

Copenhagen Stock Exchange

Stock exchange announcement no. 3 – 2007

22.02.2007

ANNUAL REPORT 2006

The Board of Directors of Sparbank A/S has on this day considered and adopted the 2006 annual report.

The annual report in brief:

- Sparbank's profit before tax was DKK 244.0m against DKK 302.8m in 2005. This result corresponds to a return on equity before tax of 16.5%.
- The profit realised before tax exceeds the expected profit of DKK 230m announced in the stock exchange announcement of 22 December 2006 by DKK 14m.
- The core income increased by DKK 66m from DKK 629m in 2005 to DKK 695m in 2006. The core earnings – the result of the actual banking operations – increased from DKK 153m in 2005 to DKK 164m in 2006, to which should be added satisfactory earnings from investment portfolios, which all means that the 2006 results for the bank are deemed acceptable.
- The capital gain on the bank's securities portfolios etc. amounted to DKK 141m against DKK 103m the year before. The gain includes DKK 32m from Sparbank's sale of the remaining shares in Totalkredit in 2006.
- Expenses increased from DKK 385m in 2005 to DKK 447m in 2006, corresponding to 16.2%.
- Excluding non-recurring income from the sale of claims written down, write-downs increased by DKK 19m and amounted to DKK 94m in 2006. The bank had to make a write-down of DKK 45m in respect of one commitment in 2006.
- Loans increased by DKK 2.7b to DKK 11.8b, up 30%. Deposits increased by 4% and totalled DKK 9.1b at the end of 2006.
- A dividend of 20 as in the three previous years.
- The price of the Sparbank share increased from 402 at the end of 2005 to 439 at the end of 2006. The market value of the bank was DKK 2.6b at the end of 2006.
- For the 2007 financial year, growth in the actual banking operations is expected relative to 2006. Total market value adjustments are expected to be lower than in 2006, which saw extraordinary income from sales/market value adjustments of shares in Totalkredit and Sparinvest of a total of DKK 42m. The profit before tax is expected to be in the region of DKK 180-200m.

Yours faithfully,

SPARBANK A/S

Henning Hürdum
Managing Director

Appendices:

- 1 Financial highlights
- 2 Annual report 2006 of Sparbank A/S



KEY FIGURES					
DKKm					
	2006	2005	2004	2003	2002
INCOME STATEMENT ITEMS:					
Net interest and dividends	502	471	441	439	422
Net fees and commission income	141	131	96	84	69
Market value adjustments	141	103	74	163	58
Other operating income	1	4	2	2	1
Total income	785	709	613	688	550
Expenses	-447	-384	-377	-340	-308
Profit before write-downs and impairment losses	338	325	236	348	242
Write-downs etc. on loans and guarantees	-94	-22	-53	-115	-96
Profit before tax	244	303	183	233	146
Tax	-53	-80	-47	-47	-35
Profit after tax	191	223	136	186	111
BALANCE SHEET ITEMS ETC.:					
Deposits	9,097	8,745	7,175	6,325	6,193
Loans	11,859	9,127	7,378	6,258	5,581
Guarantees	4,681	4,734	3,256	2,662	2,401
Equity	1,561	1,403	1,232	1,095	933
Balance sheet total	14,897	12,160	9,393	8,640	8,516
RATIOS					
Solvency ratio	12.2	11.8	11.7	14.2	14.1
Core capital ratio	10.5	11.2	11.7	12.2	11.2
Dividend yield	20	20	20	20	16
Share price 31 December	439	402	275	232	127
Equity value	261	234	204	182	155
Number of employees, end of year, converted into full-time employees	550	515	503	484	457
Return on equity in % before tax	16.5	23.1	15.7	22.9	16.4
Earnings per DKK of cost	1.45	1.75	1.43	1.51	1.36



SPARBANK 



Annual report
2006



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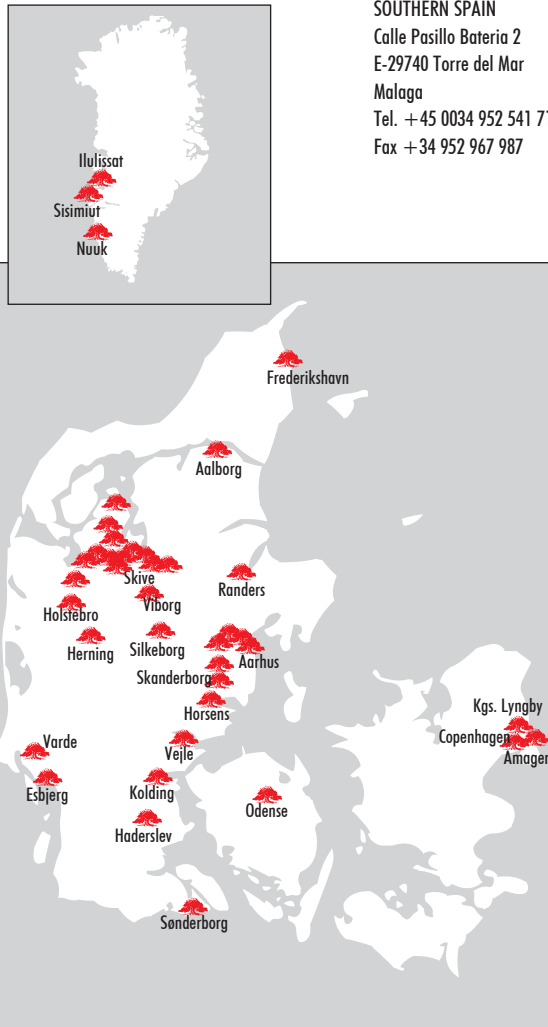
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ADDRESS ETC.	<p>SPARBANK A/S Adelgade 8 DK-7800 Skive Denmark</p> <p>Tel.: +45 96 14 14 14</p> <p>Fax: +45 96 14 14 15</p> <p>Email: sp@rbankevest.dk Website: www.sparbankvest.dk SWIFT: SKIVDK22 CVR no. 12 52 35 80 Financial year: 1 January - 31 December Registered office: Municipality of Skive</p>
ADVISORY BOARD	Reference is made to page 52 of the annual report.
BOARD OF DIRECTORS *)	<p>Mr Ole Brøndum Jensen, Television Retailer, Chairman Mr Alex Nielsen, Manager, Vice Chairman Mr Per Engkrog Andersen, Manager Mr Asger Jensen, Manager Mr Poul Sønder, Manager Mr Fritz Dahl Pedersen, Car Dealer Ms Mette Dahl Christensen, Private Customer Adviser, elected by the employees Mr Kurt Bjerre, Branch Manager, elected by the employees Ms Anna Marie Dahl, Senior Bank Clerk, elected by the employees</p>
BOARD OF EXECUTIVES *)	Mr Henning Hürdum, Managing Director
AUDITORS	<p>PricewaterhouseCoopers Resenvej 81 DK-7800 Skive</p> <p>Mortensen & Beierholm Guldsmedgade 3 DK-8100 Aarhus C</p>
General meeting	Annual general meeting will be held on Tuesday 13 March 2007 at 6.30 pm at Kulturcenter Limfjord, Skive, Denmark.

*) Directorships held by the members of the Board of Directors and the Board of Executives in other Danish public limited companies appear from page 52 of the annual report.

FINANCIAL HIGHLIGHTS

KEY FIGURES*

DKKm

2006 2005 2004 2003 2002

INCOME STATEMENT ITEMS:

Net interest and dividends	502	471	441	439	422
Net fees and commission income	141	131	96	84	69
Market value adjustments	141	103	74	163	58
Other operating income	1	4	2	2	1
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Write-downs etc. on loans and guarantees	-94	-22	-53	-115	-96
Profit before tax	244	303	183	233	146
Tax	-53	-80	-47	-47	-35
Profit after tax	191	223	136	186	111

BALANCE SHEET ITEMS ETC.:

Deposits	9,097	8,745	7,175	6,325	6,193
Loans	11,859	9,127	7,378	6,258	5,581
Guarantees	4,681	4,734	3,256	2,662	2,401
Equity	1,561	1,403	1,232	1,095	933
Balance sheet total	14,897	12,160	9,393	8,640	8,516

RATIOS

Solvency ratio	12.2	11.8	11.7	14.2	14.1
Core capital ratio	10.5	11.2	11.7	12.2	11.2
Dividend yield	20	20	20	20	16
Share price 31 December	439	402	275	232	127
Equity value	261	234	204	182	155
Number of employees, end of year, converted into full-time employees	550	515	503	484	457
Return on equity in % before tax	16.5	23.1	15.7	22.9	16.4
Earnings per DKK of cost	1.45	1.75	1.43	1.51	1.36

*) The financial ratio system of the Danish Financial Supervisory Board appears from note 44

MANAGEMENT'S REVIEW

Sparbank's profit before tax was DKK 244.0m against DKK 302.8m in 2005. This result corresponds to a return on equity before tax of 16.5%.

Due to an increased influx of customers and additional sales to existing customers, the core income increased by DKK 66m from DKK 629m in 2005 to DKK 695m in 2006. The core earnings – the result of the actual banking operations – have increased from DKK 153m in 2005 to DKK 164m in 2006, to which should be added satisfactory earnings from investment portfolios, which all means that the 2006 result for the bank is deemed to be acceptable.

CORE EARNINGS			
DKKm	2006	2005	Change (%)
Net interest and fee income	642	590	8.6
Market value adjustments	52	35	51.5
Other operating income	1	4	-63.2
Core income	695	629	10.5
Expenses	-433	-397	9.0
Write-downs on loans etc.	-98	-79	24.2
Core earnings	164	153	7.4
Earnings from investment portfolios	57	78	-27.0
Extraordinary items:			
Sale of Totalkredit shares	32	1	-
Adjustment of pension obligation, retired MD	-12	-3	-
Refund of VAT and taxes, previous years	-	17	-
Sale of claims written down	3	57	-
Profit/loss before tax	244	303	-19.4
Tax	-53	-80	-32.7
Profit/loss after tax	191	223	-14.7

INCOME STATEMENT

Net interest income etc. increased by DKK 28.6m from DKK 465.3m to DKK 493.9m, corresponding to 6.2%. This increase was due only to the growth in loans and deposits, as the interest margin has fallen during the year.

NET INTEREST INCOME			
DKKm	2006	2005	Change (%)
Interest income	758.9	618.4	22.7
Interest expenses	-265.0	-153.1	73.1
Net interest income	493.9	465.3	6.2
Dividends	8.2	5.4	50.8
Net interest and dividends	502.1	470.7	6.7

MANAGEMENT'S REVIEW

Net fees and commission income increased from DKK 131.5m in 2005 to DKK 140.5m in 2006.

The increase in income from securities trading and safe custody accounts of DKK 9.8m was attributable to customers generally trading more securities and buying more of the bank's investment products. The value of the customers' securities custody accounts increased by 21.8% from approx. DKK 5.0b in 2005 to approx. DKK 6.0b in 2006.

