equipment, etc.

The lease contracts are entered into for a term of zero to eight years, with individually agreed lease payments. The leases are floating-rate contracts in foreign and Danish currency.

The contracts can be terminated during the lease term. The Spar Nord Bank Group is phasing out the leasing activities.

	Spar Nord Bank A/S The Group 31.12.11 DKK m	Spar Nord Bank A/S The Group 31.12.10 DKK m	Spar Nord Bank A/S Parent Company 31.12.11 DKK m	Spar Nord Bank A/S Parent Company 31.12.10 DKK m
Lease payments broken down according to contractual term to maturity *)				
<i>Gross investments in finance leases</i>				
Up to 1 year	814.3	694.3	-	-
1 – 5 years	5,368.7	5,733.2	-	-
Over 5 years	754.9	998.8	-	-
Total	6,937.9	7,426.3	-	-
Of which, unearned, future financial income	685.0	663.8	-	-
Net investments in finance leases	6,252.9	6,762.5	-	-
<i>Net investments in finance leases</i>				
Up to 1 year	733.9	632.2	-	-
1 – 5 years	4,838.6	5,220.8	-	-
Over 5 years	680.4	909.5	-	-
Total	6,252.9	6,762.5	-	-
*) The Group's lease contracts consist mainly of finance leases and are recognized in the balance sheet under lending, leasing activities.				
Accumulated impairment of uncollectible minimum lease payments receivable	42.5	47.1	-	-
Lease payments recognized in the income statement under the item "Interest income" in note 47, Discontinuing activities.	330.6	293.7	-	-
Average remaining term of the lease contracts	2.3 years	2.5 years	-	-
Gross loans, advances and guarantees broken down by sectors and industries (%)				
Public authorities	4.0	2.3	4.0	2.3
<i>Business customers</i>				
Agriculture, hunting, forestry and fisheries	12.4	12.2	8.2	8.4
Industry and raw materials extraction	3.7	3.8	2.1	2.1
Energy supply	3.9	3.0	3.8	2.7
Building and construction	5.0	4.9	2.4	2.5
Trade	8.6	8.4	7.4	7.1
Transport, hotels and restaurants	6.4	6.6	2.5	2.1
Information and communication	0.4	0.2	0.4	0.1
Financing and insurance	5.5	7.9	20.5	23.9
Real estate	11.3	10.7	11.2	10.5
Other business areas	6.6	6.7	4.8	4.7
Business customers, total	63.8	64.4	63.3	64.1
Retail customers	32.2	33.3	32.7	33.6
Total credit risks	100.0	100.0	100.0	100.0

NOTE

	Spar Nord Bank A/S The Group 31.12.11 DKK m	Spar Nord Bank A/S The Group 31.12.10 DKK m	Spar Nord Bank A/S Parent Company 31.12.11 DKK m	Spar Nord Bank A/S Parent Company 31.12.10 DKK m
23 BONDS AT FAIR VALUE				
Mortgage-credit bonds	14,646.3	11,773.5	14,646.3	11,773.5
Government bonds	252.3	119.6	252.3	119.6
Other bonds	1,522.6	1,744.2	1,522.6	1,744.2
Bonds at fair value, total	16,421.2	13,637.3	16,421.2	13,637.3
Of which, subordinated receivables	6.5	12.0	6.5	12.0

All bonds form part of the Bank's trading portfolio

24 SHARES, ETC.

Shares/unit trust certificates listed on Nasdaq OMX Copenhagen A/S	72.6	152.4	72.6	152.4
Shares/unit trust certificates listed on other stock exchanges	9.4	17.4	9.4	17.4
Unlisted shares at fair value	958.4	951.9	945.7	939.1
Total shares, etc.	1,040.4	1,121.7	1,027.7	1,108.9
<i>Other shares at fair value using the fair-value option</i>				
Total purchase price, beginning of year	578.8	484.4	578.8	484.4
Reclassified to equity investments in associates	6.7	0.0	6.7	0.0
Additions	16.3	97.7	16.3	97.7
Disposals	1.1	3.3	1.1	3.3
Total purchase price, end of year	587.3	578.8	587.3	578.8
Revaluations and impairment, beginning of year	311.2	267.2	311.2	267.2
Reclassified to equity investments in associates	5.9	0.0	5.9	0.0
Revaluations and impairment for the year	14.4	43.6	14.4	43.6
Reversal of revaluations and impairment losses	1.0	-0.4	1.0	-0.4
Revaluations and impairment, end of year	330.5	311.2	330.5	311.2
Book portfolio, end of year	917.8	890.0	917.8	890.0
- of which, credit institutions	345.9	329.4	345.9	329.4
Trading portfolio	122.6	231.7	109.9	218.9
Other shares at fair value using the fair-value option	917.8	890.0	917.8	890.0
Total shares	1,040.4	1,121.7	1,027.7	1,108.9

Securities 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.

The securities form part of a portfolio that is managed – and on which the returns are measured on the basis of fair value – in accordance with a documented risk management and investment strategy.

25 EQUITY INVESTMENTS IN ASSOCIATES

Total purchase price, beginning of year	332.4	330.4	301.6	299.6
Reclassified from shares, etc.	6.7	0.0	6.7	0.0
Additions	6.7	2.2	6.7	2.2
Disposals	17.9	0.2	4.8	0.2
Total purchase price, end of year	327.9	332.4	310.2	301.6
Revaluations and impairment, beginning of year	413.4	388.4	443.7	415.5
Reclassified from shares, etc.	-5.9	0.0	-5.9	0.0
Profit/loss	44.9	40.5	44.9	40.5
Other adjustments to the income statement (market-value adjustments)	0.0	-2.6	0.0	0.0
Dividend	21.3	12.9	21.3	12.3
Other capital movements recognized in other comprehensive income	-3.3	0.0	-3.3	0.0
Reversal of revaluations and impairment losses	-9.4	0.0	3.7	0.0
Revaluations and impairment, end of year	437.2	413.4	454.4	443.7
Book portfolio, end of year	765.1	745.8	764.6	745.3
- of which, credit institutions	662.0	644.7	662.0	644.7
Value of the portfolio of listed shares at the official year-end prices	342.0	420.6	342.0	420.6

ASSOCIATES

2011

	Registered office	Revenue DKK m	Profit/loss for the year DKK m	Assets DKK m	Liabilities DKK m	Ownership interest					
						Spar Nord Bank A/S The Group Ownership interest %	Spar Nord Bank A/S Parent Company Ownership interest %	Spar Nord Bank A/S The Group Shareholders' equity DKK m	Spar Nord Bank A/S The Group Profit/loss for the year DKK m	Spar Nord Bank A/S Parent Company Shareholders' equity DKK m	Spar Nord Bank A/S Parent Company Profit/loss for the year DKK m
Core Property Management A/S	Copenhagen	-	5.2	32.1	2.2	20.0	20.0	6.0	1.0	6.0	1.0
Fjerritslev Gruppen ApS (1)	Fjerritslev	-	0.0	1.5	0.0	33.3	-	0.5	-	0.0	-
Høgsberg Assurance Service A/S	Hørsholm	-	-6.8	10.0	0.9	26.7	26.7	2.4	-1.8	2.4	-1.8
JSNA Holding A/S	Aalborg	-	0.2	4.6	0.2	33.3	33.3	1.5	0.1	1.5	0.1
Nørresundby Bank A/S (2)	Nørresundby	418.5	59.1	9,903.2	8,648.3	50.2	50.2	630.4	29.7	630.4	29.7
ValueInvest Asset Management S.A.	Luxembourg	-	33.1	68.7	8.7	24.3	24.3	14.5	8.0	14.5	8.0

Other significant equity investments

Erhvervsinvest K/S	Aalborg	-	34.8	198.4	0.9	22.0	22.0	43.4	7.7	43.4	7.7
Nørager Industrihuse I/S	Nørager	0.9	-	1.0	-	33.3	33.3	0.3	-	0.3	-

1) Owned by Erhvervsinvest Nord A/S, Aalborg.

2) The voting rights in Nørresundby Bank A/S are restricted. Significant influence is considered to exist due to other factors.

ASSOCIATES

2010

	Registered office	Revenue DKK m	Profit/loss for the year DKK m	Assets DKK m	Liabilities DKK m	Ownership interest					
						Spar Nord Bank A/S The Group Ownership interest %	Spar Nord Bank A/S Parent Company Ownership interest %	Spar Nord Bank A/S The Group Shareholders' equity DKK m	Spar Nord Bank A/S The Group Profit/loss for the year DKK m	Spar Nord Bank A/S Parent Company Shareholders' equity DKK m	Spar Nord Bank A/S Parent Company Profit/loss for the year DKK m
AAT Investment A/S (1)	Copenhagen	-	-10.3	16.5	15.4	49.0	-	0.5	-5.0	-	-
Brynje A/S (1)	Sæby	-	-2.9	37.9	19.8	29.0	-	5.3	-0.8	-	-
Core Property Management A/S	Copenhagen	-	7.3	34.9	6.7	20.0	20.0	5.6	1.5	5.6	1.5
Erhvervsinvest Management A/S	Aalborg	12.7	2.5	24.1	9.0	25.0	25.0	3.8	0.6	3.8	0.6
Fjerritslev Gruppen ApS (1)	Fjerritslev	-	-	3.2	-	33.3	-	1.1	-	-	-
JSNA Holding A/S	Aalborg	-	0.2	5.0	0.8	28.6	28.6	1.2	-	1.2	-
Nørresundby Bank A/S (2)	Nørresundby	419.0	30.5	10,051.3	8,842.8	50.2	50.2	607.1	15.3	607.1	15.3
ValueInvest Asset Management S.A.	Luxembourg	-	14.2	57.6	20.5	28.8	28.8	10.7	4.1	10.7	4.1

Other significant equity investments

Erhvervsinvest K/S	Aalborg	-	-4.5	189.4	1.1	22.0	22.0	41.4	-1.0	41.4	-1.0
Nørager Industrihuse I/S	Nørager	0.9	0.1	1.1	-	33.3	33.3	0.4	-	0.4	-

1) Owned by Erhvervsinvest Nord A/S, Aalborg.

2) The voting rights in Nørresundby Bank A/S are restricted. Significant influence is considered to exist due to other factors.

NOTE

Spar Nord Bank A/S The Group 31.12.11 DKK m	Spar Nord Bank A/S The Group 31.12.10 DKK m	Spar Nord Bank A/S Parent Company 31.12.11 DKK m	Spar Nord Bank A/S Parent Company 31.12.10 DKK m
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26 EQUITY INVESTMENTS IN GROUP ENTERPRISES

Total purchase price, beginning of year	3.7	3.7	175.9	175.9
Additions	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0
Total purchase price, end of year	3.7	3.7	175.9	175.9
Revaluations and impairment, beginning of year	-3.7	-3.7	289.3	281.8
Profit/loss	0.0	0.0	24.9	-2.7
Dividend	0.0	0.0	0.0	0.0
Other capital movements	0.0	0.0	0.8	10.2
Reversal of revaluations and impairment losses	0.0	0.0	0.0	0.0
Revaluations and impairment, end of year	-3.7	-3.7	315.0	289.3
Book portfolio, end of year	0.0	0.0	490.9	465.2

The divestment of the subsidiary Finans Nord Easyfleet A/S resulted in a gain on the sale of DKK 3.4 million (2010: DKK 0).

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 2011 %	Spar Nord Bank A/S The Group 2010 %	Spar Nord Bank A/S Parent Company 2011 %	Spar Nord Bank A/S Parent Company 2010 %
<i>Consolidated companies</i>							
Erhvervsinvest Nord A/S, Aalborg	30.0	42.1	4.6	100.0	100.0	100.0	100.0
Spar Nord Ejendomsselskab A/S, Aalborg	12.0	3.6	-4.7	100.0	100.0	100.0	100.0
Spar Nord Leasing A/S, Aalborg (1)	10.0	445.1	25.0	100.0	100.0	100.0	100.0
SN Finans Nord AB, Sweden (2)	74.6	100.2	15.3	100.0	100.0	-	-
Finans Nord Cross Border A/S, Aalborg (3)	0.5	1.8	0.2	100.0	100.0	-	-
Finans Nord Easyfleet A/S, Aalborg (4)	-	-	-	-	100.0	-	-
<i>Non-consolidated companies</i>							
Betuni Inc., USA (5)	-	-	-	100.0	100.0	100.0	100.0

1) Previously Finans Nord A/S. The company's activities are being phased out.

2) The company's activities will be phased out from the beginning of 2012.

3) The company's activities are being phased out.

4) The company was sold to Jyske Finans A/S effective 1 October 2011, and the company's name was changed to Easyfleet A/S.

5) The company is in liquidation.

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

NOTE

	Spar Nord Bank A/S The Group 31.12.11 DKK m	Spar Nord Bank A/S The Group 31.12.10 DKK m	Spar Nord Bank A/S Parent Company 31.12.11 DKK m	Spar Nord Bank A/S Parent Company 31.12.10 DKK m
27 INTANGIBLE ASSETS				
<i>Goodwill</i>				
Total purchase price, beginning of year	135.4	135.4	106.4	106.4
Additions, internally generated	0.0	0.0	0.0	0.0
Disposals, internally generated	0.0	0.0	0.0	0.0
Total purchase price, end of year	135.4	135.4	106.4	106.4
Amortization and impairment, beginning of year	5.2	5.2	1.7	1.7
Impairment for the year	25.5	0.0	0.0	0.0
Amortization and impairment, end of year	30.7	5.2	1.7	1.7
Book portfolio, end of year	104.7	130.2	104.7	104.7
<i>Customer relations</i>				
Total purchase price, beginning of year	29.3	29.3	29.3	29.3
Additions	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0
Total purchase price, end of year	29.3	29.3	29.3	29.3
Amortization and impairment, beginning of year	6.2	3.3	6.2	3.3
Amortization for the year	2.9	2.9	2.9	2.9
Amortization and impairment, end of year	9.1	6.2	9.1	6.2
Book portfolio, end of year	20.2	23.1	20.2	23.1
<i>Other intangible assets</i>				
Total purchase price, beginning of year	26.8	26.8	26.8	26.8
Reclassification, other property, plant and equipment	1.0	0.0	1.0	0.0
Additions	4.6	0.0	4.6	0.0
Disposals	0.0	0.0	0.0	0.0
Total purchase price, end of year	32.4	26.8	32.4	26.8
Amortization and impairment, beginning of year	22.6	17.1	22.6	17.1
Amortization for the year	3.3	5.5	3.3	5.5
Amortization and impairment, end of year	25.9	22.6	25.9	22.6
Book portfolio, end of year	6.5	4.2	6.5	4.2

The remaining amortization periods are seven years for customer relations (2010: eight years), one to five years for other intangible assets (2010: one to five years), and goodwill had an indefinite useful life in both 2011 and 2010.

IMPAIRMENT TEST

In recent years, the Group's markets have developed negatively, with increasing unemployment, falling property prices and low growth rates.

The impairment test compares the carrying amount with the estimated present value of the anticipated future cash flows. The special debt structure in financial groups means that the calculation basis for the present value of future cash flows is based on a simplified equity model. The equity model is based on approved strategies and earnings estimates for the cash-generating business areas for the next five years.

The impairment test in 2011 resulted in a need to impair goodwill in Spar Nord Leasing (previously Finans Nord) to DKK 0 due to the decision to phase out the Spar Nord Leasing activities, with future cash flows relating to the phase-out of the existing portfolio.

The impairment test in 2010 did not give rise to any writedowns for impairment of goodwill, customer relations or other intangible assets.

Goodwill

The Spar Nord Group's goodwill with an indefinite useful life is tested annually for impairment. The activities are tested on the identified cash-generating unit to which the assets have been allocated. Goodwill is allocated to the cash-generating business areas – Spar Nord's Local Banks and Spar Nord Leasing.

The carrying amount of goodwill recognized in Spar Nord's Local Banks accounts for DKK 104.7 million (2010: DKK 104.7 million), and goodwill recognized in Spar Nord Leasing accounts for DKK 0 (2010: DKK 25.5 million).

Combined with low money-market rates and high lending losses, the low economic growth forecast for the near future is expected to result in reduced earnings. Earnings are expected to normalize gradually in the current budget period.

The most significant parameter for projection of future cash flows is growth in balance-sheet items. For the terminal period (>5 years), the model is based on a growth estimate of 2%. This level does not exceed the forecast for the general economic growth in the markets in question.

%	Assumed average annual growth 1-5 years	2011 Assumed average annual growth > 5 years	Pre-tax required rate of return	Assumed average annual growth 1-5 years	2010 Assumed average annual growth > 5 years	Pre-tax required rate of return
Spar Nord's Local Banks	2.0	2.0	13.3	4.0	2.0	13.3
Spar Nord Leasing (previously Finans Nord)	-	-	13.3	4.0	2.0	13.3

The estimated cash flows are discounted by a pre-tax required rate of return, conservatively fixed at 13.3%.

NOTE

Customer relations

The carrying amount of customer relations recognized in Holbæk Bank Region is DKK 20.2 million (2010: DKK 23.1 million).

The assumptions used in 2008 for recognizing customer relations have been compared with the corresponding realized results – primarily income in excess of net interest income and the cost ratio. The realized results are in line with expectations, for which reason there is no need to impair customer relations.

Other intangible assets

Management has not identified factors showing any need for carrying out an impairment test in respect of other intangible assets.

Other intangible assets comprise software used by the Bank and are amortized at the rates stated in the accounting policies.

Sensitivity analyses

Management assesses that probable changes in basic assumptions will not lead the carrying amount of goodwill to exceed its recoverable amount.

Sensitivity analyses show that the goodwill relating to Spar Nord's Local Banks is robust to changes in assumptions - even an increase in the discount rate of more than 50% would not lead to impairment

	Spar Nord Bank A/S The Group 31.12.11 DKK m	Spar Nord Bank A/S The Group 31.12.10 DKK m	Spar Nord Bank A/S Parent Company 31.12.11 DKK m	Spar Nord Bank A/S Parent Company 31.12.10 DKK m
28 LAND AND BUILDINGS				
<i>Investment properties</i>				
Total purchase price, beginning of year	79.1	73.9	79.1	73.9
Reclassified from corporate properties	5.4	6.9	5.4	6.9
Additions	0.3	0.7	0.3	0.7
Disposals	24.4	2.4	24.4	2.4
Total purchase price, end of year	60.4	79.1	60.4	79.1
Adjustments, beginning of year	17.7	13.5	17.7	13.5
Reclassified from corporate properties	2.8	2.7	2.8	2.7
Fair-value adjustment via the income statement	-3.2	2.3	-3.2	2.3
Dissolution of revaluation reserve, recognized in other comprehensive income (prev. corp. prop.)	1.6	0.0	1.6	0.0
Reversal for the year on disposals	7.0	0.8	7.0	0.8
Adjustments, end of year	11.9	17.7	11.9	17.7
Fair value, end of year	48.5	61.4	48.5	61.4
Most recent official property valuation	42.6	53.0	42.6	53.0
Required rate of return used in calculating the fair value (%)	7.5-9.0	6.0-8.0	7.5-9.0	6.0-8.0

The fair value method has been chosen for measuring investment properties.

Investment properties consist mainly of business rental units.

The periods of non-terminability for Spar Nord Bank in the leases do not exceed 20 years.

As concerns information regarding return on investment properties, please refer to note 12.

Note 12 includes operating expenses relating to investment properties that did not generate any rental income during the year for:

	0.4	0.2	0.4	0.2
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Corporate properties

Total purchase price, beginning of year	525.5	522.0	485.4	488.0
Reclassification from other property, plant and equipment	9.4	0.0	9.4	0.0
Reclassified to investment properties	-5.4	-6.9	-5.4	-6.9
Additions	24.7	12.0	23.4	6.0
Disposals	0.0	1.6	0.0	1.7
Total purchase price, end of year	554.2	525.5	512.8	485.4
Depreciation and impairment, beginning of year	72.7	59.2	66.6	54.2
Reclassification from other property, plant and equipment	3.4	0.0	3.4	0.0
Reclassified to investment properties	-2.8	-2.7	-2.8	-2.7
Depreciation for the year	12.0	11.8	11.5	10.8
Net revaluations and impairment via the income statement	9.7	3.7	5.0	3.7
Changes in value recognized in other comprehensive income	2.6	1.2	2.6	1.2
Reversal of depreciation and impairment on disposals	0.0	-0.5	0.0	-0.6
Depreciation and impairment, end of year	97.6	72.7	86.3	66.6
Fair value, end of year	456.6	452.8	426.5	418.8
Most recent official property valuation	424.6	448.2	407.8	448.2
Required rate of return used in calculating the fair value (%)	6.0-8.0	6.0-8.0	6.0-8.0	6.0-8.0
Carrying amount if corporate properties were measured according to the cost method	392.8	377.8	362.7	343.8

NOTE Corporate properties amounting to DKK 1.3 million were recognized in 2011 (2010: DKK 0.0 million) in the Spar Nord Group under additions, corporate properties, regarding improvements to properties in the subsidiary Spar Nord Ejendomsselskab A/S. Recognized borrowing costs amount to DKK 0.0 million (2010: DKK 0.2 million), calculated on the basis of a borrowing rate of 4.0% (2010: 4.0%).

The valuation of corporate properties has been determined based on observable prices and other valuation methods.

In November 2011, an external valuation was obtained from a real estate agent to support the calculation of fair value, including the rental rates and rates of return used. Management is of the opinion that no changes in value occurred during the period ending on 31 December 2011. Due to developments in the real property market, the required rates of return used for investment properties were slightly higher in 2011 than in 2010, but they were unchanged for corporate properties. Overall, the rates remained within the 6-8% range (2010: 6-8%) for corporate properties and the 7.5-9% range (2010: 6-8%) for investment properties.

