

To OMX The Nordic Exchange

7 February 2008

Spar Nord Bank's Annual Report 2007

Spar Nord Bank wrapped up its financial year 2007 with DKK 833 million in pre-tax profits. This profit performance yields a 24% return on the beginning equity, which Management considers satisfactory.

Core earnings before impairment grew 4% to DKK 703 million in a year when Spar Nord generated satisfactory growth in the business volume, e.g. as a result of the continued geographical expansion. In 2007, five new local banks were established outside North Jutland, viz. in Slagelse, Køge, Ikast, Randers and Esbjerg.

Other highlights from the Annual Report:

- Net interest income up 14% to DKK 1,150 million
- Net income from fees, charges and commissions up 3% to DKK 483 million
- Core income up 8% to DKK 1,989 million
- Costs increased 11%
- DKK 111 million recognized as income (net) on the accounting item, 'Impairment of loans and advances, etc'.
- Earnings from investment portfolios ended at DKK 19 million
- Net inflow of more than 10,000 customers
- Lending up 19%, and a 20% hike in deposits.

This profit performance yields a 24% return on the beginning equity, which Management considers satisfactory.

Core earnings before impairment are expected to hover around the DKK 675-775 million level for 2008.

Annual General Meeting

The Supervisory Board recommends to the Annual General Meeting to be held on 30 April that an unchanged dividend of DKK 3 be paid for 2007 per share of DKK 10.

Three members are to be elected to the Supervisory Board at the Annual General Meeting. Torben Fristrup, Carsten Normann and Niels Kristian Kirketerp are up for re-election. The Supervisory Board recommends their re-election.

Please direct any enquiries you may have to Lasse Nyby, Chief Executive Officer, who can be reached on tel.+45 9634 4011. For more details, please refer to the full Annual Report.

Sincerely yours,
Spar Nord

Ole Madsen
Communications Manager

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This is a translation into English of the original version in Danish. In case of any inconsistency between the Danish and the English versions, the Danish version shall prevail.

TO READERS OF THE ANNUAL REPORT

2007 was a successful year for Spar Nord, wrapping up its financial year by reporting satisfactory profits once again. The economic trends remain positive, and Spar Nord continues to expand geographically and generate significant volume growth. Five new local banks were set up in 2007, and over the year we had the pleasure of welcoming 10,000 new customers and nearly 9,000 new shareholders.

Our growth has sent our core earnings before losses and impairment up to a new record high, and the favourable market trends plus our customers' healthy financial situation allow us to continue recognizing revenues under the item "Impairment of loans and advances". Not quite as much as in 2006, but still at an exceptional fine level.

Overall, 2007 was a reassuring testimony to our success in boosting our earnings level sharply over a number of years. Where in the past our performance fluctuated considerably from one year to another, we are now able to present high-level earnings. A look at our core operations

- before impairment and non-recurring income - which reached DKK 703 million, actually reveals a new record performance.

A closer review of the underlying factors determining the 2007 results shows a bright picture. After a couple of years with extremely favourable conditions for the banking business, 2007 - particularly the second half - proved quite a challenge. A trend that began as isolated trouble in the North American housing market deepened as the year went on into a global liquidity and credit crisis.

Even though Spar Nord has absolutely nothing to do with the problem that was dubbed the subprime crisis, and even though we have not been speculating in the high-risk American housing loans, the situation still ended up affecting us. Fortunately, several of our decisions during the year, for example our rating by Moody's, pulled us through the challenging period with a handsome excess cash coverage.

We decided in 2007 to carry on the growth strategy launched in 2001 because both our experience and our projections told us that it still held significant potential on the activity and income side. At the same time, experience shows that in our geographical expansion we have been able to implement major economies of scale in the Bank's central support functions. Thus, until we have attained our goal to be present in all major Danish cities, we will continue to establish new local banks when and where an opportunity arises. We expect to establish one or two local banks in 2008.



The launch of five new local banks and continued growth in our existing entities enabled us to bring as many as 213 new colleagues on board in 2007. The net staff increase reached 103 in total. It is with deep satisfaction that we note how our special strategy of ensuring great decentralized decision power continues to appeal to so many qualified people, particularly considering the tough competition in the employment market and the financial services sector.

Looking ahead into 2008, we still see positive prospects. Although the peak of the boom period may be passing,

Spar Nord is fortified for the years ahead. We have a solid amount of capital and reserves and a sensible geographical coverage and credit diversity. In addition, our rating as well as the EMTN programme for issuing bonds that we are getting in place will give us a sensible liquidity position. Thus, we are convinced that our substantial investments over the past few years will drive continued volume and earnings growth.

Sincerely yours,



Torben Fristrup

*Chairman of the
Supervisory Board*



Lasse Nyby

Chief Executive Officer



PERFORMANCE INDICATORS AND FINANCIAL RATIOS FOR THE GROUP CORE EARNINGS

Stock Exchange Announcement
No. 1. 2008

PERFORMANCE INDICATORS

INCOME STATEMENT DISCLOSURES

DKK million

	2003	2004	2005	2006	2007
Net interest income	858.3	862.4	890.4	1,010.7	1,149.7
Net income from fees, charges and commissions	282.1	299.0	392.1	470.3	482.9
Dividends on shares, etc.	25.4	24.8	11.0	17.1	13.7
Market-value adjustments	80.8	126.5	204.5	191.5	168.2
Other operating income	24.9	55.8	73.7	61.4	75.6
Profit/loss on equity investments in associates and group enterprises	-10.1	33.5	49.2	84.0	99.1
Core income	1,261.4	1,402.0	1,620.9	1,835.0	1,989.2
Operating costs, depreciation and amortization	845.4	925.2	1,031.6	1,161.8	1,286.3
Core earnings before impairment	416.0	476.8	589.3	673.2	702.9
Impairment of loans and advances, etc.	224.8	170.8	33.9	-172.5	-111.3
Core earnings	191.2	306.0	555.4	845.7	814.2
Earnings from investment portfolios*)	21.0	58.0	58.1	35.2	18.8
Totalkredit (sale of shares)	101.0	44.3	0.0	152.3	0.0
Profit before tax	313.2	408.3	613.5	1,033.2	833.0
Tax	76.3	84.6	134.2	204.6	152.7
Profit after tax	236.9	323.7	479.3	828.6	680.3

BALANCE SHEET DISCLOSURES **)

DKK million

Total assets	32,401	36,677	45,962	58,565	63,394
Loans and advances	17,837	19,611	27,134	34,318	40,939
- bank loans and advances	17,837	19,509	27,134	32,409	40,506
- reverse transactions	0	102	0	1,909	433
Deposits	17,541	20,658	22,289	26,259	31,416
- bank deposits	17,541	20,557	22,134	25,722	31,416
- repo transactions	0	101	155	537	0
Guarantees, etc.	3,808	4,714	6,394	7,017	4,048
Shareholders' equity	2,067	2,361	3,039	3,649	4,138
Subordinated debt	1,055	1,087	1,693	1,458	1,770
Risk-weighted assets	22,511	25,619	31,665	38,289	43,656
Core capital (incl. hybrid core capital) after deductions	2,024	2,176	3,137	3,727	4,098
Impairment of loans, advances and guarantee debtors	658	694	688	525	444
Non-performing loans	181	91	41	48	27

*) The definition and breakdown of earnings from investment portfolios appear from note 2.