FEES AND COMMISSION INCOME			
DKKm	2006	2005	Change (%)
Securities trading and safe custody accounts	52.8	43.0	22.8
Payment services	12.4	11.6	6.9
Loan transaction fees	30.8	33.7	-8.7
Guarantee commission	31.2	25.4	23.0
Other fees and commission income	31.7	32.2	-1.5
Total fees and commission income	158.9	145.9	8.9
Fees and commission paid	-18.4	-14.4	27.9
Net fees and commission income	140.5	131.5	6.8

Loan transaction fees decreased from DKK 33.7m in 2005 to DKK 30.8m in 2006, which was due to fewer conversions of customers' mortgage loans in 2006.

Guarantee commission increased by 23.0%, corresponding to DKK 5.8m. This income totals DKK 31.2m against DKK 25.4m the year before. The main reason for this increase was the fact that the bank's customers increasingly choose to finance their owner-occupied residence through Totalkredit. In this connection, Sparbank provides guarantees vis-à-vis Totalkredit.

MARKET VALUE ADJUSTMENTS			
DKKm	2006	2005	Change (%)
Market value adjustments under core earnings	52.4	34.6	51.5
Market value adjustments under earnings from investment portfolios	57.2	67.5	-15.2
Proceeds on sale of the shares in Totalkredit	31.7	1.2	-
Total market value adjustments	141.3	103.3	36.8

Market value adjustments under core earnings increased by DKK 17.8m from DKK 34.6m in 2005 to DKK 52.4m in 2006. Market value adjustments under core earnings primarily include the return on shares owned by the bank within the framework of a business partnership. The market value adjustment of the bank's own portfolio amounted to DKK 57.2m against DKK 67.5m the year before. Finally, the bank sold its remaining shares in Totalkredit and recognised proceeds totalling DKK 31.7m as income.

Expenses increased from DKK 384.9m in 2005 to DKK 447.0m in 2006, corresponding to 16.2%.

EXPENSES			
			Change
DKKm	2006	2005	(%)
Staff costs	262.8	235.2	11.7
Other administrative expenses	155.4	146.0	6.4
	418.2	381.2	9.7
Refund of VAT and taxes, previous years	0.0	-17.1	-
Adjustment of pension obligation, retired MD	12.0	3.0	-
Staff costs and administrative expenses	430.2	367.1	17.2
Depreciation of and impairment losses on assets	14.6	15.4	-4.8
Other operating expenses	2.2	2.4	-7.5
Total expenses	447.0	384.9	16.2

The increase in the volume of business with both existing and new customers and the opening of new branches have let Sparbank to increase the number of employees. This and the general pay level trend meant that staff costs increased from DKK 235.2m in 2005 to DKK 262.8m in 2006. To this should be added DKK 12m to cover the pension obligation in respect of the retired MD.

Other administrative expenses increased by DKK 6.4% from DKK 146.0m to DKK 155.4m. This increase is partly attributable to costs incidental to new branches and partly to general price increases.

WRITE-DOWNS			
DKKm	2006	2005	(%)
Write-down of loans and receivables etc.	97.5	78.2	24.7
Sale of claims written down	-3.3	-56.7	-
Total write-downs on loans and receivables etc.	94.2	21.5	-

Write-downs increased by DKK 19.3m from DKK 78.2m in 2005 to DKK 97.5m in 2006. The bank had to make a write-down of DKK 45m in respect of one commitment in 2006.

BALANCE SHEET

In 2006, the total volume of business increased by more than DKK 3b to DKK 25.6b, up 13.4%.

MANAGEMENT'S REVIEW

VOLUME OF BUSINESS			
DKKm	2006	2005	Change (%)
Loans	11,859	9,127	29.9
Deposits	9,097	8,745	4.0
Guarantees	4,681	4,734	-1.1
Total volume of business	25,637	22,606	13.4

Total loans amounted to DKK 11,859m at the end of 2006 against DKK 9,127m at the end of 2005, corresponding to an increase of 29.9%. During the year, the distribution of loans and guarantees on private and business customers changed, with the effect that the share of business customers amounted to 51% at the end of 2006 against 46% in 2005.

Total loans amount to DKK 9,097m against DKK 8,745m at the end of 2005, corresponding to a 4% growth. The furnishing of guarantees decreased from DKK 4,734m in 2005 to DKK 4,681m, which corresponds to 1.1%.

LOANS AND GUARANTEES		
	2006 (%)	2005 (%)
Public authorities	1	1
Business	51	46
Private	48	53
Total	100	100

SOLVENCY

Sparbank determines the amount of the capital required to run the bank's operations on the basis of the volume of business and risks. In spite of rapid growth in loans, the bank's solvency ratio was 12.2 at the end of the year against 11.8 the year before. This increase was due to borrowing of additional subordinate loan capital of DKK 200m in the autumn.

SOLVENCY			
	2006	2005	Change (%)
Solvency ratio	12.2	11.8	3.4
Core capital ratio	10.5	11.2	-6.3

From 2007, Sparbank will be subject to the new rules on capital requirements (Basel II). In 2007, the bank will apply transition rules, which means that in 2007, Sparbank will follow the previous rules, except in the calculation of the risk-adjusted items for the specific risk on debt instruments, where the standard method will be applied. From 2008, Sparbank will use the standard method for credit and market risks and the basic indicator method for operational risks.

PROFIT/LOSS AND EQUITY

Sparbank's profit before tax was DKK 244.0m against DKK 302.8m in 2005. This result corresponds to a return on equity before tax of 16.5% against 23.1% the year before.

In the stock exchange announcement of 22 December 2006, the bank expected that the profit before market value adjustments and tax would be in the region of DKK 100-110m. The profit before market value adjustments and tax was DKK 102.7m. In the same stock exchange announcement, the bank expected that the profit before tax would amount to approx. 230m. The profit before tax was DKK 244m.

Equity rose by 11.3% from DKK 1,403.4m at the end of 2005 to DKK 1,561.5m at the end of 2006.

CHANGES IN EQUITY		
	2006	2005
Equity 1 January	1,403.4	1,213.5
Profit for the year after tax	190.6	223.5
Dividends distributed during the year	-24.1	-24.1
Other value adjustments of equity	-8.4	-9.5
Consolidation for the year	158.1	189.9
Equity 31 December	1,561.5	1,403.4

Consolidation for the year amounts to a total of DKK 158.1m against DKK 189.9m the year before.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

From the balance sheet date and until today, no events have occurred which significantly influence the assessment of the annual report.

EMPLOYEES

Sparbank's employees are the most vital prerequisite for realising the earnings targets and thus ensuring continued growth. The individual employees are the outward image of the bank, and their professional qualifications, attitudes and human qualities are important ele-

ments of the bank's competitiveness.

The bank wishes to be an attractive workplace, where the staff may enjoy a positive work environment, and where the individual is offered considerable scope for professional and personal development. By being an attractive workplace, where focus is on the employee, the bank hopes to retain its employees, also in future.

Satisfied employees make for satisfied customers and customer loyalty, just as quality and productivity are higher when employees are happy. In 2006, the bank completed an employee satisfaction survey involving all employees. The result of this analysis was very satisfactory.

Our employees showed great commitment in the form of a very high response rate. This shows that the bank's employees wish to contribute to ensuring that the bank will continue to be an attractive workplace.

Converted into full-time employees, the bank had 550 employees at the end of 2006 against 515 in 2005.

INCENTIVE PROGRAMMES

In 2006, Sparbank's employees were offered employee shares at a favourable price, corresponding to a total market price value of DKK 10.7m. Almost all employees accepted this offer.

To create a direct link between the interests of shareholders and employee incentives, a bonus scheme for all employees will be introduced in 2007. In addition to the bank's financial results, the bonus scheme also depends on non-financial ratios, including, among other things, employee satisfaction. Bonus is paid out as cash payments and contingent shares. The maximum value of contingent shares is DKK 2m. Finally, a share option programme for executives and the retired MD, was introduced in 2006. Reference is made to note 5 in the annual report.

SHAREHOLDERS

In 2006, the price of the Sparbank share increased from 402 at the start of the year to 439 at the end of 2006, up 9.1%. At the end of 2006, Sparbank had approx. 17,500 shareholders.

TRENDS IN SHARE PRICE, DIVIDEND AND YIELD

	2006	2005	2004	2003	2002
Share price	439	402	275	232	127
Price increase in %	9	46	19	83	40
Dividend in DKK per share	4.00	4.00	4.00	4.00	3.20

Spar Vest Fonden holds more than 5% of the votes or the share capital. The Sparbank share is included in the MidCap+ index of the Copenhagen Stock Exchange.

CORPORATE GOVERNANCE

At least once a year, Sparbank's Board of Directors considers the principles of corporate governance which arise out of the law, practice and recommendations.

Reference is made to page 48 of the annual report, where the bank accounts for its approach to corporate governance.

RISK MANAGEMENT

An important element of banking operations is to manage the risks inherent in banking. These risks primarily relate to credit risks and market risks.

Credit and market risks are managed in accordance with policies and frameworks that have been adopted and laid down by the bank's management.

The credit risk is the risk that payment obligations are not deemed to be recoverable due to the debtor's lacking ability or willingness to pay as agreed. Payment obligations comprise receivables, loans and guarantees.

The market risk is the risk that the bank will suffer a loss due to fluctuations in the financial markets (interest rate, foreign exchange and share risks etc.).

The basic policy on market risks is that the bank wishes to keep such risks at a relatively low level.

For each risk type within the different market risk areas, the bank has specific risk frameworks, and provision is made in the risk assessment for the fact that there must be a fair and well-balanced relationship between risk and yield.

To hedge and manage the different market risk areas, the bank uses derivative financial instruments, to the extent that the bank wishes to reduce or eliminate the market risks accepted by the bank.

The bank's interest rate risk expresses the loss or gain which would result from a change in interest rates of one percentage point. At the end of 2006, this amount was DKK 21.6m against DKK 2.4m the year before.

The bank has not taken on any significant exchange rate risk.

BRANCH STRUCTURE

In the summer of 2006, the bank opened a branch at Sct. Mathias Gade 7 in Viborg, Denmark. In February 2007, the bank opened a branch at Adelgade 87 in Skanderborg, Denmark. At the end of March, a new branch will be opened in Copenhagen at Amagerbrogade 82.

In the Salling area, the branch structure will be slightly readjusted. The wish to continue to provide customers with competent consultancy services has forced us to close down the branches in Selde, Durup and Oddense, and the staff will be transferred to the branches in Roslev and Glyngøre, respectively. In this way, more consultancy competences will be combined at fewer but larger branches, which will strengthen our consultancy services and thus benefit the customers in the end.

IT TECHNOLOGY

Sparbank attaches considerable importance to providing its customers with up-to-date technological solutions. The bank knows that customers require a high degree of accessibility through several different distribution channels. For this reason, the bank endeavours to continue to expand its self-service facilities to offer an effective supplement to the personal service rendered in the branches.

