

To the Copenhagen Stock Exchange

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**Contact person:  
Keld Gammelgaard,  
tel.: + 45 96 34 40 20**

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# Annual Report 2006 Spar Nord Bank

In 2006, Spar Nord Bank recorded a record profit of DKK 1033.2m before tax, representing an increase of 68.4% on the DKK 613.5m profit a year ago.

This excellent profit should be viewed against the backdrop of a heavy expansion of the business volume, coupled with a positive impact from impairment of loans and advances, etc. of DKK 172.3m. To this should be added an income item of DKK 152.3m derived from the sale of the last remaining shares in Totalkredit.

The pre-tax return on equity, measured in terms of the shareholders' equity at the beginning of the year, exclusive of dividends, thus soared from 27.8% to 36.0%.

After tax, the profit came to DKK 828.6m, up 72.9% on the previous year.

Management finds this profit performance highly satisfactory.

## **Annual General Meeting**

The Supervisory Board recommends to the Annual General Meeting to be held on 25 April that a dividend of DKK 3 be paid per share of DKK 10.

Three members are to be elected to the Supervisory Board at the Annual General Meeting. Niels Ole Arndt, Erling Kjær and Per Søndergaard Pedersen are up for election. Niels Ole Arndt has announced that he does not wish to accept renomination.

In light of this, the Supervisory Board nominates professor Per Nikolaj Bukh, Aarhus, as new member, and recommends the re-election of Erling Kjær, real estate agent, Skagen, and Per Søndergaard Pedersen, man. director, Aalborg.

Please direct any enquiries you may have to Lasse Nyby, Chief Executive Officer, who can be reached on tel. +45 96 34 40 11.

## **Spar Nord Bank A/S**

Skelagervej 15  
P.O. Box 162  
DK-9100 Aalborg

Reg. no. 9380  
Tel.: +45 96 34 40 00  
Fax: +45 96 34 45 60  
Telex 6 96 62 spano dk  
Swift spno dk 22

Sincerely yours,  
Spar Nord Bank



Lasse Nyby  
Chief Executive Officer

Tel.: +45 96 34 40 11  
E-mail: lny@sparnord.dk

www.sparnord.dk  
sparnord@sparnord.dk

2006

## TO READERS OF THE ANNUAL REPORT

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With a pre-tax profit of DKK 1,033m, 2006 turned out to be an exceptionally good year for Spar Nord Bank.

This profit result is 68.4% higher than 2005, which was previously our best year so far, and yields a return on equity of 36% before tax. The post-tax profit was at DKK 829m, and the Supervisory Board will once again recommend to the shareholders at the Annual General Meeting the distribution of DKK 3 per share in dividends.

The record profit stems from various other record-breaking developments. For one, Spar Nord experienced the largest new customer intake ever, adding 10,000 customers (net) to its customer list. Also, we have an additional 8,000 new shareholders and 14,000 new Star Account customers.

During the year, we opened four new local banks outside North Jutland, viz. in Silkeborg, Næstved, Middelfart and Risskov. The four new local banks all got off to a very satisfactory start.

In addition to the four newly opened branches, another two local banks opened in 2006: Spar Nord Skive and Spar Nord Jeberg, which joined the chain when Sparekassen Midt Vest decided to merge with Spar Nord during the autumn.

We hope that more local banks and savings banks will join our banking chain during the next few years. Our organizational structure is tailored to incorporating new independent financial institutions, as we grant affiliated local banks extensive autonomy. We aim for the local banks to experience a high degree of autonomy, while allowing them to tap into the expertise of a major bank.

The Spar Nord Group also stepped across the Danish borders in its expansive move, with the subsidiary Finans Nord setting up offices in Malmö.

In 2007 we also expect to expand our chain of local banks, but not quite as extensively as in 2006. At this time of writing we have decided to open new local banks in Slagelse and Køge some time during spring.

Our vigorous growth triggered a faster-paced increase in costs over the year than anticipated at the beginning of 2006. The sharp geographical and organic growth was one of the main drivers, with the 2006 Financial Statements being characterized by various major investments. Thus, over the year the staff grew by 107 persons. It is gratifying to ascertain that we are still in a position to attract qualified employees regardless of the keen competition in the Danish labour market, particularly in the financial sector. Most of the new employees were appointed to front-line functions.

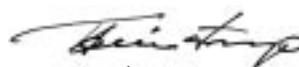
At the same time, major resources were devoted to IT development, building improvements and marketing, among others. Given the geographical expansion, Spar Nord pursues the goal of becoming more visible nationwide. We are now in the situation where half all Danes say that they have heard of Spar Nord.

In 2006, the [www.pengepriser.dk](http://www.pengepriser.dk) website was launched, and for the first time customers will receive a summary of their fee payments in 2007. We believe in maximum openness regarding the prices charged by financial institutions and welcome price comparisons. We are not the most inexpensive bank, but we intend to be one of the least expensive full-service financial institutions.

In 2006, we expanded our product range with indemnity insurance. In 2007, we will add life insurance and pension products, as Spar Nord has established the new company, letpension, in a joint effort with a number of other financial institutions.

At the beginning of 2007, Spar Nord's distribution powers and competitiveness have been strengthened to an extent that creates a prime platform for continued growth. Macroeconomic conditions remain favourable, and we expect 2007 to become another positive year for Spar Nord.

Sincerely yours,



Torben Frstrup

Chairman of the Supervisory Board



Lasse Nyby

Chief Executive Officer

# PERFORMANCE INDICATORS AND FINANCIAL RATIOS FOR THE GROUP

## INCOME STATEMENT

DKK million

	2002	2003	2004	2005	2006
Net interest income	827.9	858.3	862.4	890.4	1,010.7
Net income from fees, charges and commissions	243.8	282.1	299.0	392.1	470.3
Dividends on shares, etc.	23.6	25.4	24.8	11.0	17.1
Market-value adjustments	87.0	80.8	126.5	204.5	191.5
Other operating income	65.5	24.9	55.8	73.7	61.4
Results of equity investments in associates and group enterprises	-5.0	-10.1	33.5	49.2	84.0
<b>Core income</b>	<b>1,242.8</b>	<b>1,261.4</b>	<b>1,402.0</b>	<b>1,620.9</b>	<b>1,835.0</b>
Operating costs, depreciation and amortization	809.9	845.4	925.2	1,031.6	1,161.8
<b>Core earnings before impairment</b>	<b>432.9</b>	<b>416.0</b>	<b>476.8</b>	<b>589.3</b>	<b>673.2</b>
Impairment of loans and advances, etc.	307.4	224.8	170.8	33.9	-172.5
<b>Core earnings</b>	<b>125.5</b>	<b>191.2</b>	<b>306.0</b>	<b>555.4</b>	<b>845.7</b>
Earnings from investment portfolios	18.4	21.0	58.0	58.1	35.2
Totalkredit (sale of shares)	-	101.0	44.3	0.0	152.3
<b>Profit before tax</b>	<b>143.9</b>	<b>313.2</b>	<b>408.3</b>	<b>613.5</b>	<b>1,033.2</b>
Tax	27.6	76.3	84.6	134.2	204.6
<b>Profit after tax</b>	<b>116.3</b>	<b>236.9</b>	<b>323.7</b>	<b>479.3</b>	<b>828.6</b>

## BALANCE SHEET \*)

DKK million

Total assets	31,959	32,401	36,677	45,962	58,565
Deposits	16,229	17,541	20,658	22,289	26,259
- bank deposits	16,229	17,541	20,557	22,134	25,722
- repo transactions	0	0	101	155	537
Loans and advances	16,848	17,837	19,611	27,134	34,318
- bank loans and advances	16,648	17,837	19,509	27,134	32,409
- reverse transactions	0	0	102	0	1,909
Guarantees, etc.	3,720	3,808	4,714	6,394	7,017
Shareholders' equity	1,934	2,067	2,361	3,039	3,649
Subordinated debt	981	1,055	1,087	1,693	1,458
Risk-weighted assets	22,287	22,511	25,619	31,665	38,289
Core capital (incl. hybrid core capital) after deductions	1,616	2,024	2,176	3,137	3,727
Impairment of loans, advances and guarantees	646	658	694	688	525
Non-performing loans	280	181	91	41	48

\*) The balance sheet figures for 2004 have been taken from the opening balance sheet at 1 January 2005

## FINANCIAL RATIOS

Return on equity before tax, %	7.9	15.7	18.0	24.3	30.9
Return on equity after tax, %	6.4	11.8	14.2	19.0	24.8
Cost share of core income	0.65	0.67	0.66	0.64	0.63
Cost share of core income, incl. impairment	0.90	0.85	0.78	0.66	0.54
Impairment in %	1.7	1.0	0.7	0.1	-0.4
Accumulated impairment	3.1	3.0	2.8	2.0	1.3
Solvency ratio	10.5	11.2	10.2	12.3	10.8
Core capital ratio, incl. hybrid capital	8.0	9.0	8.5	9.9	9.7
Core capital ratio, excl. hybrid capital	8.0	9.0	8.5	8.8	8.8
Income/cost ratio, DKK	1.13	1.28	1.37	1.57	2.03
Interest-rate risk, %	4.7	5.4	4.4	2.3	1.0
Foreign-exchange position, %	9.5	6.0	14.1	4.9	6.7
Foreign-exchange risk, %	0.1	0.2	0.2	0.3	0.1
Loans and advances rel. to deposits, %	107.8	105.4	98.3	124.7	132.6
Loans and advances rel. to shareholders' equity	8.7	8.6	8.3	8.9	9.4
Increase in loans and advances for the year, %	2.6	5.9	10.0	38.4	26.5
Coverage relative to statutory cash ratio requirement, %	26.7	67.4	108.8	47.8	80.9
Total of major commitments, %	67.8	64.1	47.7	103.2	2.2
Number of employees (full-time, year-end)	1,112	1,104	1,103	1,177	1,284
Number of branches	66	68	69	71	77

## THE SPAR NORD BANK SHARE

DKK per share of DKK 10

Official price, end of period	34	50	73	93	137
Book value	37	40	46	54	65
Earnings after tax	2.2	4.6	6.1	8.8	14.5
Dividend	1	2	3	3	3
Rate of return	9	49	48	32	50
Price/earnings ratio	15	11	12	11	9

In 2005, the Group changed its accounting policies in connection with the transition to IFRS. The performance indicators and financial ratios for 2002 and 2003 have not been restated, and only partially restated for 2004.