Sensitivity analyses

The most important assumptions used in calculating the fair value of corporate and investment properties are the required rate of return and the rental level. All other things being equal, a 0.5 percentage point increase in the required rate of return will reduce the fair value by DKK 28.6 million (2010: DKK 28.9 million).

	Spar Nord Bank A/S The Group 31.12.11 DKK m	Spar Nord Bank A/S The Group 31.12.10 DKK m	Spar Nord Bank A/S Parent Company 31.12.11 DKK m	Spar Nord Bank A/S Parent Company 31.12.10 DKK m
29 OTHER PROPERTY, PLANT AND EQUIPMENT, TOTAL				
Total purchase price, beginning of year	882.7	626.2	328.0	345.8
Reclassification, other intangible assets	-1.0	0.0	-1.0	0.0
Reclassification to corporate properties	-9.4	0.0	-9.4	0.0
Additions	194.3	385.2	30.9	54.0
Disposals	138.0	128.7	13.6	71.8
Total purchase price, end of year	928.6	882.7	334.9	328.0
Depreciation and impairment, beginning of year	278.9	274.1	170.1	200.6
Reclassification to corporate properties	-3.4	0.0	-3.4	0.0
Depreciation and impairment for the year	162.0	101.3	45.4	39.9
Reversal of depreciation and impairment for the year	52.5	96.5	13.6	70.4
Depreciation and impairment, end of year	385.0	278.9	198.5	170.1
Carrying amount, end of year	543.6	603.8	136.4	157.9

At end-2011, various fully written-off assets were used for the Bank's and the Group's operations.

The initial cost of these assets was DKK 78.5 million (2010: DKK 58.9 million) in the Parent Company and DKK 59.0 million (2010: DKK 62.4 million) in the Group.

Lease contracts

Operating lease assets are recognized at	404.0	437.4	-	-
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The lease contracts were entered into for a term of zero to eight years, with individually agreed lease payments.

The contracts can be terminated during the lease term.

The Spar Nord Bank Group is phasing out the leasing activities.

Operating leases

Up to 1 year	60.5	39.2	-	-
1 - 5 years	341.9	397.1	-	-
Over 5 years	1.6	1.1	-	-
Total	404.0	437.4	-	-

Lease payments relating to operating lease assets are recognized in the income statement under Profit/loss on discontinuing activities. In note 47, which specifies the profit or loss on discontinuing activities, the lease payments are included under Other operating income at an amount of

	146.9	73.5	-	-
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Average remaining term of the lease contracts	1.8 years	2.5 years	-	-
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30 TEMPORARY ASSETS

Total purchase price, beginning of year	139.4	166.0	12.7	12.6
Additions	161.4	94.4	3.0	0.1
Disposals	151.5	121.0	1.4	0.0
Total purchase price, end of year	149.3	139.4	14.3	12.7
Depreciation and impairment, beginning of year	59.6	69.3	12.5	12.5
Movements for the year	2.2	-9.7	0.0	0.0
Depreciation and impairment, end of year	61.8	59.6	12.5	12.5
Carrying amount, end of year	87.5	79.8	1.8	0.2

NOTE Temporary assets comprise properties taken over in connection with the Bank's non-accrual loans. In the Group, this item also includes assets repossessed under non-performing leases in the form of passenger cars and vans, trucks, agricultural machinery and heavy construction machinery.

Both properties and leased assets are expected to be disposed of within 12 months. Properties are sold through estate agents, while leased assets are sold on the usual marketplace for the individual types of assets - primarily by auction or through dealers.

If, contrary to expectation, the assets are not sold within 12 months, they are reclassified to investment properties or, as the case may be, other property, plant and equipment.

	Spar Nord Bank A/S The Group 31.12.11 DKK m	Spar Nord Bank A/S The Group 31.12.10 DKK m	Spar Nord Bank A/S Parent Company 31.12.11 DKK m	Spar Nord Bank A/S Parent Company 31.12.10 DKK m
31 OTHER ASSETS				
Positive market value of derivative instruments, etc.	1,837.5	1,670.5	1,837.5	1,670.5
Miscellaneous receivables	153.7	8.2	86.6	25.2
Interest and commissions receivable	381.1	368.1	398.1	367.3
Miscellaneous assets	29.4	17.7	29.2	17.0
Other assets, total	2,401.7	2,064.5	2,351.4	2,080.0
32 PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS				
Payables to central banks	237.2	527.0	237.2	527.0
Payables to credit institutions	11,853.7	6,787.0	11,403.2	6,697.2
Total payables to credit institutions and central banks	12,090.9	7,314.0	11,640.4	7,224.2
<i>Shown by term to maturity</i>				
On demand	2,350.7	2,366.0	2,350.7	2,360.0
Up to 3 months	9,103.5	3,451.9	9,103.0	3,368.1
Over 3 months and up to 1 year	161.4	0.7	11.4	0.7
Over 1 year and up to 5 years	309.5	1,491.6	9.5	1,491.6
Over 5 years	165.8	3.8	165.8	3.8
Total	12,090.9	7,314.0	11,640.4	7,224.2
<i>Of which, genuine sale and repo transactions</i>				
Repo transactions	5,010.8	813.3	5,010.8	813.3
Mortgage debt on real property	0.0	4.7	0.0	4.7
The carrying amount of the mortgaged properties amounts to	0.0	8.5	0.0	8.5
33 DEPOSITS AND OTHER PAYABLES				
On demand	19,484.7	21,439.9	19,503.2	21,456.0
Subject to notice	4,990.1	2,763.9	4,990.1	2,765.2
Time deposits	3,389.1	3,987.3	3,389.1	3,987.3
Special types of deposit	3,223.7	3,012.6	3,223.7	3,012.6
Deposits and other payables, total	31,087.6	31,203.7	31,106.1	31,221.1
<i>Shown by term to maturity</i>				
On demand	19,484.7	21,439.9	19,503.2	21,456.0
Up to 3 months	4,231.0	4,104.4	4,231.0	4,104.4
Over 3 months and up to 1 year	1,826.1	991.2	1,826.1	992.5
Over 1 year and up to 5 years	3,336.0	2,550.8	3,336.0	2,550.8
Over 5 years	2,209.8	2,117.4	2,209.8	2,117.4
Total	31,087.6	31,203.7	31,106.1	31,221.1
<i>Of which, genuine sale and repo transactions</i>				
Repo transactions	0.0	813.3	0.0	813.3
34 ISSUED BONDS AT AMORTIZED COST				
<i>Shown by term to maturity</i>				
On demand	0.0	0.0	0.0	0.0
Up to 3 months	0.0	0.0	0.0	0.0
Over 3 months and up to 1 year	3,731.1	1,992.4	3,731.1	1,992.4
Over 1 year and up to 5 years	4,290.2	5,813.8	4,290.2	5,813.8
Over 5 years	0.0	0.0	0.0	0.0
Issued bonds at amortized cost, total	8,021.3	7,806.2	8,021.3	7,806.2

NOTE

	Spar Nord Bank A/S The Group 31.12.11 DKK m	Spar Nord Bank A/S The Group 31.12.10 DKK m	Spar Nord Bank A/S Parent Company 31.12.11 DKK m	Spar Nord Bank A/S Parent Company 31.12.10 DKK m
35 OTHER LIABILITIES				
Miscellaneous payables	1,463.3	4,217.1	1,470.8	4,121.8
Negative market value of derivative instruments, etc.	1,865.8	1,663.8	1,865.8	1,663.8
Interest and commissions payable	193.9	175.4	149.6	172.8
Miscellaneous liabilities	803.0	652.3	455.3	301.7
Other liabilities, total	4,326.0	6,708.6	3,941.5	6,260.1
36 PROVISIONS FOR LIABILITIES				
Provisions for deferred tax (see separate note 37)	394.9	333.7	2.4	9.4
Provisions for losses on guarantees	1.8	4.5	1.8	3.3
Provisions for losses in connection with legal proceedings	11.5	7.9	11.5	7.9
Other provisions for liabilities	40.4	119.2	40.3	118.9
Provisions for unutilized credit lines	4.9	4.1	4.9	4.1
Total provisions for liabilities	453.5	469.4	60.9	143.6
<i>Provisions for losses on guarantees</i>				
Beginning of year	4.5	133.8	3.3	132.6
New provisions	0.4	2.0	0.4	2.0
Reversal of provisions	1.9	0.8	0.7	0.8
Definitively lost	1.2	130.5	1.2	130.5
Provisions for losses on guarantees, end of year	1.8	4.5	1.8	3.3
<i>Losses on guarantees recognized in the income statement</i>				
New provisions	0.4	2.0	0.4	2.0
Reversal of provisions	1.9	0.8	0.7	0.8
Losses without prior provisions	0.0	93.6	0.0	93.6
Recognized in the income statement	-1.5	94.8	-0.3	94.8
<i>Provisions for losses in connection with legal proceedings</i>				
Beginning of year	7.9	6.3	7.9	6.3
New provisions	10.7	1.7	10.7	1.7
Reversal of provisions	7.1	0.1	7.1	0.1
End of year	11.5	7.9	11.5	7.9
<i>Other provisions for liabilities</i>				
Beginning of year	119.2	15.8	118.9	15.6
New provisions	4.7	103.8	4.5	103.7
Reversal of provisions	83.5	0.4	83.1	0.4
End of year	40.4	119.2	40.3	118.9
<i>Provisions for unutilized credit lines</i>				
Beginning of year	4.1	13.1	4.1	13.1
New provisions	4.9	4.1	4.9	4.1
Reversal of provisions	4.1	13.1	4.1	13.1
End of year	4.9	4.1	4.9	4.1
<i>Provisions for unutilized credit lines recognized in the income statement</i>				
New provisions	4.9	4.1	4.9	4.1
Reversal of provisions	4.1	13.1	4.1	13.1
Recognized in the income statement	0.8	-9.0	0.8	-9.0
<i>Shown by term to maturity</i>				
Up to 3 months	7.2	8.9	7.2	7.6
Over 3 months and up to 1 year	31.0	110.9	31.0	110.9
Over 1 year and up to 5 years	15.6	11.1	15.6	11.0
Over 5 years	399.7	338.5	7.1	14.1
Total	453.5	469.4	60.9	143.6

Broken down by term to maturity, shown by category for the Spar Nord Bank Group

	Up to 3 months DKK m	3 months and up to 1 year DKK m	Over 1 year and up to 5 years DKK m	Over 5 years DKK m	Total DKK m
2011					
Provisions for deferred tax	0.0	0.0	0.0	394.9	394.9
Provisions for losses on guarantees	1.8	0.0	0.0	0.0	1.8
Provisions for losses in connection with legal proceedings	0.0	11.1	0.0	0.4	11.5
Other provisions for liabilities	0.5	19.9	15.6	4.4	40.4
Provisions for unutilized credit lines	4.9	0.0	0.0	0.0	4.9
Total provisions for liabilities	7.2	31.0	15.6	399.7	453.5
2010					
Provisions for deferred tax	0.0	0.0	0.0	333.7	333.7
Provisions for losses on guarantees	4.5	0.0	0.0	0.0	4.5
Provisions for losses in connection with legal proceedings	0.0	7.5	0.0	0.4	7.9
Other provisions for liabilities	0.3	103.4	11.1	4.4	119.2
Provisions for unutilized credit lines	4.1	0.0	0.0	0.0	4.1
Total provisions for liabilities	8.9	110.9	11.1	338.5	469.4

Uncertainty attaches to the due dates of liabilities for which provision has been made.

Provisions for deferred tax are specified in note 37.

Provisions for losses on guarantees for 2010 consisted primarily of provisions for covering losses in connection with the government-backed deposit guarantee scheme, with the Private Contingency Association guaranteeing payments towards the government-backed Winding-Up Company. After the government-backed guarantee scheme expired on 30 September 2010, the total provision of DKK 224 million was recognized as a loss, thus being written off against the provision account. Spar Nord Bank's share of the total, maximum guarantee during the period covered by the agreement from 5 October 2008 until 30 September 2010 was calculated at DKK 448 million, of which only the loss guarantee for the first DKK 224 million was called up during the relevant period, for which reason the latter half was cancelled at the end of 2010. Thus, the guarantee under the Private Contingency Association terminated at the end of 2010.

Provisions for losses in connection with legal proceedings have been made based on an individual risk assessment.

Other provisions for liabilities include contributions to the Depositors' and Investors' Guarantee Fund. The Depositors' and Investors' Guarantee Fund covers the deposits, etc. made by depositors up to EUR 100,000 in banks being wound up or in insolvent liquidation.

Other provisions for liabilities also cover liabilities relating to employees, mainly the 59 employees who were released from their duties during their notice period at the end of 2011, of whom 12 employees are attributable to discontinuing activities.

Moreover, issues not relating to customer relations are recognized under this item. Further information is not provided due to the nature of the issues involved.

Provisions for unutilized credit lines relate to provisions for losses on unutilized credit lines.

NOTE

Spar Nord Bank A/S The Group 31.12.11 DKK m	Spar Nord Bank A/S The Group 31.12.10 DKK m	Spar Nord Bank A/S Parent Company 31.12.11 DKK m	Spar Nord Bank A/S Parent Company 31.12.10 DKK m
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37 PROVISIONS FOR DEFERRED TAX

Beginning of year	333.7	311.1	9.4	22.1
Deferred tax for the year recognized in the profit/loss for the year on continuing activities	-17.2	-13.3	-19.1	-11.8
Deferred tax for the year recognized in the profit/loss on discontinuing activities	86.3	36.8	0.0	0.0
Deferred tax relating to prior years recognized in the profit/loss for the year on continuing activities	-5.2	0.0	-5.2	0.0
Adjustment, payment of joint taxation contributions	-1.5	0.0	18.5	0.0
Deferred tax for the year recognized in other comprehensive income	-1.2	-0.9	-1.2	-0.9
End of year	394.9	333.7	2.4	9.4

Spar Nord Bank, the Group

Changes in deferred tax in 2011

	Beginning of year	Recognized in the profit/loss for the year	Recognized in other comprehensive income	End of year
Intangible assets	15.8	4.3	0.0	20.1
Property, plant and equipment	119.3	-18.5	-1.2	99.6
Loans, advances and other receivables at amortized cost	355.3	-26.9	0.0	328.4
Shares	6.5	-7.4	0.0	-0.9
Receivables from credit institutions and central banks	27.8	1.5	0.0	29.3
Provisions for liabilities	-11.1	-1.8	0.0	-12.9
Tax loss	-167.2	117.0	0.0	-50.2
Miscellaneous	-12.7	-5.8	0.0	-18.5
Total	333.7	62.4	-1.2	394.9

Changes in deferred tax in 2010

	Beginning of year	Recognized in the profit/loss for the year	Recognized in other comprehensive income	End of year
Intangible assets	13.5	2.3	0.0	15.8
Property, plant and equipment	59.4	60.8	-0.9	119.3
Loans, advances and other receivables at amortized cost	379.7	-24.4	0.0	355.3
Shares	0.0	6.5	0.0	6.5
Receivables from credit institutions and central banks	25.7	2.1	0.0	27.8
Provisions for liabilities	-5.5	-5.6	0.0	-11.1
Tax loss	-164.4	-2.8	0.0	-167.2
Miscellaneous	2.7	-15.4	0.0	-12.7
Total	311.1	23.5	-0.9	333.7

Spar Nord Bank, the Parent Company

Changes in deferred tax in 2011

	Beginning of year	Recognized in the profit/loss for the year	Recognized in other comprehensive income	End of year
Intangible assets	15.8	4.3	0.0	20.1
Property, plant and equipment	11.1	-10.8	-1.2	-0.9
Loans, advances and other receivables at amortized cost	-9.4	-4.2	0.0	-13.6
Shares	6.5	-7.4	0.0	-0.9
Receivables from credit institutions and central banks	27.6	1.5	0.0	29.1
Provisions for liabilities	-11.1	-1.8	0.0	-12.9
Tax loss	-18.4	18.4	0.0	0.0
Miscellaneous	-12.7	-5.8	0.0	-18.5
Total	9.4	-5.8	-1.2	2.4

Changes in deferred tax in 2010

	Beginning of year	Recognized in the profit/loss for the year	Recognized in other comprehensive income	End of year
Intangible assets	13.5	2.3	0.0	15.8
Property, plant and equipment	9.9	2.1	-0.9	11.1
Loans, advances and other receivables at amortized cost	-6.8	-2.6	0.0	-9.4
Shares	0.0	6.5	0.0	6.5
Receivables from credit institutions and central banks	25.5	2.1	0.0	27.6
Provisions for liabilities	-5.5	-5.6	0.0	-11.1
Tax loss	-17.2	-1.2	0.0	-18.4
Miscellaneous	2.7	-15.4	0.0	-12.7
Total	22.1	-11.8	-0.9	9.4

NOTE

	Spar Nord Bank A/S The Group 31.12.11 DKK m	Spar Nord Bank A/S The Group 31.12.10 DKK m	Spar Nord Bank A/S Parent Company 31.12.11 DKK m	Spar Nord Bank A/S Parent Company 31.12.10 DKK m
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Deferred tax assets not recognized in the balance sheet

Deferred tax assets not recognized relate to:

Ring fence losses on properties	3.1	3.9	3.1	3.9
Deferred tax assets not recognized, total	3.1	3.9	3.1	3.9

All deferred tax liabilities are recognized in the balance sheet.

The temporary differences have arisen on the realization of properties.

The value of the above has not been recognized as it is not considered to be likely that the deferred tax assets will be realized.

38 SUBORDINATED DEBT

Subordinated debt consists of liabilities in the form of subordinated loan capital and hybrid core capital which, in case of the Bank's voluntary or compulsory liquidation, whether solvent or insolvent, will not be repaid until the claims of the ordinary creditors have been met.

Hybrid core capital ranks junior to subordinated loan capital. Premature redemption of subordinated debt is subject to the approval of the Danish Financial Supervisory Authority.

Subordinated debt is included in the capital base, etc. pursuant to the Danish Financial Business Act. Spar Nord Bank A/S is the borrower with respect to all loans.

		Principal							
Currency	Note	Mil.	Interest rate	Received	Maturity				
DKK	a	200.0	2.653 %	2006	16.11.2014	0.0	200.0	0.0	200.0
NOK	b	220.0	3.740 %	2006	20.02.2015	210.9	209.7	210.9	209.7
EUR	c	40.0	2.563 %	2007	28.03.2015	297.4	298.0	297.4	298.0
DKK	d	100.0	2.270 %	2007	03.12.2015	100.0	100.0	100.0	100.0
Supplementary capital contributions, total						608.3	807.7	608.3	807.7

Hybrid core capital

		Principal							
Currency	Note	Mil.	Interest rate	Received	Maturity				
DKK	e	350.0	5.250 %	2005	Perpetual	378.6	367.6	378.6	367.6
DKK	f	1.265.0	9.690 %	2009	Perpetual	1,331.3	1,302.0	1,331.3	1,302.0

Portfolio of own bonds						-1.4	-0.3	-1.4	-0.3
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Subordinated debt, total						2,316.8	2,477.0	2,316.8	2,477.0
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Interest on subordinated debt						162.2	164.4	162.2	164.4
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Costs of raising subordinated debt						1.1	1.2	1.1	1.2
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a Redeemed on 16.11.2011.

b Redeemable as from 20.02.2012, after which date interest is fixed at NOKL3M + a 2.1% margin.

c Redeemable as from 28.03.2012, after which date interest is fixed at EURI6M + a 1.81% margin.

d Redeemable as from 03.12.2012, after which date interest is fixed at DKKC6M + a 2.35% margin.

e Redeemable as from 16.03.2015, after which date interest is fixed at DKKC3M + a 2.33% margin.

f Redeemable as from 30.05.2014-30.06.2014 at par, from 01.07.2014-30.06.2015 at a price of DKK 105 and subsequently at a price of DKK 110.

NOTE 39 REPO AND REVERSE TRANSACTIONS

In repo transactions, which involve selling securities to be repurchased at a later date, the securities remain on the balance sheet, and the amount received is recognized under payables to credit institutions and central banks or deposits. Securities forming part of repo transactions are treated as assets provided as collateral for liabilities. The counterparty is entitled to sell the securities or deposit them as collateral for other loans. The fair value of such securities appears from note 40, Assets deposited as collateral.

In reverse transactions, which involve buying securities to be resold at a later date, Spar Nord Bank is entitled to sell the securities or deposit them as collateral for other loans. The securities are not recognized on the balance sheet, and the amount paid is recognized as receivables from credit institutions and central banks or loans and advances. The fair value of such securities appears from note 41, Collateral accepted.

40 ASSETS DEPOSITED AS COLLATERAL

At the end of the year, the following securities were deposited as collateral with Danmarks Nationalbank (the central bank), the Royal Bank of Scotland (RBS) and foreign clearing centres

	Spar Nord Bank A/S The Group 31.12.11 DKK m	Spar Nord Bank A/S The Group 31.12.10 DKK m	Spar Nord Bank A/S Parent Company 31.12.11 DKK m	Spar Nord Bank A/S Parent Company 31.12.10 DKK m
Bonds included in the trading portfolio	4,831.1	5,962.7	4,831.1	5,962.7
Shares outside the trading portfolio	290.8	0.0	290.8	0.0
Deposits, futures clearing	21.9	13.4	21.9	13.4
<i>In credit institutions</i>				
Deposits via CSA agreements, etc. for derivatives trades	895.7	570.4	895.7	570.4
Bonds sold as an element in genuine sale and repo transactions	4,941.7	1,592.1	4,941.7	1,592.1

Assets deposited as collateral for own liabilities towards Danmarks Nationalbank (the central bank), RBS, Nordea, Danish and foreign clearing centres and banks with which the Bank has concluded CSA agreements are all based on standard agreements customarily used by financial market participants. Apart from cash, the collateral consists of government bonds and mortgage-credit bonds with varying terms to maturity.