At www.sparbankvest.dk, it is possible to retrieve download information on a number of different subjects such as shareholder benefits and useful product information. It is possible to calculate mortgage loans, including conversion benefits. Other options are to follow the share prices and trade securities via Homebanking, which is also available on the website. The website also contains links for use if customers wish to send an email to a specific branch or employee.

Sparbank places great emphasis on IT security. The bank has IT strategies aimed to ensure a high degree of reliability, protect the bank's systems and data against unauthorised access and abuse and ensure compliance with statutory requirements.

FINANCIAL CALENDAR 2007

22 February	2007	Annual report
13 March	2007	Ordinary general meeting
26 April	2007	Quarterly report - Q1 2007
23 August	2007	Interim report - H1 2007
25 October	2007	Quarterly report - Q3 2007

STOCK EXCHANGE ANNOUNCEMENTS 2006-2007

18 January	2007	Extraordinary General Meeting
4 January	2007	Correction to Financial Calendar 2007
22 December	2006	Extraordinary general meeting
22 December	2006	Profit Forecast for 2006
8 December	2006	New coupon rate on ISIN DK003001024 Sparbank Senior 2005/2008
29 November	2006	Sparbank Vest has agreed on new strategy
13 November	2006	Insiders' and their related parties' trading in Sparbank Vest A/S shares
26 October	2006	Quarterly report - Q1-Q3 2006
8 September	2006	New coupon rate on ISIN DK003001024 Sparbank Senior 2005/2008
25 August	2006	Interim report - H1 2006
11 August	2006	2007 financial calendar
26 July	2006	Allotment of share options to insiders in Sparbank Vest A/S
8 June	2006	New coupon rate on ISIN DK003001024 Sparbank Senior 2005/2008
10 May	2006	New Managing Director in Sparbank Vest
1 May	2006	Insiders' and their related parties' trading in Sparbank Vest A/S shares
27 April	2006	Quarterly report - Q1 2006
4 April	2006	Election of the Sparbank Vest's Board of Directors
15 March	2006	Excerpt of the minutes from Sparbank Vest's ordinary general meeting on 14 March
8 March	2006	New coupon rate on ISIN DK003001024 Sparbank Senior 2005/2008
2 March	2006	Insiders' and their related parties' trading in Sparbank Vest A/S shares
2 March	2006	Sparbank Vest A/S issues bonds
23 February	2006	2005 Preliminary announcement of financial statements
21 February	2006	Notice of Annual General Meeting 2006
18 January	2006	Upward adjustments of the outlook for 2005

GENERAL MEETING AND DISTRIBUTION OF PROFIT

The general meeting will be held on Tuesday 13 March 2008 at 6 p.m. at Kulturcenter Limfjord, Skive, Denmark.

The Board of Directors proposes a dividend of 20, corresponding to a dividend of DKK 4 per share, to the General meeting. Subject to adoption by the general meeting, this means that out of the profit for the year of DKK 190.6m, DKK 24.1m will be distributed as dividend, while DKK 166.5m will be transferred to equity.

Finally, as in 2006, the bank will propose to authorise the acquisition of own shares.

OUTLOOK FOR 2007

The increase in Sparbank's activity and earnings levels in the past few years has been satisfactory. For 2007, the bank's core products - loans, deposits and guarantees - are expected to see continued growth.

In spite of fiercer competition, earnings are expected to grow, as the bank will focus on increasing sales.

In order to be able to realise Sparbank's new strategy, it is expected that costs will rise, among other things due to investments in new IT technology. In addition, a cost increase is expected in connection with the establishment of new branches in Viborg and Skanderborg and on Amager.

Given the current economic climate, write-downs on loans and receivables are expected to be lower than in 2006.

Market value adjustments are expected to be lower in 2007 than in 2006, as 2006 saw extraordinary income from sales/market value adjustments of shares in Totalkredit and Sparinvest of a total of DKK 42m.

For 2007, growth in banking operations, i.e. core earnings, is expected. In total, the profit before tax is expected to be approx. DKK 180-200m.

MANAGEMENT'S STATEMENT

The Board of Directors and the Board of Executives have on this day considered and adopted the 2006 annual report for Sparbank.

The annual report is presented in accordance with Danish accounting legislation for financial enterprises, Danish accounting standards and the requirements of the Copenhagen Stock Exchange on the financial reporting of listed companies. In our opinion, the accounting policies applied are expedient, and the accounting estimates made are reasonable and fair.

Furthermore, in our opinion, the overall presentation of the annual report gives a true and fair view of the bank. In our opinion, the annual report gives a true and fair view of the bank's assets and liabilities and financial position and of the results of its operations and cash flows.

The annual report is submitted for adoption by the general meeting.

Skive, 22 February 2007

BOARD OF EXECUTIVES

Henning Hürdum

Skive, 22 February 2007

BOARD OF DIRECTORS

Ole Brøndum Jensen

Fritz Dahl Pedersen

Alex Nielsen

Mr Mette Dahl Christensen

Per Engkrog Andersen

Mr Kurt Bjerre

Asger Jensen

Mr Anna Marie Dahl

Poul Sønder

INTERNAL AUDITORS' REPORT

We have audited the annual report of Sparbank A/S for the 2006 financial year. The annual report has been prepared in accordance with the Danish Financial Business Act (Lov om finansiel virksomhed). Additionally, the annual report is presented in accordance with further Danish disclosure requirements for the annual reports of listed financial enterprises.

BASIS OF OPINION

The audit has been performed on the basis of the Danish Executive Order on Auditing Financial Undertakings and Financial Groups (Bekendtgørelse om revisionens gennemførelse i finansielle virksomheder og finansielle koncerner) prepared by the Danish Financial Supervisory Board as well as in accordance with Danish Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual report is free of material misstatement.

The audit has been performed in accordance with the division of work agreed with the external auditors and has included an assessment of established business procedures and internal controls, including the risk management planned by the management aimed at reporting processes and significant commercial risks. Based on an assessment of materiality and risk, our audit included, on a test basis, an examination of the basis supporting the amounts and other disclosures in the annual report, including examination of evidence supporting the amounts and disclosures in the annual report. The audit also included assessing whether the accounting policies applied by the management are appropriate and whether significant estimates made by the management are reasonable as well as evaluating the overall presentation of the annual report.

In our opinion, the audit evidence obtained provides a reasonable and suitable basis for our opinion.

Our audit did not give rise to any qualifications.

OPINION

In our opinion, the established business procedures and internal controls, including the risk management planned by the management aimed at the bank's reporting processes and significant commercial risks, are satisfactory.

In our opinion, the annual report gives a true and fair view of the bank's assets and liabilities and financial position as at 31 December 2006, and the results of its operations and cash flows for the 2006 financial year are in accordance with the Danish Financial Business Act and in accordance with further Danish disclosure requirements for the annual reports of listed financial enterprises.

Skive, 22 February 2007

Internal audit

Hans Thorup
Audit Manager

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS IN SPARBANK A/S

We have audited the annual report of Sparbank A/S for the financial year 1 January 2006 - 31 December 2006, comprising the management's statement, management's review, accounting policies, income statement, balance sheet, cash flow statement and notes. The annual report is presented in accordance with the Danish Financial Business Act (Lov om finansiel virksomhed) and further Danish disclosure requirements for the annual reports of listed financial enterprises.

RESPONSIBILITIES OF THE MANAGEMENT IN RELATION TO THE ANNUAL REPORT

The bank's management is responsible for the preparation and presentation of an annual report giving a true and fair view of the bank in accordance with the Danish Financial Business Act and further disclosure requirements for the annual reports of listed financial enterprises. This responsibility includes formulating, implementing and maintaining internal controls relevant to the preparation and presentation of an annual report giving a true and fair view of the bank and being free of material misstatement, irrespective of whether such misstatement is attributable to fraud or errors, as well as choosing and applying expedient accounting policies and making accounting estimates deemed reasonable in the circumstances.

RESPONSIBILITIES OF THE AUDITORS AND BASIS OF OPINION

Our responsibility is to express an opinion on the annual report based on our audit. We conducted our audit in accordance with Danish Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the annual report is free of material misstatement.

An audit includes tasks with a view to obtaining audit evidence of the amounts and disclosures in the annual report. The chosen tasks depend on the auditors' assessment, including an assessment of the risk of material misstatement in the annual report, irrespective of whether such misstatement is attributable to fraud or errors. In connection with this risk assessment, the auditors consider internal controls relevant to the bank's preparation and presentation of an annual report giving a true and fair view of the bank, with a view to planning audit work appropriate in the circumstances, but not with a view to expressing an opinion on the efficiency of the bank's internal controls. An audit also includes assessing whether the accounting policies applied by the management are appropriate and whether accounting estimates made by the management are reasonable as well as evaluating the overall presentation of the annual report.

In our opinion, the audit evidence obtained provides a reasonable and suitable basis for our opinion.

Our audit did not give rise to any qualifications.

OPINION

In our opinion, the annual report gives a true and fair view of the bank's assets and liabilities and financial position as at 31 December 2006, and the results of its operations and cash flows for the financial year 1 January - 31 December 2006 are in accordance with the Danish Financial Business Act and in accordance with further Danish disclosure requirements for the annual reports of listed financial enterprises.

Skive, 22 February 2007

PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab

Peter H. Christensen
State-Authorised Public Accountant

Michael Laursen
State-Authorised Public Accountant

Aarhus, 22 February 2007

Mortensen og Beierholm
Statsautoriseret Revisionsaktieselskab

Jørgen Bertelsen
State-Authorised Public Accountant

ACCOUNTING POLICIES

The annual report has been presented in accordance with the Danish Financial Business Act (Lov om finansiel virksomhed) and prepared in accordance with the Danish Executive Order on Financial Reports for Credit Institutions (Bekendtgørelse om pengeinstitutters regnskabsaflægning). The annual report has further been prepared in accordance with the duties of disclosure of the Copenhagen Stock Exchange, to the extent that the Danish Financial Business Act, the Danish Executive Order on Financial Reports or the Danish Financial Supervisory Board's other orders do not stipulate otherwise.

The accounting policies are consistent with those of last year.

FOREIGN CURRENCY

Assets and liabilities in foreign currency are converted into DKK in accordance with the closing price at the balance sheet date, corresponding to the price published by the National Bank of Denmark. Income and expenditure are converted on an ongoing basis according to the price on the transaction date.

FINANCIAL INSTRUMENTS IN GENERAL

With regard to recognition criteria and measurement basis for the financial assets and obligations in the bank's balance sheet, reference is made to the following paragraphs. However, generally the bank measures financial assets and liabilities at the fair value on the balance sheet day, unless otherwise specifically provided in the following descriptions of the individual items, just as the bank generally uses the settlement date as the recognition date for financial instruments.

LOANS AND OTHER RECEIVABLES

Loans and other receivables which have been hedged by financial instruments are measured at fair value. Other loans and receivables are measured at amortised cost. Arrangement fees etc., which are comparable to an ongoing interest payment, and thus considered an integrated part of the effective rate of interest on the loan, are accrued over the term of the individual loan.

In the event that an objective indication of impairment exists for loans and other receivables, they are written down to cover the bank's loss.