## THE YEAR IN REVIEW - THE GROUP

### RECORD-HIGH PRE-TAX PROFIT OF DKK 1,033.2M

In 2006, Spar Nord recorded a DKK 1,033.2m pre-tax profit - up 68.4% from the previous record profit of DKK 613.5m in 2005.

This very strong profit performance should be viewed against the backdrop of a record intake of customers and sharp growth in business volume, reversal of impairment of loans and advances, etc., and non-recurring income from the sale of the last shares in Totalkredit to Nykredit.

The pre-tax return on equity, measured in terms of the shareholders' equity at the beginning of the year, exclusive of dividends, thus soared from 27.8% to 36.0%.

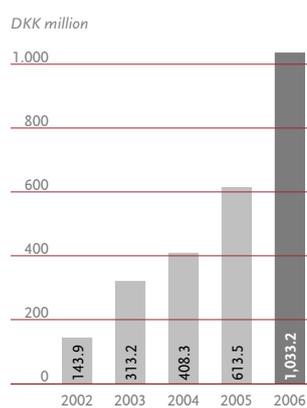
After tax, the profit came to DKK 828.6m, up 72.9% on the previous year.

In light of this profit performance, the Supervisory Board has decided to recommend to the Annual General Meeting to be held on 25 April that a dividend of DKK 3 per share be distributed for 2006.

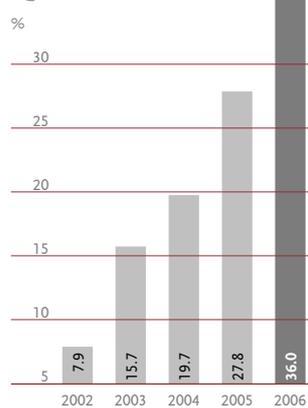
The total dividend distribution, DKK 171.2m, corresponds to 20.7% of the net profit.

In 2006, Spar Nord added another 10,000 new customers (net) to its customer list, and the total number of customers has now reached 224,000. During the same period, the number of Star Account customers (customers, who have signed up for the Bank's loyalty program) grew by almost 14,000. Both the newly established local banks outside North Jutland and the existing local banks reported growth. The total business volume (deposits, loans, advances and guarantees) dramatically increased by 21.1%, up from DKK 55.8bn to DKK 67.6bn.

THE SPAR NORD BANK GROUP  
PRE-TAX PROFIT



THE SPAR NORD BANK GROUP  
RETURN OF BEGINNING  
EQUITY BEFORE TAX



The highly satisfactory profit results are rooted in the generally favourable business outlook. Thus, in 2006 the credit quality of the lending portfolio took an exceptionally favourable turn, thus permitting the Bank to reverse DKK 172.5m on impairment of loans and advances.

Nykredit exercised its option to purchase the remaining 137,881 shares in Totalkredit, yielding non-recurring income of DKK 141.3m for the Bank. To this should be added DKK 11.0m, constituting Spar Nord's share of Nørresundby Bank's profits.

Generally, the growth reported for all of the Bank's business areas was positive. The largest business area, Spar Nord Local Banks, reported a record profit of DKK 548.0m, corresponding to a 31.8% return on the allocated capital. Likewise, Corporate Banking recorded satisfactory growth in core earnings and yielded a 44.6% return on the allocated capital. The Trading, Financial Markets Division & the International Division together generated DKK 168.2m in core earnings, representing a 50.0% return on the allocated capital, which is highly satisfactory in view of financial market developments. Finans Nord delivered a record-high DKK 74.6m profit, yielding a 25.5% return on the allocated capital.

#### THE SPAR NORD BANK GROUP

##### CORE EARNINGS SHOWN BY BUSINESS AREA

Core earnings - DKK million	2005	2006
The Local Banks	388.9	548.0
Corporate Banking	28.9	108.7
Trading, Financial Markets & the International Div.	156.9	168.2
Finans Nord	57.9	74.6
Corporate Coordination & Support	1.6	2.5
Staff functions, etc.	-78.8	-56.3
<b>Core earnings</b>	<b>555.4</b>	<b>845.7</b>
Earnings from investment portfolios	58.1	35.2
Sale of Totalkredit	0	152.3
<b>Profit before tax</b>	<b>613.5</b>	<b>1,033.2</b>

## OPERATING DEVELOPMENTS

### INCOME

Net interest income increased from DKK 890.4m in 2005 to DKK 1,010.7m in 2006, now accounting for 55.1% of core income (54.9% in 2005). The 13.5% growth is attributable to the increased business volume alone. From the close of 2005 to the close of 2006, the interest margin narrowed by 0.48 percentage points, which can be attributed to the changed product mix and the competitive squeeze within the Group's core areas.

Net income from fees, charges and commissions was up from DKK 392.1m in 2005 to DKK 470.3m in 2006, now constituting 25.6% of core income (24.2% in 2005). The increase in business volume was also the driving force behind the growth in fees, charges and commissions.

## THE YEAR IN REVIEW - THE GROUP

Despite price reductions, net fees from securities trading climbed DKK 17.1m to DKK 130.4m, while asset management fees advanced DKK 41.2m to DKK 158.1m. In particular, exceptionally high earnings in the trading area were a key factor characterizing the first three months of the year. The vigorous growth in the activity level also meant that originating fees increased 18.6% to DKK 89.3m.

Market-value adjustments dipped 6.4% on 2005 - down from DKK 204.5m to DKK 191.5m. This decline is due primarily to the mounting interest rates and decreasing share prices at mid-year, resulting in a period with lower position earnings. On the upside, Spar Nord recorded DKK 16m in gains on the sale of shares in PBS International Holding A/S, Dankort A/S and Phase One A/S.

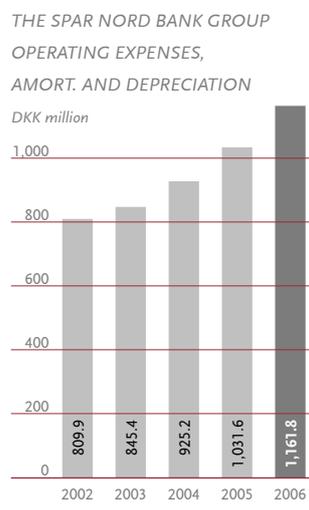
Other operating income amounted to DKK 61.4m, i.e. 16.7% less than the previous year in which Spar Nord recorded a non-recurring income item of DKK 20.0m from the sale of properties, distributions from the SDC association and the sale of shares in Nørresundby Bank in connection with the Bank's share repurchase program.

Profit on equity investments in associates and group enterprises aggregated DKK 84.0m - 70.7% up on 2005. This growth is attributable to Spar Nord's interests in Nørresundby Bank and Linde Partners Asset Management SA.

### COSTS

Total costs advanced 12.6%, up from DKK 1,031.6m to DKK 1,161.8m. This growth in costs is explained by the geographical and business expansion.

Of the total costs of DKK 130.2m, DKK 78.4m is attributable to rising payroll costs, primarily as a result of more employees taken on. The staff grew by 107 employees (net), of whom 87 are engaged in front-line functions



Management considers it very gratifying that the Bank has been able to attract more than 100 new employees (net) in a labour market that is generally characterized by keen competition, and regards this as a sign that the Bank's strategy of exercising extensive decentralized control is attracting qualified employees in the sector.

At the same time, major resources were devoted to IT development, building improvements and marketing, among others - an initiative that stems from the Bank's strategy to gain nationwide coverage.

The gratifying financial profit in 2006 means that a DKK 39.7m provision for performance-related remuneration has been made in the financial statements. A DKK 32.7m provision has been made regarding bonus schemes for employees, and a DKK 7.0m provision has been made towards covering the management incentive scheme.

Despite the sharp rise in costs in 2006, the key figure, core income/costs, has only edged up marginally.

Management finds the cost development acceptable, as the growth is due to extensive investments in employee resources, the distribution system and information systems that will boost the Bank's long-term competitiveness.

In 2006, the Bank was able to reverse substantial loan impairment items, etc. as a result of the continued favourable business trends. In addition, the favourable business trends resulted in extraordinarily heavy repayments on claims previously written off. Finally, a minor reduction was made as a result of the clarification of the general guidelines for impairment of loans and advances, etc. by the Danish Financial Supervisory Authority. Thus, impairment impacted the operating profit positively by DKK 172.5m in 2006, versus the DKK 33.9m carried to expense in the 2005 financial statements.