Security furnished to Danmarks Nationalbank is to cover any overdrafts associated with sum clearing and usual borrowing against collateral. Collateral provided to RBS and Nordea is exclusively related to margining. Collateral provided to Danish and foreign clearing centres is also related to margining. Collateral deposited under CSA agreements relating to ISDA agreements has in all cases been provided in accordance with the standard terms and conditions of the CSA agreements, which are governed by English law.

NOTE 41 COLLATERAL ACCEPTED

In connection with reverse transactions and agreements regarding securities-based loans, collateral that can be sold or repledged pursuant to the terms of the appropriate agreement is accepted.

	Spar Nord Bank A/S The Group 31.12.11 DKK m	Spar Nord Bank A/S The Group 31.12.10 DKK m	Spar Nord Bank A/S Parent Company 31.12.11 DKK m	Spar Nord Bank A/S Parent Company 31.12.10 DKK m
Reverse transactions				
Collateral accepted that can be repledged or sold	1,213.2	2,312.6	1,213.2	2,312.6
Of which, repledged or sold	763.6	1,289.7	763.6	1,289.7
Agreements regarding securities-based loans				
Collateral accepted that can be repledged or sold	14.6	53.9	14.6	53.9
Of which, repledged or sold	0.0	46.7	0.0	46.7

42 HEDGE ACCOUNTING

	Carrying amount DKK m	Purchase price DKK m	Fair value DKK m	Nominal value DKK m
2011				
Assets				
Loans and advances	87.8	75.0	87.8	75.0
Interest-risk-hedged financial instruments				
Derivatives (swap contracts)	-12.8	-	-12.8	75.0
Liabilities				
Issued bonds at amortized cost	3,732.3	3,717.1	3,732.3	3,717.1
Interest-risk-hedged financial instruments				
Derivatives (swap contracts)	13.7	-	13.7	3,717.1
Subordinated debt	1,712.5	1,615.0	1,712.5	1,615.0
Interest-risk-hedged financial instruments				
Derivatives (swap contracts)	96.7	-	96.7	1,615.0
2010				
Assets				
Loans and advances	81.9	75.0	81.9	75.0
Interest-risk-hedged financial instruments				
Derivatives (swap contracts)	-6.9	-	-6.9	75.0
Liabilities				
Issued bonds at amortized cost	3,754.6	3,727.2	3,754.6	3,727.2
Interest-risk-hedged financial instruments				
Derivatives (swap contracts)	26.1	-	26.1	3,727.2
Subordinated debt	1,673.0	1,615.0	1,673.0	1,615.0
Interest-risk-hedged financial instruments				
Derivatives (swap contracts)	57.3	-	57.3	1,615.0

Spar Nord Bank hedges the interest-rate risk attaching to selected fixed-interest assets and liabilities. The effectiveness of such hedging is measured on a continuing basis.

The table below shows the value adjustment of hedged assets and liabilities as well as hedging derivatives recognized under market-value adjustments.

	Spar Nord Bank A/S The Group 31.12.11 DKK m	Spar Nord Bank A/S The Group 31.12.10 DKK m	Spar Nord Bank A/S Parent Company 31.12.11 DKK m	Spar Nord Bank A/S Parent Company 31.12.10 DKK m
Hedging of fixed-interest assets				
Hedged loans and advances	5.9	1.9	5.9	1.9
Hedging derivatives	-5.8	-1.9	-5.8	-1.9
Impact on profit/loss	0.1	0.0	0.1	0.0
Hedging of fixed-interest liabilities				
Hedged deposits	-27.3	-54.5	-27.3	-54.5
Hedging derivatives	27.0	53.9	27.0	53.9
Impact on profit/loss	-0.3	-0.6	-0.3	-0.6

NOTE

	Spar Nord Bank A/S The Group 31.12.11 DKK m	Spar Nord Bank A/S The Group 31.12.10 DKK m	Spar Nord Bank A/S Parent Company 31.12.11 DKK m	Spar Nord Bank A/S Parent Company 31.12.10 DKK m
43 CONTINGENT LIABILITIES				
Financial guarantees	1,658.2	2,064.2	2,222.9	2,715.5
Loss guarantees for mortgage-credit loans	783.0	667.5	783.0	667.5
Registration and refinancing guarantees	963.5	1,983.4	963.5	1,983.4
Other contingent liabilities	433.0	422.4	433.0	422.4
Total contingent liabilities	3,837.7	5,137.5	4,402.4	5,788.8

Financial guarantees largely consist of payment guarantees.

Loss guarantees for mortgage-credit loans have been granted for the highest-risk portion of mortgage-credit loans to personal customers and on business properties. The guarantee lies within 80% of the property value for personal customers, and within 60-80% of the value of business properties.

Registration and refinancing guarantees are furnished in connection with Land Registry processing upon the arrangement and refinancing of mortgage-credit loans.

Other contingent liabilities relate mainly to performance bonds and letters of credit. This item also includes:

Reference is made to note 13 regarding the Executive Board's notice of termination and the associated compensation.

In addition, the Spar Nord Bank Group has contingent liabilities and other obligating agreements corresponding to the relative ownership interest in associates. These contingent liabilities do not differ by type from the Spar Nord Bank Group's contingent liabilities.

After the expiry of the government-backed deposit guarantee scheme, see note 36, deposits are covered by the Depositors' and Investors' Guarantee Fund. Participation in the statutory Depositors' and Investors' Guarantee Fund means that the participating institutions are liable for any losses in connection with the Fund covering depositors' deposits, etc. up to EUR 100,000 in the event of banks going into insolvent liquidation or being wound up. Spar Nord's share amounts to about 3.2% of any losses incurred by the Depositors' and Investors' Guarantee Fund.

Uncertainty attaches to the amount of the contingent liabilities and the possible due dates.

	Spar Nord Bank A/S The Group 31.12.11 DKK m	Spar Nord Bank A/S The Group 31.12.10 DKK m	Spar Nord Bank A/S Parent Company 31.12.11 DKK m	Spar Nord Bank A/S Parent Company 31.12.10 DKK m
44 OTHER OBLIGATING AGREEMENTS				
Irrevocable credit commitments	0.0	0.0	0.0	0.0
Miscellaneous	520.9	581.7	541.3	602.6
Other obligating agreements, total	520.9	581.7	541.3	602.6

Miscellaneous is composed of:

Lease obligations, with the Group as lessee

Spar Nord Bank is the lessee under a number of operating leases. Operating leases are lease agreements under which Spar Nord Bank has the right to use an asset for an agreed term against the payment of rental, without taking over the most significant risks and gains associated with the asset. The lease agreements concern the rental of properties. The lease agreements are not recognized in the balance sheet. The minimum lease payments are broken down by lease term below:

Operating lease obligations

Up to 1 year	21.0	24.7	23.8	25.9
1 – 5 years	50.0	67.0	60.6	77.5
Over 5 years	18.9	30.0	25.9	39.2
Total	89.9	121.7	110.3	142.6

Lease payments of DKK 23.8 million [2010: DKK 27.7 million] are recognized under Staff costs and administrative expenses.

The Group has not entered into finance leases in the capacity as lessee.

Data-processing centre

The Bank has concluded an agreement with the data-processing centre Skandinavisk Data Center A/S regarding provision of services in the IT area. Early cancellation of this agreement within the agreed notice period would result in the Bank incurring a maximum cost of DKK 431 million [2010: DKK 460 million], corresponding to the average monthly payments over a period of 36 months.

The Spar Nord Bank Group has no other obligating agreements.

NOTE 45 **LEGAL PROCEEDINGS, ETC.**

The Group is party to several legal proceedings. The cases are assessed continuously and the necessary provisions are made based on the estimated risk of loss.
The pending legal proceedings are not expected to materially affect the Group's financial position.

46 **EARNINGS PER SHARE**

	Spar Nord Bank A/S The Group 31.12.11 DKK m	Spar Nord Bank A/S The Group 31.12.10 DKK m	Spar Nord Bank A/S Parent Company 31.12.11 DKK m	Spar Nord Bank A/S Parent Company 31.12.10 DKK m
Profit/loss for the year	274.8	105.0		
Average number of shares	57,068,810	57,068,810		
Average number of treasury shares	271,806	1,083,373		
Average number of shares in circulation	56,797,004	55,985,437		
Average dilutive effect of outstanding share options	0	0		
Average number of outstanding shares (diluted)	56,797,004	55,985,437		
Earnings per share (DKK)	4.8	1.9		
Diluted earnings per share (DKK)	4.8	1.9		
Earnings per share on continuing activities (DKK)	4.4	1.9		
Diluted earnings per share on continuing activities (DKK)	4.4	1.9		

The issued share capital is divided into shares in the denomination of DKK 10. The Bank has only one share class.

Earnings and diluted earnings on discontinuing activities per share appear from note 47.

The calculation of earnings per share for continuing and discontinuing activities, respectively, is based on the same performance indicators as Earnings per share.

Profit/loss on discontinuing activities	25.0	1.3
Profit/loss on continuing activities	249.8	103.7
Profit/loss for the year	274.8	105.0

In calculating the diluted earnings per share, 1,382,301 share options have not been taken into account (2010: 2,082,171).

These share options are out-of-the-money, but potentially they may dilute earnings per share in future.

47 **DISCONTINUING ACTIVITIES**

Discontinuing activities comprise activities intended for sale (Finans Nord Easyfleet A/S) and activities being phased out (Spar Nord Leasing A/S, Finans Nord Cross Border A/S and SN Finans Nord AB, Sweden).

On 22 September 2011, Spar Nord Bank A/S entered into an agreement regarding the sale of Finans Nord Easyfleet A/S effective 1 October 2011 and the transfer of Spar Nord Leasing A/S' future activities. The selling price amounts to DKK 41.2 million, equal to the carrying amount of Finans Nord Easyfleet A/S at 30 September 2011.

Various non-recurring costs and goodwill relating to Spar Nord Leasing A/S have been fully written down. The non-recurring costs of DKK 17.8 million, the writedown of goodwill of DKK 25.5 million and income of DKK 3.4 million relating to the a gain on the sale of Finans Nord Easyfleet A/S have all been recognized in the consolidated income statement under Profit/loss on discontinuing activities.

The income statement and cash flow statement disclosures cover activities intended for sale as well as discontinuing activities.

The information disclosed below under "Spar Nord Bank A/S, the Group" is the income and expenses, etc. that will no longer accrue once the activities of the Spar Nord Leasing Group have been discontinued completely. The items shown under "Spar Nord Bank A/S, Parent Company" are the items that will likewise cease to accrue in the Parent Company once Spar Nord Leasing's activities have been discontinued completely.

	Spar Nord Bank A/S The Group 31.12.11 DKK m	Spar Nord Bank A/S The Group 31.12.10 DKK m	Spar Nord Bank A/S Parent Company 31.12.11 DKK m	Spar Nord Bank A/S Parent Company 31.12.10 DKK m
Income statement disclosures – discontinuing activities				
Interest income	393.8	333.1	186.8	162.6
Interest expenses	189.4	163.4	186.8	162.6
Net interest income	204.4	169.7	0.0	0.0
Fees, charges and commissions received	7.5	8.1	1.0	1.0
Fees, charges and commissions paid	1.2	1.0	1.0	1.0
Net income from interest, fees, charges and commissions	210.7	176.8	0.0	0.0
Market-value adjustments	0.0	-1.8	0.0	0.0
Other operating income	180.3	98.2	12.1	11.4
Staff costs and administrative expenses	129.2	101.5	7.4	6.6
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	142.1	61.5	0.0	0.0
Other operating expenses	6.8	10.7	4.7	4.8
Impairment of loans, advances and receivables, etc.	70.7	97.3	0.0	0.0
Profit/loss on equity investments in associates and group enterprises	0.0	0.0	25.0	1.3
Profit/loss before tax	42.2	2.2	25.0	1.3
Tax	17.2	0.9	0.0	0.0
Profit/loss	25.0	1.3	25.0	1.3
Profit/loss on assets intended for sale	1.2	-	1.2	-
Profit/loss on discontinuing activities	23.8	1.3	23.8	1.3
Total profit/loss on discontinuing activities	25.0	1.3	25.0	1.3
Cash flow statement disclosures – discontinuing activities				
Cash generated from operations	115.1	268.8	1.3	122.7
Cash generated from investments	-84.1	-283.5	0.0	0.0
Cash generated from financing	0.0	0.0	0.0	0.0
Total cash flows	31.0	-14.7	1.3	122.7
No balance-sheet items relate to assets intended for sale, as Finans Nord Easyfleet A/S was divested at 1 October 2011.				
Earnings per share on discontinuing activities (DKK)	0.4	0.0		
Diluted earnings per share on discontinuing activities (DKK)	0.4	0.0		
Tax on profit/loss on discontinuing activities breaks down as follows:				
Current tax	6.0	2.6	0.0	0.0
Deferred tax	86.3	36.8	0.0	0.0
Payment of joint taxation contributions	-75.0	-38.5	0.0	0.0
Post-adjustment of tax calculated for prior years	-0.1	0.0	0.0	0.0
Tax on profit/loss for the year on discontinuing activities	17.2	0.9	0.0	0.0

NOTE 48 RELATED PARTIES

The Group	Parties with significant influence		Associates		Group enterprises *)		Board of Directors **)		Executive Board **)	
	2011 DKK m	2010 DKK m	2011 DKK m	2010 DKK m	2011 DKK m	2010 DKK m	2011 DKK m	2010 DKK m	2011 DKK m	2010 DKK m
Assets										
Loans, advances and loan commitments	-	-	-	16.3	-	-	45.1	47.6	2.5	1.5
Total	-	-	-	16.3	-	-	45.1	47.6	2.5	1.5
Liabilities										
Deposits	72.1	91.7	55.3	52.7	0.3	0.3	7.5	4.3	3.6	2.7
Total	72.1	91.7	55.3	52.7	0.3	0.3	7.5	4.3	3.6	2.7
Off-balance-sheet items										
Guarantees issued	-	-	-	0.3	-	-	-	-	1.1	-
Collateral accepted	-	-	-	-	-	-	14.3	17.8	-	-
Total	-	-	-	0.3	-	-	14.3	17.8	1.1	-
Income statement										
Interest income	-	-	0.3	0.7	-	-	1.0	0.9	-	-
Interest expenses	1.0	0.9	0.6	0.6	-	-	-	0.2	-	-
Fees, charges and commissions received	-	-	-	-	-	-	-	0.1	-	-
Dividends received	-	-	21.3	12.9	-	-	-	-	-	-
Impairment	-	-	-	13.4	-	-	-	-	-	-
Other expenses	2.8	3.0	-	-	-	-	-	-	-	-
Total	-3.8	-3.9	21.0	-0.4	-	-	1.0	0.8	-	-

Parent Company	Parties with significant influence		Associates		Group enterprises		Board of Directors **)		Executive Board **)	
	2011 DKK m	2010 DKK m	2011 DKK m	2010 DKK m	2011 DKK m	2010 DKK m	2011 DKK m	2010 DKK m	2011 DKK m	2010 DKK m
Assets										
Loans, advances and loan commitments	-	-	-	0.2	5,990.2	6,780.6	45.1	47.6	2.5	1.5
Total	-	-	-	0.2	5,990.2	6,780.6	45.1	47.6	2.5	1.5
Liabilities										
Deposits	72.1	91.7	55.3	52.7	19.9	17.7	7.5	4.3	3.6	2.7
Total	72.1	91.7	55.3	52.7	19.9	17.7	7.5	4.3	3.6	2.7
Off-balance-sheet items										
Guarantees issued	-	-	-	0.3	564.7	651.3	-	-	1.1	-
Collateral accepted	-	-	-	-	-	-	14.3	17.8	-	-
Total	-	-	-	0.3	564.7	651.3	14.3	17.8	1.1	-
Income statement										
Interest income	-	-	-	-	2.2	0.9	1.0	0.9	-	-
Interest expenses	1.0	0.9	0.6	0.6	0.1	0.1	-	0.2	-	-
Fees, charges and commissions received	-	-	-	-	-	0.0	-	0.1	-	-
Dividends received	-	-	21.3	12.3	-	-	-	-	-	-
Other income	-	-	-	-	2.5	1.9	-	-	-	-
Other expenses	2.8	3.0	-	-	-	-	-	-	-	-
Total	-3.8	-3.9	20.7	11.7	4.6	2.7	1.0	0.8	-	-
Profit/loss on discontinuing activities (intercompany)	-	-	-	-	175.4	164.8	-	-	-	-
Total, including profit/loss on discontinuing activities	-3.8	-3.9	20.7	11.7	180.0	167.5	1.0	0.8	-	-

*) Non-consolidated group enterprises (Beluni Inc.)

**) Breakdown of loans, advances and loan commitments on the Board of Directors and Executive Board

Related parties with significant influence are shareholders with holdings exceeding 20% of Spar Nord Bank A/S. Notes 25 and 26 contain a list of group enterprises and associates.

The interest rate for loans and advances to associates ranged between 4.51-5.01% in 2011 (2010: 4.46-5.41%) and between 0.75-5.57% (2010: 0.71-3.71%) for loans and advances to group enterprises.

Moreover, for the subsidiary Spar Nord Leasing A/S, interest rates for the cost of funds + a premium have been agreed. In 2011, the interest rate ranged between 0.75-5.57% (2010: 0.74-5.57%).

Commitments and transactions with members of the Board of Directors and Executive Board comprise personal commitments of such parties and of their related parties.

Commitments and transactions with the Director Per Søndergaard Pedersen, who retired from the Board of Directors on 20 December 2011, are included up to and including the date of retirement.

The interest rate for loans and advances to Directors ranged between 1.25-10.23% in 2011 (2010: 1.46-8.98%) and between 1.25-3.25% (2010: 1.46-2.46%) for loans and advances to Executive Board members.

The Group and the Parent Company	Executive Board		Board of Directors	
	2011	2010	2011	2010
Loans and advances	1.3	0.1	20.2	21.8
Unutilized loan and guarantee commitments	1.2	1.4	24.9	25.8
Guarantees issued	1.1	0.0	0.0	0.0
Total loans and advances, loan commitments and guarantees	3.6	1.5	45.1	47.6

No transactions were concluded during the year with members of the Board of Directors, the Executive Board or executive staff members, other than transactions involving salary, emoluments, etc., securities trading and loans and provision of collateral. More details regarding the remuneration of the Board of Directors, the Executive Board and executive staff members appear from notes 13 and 14.

The respective shareholdings of the Executive Board and the Board of Directors appear from note 49.

Transactions between related parties, including credit facilities, are concluded on an arm's length basis. Related parties that hold at least 5% of the Bank's share capital comprise the Spar Nord Foundation, Aalborg, with a holding of 29.0% (2010: 29.0%) and Nykredit Realkredit A/S, Copenhagen, with a holding of 7.7% (2010: 7.7%). These figures are based on the most recent reporting of holdings to the Bank.

The figures above do not include debt to related parties in the form of issued bonds. Such bonds are bearer securities, which means that Spar Nord Bank does not know the identity of the holders. Spar Nord Bank shares may be registered in the name of the holder.

NOTE 49 MANAGEMENT'S HOLDINGS OF SPAR NORD BANK SHARES

	2011	2010
	Number of shares	Number of shares
Board of Directors		
Torben Frstrup	5,750	5,750
Per Nikolaj Bukh	4,100	4,100
Jan Høholt Jensen	3,416	3,208
Carsten Normann	1,380	1,380
Niels Kristian Kirketerp	7,155	7,155
Ole Skov	3,162	1,854
Jannie Skovsen	2,331	1,831
Per Søndergaard Pedersen (retired on 20 Dec. 2011)	-	10,380
Hans Østergaard	2,000	2,000
Executive Board		
Lasse Nyby	23,708	22,659
John Lundsgaard	30,112	27,627
Lars Møller	29,692	27,000

50 POST-BALANCE-SHEET EVENTS

The Group plans to launch a capital increase in Q1 2012 to strengthen its financial resources. The preparatory stages of the capital increase are underway. Apart from this, no significant events have occurred after 31 December 2011.

51 FAIR-VALUE INFORMATION

The Group

Financial instruments are recognized in the balance sheet either at fair value or amortized cost. The table below breaks down the individual financial instruments by valuation method.

	2011	2011	2010	2010
	Fair value	Amortized	Fair value	Amortized
	DKK m	cost	DKK m	cost
		DKK m		DKK m
<i>Financial assets</i>				
Cash balances and demand deposits with central banks	0.0	641.0	0.0	578.1
Receivables from credit institutions and central banks	0.0	2,428.3	0.0	2,227.8
Loans, advances and other receivables at amortized cost	0.0	38,702.1	0.0	39,952.1
Bonds at fair value	16,421.2	0.0	13,637.3	0.0
Shares, etc.	1,040.4	0.0	1,121.7	0.0
Assets linked to pooled schemes	6,327.1	0.0	5,678.5	0.0
Positive market value of derivative instruments	1,837.5	0.0	1,670.5	0.0
Total	25,626.2	41,771.4	22,108.0	42,758.0
<i>Financial liabilities</i>				
Payables to credit institutions and central banks	0.0	12,090.9	0.0	7,314.0
Deposits and other payables	0.0	31,087.6	0.0	31,203.7
Deposits in pooled schemes	0.0	6,327.1	0.0	5,678.5
Issued bonds at amortized cost	0.0	8,021.3	0.0	7,806.2
Subordinated debt	0.0	2,316.8	0.0	2,477.0
Negative market value of derivative instruments	1,865.8	0.0	1,663.8	0.0
Total	1,865.8	59,843.7	1,663.8	54,479.4

Financial instruments recognized at fair value

The fair value is the amount at which a financial asset may be traded between knowledgeable, willing parties in an arm's length transaction. If there is an active market, the market price is used by way of a listed price or price quotation. If a financial instrument is quoted in a market that is not active, the Bank bases its valuation on the most recent transaction price. Adjustment is made for subsequent changes in market conditions, for instance, by including transactions in similar financial instruments that are assumed to be motivated by normal business considerations. For a number of financial assets and liabilities, no effective market exists. In this case, the Group uses an estimated value, taking into account recent transactions in similar instruments and using discounted cash flows or generally accepted estimation and valuation techniques based on market conditions at the reporting date.