Changes in the write-downs made are adjusted in the income statement under "Write-downs on loans and receivables etc."

BONDS AND SHARES

Securities listed on a stock exchange are measured at fair value based on the closing price on the balance sheet date.

Unlisted securities are carried at fair value, calculated on the basis of the transaction price traded between independent parties.

Illiquid or unlisted securities for which the determination of a reliable fair value is not deemed possible are measured at cost.

All current value adjustments on listed and unlisted securities are recognised under operations under the item "Market value adjustments".

LAND AND BUILDINGS

Land and buildings comprises "Domicile properties". The properties housing the bank's branches are classified as domicile properties, while other properties are considered investment properties.

In the balance sheet, investment properties are measured at fair value on the basis of the return method. Current value changes regarding investment properties are recognised in the income statement. The bank currently has no investment properties.

Domicile properties are measured in the balance sheet at the reassessed value, which is the fair value calculated on the basis of the return method less accumulated depreciation and any impairment losses. Depreciation is calculated on the basis of an expected useful life of 50 years. The basis of depreciation is cost less a residual value. Depreciation and impairment losses are recognised in the income statement, while increases in the reassessed value are recognised directly in equity under "Revaluation reserve", unless the increase corresponds to a value decrease previously recognised in the income statement.

The value of the domicile properties is modest, as most of the bank's premises are leased.

INTANGIBLE ASSETS

Intangible assets include acquired software. Acquired software is recognised in the balance sheet at cost less accumulated amortisation and write-downs for any impairment losses. Cost comprises the expenses incurred in connection with the commissioning of the software. The software is amortised on a straight-line basis over a period of three years. Depreciation and impairment losses are recognised in the income statement under "Depreciation, amortisation, write-down and impairment of property, plant and equipment as well as intangible assets".

OTHER PROPERTY, PLANT AND EQUIPMENT

Other property, plant and equipment, comprising tools and equipment, are measured in the balance sheet at cost less accumulated depreciation and write-downs for any impairment losses. Depreciation is calculated on the basis of an expected useful life of the assets of 1-5 years. The basis of depreciation is cost less a residual value. Amortisation and impairment losses are recognised in the income statement under "Depreciation, amortisation, write-down and impairment of property, plant and equipment as well as intangible assets".

DERIVATIVE FINANCIAL INSTRUMENTS

Forward exchange contracts, interest rate swaps and other derivative financial instruments are measured at fair value at the balance sheet date.

With regard to hedging transactions complying with the terms of the Danish Executive Order on the Presentation of Financial Statements (Regnskabsbekendtgørelsen) prepared by the Danish Financial Supervisory Board for being considered hedging at fair value, both the hedging instrument and the hedged part of the financial instrument are measured at fair value at the balance sheet date.

All value adjustments regarding derivative financial instruments and hedged items are recognised in the income statement under "Market value adjustments".

GUARANTEES

The bank's outstanding guarantees are indicated in the notes under "Guarantees etc.". If it is deemed likely that an outstanding guarantee will result in a loss for the bank, provision is made for this liability under "Provisions for guarantee losses", and it is expensed in the income statement under "Write-downs on loans and receivables etc.".

INTEREST INCOME

Interest income is recognised on the basis of the effective interest method, which means that interest income comprises the accrued part of arrangement fees etc. regarded as being part of the loan's effective interest rate.

Interest income from loans which have been fully or partly written down is recognised under "Write-downs on loans and receivables etc."

TAX

Tax on the profit for the year, which comprises the current tax and deferred tax for the year, is recognised in the income statement with the tax expense relating to the profit for the year and directly in equity with the portion relating to equity transactions.

INCENTIVE PROGRAMMES

The bank has established various share incentive programmes with its employees.

The fair value of the option-based remuneration for the bank's executives and the retired managing director is measured at the time of allocation by means of an option model and is recognised on a straight-line basis in the income statement over the vesting period.

Other expenses for share incentive programmes for the bank's employees are recognised and expensed on an ongoing basis in the income statement.

INCOME STATEMENT AND ALLOCATION

Note	2006 (DKK '000)	2005 (DKK '000)
1 Interest income	758,907	618,386
2 Interest expenses	-264,952	- 153,104
Net interest income	493,955	465,282
Dividend from shares etc.	8,179	5,426
3 Fees and commission income	158,856	145,870
Fees and commission paid	-18,443	- 14,424
Net interest and fee income	642,547	602,154
4 Market value adjustments	141,276	103,290
Other operating income	1,362	3,706
5 Staff and administrative expenses	-430,164	- 367,065
Depreciation, amortisation, write-down and impairment of property, plant and equipment as well as intangible assets	-14,666	- 15,408
Other operating expenses	-2,204	- 2,383
Write-down of loans and receivables etc.	-94,175	- 21,523
Profit before tax	243,976	302,771
6 Tax	-53,388	- 79,318
Net profit for the year	190,588	223,453
SUGGESTED ALLOCATION OF PROFIT		
Net profit for the year	190,588	223,453
Allocated for dividend	24,107	24,107
Retained earnings	166,481	199,346
Total	190,588	223,453

BALANCE SHEET AS AT 31 DECEMBER

Note	2006 (DKK '000)	2005 (DKK '000)	
ASSETS			
	Cash balance and demand deposits with central banks	87,460	198,802
7,22	Receivables from credit institutions and central banks	144,405	647,631
	Loans and other receivables at fair value	99,691	125,612
8,9,22	Loans and other receivables at amortised cost	11,758,849	9,001,160
10	Bonds at fair value	1,781,444	1,337,530
11	Shares etc.	538,598	446,087
	Pooled assets	303,382	265,283
12	Intangible assets	3,455	2,859
13	Land and buildings, domicile properties	1,589	1,625
14	Other property, plant and equipment	22,036	19,278
	Current tax assets	14,988	0
	Assets acquired on a temporary basis	4,251	16,322
	Other assets	127,566	88,451
	Prepayments	9,705	8,862
	Total assets	14,897,419	12,159,502
LIABILITIES AND EQUITY			
Payables			
16,22	Payables to credit institutions and central banks	1,902,325	1,068,466
17,22	Deposits and other payables	8,776,215	8,470,120
23	Pooled deposits	320,870	275,002
22	Bonds issued	1,465,971	274,547
	Current tax liabilities	0	16,229
	Other liabilities and equity	345,456	318,540
	Deferred income	4,100	4,152
	Total payables	12,814,937	10,427,056
Provisions			
18	Provisions for pensions and similar liabilities	27,362	16,000
	Provisions for deferred tax	6,669	9,087
	Provisions for guarantee losses	3,754	5,490
	Total provisions	37,785	30,577
19	Subordinated debt	483,210	298,519
Equity			
21	Share capital	120,533	120,533
	Retained earnings	1,440,954	1,282,817
15,20	Total equity	1,561,487	1,403,350
	Of which proposed dividend	24,107	24,107
	Total liabilities and equity	14,897,419	12,159,502
25	Guarantees etc.		
26-44	Other notes		

CASH FLOW STATEMENT

Note	2006 (DKK '000)	2005 (DKK '000)
Profit for the year after tax	190,588	223,453
Depreciation, amortisation, write-down and impairment of property, plant and equipment as well as intangible assets	8,867	8,013
Prepayments and deferred income, net	-895	-498
Provision for liabilities	7,208	182
Other non-cash operating items	326	0
Profit for the year adjusted for non-cash operating items	206,094	231,150
Changes in:		
Receivables from credit institutions and central banks at notice	481,961	-11,859
Loans	-2,731,768	-1,764,384
Deposits	351,963	1,569,687
Payables to credit institutions	833,859	464,385
Unlisted securities	-57,971	-2,646
Bonds issued	1,191,424	274,547
Pooled assets	-38,099	-39,110
Treasury shares, net	-8,670	-9,557
Negative bond portfolio under other liabilities and equity	-46,060	-57,835
Other assets, liabilities and equity	2,644	33,610
Changes in working capital	-20,717	456,838
CASH FLOWS FROM OPERATING ACTIVITIES	185,377	687,988
Net investments in intangible assets and property, plant and equipment	-114	-5,913
CASH FLOWS FROM INVESTING ACTIVITIES	-114	-5,913
Subordinated debt	184,691	298,519
Dividend paid	-24,107	-24,107
CASH FLOWS FROM FINANCING ACTIVITIES	160,584	274,412
Changes in cash and cash equivalents	345,847	956,487
24 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,893,777	937,290
24 CASH AND CASH EQUIVALENTS, END OF YEAR	2,239,624	1,893,777

	2006 (DKK '000)	2005 (DKK '000)
1 INTEREST INCOME		
Receivables from credit institutions and central banks	14,339	29,856
Loans and other receivables	703,146	576,906
Bonds	50,027	19,444
Derivative financial instruments		
Currency contracts	-2,317	2,502
Interest rate contracts	-6,457	-8,669
Other interest income	169	849
Total interest income	758,907	618,386
Of which income from genuine sales and repurchase transactions recognised under:		
Receivables from credit institutions and central banks	2,314	2,404
2 INTEREST EXPENSES		
Payables to credit institutions and central banks	34,010	17,269
Deposits and other payables	176,909	129,974
Bonds issued	37,509	2,214
Subordinated debt	15,091	3,611
Other interest expenses	1,433	36
Total interest expenses	264,952	153,104
Of which interest expenses in respect of genuine sales and repurchase transactions recognised under:		
Payables to credit institutions and central banks	6,029	0
3 FEES AND COMMISSION INCOME		
Securities trading and safe custody accounts	52,793	42,996
Payment services	12,364	11,618
Loan transaction fees	30,802	33,722
Guarantee commission	31,165	25,334
Other fees and commission	31,732	32,200
Total fees and commission income	158,856	145,870

	2006 (DKK '000)		2005 (DKK '000)	
4 MARKET VALUE ADJUSTMENTS				
Other loans and receivables at fair value		-4,473		2,527
Bonds		-17,097		4,351
Shares etc.		105,930		97,587
Currency		31,148		14,556
Derivative financial instruments				
Currency contracts		-22,906		- 6,310
Interest rate contracts		31,993		- 7,071
Share contracts		334	9,421	1,252
				- 12,129
Pooled assets		28,515		-
Pooled deposits		-28,515		-44,000
Other liabilities		16,347		-
Total market value adjustments		141,276		103,290
5 STAFF AND ADMINISTRATIVE EXPENSES				
Board of Executives		5,161		4,346
Adjustment of pension obligation, retired MD		12,000		3,000
Board of Directors		1,458		1,084
Advisory Board		180		180
Total management		18,799		8,610
Salaries		215,639		192,623
Pensions		22,849		20,507
Social security expenses		17,511		16,440
Total staff expenses		255,999		229,570
Other administrative expenses		155,366		128,885
Total staff and administrative expenses		430,164		367,065
SHARE-BASED REMUNERATION				
Staff and administrative expenses include share-based incentive programme for executive employees and the retired MD, cf. below.				
The share-based remuneration is an equity scheme set off directly against equity.		326		-

SHARE-BASED INCENTIVE PROGRAMME FOR EXECUTIVE EMPLOYEES AND RETIRED MD.