Total impairment amounted to DKK 525.4m at end-2006, as compared with DKK 688.5m at the same time last year.

### CORE EARNINGS

Core earnings - the Group's earnings from customer-related transactions - amounted to DKK 845.7m, up 52.3% on 2005. Management finds the core earnings level highly satisfactory and is pleased to see that the growth in customer-related transactions is the main driving force behind the positive growth.

### EARNINGS FROM INVESTMENT PORTFOLIOS

Earnings from investment portfolios comprise the Group's trading portfolio of shares, bonds and derivatives and equity investments via Erhvervsinvest Nord and Erhvervsinvest K/S.

Earnings from the Bank's trading portfolio were down from DKK 66.1m in 2005 to DKK 18.4m in 2006. One reason for this development was the rough ride experienced by the financial markets in 2006.

## THE YEAR IN REVIEW - THE GROUP

In contrast, the share portfolio in Erhvervsinvest Nord A/S and Erhvervsinvest K/S yielded a better return in 2006, with earnings ending at DKK 16.8m compared to a minus of DKK 8.0m in 2005.

Thus, the total return on earnings from investment portfolios ended at DKK 35.2m versus DKK 58.1m in 2005.

### BUSINESS VOLUME

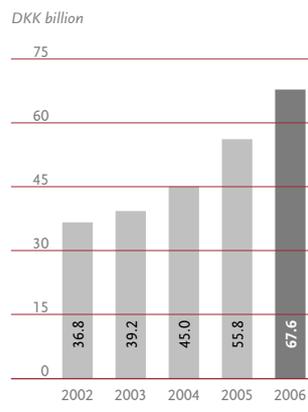
The total business volume (deposits, loans, advances and guarantees) increased 21.1% to DKK 67.6bn.

Bank lending increased 19.4% to DKK 32.4bn, while bank deposits were up 16.2% to DKK 25.7bn.

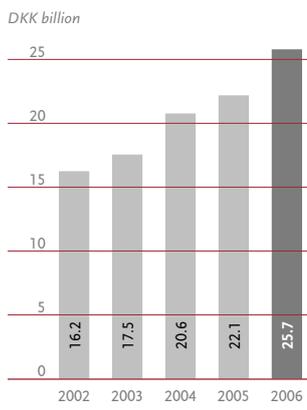
Lending to business customers grew 25.1% to DKK 21.4bn, while lending to personal customers increased 9.8% to DKK 11.0bn.

Deposits by business customers grew 27.1% to DKK 9.0bn, while deposits by personal customers increased 11.1% to DKK 16.7bn.

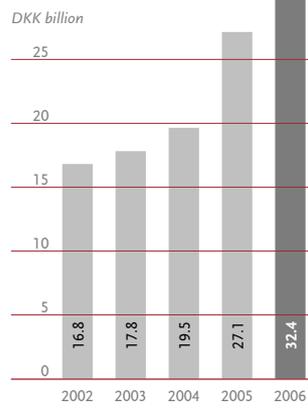
THE SPAR NORD BANK GROUP  
BUSINESS VOLUME



THE SPAR NORD BANK GROUP  
BANKDEPOSITS



THE SPAR NORD BANK GROUP  
BANKLOANS AND ADVANCES



### CUSTOMERS AND SHAREHOLDERS

2006 was another record year when it came to customer intake and thus growth in market share. The number of customers has risen by 10,000, with the customer base now amounting to 224,000, and advances were recorded both in North Jutland and in other regions.

The number of shareholders also continues to rise. At end-2006, the Bank had a total of 97,000 shareholders, an increase of 8,000 in one year.

Management considers the continued growth in the customer and shareholder numbers highly satisfactory.

### SOLVENCY RATIO

The solvency ratio dropped from 12.3% to 10.8% at end-2006. The strong growth in activities accounts for this decline. The Bank's goal is for the solvency ratio to amount to 10% minimum. During the same period, the core capital ratio edged down from 9.9% to 9.7%. If hybrid capital is omitted, the core capital ratio stood at 8.8% versus the Bank's internal target of 7.5%.

In 2006, supplementary capital representing DKK 336m when converted into Danish currency was raised, and DKK 538m redeemed.

### BASEL II

Spar Nord has chosen the standardized approach to quantifying the capital adequacy requirements regarding credit and market risks pursuant to Basel II, which became effective on 1 January 2007, while the capital adequacy requirements regarding operational risks will be calculated using the basic indicator approach.

In addition, the Bank has chosen to use rules applicable during a transitional period. Thus, the solvency ratio will be reported according to the new Basel II rules as from 1 January 2008, and in 2007 the official solvency ratio will be reported using the previous rules. Utilizing the transitional rules is one consequence of the fact that system support features for the new solvency calculations will not be ready for launch until some time during 2007.

The Bank expects to see a marginal improvement of its solvency upon transition to the new capital adequacy rules in 2008.

The Bank is in the process of assessing the possibilities and consequences of any potential later transition to using internal models for quantifying capital requirements in respect of credit risks.

### LIQUIDITY

The Bank's internal strategic target is for the sum total of its deposits, core capital, supplementary capital and senior loans to exceed the Bank's loans and advances. This target was exceeded in some periods in 2006 due to the higher-than-budgeted lending growth.

## THE YEAR IN REVIEW - THE GROUP

The Bank raised senior loans of DKK 2 bn in the course of 2006. In total, the Bank has raised senior loans amounting to DKK 4bn.

At end-2006, the Bank's target was overshoot by DKK 2.5bn, for which reason the Bank plans to raise senior loans of a corresponding amount in the first quarter of 2007.

### YEAR 2006 FOLLOW-UP

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At the beginning of 2006, the Bank announced that it expected core earnings to hover around the DKK 430-480m level. However, core earnings came to DKK 845.7m. The Bank raised its profit guidance three times last year. The first time after the first quarter, the second after the end of the third quarter and the last profit guidance announcement was made in December. The final core earnings result is above the interval announced in December.

The better-than-expected profits are basically due to two factors: The highly satisfactory growth in business volume, and thus in income, and the improved credit quality of the lending portfolio.

However, the growth in business volume and the increase in the number of local banks by six in 2006 also meant that costs rose at a considerably faster pace than anticipated at the beginning of the year.

### ANNUAL GENERAL MEETING AND DIVIDEND

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The Annual General Meeting will be held on 25 April 2007 in Aalborg. In light of the profits - and in line with the Bank's dividend policy adopted in 2003 - the Supervisory Board has decided to recommend to the shareholders at the Annual General Meeting the distribution of a dividend of DKK 3 per share for 2006.

Three members are to be elected to the Supervisory Board at the Annual General Meeting. Niels Ole Arndt, Erling Kjær and Per Søndergaard Pedersen are up for election. Niels Ole Arndt has announced that he does not desire to be re-elected.

### OUTLOOK FOR 2007

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We expect continued favourable business trends in 2007, with interest rates expected to increase at a moderate pace.

Management expects core earnings in 2007 to hover around the DKK 600-700m level compared with DKK 845.7m in 2006.

Net income from fees, charges and commissions is expected to advance compared with 2006, driven by continued growth in activities. Growth in business volume is thus expected to continue the strong trend - via mounting market shares and an expansion of business volume with existing customers - by 10-12%.

Spar Nord's geographical expansion is expected to continue in 2007, albeit at a slower pace than in 2006. The first new local bank is currently being established in Slagelse, and some time during spring a local bank in Køge will be added to the Spar Nord banking chain. In light of the continued expansion, the Bank expects to appoint another 40-50 new employees during the year - primarily at the local banks outside North Jutland.

Total growth in costs is expected to be sliced from 12.6% to 7-8%, assuming that two-four local banks open in 2007. Efficiency enhancing measures will also intensify in 2007.

The Bank expects to maintain a good credit quality in its credit portfolio, and forecasts that impairment, etc. will yield a slightly negative impact on operating profits.

For 2007, the Supervisory Board has decided to distribute a bonus of DKK 4,000 to each employee, provided that core earnings exceed DKK 650m, and another DKK 4,000 if core earnings exceed DKK 700m. The bonus will be distributed by way of shares that qualify for special tax privileges, issued at the prevailing price on the open market.