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

PERFORMANCE INDICATORS AND FINANCIAL RATIOS FOR THE GROUP CORE EARNINGS

Stock Exchange Announcement
No. 1. 2008

FINANCIAL RATIOS

		2003	2004	2005	2006	2007
<i>Solvency</i>						
Solvency ratio		11.2	10.2	12.3	10.8	11.1
Core capital ratio, incl. hybrid capital		9.0	8.5	9.9	9.7	9.4
Core capital ratio, excl. hybrid capital		9.0	8.5	8.8	8.8	8.6
<i>Earnings</i>						
Return on equity before tax	%	15.7	18.0	24.3	30.9	21.4
Return on equity after tax	%	11.8	14.2	18.9	24.8	17.5
Cost share of core income		0.67	0.66	0.64	0.63	0.65
Cost share of core income, incl. impairment		0.85	0.78	0.66	0.54	0.59
Income/cost ratio		1.49	1.52	1.57	1.58	1.55
<i>Market risks</i>						
Interest-rate risk	%	5.4	4.4	2.3	1.0	2.1
Foreign-exchange position	%	6.0	14.1	4.9	6.7	5.7
Foreign-exchange risk	%	0.2	0.2	0.3	0.1	0.1
<i>Credit risks</i>						
Loans and advances plus impairment rel. to deposits	%	105.4	98.3	124.7	132.6	131.7
Loans and advances rel. to shareholders' equity		8.6	8.3	8.9	9.4	9.9
Increase in loans and advances for the year	%	5.9	10.0	38.4	26.5	19.3
Excess coverage relative to statutory cash ratio requirement	%	67.4	108.8	47.8	34.3	91.9
Sum total of major commitments	%	64.1	47.7	103.2	80.9	65.0
Impairment ratio		1.0	0.7	0.1	-0.4	-0.2
<i>Spar Nord Bank</i>						
Number of employees (full-time, year-end)		1,115	1,114	1,198	1,313	1,416
Number of branches		68	69	71	77	82
THE SPAR NORD BANK SHARE						
<i>DKK per share of DKK 10</i>						
Share price, end of year		50	73	93	137	116
Net asset value (NAV)		40	46	54	65	75
Profit for the year		4.6	6.1	8.8	14.5	11.9
Dividend		2	3	3	3	3
Rate of return	%	49	48	32	50	-13
Price/earnings		11	12	11	9	10

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

PRE-TAX PROFITS OF DKK 833 MILLION

The Spar Nord Bank Group wrapped up its financial year with DKK 833 million in pre-tax profits. Management considers this profit performance satisfactory, even though it is DKK 200 million, or 19%, lower than in 2006, when we in fact recorded major income from the sale of Totalkredit shares and dramatic reversals of impairment losses.

Sharp business growth formed the backdrop to yet another year of satisfactory performance. Spar Nord continues to expand by setting up new local banks nationwide - in 2007 the Bank launched five new ones - and the new local banks established in recent years are now seriously beginning to account for a major share of the Bank's total number of customers and business volume.

At the same time, 2007 was a year characterized by sustained buoyant economic trends - a development that is

rubbing off on Spar Nord's profits, as witnessed by a high activity level and by our reporting yet another year in which Spar Nord recognized net income on the accounting item, Impairment of loans and advances.

The 2007 profit performance yields a pre-tax return on the beginning equity, excluding dividend, of 24.0%.

After tax, profits ended at DKK 680 million.

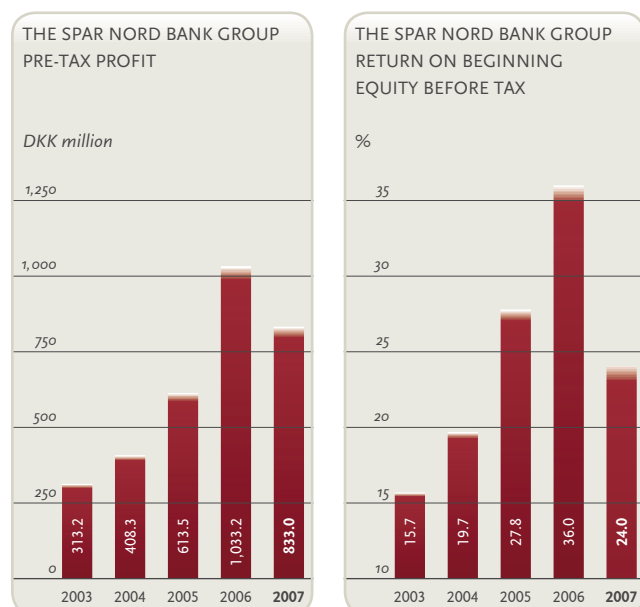
In light of this satisfactory profit performance, the Supervisory Board has decided to recommend to the Annual General Meeting to be held on 30 April that a dividend of DKK 3 per share be distributed for 2007, equal to DKK 171.2 million, or 25% of net profits.

OPERATING DEVELOPMENTS

INCOME

The Group's income deriving from customer-related transactions, the core income, came to DKK 1,989 million in 2007 - up 8% on 2006. This growth is driven by the business areas, Spar Nord's Local Banks and Finans Nord A/S.

Net interest income ended the year at DKK 1,150 million - up 14% on 2006 - and amounted to 58% of total core income for the year (2006: 55%). The hike in net interest income is fed primarily by sustained growth in volume. Thus, lending grew 19% compared with 2006. Also, the interest margin is no longer narrowing at the same rate as in recent years. Compared with end-2006, the interest margin had dipped 0.21 percentage points at end-2007 -



a decline that the mounting volume thus more than offsets.

Net income from fees, charges and commissions totalled DKK 483 million - up 3% on 2006, accounting for 24% of total core income (2006: 26%). As with net interest income, growth in terms of fees, charges and commissions is exclusively attributable to the increased volume - not higher prices charged to customers.

Almost all types of fees, charges and commissions, with the exception of fees from securities trading, contributed to the growth in net income from fees, charges and commissions, ending at a higher figure than in 2006.

Asset management fees, amounting to DKK 163 million, were up 3% on 2006. Earnings from unit trusts and sales commissions relating to various currency products developed by the Bank are included in the fee income from asset management.

Despite the depressed property market, brisk activity continued to fuel the mortgage loan and mortgage refinancing areas, which reported 3% growth in fee income to DKK 92 million in 2007.

On the downside, we recorded stagnation - and a decline in the third quarter - in customers' trading in securities. Overall, fees from securities trading were 9% down on 2006, totalling DKK 119 million.

Market-value adjustments came to DKK 168 million - 12% down on 2006. This reduction is due primarily to a decline in earnings from own positions, whereas earnings from

customers' interest and forex trading grew. Market-value adjustments of equity investments ended at the same level as in 2006.

Other operating income aggregated DKK 76 million, up 23% on last year's level. Finans Nord's income from assets held under operating leases primarily drove this growth.

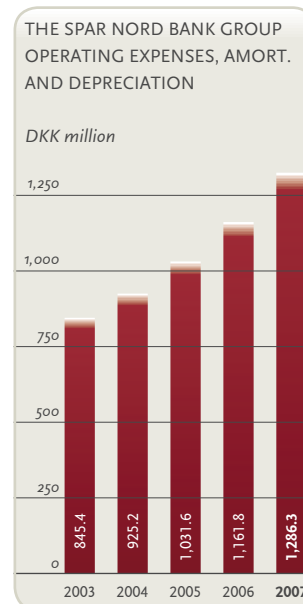
The profit on equity investments in associates and group enterprises came to DKK 99 million - 18% up on last year. This improvement is a result of the growth reported by Nørresundby Bank and Linde Partners Asset Management SA.

COSTS

Despite the sustained expansion, the growth in costs slowed down somewhat compared with the previous years, ending at 11% in 2007.

Thus, total costs stood at DKK 1,286 million, versus DKK 1,162 million in 2006. The launch of five new local banks in 2007 was one reason for the sustained high growth rate in costs.

Staff costs increased DKK 84 million on 2006 - a direct consequence of the fact that the Bank welcomed 103 new employees during the year. Despite the natural rise in



costs caused by this addition of staff members, Management is pleased that the Bank has been able to attract so many qualified employees even in an employment market with cutthroat competition.

Major statutorily required and sector-driven IT products have chiefly fuelled the growth in other significant cost items. Thus, 2007 was characterized by the work involving projects such as MiFiD, Basel II, etc., which, coupled with the general growth in activity level, sent IT costs up in the order of DKK 26 million.