Share-based incentive programme for executive employees and retired MD comprises share options granted.

The market value is calculated in accordance with a Black-Scholes model adjusted for dividends with the following assumptions at the time of granting 30 June 2006: Share price 382, volatility 21.0%, risk-free interest rate 3.5%, annual dividend DKK 4 per share. The market value at the time of granting was DKK 3,264,000, comprising 39,000 shares and a granting price of 382.

No options have expired or been exercised during the financial year.

As at 31 December 2006, the corresponding market value was DKK 3,752,000. This item is hedged by the bank's corresponding portfolio of treasury shares.

	2006 (DKK '000)		2005 (DKK '000)	
6 TAX				
Calculated tax on net profit for the year		56,345		86,934
Change in deferred tax		-2,767		- 8,308
Adjustment of calculated tax in respect of previous years		-190		- 879
Tax on write-down account		-		1,571
Total tax		53,388		79,318
Tax on profit before tax comprises:				
28% of profit before tax	28.0 %	68,313	28.0 %	84,776
Change in income tax rate	0%	0	- 0.6 %	-1,645
Tax effect of non-deductible expenses	0.1%	352	0.1 %	248
Tax effect of tax-exempt income	-6.2%	-15,087	- 1.4 %	- 4,348
Tax, previous years	-0.1%	-190	- 0.3 %	-844
Tax on write-down account	0%	0	0.4 %	1,131
Total (effective tax rate)	21.9%	53,388	26.2 %	79,318
7 RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS				
Receivables at notice from central banks		0		249,917
Receivables from credit institutions		144,405		397,714
Total receivables from credit institutions and central banks		144,405		647,631
8 CREDIT RISKS, LOANS AND GUARANTEE DEBTORS BROKEN DOWN BY SECTORS AND LINES OF BUSINESS				
		Loans + guarantee debtors in %, end of year		Loans + guarantee debtors in %, end of year
Public authorities		1 %		1 %
Business sectors				
Agriculture, hunting and forestry		4 %		4 %
Manufacturing industry, extraction of raw materials, electricity, gas, water and heating plants		5 %		5 %
Building and construction industry		4 %		4 %
Trade, restaurant and hotel industry		7 %		7 %
Transportation, postal and telephone services		1 %		1 %
Credit, financing and insurance activities		4 %		4 %
Property administration and business, business services		10 %		9 %
Other business sectors		16 %		12 %
Total business sectors		51 %		46 %
Private		48 %		53 %
Total		100 %		100 %

	2006 (DKK '000)	2005 (DKK '000)
9 WRITE-DOWNS OF LOANS AND OTHER RECEIVABLES		
Individual write-downs		
Write-downs of loans and other receivables, beginning of year	284,626	205,132
Total adjustments following change in accounting policies	0	60,243
	284,626	265,375
Write-downs/value adjustments during the year	142,858	114,256
Reversal of write-downs made in respect of previous financial years	-37,550	- 36,506
Other changes	11,875	0
Final losses, previously written off	-120,936	- 58,499
Individual write-downs on loans and other receivables, end of year	280,873	284,626
Group write-downs		
Write-downs of loans and other receivables, beginning of year	22,641	97,000
Total adjustments following change in accounting policies	0	- 71,566
	22,641	25,434
Write-downs/value adjustments during the year	0	0
Reversal of write-downs made in respect of previous financial years	-3,666	-2,793
Group write-downs on loans and other receivables, end of year	18,975	22,641
Write-downs of receivables from credit institutions	0	0
Write-downs of other receivables involving credit risk	0	0
Accumulated write-downs/provisions for loans and guarantee debtors in % of loans and guarantee debtors, end of year	1.8 %	2.2 %
Non-accrual receivables, end of year	179,588	174,631
Write-downs of loans on which objective indication has been made for impairment:		
Value before write-down	2,721,107	1,845,579
Value after write-down	2,491,605	1,596,850
10 BONDS		
Bonds at fair value		
Other mortgage credit bonds	1,749,333	1,304,935
Government bonds	23,951	29,098
Other bonds	8,160	3,497
Total bonds	1,781,444	1,337,530
Long-term positions	1,781,444	1,337,530
Short-term positions (entered under other liabilities and equity)	0	- 46,060
Net portfolio of bonds	1,781,444	1,291,470

NOTES

	2006 (DKK '000)	2005 (DKK '000)
11 SHARES ETC.		
Shares/unit trust certificates listed on the Copenhagen Stock Exchange	206,092	174,287
Shares/unit trust certificates listed on other stock exchanges	76,356	73,621
Unlisted shares recognised at fair value	232,656	175,230
Unlisted shares etc. recognised at cost	23,494	22,939
Other shares	0	10
Total shares etc.	538,598	446,087
12 INTANGIBLE ASSETS, SOFTWARE		
Total cost, beginning of year	5,581	4,955
Additions	2,075	626
Disposals	0	0
Total cost, end of year	7,656	5,581
Amortisation and write-downs, beginning of year	2,722	1,472
Amortisation for the year	1,479	1,250
Write-downs for the year	0	0
Reversed amortisation and write-downs	0	0
Amortisation and write-downs, end of year	4,201	2,722
Carrying amount, end of year	3,455	2,859
13 LAND AND BUILDINGS, DOMICILE PROPERTIES		
Reassessed value, end of previous financial year	1,625	1,660
Additions in the year, including improvements	0	0
Disposals in the year	0	0
Depreciation	36	35
Value changes which, during the year, have been recognised directly in equity	0	0
Value changes which, during the year, have been recognised in the income statement	0	0
Other changes	0	0
Reassessed value at the balance sheet date	1,589	1,625

No external experts have participated in the measurement of domicile properties.

	2006 (DKK '000)	2005 (DKK '000)
14 OTHER PROPERTY, PLANT AND EQUIPMENT		
Total cost, beginning of year	67,852	61,859
Additions	10,578	7,653
Disposals	-2,153	-1,660
Total cost, end of year	76,277	67,852
Depreciation and write-downs, beginning of year	48,574	43,075
Depreciation for the year	7,352	6,727
Write-downs for the year	0	0
Reversed depreciation and write-downs	-1,685	-1,228
Depreciation and write-downs, end of year	54,241	48,574
Carrying amount, end of year	22,036	19,278
15 TREASURY SHARES		
Beginning of year		
Number of treasury shares in 1,000 shares of DKK 20 each	25	0
Nominal value in DKK 1,000	500	1
% of share capital	0.42	0.00
Fair value	9,969	8
Additions		
Number of treasury shares in 1,000 shares of DKK 20 each	368	329
Nominal value in DKK 1,000	7,359	6,580
% of share capital	6.10	5.46
Total cost price in DKK 1,000	152,585	113,819
Disposals		
Number of treasury shares in 1,000 shares of DKK 20 each	339	304
Nominal value in DKK 1,000	6,775	6,081
% of share capital	5.61	5.04
Total selling price in DKK 1,000	142,077	104,912
End of year		
Number of treasury shares in 1,000 shares of DKK 20 each	54	25
Nominal value in DKK 1,000	1,084	500
% of share capital	0.91	0.42
Market value adjustment for the year	3,327	1,054
Fair value	23,804	9,969

Sparbank acquires and sells treasury shares as part of ordinary banking transactions. In addition, the bank has acquired treasury shares to cover options issued in connection with a share-based incentive programme for executive employees and the retired managing director.

NOTES

	2006 (DKK '000)	2005 (DKK '000)
16 PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS		
Payables to central banks	0	0
Payables to credit institutions	1,902,325	1,068,466
Total payables to credit institutions and central banks	1,902,325	1,068,466
17 DEPOSITS AND OTHER PAYABLES		
On demand	6,428,816	6,419,050
With term of notice	20,841	23,483
Time deposits	1,399,962	1,201,520
Special deposit types	926,596	826,067
Total deposits	8,776,215	8,470,120
18 PROVISIONS FOR PENSIONS AND SIMILAR LIABILITIES		
Liabilities relate to pension commitments to retired MD	27,362	16,000
19 SUBORDINATED DEBT		
Hybrid core capital, standing loan		
Principal	200,000	200,000
Currency	DKK	DKK
Interest rate, %	4,8040	4,8040
Fixed annual coupon rate		
As from 9 September 2015, the interest rate will be changed to a quarterly variable coupon rate, corresponding to 3-month CIBOR + 2.60%.		
Expiry date	Infinite	Infinite
Allocated up-front fee		
Paid on raising in 2005	-1,374	-1,374
Accrued in 2005	43	43
Accrued in 2006	137	-
Allocated up-front fee, net	-1,194	-1,331
Interest-dependent market value adjustment of hedged hybrid core capital (in 2006)	-13,676	-
Hybrid core capital, value of treasury bonds	-1,790	-
Hybrid core capital, balance sheet value	183,340	198,669
Interest in the financial year, cf. debt instrument	9,882	3,087
Accrual of fees in the financial year (set off against interest expenses)	-137	-43
Interest on treasury bonds set off (in 2006)	-23	-
Total interest in the financial year	9,722	3,044
Share to be included in the statement of base capital	198,000	200,000

In 2006, hybrid core capital was hedged with interest rate swaps, cf. note 40.

	2006 (DKK '000)	2005 (DKK '000)
SUBORDINATE CAPITAL, STANDING LOANS (2005-2013)		
Principal	100,000	100,000
Currency	DKK	DKK
Interest rate, %	4.7217	3.3283
Quarterly variable coupon rate corresponding to 3 month CIBOR + 1.05%. As from 1 November 2010, the interest rate will be changed to a quarterly variable coupon rate, corresponding to 3 month CIBOR + 2.55 percent. Expiry date 2013		
Allocated up-front fee		
Paid on raising in 2005	-153	-153
Accrued in 2005	3	3
Accrued in 2006	20	-
Allocated up-front fee, net	-130	-150
Subordinate capital, balance sheet value		
	99,870	99,850
Interest in the financial year, cf. debt instrument		
	4,137	570
Accrual of fees in the financial year (set off against interest expenses)		
	-20	-3
Total interest in the financial year	4,117	567
Share to be included in the statement of base capital		
	100,000	100,000
SUBORDINATE CAPITAL, STANDING LOANS (2006-2014)		
Principal	200,000	-
Currency	DKK	-
Interest rate, %	4.8950	-
Quarterly variable corresponding to 6 month CIBOR + 1.025%. As from 16 November 2011, the extra rate will be changed to 2.525%.		
Expiry date 14 November 2014.		
Allocated up-front fee		
	0	-
Subordinate capital, balance sheet value		
	200,000	-
Interest in the financial year, cf. debt instrument		
	1,251	-
Accrual of fees in the financial year (set off against interest expenses)		
	0	-
Total interest in the financial year	1,251	-
Share to be included in the statement of base capital		
	200,000	-