## QUARTERLY PERFORMANCE INDICATORS AND FINANCIAL RATIOS FOR THE GROUP

### INCOME STATEMENT

DKK million

	4 <sup>th</sup> quarter 2005	1 <sup>st</sup> quarter 2006	2 <sup>nd</sup> quarter 2006	3 <sup>rd</sup> quarter 2006	4 <sup>th</sup> quarter 2006
Net interest income	227.1	244.5	250.5	259.0	256.7
Net income from fees, charges and commissions	115.5	132.0	100.9	107.0	130.4
Dividends on shares, etc.	1.2	3.0	14.0	0.1	0.0
Market-value adjustments	29.1	58.7	20.7	40.0	72.1
Other operating income	23.5	15.6	14.3	13.2	18.3
Results of equity investments in associates and group enterprises	13.2	23.0	12.1	31.6	17.3
<b>Core income</b>	<b>409.6</b>	<b>476.8</b>	<b>412.5</b>	<b>450.9</b>	<b>494.8</b>
Operating costs, depreciation and amortization	300.1	285.3	283.1	285.1	308.3
<b>Core earnings before impairment</b>	<b>109.5</b>	<b>191.5</b>	<b>129.4</b>	<b>165.8</b>	<b>186.5</b>
Impairment of loans and advances, etc.	-0.6	-7.1	-4.4	-19.8	-141.2
<b>Core earnings</b>	<b>110.1</b>	<b>198.6</b>	<b>133.8</b>	<b>185.6</b>	<b>327.7</b>
Earnings from investment portfolios	-6.3	9.9	-7.1	14.3	18.1
Totalkredit (sale of shares)	0.0	0.0	0.0	152.3	0.0
<b>Profit before tax</b>	<b>103.8</b>	<b>208.5</b>	<b>126.7</b>	<b>352.2</b>	<b>345.8</b>
Tax	7.4	51.3	31.4	45.2	76.7
<b>Profit after tax</b>	<b>96.4</b>	<b>157.2</b>	<b>95.3</b>	<b>307.0</b>	<b>269.1</b>

### BALANCE SHEET \*)

DKK million

Total assets	45,962	48,499	50,064	54,021	58,565
Deposits	22,289	23,346	23,879	26,782	26,259
- bank deposits	22,134	23,346	23,879	24,433	25,722
- repo transactions	155	0	0	2,349	537
Loans and advances	27,134	27,618	28,911	32,020	34,318
- bank loans and advances	27,134	27,514	28,813	29,566	32,409
- reverse transactions	0	104	98	2,454	1,909
Guarantees, etc.	6,394	6,200	6,517	6,361	7,017
Shareholders' equity	3,039	3,207	3,116	3,389	3,649
Subordinated debt	1,693	1,670	1,559	1,381	1,458
Risk-weighted assets	31,665	33,262	34,939	35,495	38,289
Core capital (incl. hybrid core capital) after deductions	3,137	3,131	3,109	3,085	3,727
Impairment of loans, advances and guarantees	689	686	688	653	525
Non-performing loans	41	44	44	34	48

\*) The balance sheet figures for 2004 have been taken from the opening balance sheet at 1 January 2005

### FINANCIAL RATIOS

Return on equity before tax, %	4.1	6.7	4.1	11.0	10.3
Return on equity after tax, %	3.8	5.0	3.1	9.6	8.0
Cost share of core income	0.73	0.60	0.69	0.63	0.62
Cost share of core income, incl. impairment	0.73	0.58	0.68	0.59	0.34
Impairment in %	0.00	-0.02	-0.01	-0.05	-0.34
Solvency ratio	12.3	11.4	10.4	9.7	10.8
Core capital ratio, incl. hybrid capital	9.9	9.4	8.9	8.7	9.7
Core capital ratio, excl. hybrid capital	8.8	8.4	7.9	7.7	8.8

### THE SPAR NORD BANK SHARE

DKK per share of DKK 10

Official price, end of period	93	130	130	128	137
Book value	54	57	56	61	65
Earnings after tax per share	1.8	2.8	1.7	5.4	4.7
Share price/book value	1.7	2.3	2.3	2.1	2.1

In 2005, the Group changed its accounting policies in connection with the transition to IFRS. The performance indicators and financial ratios for 2002 and 2003 have not been restated, and only partially restated for 2004.

## BUSINESS AREAS

Note

1. SEGMENT DISCLOSURES 2006	Spar Nord's Local Banks	Corporate Banking	Trading, Financial Markets & the International Division	Finans Nord	Corporate Coordination & Support	Staff functions and unallocated	Earnings from investment portfolios, etc. *)	Eliminations	Total
<i>DKK million</i>									
<b>PRIMARY SEGMENT - BUSINESS AREAS</b>									
Interest income	1,058.5	129.2	586.8	226.4	7.3	112.6	17.4	-113.0	2,025.2
Interest expenses	279.9	62.6	490.6	111.6	4.4	161.0	4.6	-113.0	1,001.7
<b>Net interest income</b>	<b>778.6</b>	<b>66.6</b>	<b>96.2</b>	<b>114.8</b>	<b>2.9</b>	<b>-48.4</b>	<b>12.8</b>	<b>0.0</b>	<b>1,023.5</b>
Net income from fees, charges and commissions	405.5	30.2	30.0	-1.2	21.3	-15.5	0.0	0.0	470.3
Dividends on shares, etc.	0.0	0.0	1.8	0.0	0.0	15.3	3.4	0.0	20.5
Market-value adjustments	61.8	7.7	78.3	0.7	4.1	38.9	139.7	0.0	331.2
Other operating income	32.1	0.3	6.8	42.7	-23.3	9.9	20.4	-7.1	81.8
Results of equity investments in associates and group enterprises	4.0	0.1	0.0	0.0	0.0	79.9	23.0	0.0	107.0
<b>Total income</b>	<b>1,282.0</b>	<b>104.9</b>	<b>213.1</b>	<b>157.0</b>	<b>5.0</b>	<b>80.1</b>	<b>199.3</b>	<b>-7.1</b>	<b>2,034.3</b>
Operating costs	867.0	33.2	44.9	81.2	4.6	138.0	8.4	-7.1	1,170.2
<b>Profit before impairment of loans and advances, etc.</b>	<b>415.0</b>	<b>71.7</b>	<b>168.2</b>	<b>75.8</b>	<b>0.4</b>	<b>-57.9</b>	<b>190.9</b>	<b>0.0</b>	<b>864.1</b>
Impairment of loans and advances, etc.	-133.0	-37.0	0.0	1.2	-2.1	-1.6	3.4	0.0	-169.1
<b>Profit before tax</b>	<b>548.0</b>	<b>108.7</b>	<b>168.2</b>	<b>74.6</b>	<b>2.5</b>	<b>-56.3</b>	<b>187.5</b>	<b>0.0</b>	<b>1,033.2</b>
<b>BALANCE SHEET FIGURES</b>									
<b>ASSETS</b>									
Cash balances and receivables, credit institutions	141.8	0.0	7,669.5	10.3	207.0	559.6	0.0	-53.3	8,534.9
Loans, advances and other receivables at amortized cost	21,379.8	4,133.3	8,168.0	4,698.0	133.8	-292.1	44.2	-3,946.8	34,318.2
Bonds at fair value	0.0	0.0	6,145.5	0.0	0.0	-245.1	2,520.4	0.0	8,420.8
Shares and equity investments in associates and group enterprises	271.3	0.8	64.7	0.0	0.0	901.3	133.0	0.0	1,371.1
Assets linked to pooled schemes	3,207.2	45.0	0.0	0.0	44.2	259.6	0.0	0.0	3,556.0
Property, plant and equipment and intangible assets	32.7	0.3	0.6	136.0	58.5	455.2	0.0	0.0	683.3
Other assets	0.0	0.0	0.0	30.4	0.0	1,716.0	0.0	-65.4	1,681.0
<b>Total assets</b>									<b>58,565.3</b>
<b>LIABILITIES</b>									
Payables to credit institutions	0.1	9.4	19,834.2	3,946.8	193.3	3,502.1	0.0	-3,946.8	23,539.1
Deposits and other payables	16,483.6	3,322.0	2,748.6	0.0	209.9	-9.0	1.0	-53.3	22,702.8
Deposits in pooled schemes	3,207.2	45.0	0.0	0.0	44.2	259.6	0.0	0.0	3,556.0
Miscellaneous liabilities	0.0	0.0	0.0	454.6	0.0	3,001.7	0.0	-12.6	3,443.7
Provisions for liabilities	0.0	0.0	0.0	218.4	0.0	51.4	0.0	-52.8	217.0
Subordinated debt	0.0	0.0	0.0	0.0	0.0	1,458.1	0.0	0.0	1,458.1
Shareholders' equity (allocated capital)	1,909.9	280.3	344.7	327.9	31.2	606.0	148.6	0.0	3,648.6
<b>Total liabilities</b>									<b>58,565.3</b>
Interest income, internal	68.5	8.2	-121.8	1.1	1.6	125.1	-82.7	0.0	0.0
Capital expenditure	-13.8	-0.1	-0.5	-43.1	-35.8	-80.8	0.0	0.0	-174.1
Other non-cash operating items	0.0	0.0	0.0	0.0	0.0	-154.1	0.0	0.0	-154.1
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	3.6	0.3	0.8	23.3	31.3	9.4	0.0	0.0	68.7
Impairment and reversed impairment	-126.0	-32.6	0.0	-4.1	-2.4	0.5	2.7	0.0	-161.9
Return on equity, pct. **)	31.8	44.6	50.0	25.5	-	-	-	-	-
Costs as percentage of income	0.68	0.32	0.21	0.52	-	-	-	-	-
Risk-weighted items, end of period	23,873.3	3,504.2	4,308.3	3,780.2	390.5	574.4	1,858.0	0.0	38,288.9
Number of employees (end of year, full-time)	814	32	67	69	206	96	0	0	1,284

\*) Earnings from investment portfolios, etc. consist of earnings from investment portfolios, the sale of Totalkredit, Erhvervsinvest Nord A/S and Erhvervsinvest K/S.

\*\*) The rate of return on equity has been calculated on allocated capital (8%) based on average risk-weighted items.

**SECONDARY SEGMENT - GEOGRAPHICAL SEGMENT**

Spar Nord only carries on activities outside Denmark to a limited extent. Consequently, in accordance with IAS 14 no disclosure is provided regarding the secondary segment.

## ACCOUNTING POLICIES

### GENERAL

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

Moreover, the Annual Report is presented in accordance with additional Danish disclosure requirements for annual reports prepared by listed financial companies, cf. the Copenhagen Stock Exchange'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 companies issued pursuant to the Danish Financial Business Act.