Conversely, the cost of premises was down DKK 6 million, due to the fact that all scheduled updating projects have now been completed and thus all local banks are now in the desired modern and well-maintained condition.

Finally, the excellent financial profit in 2007 means that a DKK 52 million provision for performance-related remuneration has been made in the financial statements. Of this amount, a DKK 33 million provision has been made regarding bonus schemes for employees, while the balance of DKK 19 million relates to the management incentive scheme.

IMPAIRMENT OF LOANS AND ADVANCES, ETC.

As a result of the sustained favourable business trends, Spar Nord was also able in 2007 to carry to income a major net amount regarding the accounting item, "Impairment of loans, advances, etc.". The net income of DKK 111 million covers significant reversals of impairment losses and larger-than-expected repayments regarding claims previously written off. Thus, the credit quality of the Bank's lending portfolio is the best measured to date.

Total impairment of loans, advances and guarantees amounted to DKK 444 million at end-2007, as compared with DKK 525 million at the same time last year. The impairment corresponds to 1.0% of the Group's total loans, advances and guarantees. The Group's non-performing loans amount to DKK 27 million - the lowest level in many years. Thus, the cover ratio can be calculated at 16.5%.

CORE EARNINGS

The Group's core earnings before impairment amounted to a record high of DKK 703 million - up 4% on 2006.

Core earnings ended at DKK 814 million - 4% down on 2006. Viewed in light of the decline in the reversal of impairment losses, Management finds core earnings satisfactory.

EARNINGS FROM INVESTMENT PORTFOLIOS

Earnings from investment portfolios, which comprise the Group's trading portfolio of equities, bonds and derivatives and unlisted equity investments via Erhvervsinvest Nord A/S and Erhvervsinvest K/S, ended at DKK 19 million in 2007 - down 47% on 2006.

The Bank recorded a loss of DKK 20 million on its trading portfolio. In the second half of the year, which was characterized by turbulence on the financial markets, the Bank realized negative earnings of DKK 41 million after funding costs. This result breaks down into a loss of DKK 11 million on interest-related products and a loss of DKK 30 million on equities.

The loss on interest-related products is due primarily to the changed market conditions for credit bonds, inclu-

ding structured credit products. Of the Bank's bond portfolio of DKK 8.3 billion (end-2007), structured credit products amounted to DKK 174 million. Of this amount, DKK 68 million is hedged by guarantees issued by major international banks, covering the principal amount of the loan, and none of the products have any exposure to the US property market.

On the upside, Erhvervsinvest Nord A/S and Erhvervsinvest K/S reported a 133% earnings growth, to DKK 39 million.

COMBINED PROFIT

Accordingly, the pre-tax profits amounted to DKK 833 million compared with last year's DKK 1,033 million.

This profit performance yields a return on the beginning equity, exclusive of dividends, of 24%.

After DKK 153 million in calculated tax, profits amount to DKK 680 million. Tax accounts for 18.3% of the pre-tax profits for the year, which is somewhat lower than the corporate tax rate of 25%. The low tax rate is attributable primarily to non-taxable market-value adjustments and profit shares of equity investments in associates. In addition, the cut in the corporate tax rate resulted in DKK 21 million being carried to income under Tax, due to the reduction of the deferred tax liability at the beginning of the year.

BUSINESS VOLUME

The total business volume (deposits, loans, advances and guarantees) stood at DKK 76.4 billion at end-2007 - 13% up on the same time at end-2006.

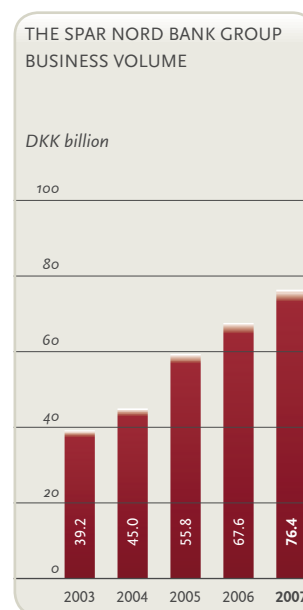
Of the total business volume of DKK 76.4 billion, corporate customers accounted for 59% and retail customers for 41%.

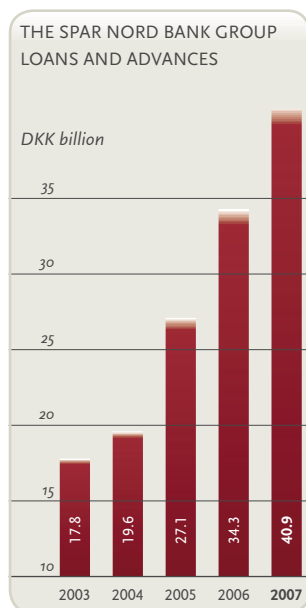
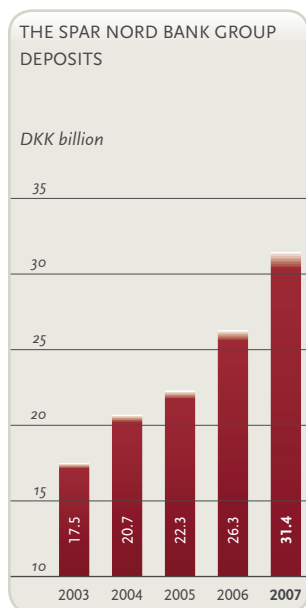
Total lending rose 19% during the past year to DKK 40.9 billion. The advance in lending, which breaks down into DKK 1 billion in the retail customer area and DKK 5.6 billion in the corporate customer area, stems from many sources and relates basically to customers and customer categories having a high credit quality.

This means that the credit quality of the Bank's lending portfolio gained added strength, ending the year at a historically high level. Management finds it highly satisfactory that the lending growth in recent years has not taken place at the cost of lending quality.

DKK 1.4 billion of the DKK 5.6 billion rise in lending on the corporate customer side is attributable to Finans Nord.

At end-2007, Spar Nord's local banks' total lending of DKK 31.3 billion can be broken down as follows: DKK 24.2 billion was lent to North Jutland customers and DKK 7.1 billion to customers outside the region. A growing share of lending by the local banks tends to be channelled to the new business regions outside North Jutland - a develop-





Spar Nord has been able to generate net customer growth for a period of three consecutive years, geographical expansion having begun to make a true mark, and the Bank is also enjoying an unusually high level of loyalty among existing customers, especially those who have joined the Star Concept loyalty programme. In 2007, the number of Star Account customers grew by 13,500, thus meaning that Spar Nord had more than 76,000 personal Star Account customers at the close of the year.

Of the Bank's total net growth in customers of more than 10,000 customers for the year, the new local banks outside North Jutland account for 8,500.

In parallel with the intake of customers, the number of shareholders continues to rise. At end-2007, Spar Nord

ment that Management finds very satisfactory, as it helps diversify credit exposure, among other factors.

Deposits increased by 20% to DKK 31.4 billion, the sharpest rise for many years.

On the other hand, the lapse of the guarantees issued to Totalkredit in connection with Spar Nord's transition to the so-called "Offset model" (see the section entitled "Solvency ratio") contributed to a reduction in business volume.

CUSTOMERS AND SHAREHOLDERS

At end-2007, Spar Nord had a total of 235,000 customers - more than 10,000 up on the previous year. The total number of customers breaks down into 213,000 retail customers and 22,000 corporate customers.



Bank A/S thus had 106,000 shareholders - an advance of 9,000 in 2007.

THE GROWTH STRATEGY CONTINUES

In 2007, Spar Nord continued the growth strategy launched in 2001. Since that time, Spar Nord has established 17 new local banks outside North Jutland and the leasing company SN Finans Nord AB in Sweden. During 2007, five new local banks were set up, viz. in Slagelse, Køge, Ikast, Randers and Esbjerg. At the end of the year, Spar Nord chose to close down the small branch in Ingstrup that only had limited opening hours and concentrate efforts at the main branch in Brønderslev. Following the new launches during the year and the one closure, Spar Nord has 82 local banks, 19 of which are located outside North Jutland.