NOTES

	2006 (DKK '000)	2005 (DKK '000)
TOTAL SUBORDINATED DEBT		
Balance sheet value	483,210	298,519
Up-front fee paid in the financial year	0	1,527
Interest in the financial year	15,090	3,611
Share to be included in the statement of base capital	498,000	300,000

20 EQUITY, MOVEMENTS IN CAPITAL

2006 (DKK '000)

	Beginning of year	Additions	Disposals	End of year
Share capital	120,533	0	0	120,533
Retained profit for the year	1,282,817	190,588	0	1,473,405
Dividend paid for the year	0	0	-24,107	-24,107
Value adjustments, treasury shares	0	0	-8,670	-8,670
Share-based remuneration	0	326	0	326
Retained earnings	1,282,817	190,914	-32,777	1,440,954
Total equity	1,403,350	190,914	-32,777	1,561,487

2005 (DKK '000)

	Beginning of year	Additions	Disposals	End of year
Share capital	120,533	0	0	120,533
Retained profit for the year	1,093,028	223,453	0	1,316,481
Dividend paid for the year	0	0	-24,107	-24,107
Value adjustments, treasury shares	0	0	-9,557	-9,557
Share-based remuneration	0	0	0	0
Retained earnings	1,093,028	223,453	-33,664	1,282,817
Total equity	1,213,561	223,453	-33,664	1,403,350

2006 (DKK '000)

2005 (DKK '000)

21 SHARE CAPITAL

6,026,665 shares of DKK 20 each

120,533

120,533

NOTES

	2006 (DKK '000)	2005 (DKK '000)
22 BROKEN DOWN BY TERM TO MATURITY		
RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS		
Demand deposits	88,272	109,537
Up to 3 months	0	479,624
Between 3 months and 1 year	9,699	22,279
Between 1 and 5 years	46,434	36,191
Total	144,405	647,631
LOANS		
On demand	70,316	106,884
Up to 3 months	1,713,636	1,325,658
Between 3 months and 1 year	4,021,978	2,591,512
Between 1 and 5 years	3,182,684	2,976,582
Over 5 years	2,869,926	2,126,136
Total	11,858,540	9,126,772
PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS		
Debt payable on demand	36,024	27,729
Up to 3 months	1,274,660	618,805
Between 3 months and 1 year	100,182	177,024
Between 1 and 5 years	250,484	1,296
Over 5 years	240,975	243,612
Total	1,902,325	1,068,466
DEPOSITS AND OTHER PAYABLES		
On demand	6,428,816	6,419,050
Deposits with term of notice		
Up to 3 months	1,203,872	1,126,902
Between 3 months and 1 year	300,868	182,590
Between 1 and 5 years	134,189	143,404
Over 5 years	708,470	598,174
Total	8,776,215	8,470,120
BONDS ISSUED		
Between 1 and 5 years	1,465,971	274,547

23 SUPPLEMENTARY INFORMATION RELATING TO POOLS

	2006 (DKK '000)			2005 (DKK '000)		
	Pension pools	Other pools	Total	Pension pools	Other pools	Total
Profit information						
Interest income/arbitrage premium of:						
Cash deposit	125	2	127	161	2	163
Index bonds	402	5	407	289	3	292
Other bonds	6,259	80	6,339	6,034	70	6,104
Derivative financial instruments	-487	-6	-493	-187	-2	-189
Total interest income	6,299	81	6,380	6,297	73	6,370
Dividend of:						
Shares etc.	2,432	31	2,463	1,706	20	1,726
Units 83	1	84	0	0	0	0
Total dividend	2,515	32	2,547	1,706	20	1,726
Market value adjustments of:						
Index bonds	-233	-3	-236	16	0	16
Other bonds etc.	-3,214	-41	-3,255	-94	-1	-95
Shares etc.	23,458	302	23,760	33,526	391	33,917
Units	1,594	21	1,615	1,203	14	1,217
Currency	-1,582	-20	-1,602	3,012	35	3,047
Derivative financial instruments	2,170	28	2,198	-2,173	-25	-2,198
Total market value adjustments	22,193	287	22,480	35,490	414	35,904
Fees and commission expenses	-4,806	-62	-4,868	-4,097	-48	-4,145
Profit/loss from pools	26,201	338	26,539	39,396	459	39,855
Balance sheet information						
Assets						
Cash deposit	17,250	238	17,488	7,837	91	7,928
Index bonds	8,842	122	8,964	8,830	103	8,933
Other bonds	124,621	1,722	126,343	141,662	1,653	143,315
Treasury shares	0	0	0	1,770	21	1,791
Other shares	136,712	1,889	138,601	102,793	1,199	103,992
Units	27,723	383	28,106	7,034	82	7,116
Other assets	1,349	19	1,368	1,905	22	1,927
Total assets	316,497	4,373	320,870	271,831	3,171	275,002
Liabilities and equity						
Total deposits	290,320	4,011	294,331	232,427	2,711	235,138
Other liabilities and equity	26,177	362	26,539	39,403	461	39,864
Total liabilities and equity	316,497	4,373	320,870	271,830	3,172	275,002
Notes						
Average deposits	281,895	3,632	285,527	228,513	2,665	231,178

NOTES

	2006 (DKK '000)			2005 (DKK '000)		
24 CASH AND CASH EQUIVALENTS						
Cash balances and demand deposits with central banks		87,460			198,802	
Receivables on demand from credit institutions		88,272			109,537	
Listed shares and bonds, excl. pools		2,063,892			1,585,438	
Total cash and cash equivalents		2,239,624			1,893,777	
25 GUARANTEES ETC.						
Financial guarantees		2,924			25,526	
Debt guarantees for mortgage credit loans		1,970,923			1,690,376	
Land registration and conversion guarantees		2,071,711			2,603,575	
Other guarantees		635,173			414,346	
Total guarantees etc.		4,680,731			4,733,823	
26 OTHER CONTINGENT LIABILITIES						
Irrevocable credit commitments		0			0	
Non-genuine sales and repurchase transactions		0			0	
Other liabilities		5,566			2,687	
Total other liabilities		5,566			2,687	
27 BOARD OF EXECUTIVES, BOARD OF DIRECTORS						
The size of loans, mortgage, surety and guarantees as well as security provided for the members of management mentioned below:						
	Interest rate	Loans etc.	Security	Interest rate	Loans etc.	Security
Board of Executives	-	0	0	3.4 %	2,204	0
Board of Directors	4.5 % - 10.5 %	2,100	1,441	4.25 % - 9 %	1,430	741
The commitments are granted on an arm's length basis and in accordance with the bank's usual business terms.						
28 AUDIT FEES						
Total fees to the auditors appointed by the general meeting which perform the statutory audit		1,049			1,014	
Of which non-audit services		414			375	
29 NUMBER OF EMPLOYEES						
The average number of employees in the financial year converted into full-time employees		533.4			509.8	
30 SOLVENCY STATEMENT						
Equity		1,561,487			1,403,350	
Proposed dividend etc.		-24,107			-24,107	
Other deductions from the core capital		-3,455			-2,858	
Hybrid core capital		198,000			200,000	
Core capital after deductions		1,731,925			1,576,385	
Supplementary capital		300,000			100,000	
Additions to/disposals from base capital		-15,661			-20,694	
Base capital after deductions, end of year		2,016,264			1,655,691	
Weighted items outside trade portfolio		15,007,402			12,446,883	
Weighted items with market risk etc.		1,565,833			1,627,116	
Total weighted items		16,573,235			14,073,999	
Total core capital after deductions as percentage of weighted items		10.5			11.2	
Solvency ratio according to FIL Section 124(1)		12.2			11.8	

31 DERIVATIVE FINANCIAL INSTRUMENTS,
MATURITY DISTRIBUTED BY TIME TO MATURITY
NOMINAL VALUE

2006 (DKK '000)

	0- 3 months	3 months- 1 year	1 year- 5 years	over 5 years	Total
Currency contracts					
Forward contracts/futures, purchase	434,416	94,468	0	0	528,884
Forward contracts/futures, sale	1,465,560	37,073	0	0	1,502,633
Swaps	0	0	1,092,785	0	1,092,785
Options, acquired	0	0	0	0	0
Options, issued	0	0	0	0	0
Interest rate contracts					
Forward contracts/futures, purchase	31,169	0	0	44,736	75,905
Forward contracts/futures, sale	59,264	1,455	0	436,736	497,455
Forward Rate Agreements, purchase	0	0	0	0	0
Forward Rate Agreements, sale	0	0	0	0	0
Swaps	0	3,800	40,046	112,889	156,735
Options, acquired	0	0	0	10,000	10,000
Options, issued	0	0	0	10,000	10,000
Share contracts					
Options, acquired	729	1	7,660	0	8,390
Options, issued	138	1	4,286	0	4,425

2005 (DKK '000)

	0- 3 months	3 months- 1 year	1 year- 5 years	over 5 years	Total
Currency contracts					
Forward contracts/futures, purchase	167,341	35,025	0	0	202,366
Forward contracts/futures, sale	668,694	79,187	0	0	747,881
Swaps	0	0	0	0	0
Options, acquired	0	0	0	0	0
Options, issued	0	0	0	0	0
Interest rate contracts					
Forward contracts/futures, purchase	117,245	5,716	0	0	122,961
Forward contracts/futures, sale	557,745	40,797	0	0	598,542
Forward Rate Agreements, purchase	0	300,000	0	0	300,000
Forward Rate Agreements, sale	0	600,000	0	0	600,000
Swaps	0	906	62,987	337,488	401,381
Options, acquired	0	0	10,000	0	10,000
Options, issued	0	0	10,000	0	10,000
Share contracts					
Options, acquired	12	132	9,291	0	9,435
Options, issued	12	132	4,845	0	4,989

32 DERIVATIVE FINANCIAL INSTRUMENTS,
MATURITY DISTRIBUTED BY TIME TO MATURITY
NET MARKET VALUE

2006 (DKK '000)

	0- 3 months	3 months- 1 year	1 year- 5 years	over 5 years	Total
Currency contracts					
Forward contracts/futures, purchase	-1,086	-777	0	0	-1,863
Forward contracts/futures, sale	7,230	986	0	0	8,216
Swaps	0	0	-54,590	0	-54,590
Options, acquired	0	0	0	0	0
Options, issued	0	0	0	0	0
Interest rate contracts					
Forward contracts/futures, purchase	61	0	0	-1,016	-955
Forward contracts/futures, sale	318	26	0	11,932	12,276
Forward Rate Agreements, purchase	0	0	0	0	0
Forward Rate Agreements, sale	0	0	0	0	0
Swaps	0	-19	-556	-8,657	-9,232
Options, acquired	0	0	0	180	180
Options, issued	0	0	0	-180	-180
Share contracts					
Options, acquired	451	13	4,799	0	5,263
Options, issued	-303	-13	-2,729	0	-3,045
Net market value					-43,930

2005 (DKK '000)