Bonds are valued at the closing market price or by means of own models based on a yield curve plus a credit spread.

A small portfolio of bonds has been valued using a basket of reference bonds combined with an assessment of the probability of loss on the underlying asset portfolio, or prices determined by third-party valuers.

Valuation techniques are generally used for OTC derivatives, unlisted assets and liabilities in the trading portfolio and unlisted shares recognized at fair value. The most frequently used valuation models and estimation and valuation techniques include the pricing of transactions with future settlement and swap models that apply present value calculations, credit pricing models as well as options models, such as Black & Scholes models. In most cases, valuation is based substantially on observable inputs.

Unlisted shares recorded at fair value, see note 24, comprise unlisted shares that are not included in the Group's trading portfolio. Unlisted shares are recognized at fair value, using the fair-value option and are measured in accordance with provisions in shareholders' agreements and generally accepted valuation methods, etc.

When valuing derivative instruments, the initial customer margin is amortized over the remaining term to maturity. At the end of 2011, the customer margin not yet amortized amounted to DKK 46.2 million (2010: DKK 46.1 million).

The development in financial markets did not result in any reclassification between the three categories in 2011.

2011	Listed prices Level 1 DKK m	Observable prices Level 2 DKK m	Non-observable prices Level 3 DKK m	Total DKK m
<i>Financial assets</i>				
Bonds at fair value	11,469.2	4,935.6	16.4	16,421.2
Shares, etc.	289.2	692.9	58.3	1,040.4
Assets linked to pooled schemes	5,238.0	1,089.1	0.0	6,327.1
Positive market value of derivative instruments	0.0	1,837.5	0.0	1,837.5
Total	16,996.4	8,555.1	74.7	25,626.2
<i>Financial liabilities</i>				
Negative market value of derivative instruments	0.0	1,865.8	0.0	1,865.8
Total	0.0	1,865.8	0.0	1,865.8

2010	Listed prices Level 1 DKK m	Observable prices Level 2 DKK m	Non-observable prices Level 3 DKK m	Total DKK m
<i>Financial assets</i>				
Bonds at fair value	5,777.6	7,724.4	135.3	13,637.3
Shares, etc.	375.8	687.6	58.3	1,121.7
Assets linked to pooled schemes	4,222.2	1,456.3	0.0	5,678.5
Positive market value of derivative instruments	0.0	1,670.5	0.0	1,670.5
Total	10,375.6	11,538.8	193.6	22,108.0
<i>Financial liabilities</i>				
Negative market value of derivative instruments	0.0	1,663.8	0.0	1,663.8
Total	0.0	1,663.8	0.0	1,663.8

Bonds, assets linked to pooled schemes and derivative instruments are valued according to the following principles:

- In case of listed prices, the fair value is fixed at the listed price or the price quoted by an exchange or another external party.
- In case of pricing based on observable inputs, the fair value is calculated by means of a market-based yield curve plus/minus a credit spread, which is also calculated based on market prices.
- In case of pricing based on non-observable inputs, the calculation includes inputs based on the Bank's own valuations of individual elements, and also market data in some cases.

Shares are valued according to the following principles:

- In case of external prices, the fair value is fixed at the price quoted by an exchange or another external party.
- In case of pricing based on observable inputs, the fair value is calculated in accordance with the provisions of shareholders' agreements, etc. or inputs based on actual trades.
- In case of pricing based on non-observable inputs, the calculation includes shares valued according to generally accepted valuation principles, e.g., the discounting of future expected cash flows.
- The fair value has been determined reliably for all shares, and accordingly no shares have been recognized at cost.

Financial instruments measured at fair value based on non-observable prices (Level 3)

In 2011, the Bank recognized unrealized market-value adjustments of DKK 5.5 million (2010: DKK 45.5 million) in respect of unlisted shares and bonds valued on the basis of non-observable inputs.

	2011 DKK m	2010 DKK m
Carrying amount at 1 January	193.6	203.4
Market-value adjustments in the income statement	5.5	45.5
Market-value adjustments in other comprehensive income	0.0	0.0
Purchase	2.6	1.5
Sale	127.0	38.2
Transferred to/from Level 3	0.0	-18.6
Carrying amount at 31 December	74.7	193.6
Market-value adjustments in the income statement of assets held at the reporting date	0.0	45.5

Market-value adjustments in the income statement are recognized under the item Market-value adjustments.

Interest income on interest-based assets is recognized in the income statement under Interest income and is not included in the above statement.

Dividends on shares are recognized in the income statement under Dividends on shares, etc. and are not included in the above statement.

The estimated fair value of illiquid bonds has been substantially impacted by the assumption regarding the current credit spread. If the credit spread is assumed to widen by 50 basis points, this will reduce the fair value by DKK 0.3 million (2010: DKK 2.4 million). If the credit spread narrows by 50 basis points, this will increase the fair value by DKK 0.3 million (2010: DKK 2.4 million).

NOTE	Financial instruments recognized at amortized cost – fair value information	2011 Carrying amount DKK m	2011 Fair value DKK m	2010 Carrying amount DKK m	2010 Fair value DKK m
	<i>Financial assets</i>				
	Cash balances and demand deposits with central banks	641.0	641.0	578.1	578.1
	Receivables from credit institutions and central banks	2,428.3	2,428.3	2,227.8	2,227.8
	Loans, advances and other receivables at amortized cost	38,702.1	38,877.4	39,952.1	40,079.0
	Total	41,771.4	41,946.7	42,758.0	42,884.9
	<i>Financial liabilities</i>				
	Payables to credit institutions and central banks	12,090.9	12,090.9	7,314.0	7,314.0
	Deposits and other payables	31,087.6	31,201.5	31,203.7	31,238.6
	Deposits in pooled schemes	6,327.1	6,327.1	5,678.5	5,678.5
	Issued bonds at amortized cost	8,021.3	8,029.4	7,806.2	7,864.4
	Subordinated debt	2,316.8	2,215.2	2,447.0	2,430.8
	Total	59,843.7	59,864.1	54,449.4	54,526.3

The vast majority of amounts due to the Group, loans and advances, and deposits may not be assigned without the consent of customers, and an active market does not exist for such financial instruments. Consequently, the Group bases its fair-value estimates on data showing changes in market conditions after the initial recognition of the individual instrument that affect the price that would have been fixed if the terms had been agreed at the reporting date. Other parties may make other estimates.

The Group discloses information about the fair value of financial instruments at amortized cost on the basis of the following assumptions:

- For a number of the Group's deposits, loans and advances, the interest rate depends on interest developments.
- The fair value of loans and advances is calculated on the basis of a qualified estimate, taking into account that the Bank continuously adapts its loan terms to existing market conditions. The impairment recognized is assessed to correspond to the fair-value adjustment for the specific credit risk, based on an assessment of the Bank's total individual and group-based impairment.
- The fair value of fixed-rate deposits is calculated based on the market rate at the reporting date.
- The fair value of subordinated debt is adjusted for listed debt at the most recent transaction price, while unlisted debt is recorded at amortized cost based on a qualified estimate..

Day-1 gains or losses

Gains or losses upon inception ("day 1-profit/loss") are not recognized for unlisted derivative instruments, but are recognized over the term of the relevant instrument.

	2011 DKK m	2010 DKK m
Carrying amount at 1 January	46.1	49.9
Recognized in the income statement	0.1	-3.8
Carrying amount at 31 December	46.2	46.1

52 RISK MANAGEMENT

The Spar Nord Bank Group is exposed to a number of risks in various categories.

The most important categories of risks are as follows:

- Credit risk: The risk of loss due to the fact that counterparties are in full or partial breach of their payment obligations.
- Market risk: The risk of loss because the fair value of the Group's assets and liabilities varies with changes in market conditions.
- Liquidity risk: The risk of loss because the Group cannot meet its payment obligations via the ordinary liquidity reserves.
- Operational risk: The risk of losses owing to deficient or erroneous internal procedures and processes, human or system errors, or losses as a result of external events.

The following notes to the Annual Report contain the quantitative information regarding the Group's credit, market, liquidity and operational risks.

For more details, please refer to the unaudited Risk Report at www.sparnord.dk/ir/risk_report.

NOTE 53 CREDIT RISK

Credit risk is the risk as a result of borrowers or other counterparties defaulting on their payment obligations, including the risks attaching to customers having financial difficulties, large facilities, concentration risks and risks attaching to granted, unutilized credit lines.

In 2011, Spar Nord made no major changes in assumptions, objectives, policies, exposures and calculation methods, etc. as compared to the year before.

Credit policy

Spar Nord's overall credit risk is controlled on the basis of the Group's credit policy, which the Board of Directors determines in conjunction with the overarching policies and frameworks for the Group's risk assumption. The pivotal objective of Spar Nord's credit policy is to ensure that earnings and risks are balanced, and that the assumption of risk is always quantified.

It is the Group's policy that all credit must be granted on the basis of insight into the customers' financial position and that creditworthiness – the customer's ability and will to meet current and future obligations – is a key parameter in all customer relations.

Spar Nord aims to develop long-term relationships with customers and does not want to use risk appetite as a competitive parameter. Spar Nord only wants to conclude transactions that conform to good banking practice and do not jeopardize the Group's reputation and professional profile.

As a basic rule, the Group does not grant loans and credit facilities based on collateral alone. Thus, the customer should show the will and have the ability to repay loans without the Group having to realize the collateral.

In its endeavours to ensure sound risk diversification of its credit exposure, Spar Nord has introduced a number of internal targets. The Group does not want to be exposed to individual customers or industries that might solely and separately jeopardize the Bank's independence. Consequently, Spar Nord has introduced a cap on credit facilities at DKK 400 million, of which the unsecured share of credit exposure may not exceed DKK 150 million in respect of any facility.

In determining the amount of exposure, due provision is made for the so-called "particularly secure claims", which are stated in the Danish Financial Supervisory Authority's Executive Order on Large Exposures. The DKK 400 million cap does not apply to trading partners in the financial sector.

In addition, the Group has introduced some trade and industry limitations. One of them is a long-term objective specifying that agricultural facilities may not exceed 10% of the Group's loans, advances and guarantees, and that property facilities must amount to a lower share of the Group's loans, advances and guarantees than the average for Danish financial institutions. Finally, Spar Nord also strives to maintain the share of retail customers at a level that is higher than the sector average and which amounts to more than 30% of the Group's total loans, advances and guarantees.

Credit control and credit risk monitoring

The credit facility process at Spar Nord is centrally managed. The decentralized credit authorization limits range between DKK 2 and 10 million for existing customers. As concerns new customers, the facility authorization rights are typically half of that for existing customers. The powers of authority in the credit area are governed by two factors: the individual local managers' ability and requirements and the wish that a certain share of authorizations from the local banks is to be dealt with by Credit Rating.

Customer advisers, in consultation with local managers, handle day-to-day management of the Bank's credit risks. If a credit facility exceeds the local loan approval limits, it will be passed on and dealt with by Credit Rating, the Credit Committee (General Manager of Credit Rating and an Executive Board member) or the Board of Directors.

Credit Rating may authorize facilities up to DKK 20 million for existing customers and DKK 15 million for new customers. The Credit Committee may authorize all facilities up to DKK 60 million, and up to DKK 30 million for new customers. All credit facilities in excess of DKK 60 million and all credit facilities exceeding DKK 30 million for new customers must be authorized by the Board of Directors.

Overall monitoring of the Group's credit risk exposure is managed by the Credit Quality function. This department oversees changes in the credit quality of all exposures and undertakes systematic credit quality control of the entire exposure portfolio.

The Credit Quality function reviews all new retail customer facilities above DKK 100,000 and all new business customer facilities above DKK 300,000. New customers with weak credit quality are registered on an ongoing basis.

The Group has developed IT tools for controlling and monitoring credit risks. The Bank's credit analysis system is used for monitoring purposes, and key data regarding credit facilities and customers' financial affairs are recorded in it. This is done to detect danger signals at an early stage as well as to monitor changes in the credit quality of portfolios and organizational units.

Every month a statistically-based scoring of both retail and business customers is performed. Credit scoring has been introduced in all the Bank's departments, and these tools are used at the local level to grant credit facilities. Thus, customers in the risk categories accorded the least risk exposure are likelier to be given higher credit limits or extensions than those with the greatest risk exposure. In addition, the systems are used for managing overdrafts and for pricing purposes.

No scoring models have been developed for Spar Nord Leasing's customers to manage existing agreements.

Whenever a credit rating is made, it is essential to ensure that the customer can pay interest and repay the debt without collateral having to be realized. Based on this approach, loan and credit facilities are granted primarily on the basis of ability and willingness to pay interest and repay the debt, and secondarily on the basis of the collateral provided. Mortgages and charges on real property, securities and vehicles make up the most common type of collateral. Spar Nord continuously monitors the value of the collateral provided.

Impairment

Spar Nord has defined a long list of risks that constitute an objective indication of impairment. Some risks are registered automatically in the systems, while others are registered manually by customer advisers and credit staff members.

All significant loans and advances and those slated for credit quality review are re-evaluated individually, and other loans are reviewed on a group basis. All loans and advances not impaired on an individual basis are assigned to groups having uniform credit risk exposure. If the review discloses objective indications of impairment, an impairment loss is recognized. Impairment is calculated as the difference between the carrying amount of loans and advances and the present value of anticipated future repayments on the loan. A credit facility need not be in default before impairment is recognized, and approval procedures regarding any new extension of credit are then automatically tightened.

As an important element in its risk management procedures, the Bank flags all credit facilities showing any signs of default risk. Steps are taken to normalize or wind up flagged credit facilities. Credit facilities are primarily flagged as a result of local initiatives, but action may also be taken at central level. Lists with candidates for flagging are sent to the individual advisers twice a year.

Groups of impairment losses are recognized when objective indications show that expected future losses exceed the loss expected upon loan establishment. Accordingly, in addition to objective indications of impairment for a group, group impairment losses are basically recognized when customers are transferred to other risk groups.

Credit scoring constitutes the primary source of customer categorization, but customers slated for credit review without individual impairment provisions also make up a group.

Interim impairment takes place on all facilities handed over to the Bank's internal debt-collection department, but the portion of a facility covered by sound, easily realizable collateral is not subjected to interim impairment.

Doubtful loans – loans for which interest accruals have been suspended because full collection of the principal is unlikely or because no interest has been paid for an extensive period of time – are subject to special scrutiny, and if repayment is considered doubtful and loss unavoidable, the loan is categorized as partially or fully impaired and uncollectible. Interest on the parts of facilities that have been written down for impairment is not recognized as income. If lenient terms are granted to customers in financial difficulty, this will be considered an objective indication of impairment, and individual impairment will be recognized in respect of that facility.

For more details, please refer to the unaudited Risk Report at www.sparnord.dk/ir/risk_report.

Credit exposure (carrying amounts)

The Group's credit exposure (carrying amounts) is composed of the following balance-sheet items and off-balance-sheet items

Credit risk, loans, advances and guarantees

Balance-sheet items

Loans, advances and other receivables at amortized cost	38,702.1	39,952.1
Impairment account for loans, advances and other receivables	1,141.0	1,022.4

Off-balance-sheet items

Contingent liabilities	3,837.7	5,137.5
Impairment account for guarantees	1.8	4.5

Credit exposure (carrying amounts), loans, advances and guarantees, total	43,682.6	46,116.5
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Financial credit risk

Bonds at fair value	16,421.2	13,637.3
Receivables from credit institutions and central banks	2,428.3	2,227.8
Positive market value of derivative instruments, financial companies	678.1	692.9

Credit exposure (carrying amounts), financial credit risk, total	19,527.6	16,558.0
-------------------------------------------------------------------------	-----------------	-----------------

Breakdown of the Group's exposures by business area

As appears from figure 1, in 2010 and 2011 the total credit volume declined for retail customers, which reflects a fall in guarantees as a result of fewer pending land registration applications, while loans and advances were at the same level as at the close of 2010. The credit exposure to business customers grew by DKK 0.6 billion compared to 2010 as a result of a net influx of 700 customers. There was a smaller decrease in financial customers in 2011 due to a decline in repo loans. The total credit volume in Spar Nord Leasing declined relative to 2010, which is attributable to the activities being phased out. To this should be added separate monitoring at industry level, for instance agriculture.

The Group's total loans, advances and guarantees before offsetting of impairment amounted to DKK 43.7 billion (2010: DKK 46.1 billion). Developments appear from the column, "Loans, advances and guarantees" in figure 1.

THE GROUP'S EXPOSURE BY CATEGORY

DKK bn

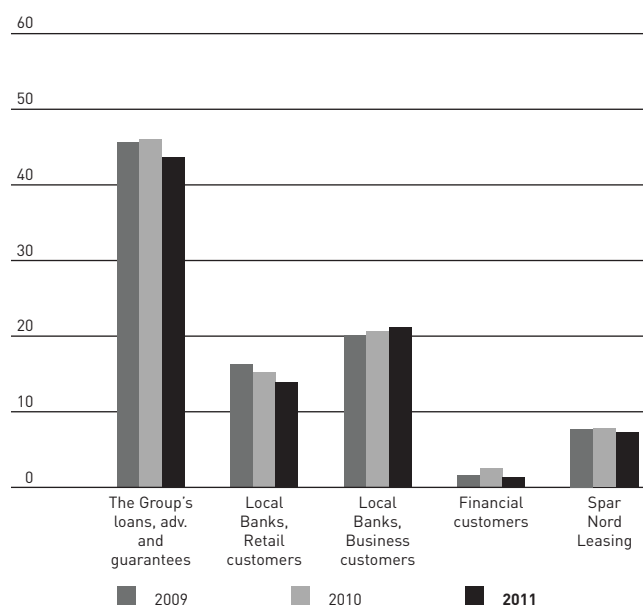


Figure 1

Classification of customers

Spar Nord Bank has developed methods and IT tools for controlling and monitoring credit risks. One tool used for monitoring purposes is the Bank's credit analysis system, in which key data regarding credit commitments and customers' financial affairs is recorded. This is done to detect danger signals from exposures at an early stage, while also monitoring portfolios and organizational units.

The credit scoring system has been introduced in all the Bank's departments and is also used for credit granting at the local level, in the sense that customers in the groups accorded the lowest risk exposure can be given higher credit limits than those accorded the highest risk exposure. In addition, the systems are used for managing overdrafts and serve as a guide for pricing purposes.

Retail customers are categorized into seven risk categories using behavioural data (with 1 being the best), and a separate credit-watchlisted group has also been established. The model used for scoring retail customers, which is based on historical data for the customers' behaviour, calculates the probability of a customer's default on his payment obligations within the year ahead (Probability of Default, PD). This model is based on 10-20 variables that are selected among 150 as the ones that best describe previously defaulted loans.

Business customers are categorized based on financial ratios into nine groups and a separate default group as well as a group of unscored customers. Risk group 0 consists of public-sector customers. The model for business customers is based on accounting data, earnings, solvency, hedging, as well as behaviour scoring and business profile. Impaired credit facilities are categorized in the credit-watchlisted group, for which reason the other risk groups comprise non-impaired facilities only.

A few business customers are still not rated using the Bank's business model, including newly established companies and other business customers who have no available financial statements that reflect the credit risk attaching to the customer.

Likewise, there are still some retail customers who are not scored, including associations and customers who have not yet been scored for the first time.

RETAIL CUSTOMERS' FACILITIES BY RISK CATEGORY

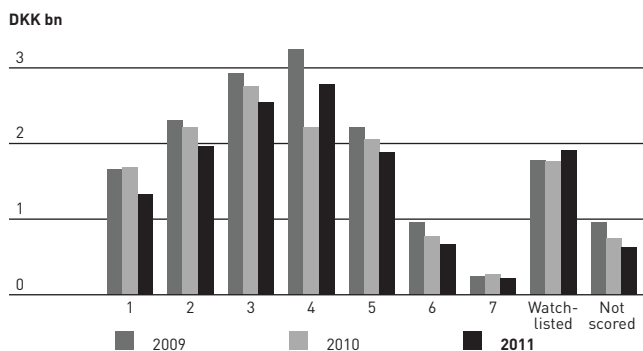


Figure 2

BUSINESS CUSTOMERS BROKEN DOWN BY RISK CATEGORY

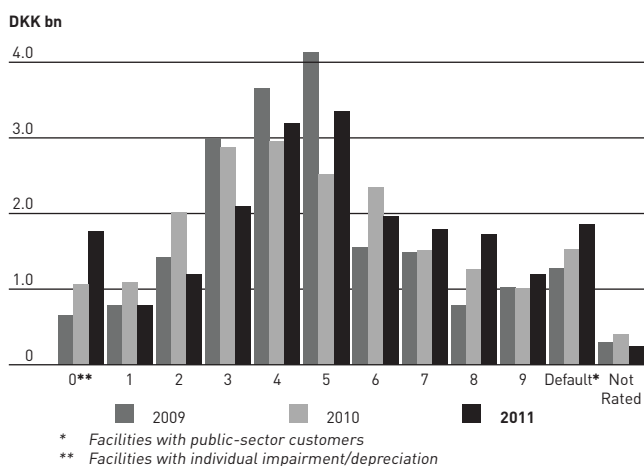


Figure 3

As appears from figure 2 above, there was a marginal adverse development in the average credit quality of retail customers from end-2010 to end-2011, as the weighted average rating rose from 4.0 to 4.1. As appears from figure 3, the average credit quality of business customers also underwent a negative development, with the weighted average rating class increasing from 4.9 to 5.2.