The economy behind the expansion strategy shows that DKK 380 million of the Bank's costs since 2001 stems from geographical growth. The Bank invested particularly heavily in the expansion process in 2006 and 2007, when a total of 12 new entities were established.

As for the business volume, the new local banks outside North Jutland are beginning to have a marked presence in the combined financial statements. Thus, at end-2007, DKK 11 billion of the total DKK 58-billion business volume generated by the local banks can be ascribed to branches located outside North Jutland.

Spar Nord has chosen to go beyond its strategic target of establishing "one or two local banks a year" for the second consecutive year because the Bank has been able to attract the right employees to the newly established local banks,

and because Management sees a major profit potential in pursuing the expansion strategy.

Calculations based on a "generic" new local bank - based on the four first establishments - show that we can expect a major earnings potential over the next few years, even without setting up further new local banks. At the same time, experience shows that in connection with the geographical expansion, the Bank's central support functions have been able to realize economies of scale.

Until it has reached its goal of gaining a presence in all major Danish towns and cities, Spar Nord will thus continue to establish new local banks when and where an opportunity arises. In 2008, Spar Nord expects to open one or two new local banks.

CAPITALIZATION

SOLVENCY RATIO

During the year, the core capital, after deductions, increased by DKK 703 million, ending the year at DKK 4,856 million. Over the year, supplementary capital equivalent to DKK 464 million (converted into DKK) was raised, and DKK 150 million redeemed. Thus, supplementary capital went up DKK 314 million (net).

The increase in risk-weighted items from DKK 38.3 billion at end-2006 to DKK 43.7 billion at end-2007 is attributable to the high growth in lending. Risk-weighted items were also impacted by the fact that the Bank implemented the so-called offset model as from 1 July 2007, according to which the former Totalkredit guarantees lapsed.

The solvency ratio was calculated at 11.1% at end-2007 versus 10.8% at end-2006. Viewed in isolation, the lapse of the above-mentioned Totalkredit guarantees impacted the solvency ratio upwards by 0.4 percentage points. The core capital ratio, including hybrid core capital, stood at 9.4% at end-2007. Excluding hybrid core capital, the core capital ratio amounted to 8.6% at end-2007.

The Bank's long-term objectives regarding the capital base and solvency remain unchanged. Thus, the Bank easily exceeds the internal target that the solvency ratio must amount to minimum 10%, while the internal goal for the core capital ratio, excluding hybrid core capital, is minimum 7.5%.

BASEL II

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

Spar Nord opted for a transitional period, meaning that

the solvency ratio will not be calculated according to the new Basel II rules until as from 1 January 2008. The transition to the new capital adequacy rules is expected to result in an overall solvency improvement of 0.8 - 1.2 percentage points.

As an element in the Basel II rules, the Bank must meet a number of disclosure requirements regarding the Bank's risks. Some of these disclosures are an integral part of the Risks section. All disclosures made pursuant to the disclosure requirements, the so-called column III requirements, are shown on the Bank's website at www.sparnord.dk/presse.

LIQUIDITY

At end-2007, Spar Nord's liquidity situation was satisfactory, with an excess coverage of 92% relative to the statutory requirement. This satisfactory situation is a result of several proactive initiatives tackled during the year:

Last year, Spar Nord raised senior funding for a total of DKK 4.6 billion. Together with a DKK 5.2 billion growth in deposits, this makes Spar Nord capable of funding the mounting lending volume and keeping the Bank's inter-



nal strategic liquidity target whereby cash deposits, senior funding, subordinated loan capital and shareholders' equity must exceed total loans and advances.

As from February 2008, part of Spar Nord's cash resources will be backed by an EMTN programme, which permits the issuing of exchange-listed notes (bonds). This is a natural extension to the Bank's decision to be rated by Moody's in 2007.

RATING

In August 2007, Moody's rated Spar Nord Bank for the first time. The Bank's first rating, which has since remained unchanged, turned out to be A1 for long-term debt, P-1 for short-term debt and C for financial strength.

The reason that Spar Nord chose to launch the rating process at Moody's in 2007 was primarily, as mentioned above, that the Bank's business growth has created growing needs for funding in the market. Moody's rating is expected to help meet these needs by way of a more diversified funding base, for instance via loans floated in the bond market.

YEAR 2007 FOLLOW-UP

At the beginning of 2007, Spar Nord Bank expected core earnings for the year to hover around the DKK 600-700 million level. However, core earnings actually came to DKK 814 million in 2007. The Bank did, in fact, raise its profit guidance twice last year. The first time after the announcement of the Interim Report for the first six months, to DKK 700-750 million, and the second time after the end of the third quarter to DKK 775-825 million. The realized

core earnings ended at the upper end of the announced range from the third quarter.

Core earnings exceed the forecast at the beginning of the year yet again because growth in lending was larger than expected and net interest income thus higher than expected, and because major reversals were once again made in respect of impairment losses.

ANNUAL GENERAL MEETING AND DIVIDEND

The Annual General Meeting will be held on 30 April 2008 in Aalborg. Before then, 40 shareholders' meetings will be held during March and April in the individual shareholder regions. More information can be found in the section entitled "Stakeholders".

In light of the 2007 profits - and in keeping with the Bank's dividend policy - the Supervisory Board has decided to recommend to the shareholders at the Annual General Meeting that a dividend of DKK 3 per share be distributed for 2007.

Three members are to be elected to the Supervisory Board at the Annual General Meeting. Carsten Normann, Niels Kristian Kirketerp and Torben Fristrup, all members of the Supervisory Board, are up for re-election. The Supervisory Board recommends their re-election.

OUTLOOK FOR 2008

Despite the more uncertain economic outlook and the anticipated slowdown in the growth rate of the Danish economy, Spar Nord expects sustained growth in net inte-

rest income as a result of the Bank's continued business growth, one reason being the geographical expansion.

The business volume is expected to continue to grow - via mounting market shares and an expansion of business volume with existing customers. The interest margin is expected to dip slightly due to sharper competition on deposits. At the same time, funding costs are expected to rise due to the market situation.

Income from fees, charges and commissions is expected to remain almost unchanged compared with 2007, although greater uncertainty attaches to earnings from securities trading.

Overall growth in costs is expected to remain slightly below the year 2007 level, viz. 10%. The growth is due particularly to mounting staff costs resulting from the expansion and rising IT costs attributable to an increase in

volume and a number of major development projects. For instance, the Bank has launched a project that is expected to make Spar Nord eligible to become an IRB Bank according to the Basel rules within the next few years.

Spar Nord's geographical expansion is expected to continue in 2008. No concrete decisions have been made as yet regarding new local banks, but one or two new local banks are expected to be established during the year.

Overall, Management expects core earnings before impairment to hover around the DKK 675-775 million level, versus DKK 703 million in 2007.

No positive contributions are expected in 2008 from the item, "Impairment of loans and advances, etc." However, in view of the excellent overall credit quality Spar Nord foresees only moderate impairment provisions in 2008.



CREDIT RISKS

Credit risks are the risks of losses caused by debtors' failure to perform their obligations to the Bank. Spar Nord's overall credit risks are managed on the basis of the Bank's credit policy, which is geared to ensure, among other things, that earnings and risks are balanced, and that the risk assumption is always quantified.

It is Spar Nord's policy that all credit must be granted on the basis of insight into the customers' financial position and that creditworthiness - the customer's ability and will to meet current and future obligations - is a key parameter in all customer relations. Spar Nord finds it important to develop long-term relationships with customers and does not want to use risk acceptance as a competitive parameter. The Bank is exclusively interested in transactions that conform to good banking practice and do not jeopardize the Bank's reputation and professional profile.

Spar Nord has introduced an internal limit on customer commitments, which may not exceed 10% of the Bank's shareholders' equity. In determining the amount of a com-

mitment, due provision is made for the specially secured claims that are referred to in section 4 of the Financial Supervisory Authority's Order on Major Commitments. Commitments with trading partners in the financial sector are not subject to the Bank's upper limit of 10%.