	0- 3 months	3 months- 1 year	1 year- 5 years	over 5 years	Total
Currency contracts					
Forward contracts/futures, purchase	722	-235	0	0	487
Forward contracts/futures, sale	-4,460	365	0	0	-4,095
Swaps	0	0	0	0	0
Options, acquired	0	0	0	0	0
Options, issued	0	0	0	0	0
Interest rate contracts					
Forward contracts/futures, purchase	891	78	0	0	969
Forward contracts/futures, sale	-3,692	41	0	0	-3,651
Forward Rate Agreements, purchase	0	0	0	0	0
Forward Rate Agreements, sale	0	-111	0	0	-111
Swaps	0	-8	-1,065	-9,032	-10,105
Options, acquired	0	0	136	0	136
Options, issued	0	0	-136	0	-136
Share contracts					
Options, acquired	26	513	4,829	0	5,368
Options, issued	-26	-513	-2,662	0	-3,201
Net market value					-14,339

**33 DERIVATIVE FINANCIAL INSTRUMENTS
MARKET VALUE**

	2006 (DKK '000)		2005 (DKK '000)	
	Positive	Negative	Positive	Negative
Currency contracts				
Forward contracts/futures, purchase	1,403	3,266	1,259	772
Forward contracts/futures, sale	9,790	1,574	2,520	6,615
Swaps	0	54,590	2,633	2,633
Options, acquired	0	0	0	0
Options, issued	0	0	0	0
Interest rate contracts				
Forward contracts/futures, purchase	100	1,055	969	0
Forward contracts/futures, sale	12,276	0	84	3,735
Forward Rate Agreements, purchase	0	0	0	0
Forward Rate Agreements, sale	0	0	155	266
Swaps	4,955	14,187	0	10,105
Options, acquired	180	0	136	0
Options, issued	0	180	0	136
Share contracts				
Options, acquired	5,263	0	5,368	0
Options, issued	0	3,045	0	3,201
Total	33,967	77,897	13,124	27,463

**34 DERIVATIVE FINANCIAL INSTRUMENTS
AVERAGE MARKET VALUE,
END OF QUARTERS**

	2006 (DKK '000)		2005 (DKK '000)	
	Positive	Negative	Positive	Negative
Currency contracts				
Forward contracts/futures, purchase	594	3,582	1,471	1,126
Forward contracts/futures, sale	6,328	1,127	2,142	4,132
Swaps	1,480	31,483	1,725	1,725
Options, acquired	0	0	2	0
Options, issued	0	0	0	2
Interest rate contracts				
Forward contracts/futures, purchase	357	815	1,366	86
Forward contracts/futures, sale	6,163	1,209	711	2,223
Forward Rate Agreements, purchase	0	0	175	187
Forward Rate Agreements, sale	0	0	208	143
Swaps	3,981	12,836	208	14,816
Options, acquired	236	0	183	0
Options, issued	0	236	0	66
Share contracts				
Forward contracts/futures, sale	0	0	0	50
Options, acquired	5,453	0	4,755	0
Options, issued	0	3,222	0	2,892
Total	24,592	54,510	12,946	27,448

35 DERIVATIVE FINANCIAL INSTRUMENTS MARKET VALUE OF CONTRACTS WITHOUT GUARANTEES	2006 (DKK '000)		2005 (DKK '000)	
	Positive	Negative	Positive	Negative
Currency contracts				
Forward contracts/futures, purchase	1,403	3,266	1,259	772
Forward contracts/futures, sale	9,790	1,574	2,520	6,615
Swaps	0	54,590	2,633	2,633
Options, acquired	0	0	0	0
Options, issued	0	0	0	0
Interest rate contracts				
Forward contracts/futures, purchase	100	1,055	969	0
Forward contracts/futures, sale	12,276	0	84	3,735
Forward Rate Agreements, purchase	0	0	0	0
Forward Rate Agreements, sale	0	0	155	266
Swaps	4,955	14,187	0	10,105
Options, acquired	180	0	136	0
Options, issued	0	180	0	136
Share contracts				
Options, acquired	5,263	0	5,368	0
Options, issued	0	3,045	0	3,201
Total	33,967	77,897	13,124	27,463
Total after netting	33,967		13,124	

2006 (DKK '000)

36 UNSETTLED SPOT TRANSACTIONS

	Nominal value	Market value Positive	Market value Negative	Market value Net
Currency transactions, purchase	59,479	0	304	-304
Currency transactions, sale	43,540	971	59	912
Interest rate transactions, purchase	59,524	208	35	173
Interest rate transactions, sale	49,760	18	123	-105
Share transactions, purchase	7,392	102	554	-452
Share transactions, sale	8,543	523	186	337
Total	228,238	1,822	1,261	561

2005 (DKK '000)

	Nominal value	Market value Positive	Market value Negative	Market value Net
Currency transactions, purchase	18,472	418	33	385
Currency transactions, sale	185,910	68	28	40
Interest rate transactions, purchase	21,274	29	5	24
Interest rate transactions, sale	36,358	13	9	4
Share transactions, purchase	19,107	381	367	14
Share transactions, sale	23,784	300	315	- 15
Total	304,905	1,209	757	452

2006 (DKK '000)

2005 (DKK '000)

37 CREDIT RISK ON DERIVATIVE FINANCIAL INSTRUMENTS

Positive market value after netting

Counterparty with risk weight 0%	0	0
Counterparty with risk weight 20%	29,493	10,195
Counterparty with risk weight 100%	3,926	1,249

NOTES

	2006 (DKK '000)	2005 (DKK '000)
38 CURRENCY RISK		
Total assets in foreign currency	1,494,436	1,051,400
Total liabilities and equity in foreign currency	1,479,442	228,612
Exchange rate indicator 1	137,254	165,545
Exchange rate indicator 1 in % of core capital after deductions	7.925	10.502
Exchange rate indicator 2	1,745	1,747
Exchange rate indicator 2 in % of core capital after deductions	0.101	0.111
39 INTEREST RATE RISK		
Total interest rate risk on debt instruments etc.	21,594	2,388
Interest rate risk broken down by the institute's currencies with the greatest interest rate risk:		
Currency:		
DKK	53,704	41,734
1 EUR	-32,363	-39,517
2 CHF	311	137
3 USD	-233	-
4 BRL	126	-
5 GBP	92	43
Other currencies	-43	-17
40 HEDGE ACCOUNTING		
Hedging of interest rate risk		
Hedged assets		
Fixed-interest loans:		
Carrying amount	99,691	125,612
Nominal value	100,424	120,971
Market value*	99,717	125,628
Hedged by		
Interest rate swaps - synthetic principal	101,196	122,967
Market value*	646	-4,985
Hedged liabilities and equity		
Bonds issued:		
Carrying amount	1,038,194	0
Nominal value in NOK	1,150,000	0
Nominal value in DKK	1,092,785	0
Market value*	1,041,648	0

*Market value is determined incl. of accrued interest.

	2006 (DKK '000)	2005 (DKK '000)
Hedged by		
Currency swaps - synthetic principal in NOK	1,150,000	0
Currency swaps - synthetic principal in DKK	1,092,785	0
Market value*	-54,920	0
Subordinated debt		
Carrying amount	183,340	0
Nominal value	200,000	0
Market value*	186,341	0
Hedged by interest rate swaps - synthetic principal	200,000	0
Market value*	-11,310	0

*Market value is determined incl. of accrued interest.

Sparbank hedges the interest rate risk on fixed-rate assets and liabilities on an ongoing basis using financial instruments hedging fixed-interest assets or liabilities individually or in groups. Thus, the bank's overall interest sensitivity level is controlled, taking the expected interest rate development into account.

	2006 (DKK '000)	2005 (DKK '000)
41 GENUINE SALE AND REPURCHASE TRANSACTIONS PLUS GENUINE PURCHASE AND RESALE TRANSACTIONS (REPO-/REVERSE TRANSACTIONS)		
Of the assets below, genuine purchase and resale transactions comprise:		
Receivables from credit institutions and central banks	0	129,708

The bank has no sale and repurchase transactions at year-end.

The bank has no assets sold in the context of genuine sales and repurchase transactions at year-end.

42 SECURITY

Mortgage on real property at a carrying amount of DKK 4.2m has been provided as security for mortgage debt of DKK 1.9m.

43 RELATED PARTIES

Due to overlapping managements in Spar Vest Fonden, Adelgade 1, Skive, Denmark, and Sparbank, the following must be disclosed:

Spar Vest Fonden owns a material share of the properties in which Sparbank's offices are located. The leases have been entered into at arm's length.

44 RATIOS AND KEY FIGURES AS DEFINED BY
THE DANISH FINANCIAL SUPERVISORY
BOARD

	2006	2005	2004	2003	2002
Earnings					
Return on equity before tax	16.5 %	23.1 %	15.7 %	22.9 %	16.4 %
Return on equity after tax	12.9 %	17.1 %	11.7 %	18.3 %	12.5 %
Earnings per DKK of cost	DKK 1.45	DKK 1.75	DKK 1.43	DKK 1.51	DKK 1.36
Return on shares					
Net profit per share *)	DKK 159.2	DKK 185.8	DKK 112.9	DKK 153.9	DKK 92.3
Book value per share *)	DKK 1,307	DKK 1,170	DKK 1,022	DKK 908	DKK 774
Dividend per share *)	DKK 20	DKK 20	DKK 20	DKK 20	DKK 16
Listed price/net profit per share *)	13.8	10.8	12.2	7.5	6.9
Listed price/book value per share *)	1.68	1.72	1.34	1.28	0.82
*) Share denomination DKK 100					
Market risk					
Interest rate risk	1.3 %	0.2 %	0.1 %	3.1 %	3.7 %
Currency position	7.9 %	10.5 %	6.1 %	4.9 %	2.6 %
Currency risk	0.1 %	0.1 %	0.2 %	0.1 %	0.1 %
Credit risk					
Total large commitments	137.4 %	86.3 %	80.6 %	30.8 %	21.9 %
Share of receivables with reduced rate of interest	1.1 %	1.2 %	1.6 %	2.3 %	2.2 %
Write-down percentage	1.8 %	2.2 %	2.8 %	3.6 %	3.5 %
Write-down percentage for the year	0.6 %	0.2 %	0.5 %	1.2 %	1.2 %
Growth in loans for the year	29.9 %	24.0 %	17.9 %	12.1 %	9.3 %
Loans relative to equity	7.6	6.5	6.0	5.7	6.0
Cash and cash equivalents					
Loans plus write-downs thereof relative to deposits	133.7 %	107.9 %	107.0 %	104.2 %	94.8 %
Surplus cover relative to statutory liquidity requirement	27.7 %	51.2 %	31.0 %	79.2 %	126.6 %
Solvency					
Solvency ratio	12.2 %	11.8 %	11.7 %	14.2 %	14.1 %
Core capital ratio	10.5 %	11.2 %	11.7 %	12.2 %	11.2 %

CORPORATE GOVERNANCE IN SPARBANK

At least once a year, Sparbank's Board of Directors considers the principles of corporate governance which arise out of the law, practice and recommendations.

The Board of Directors determines the bank's general objectives, strategies and budgets. The Board of Directors supervises the bank's management, organisation, risk management, results etc. on behalf of the shareholders and the Advisory Board. The Board of Directors establishes the general framework for the Board of Executives' day-to-day management of the bank.