### CHANGED ACCOUNTING POLICIES

In the Consolidated Financial Statements for 2006, Spar Nord A/S has implemented the amendment to IAS 39 adopted in June 2004 regarding the option to designate any financial asset or any financial liability to be measured at fair value, with value changes recognized in profit or loss ("the fair value option"). Accordingly, the fair value option can only be used for financial assets if specific criteria laid down in IAS 39 have been met. In the past, Spar Nord Bank A/S primarily used the fair value option for certain unlisted equity investments. The amendment has no effect on the Consolidated Financial Statements for 2006 and comparative figures for previous years, as Spar Nord Bank A/S finds that the criteria laid down in IAS 39 for using the fair value option continue to be met.

Moreover, Spar Nord Bank A/S has begun using IAS 39 in relation to financial guarantee contracts, which were previously regulated by IFRS 4 on insurance contracts. Thus, the guarantor must recognize an issued guarantee at the fair value of the liability. This is usually equal to the premium received. The premium charged is carried to income over the term of the guarantee. The amendment has no effect on the Consolidated Financial Statements for 2006 and comparative figures for previous years, as the transition to IAS 39 corresponds to the method of recognition previously used.

Apart from the above, the accounting policies for the Consolidated Financial Statements and the Financial Statements for 2006 have been consistently applied compared with 2005.

### CONSOLIDATED FINANCIAL STATEMENTS

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

Newly acquired companies are recognized in the Consolidated Financial Statements as from the time of acquisition. Companies sold or wound up are recognized in the consolidated income statement until the time of divestment. Comparative figures are not adjusted for newly acquired, sold or wound-up companies. However, discontinued activities are presented separately.

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

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

Gains or losses upon the divestment or winding-up of group enterprises and associates are recognized as the difference between the sales 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.

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.

## ACCOUNTING POLICIES

### *FOREIGN-CURRENCY TRANSLATION*

The Consolidated Financial Statements are presented in DKK, which is Spar Nord Bank A/S' functional currency. Transactions denominated in a foreign currency are translated at the rate of exchange ruling at the date of the transaction. Balances in foreign currency are translated at closing rates at the end of the financial year. Rates of exchange are assessed for illiquid currencies.

Assets and liabilities in foreign entities are translated into DKK at the exchange rate at the balance sheet date. Income and expenses are translated at the exchange rate prevailing at the date of the transaction. Upon translation of the net investment in a foreign entity, foreign-exchange gains and losses are recognized directly in equity.

### *OFFSETTING*

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

## INCOME STATEMENT

### *METHOD OF REVENUE RECOGNITION*

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

### *OTHER OPERATING INCOME*

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

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

Gains and losses on sales are calculated at the selling price after deducting the selling cost 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), pension costs, etc.

### *SHARE OPTION SCHEMES AND EMPLOYEE SHARES*

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 expense during the period when the employee provides the services that correspond to the options granted. A setoff is recognized directly in equity. In connection with 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 value of employee shares allocated as an element in a bonus scheme is measured at the value at the time of allocation and is recognized in the income statement as a staff expense during the period when the employee provides the services that correspond to the allocated shares. A setoff is recognized directly in equity.

### *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 value 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 value 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 for the year, and directly in equity with the portion attributable to amounts recognized directly in equity.

## ACCOUNTING POLICIES

### BALANCE SHEET

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#### *LOANS, ADVANCES AND RECEIVABLES*

Loans, advances and receivables, including mortgage deeds, are recognized at inception at the fair value plus transaction costs less fees, charges and commissions received in connection with loan origination. Loans, advances and receivables are periodically remeasured at amortized cost less impairment provisions for bad and doubtful debts.

Impairment is based on an individual assessment of major commitments when there is an objective indication of impairment of an individual commitment. Individually assessed loans and advances that are not subject to impairment and other loans and advances are classified into categories with uniform characteristics with respect to credit risk and are then assessed on a portfolio basis. In the private customer area, portfolio assessment is based on a behaviour score for seven categories. In the corporate customer area, the portfolio assessment is based on nine rating groups, categorized according to financial performance indicators.

Impairment is calculated as the difference between amortized cost and the discounted value of the expected cash flows, including the realization value of any security. 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.

Interest income is calculated based on the impaired carrying amounts of loans, advances and receivables.

#### *LEASING*

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.

Leased assets in connection with finance leases, where the Group is the lessor, are recognized under loans and advances at the net investment in the leases less depreciation (re-payments), calculated according to the annuity method over the term of the lease. Income from leased assets is recognized based on the agreed effective interest rate in the lease, and is booked in the income statement under interest income. Profit and loss on the sale of leased assets are booked as "Other operating income".

#### *REPO/REVERSE TRANSACTIONS*

Securities sold are recognized in the balance sheet as if the securities were still part of the Group's portfolio if the sale is made subject to a right of repurchase. The amount received is recognized as debt, 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 is not recognized in the income statement if a resale agreement is made simultaneously with the purchase. The purchase sum received is recognized as a receivable, and the difference between the offered and bid price is recognized as interest in the income statement over the term of the relevant instrument.

#### *BONDS AND SHARES, ETC.*

Securities (shares and bonds, etc.) included in the Group's trading portfolio are recognized on the settlement day at their fair value, which is generally equal to cost. Likewise, the sale of securities is recognized on the settlement day.

The portfolio of listed bonds and shares is measured at the listed price (bid price) quoted at the balance sheet date.

Estimated prices are used for bonds for which there is no current listed price.

Unlisted shares and other equity investments are measured at their fair value. In determining the fair value, the reference point is available information about trades, etc., or, alternatively, a valuation model based on recognized methods and up-to-date market data. If a reliable fair value cannot be identified, the investment will be measured at cost less any writedowns for impairment. Unlisted unit trust certificates are recognized at the price calculated by the unit trust.

Securities that are not included in the Group's trading portfolio are likewise measured at fair value with the ensuing changes in value in the income statement using the "fair value option" provided for in IAS 39. The Group uses this option only when the following criteria have been met:

- The asset is defined as being covered by the fair value option on initial recognition.
- The asset is part of a portfolio of assets that are managed, assessed and reported on the basis of fair value.

To the extent that the Group's securities do not form part of a trading portfolio and the criteria for using the fair value option have not been met, such securities are still measured at fair value, but unrealized value adjustments are instead recognized directly in equity (the 'available for sale' category). Any impairment is recognized in the income statement

## ACCOUNTING POLICIES

### *EQUITY INVESTMENTS IN GROUP ENTERPRISES AND ASSOCIATES*

Equity investments in group enterprises and associates are recognized at the proportionate share of the book value on the balance sheet date plus the carrying amount of goodwill acquired. Goodwill is calculated and measured as described above in the section on Consolidated Financial Statements.

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

Any profit or loss upon sale is calculated as the difference between the net sales price and the carrying amount at the transfer date, including the carrying amount of goodwill, and is recognized under "Other operating income/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 acquired is recognized at cost less any writedowns for impairment. 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.

Software acquired is recognized at cost plus installation expenses and amortized according to the straight-line method over the expected useful life, which does not exceed five years.

Self-developed software is recognized if the cost can be reliably calculated and if analyses show that the Group's future earnings from implementing such software exceed the associated development costs. Development costs recognized as an asset are amortized on a straight-line basis over the expected useful life, which does not exceed five years. Expenses during the planning stage are not included but expensed as and when defrayed.

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

### *LAND AND BUILDINGS*

Properties are recognized at cost upon acquisition and subsequently measured at fair value. The fair value is calculated on the current market data based on a return model. The fair value of the individual property is reassessed annually based on the current letting market and the interest level.

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

Expenses for leasehold improvements are recognized under corporate properties at cost and depreciated over the lease term, however max. ten years.

Investment properties are properties held to obtain rent income and/or capital gains, including properties let under operating leases and properties taken over. Investment properties are not depreciated. Changes in fair values and rent income are recognized in the income statement under "Other operating income".

### *OTHER PROPERTY, PLANT AND EQUIPMENT*

Operating equipment and IT equipment are recognized at cost less accumulated depreciation and impairment. Operating equipment and IT equipment are depreciated according to the straight-line method over a useful life of three to five years. The basis of depreciation for property, plant and equipment is the difference between cost and scrap value at the end of its useful life, and the scrap value is assessed regularly.

Leased assets under operating leases, with the Group as lessor, are recognized under other property, plant and equipment. Lease payments under operating leases are recognized in the income statement under "Other operating income".

## ACCOUNTING POLICIES

### TEMPORARY ASSETS

Temporary assets include assets taken over as a result of the unwinding of customer commitments, the intention being to sell off the assets as soon as possible. Assets taken over are recognized at fair value upon taking them over and subsequently measured at estimated realizable value.

### DERIVATIVE INSTRUMENTS AND UNSETTLED SPOT TRANSACTIONS

Derivative instruments and unsettled spot transactions are recognized and measured at fair value at the trade date, and value adjustments are generally 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 price and bid/offer price are 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 upon inception ("day 1-profit") are not recognized for unlisted derivative instruments.

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

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

### HEDGE ACCOUNTING

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

In hedge situations 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.

### TAX

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

Deferred tax is calculated at the current tax rate on the basis of temporary differences between carrying amounts and tax bases.

### 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 in respect of a guarantee or an irrevocable credit commitment if it is likely that the guarantee or the credit commitment will be exercised and the amount of the commitment can be reliably determined. Provisions are based on the Supervisory and Executive Boards' best estimate of the amount of the commitments. In connection with their measurement, provisions for liabilities are discounted to net present value where deemed material.