Customer advisers in consultation with the individual managers handle day-to-day control of the Bank's credit risks. If a commitment exceeds the loan authorization line at local level, the power to issue such authorization will pass to either the Credit Rating Department, the Executive Board or the Supervisory Board.

Overall monitoring of the Bank's total credit risk exposure is handled by the Credit Quality Department. This department monitors developments in the credit quality of all commitments. An ongoing and systematic credit quality test is made of the Bank's entire commitment portfolio.

Over the past few years, Spar Nord has developed IT tools for controlling and monitoring credit risks. One tool used



for monitoring purposes is the Bank's credit analysis system, in which key data regarding credit commitments and customers' financial affairs are recorded. The objective of using the credit analysis system is to detect danger signals from commitments at an early stage, while also monitoring portfolios and organizational units.

As part of its credit-granting procedure, the Bank applies credit scores to retail customers and ratings to corporate customers on the basis of risk analyses. The rating and credit scoring systems have been introduced in all the Bank's departments and are used for credit granting at the local level, in the sense that customers in the groups accorded the lowest risk exposure are likelier to have their credit line extended than those accorded the highest risk exposure. In addition, the systems are used for managing overdrafts and serve as a guide for pricing purposes.

DEVELOPMENT IN THE BANK'S CREDIT QUALITY

The conclusion to the review of the Bank's credit exposure is that lending activities in 2007 resulted in a highly satisfactory credit quality improvement.

This improvement, which continues the positive trend of previous years, may be ascribed to the favourable economic situation and, in particular, a focused and balanced credit granting policy.

In the retail customer segment, the share of the Bank's lending to customers with the best credit score has risen from 56.4% to 63.7% over the past two years while in the corporate customer segment the share of lending to the most creditworthy customers has risen from 37.0% to 55.9% in the same period.



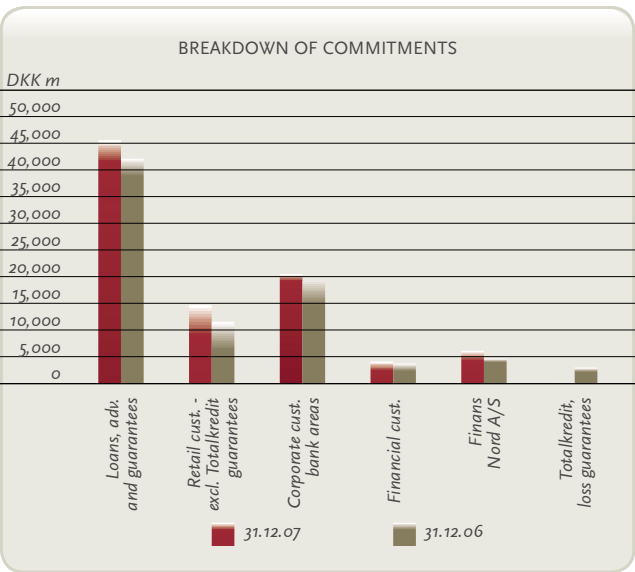
Through the period that the credit quality improvement has been realized the Bank has opened new bank areas and raised total lending to retail and corporate customers by approx. 35%.

Developments in 2007 have moved Spar Nord a further step towards the goal of securing low-risk credit exposures, primarily on retail customers and small and medium-sized corporate customers.

That the credit portfolio at the end of 2007 attained the best quality in the Bank's history is the product of a carefully planned strategy. The portfolio is monitored constantly and consistently and all new retail customer commitments above DKK 100,000 and corporate customer commitments above DKK 300,000 are reviewed by the central Credit Quality Department.

All commitments that show signs of any default risk are quality tagged on an ongoing basis and measures are taken to either normalize or discontinue them. In the past few years, the Bank has also realized a distinct overweight of impaired commitments that have been ceded relative to impaired commitments accepted as shown in the Financial Supervisory Authority's transfer statistics.

For the purpose of risk monitoring, the Group's commitments are broken down into the main customer categories shown below.



Retail customers are categorized on the basis of behaviour data in seven risk groups (with 1 being the best) as well as a watchlist category. Corporate customers are categorized based on financial ratios into eight rating categories. The models are not yet exhaustive, however, and not all retail and corporate customers are currently covered by the scoring and rating system.

Today, Spar Nord applies credit models primarily to its retail customer portfolio. As part of a natural development and in line with its strategy, the Bank has decided to expand its use of credit models. The goal is to apply to the Financial Supervisory Authority for its approval of the use of the IRB models in connection with the calculation of

the Bank's capital and further improve the efficiency of its business procedures for processing credit applications and its credit risk management.

RETAIL CUSTOMERS

The Bank's credit exposure to retail customers is DKK 14.6 billion, equivalent to 32.1% of the Group's total credit exposure. The reason that the percentage rate is falling compared to prior years is that the transition to the so-called offset model in the Totalkredit cooperation means that guarantees amounting to DKK 3.1 billion are not included.

The model used for scoring retail customers, which is based on the customers' behaviour history, calculates the probability of a customer's default on his obligations within the year ahead. The model is based on the 10 - 20 variables that best describe the Bank's historical experience as far as default probabilities are concerned.

The breakdown of retail customers into risk groups is shown by the table below.

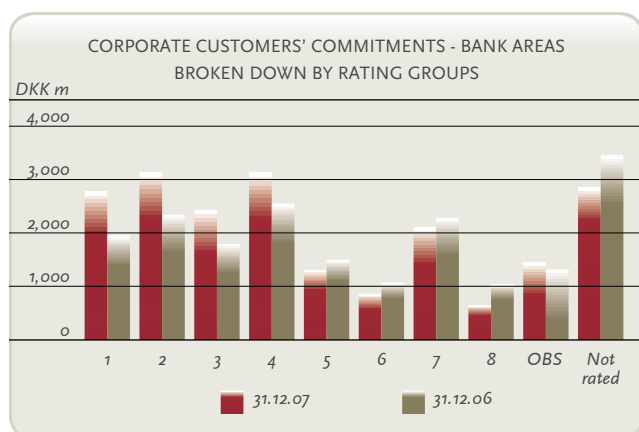


As the table illustrates, a rising number of the Bank's retail customers are covered by the scoring model. In addition, it shows a continued improvement of the quality of the credit portfolio from 2006 to 2007 - a steady movement towards the best-score groups.

CORPORATE CUSTOMERS

The Bank's exposure to corporate customers is DKK 20.4 billion, equivalent to 44.9% of the Group's total credit exposure. The model used to rate corporate customers is based primarily on accounting data, earnings, solvency, hedging, etc.

The breakdown of corporate customers by rating groups is shown by the table below.



Compared to the situation one year ago, the credit quality of the corporate customers has been significantly improved.

FINANCIAL CUSTOMERS

Spar Nord cooperates with other players on the financial markets, including investment companies and unit trusts

and providers of loans from foreign lenders to the customers of smaller banks.

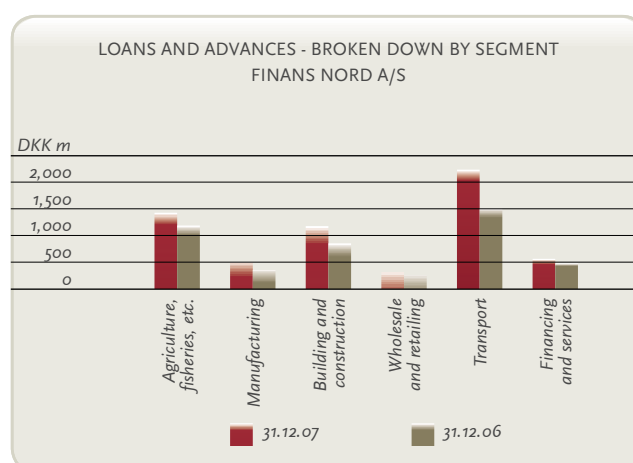
The business area comprises essentially low-risk activities alone, as the risks in the transactions are covered by means of guarantees or security provided by the cooperative partners.