Recommendations on corporate governance in Denmark

In the autumn of 2005, the Copenhagen Stock Exchange announced a decision to introduce new "Recommendations on corporate governance" in the duties of disclosure for listed companies. These recommendations stipulate that it is just as legitimate to explain as to comply with a specific recommendation, since the most important aim is to promote transparency in the management of companies.

Purpose of the report

The bank provides information on its views on and activities relating to corporate governance in both the annual report and on the company's website.

The object is, among other things, to:

- Provide investors with more information
- Give shareholders and employees greater insight into the bank's vision, strategy, objectives etc.
- Inspire greater confidence in the bank among its stakeholders

Content of the report

The report on corporate governance includes

- I. Role of the shareholders and interaction with the company's management
- II. Role of stakeholders and significance for the company
- III. Openness and transparency
- IV. Tasks and responsibilities of the Board of Directors
- V. Composition of the Board of Directors
- VI. Remuneration of the Board of Directors and Board of Executives
- VII. Risk management
- VIII. Auditors

The full report may be downloaded from www.sparbankvest.dk. The following paragraphs are excerpts from the report.

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

Capital and share structure

Sparbank follows the recommendations, as the Board of Directors assesses the bank's capital and share structure when required.

Preparation of the general meeting, including notice and proxy

Pursuant to the Articles of Association, notice of a general meeting must be given 4 weeks prior to the general meeting, at the earliest; however, no later than 14 days before such general meeting. The act stipulates 4 weeks and 8 days, respectively. The notice must contain a description of the items for consideration on the agenda.

The recommendation that proxy given to the company's Board of Directors must as far as possible contain the shareholder's opinion on each item on the agenda is not followed, as the Board of Directors would then have to arrange for the casting of votes in advance, where the shareholder in question had considered the item before presentation, motivation and discussion of the voting theme at the general meeting.

II. ROLE OF STAKEHOLDERS AND SIGNIFICANCE FOR THE COMPANY

Role and interests of stakeholders

Sparbank attaches considerable importance to its communication with the bank's stakeholders. Customer and employee satisfaction and loyalty surveys are conducted. The results of such surveys are used as an internal management tool. The dialogue with the shareholders is promoted through the general meeting, the bank's website, the publication "Aktionær-Nyt" etc.

III. OPENNESS AND TRANSPARENCY

Investor relations

At Sparbank's website, www.sparbankvest.dk, the bank publishes relevant information on its activities, business objectives and results.

The annual report and supplementary information

Sparbank complies with the accounting standards for banks, including the guidelines issued by the Danish Financial Supervisory Board. This also provides a good basis for comparison with other banks.

The bank adds non-financial information to the annual report to the extent that this is deemed to be necessary.

IV. TASKS AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

General tasks and responsibilities of the Board of Directors

The Board of Directors holds an annual seminar at which material tasks in relation to the general strategic management are discussed.

The management of the company is undertaken at the board meetings, among others, where the Board of Executives accounts for the bank's affairs, including finances, efficiency, customer and employee development. As an example, the Board of Executives accounts for the comparative figures relative to similar banks.

V. COMPOSITION OF THE BOARD OF DIRECTORS

Recruitment and election of board members

The recruitment of members of the Board of Directors starts with the election of new members of the Advisory Board at the ordinary general meeting. Then, the Advisory Board elects members of the Board of Directors from among them.

The Board of Directors has nine members. Six members are elected by and from among the members of the Advisory Board, while three members are elected by the employees in accordance with the rules thereon.

Any member of the Advisory Board meeting the requirements set up in the Danish Financial Business Act and the bank's Articles of Association is eligible for election. Such member must resign from the Board of Directors the year he or she attains the age of 70. Members of the Board of Directors may not be employed as managers in the bank or any of its subsidiaries.

Sparbank has not stipulated a maximum term of office, as the bank does not consider the term of office to be a relevant criterion in the assessment of the competences of members. Endeavours are made to ensure that members of the Board of Directors possess the necessary professional qualifications and represent a wide range of occupational backgrounds. An overview of the members of the Advisory Board and the Board of Directors is included in the annual report. This also includes information on the members of other directorships or executive positions held by members of the Board of Directors.

Term of office

The members of the Board of Directors are elected for a term of 3 years and are eligible for reelection. The Board of Directors wishes to ensure continuity in its work in this way. The members of the Board of Directors elected by the employees are elected for a term of 4 years.

The Board of Directors' use of committees

Sparbank's Board of Directors does not appoint committees. According to the Board of Directors, both the frequency of meetings and the size of the Board make it possible for the Board to conduct all material discussions and adopt all material resolutions jointly.

Evaluation of the work of the Board of Directors and the Board of Executives

Sparbank considers it a natural part of the Chairman's job to assess the work undertaken in the Board of Directors and its cooperation with the Board of Executives on an ongoing basis.

VI. REMUNERATION OF THE BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Openness in respect of remuneration

The total remuneration paid to the Board of Directors is stated in the annual report. Information on the remuneration paid to individual members is not published. The salaries and pension contributions paid to the Board of Executives are also stated in the annual report.

VII. RISK MANAGEMENT

Sparbank's annual report contains a description of material credit and market risks.

VIII. AUDITORS

The Board of Directors' recommendation of auditors

The Board of Directors undertakes a specific and critical assessment of the independence and competences etc. of the auditors before making a recommendation to the annual general meeting concerning the appointment of auditors.

ADVISORY BOARD

Mr Gunnar Simonsen, Manager, Kastanievænget 30, DK-7800 Skive – Chairman
 Mr Lasse Buhl Jørgensen, Manager, Petuniavej 266, DK-7800 Skive – Vice Chairman
 Mr Erik Andersen, Gardener, Hejlskovvej 50, DK-7840 Højslev
 Mr Per Engkrog Andersen, Manager, Svansøvej 12, DK-7800 Skive *
 Mr Torsten Riis Andersen, Architect MAA, Sdr. Klitvej 85, Aargab, DK-6960 Hvide Sande
 Mr Kurt Bjerre, Branch Manager, Vindelevgård 19, DK-7830 Vinderup *
 Mr Arne Christensen, Manager, Pøt Strandby 397, DK-8700 Horsens
 Ms Annelise Christiansen, Pharmaceutical Chemist, Houtvedbakken 9, Stinesminde, DK-9500 Hobro
 Mr Anton Christoffersen, Manager, Strandgade 48, st, DK-1401 Copenhagen K
 Mr Laust Eriksen, Gardener, Kirkegade 23, Jebjerg, DK-7870 Roslev
 Mr Erik Espersen, Manager, Kålundsvvej 8, DK-7800 Skive
 Mr Søren Iversen, Manager, Strandvejen 17, DK-7800 Skive
 Mr Kim Thor Hansen, Administrative Manager, Skolevej 18, Næsby, DK-5270 Odense N
 Mr Asger Jensen, Manager, Tjørnevænget 9, DK-7800 Skive *
 Mr Ole Brøndum Jensen, Television Retailer, Lyby Kirkevej 2, Lyby, DK-7800 Skive *
 Mr Peder Kjølhede, Master Builder, Kastanievænget 22, DK-7800 Skive
 Mr Jens Knudsen, Farmer, Tranemarken 2, DK-7860 Spøttrup
 Mr Robert Knudsen, Manufacturer, Petuniavej 221, DK-7800 Skive
 Mr Claus Krag, Sales Manager, Fredskovvej 3, DK-5270 Odense N
 Mr Jesper Kristensen, Manager, Brøndumvej 85, DK-7800 Skive
 Mr Svend Larsen, Manager, Ågade 55, DK-7850 Stoholm
 Mr Knud Laursen, Ironmonger, Lindevænget 10, DK-7800 Skive
 Mr Kaj Ove Madsen, Contractor, Strandvejen 7, DK-7800 Skive
 Mr Alex Nielsen, Manager, Vestergade 7 B, DK-7800 Skive *
 Mr Mogens J. Nielsen, Manager, Brombærvej 30, DK-7800 Skive
 Mr Niels Nielsen, Farmer, Vrouevej 17, Vroue, DK-7800 Skive
 Mr Steffen Møller Nielsen, Manager, Skæring Hedevej 400, DK-8250 Egå
 Mr Fritz Dahl Pedersen, Car Dealer, Viborgvej 1, DK-7800 Skive *
 Mr Flemming Skjalm-Rasmussen, Manager, Thurøvænget 14, Skærbæk, DK-7000 Fredericia
 Mr John Roth, Manager, Birkemosevej 51, DK-6000 Kolding
 Mr Ib Sonne-Schmidt, Insurance Broker, Munkgårdkvarteret 238, Snejbjerg, DK-7400 Herning
 Mr Poul Sønder, Manager, Flyndersøvej 35, Estvad, DK-7800 Skive *
 Mr Knud Sørensen, Hospital Orderly, Højlundsvej 61, DK-7800 Skive
 Mr Niels Erik Sørensen, Manager, Drosselvej 7, Balling, DK-7860 Spøttrup
 Mr Bjarne Vium, Manager, Vestre Skivevej 11, DK-7850 Stoholm

A total of 35 members on the Advisory Board

* member of the Board of Directors

Members of the Board of Directors elected by the employees:

Mr Kurt Bjerre
 Mr Mette Dahl Christensen
 Mr Anna Marie Dahl

DIRECTORSHIPS AND EXECUTIVE POSITIONS HELD BY MEMBERS OF THE BOARD OF DIRECTORS AND BOARD OF EXECUTIVES IN OTHER DANISH PUBLIC LIMITED COMPANIES:

Mr Ole Brøndum Jensen, Television Retailer
 Sparvest Finans A/S, Chairman of the Board of Directors
 Unisanding A/S, Chairman of the Board of Directors
 Spar Vest Grønland A/S, Chairman of the Board of Directors
 Stemcare A/S, Member of the Board of Directors
 Spar Vest Tyskland A/S
 Mr Alex Nielsen, Manager
 Dipak A/S, Manager
 Sparvest Finans A/S, Member of the Board of Directors
 Sparvest Vest Grønland A/S, Member of the Board of Directors
 Brdr. Markussen A/S, Member of the Board of Directors
 Christian Hendriksen Holding A/S, Member of the Board of Directors
 Christian Hendriksen A/S, Member of the Board of Directors
 Spar Vest Tyskland A/S
 Mr Per Engkrog Andersen, Manager
 Multimontage A/S, Manager
 Robo Therm A/S, Chairman of the Board of Directors
 Mr Asger Jensen, Manager
 ARCO Grafisk A/S, Member of the Board of Directors
 Boremo A/S, Member of the Board of Directors
 Via Print A/S, Member of the Board of Directors
 Mr Poul Sønder, Manager
 Chairman of the Board of Directors of A/S Diges Trælasthandel
 Chairman of the Board of Directors of Råd & Dåd Byggecenter A/S
 Member of the Board of Directors of Sønders Trælast A/S
 XL Byg A/S, Chairman of the Board of Directors

SPARBANK