Properties

The real property sector has proved to be highly risk-prone in recent years on account of the adverse price developments on the market. For a number of years, Spar Nord has been reluctant to assume exposures to property sector customers, and the exposure in this regard extensively consists of customers with long-term relations with the Bank and wide experience in the sector.

The Group's combined exposures to customers in the real property sector in 2011 was unchanged at about DKK 4.9 billion compared to 2010, amounting to 11.3% (2010: 10.7%) of total loans, advances and guarantees. At end-2011, the impairment ratio for the industry as a whole stood at 2.1% against a beginning-of-year comprehensive impairment balance of 1.8%. For 2011, total losses on customers in the industry amounted to about DKK 66 million (2010: DKK 53 million).

Agriculture

As appears from figure 4 below, the Group's exposure to agriculture, etc. represents 12.0% (2010: 11.9%), of which Spar Nord Leasing accounts for 4.3% (2010: 4.0%).

The Bank's agricultural loans amount to DKK 3.4 billion, equal to 9.2% of the Bank's total loans, advances and guarantees (continuing activities). Compared with end-2010 figures, this corresponds to a decline of DKK 285 million. The breakdown of agricultural credit facilities by scoring categories for the Bank appears from figure 5. Spar Nord Leasing is not included in the breakdown, as it has not yet developed scoring models.

Spar Nord Bank's exposure to agriculture, etc., which represents 7.7% (2010: 7.9%), breaks down on rating groups as follows:

SHARE OF CREDIT EXPOSURE TO THE AGRICULTURAL SECTOR

%	2011	2010
Spar Nord Bank A/S	7.7	7.9
Spar Nord Leasing	4.3	4.0
The Group, total	12.0	11.9

Continuing activities *) 9.2 9.5

*) Exclusive discontinuing activities

Figure 4

AGRICULTURAL EXPOSURE BY RISK CATEGORY CONTINUING ACTIVITIES

DKK bn

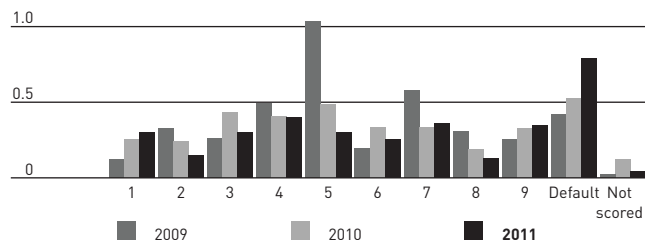


Figure 5

As appears from developments in the scoring of the Bank's agricultural customers, there was a decline in the credit quality of the agricultural portfolio in the period from 2009 to 2011.

Agriculture is the sector in the Bank's business portfolio that shows the largest decline in credit quality in the period from 2008 to 2011. However, the best performing agricultural customers account for an almost unchanged percentage during the period. It also applies to the agricultural sector that the decline in credit quality in 2011 was lower than in 2010. During the period from 2008 to 2011, the percentage of defaulting agricultural customers increased sharply, and the Bank's impairment on agricultural customers rose from about DKK 37 million to DKK 289 million over the period.

Overall, the portfolio of agricultural commitments is considered to be sound and characterized by satisfactory diversification in terms of production lines. Nevertheless, it must be ascertained that the agricultural sector is still facing problems. However, on the face of it, the situation looks better than at the end of 2010. Many customers are now able to run a profitable business, and thus generate earnings, on the basis of the prices they can fetch on agricultural produce. As the price forecasts also look reasonable, the agricultural portfolio is in better shape than at end-2010.

Spar Nord operates on the principle that when farmers cannot live up to the predetermined breakeven prices per produced unit (milk, pork, etc.), this will be defined as an objective indication of impairment.

The calculation of breakeven prices is moreover based on a financing rate of 5% interest for each farmer, regardless of whether the actual average interest on the farmer's interest-bearing debt is lower.

If a particular farming property that meets these requirements cannot present a realistic budget, impairment calculation procedures will be implemented. The anticipated value of the land is a crucial factor in determining the amount of impairment, and the current calculation basis is an average of DKK 140,000 per hectare.

Spar Nord Leasing

Spar Nord Leasing accounts for 16.6% (2010: 16.7%) of the Group's total credit exposure and breaks down as follows by industry:

SPAR NORD LEASING

Line of business %	Loans, advances and guarantees		Individual impairment	
	2011	2010	2011	2010
Public authorities	0.2	0.2	0.0	0.0
Agriculture, hunting and forestry	25.7	23.2	9.9	9.7
Fisheries	0.0	0.0	0.0	0.0
Industry and raw materials extraction	10.2	9.8	17.6	15.5
Energy supply	1.4	1.9	1.6	0.8
Building and construction	16.1	14.7	8.5	15.7
Trade	7.8	7.8	16.7	4.6
Transport, hotels and restaurants	24.0	26.3	21.1	37.0
Information and communication	0.4	0.4	2.1	1.1
Financing and insurance	1.4	1.5	1.0	0.7
Real estate	1.5	1.9	0.9	3.2
Other business areas	11.2	12.2	20.6	11.7
Business customers, total	99.9	99.9	100.0	100.0
Retail customers, total	0.1	0.1	0.0	0
Total	100.0	100.0	100.0	100.0

Figure 6

As of 1 October 2011, the forward-looking leasing activities were transferred to the Jyske Bank Group. It has been decided to phase out the group's remaining leasing activities in both Denmark and Sweden in step with the expiry of the lease agreements. It is expected that the majority of these assets will have been phased out by the end of 2015.

In line with Spar Nord Bank's policy, Spar Nord Leasing's credit application processing is based on an assessment of the customers' ability and willingness to meet their current and future obligations.

Compared with the Bank, the situation is different for Spar Nord Leasing, in that the leasing company always has security in the assets, either through ownership or charges.

The agricultural and transport industries constitute the two largest business areas for Spar Nord Leasing. While the leasing performance was fairly good for the agricultural sector in 2011 without any appreciable impact on Spar Nord Leasing's income statement, the transport area presented major challenges again in 2011, with customers encountering financial difficulties that forced Spar Nord Leasing to repossess equipment and recognize impairment losses. Repossessed transport equipment and industrial equipment were the prime factors impacting Spar Nord Leasing's 2011 income statement. However, the portfolio of repossessed equipment was at a relatively low level at end-2011, amounting to DKK 85 million (2010: DKK 79.6 million).

The total impact of impairment and losses on Spar Nord Leasing's income statement amounted to DKK 70.7 million in 2011 (2010: DKK 97.3 million), corresponding to an impairment ratio of 0.9% (2010: 1.3%) of average lending.

Concentration risk

Under section 145 of the Danish Financial Business Act, exposure to a single customer or a group of related customers, after deduction of particularly secure claims, may not exceed 25% of the capital base. Moreover, after deduction of particularly secure claims, the sum of all exposures that constitute 10% or more of the capital base may not exceed 800% of the capital base. According to the Danish Financial Supervisory Authority's "Guidelines on the reporting of financial statements", the financial ratio "Large exposures as % of capital base" will be corrected as from end-2010 in respect of exposures to credit institutions, etc. below DKK 1 billion after deductions. The Group submits quarterly reports to the Danish Financial Supervisory Authority on its compliance with these rules.

The Bank has internally introduced a more conservative cap on facilities of DKK 400 million, which corresponds to just under 10% of the capital base. Exposures to trading partners in the financial sector are not included for the purpose of calculating the Group's cap of DKK 400 million. The Spar Nord Group has not had exposures to non-financial businesses or groups that exceed these limits.

The table below shows credit exposures to groups totalling 10% or more of the Group's capital base after particularly secure claims.

Credit exposure The Group DKK m	2011 No.	2011 DKK m	2011 %	2010 No.	2010 DKK m	2010 %
	Number of groups	Total exposure	Exposure excl. part. secure claims	Number of groups	Total exposure	Exposure excl. part. secure claims
Exposure > 10% of the capital base calculated pursuant to section 145	1	788.0	-13.4	3	2,087.7	-35.9
Exposure > 10% of the capital base calculated pursuant to section 145, after correcting for exposures to credit institutions, etc. below DKK 1 billion after deductions in accordance with the Danish Financial Supervisory Authority's "Guidelines on the reporting of financial statements".	0	0	0	0	0	0

Exposure > 10% of the capital base calculated pursuant to section 145 comprises credit exposures to trading partners in the financial sector exclusively.

As appears from the table above, the actual credit risk only amounts to DKK 1,776.1 million (2010: DKK 2,087.7 million) out of the total exposure of DKK 23,076.2 million (2010: DKK 20,293.7 million).

THE GROUP'S LOANS, ADVANCES AND GUARANTEES BROKEN DOWN BY SIZE OF FACILITY *)

DKK m	Number 2011	Number 2010	Share in % 2011	Share in % 2010
0 - 0.1	41,900	40,677	1.0	1.3
0.1 - 0.5	29,864	28,694	11.9	11.2
0.5 - 1.0	9,234	8,584	10.9	9.2
1.0 - 5.0	6,679	7,298	25.6	27.2
5.0 - 10.0	803	925	10.2	11.6
10.0 - 20.0	370	394	9.3	10.1
20.0 - 50.0	194	213	11.1	11.8
50.0 - 100.0	51	60	6.1	6.8
100.0 -	39	35	13.9	10.8
Total	89,134	86,880	100.0	100.0

*) Excl. reverse transactions

Figure 7

A breakdown by facility size shows that the Group's portfolio of loans, advances and guarantees is well-diversified, as 59.6% (2010: 60.5%) is attributable to facilities of less than DKK 10 million, and as the Group only has 39 (2010: 35) loan facility exposures of more than DKK 100 million.

Collateral accepted

The Group wants to reduce the risk attaching to individual exposures by accepting collateral, such as mortgages and charges over physical assets, securities and guarantees, etc. whenever possible. Mortgages and charges on real property, securities and vehicles make up the most common type of collateral. Mortgages on real property make up by far the most important collateral type provided to the Bank. Even though the properties have a wide geographical spread throughout Denmark, only a minor number of them are located in the Capital Region, where the 2009 price drop was most pronounced. Mortgages on real property consist mainly of mortgages on private housing.

MORTGAGES WITH POSITIVE EQUITY

	2011		2010	
	DKK bn	Share in %	DKK bn	Share in %
Private housing	8.2	65.1	6.8	61.3
Summer cottages	0.8	6.4	0.7	6.3
Agriculture	1.1	8.7	1.0	9.0
Offices and businesses	2.4	19.0	2.0	18.0
Other	0.1	0.8	0.6	5.4
Total	12.6	100.0	11.1	100.0

Figure 8

GEOGRAPHICAL BREAKDOWN OF MORTGAGES - END-2011 AND END-2010

	% 2011		% 2010	
	2011	2010	2011	2010
The Capital Region	7.8	6.9		
Mid-Jutland Region	12.5	13.2		
North Jutland Region	60.8	60.2		
Region Zealand	8.6	9.4		
Region South Denmark	10.3	10.3		
Total	100.0	100.0		

Figure 9

The Group monitors the value of the collateral on an ongoing basis. If the risk attaching to a counterparty increases, the collateral is subjected to a particularly critical scrutiny. The value is assessed based on the expected price to be fetched in a compulsory sale of the collateral, less any expenses arising from its realization.

The valuation of collateral for the agricultural sector has been described above under the classification of customers.

The Bank's valuation of mortgages on rental properties is based on the capacity of the properties to generate a return. Various requirements are made with regard to the rate of return, depending on the use of the property, the condition of the buildings and the physical location in Denmark. Residential rental property is valued on the basis of a required rate of return in the 6 - 10% range.

Excess coverage by mortgages and other charges in respect of any facilities is not included.

THE GROUP'S UNSECURED SHARE OF CREDIT EXPOSURE

	Spar Nord Bank A/S The Group 2011	Spar Nord Bank A/S The Group 2010
Unsecured share in %		
< 10%	32.7	37.1
10 - 50%	17.0	19.3
50 - 75%	12.3	12.1
> 75%	38.0	31.5
Total	100.0	100.0
Average unsecured share of credit exposure, %	49.3	43.3

Excess coverage by mortgages and other charges in respect of any facilities is not included.

The unsecured share of the Group's credit exposure in 2011 rose from 43.3% to 49.3%. The increase in the unsecured share is mainly attributable to retail customers, as the sharp drop in the activity level as regards mortgage-credit guarantees has caused the average unsecured share to rise. Repayments on loans, particularly among the customer groups providing the highest collateral, also push up the average unsecured share.

THE GROUP'S UNSECURED SHARE OF CREDIT EXPOSURE IN DKK M AND %

Line of business	2011		2010	
	DKK m	%	DKK m	%
Public authorities	1,735.4	99.5	1,035.4	99.1
Agriculture, hunting and forestry	1,898.9	36.3	1,881.2	34.4
Fisheries	83.6	47.1	83.2	48.6
Industry and raw materials extraction	790.6	48.4	876.3	50.4
Energy supply	747.7	43.6	477.8	34.2
Building and construction	763.5	34.9	757.4	33.2
Trade	2,626.8	70.1	2,554.2	66.1
Transport, hotels and restaurants	776.7	27.6	710.9	23.4
Information and communication	148.0	81.0	41.9	50.0
Financing and insurance	1,382.6	58.1	1,425.8	39.1
Real estate	2,784.1	56.5	2,528.9	51.3
Other business areas	1,525.5	53.2	1,578.7	51.2
Business customers, total	15,263.4	51.6	13,951.7	45.4
Retail customers, total	6,260.6	44.5	6,014.8	39.1
Total	21,524.0	49.3	19,966.5	43.3

Figure 10

In the event that Spar Nord Bank calls up collateral that cannot easily be converted to cash, the Bank pursues the policy of disposing of such assets as soon as possible. As concerns properties, their sale will be entrusted to a real estate agent. Repossessed leasing equipment will be re-leased or, alternatively, sold as soon as possible.

In 2011, the Group repossessed equipment and properties worth DKK 87.5 million (2010: DKK 79.8 million) in connection with non-performing loans, which is primarily attributable to Spar Nord Leasing as a result of non-performing leases for passenger cars and vans, trucks, agricultural machinery and heavy construction machinery

The leased assets are valued and depreciated on an ongoing basis. Thus, in periods of declining prices for leased assets, the collateral calculated by Spar Nord Leasing is reduced.

THE SPAR NORD BANK GROUP COLLATERAL AND CATEGORY

	2011 DKK m	2010 DKK m
Collateral accepted		
Credit exposure	43,682.6	46,116.5
Value of collateral	22,158.6	26,150.0
Unsecured, total	21,524.0	19,966.5
Type of collateral		
Properties	8,373.2	8,338.2
Custody accounts / securities	2,021.0	3,828.6
Guarantees / suretyships	652.2	799.2
Vehicles	860.6	723.2
Cash	653.4	739.4
Other collateral	399.2	1,093.8
Collateral used, total	12,959.6	15,522.4
Spec. secured trans. (mortgage-credit inst. guarantees)	2,552.2	3,734.8
Total collateral accepted, excl. Spar Nord Leasing	15,511.8	19,257.2
Collateral accepted, Spar Nord Leasing	6,646.8	6,892.8
Total	22,158.6	26,150.0

Figure 11

The reason that the property value under mortgages broken down by property type is calculated at DKK 12.6 billion (2010: DKK 11.1 billion) and that only DKK 8.4 billion (2010: DKK 8.3 billion) is recorded as collateral on the properties in the table above is that the DKK 12.6 billion (2010: DKK 11.1 billion) is the amount mortgaged to the Bank and recorded as collateral, while the DKK 8.4 billion (2010: DKK 8.3 billion) is the share actually used for calculating collateral regarding a facility. Some facilities are smaller than the collateral value, and collateral has also been provided by customers who do not currently have any facilities.

NOTE

SPAR NORD LEASING

Spar Nord Leasing, which accounts for 16.6% (2010: 16.7%) of the Group's total loans, advances and guarantees, has its core competence in the financing of transport equipment, contractor's equipment, agricultural machinery, industrial machinery and vehicles.

Spar Nord Leasing's collateral consists mainly of ownership of or retention of title to this type of assets. Typically, such collateral is supplemented by a down payment or security deposit, and it is also common for the company's owner(s) to provide suretyship.

Finally, through cooperation agreements with a number of banks, Spar Nord Leasing has provided financing against partial or full guarantees from the relevant banks. Such bank guarantees amount to DKK 713 million (2010: DKK 820 million).

Spar Nord Leasing	Agriculture, etc.	Manufacturing business	Building and construction	Transport	Other business areas	Total
2011						
DKK m						
Credit exposure	1,869.1	742.5	1,171.3	1,740.4	1,740.9	7,264.2
Value of collateral	1,767.6	642.9	1,087.2	1,592.1	1,557.0	6,646.8
Unsecured, total	101.5	99.6	84.1	148.3	183.6	617.1
Unsecured share of credit exposure	0.1	0.1	0.1	0.1	0.1	0.1
Type of collateral						
Custody accounts / securities	136.7	36.1	45.1	60.6	65.7	344.2
Guarantees / suretyships	262.6	219.1	143.0	188.0	271.0	1,083.7
Assets	1,368.3	387.7	899.1	1,343.5	1,220.3	5,218.9
Total	1,767.6	642.9	1,087.2	1,592.1	1,557.0	6,646.8
2010						
DKK m						
Credit exposure	1,821.5	768.3	1,155.2	2,064.1	2,034.2	7,843.3
Value of collateral	1,637.7	602.2	1,049.9	1,844.8	1,758.2	6,892.8
Unsecured, total	183.8	166.1	105.3	219.3	276.0	950.5
Unsecured share of credit exposure	0.1	0.2	0.1	0.1	0.1	0.1
Type of collateral						
Custody accounts / securities	99.0	31.4	33.9	55.2	61.0	280.5
Guarantees / suretyships	95.5	84.4	36.8	76.4	102.8	395.9
Assets	1,443.2	486.4	979.2	1,713.2	1,594.4	6,216.4
Total	1,637.7	602.2	1,049.9	1,844.8	1,758.2	6,892.8

The collateral value of security deposits and guarantees has been deducted from the value of assets.

The collateral value relative to credit exposure is assessed by Spar Nord Leasing on a case-by-case basis and compared with the creditworthiness of the individual customer and the estimated industry and market risks. Thus, the combined unsecured share for the industry and the total for Spar Nord Leasing represent an average based on individual credit assessments of each customer's credit facilities.

	Spar Nord Bank A/S The Group 31.12.11 DKK m	Spar Nord Bank A/S The Group 31.12.10 DKK m	Spar Nord Bank A/S Parent Company 31.12.11 DKK m	Spar Nord Bank A/S Parent Company 31.12.10 DKK m
Impairment account for loans, advances and provisions for guarantees				
<i>Individual impairment of loans and advances</i>				
Individual impairment, beginning of year	931.0	856.8	806.9	740.0
New individual impairment	486.6	482.2	401.5	393.6
Reversal of individual impairment losses	181.9	186.3	130.4	150.1
Previously written down, now definitively lost	249.2	277.8	220.2	229.4
Interest on impaired loans and advances taken to income	63.9	56.1	58.6	52.8
Individual impairment, end of year	1,050.4	931.0	916.4	806.9
<i>Groups of impairment losses, loans and advances</i>				
Groups of impairment losses, beginning of year	91.4	108.9	80.6	95.4
New groups of impairment losses	2.4	0.0	2.3	0.0
Reversal of groups of impairment losses	3.2	17.5	3.0	14.8
Groups of impairment losses, end of year	90.6	91.4	79.9	80.6
<i>Total impairment of loans and advances</i>				
Impairment, beginning of year	1,022.4	965.7	887.5	835.4
New impairment	489.0	482.2	403.8	393.6
Reversal of impairment losses	185.1	203.8	133.4	164.9
Previously written down, now definitively lost	249.2	277.8	220.2	229.4
Interest on impaired loans and advances taken to income	63.9	56.1	58.6	52.8
Impairment, end of year	1,141.0	1,022.4	996.3	887.5
<i>Impairment recognized in the income statement</i>				
New impairment	489.0	482.2	403.8	393.6
Reversal of impairment losses	185.1	203.8	133.4	164.9
Losses without prior impairment	166.6	155.2	166.6	155.2
Carried to income, previously written off	32.3	28.8	32.3	28.8
Recognized in the income statement	438.2	404.8	404.7	355.1
Impairment, other credit risks	0.0	0.0	0.0	0.0
<i>Provisions for losses on guarantees</i>				
Provisions, beginning of year	4.5	133.8	3.3	132.6
New provisions	0.4	2.0	0.4	2.0
Reversal of provisions	1.9	0.8	0.7	0.8
Provisions previously made, now definitively lost	1.2	130.5	1.2	130.5
Provisions for losses on guarantees, end of year	1.8	4.5	1.8	3.3
<i>Provisions for losses on guarantees recognized in the income statement</i>				
New provisions	0.4	2.0	0.4	2.0
Reversal of provisions	1.9	0.8	0.7	0.8
Losses without prior provisions	0.0	93.6	0.0	93.6
Recognized in the income statement	-1.5	94.8	-0.3	94.8
Impairment account for loans, advances and provisions for guarantees, total	1,142.8	1,026.9	998.1	890.8
Impairment of loans, advances and receivables, etc.				
<i>The total recognition in the income statement under impairment of loans, advances and receivables, etc. can be broken down as follows:</i>				
Impairment of loans, advances and receivables, etc.	438.2	404.8	404.7	355.1
Provisions for losses on guarantees	-1.5	94.8	-0.3	94.8
Total impairment of loans, advances and receivables, etc. *)	436.7	499.6	404.4	449.9
Recognized in profit/loss on discontinuing activities	33.8	46.7	-	-
Recognized in impairment of loans, advances and receivables, etc.	402.9	452.9	404.4	449.9
*) Of which losses on sector-wide solutions (the Private Contingency Association) amounted to DKK 0.0 million in 2011 (2010: DKK 93.6 million).				
Total impairment recognized under profit/loss on discontinuing activities				
New impairment losses and reversal of impairment losses	33.8	46.7	-	-
Losses without prior impairment	40.5	52.5	-	-
Carried to income, previously written off	3.6	1.9	-	-
Recognized in the income statement	70.7	97.3	-	-
<i>Non-accrual loans amount to:</i>				
Continuing activities	86.1	57.9	85.8	54.4
Discontinuing activities	36.2	47.5	-	-
Total non-accrual loans	122.3	105.4	85.8	54.4
Interest on impaired receivables is calculated on the impaired balance only.				
<i>Interest on impaired loans and advances taken to income:</i>				
Continuing activities	58.6	52.8	58.6	52.8
Discontinuing activities	5.3	3.3	-	-
Total interest on impaired loans and advances taken to income	63.9	56.1	58.6	52.8

Credit facilities and impairment by industry	2011				2010			
	Exposures The Group		Individual impairment		Exposures The Group		Individual impairment	
	DKK m	%	DKK m	%	DKK m	%	DKK m	%
<i>Business customers</i>								
Public authorities	1,744.9	4.0	0.0	0.0	1,044.9	2.3	0.0	0.0
Agriculture, hunting, forestry and fisheries	5,414.6	12.4	304.4	28.9	5,645.1	12.2	225.4	24.1
Industry and raw materials extraction	1,634.2	3.7	60.6	5.8	1,739.7	3.8	48.3	5.2
Energy supply	1,716.7	3.9	6.4	0.6	1,398.8	3.0	1.0	0.1
Building and construction	2,185.6	5.0	45.1	4.3	2,279.9	4.9	50.2	5.5
Trade	3,745.6	8.6	88.7	8.4	3,864.3	8.4	123.6	13.2
Transport, hotels and restaurants	2,814.1	6.4	48.2	4.6	3,032.8	6.6	71.4	7.6
Information and communication	182.8	0.4	5.0	0.5	83.8	0.2	3.9	0.4
Financing and insurance	2,380.2	5.5	61.7	5.9	3,651.1	7.9	55.6	5.9
Real estate	4,923.7	11.3	102.7	9.8	4,925.3	10.7	88.0	9.4
Other business areas	2,868.5	6.6	114.2	10.8	3,080.8	6.7	72.0	7.7
Business customers, total	29,610.9	67.8	837.0	79.6	30,746.5	66.7	739.4	79.1
<i>Retail customers, total</i>	14,071.7	32.2	215.2	20.4	15,370.0	33.3	196.1	20.9
Loans, advances and guarantees, total	43,682.6	100.0	1,052.2	100.0	46,116.5	100.0	935.5	100.0
<i>Groups of impairment losses</i>								
Retail customers			43.0	47.5			40.6	44.5
Business customers			47.6	52.5			50.8	55.5
Groups of impairment losses			90.6	100.0			91.4	100.0
Total			1,142.8				1,026.9	

In connection with the Group's ongoing credit risk management, groups of impairment losses are not allocated to various industries but instead recognized as a combined item, broken down by retail and business customers, as groups of impairment losses have been calculated based on scoring models.