### FINANCIAL LIABILITIES

Deposits, bonds issued and debt to credit institutions, etc. are recognized when the appropriate loan is raised at the proceeds received after deduction of transactions costs. Periodic remeasurements are made to amortized cost using the "the effective interest rate method". Thus, the difference between net proceeds and nominal value is recognized in the income statement under interest expenses over the loan term.

Other commitments are measured at net realizable value.

## SHAREHOLDERS' EQUITY

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### REVALUATION RESERVES

Revaluation reserves comprise revaluations of the Group's corporate properties after the recognition of deferred tax.

### STATUTORY RESERVES

Statutory reserves comprise reserves according to the equity method.

## ACCOUNTING POLICIES

### *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 adopted.

### *TREASURY SHARES AND OWN BONDS*

Treasury shares and own bonds are not recognized as assets. The acquisition cost of treasury shares is charged directly against shareholders' equity, while the portfolio of own bonds is charged directly against bonds issued. Upon the acquisition of own bonds, any loss or gain is recognized as the difference between the acquisition cost and the carrying amount.

### *CASH FLOW STATEMENT*

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

Cash generated from investments comprises payments associated with the purchase and sale of non-current assets, companies and securities.

Cash generated from financing comprises dividends paid, movements in the shareholders' equity and subordinated capital contributions.

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

### *SEGMENT DISCLOSURES*

The financial statements for the business areas that constitute the Group's only business segment type are based on the Consolidated Financial Statements and the affiliation of individual customers. 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 (Activity-Based Costing, ABC).

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.

"Earnings from investment portfolios, etc." include earnings from the Bank's own holdings, the sale of Totalkredit and earnings from Erhvervsinvest Nord A/S and Erhvervsinvest K/S. Other income and expenses are charged to "Staff functions and unallocated" together with the Bank's management support functions.

### *DISCLOSURES REGARDING STANDARDS THAT HAVE NOT YET ENTERED INTO FORCE*

The following standards have not yet entered into force for 2006:

- IFRS 7 with respect to disclosures in the notes regarding financial instruments and risks enters into force on 1 January 2007 and supersedes IAS 30 and significant sections of IAS 32. The implementation of this standard has no impact on recognition and measurement.

## OTHER COMMENTS

## SHAREHOLDINGS\*

<i>Spar Nord Bank shares held by the Supervisory Board and the Executive Board</i>	<i>No. of shares</i>	<i>No. of shares</i>
	<i>18 January 2006</i>	<i>11 January 2007</i>
Torben Frstrup	2,200	3,200
Erling Kjær	11,760	13,700
Niels Ole Arndt	4,870	4,870
Trine Bruun Haals	1,800	2,002
Jan Høholt Jensen	3,000	3,076
Niels Kristian Kirketerp	7,090	7,090
Carsten Normann	0	0
Ole Skov	1,430	1,506
Per Søndergaard Pedersen	14,670	10,380
Lasse Nyby	27,380	22,380
John Lundsgaard	38,070	23,770
Lars Møller	33,760	25,000

\* The holdings include all shares held by all members of the household.

	<i>Share capital end of year DKK '000</i>	<i>Shareholders' equity end of year DKK '000</i>	<i>Profit DKK '000</i>	<i>Spar Nord Bank A/S The Group 2006 %</i>	<i>Spar Nord Bank A/S The Group 2005 %</i>	<i>Spar Nord Bank A/S Parent Comp. 2006 %</i>	<i>Spar Nord Bank A/S Parent Comp. 2005 %</i>
<i>GROUP ENTERPRISES</i>							
<i>Consolidated companies</i>							
Erhvervsinvest Nord A/S, Aalborg	30,000	124,323	12,598	-	-	100.00	100.00
Finans Nord A/S, Aalborg	10,000	254,217	52,840	-	-	100.00	100.00
SN Finans Nord AB, Sverige	19,207	17,868	-1,339	-	-	100.00	-
Finans Nord Cross Borders A/S, Aalborg	500	574	74	-	-	100.00	-
Sparekassen Nordjyllands Investeringselskab af 10.10.91 A/S	12,000	12,624	-88	-	-	100.00	100.00
<i>Non-consolidated companies</i>							
Beluni Inc., USA (1)	0	0	0	100.00	100.00	100.00	100.00
Aars Invest I A/S, Aars (2)	0	0	0	0.00	85.60	0.00	85.60
KapitalPleje A/S, Aalborg (3)	0	0	0	0.00	100.00	0.00	100.00

1) The company is in liquidation

2) The equity investment has been sold

3) The company has been disposed of in connection with official listing

# INCOME STATEMENT

Note	<i>Spar Nord Bank A/S The Group 2006 DKK '000</i>	<i>Spar Nord Bank A/S The Group 2005 DKK '000</i>	<i>Spar Nord Bank A/S Parent Comp. 2006 DKK '000</i>	<i>Spar Nord Bank A/S Parent Comp. 2005 DKK '000</i>
<i>INCOME STATEMENT DISCLOSURES</i>				
3. Interest income	2,025,172	1,517,876	1,909,620	1,415,336
4. Interest expenses	1,001,654	585,280	1,003,056	586,213
<i>Net interest income</i>	<b>1,023,518</b>	<b>932,596</b>	<b>906,564</b>	<b>829,123</b>
5. Dividends on shares, etc.	20,517	15,137	20,471	15,092
6.+8. Fees, charges and commissions received	536,929	462,193	538,140	464,969
7.+8. Fees, charges and commissions paid	66,608	70,106	66,598	68,114
<i>Net income from interest, fees, charges and commissions</i>	<b>1,514,356</b>	<b>1,339,820</b>	<b>1,398,577</b>	<b>1,241,070</b>
9. Market-value adjustments	331,177	221,637	338,771	226,222
10. Other operating income	81,844	73,811	25,705	45,094
11.+12. Staff costs and administrative expenses	1,101,502	964,290	1,044,578	914,860
13. Depreciation, amortization and impairment of intangible assets and property, plant and equipment	68,731	82,202	45,391	55,660
Other operating expenses	89	2,971	2,158	1,906
17.+31. Impairment of loans, advances and receivables, etc.	-169,080	34,349	-173,648	28,095
14. Profit on equity investments in associates and group enterprises	107,044	61,998	166,909	98,430
<i>Profit before tax</i>	<b>1,033,179</b>	<b>613,454</b>	<b>1,011,483</b>	<b>610,295</b>
15. Tax	204,626	134,133	182,930	130,974
<i>Profit for the year</i>	<b>828,553</b>	<b>479,321</b>	<b>828,553</b>	<b>479,321</b>
<i>PROPOSAL FOR THE DISTRIBUTION OF PROFIT</i>				
<i>Profit for the year</i>			828,553	479,321
<i>Total available for distribution</i>			<b>828,553</b>	<b>479,321</b>
Dividend distribution - DKK 3 per share (2005: DKK 3 per share)			171,206	171,206
Reserve for net revaluation according to the equity method			166,909	98,430
Retained earnings			490,438	209,685
<i>Total distribution</i>			<b>828,553</b>	<b>479,321</b>
39. <i>EARNINGS PER SHARE</i>				
Earnings per share	14.8	9.0		
<i>Diluted earnings per share</i>	<b>14.5</b>	<b>8.8</b>		