The total exposure to financial customers is approx. DKK 4.2 billion, equivalent to approx. 9.1% of the Group's total credit exposure.

FINANS NORD

The total credit exposure of Finans Nord is approx. DKK 6.2 billion, equivalent to approx. 13.6% of the Group's total credit exposure.

In line with the policy of Spar Nord Bank, the processing of credit applications by Finans Nord is based on assessment of the customer's financial situation and ability and will to meet current and future obligations.



The special situation of Finans Nord, in comparison to Spar Nord Bank, is that Finans Nord always has security on the assets through either ownership or pledges. Thus, the credit portfolio held by Finans Nord is composed of 95% leasing contracts and 5% asset purchase financing.

It is Management's assessment that, in respect of both business sectors and geography, Finans Nord has a well diversified credit portfolio (please refer also to the section headed "Finans Nord").

TOTALKREDIT LENDING AND LOSS GUARANTEES

Spar Nord uses Totalkredit primarily for the provision of mortgage credit loans to retail customers. Until the autumn of 2007, Spar Nord would issue guarantees for part of the loans. This practice has now been changed, however, and the business area will thus largely be discontinued.

IMPAIRMENT

All significant loans and advances and those slated for credit quality review are re-evaluated individually, and other loans are reviewed on a group basis. All loans and advances not impaired on an individual basis are assigned to groups having uniform credit risk exposure. If the review discloses objective indications of impairment due to recent events, an impairment loss is recognized if such events impact future loan repayments. Impairment is calculated as the difference between the carrying amount of loans and advances and the present value of future repayments on the loan.

A commitment need not be in default before impairment is recognized. When impairment is recognized in respect

of a particular credit facility, the approval procedures for any new extension of credit are automatically tightened.

Impairment is recognized in respect of portfolios when objective indications show that future losses exceed the loss expected upon loan establishment. It means that, in addition to objective indications for a group, impairment on a group basis is basically triggered when customers are transferred to groups with a higher credit risk exposure. Historical loss experience forms the basis for calculating the portfolio impairment. Portfolios for which impairment losses have been recognized are subject to a tighter portfolio management process.

The rating and scoring constitute the primary sources of portfolio division, but customers slated for credit review without individual impairment provisions also make up a group.

Doubtful loans - loans for which interest accruals have been suspended by the bank - are subject to special scrutiny, and if repayment is considered doubtful and loss unavoidable, the loan is categorized as partially or fully impaired and uncollectible. Any interest income on the written-down portions of the commitments is recognized in the item "Impairment of loans and advances, etc."

COLLATERAL

The Group wants to reduce the risk attaching to individual transactions by accepting collateral, such as mortgages and charges over physical assets, securities and guarantees, etc. whenever possible. The most common types of collateral are mortgages and charges over real property, securities and vehicles in Finans Nord.

THE GROUP'S CREDIT EXPOSURE SHOWN BY UNSECURED PORTIONS

DKK million	Share in % in 2005	Share in % in 2006	Share in % in 2007
Unsecured portion < 10%	35.1	38.6	30.3
Unsecured portion from 10 - 50%	17.3	19.0	19.8
Unsecured portion from 50 - 75%	9.6	9.6	11.5
Unsecured portion > 75 %	38.0	32.8	38.4
Average portion - in %	47.5	43.0	50.0

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

The underlying reason that the unsecured portion rose from 2006 to 2007 was because the changed terms for cooperation with Totalkredit led to a DKK 3 billion reduction of the Bank's total guarantees. In addition, a reverse transaction was reduced by DKK 1.5 billion and the withdrawal from customers' investment credits was lower as well.

LENDING PORTFOLIO

At end-2007, the Group's loans, advances and guarantees amounted to DKK 45.4 billion before offsetting of impairment, broken down into 70,612 commitments (loans and advances, credits and guarantees, etc.). Management considers the portfolio spread to be highly satisfactory.

In addition, Management considers the portfolio to be satisfactorily diversified in terms of industries. Spar Nord's relatively larger share of lending to borrowers in the agricultural sector and the transport industry as compared

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

DKK million	Number 2006	Number 2007	Broken down by % 2006	Broken down by % 2007	Sectoral breakdown 2006 * %
0 - 0.1	32,562	34,027	1.7	1.6	2.3
0.1 - 0.5	23,869	23,524	15.0	10.8	11.0
0.5 - 1.0	5,035	5,555	9.6	7.7	8.6
1.0 - 5.0	5,411	6,050	21.4	23.6	16.0
5.0 - 10.0	863	800	10.3	10.8	3.8
10.0 - 20.0	356	340	9.4	10.6	4.2
20.0 - 50.0	137	211	8.3	11.6	6.5
50.0 - 100.0	58	59	8.8	7.4	5.3
100.0 -	32	46	15.5	15.9	42.3
I alt	68,323	70,612	100.0	100.0	100.0

*) Danish FSA statistics 2006 + own computations.

THE GROUP'S LOANS, ADVANCES AND GUARANTEES BROKEN DOWN BY INDUSTRY

	The Group's commitments 2007	The Group's impairments 2007	The sector's commitments 2006 * in %
Agriculture, fisheries, etc.	12.6	7.9	2.8
Manufacturing	4.3	16.3	8.5
Building and construction	4.9	7.4	1.8
Wholesale and retailing	9.1	19.8	5.3
Transport	6.0	2.9	2.6
Financing, services, etc.	30.7	14.4	52.5
Corporate customers, total	67.6	68.7	73.5
Retail customers	32.4	31.3	26.5
Total	100.0	100.0	100.0

*) Danish FSA statistics + own computations.



with the banking sector in general is attributable to North Jutland's business and industrial structure and the fact that Finans Nord A/S has specialized in leasing transport and agricultural equipment.

IMPAIRMENT OF LOANS AND ADVANCES

The impact from impairment on the operating profit represented an income of DKK 113.4 million in 2007. The losses for the year amounted to DKK 51.4 million, of which DKK 32.7 million was covered by writedowns for impairment relating to previous years.

THE GROUP'S LOSSES AND IMPAIRMENT

DKK million	2005	2006	2007
Losses, incl. losses covered by impairment etc.	121.9	94.7	51.4
Covered by impairment, etc.	-73.1	-43.0	-32.7
Losses not covered by impairment etc.	48.8	51.7	18.7
Gross new impairment, etc.	229.4	261.1	225.1
Reversal of impairment, etc.	-168.8	-386.0	-275.4
Interest on imp. loans and adv. taken to income	-31.1	-39.2	-35.3
Net new impairments	29.5	-164.1	-85.6
Recoveries of loans written off as uncollectible	-43.8	-57.3	-52.1
Impact on income statement	34.5	-169.7	-119.0
Losses and imp., etc. on credit inst. and other losses	0.1	0.6	5.6
Total impact on income statement	34.6	-169.1	-113.4

THE GROUP'S MOVEMENTS IN LOSSES AND IMPAIRMENT AND NON-PERFORMING LOANS

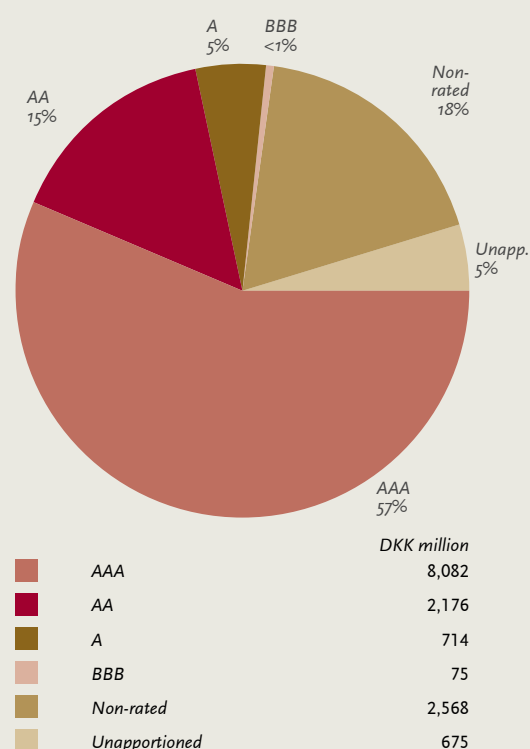
DKK million	2005	2006	2007
Loans, adv. and guarantees, gross, year end	34,216	41,860	45,431
Losses and impairment for the year	34	-169	-113
- in % of loans, advances and guarantees	0.1	-0.4	-0.3
Impairment balance	688	525	444
- in proportion to loans, adv. and guarantees	2.0	1.3	1.0
Non-performing loans, year end	41	48	27
- in % of loans, adv. and guarantees	0.1	0.1	0.1
Impairment balance in % of non-performing loans	1,673	1,105	1,648

Impairment aggregated DKK 444.0 million at the close of 2007, equal to 1.0% of the total portfolio of loans, advances and guarantees.