Individually impaired loans, etc.	Spar Nord Bank A/S The Group 31.12.11 DKK m	Spar Nord Bank A/S The Group 31.12.10 DKK m	Spar Nord Bank A/S Parent Company 31.12.11 DKK m	Spar Nord Bank A/S Parent Company 31.12.10 DKK m
<i>Loans, advances and receivables</i>				
Sum total of individually impaired loans, advances and receivables	2,460.3	2,102.5	1,963.5	1,669.6
Impairment of loans, advances and receivables	1,050.4	931.0	916.4	806.9
Carrying amount of loans, advances and receivables	1,409.9	1,171.5	1,047.1	862.7
<i>Guarantees</i>				
Sum total of individual provisions for guarantees	64.6	35.9	64.6	34.7
Provisions for guarantees	1.8	4.5	1.8	3.3
Carrying amount of guarantees	62.8	31.4	62.8	31.4

The impairment account for individual impairment shown by cause of impairment The Group	2011		2010	
	Credit exposure before impairment DKK m	Impairment DKK m	Credit exposure before impairment DKK m	Impairment DKK m
<i>Individual impairment of loans, advances, receivables and guarantees</i>				
Insolvent liquidation	167.0	94.3	187.0	68.4
Collection or suspension of payments	76.3	35.7	59.6	26.7
Other financial difficulties	2,281.6	922.2	1,891.8	840.4
Individual impairment of loans, advances, receivables and guarantees, total	2,524.9	1,052.2	2,138.4	935.5

The impairment account for individual impairment shown by cause of impairment

Parent Company

Individual impairment of loans, advances, receivables and guarantees

	2011		2010	
	Credit exposure before impairment DKK m	Impairment DKK m	Credit exposure before impairment DKK m	Impairment DKK m
Insolvent liquidation	76.6	51.4	110.9	33.8
Collection or suspension of payments	36.5	29.7	35.3	18.5
Other financial difficulties	1,915.0	837.1	1,558.1	757.9
Individual impairment of loans, advances, receivables and guarantees, total	2,028.1	918.2	1,704.3	810.2

Virtually all cases of insolvent liquidation, suspension of payments and collection proceedings are attributable to business customers. The customers are widely distributed on all sectors, with a slight overweight on trade exposures.

The collateral for individually impaired loans and for past-due loans that have not been individually impaired does not differ significantly from the Bank's other collateral.

CLAIMS DUE, BUT NOT IMPAIRED

The Group

DKK m	Spar Nord Bank A/S The Group 31.12.11	Spar Nord Bank A/S The Group 31.12.10
0 - 30 days	176.8	178.1
31 - 60 days	26.3	17.7
61 - 90 days	11.0	3.5
> 90 days	34.8	28.2
Total	248.9	227.5

CLAIMS DUE, BUT NOT IMPAIRED

Parent Company

DKK m	Total			
	Over-drawn 2011	Secured 2011	Over-drawn 2010	Secured 2010
0 - 30 days	157.4	144.4	158.3	91.2
31 - 60 days	19.5	17.5	10.4	4.4
61 - 90 days	8.9	7.6	3.5	1.1
> 90 days	15.9	12.0	7.1	2.6
Total	201.7	181.5	179.3	99.3

CLAIMS DUE, BUT NOT IMPAIRED

Agriculture, etc. (Parent Company)

Mio. kr.	Total			
	Over-drawn 2011	Secured 2011	Over-drawn 2010	Secured 2010
0 - 30 days	24.8	22.2	13.7	12.3
31 - 60 days	0.5	0.5	0.2	0.2
61 - 90 days	1.9	1.6	0.0	0.0
> 90 days	0.5	0.0	0.4	0.4
Total	27.7	24.3	14.3	12.9

The collateral has been calculated using the Bank's collateral registration system, in which all collateral is recorded on the basis of a conservative valuation.

Developments in unauthorized overdrafts are monitored on an ongoing basis at the Bank. During the past few years, this monitoring has been tightened up as a result of economic developments. Unauthorized overdrafts have been reduced on an ongoing basis, primarily as concerns retail customers, and unauthorized overdrafts with respect to business customers have been kept at a low level throughout the period.

The development can be seen from figures 11 and 12 below, which include a trendline for developments from month to month in the past two years. Throughout the entire period, development in retail customers' unauthorized overdrafts remained at a stable low level. Over the past two years, despite a slight increase, business customers' unauthorized overdrafts have remained at a low level of slightly above 0.4% of lending to business customers at the Local Banks. This development is considered highly satisfactory in light of the economic trends.

RETAIL CUSTOMERS – DEVELOPMENT IN UNAUTHORIZED OVERDRAFTS

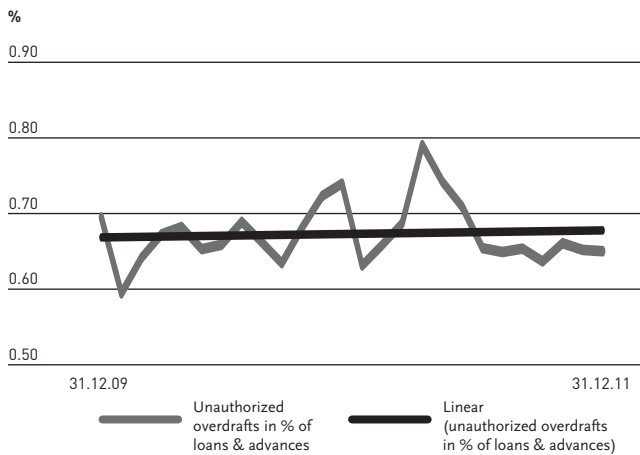


Figure 12

BUSINESS CUSTOMERS - DEVELOPMENT IN UNAUTHORIZED OVERDRAFTS

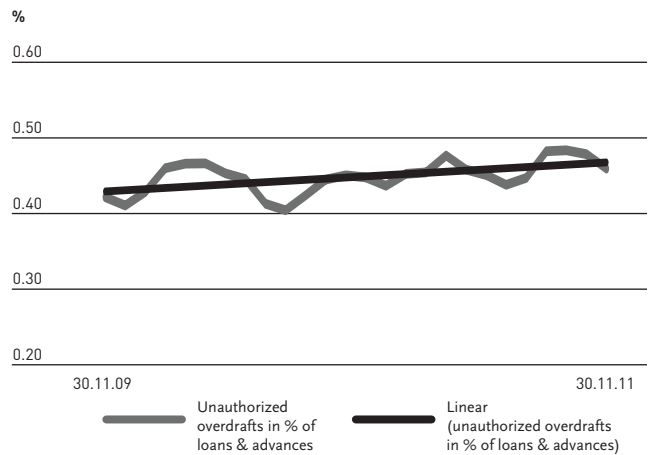


Figure 13

Financial credit risk

As part of its trading in and holding of securities, foreign currency and derivative instruments and its payment services, etc., the Bank will experience credit risk exposure to financial counterparties.

Spar Nord's Management allocates lines for credit risk exposure to financial counterparties, based on the particular counterparty's risk profile, rating, amount of exposure and solvency. The risks and lines of financial instruments are monitored constantly.

FINANCIAL CREDIT RISK

THE GROUP	2011 Carrying amount DKK m	2010 Carrying amount DKK m	2011 Risk portfolio DKK m	2010 Risk portfolio DKK m
AAA	9,228.3	10,142.4	7,219.0	9,085.7
AA	7,618.2	4,561.6	7,067.6	4,433.7
A	2,362.6	1,404.7	2,366.7	1,393.9
BBB	9.0	3.0	8.8	3.0
BB	4.3	123.5	4.3	123.5
B	29.6	0.2	29.9	0.0
CCC	0.4	0.0	0.4	0.2
CC	2.1	12.0	2.1	12.0
Unrated	244.5	293.2	245.5	292.8
Unallocated	28.6	17.4	28.6	17.4
Total financial credit risk	19,527.6	16,558.0	16,972.9	15,362.2

Overall, Management's assessment is that Spar Nord's credit exposure to financial counterparties remains at a moderate level, as 98.1% (2010: 97.1%) of the financial credit risk is attributable to counterparties with a rating of A or higher.

Bond portfolio

The Group's bond portfolio is the most significant source of financial credit risk.

BOND PORTFOLIO BY ISSUER TYPE *)

THE GROUP	2011 Carrying amount DKK m	2010 Carrying amount DKK m	2011 Risk portfolio DKK m	2010 Risk portfolio DKK m
Mortgage-credit bonds	14,646.3	11,773.5	12,320.2	10,833.2
Financial issuers	1,398.5	1,506.1	1,400.0	1,504.0
Credit bonds	124.1	238.1	125.4	238.1
Governmentt bonds	252.3	119.6	20.8	-133.8
Total	16,421.2	13,637.3	13,866.4	12,441.5

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

BOND PORTFOLIO BY RATING

THE GROUP	2011 Carrying amount DKK m	2010 Carrying amount DKK m	2011 Risk portfolio DKK m	2010 Risk portfolio DKK m
AAA	8,277.9	9,153.9	6,268.6	8,097.2
AA	6,621.8	3,349.0	6,071.2	3,221.1
A	1,486.2	994.5	1,490.2	983.7
BBB	4.1	2.0	3.9	2.0
BB	4.3	123.2	4.3	123.2
B	14.6	0.0	14.9	0.0
CCC	0.4	0.0	0.4	0.0
CC	2.1	12.0	2.1	12.0
Unrated	9.8	2.7	10.8	2.3
Total	16,421.2	13,637.3	13,866.4	12,441.5

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

Spar Nord's bond portfolio is composed of 88.8% mortgage-credit bonds (2010: 87.1%), 10.1% bonds from financial issuers (2010: 12.1%) and 1.1% from other issuers (2010: 0.8%). The increase in bonds from financial issuers is primarily attributable to bond issues by Danish banks covered by individual government-backed guarantees.

Receivables from credit institutions

The other major source of financial credit risk is receivables from credit institutions and central banks. In this area, Spar Nord's exposure is typically to central banks with a triple A rating or Danish banks with which the Bank's Trading, Financial Markets & the International Division has a customer relationship.

RECEIVABLES FROM CREDIT INSTITUTIONS BY PRODUCT TYPE

THE GROUP	2011 Carrying amount DKK m	2010 Carrying amount DKK m	2011 Risk portfolio DKK m	2010 Risk portfolio DKK m
Reverse transactions	818.9	811.8	818.9	811.8
Unlisted CDOs	40.4	56.3	40.4	56.3
Deposits and unlisted bonds	196.9	222.0	196.9	222.0
Subordinated loans	10.0	10.0	10.0	10.0
Current accounts	287.7	366.7	287.7	366.7
CSA accounts, etc.	895.7	570.4	895.7	570.4
Undisclosed	178.7	190.6	178.7	190.6
Receivables from credit institutions	2,428.3	2,227.8	2,428.3	2,227.8
Positive market value of derivative instruments, financial companies	678.1	692.9	678.1	692.9
Total	3,106.4	2,920.7	3,106.4	2,920.7

RECEIVABLES FROM CREDIT INSTITUTIONS BY RATING

THE GROUP	2011 Carrying amount DKK m	2010 Carrying amount DKK m	2011 Risk portfolio DKK m	2010 Risk portfolio DKK m
AAA	950.4	988.5	950.4	988.5
AA	996.4	1,212.6	996.4	1,212.6
A	876.4	410.2	876.4	410.2
BBB	4.9	1.0	4.9	1.0
BB	0.0	0.3	0.0	0.3
B	15.0	0.2	15.0	0.2
Unrated	234.7	290.5	234.7	290.5
Unallocated	28.6	17.4	28.6	17.4
Total	3,106.4	2,920.7	3,106.4	2,920.7

90.8% (2010: 89.4%) of Spar Nord's receivables from credit institutions concerns banks with an A rating or higher. Of the total receivables from credit institutions of DKK 3.1 billion (2010: DKK 2.9 billion), 30.6% (2010: 33.8%) is attributable to institutions with an AAA rating, 32.0% (2010: 41.5%) to institutions with an AA rating, and 28.2% (2010: 14.0%) to institutions with an A rating.

Receivables from credit institutions with no rating are mainly attributable to the Danish financial institutions that perform their clearing through Spar Nord Bank.

NOTE 54 **MARKET RISK**

Market risk is defined as the risk that volatility in market conditions will change the market value of the Bank's assets and liabilities. Market risks are a consequence of the Bank's open positions in the financial markets and may be categorized as interest-rate risk, equity risk, exchange-rate risk, commodity risk and liquidity risk. Market risks are managed and hedged by Spar Nord's Trading, Financial Markets & the International Division.

In 2011, Spar Nord made no major changes in assumptions, objectives, policies, exposures and calculation methods, etc. as compared to the year before.

Spar Nord's Board of Directors determines the overarching policies, frameworks and principles for risk management. The policies are concerned with identifying and estimating various types of market risk. The frameworks indicate specific limits on the extent of risk the Bank is ready to assume. The principles establish the methods to be used in calculating the various risk targets. The Board of Directors receives continuous reporting on risk developments and the utilization of allocated risk limits.

The aim of the Bank's market risk policy is to ensure that Spar Nord Bank has a market risk that at all times bears an appropriate relation to its capital base. Moreover, the market risk policy must ensure that the Bank continuously handles and manages its market risks on the basis of appropriate and updated procedures.

For its management of market risks, the Bank has established a three-tier instruction hierarchy. At the first tier, the Board of Directors issues the definition of the limits for the Spar Nord Group to the Executive Board. At the second tier, the Executive Board delegates limits to the other entities of the Group, with the Trading, Financial Markets & the International Division being the distinctly largest entity. At the third and last tier, the executives of the Trading, Financial Markets & the International Division are granted the limits within which they may operate.

The Middle Office function of the Finance & Accounts Department is responsible for estimating, monitoring, controlling and reporting market risks to the Board of Directors and the Executive Board. Market risks are controlled and monitored through an integrated risk management system. Procedures for ongoing follow-up on all types of market risk are in place for all entities that are subject to the instructions and any failure to adhere to these instructions is reported further up in the hierarchy. To ensure independence, the Middle Office function has no position-taking authority. All trades are settled by Spar Nord's Back Office Department according to the guidelines issued by the Danish Financial Supervisory Authority regarding functional separation.

As part of the instruction hierarchy, a number of limits have been set that are used to manage risks. In the long term, these limits are influenced by the Bank's business development. The most important limits applicable at the end of 2011 allow the Bank to:

- have a net interest-rate risk of 1.9% measured in relation to the Bank's core capital (Tier 1) incl. hybrid core capital after deductions, in case of a 1% increase in the interest rate;
- acquire bonds, measured in terms of the risk portfolio, for DKK 16 billion;
- acquire listed shares for DKK 250 million.

Interest-rate risk

The interest-rate risk is the risk of loss due to fluctuating interest rates. The majority of Spar Nord Bank's interest-rate risks derive from activities involving ordinary banking transactions, such as deposits and lending, as well as trade and position-taking in a number of interest-related products. Most of these activities incorporate simple interest-rate products such as interest swaps, bonds, futures and standard interest-rate options.

The interest-rate risk is calculated on the basis of the target duration and agreed cash flow. For managing the portfolio of Danish mortgage-credit bonds, the Bank uses model-based key risk indicators that provide for the inherent option element. For interest-rate options, the above-mentioned key indicators are supplemented by the most important risk factors expressing the sensitivity of the option premium based on the underlying parameters.

Spar Nord's interest-rate risk is calculated on the basis of target duration and agreed cash flow. For managing the Group's portfolio of convertible Danish mortgage-credit bonds, the Bank uses model-based key risk indicators that provide for the inherent option element. For interest-rate options, the above-mentioned key indicators are supplemented by the most important risk factors expressing the sensitivity of the option premium based on the underlying parameters.

The interest-rate risk is assessed on a daily basis and decisions are made in light of expectations for the macroeconomic situation and market developments. The Bank converts the interest-rate risk in foreign currencies into Danish kroner and offsets the negative interest-rate risk against the positive one to calculate the net interest-rate risk.

The interest-rate risk broken down by currency and duration is shown below, where the interest-rate risk denotes the expected loss on interest-rate positions due to a change in the interest rate of 1 percentage point.

INTEREST-RATE RISK SHOWN BY TERM TO MATURITY AND CURRENCY (DKK M)

2011	Less than 3 mths	3 mths - 1 year	1 year - 3 years	3 years to 7 years	Over 7 years	Total
DKK	1.7	3.4	-23.7	17.1	16.2	14.7
EUR	1.9	-5.0	-19.4	-22.0	-0.9	-45.4
USD	0.3	0.0	0.1	-0.2	0.0	0.2
GBP	0.0	0.0	0.0	0.0	0.0	0.0
NOK	0.0	0.0	0.0	0.0	0.0	0.0
CHF	-0.6	-0.2	-0.3	-0.3	0.1	-1.3
JPY	-0.1	-0.2	0.0	0.0	0.0	-0.3
SEK	2.7	0.2	0.3	0.0	0.0	3.2
Miscellaneous	-0.1	0.3	0.1	0.0	0.0	0.3
Total	5.8	-1.5	-42.9	-5.4	15.4	-28.6

2010	Less than 3 mths	3 mths - 1 year	1 year - 3 years	3 years to 7 years	Over 7 years	Total
DKK	10.7	4.2	-43.9	35.5	17.7	24.2
EUR	4.1	-5.0	8.2	-27.4	-1.8	-21.9
USD	-1.3	-1.5	0.0	0.4	0.0	-2.4
GBP	0.0	0.0	0.0	0.0	0.0	0.0
NOK	0.0	-0.1	-0.1	0.1	0.0	-0.1
CHF	0.1	3.5	-0.4	-0.4	0.4	3.2
JPY	0.3	0.0	0.0	0.0	0.0	0.3
SEK	-0.5	0.0	0.1	0.4	0.0	0.0
Miscellaneous	0.1	0.1	0.2	0.1	0.0	0.5
Total	13.5	1.2	-35.9	8.7	16.3	3.8

As appears from the table, the Group is mainly exposed to DKK and EUR [2010: DKK and EUR]. It also appears that since end-2010, the interest-rate risk has switched from being positive in the amount of DKK 3.8 million to being negative in the amount of DKK 28.6 million at end-2011.

If the yield curves are displaced parallel to each other upwards by one percentage point, a negative interest-rate risk would impact the shareholders' equity positively. In 2011, the interest-rate risk would have impacted the shareholders' equity positively by just under 1.5% [2010: 0.9%] as a maximum and negatively by -0.3% [2010: -0.1%] if interest rates were to increase by one percentage point.

Foreign-exchange risk

The foreign-exchange risk is the risk of loss on currency positions due to exchange-rate fluctuations. Spar Nord Bank calculates the foreign-exchange risk in two ways: The first calculation is based on the assumption that all exchange rates develop unfavourably for the Bank by 2%. The other calculation is based on a foreign-exchange indicator, which is computed based on the sum of all currencies in which the Bank has placed orders to sell ('gone short') and all the currencies in which the Bank has placed orders to buy ('gone long'). The foreign-exchange indicator is calculated by correlating the higher of the two sums to the Bank's core capital (Tier 1) incl. hybrid core capital after deductions.