## BALANCE SHEET

Note	<i>Spar Nord Bank A/S The Group 2006 DKK '000</i>	<i>Spar Nord Bank A/S The Group 2005 DKK '000</i>	<i>Spar Nord Bank A/S Parent Comp. 2006 DKK '000</i>	<i>Spar Nord Bank A/S Parent Comp. 2005 DKK '000</i>
<b>ASSETS</b>				
Cash balances and demand deposits with central banks	407,585	868,330	407,585	868,330
16. Receivables from credit institutions and central banks	8,127,351	3,860,068	8,116,236	3,860,366
17. Loans, advances and other receivables at amortized cost	34,318,191	27,133,644	33,551,588	26,498,726
18. Bonds at fair value	8,420,827	7,835,754	8,420,827	7,835,754
19. Shares, etc.	632,467	681,204	597,224	640,690
20. Equity investments in associates, etc.	738,587	615,184	719,251	573,689
21. Equity investments in group enterprises	0	4,420	379,273	381,337
Assets linked to pooled schemes	3,556,032	2,890,714	3,556,032	2,890,714
22. Intangible assets	52,152	44,852	26,652	19,352
Investment properties	14,173	5,622	14,173	5,622
Corporate headquarters properties	424,668	364,521	424,668	364,521
23. <i>Land and buildings, total</i>	<b>438,841</b>	<b>370,143</b>	<b>438,841</b>	<b>370,143</b>
24. Other property, plant and equipment	192,294	151,390	81,784	64,789
25. Deferred tax assets	0	0	52,830	23,973
26. Temporary assets	12,446	29,296	8,614	20,298
27. Other assets	1,616,297	1,428,113	1,591,317	1,418,915
Prepayments	52,216	48,625	51,411	48,466
<b>Total assets</b>	<b>58,565,286</b>	<b>45,961,737</b>	<b>57,999,465</b>	<b>45,515,542</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>				
<b>PAYABLES</b>				
28. Payables to credit institutions and central banks	23,539,086	16,472,223	23,539,086	16,472,223
29. Deposits and other payables	22,702,789	19,398,526	22,756,066	19,481,894
Deposits in pooled schemes	3,556,032	2,890,714	3,556,032	2,890,714
Other non-derivative financial liabilities at fair value	1,089,524	162,965	1,089,524	162,965
Current tax liabilities	53,078	36,842	49,613	4,709
Temporary liabilities	5,217	5,322	5,217	5,322
30. Other liabilities	2,187,659	2,021,134	1,836,695	1,703,794
Deferred income	108,121	85,867	8,982	11,099
<b>Total payables</b>	<b>53,241,506</b>	<b>41,073,593</b>	<b>52,841,215</b>	<b>40,732,720</b>
31. <b>PROVISIONS</b>				
Provisions for pensions and related liabilities	3,516	3,674	3,516	3,674
Provisions for deferred tax	165,530	105,322	0	0
Provisions for losses on guarantees	26,811	28,000	26,811	28,000
Other provisions	21,161	19,433	21,161	19,433
<b>Total provisions</b>	<b>217,018</b>	<b>156,429</b>	<b>51,488</b>	<b>51,107</b>
32. <b>SUBORDINATED DEBT</b>				
Subordinated debt	1,458,147	1,692,772	1,458,147	1,692,772
<b>Total liabilities</b>	<b>54,916,671</b>	<b>42,922,794</b>	<b>54,350,850</b>	<b>42,476,599</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	570,688	570,688	570,688	570,688
Revaluation reserves	37,393	44,993	37,393	44,993
<b>Accumulated changes in value, total</b>	<b>37,393</b>	<b>44,993</b>	<b>37,393</b>	<b>44,993</b>
Statutory reserves	285,275	222,269	541,085	439,300
<b>Statutory reserves, total</b>	<b>285,275</b>	<b>222,269</b>	<b>541,085</b>	<b>439,300</b>
Retained earnings	2,755,259	2,200,993	2,499,449	1,983,962
<b>Total shareholders' equity</b>	<b>3,648,615</b>	<b>3,038,943</b>	<b>3,648,615</b>	<b>3,038,943</b>
34.+36. <b>Total shareholders' equity and liabilities</b>	<b>58,565,286</b>	<b>45,961,737</b>	<b>57,999,465</b>	<b>45,515,542</b>
<b>OFF-BALANCE-SHEET ITEMS</b>				
37. Guarantees, etc.	7,016,713	6,394,161	7,914,602	7,179,261
38. Other commitments	0	13,000	0	13,000
<b>Total off-balance-sheet items</b>	<b>7,016,713</b>	<b>6,407,161</b>	<b>7,914,602</b>	<b>7,192,261</b>

## STATEMENT OF THE CHANGES IN EQUITY

	Share Capital	Revaluation reserve	Statutory reserves	Proposed dividend	Retained earnings	31.12.2006 Total	31.12.2005 Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
<i>THE GROUP</i>							
Shareholders' equity, beginning of year	570,688	44,993	222,269	171,206	2,029,787	3,038,943	2,227,870
Change in accounting policies, transition to IFRS	0	0	0	0	0	0	132,900
<b>Adjusted shareholders' equity</b>	<b>570,688</b>	<b>44,993</b>	<b>222,269</b>	<b>171,206</b>	<b>2,029,787</b>	<b>3,038,943</b>	<b>2,360,770</b>
Revaluation of properties	0	6,008	0	0	0	6,008	472
Deferred tax relating to revaluation of properties	0	-13,608	0	0	0	-13,608	0
Other capital movements in associates and group enterprises	0	0	-28,179	0	19,420	-8,759	7,708
Share-based remuneration	0	0	0	0	17,995	17,995	19,580
<i>Net gains/losses recognized directly in shareholders' equity</i>	<b>0</b>	<b>-7,600</b>	<b>-28,179</b>	<b>0</b>	<b>37,415</b>	<b>1,636</b>	<b>27,760</b>
Profit for the year	0	0	107,044	171,206	550,303	828,553	479,321
<b>Total income for the year</b>	<b>0</b>	<b>-7,600</b>	<b>78,865</b>	<b>171,206</b>	<b>587,718</b>	<b>830,189</b>	<b>507,081</b>
Dividend to shareholders	0	0	0	-171,206	0	-171,206	-155,654
Dividend received	0	0	-15,859	0	15,859	0	0
Dividend received, treasury shares	0	0	0	0	2,320	2,320	606
Disposal upon acquisition of treasury shares	0	0	0	0	-930,321	-930,321	-554,142
Addition upon sale of treasury shares	0	0	0	0	860,400	860,400	496,605
Tax on capital gain, treasury shares	0	0	0	0	-10,608	-10,608	-1,411
Deferred tax, treasury shares portfolio	0	0	0	0	27,558	27,558	17,564
Capital increase, offering costs	0	0	0	0	-957	-957	367,524
Dissolution of revaluation reserves, properties	0	0	0	0	2,297	2,297	0
<i>Other movements, total</i>	<b>0</b>	<b>0</b>	<b>-15,859</b>	<b>-171,206</b>	<b>-33,452</b>	<b>-220,517</b>	<b>171</b>
<b>Shareholders' equity, end of year, the Group</b>	<b>570,688</b>	<b>37,393</b>	<b>285,275</b>	<b>171,206</b>	<b>2,584,053</b>	<b>3,648,615</b>	<b>3,038,943</b>
<i>THE PARENT COMPANY</i>							
Shareholders' equity, beginning of year	570,688	44,993	439,300	171,206	1,812,756	3,038,943	2,227,870
Change in accounting policies, transition to IFRS	0	0	0	0	0	0	132,900
<b>Adjusted shareholders' equity</b>	<b>570,688</b>	<b>44,993</b>	<b>439,300</b>	<b>171,206</b>	<b>1,812,756</b>	<b>3,038,943</b>	<b>2,360,770</b>
Revaluation of properties	0	6,008	0	0	0	6,008	472
Deferred tax relating to revaluation of properties	0	-13,608	0	0	0	-13,608	0
Other capital movements in associates and group enterprises	0	0	8,697	0	-17,456	-8,759	7,708
Share-based remuneration	0	0	0	0	17,995	17,995	19,580
<i>Net gains/losses recognized directly in shareholders' equity</i>	<b>0</b>	<b>-7,600</b>	<b>8,697</b>	<b>0</b>	<b>539</b>	<b>1,636</b>	<b>27,760</b>
Profit for the year	0	0	166,909	171,206	490,438	828,553	479,321
<b>Total income for the year</b>	<b>0</b>	<b>-7,600</b>	<b>175,606</b>	<b>171,206</b>	<b>490,977</b>	<b>830,189</b>	<b>507,081</b>
Dividend to shareholders	0	0	0	-171,206	0	-171,206	-155,654
Dividend received	0	0	-73,821	0	73,821	0	0
Dividend received, treasury shares	0	0	0	0	2,320	2,320	606
Disposal upon acquisition of treasury shares	0	0	0	0	-930,321	-930,321	-554,142
Addition upon sale of treasury shares	0	0	0	0	860,400	860,400	496,605
Tax on capital gain, treasury shares	0	0	0	0	-10,608	-10,608	-1,411
Deferred tax, treasury shares portfolio	0	0	0	0	27,558	27,558	17,564
Capital increase, offering costs	0	0	0	0	-957	-957	367,524
Dissolution of revaluation reserves, properties	0	0	0	0	2,297	2,297	0
<i>Other movements, total</i>	<b>0</b>	<b>0</b>	<b>-73,821</b>	<b>-171,206</b>	<b>24,510</b>	<b>-220,517</b>	<b>171,092</b>
<b>Shareholders' equity, end of year, the Parent Company</b>	<b>570,688</b>	<b>37,393</b>	<b>541,085</b>	<b>171,206</b>	<b>2,328,243</b>	<b>3,648,615</b>	<b>3,038,943</b>

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

## STATEMENT OF THE CHANGES IN EQUITY

	<i>Spar Nord Bank A/S The Group 2006 DKK '000</i>	<i>Spar Nord Bank A/S The Group 2005 DKK '000</i>	<i>Spar Nord Bank A/S Parent Comp. 2006 DKK '000</i>	<i>Spar Nord Bank A/S Parent Comp. 2005 DKK '000</i>
<i>TREASURY SHARES PORTFOLIO</i>				
Number of shares	1,259,649	789,770	1,259,649	789,770
Nominal value	12,596	7,898	12,596	7,898
Fair value	171,942	73,370	171,942	73,370
Percentage of share capital	2.2	1.4	2.2	1.4
<i>TREASURY SHARES PORTFOLIO, FAIR VALUE</i>				
Portfolio, beginning of year	73,370	10,642	73,370	10,642
Acquisition of treasury shares	930,321	554,142	930,321	554,142
Sale of treasury shares	860,400	496,605	860,400	496,605
Disposals related to share-based remuneration	9,236	0	9,236	0
Market-value adjustment	37,887	5,191	37,887	5,191
Portfolio, end of year	171,942	73,370	171,942	73,370
<i>TREASURY SHARES FURNISHED AS SECURITY</i>				
Number of shares	1,366,928	1,526,310	1,366,928	1,526,310
Nominal value	13,669	15,263	13,669	15,263
Fair value	185,586	141,794	185,586	141,794
Percentage of share capital	2.4	2.7	2.4	2.7
The Bank uses treasury shares for trading with customers and shareholders and to hedge its share-based remuneration				
<i>Capital base and solvency ratio</i>				
Shareholders' equity	3,648,615	3,038,943	3,648,615	3,038,943
Proposed dividend	171,206	171,206	171,206	171,206
Intangible assets in the Bank Group	52,152	44,852	26,652	19,352
Miscellaneous	37,393	44,992	90,223	68,965
<i>Core capital after deductions</i>	<b>3,387,864</b>	<b>2,777,893</b>	<b>3,360,534</b>	<b>2,779,420</b>
<i>Hybrid core capital</i>	<b>338,939</b>	<b>359,369</b>	<b>338,939</b>	<b>359,369</b>
<i>Core capital (incl. hybrid core capital) after deductions</i>	<b>3,726,803</b>	<b>3,137,262</b>	<b>3,699,473</b>	<b>3,138,789</b>
Subordinated debt (excl. hybrid core capital)	1,119,208	1,333,403	1,119,208	1,333,403
Revaluation, properties	37,393	44,993	37,393	44,993
Other deductions	730,520	629,665	733,525	629,512
<i>Capital base after deductions</i>	<b>4,152,884</b>	<b>3,885,993</b>	<b>4,122,549</b>	<b>3,887,673</b>
<i>Risk-weighted items</i>	<b>38,288,898</b>	<b>31,664,903</b>	<b>38,216,234</b>	<b>31,580,148</b>
Core capital ratio	8.8	8.8	8.8	8.8
Core capital ratio (incl. hybrid core capital)	9.7	9.9	9.7	9.9
Solvency ratio	10.8	12.3	10.8	12.3