CREDIT EXPOSURE TO FINANCIAL COUNTERPARTIES

As part of its trading in and holding of securities, foreign currency and derivative financial instruments and its payment services, etc., the Bank will experience exposure to financial counterparties, either settlement risk or credit risk exposure.

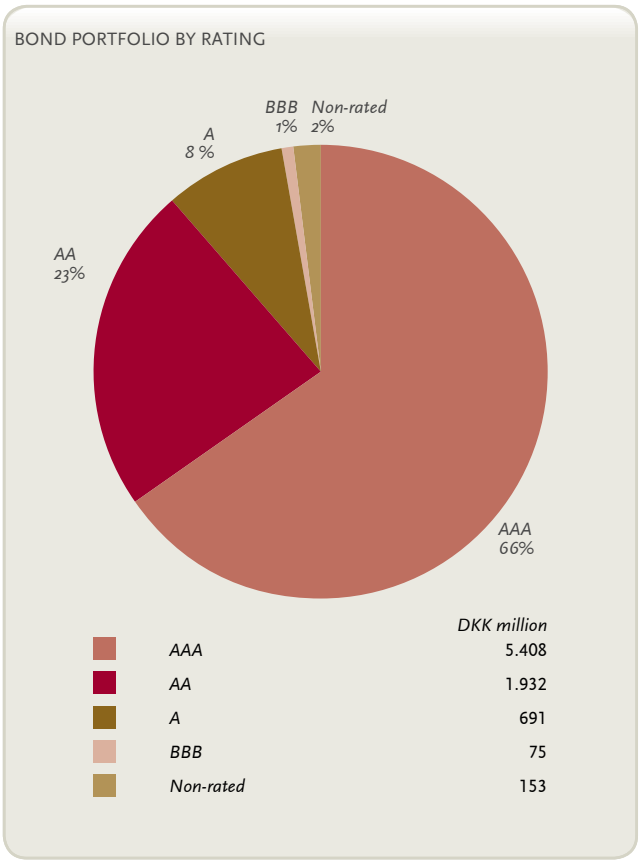
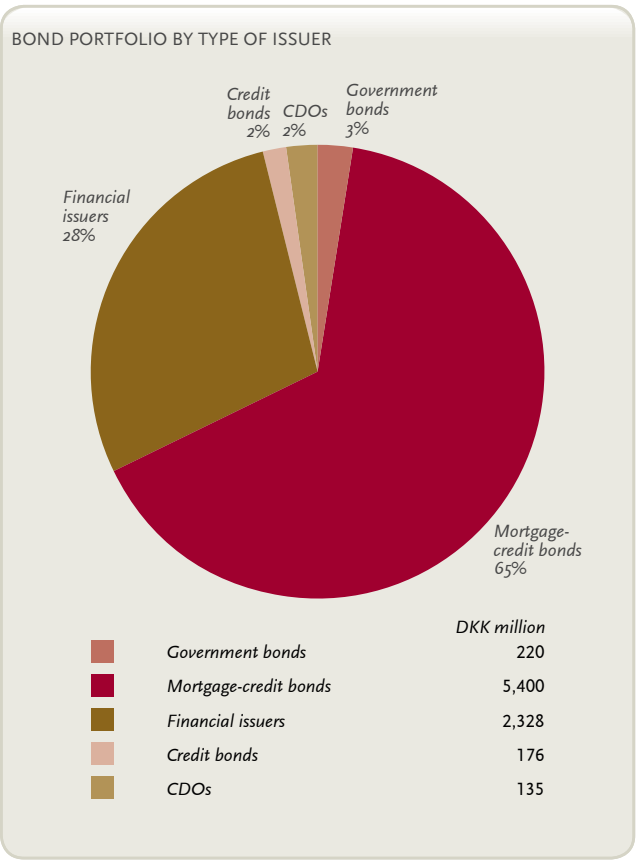
FINANCIAL CREDIT RISK



Settlement risk is the risk that the Bank does not receive payment or securities in connection with the settlement of securities or foreign exchange transactions that match the securities or payments the Bank has delivered.

Spar Nord's Management allocates lines for settlement risk and credit risk exposure to financial counterparties, based primarily on the particular counterparty's risk profile, rating, size and credit standing. The risks to and lines of financial counterparties are monitored constantly.

A bit more than 75% of Spar Nord's financial credit risk is concerned with credit institutions with a rating of A or higher. The remaining part is accounted for by non-rated Danish banks - Spar Nord's long-standing business partners at wholesale level - as well as transaction accounts. About 17 percentage points of the risk exposure to non-rated counterparties is accounted for by Danish banks that use Spar Nord as a merchant bank in the areas of securities, foreign exchange, payment services and liquidity.

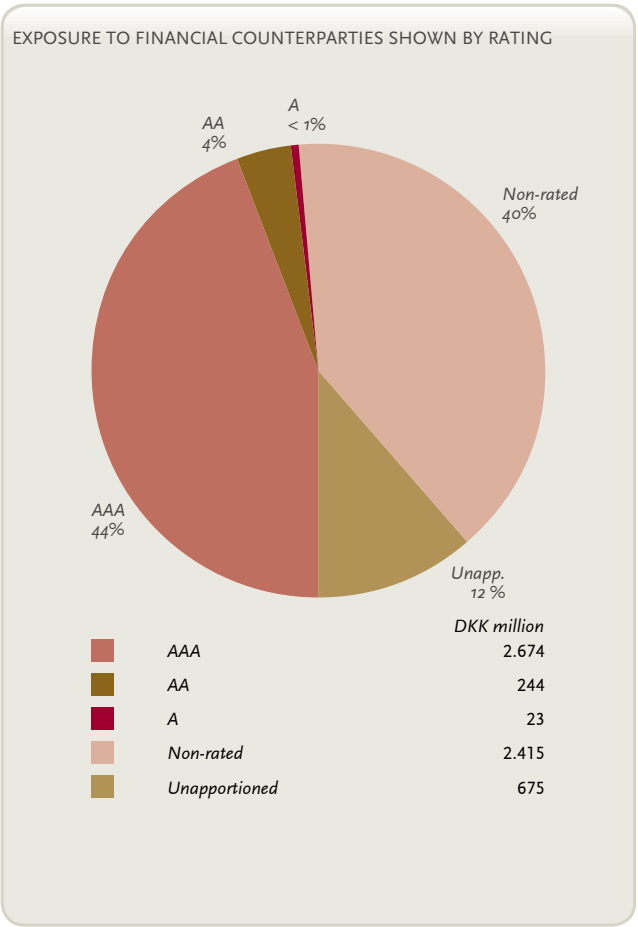
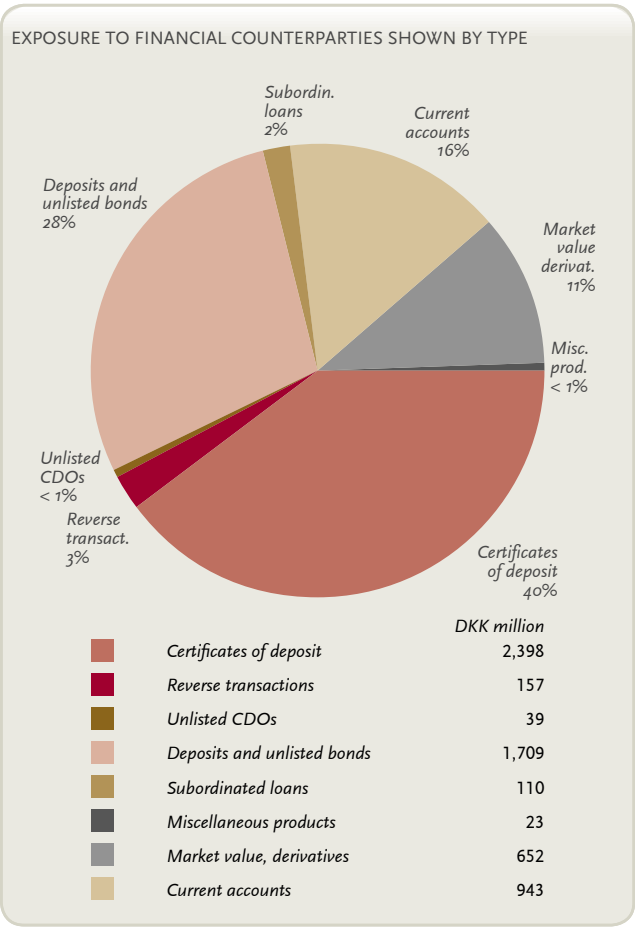