	Spar Nord Bank A/S The Group 31.12.11 DKK m	Spar Nord Bank A/S The Group 31.12.10 DKK m	Spar Nord Bank A/S Parent Company 31.12.11 DKK m	Spar Nord Bank A/S Parent Company 31.12.10 DKK m
FOREIGN-EXCHANGE RISK				
Assets denominated in foreign currencies, total	15,848.0	18,926.8	15,198.1	17,518.9
Liabilities denominated in foreign currencies, total	11,661.4	11,766.5	11,144.2	10,365.1
Foreign-exchange indicator 1	390.4	163.2	440.8	159.1
Foreign-exchange indicator 1 in % of core capital (Tier 1) (incl. hybrid core capital) after deductions	6.9	2.9	7.8	2.8

Foreign-exchange risk broken down by currency:

EUR	-1.1	-0.4	-0.9	-0.3
SEK	-2.4	0.0	-0.1	0.0
USD	-0.2	-1.4	-0.2	-1.4
CHF	-1.0	-1.1	-0.8	-1.1
JPY	0.0	-0.4	0.0	-0.4
Other currencies	-0.6	-0.4	-0.6	-0.4
Foreign-exchange risk regarding financial instruments, etc., total	-5.3	-3.7	-2.6	-3.6

The foreign-exchange risk denotes the loss in million DKK that the Spar Nord Group would incur if the exchange rate developed negatively by 2% relative to the Bank's exposure.

As appears from the table, the overall foreign-exchange risk in 2011 was DKK 1.6 million higher than at end-2010, totalling DKK -5.3 million at end-2011. The foreign-exchange exposure to EUR and SEK increased, while the exposure to USD declined.

Equity risk

The equity risk is the risk of loss due to fluctuating share prices, calculated as the net value of long and short positions in shares and share-related instruments. The equity positions have been determined depending on whether they are included in the trading portfolio or not.

EQUITY RISK

	Spar Nord Bank A/S The Group 31.12.11 DKK m	Spar Nord Bank A/S The Group 31.12.10 DKK m
<i>Equity risk in the trading portfolio:</i>		
Listed shares in the trading portfolio	82.0	169.8
Unlisted shares in the trading portfolio	40.6	61.9
Total shares in the trading portfolio	122.6	231.7

The shares in the trading portfolio are shares acquired with a view to trading. This includes shares acquired through the wholly-owned subsidiary Erhvervsinvest Nord A/S.

Shares outside the trading portfolio:

Shares in credit and financing institutions	458.4	439.5
Shares in unit trust management companies	53.3	48.0
Shares in pension institutions	16.1	18.5
Shares in data supplier	174.8	171.9
Shares in payment services business	161.4	161.4
Other shares	53.8	50.7
Shares in strategic partners, total	917.8	890.0
Realized gains	0.6	0.0
Unrealized gains	14.4	43.6
Total associates	765.1	745.8
Total shares outside the trading portfolio	1,682.9	1,635.8

NOTE Shares outside the trading portfolio are characterized in that they have not been acquired with a view to trading. In addition, a distinction is made between shares in associates and shares in strategic partners.

Shares in associates include Nørresundby Bank A/S in which Spar Nord has a 50.2% interest, but due to voting right restrictions this interest is considered to give significant influence only, and not control.

Shares in strategic partners in the financial sector are shares in companies whose purpose is to support bank transactions in the fields of mortgage credit, payment services, unit trusts, etc. Spar Nord has no plans to sell its shares in this portfolio, as participation in the companies in question is considered a prerequisite for the Bank's operations.

In several of the sector companies, the shares are reallocated such that the ownership interest of the banks will reflect the business volume of the relevant bank with the sector company at all times. Typically, this reallocation is made based on the net asset value of the sector company in question. The recognized value of these shares is changed when new information is available that supports a change of valuation. In other sector companies, the shares are not reallocated, but instead measured based on a recognized valuation method. The adjustments of the values of the shares in these companies are also recognized in the income statement.

	Spar Nord Bank A/S The Group 31.12.11 DKK m	Spar Nord Bank A/S The Group 31.12.10 DKK m	Spar Nord Bank A/S Parent Company 31.12.11 DKK m	Spar Nord Bank A/S Parent Company 31.12.10 DKK m
<i>Shares included in the trading portfolio:</i>				
Long positions	122.6	231.7	109.9	218.9
Short positions	0.5	46.7	0.5	46.7
Gross portfolio	123.1	278.4	110.4	265.6

Reference is made to note 24 regarding the amount of shares recognized according to the fair-value option.

SENSITIVITY ANALYSIS *)

*) The sensitivity information shows the impact of isolated changes on interest rates, share prices and exchange rates.

	End 2011		End 2010		Impact on the income statement	
	%	DKK m	%	DKK m	DKK m	DKK m
- Interest increase of 1 percentage point	0.5		-0.1		21.5	-2.8
- Interest decrease of 1 percentage point	-0.5		0.1		-21.5	2.8
- Share price decrease of 10%	-0.2		-0.4		-9.2	-17.4
- Exchange-rate fluctuation of 2% in unfavourable direction	-0.1		-0.1		-4.0	-2.8

The impact on the income statement has been calculated after tax.

The impact on shareholders' equity is equal to the impact on profit or loss. There is no direct impact on the shareholders' equity, as there are no held-to-maturity investments.

The percentage changes in interest rate, share prices and foreign-exchange rates shown in the sensitivity analysis have been calculated in relation to the shareholders' equity at the end of the year.

The sensitivity analysis shows the impact of changes in the interest rate, share prices and foreign-exchange rates.

The sensitivity to interest-rate changes has been calculated based on changes in the net interest-rate risk relative to shareholders' equity.

The sensitivity to share price decreases has been calculated based on the Bank's equity portfolio.

55 LIQUIDITY RISK

In 2011, Spar Nord made no major changes in assumptions, objectives, policies, exposures and calculation methods, etc. as compared to the year before. Liquidity risk is the risk that the Group's financings costs rise disproportionately, that the Group is prevented from entering into new transactions because it lacks adequate cash funds, and – ultimately – that the Group cannot honour its payment obligations on account of insufficient cash resources.

The Group performs cash management by currently monitoring and controlling the Bank's short-term and long-term liquidity risks, based on four elements:

- Strategic liquidity
- Cash resources
- Contingency liquidity plan
- Stress test

Other elements are:

- Funding structure
- Moody's

Based on the general policies and strategic goals for the Group's liquidity risk determined by the Board of Directors.

1. liquidity policy, including an emergency plan in case of insufficient or lacking cash resources,
2. plan for capital procurement and funding,

the Executive Board has defined specific and operational frameworks and limits for the Finance & Accounts Department and for Trading, Financial Markets & the International Division. Trading, Financial Markets & the International Division is responsible for day-to-day cash management, while the Finance & Accounts Department is responsible for managing long-term strategic funding.

The objective of the Group's cash management is thus to ensure suitable cash funds to allow the Bank to honour its payment obligations as and when they fall due, and to ensure reasonable funding costs. This work is carried out at three levels:

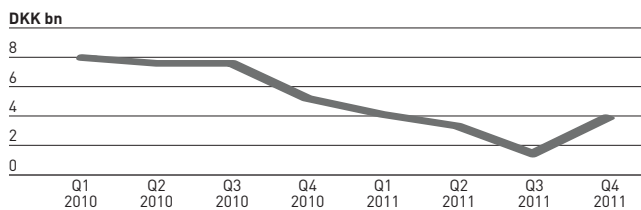
1. Deposits (excluding repo transactions), senior loans, issued bonds, subordinated debt and shareholders' equity must exceed lending (excluding reverse transactions), in which connection only the portion of subordinated debt, senior loans and issued bonds that has a term to maturity of more than 12 months is to be included.
2. The liquidity coverage ratio according to statutory requirements (section 152) must be minimum 75%, and the funding structure must meet the threshold value for stable funding in the Danish Financial Supervisory Authority's Diamond Test Model.
3. Minimum requirement for short-term liquidity, including requirements as to maturity, in simulated emergency scenarios if money-market funding is unavailable.

The Finance & Accounts Department is responsible for determining, monitoring and controlling that the Bank's liquidity risk lies within the limits set.

Strategic liquidity

The long-term internal strategic liquidity target is for deposits (excluding repo transactions), senior loans, issued bonds, subordinated debt and shareholders' equity to exceed loans and advances to customers (excluding reverse transactions). As concerns subordinated debt, senior loans and issued bonds, only the portion having a term to maturity of more than 12 months is included.

STRATEGIC LIQUIDITY



Compared to the beginning of 2010, strategic liquidity has been halved, amounting to DKK 3.9 billion at end-2011. This reduction is mainly attributable to the fact that subordinated debt, senior loans and issued bonds with a term to maturity of less than 12 months increased from DKK 2.3 billion at end-2010 to DKK 6 billion. New issues of bonds and senior loans in 2011 totalled DKK 2.4 billion, while own bonds worth DKK 0.5 billion were sold. During the period under review, bonds and senior loans for a total amount of DKK 2.1 billion were redeemed.

Subsequently, the strategic liquidity has been specified for the individual constituent parts for end-2011 and -2010, respectively.

STRATEGIC LIQUIDITY	The Group 31,12,11 DKK m	The Group 31,12,10 DKK m
Deposits, banking activities	31,087.6	30,390.4
Senior loans	2,114.9	1,573.6
Issued bonds	8,021.3	7,806.2
Subordinated debt	2,316.8	2,477.0
Shareholders' equity	4,627.3	4,374.4
Generation of cash	48,167.9	46,621.6
Loans and advances, banking activities	31,189.1	30,754.0
Loans and advances, leasing activities	7,119.8	7,681.5
Loans and advances (bank and leasing activities)	38,308.9	38,435.5
Senior loans, issued bonds and subordinated debt having a term to maturity of less than 12 months	5,962.2	2,291.6
Excess coverage, strategic liquidity	3,896.8	5,894.5

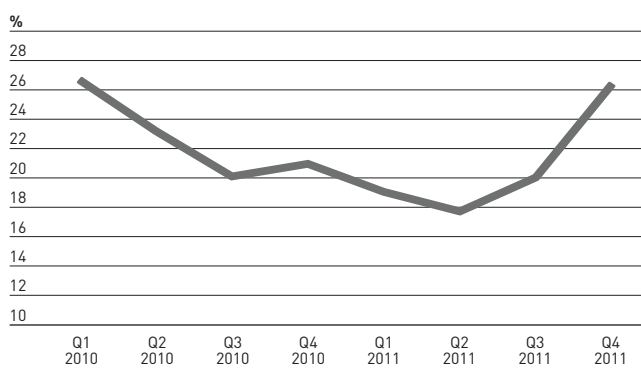
The calculation of strategic liquidity was adjusted in 2011, and accordingly deposits now exclude repo transactions and loans and advances exclude reverse transactions. The figures for 2010 have been restated.

Cash resources

Spar Nord Bank's cash management target is that the Group should always have sufficient free liquidity to ensure that the Group complies with the liquidity requirement in section 152 of the Danish Financial Business Act and maintains a liquidity coverage ratio of 50%. Free liquidity is defined as unencumbered exchange-listed securities, demand deposits held with credit institutions, certificates of deposit or cash balances.

Pursuant to section 152 of the Danish Financial Business Act, a bank's free liquidity must amount to at least 15% of its on-demand payables and at least 10% of the reduced liabilities (other than provisions) and guarantee commitments. As concerns Spar Nord, the excess coverage relative to the requirement that the free liquidity must at least amount to 15% of the Bank's on-demand payables has always been somewhat larger than the excess coverage relative to the 10% requirement. The compliance ratio relative to the requirement that the free liquidity must amount to at least 10% of the reduced liabilities (other than provisions) and guarantee commitments constituted 26.4% at end-2011 (2010: 20.9%). As from end-2011, pooled assets are included in the calculation based on a decision made by the Financial Business Council.

COMPLIANCE RATIO RELATIVE TO THE 10% REQUIREMENT (SECTION 152(2))



Contingency liquidity plan

Spar Nord has prepared an emergency liquidity plan pursuant to section 71 of the Danish Financial Business Act. This plan contains a catalogue of possible courses of action to strengthen the Group's liquidity position in a critical situation, including a more detailed description of the expected effect of and time horizon for the individual courses of action.

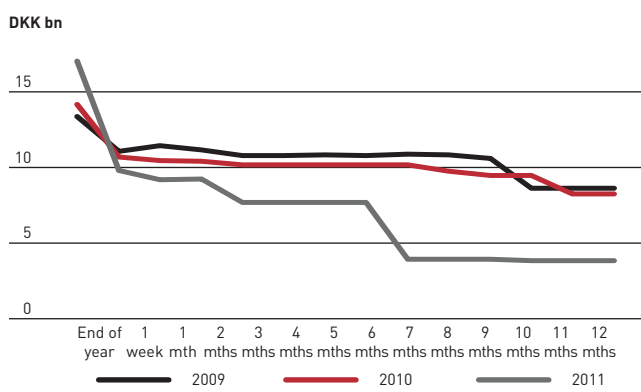
The emergency liquidity plan will be put into effect if the Group has difficulty observing the liquidity instructions laid down and thus incurs substantially increased funding costs.

Stress test

The Bank's cash management procedures include a stress test.

In connection with rating Spar Nord Bank, Moody's makes specific requirements as to the Bank's liquidity situation and management, one requirement being that a stress test of 12 months' liquidity should generally show positive cash flow. Moody's "12-month scenario with no access to funding" defines a capital market crisis with a survival horizon of 12 months, with all money and capital market funding falling due according to the terms of the contract without any option of extension or new funding being raised, and based on the assumption that deposits are maintained at an unchanged level.

MOODY'S 12-MTH SCENARIO WITH NO ACCESS TO FUNDING



As appears, the Group had no problems meeting Moody's requirement for positive liquidity during the 12-month period.

The Bank's internal stress tests are prepared for a 12-month period and are calculated using three permanently defined scenarios: A business-specific, a market-specific and a mixed scenario.

Funding structure

The Group's assets are funded through four funding sources:

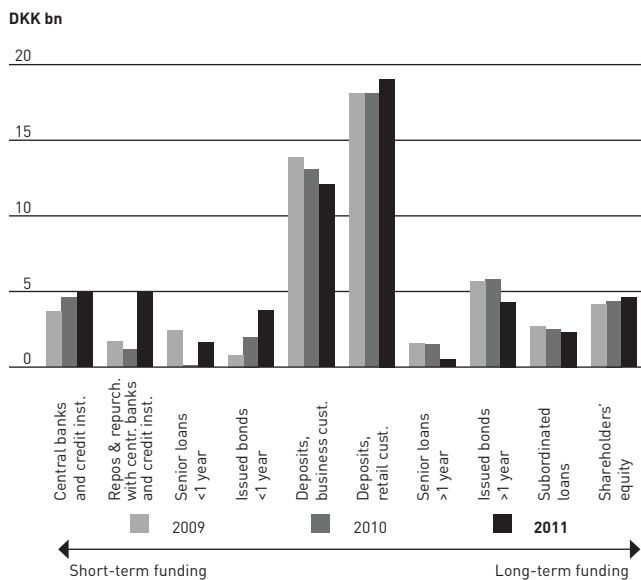
- customer deposits
- loans from or repo transactions with other credit institutions and Danmarks Nationalbank (the central bank)
- issued bonds
- subordinated debt and shareholders' equity

Customer deposits constitute the largest funding source and amount to 53.5% (2010: 58.7%) of the Bank's total funding. Senior loans and issued bonds with a term to maturity of more than 12 months amount to 8.2% (2010: 13.7%) of total funding.

At 1 October 2011, Finans Nord Easyfleet A/S and the future activities of Spar Nord Leasing A/S were transferred to the Jyske Bank Group. It has been decided to phase out the Group's remaining leasing activities in both Denmark and Sweden in step with the expiry of the lease agreements in the two companies. It is expected that the majority of these assets will have been phased out by the end of 2015.

The liquidation will result in an ongoing improvement of the Group's liquidity resources. Total assets are expected to be reduced by about 45% by the end of 2012, about 70% by the end of 2013, and about 90% by the end of 2014.

FUNDING STRUCTURE



FUNDING

DKK m / %	2011	2010	2009	2011	2010	2009
Centr. banks and credit inst.	4,965.2	4,577.1	3,656.6	8.6	8.6	6.7
Repos and repurchases w/ centr. banks and credit inst.	5,010.8	1,163.3	1,697.0	8.6	2.2	3.1
Senior loans <1 year	1,636.8	82.7	2,408.0	2.8	0.2	4.4
Issued bonds <1 year	3,731.1	1,992.4	794.7	6.4	3.7	1.4
Deposits, business cust.	12,049.7	13,088.6	13,854.7	20.7	24.6	25.4
Deposits, retail cust.	19,037.9	18,115.1	18,076.0	32.7	34.1	33.2
Senior loans >1 year	478.1	1,490.9	1,565.7	0.8	2.8	2.9
Issued bonds >1 year	4,290.2	5,813.8	5,650.5	7.4	10.9	10.4
Subord. debt	2,316.8	2,477.0	2,681.1	4.0	4.7	4.9
Shareholders' equity	4,627.3	4,374.4	4,142.7	8.0	8.2	7.6
Total	58,143.9	53,175.3	54,527.0	100.0	100.0	100.0

In 2011, the Group made two unguaranteed issues under the EMTN programme for a total amount of DKK 1.7 billion, while the Group made one guaranteed issue of DKK 2.5 billion in 2010.

Moody's

Spar Nord Bank has been rated by Moody's since August 2007.

The Group's current ratings and historical developments:

MOODY'S FINANCIAL STRENGTH RATINGS

Official rating	2011	2010	2009	2008	2007
Long-term debt	Baa2	A2	A2	A1	A1
Short-term debt	P-2	P-1	P-1	P-1	P-1
Financial strength	C-	C-	C-	C	C

Balance-sheet items broken down by expected time to maturity	2011	2011	2010	2010
	<1 year DKK m	>1 year DKK m	<1 year DKK m	>1 year DKK m
Assets				
Cash balances and demand deposits with central banks	641.0	0.0	578.1	0.0
Receivables from credit institutions and central banks	2,133.4	294.9	1,856.5	371.3
Loans, advances and other receivables at amortized cost	18,553.4	20,148.7	19,542.5	20,409.6
Bonds at fair value	9,382.1	7,039.1	5,458.1	8,179.2
Shares, etc.	82.0	958.4	169.8	951.9
Equity investments in associates	0.0	765.1	0.0	745.8
Assets linked to pooled schemes	813.8	5,513.3	660.3	5,018.2
Intangible assets	6.5	124.9	5.1	152.4
- Investment properties	48.5	0.0	61.4	0.0
- Corporate properties	11.1	445.5	10.8	442.0
Land and buildings, total	59.6	445.5	72.2	442.0
- Operating lease assets	85.7	318.3	92.4	345.0
- Other property, plant and equipment	37.0	102.6	46.3	120.1
Other property, plant and equipment, total	122.7	420.9	138.7	465.1
Current tax assets	10.3	0.0	1.4	0.0
Temporary assets	87.5	0.0	79.8	0.0
Other assets	1,175.1	1,226.6	1,174.2	890.3
Prepayments	76.6	0.0	73.2	0.0
Total	33,144.0	36,937.4	29,809.9	37,625.8
Liabilities				
Payables to credit institutions and central banks	11,615.6	475.3	5,818.6	1,495.4
Deposits and other payables	6,057.1	25,030.5	5,095.5	26,108.2
Deposits in pooled schemes	813.8	5,513.3	660.3	5,018.2
Issued bonds at amortized cost	3,731.1	4,290.2	1,992.4	5,813.8
Other non-derivative financial liabilities at fair value	769.8	0.0	1,211.4	0.0
Current tax liabilities	7.3	0.0	2.4	0.0
Other liabilities	2,980.3	1,345.7	5,818.7	889.9
Deferred income	53.8	0.0	190.1	0.0
Total liabilities other than provisions	26,028.8	36,655.0	20,789.4	39,325.5
Provisions for deferred tax	0.0	394.9	0.0	333.7
Provisions for losses on guarantees	1.8	0.0	4.5	0.0
Other provisions	36.4	20.4	115.3	15.9
Subordinated debt	608.3	1,708.5	204.5	2,272.5
Total	26,675.3	38,778.8	21,113.7	41,947.6

Deposits comprise fixed-term deposits and demand deposits. Fixed-term deposits are recognized at the maturity date. Contractually, demand deposits have ultra-short maturity, but are considered a stable funding source with an expected time to maturity of more than one year.

Bonds are broken down by duration.