## CASH FLOW STATEMENT

Note	Spar Nord Bank A/S The Group 2006 DKK '000	Spar Nord Bank A/S The Group 2005 DKK '000	Spar Nord Bank A/S Parent Comp. 2006 DKK '000	Spar Nord Bank A/S Parent Comp. 2005 DKK '000
<i>CASH GENERATED FROM OPERATIONS</i>				
	1,033,179	613,454	1,011,483	610,296
Profit on ordinary operations before tax				
13. Depreciation, amortization and impairment of property, plant and equipment and intangible assets	68,731	82,202	45,391	55,660
17. Adjustment of impairment of loans and advances	-161,910	-5,097	-160,481	15,106
31. Provisions for liabilities	60,589	3,647	382	27,485
14. Results of equity investments	-107,044	-61,988	-166,909	-98,430
Expensed for share-based remuneration	17,995	19,580	17,995	19,580
Corporate income tax paid	-125,672	-99,165	-166,243	-126,980
<i>Total cash generated from operations</i>	<b>785,868</b>	<b>552,633</b>	<b>581,618</b>	<b>502,717</b>
<i>WORKING CAPITAL</i>				
16.+28. Movement in credit institutions and central banks, net	6,545,119	6,004,136	6,546,000	6,004,136
17. Movement in loans and advances	-7,022,637	-7,517,295	-6,892,380	-7,399,637
18. Movement in bond portfolio	-585,073	-27,984	-585,073	-27,984
19. Movement in equity portfolio	48,737	-44,928	43,466	-59,165
Movement in other assets and liabilities, net	879,587	66,640	896,204	-11,517
29. Movement in deposits	3,304,263	879,640	3,274,172	912,315
<i>Total working capital</i>	<b>3,169,996</b>	<b>-639,791</b>	<b>3,282,389</b>	<b>-581,852</b>
<i>Total cash generated from operations</i>	<b>3,955,864</b>	<b>-87,158</b>	<b>3,864,007</b>	<b>-79,136</b>
<i>INVESTMENTS</i>				
20.+21. Net investment in associates and group enterprises	-27,798	14,185	-59,171	10,668
22. Net investment in intangible assets	-9,578	-7,105	-9,578	-7,755
23.+24.+26. Net investment in property, plant and equipment	-164,556	-45,268	-109,820	-42,472
Net investment in treasury shares	-80,529	-58,948	-80,529	-58,948
20.+21. Dividend from group enterprises/associates	15,859	15,938	73,821	9,643
<i>Total investments</i>	<b>-266,602</b>	<b>-81,198</b>	<b>-185,277</b>	<b>-88,864</b>
<i>FINANCING</i>				
32. Subordinated debt	-234,625	605,903	-234,625	605,903
Capital increase, offering costs	-957	367,524	-957	367,524
Dividend to shareholders, excluding dividend on treasury shares	-168,886	-155,047	-168,886	-155,047
<i>Total financing</i>	<b>-404,468</b>	<b>818,380</b>	<b>-404,468</b>	<b>818,380</b>
<i>Movement in cash and cash equivalents</i>	<b>3,284,794</b>	<b>650,024</b>	<b>3,274,262</b>	<b>650,381</b>
<i>Cash and cash equivalents, beginning of year</i>	<b>3,971,425</b>	<b>3,321,401</b>	<b>3,971,723</b>	<b>3,321,342</b>
<i>Cash and cash equivalents, end of year</i>	<b>7,256,219</b>	<b>3,971,425</b>	<b>7,245,985</b>	<b>3,971,723</b>
<i>Cash and cash equivalents, end of year</i>				
Cash and cash equivalents and demand deposits with central banks	843,913	1,414,102	833,679	1,414,400
16. Total receivables from credit institutions and central banks with less than 3 mths to maturity	6,412,306	2,557,323	6,412,306	2,557,323
<i>Total</i>	<b>7,256,219</b>	<b>3,971,425</b>	<b>7,245,985</b>	<b>3,971,723</b>

## FINANCIAL RATIOS

		2006	2005	2004	2003	2002
<i>SPAR NORD BANK A/S - THE PARENT COMPANY</i>						
Solvency ratio	%	10.8	12.3	10.4	11.4	10.6
Core capital ratio	%	9.7	9.9	8.7	9.1	8.1
Return on equity before tax	%	30.2	22.6	17.3	15.3	7.9
Return on equity after tax	%	24.8	17.8	14.2	11.8	6.4
Income/cost ratio	DKK	2.10	1.61	1.38	1.29	1.13
Interest-rate risk	%	0.9	2.2	4.4	5.3	4.5
Foreign-exchange position	%	6.7	4.9	13.9	6.0	9.5
Foreign-exchange risk	%	0.1	0.3	0.2	0.2	0.1
Loans and advances plus impairment rel. to deposits	%	129.3	121.2	95.4	101.9	104.7
Coverage relative to statutory cash ratio requirement	%	0.6	46.8	107.0	54.0	26.1
Total of major commitments	%	81.5	103.1	47.1	63.5	67.3
Share of receivables with reduced interest rate	%	0.1	0.1	0.2	0.6	1.0
Accumulated impairment in per cent	%	1.2	1.9	2.5	2.6	2.8
Impairment for the year in per cent	%	-0.4	0.2	0.6	0.9	1.7
Increase in loans and advances for the year	%	26.6	38.6	10.2	5.3	2.6
Loans and advances rel. to shareholders' equity		9.2	8.7	8.1	8.4	8.5
Earnings per share	DKK	14.5	8.8	6.1	4.6	2.2
Book value per share	DKK	65	54	46	40	37
Dividend per share	DKK	3	3	3	2	1
Share price/Earnings per share		9.4	10.6	12.0	11.1	15.4
Share price/Book value per share		2.1	1.72	1.59	1.27	0.93

## RATIO DEFINITIONS

### *SOLVENCY RATIO*

Capital base in per cent of risk-weighted assets.

### *CORE CAPITAL RATIO*

Core capital 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*

Net income from interest, fees, charges and commissions, Market-value adjustments, Other operating income and Results of 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 after deductions.

### *FOREIGN-EXCHANGE POSITION*

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

### *FOREIGN-EXCHANGE RISK*

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

### *LOANS AND ADVANCES PLUS IMPAIRMENT RELATIVE TO DEPOSITS*

Loans and advances + impairment in per cent of deposits.

### *COVERAGE RELATIVE TO STATUTORY CASH RATIO REQUIREMENT*

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

### *TOTAL OF MAJOR COMMITMENTS*

The sum total of major commitments in per cent of the capital base.

### *SHARE OF RECEIVABLES WITH REDUCED INTEREST RATE*

Receivables at a reduced interest rate (before impairment) in per cent of loans and advances + guarantees + impairment.

### *ACCUMULATED IMPAIRMENT IN PER CENT*

Accumulated impairment in per cent of loans and advances + guarantees + impairment.

### *IMPAIRMENT FOR THE PERIOD IN PER CENT*

Impairment for the period in per cent of loans and advances + guarantees + impairment.

### *INCREASE IN LOANS AND ADVANCES FOR THE PERIOD*

Increase in loans and advances from the beginning of the year to the end of the period, in per cent.

### *LOANS AND ADVANCES RELATIVE TO SHAREHOLDERS' EQUITY*

Loans and advances/shareholders' equity.

### *EARNINGS PER SHARE*

The profit 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.

### *BOOK VALUE PER SHARE*

Shareholders' equity/share capital, excl. treasury shares.

### *DIVIDEND PER SHARE*

Proposed dividend/share capital.

### *SHARE PRICE/EARNINGS PER SHARE*

Share price/earnings per share.

### *SHARE PRICE RELATIVE TO BOOK VALUE*

Share price/book value per share.

### *COST SHARE OF CORE INCOME*

Operating costs, depreciation and amortization/Core income.

### *COST SHARE OF CORE INCOME, INCL. IMPAIRMENT*

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 RATIO*

Year-end price/Earnings after tax (see Return on equity after tax).