Contractual term to maturity of financial liabilities

2011	Carrying amount DKK m	Contractual cash flows DKK m	Within 1 year DKK m	1 - 5 years DKK m	More than 5 years DKK m
<i>Non-derivative instruments</i>					
Payables to credit institutions and central banks	12,090.9	12,139.9	11,637.3	336.8	165.8
Deposits and other payables	31,087.6	31,642.8	25,657.9	3,540.8	2,444.1
Deposits in pooled schemes	6,327.1	6,327.1	813.8	1,656.0	3,857.3
Issued bonds at amortized cost	8,021.3	8,198.2	3,852.2	4,346.0	0.0
Other liabilities, excl. derivative instruments	2,460.2	2,460.2	2,460.2	0.0	0.0
Subordinated debt	2,316.8	2,592.4	753.9	1,838.5	0.0
Irrevocable credit commitments and contingent liabilities	3,837.7	3,837.7	2,518.8	671.8	647.1
<i>Derivative instruments</i>					
Forward contracts used as hedging instruments	1,865.8	1,819.6	510.1	580.9	728.6
31 December before liabilities destined for sale	68,007.4	69,017.9	48,204.2	12,970.8	7,842.9
Liabilities destined for sale	0.0	0.0	0.0	0.0	0.0
31 December adjusted for liabilities for sale	68,007.4	69,017.9	48,204.2	12,970.8	7,842.9
2010					
<i>Non-derivative instruments</i>					
Payables to credit institutions and central banks	7,314.0	7,341.7	5,838.0	1,497.7	6.0
Deposits and other payables	31,203.7	31,572.6	26,589.5	2,676.6	2,306.5
Deposits in pooled schemes	5,678.5	5,678.5	660.3	1,559.8	3,458.4
Issued bonds at amortized cost	7,806.2	8,028.8	2,144.8	5,884.0	0.0
Other liabilities, excl. derivative instruments	5,044.8	5,044.8	5,044.8	0.0	0.0
Subordinated debt	2,477.0	2,952.0	360.0	2,592.0	0.0
Irrevocable credit commitments and contingent liabilities	5,137.5	5,137.5	3,774.6	851.0	511.9
<i>Derivative instruments</i>					
Forward contracts used as hedging instruments	1,663.8	1,617.6	752.5	522.8	342.3
31 December before liabilities destined for sale	66,325.5	67,373.5	45,164.5	15,583.9	6,625.1
Liabilities destined for sale	0.0	0.0	0.0	0.0	0.0
31 December adjusted for liabilities for sale	66,325.5	67,373.5	45,164.5	15,583.9	6,625.1

The maturity analysis shows the contractual, undiscounted cash flows and comprises agreed payments, including principal and interest.

As concerns liabilities with variable cash flow, such as floating-rate financial liabilities, the information is based on the conditions existing on the reporting date.

Issued bonds at amortized cost and subordinated debt are deemed to fall due at the time when the Spar Nord Group may choose between redeeming the debt or paying an increased interest rate/increased redemption price. If the Spar Nord Group instead chooses to extend the loans, DKK 157.7 million (2010: DKK 160.6 million) falls due for payment within 1 year, DKK 1,210.4 million (2010: DKK 1,434.7 million) within 1-5 years and DKK 1,615.0 million (2010: DKK 1,615.0 million) after 5 years. Combined, the Spar Nord Group has subordinated debt with a perpetual term totalling DKK 1,615.0 million (2010: DKK 1,615.0 million). For loans with a perpetual term, no interest has been calculated for the period after five years in the supplementary information shown above. The annual interest on loans with a perpetual term amounts to DKK 141.0 million (2010: DKK 141.0 million).

As regards deposits in pension pools, only the customers' deposits in the pension pools are allocated, as future yields for pension pool participants depend on the return on pooled assets. The dates when the obligations fall due are correlated to the assets in the pension pools.

Payments regarding irrevocable credit commitments and guarantees fall due if a number of predetermined conditions have been met. Such payment obligations have been recognized at the time when the agreements expire.

Under the agreements made, customers can usually demand repayment of their deposits at short notice. However, in practice they are considered a stable funding source, as amounts disbursed largely equal deposits received.

The above-mentioned breakdown by term to maturity has been based on the earliest date when a demand for payment can be made.

NOTE 56 OPERATIONAL RISK

Risk identification and assessment

Operational risk is understood as the risk of loss that results from inefficient or deficient internal procedures, from human or systemic errors or from external events, including legal risks.

Legal risks are understood as the risk that an incomplete or incorrect legal assessment affects the Group adversely.

All activities in the organization are subject to operational risks.

Operational risk is managed across the Group through a system of comprehensive business procedures and control measures developed to ensure an optimum process environment. Efforts to minimize operational risks include separating the execution and the control of activities.

Responsibility for dealing with risks lies with the unit responsible for the relevant business activities, the risk owners.

Spar Nord's Board of Directors has introduced a policy for operational risk, the aim of which is to provide an overview of the Group's operational risks, minimize the number of errors and thus reduce the Group's losses incurred from operational errors.

Throughout the Group, events that result in a loss are recorded and categorized, and identified risks are recorded on an ongoing basis, followed up by reporting to the Risk Review Officer and the Executive Board.

The Legal Department is charged with handling operational risks, a responsibility that includes the role as risk facilitator.

Compliance

Operational risks include compliance risks, thus implying the risk that the Bank is not being operated according to legal and statutory requirements, standards in the market and business ethics.

Spar Nord has an independent compliance function charged with assisting Management in ensuring that the Group complies with applicable legislation, market standards and internal rules and procedures. This serves to identify and reduce the risk that sanctions are imposed on the Bank, that its reputation is compromised, or that the Bank or its customers suffer significant financial losses.

The Compliance function, managed by a Head of Compliance (a law graduate), reports to the Board of Directors and is manned by representatives from a broad cross-section of the Bank's business areas. An annual programme for the function's activities has been approved by the Board of Directors.

Fraud

In view of the regular reporting provided to the Bank's Board of Directors and Executive Board, it is Management's opinion that the Bank has a satisfactory level of measures to counter the risk of exposure to fraud.

IT security

Information and information systems are vital to Spar Nord, and IT security is therefore decisive for the Bank's credibility and continued existence. An IT security function has been established, and Spar Nord's Executive Board and Board of Directors regularly check up on IT security.

Spar Nord bases its activity in the IT security area on regulatory requirements as well as considerations regarding day-to-day operations. All IT installations running at Spar Nord and its service providers must operate according to documented running schedules and guidelines. Operation must be safe and stable, a requirement ensured through the highest possible degree of automation and continual capacity adjustments. For service providers, this must be ensured by means of written agreements. The Bank's IT security work includes the preparation of emergency plans and recovery procedures aimed to ensure that operation continues at a satisfactory level in the case of extraordinary events.

Capital requirements

The capital needed to cover Spar Nord's operational risks is calculated using the basic indicator approach. In 2011, the operational risk amounted to 9.7% (2010: 9.9%) of total risk-weighted assets.

NOTE 57 **CAPITAL MANAGEMENT**

The Bank's objectives of capital management are:

- to comply with the capital requirements laid down in Part 10 of the Danish Financial Business Act;
- to ensure that the Bank at all times disposes of sufficient capital to support future activities and growth;
- to maintain a relatively high core capital (Tier 1) ratio and thus keep the dependency on subordinated loan capital at a moderate level.

In 2011, Spar Nord made no major changes in assumptions, objectives and policies as compared to the year before, with the exception of changes to calculation methods, as the entry into force of the executive order on the calculation of the capital base at 1 July 2011 meant significant changes to the rules regarding deductibility. Previously, equity investments in associates were to be set off in full against the capital base. In accordance with the new executive order, this principle was changed so that 50% of the equity investments must be set off against the core capital (Tier 1) and 50% against the capital base. The introduction of the tighter rules regarding deductibility caused a reduction in the core capital (Tier 1) ratio, incl. hybrid capital, of about 0.9 percentage point.

During the year under review, the Bank met all statutory capital adequacy ratios.

The solvency ratio, i.e. the Bank's capital base relative to risk-weighted items, must exceed the Bank's solvency need, but the minimum requirement is 8% according to the Danish Financial Business Act. The Bank's internal goals in 2011 were:

- to have a minimum Common Equity (Tier 1) ratio of 8.0%;
- to have a minimum core capital (Tier 1) ratio, incl. hybrid core capital, of 12.0%.

At the beginning of 2012, the Bank stepped up the target for the Common Equity (Tier 1) ratio to a minimum of 9.0%. Moreover, the Bank intends to have a solvency ratio that is at least three percentage points higher than the Bank's solvency need ratio. The capital targets - the Bank's internal targets for solvency - have been fixed to ensure that any cyclical recession, unexpectedly heavy credit losses or major interest-rate increases will not cause the solvency ratio to drop below the statutory minimum requirement. Moreover, the targets reflect the new market conditions emerging in the aftermath of the financial crisis, resulting in increased focus on core capital (Tier 1) ratios.

During the year under review, the Bank's core capital (Tier 1) ratio incl. hybrid capital ranged from 12.7 to 13.6% (2010: 13.2%) and thus exceeded the Bank's internal target of minimum 12%. Correspondingly, the internal target of a Common Equity (Tier 1) ratio of minimum 8% has been met, as it remained within the range of 9.9 - 10.4% during the year (2010: 9.3%).

Capital management is based on the methods of accounting and financial ratios developed by the Basel Committee, which have been incorporated into Part 10 of the Danish Financial Business Act and the Capital Adequacy Order. Management currently monitors the Bank's capital adequacy. The figures calculated at the end of each quarter for the Bank's core capital (Tier 1), capital base, risk-weighted items and solvency ratios, including the calculation of the Bank's solvency need, are reported to the Danish Financial Supervisory Authority in accordance with existing rules.

In addition to the targets set out above, the Bank has calculated the solvency need in accordance with section 124(4) of the Danish Financial Business Act. The Bank's solvency need is an expression of the Bank's own assessment as to how high the solvency ratio should be to safeguard depositors against losses. The Bank's calculation of its solvency need is a three-stage process.

A number of stress tests are made in stage 1, focusing on the Bank's income statement in a situation where the Bank would suffer an extremely adverse development in its profit performance. In stage 2, the capital needs are determined based on the anticipated growth in the risk-weighted assets. In stage 3, an assessment is made as to whether the Bank's business and risk areas warrant an additional supplement to the calculated solvency need in stages 1 and 2.

The assessments of the business and risk areas comprise a large number of risks: The coverage of credit risks (major commitments, weak commitments, geographical concentration, business concentration and concentration of collateral), coverage of market risks, coverage of risks regarding property, business profile, strategic risks, reputation risks, operational risks, potential for capital funding and liquidity risks.

The Bank's core capital (Tier 1) consists of its share capital, proposed dividend and retained earnings. Hybrid core capital and supplementary capital in the form of subordinated debt are included in the calculation of the Bank's capital base. A number of deductions are made in connection with calculating the Bank's Common Equity (Tier 1) and core capital, incl. hybrid core capital, and capital base. Such deductions consist primarily of proposed dividend, intangible assets and equity investments in other credit institutions as well as subordinated loan capital provided to other credit institutions.

Risk-weighted items are the calculated risks associated with the Bank's business areas. Risk-weighted items are calculated as follows: assets, items subject to a market risk, and exposures in the form of guarantees are weighted on the basis of standard weights that depend on the type of the individual items and counterparty, with due provision being made for any collateral provided. To this should be added a supplement to cover the Bank's operational risks.

The maturity profile for the Bank's subordinated debt appears from note 38.

The Group continuously assesses the need for adapting the capital structure, including the Bank's goals, policies and processes.

For more details, please refer to the unaudited Risk Report at www.sparnord.dk/ir/risk_report.

	Spar Nord Bank A/S The Group 31.12.11 DKK m	Spar Nord Bank A/S The Group 31.12.10 DKK m	Spar Nord Bank A/S Parent Company 31.12.11 DKK m	Spar Nord Bank A/S Parent Company 31.12.10 DKK m
Solvency information				
Core capital (Tier 1) (incl. hybrid capital) after deductions	5,621.6	5,717.5	5,621.6	5,745.2
Supplementary capital and revaluation reserves included	670.7	872.1	670.7	872.1
Deductions from capital base	388.1	769.2	388.1	767.8
Capital base after deductions	5,904.2	5,820.4	5,904.2	5,849.5
Risk-weighted items not included in the trading portfolio	34,544.3	35,927.8	35,399.3	37,135.1
Risk-weighted items subject to a market risk, etc.	3,553.5	3,176.2	3,578.4	3,153.1
Risk-weighted items subject to operational risk	4,090.0	4,301.5	3,655.8	3,866.5
Risk-weighted items, total	42,187.8	43,405.5	42,633.5	44,154.7
Solvency ratio, %	14.0	13.4	13.8	13.2
Core capital (Tier 1) ratio (incl. hybrid core capital) after deduction in per cent of risk-weighted items, total, %	13.3	13.2	13.2	13.0
Common Equity (Tier 1) ratio, %	10.4	9.5	10.3	9.4

NOTE 58 POOLED SCHEMES

	Pension pools DKK m	Other pools DKK m	Spar Nord Bank A/S The Group 2011 DKK m	Spar Nord Bank A/S The Group 2010 DKK m	Spar Nord Bank A/S Parent Company 2011 DKK m	Spar Nord Bank A/S Parent Company 2010 DKK m
INCOME STATEMENT						
<i>Interest income/premium on forward transactions:</i>						
Cash deposits	5.1	0.1	5.2	1.2	5.2	1.2
Index-linked bonds	0.0	0.0	0.0	0.6	0.0	0.6
Other bonds	122.5	1.6	124.1	110.5	124.1	110.5
Total interest income	127.6	1.7	129.3	112.3	129.3	112.3
<i>Dividends on:</i>						
Shares, etc.	30.4	0.4	30.8	24.6	30.8	24.6
Total dividends	30.4	0.4	30.8	24.6	30.8	24.6
<i>Market-value adjustments of:</i>						
Index-linked bonds	0.0	0.0	0.0	0.5	0.0	0.5
Other bonds, etc.	52.6	1.3	53.9	9.8	53.9	9.8
Shares, etc.	-358.0	-4.8	-362.8	349.1	-362.8	349.1
Unit trust certificates	56.7	0.8	57.5	0.0	57.5	0.0
Currency	-9.9	-0.2	-10.1	58.2	-10.1	58.2
Derivative instruments	0.0	0.0	0.0	-0.3	0.0	-0.3
Total market-value adjustments	-258.6	-2.9	-261.5	417.3	-261.5	417.3
Fees, charges and commissions paid	69.4	0.9	70.3	59.3	70.3	59.3
Profit/loss for the pools	-170.0	-1.7	-171.7	494.9	-171.7	494.9
BALANCE SHEET DISCLOSURES						
Assets						
Cash deposits	1,346.2	11.4	1,357.6	332.1	1,357.6	332.1
Other bonds	2,796.6	43.5	2,840.1	3,241.3	2,840.1	3,241.3
Other shares, etc.	1,859.5	24.6	1,884.1	2,047.2	1,884.1	2,047.2
Other assets	242.8	2.5	245.3	57.9	245.3	57.9
Total assets	6,245.1	82.0	6,327.1	5,678.5	6,327.1	5,678.5
Liabilities						
Total deposits	6,163.8	81.2	6,245.0	5,167.0	6,245.0	5,167.0
Other liabilities	81.3	0.8	82.1	511.5	82.1	511.5
Total liabilities	6,245.1	82.0	6,327.1	5,678.5	6,327.1	5,678.5

NOTE 59 **PERFORMANCE INDICATORS AND FINANCIAL RATIOS**

The Danish Financial Supervisory Authority's layout and ratio system

THE SPAR NORD BANK GROUP**PERFORMANCE INDICATORS**

DKK m

INCOME STATEMENT

	2011	2010	2009	2008	2007
Net income from interest, fees, charges and commissions	1,958.6	1,949.6	2,039.5	1,728.0	1,487.4
Market-value adjustments	115.5	236.9	301.3	-221.1	165.2
Staff costs and administrative expenses	1,380.7	1,402.6	1,403.5	1,200.0	1,144.6
Impairment of loans, advances and receivables, etc.	402.9	452.9	575.4	245.5	-114.6
Profit/loss on equity investments in associates and group enterprises	44.9	40.5	17.1	43.3	121.8
Profit/loss for the year	274.8	105.0	117.5	95.3	680.3

BALANCE SHEET

Loans and advances	38,702	39,952	38,315	45,376	40,939
Shareholders' equity	4,627	4,374	4,143	4,024	4,138
Total assets	70,081	67,436	64,529	69,268	63,394

FINANCIAL RATIOS**Solvency**

Solvency ratio, %	14.0	13.4	14.2	11.3	11.1
Core capital (Tier 1) ratio, %	13.3	13.2	13.2	9.7	9.4

Earnings

Return on equity before tax	%	7.7	3.1	3.5	3.0	21.4
Return on equity after tax	%	6.1	2.5	2.9	2.3	17.5
Income/cost ratio		1.16	1.06	1.08	1.02	1.67

Market risk

Interest-rate risk	%	-0.5	0.1	-0.3	0.3	1.3
Foreign-exchange position	%	6.9	2.9	2.9	9.1	5.7
Foreign-exchange risk	%	0.1	0.1	0.0	0.1	0.1

Credit risk

Loans and advances relative to deposits	%	103.4	108.3	106.4	119.3	130.3
Loans and advances plus impairment rel. to deposits	%	106.5	111.1	109.1	120.9	131.7
Loans and advances rel. to shareholders' equity		8.4	9.1	9.2	11.3	9.9
Increase in loans and advances for the year	%	-3.1	4.3	-15.6	10.8	19.3
Excess coverage rel. to statutory cash ratio requirement	%	163.9	109.1	157.0	86.7	91.9
Large exposures as % of capital base *)	%	0.0	0.0	10.9	12.3	65.0
Impairment ratio for the year **) [%]		1.1	1.2	1.5	0.5	-0.2
Impairment ratio for the year, continuing activities		1.1	1.2	1.5	0.6	-0.3

THE SPAR NORD BANK - SHARE**DKK per share of DKK 10**

Earnings per share for the year	DKK	4.8	1.8	2.1	1.7	11.9
Net asset value (NAV) per share	DKK	82	77	75	73	75
Dividend per share	DKK	0	0	0	0	3
Share price/earnings per share for the year		6.7	33.9	26.7	25.3	9.7
Share price/NAV per share		0.4	0.8	0.7	0.6	1.5

*) 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 after deductions in 2010 and 2011 in accordance with section 145 of the Danish Financial Business Act, for which reason this financial ratio is not fully comparable with previous years.

**) Impairment for the year comprises impairment of continuing and discontinuing activities in per cent of loans, advances, guarantees and impairment.

Ratio definitions appear from note 60.

PERFORMANCE INDICATORS AND FINANCIAL RATIOS

The Danish Financial Supervisory Authority's layout and ratio system

SPAR NORD BANK, THE PARENT COMPANY

PERFORMANCE INDICATORS

DKK m

INCOME STATEMENT

	2011	2010	2009	2008	2007
Net income from interest, fees, charges and commissions	1,959.5	1,950.3	2,039.9	1,727.2	1,484.4
Market-value adjustments	114.1	237.7	318.3	-216.1	150.2
Staff costs and administrative expenses	1,382.9	1,404.1	1,402.8	1,199.7	1,143.3
Impairment of loans, advances and receivables, etc.	404.4	449.9	575.1	245.8	-112.4
Profit/loss on equity investments in associates and group enterprises	44.8	36.5	-3.0	40.3	137.9
Profit/loss for the year	273.8	106.0	117.5	95.3	680.3

BALANCE SHEET

Loans and advances	37,572	39,051	37,272	44,153	39,789
Shareholders' equity	4,627	4,375	4,143	4,024	4,138
Total assets	68,822	66,414	63,571	68,286	62,497

FINANCIAL RATIOS

Solvency

Solvency ratio, %	13.8	13.2	14.0	11.0	11.1
Core capital (Tier 1) ratio, %	13.2	13.0	13.1	9.4	9.4

Earnings

Return on equity before tax	%	7.6	3.2	3.8	2.5	21.2
Return on equity after tax	%	6.1	2.5	2.9	2.3	17.5
Income/cost ratio		1.16	1.06	1.08	1.02	1.66

Market risk

Interest-rate risk	%	-0.5	0.1	-0.4	0.3	1.1
Foreign-exchange position	%	7.8	2.8	2.2	8.4	5.8
Foreign-exchange risk	%	0.0	0.1	0.0	0.1	0.1

Credit risk

Loans and advances relative to deposits	%	100.4	105.8	103.1	116.0	126.4
Loans and advances plus impairment rel. to deposits	%	103.0	108.2	105.4	117.4	127.7
Loans and advances rel. to shareholders' equity		8.1	8.9	9.0	11.0	9.6
Increase in loans and advances for the year	%	-3.8	4.8	-15.6	11.0	18.6
Excess coverage rel. to statutory cash ratio requirement	%	166.3	111.9	157.8	87.7	90.0
Large exposures as % of capital base *)	%	0.0	0.0	10.9	12.3	65.5
Impairment ratio for the year (%)		0.9	1.0	1.3	0.5	-0.3

THE SPAR NORD BANK - SHARE

DKK per share of DKK 10

Earnings per share for the year	DKK	4.8	1.9	2.1	1.7	11.9
Net asset value (NAV) per share	DKK	82	77	75	73	75
Dividend per share	DKK	0	0	0	0	3
Share price/earnings per share for the year		6.7	32.1	26.7	25.3	9.7
Share price/NAV per share.		0.4	0.8	0.7	0.6	1.5

*) 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 after deductions in 2010 and 2011 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 60.

Solvency ratio

Capital base in per cent of risk-weighted assets.

Core capital (Tier 1) ratio

Core capital (Tier 1) after deduction in per cent of risk-weighted assets.

Return on equity before tax

Profit before tax in per cent 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 after tax in per cent 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 per cent 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 per cent of core capital (Tier 1) after deductions.

Foreign-exchange position

Foreign-exchange indicator 1 in per cent of core capital (Tier 1) after deductions.

Foreign-exchange risk

Foreign-exchange indicator 2 in per cent of core capital (Tier 1) after deductions.

Loans and advances plus impairment rel. to deposits

Loans and advances + impairment in per cent of deposits.

Loans and advances relative to deposits

Loans and advances in per cent of deposits.

Excess coverage rel. 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 per cent 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 per cent of loans and advances + guarantees + impairment.

Impairment ratio for the year

Impairment for the year in per cent 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 per cent.

Loans and advances rel. 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 (NAV) 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 costs, depreciation and amortization/Core income.

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

Operating costs, 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 per cent of the year-end price the year before.

Price/earnings

Year-end price/Earnings per share for the year.

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.

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