Overall, Management’s assessment is that Spar Nord’s credit exposure to financial counterparties remains at an even very moderate level.

Spar Nord’s bond portfolio is the most significant source of financial credit risk. The greater part of the Bank’s risk is associated with liquid Danish mortgage credit bonds with a very high rating, either AAA or AA1.

The other major source of financial credit risk is the Bank’s accounts with credit institutions and central banks.

The Bank’s exposure here is typically to central banks with a triple A rating or Danish banks with which the Bank’s Trading, Financial Markets & the International Division has a customer relationship. Spar Nord has in-depth knowledge of these banks.



MARKET RISKS

Market risks are defined as the risk that volatility in market conditions will change the market value of the Bank's assets and liabilities. The risks are a consequence of the Bank's open positions in the financial markets and may be categorized as interest-rate risk, equity risk, foreign-exchange risk, commodity risk and liquidity risk. Market risks are managed and hedged by Spar Nord's Trading, Financial Markets & the International Division.

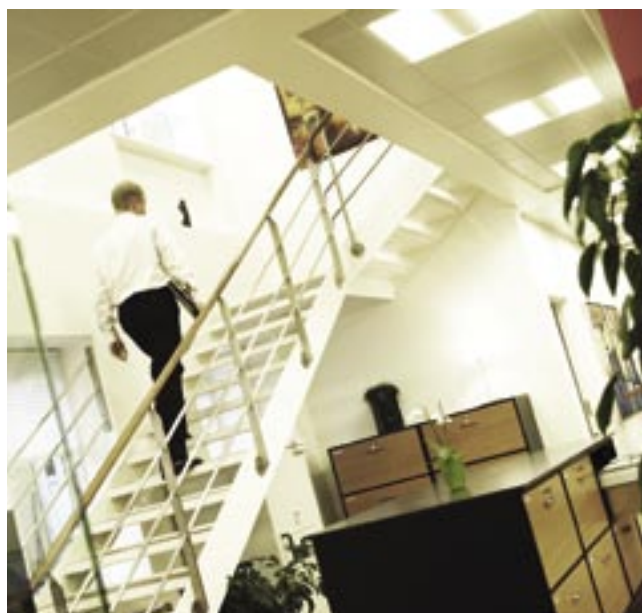
Spar Nord's Supervisory Board determines the overarching policies, frameworks and principles for risk management. The policies are concerned with identifying and estimating various types of market risk; the frameworks indicate specific limits on the extent of risk the Bank is ready to assume and, finally, the principles establish the methods to be used in calculating the various risk targets. The Supervisory Board receives continuous reporting on

risk developments and the utilization of allocated risk limits.

For its management of market risks, the Bank has put a three-level instruction hierarchy in place. At the first level, the Supervisory Board issues the definition of the limits for the Spar Nord Group to the Executive Board. At the second level, the Executive Board delegates limits to the other entities of the Group, with the Trading, Financial Markets & the International Division being the distinctly largest entity. At the third and last level, the executives of the Trading, Financial Markets & the International Division are granted the limits within which they may operate.

The Middle Office function of the Finance and Accounts Department is responsible for estimating, monitoring, checking and reporting market risks to the Supervisory Board and the Executive Board. Market risks are monitored through an integrated risk management system. Procedures for ongoing follow-up on all types of market risk are in place for all entities that are subject to the instructions and any failure to adhere to these instructions is reported further up in the hierarchy. All trades are settled by the Back Office according to the guidelines issued by the Danish Financial Supervisory Authority regarding functional separation.

'Markets' consists of a Proprietary trading function, serving as market makers and being position takers at the same time, and a Treasury function, which has authority to deal with the Bank's own trading portfolio. Both entities of Markets operate under their own instructions. While the investment philosophy of Treasury is long-term, reflecting the Bank's overall macroeconomic expectations, the Pro

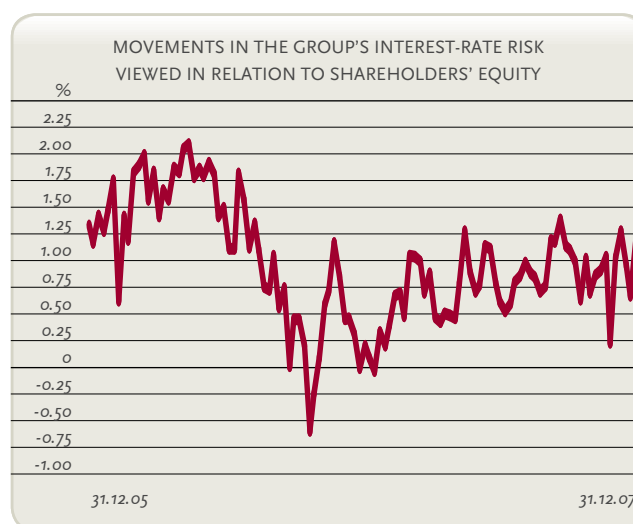
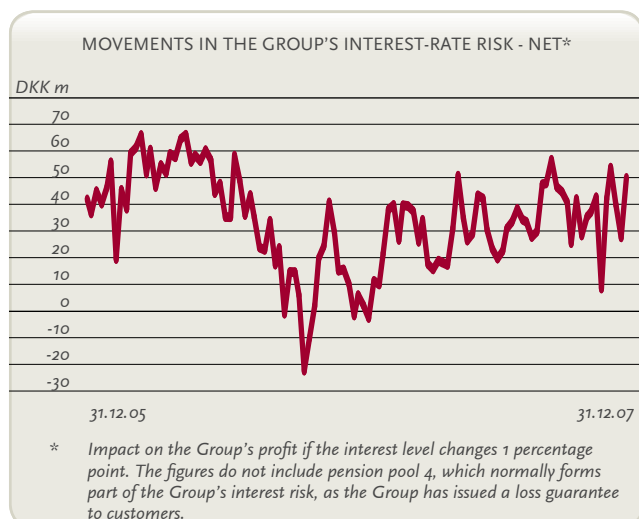


prietary trading function has a more short-term horizon.

INTEREST-RATE RISKS

Interest-rate risks arise both in interest-bearing claims (primarily bonds) as well as in financial derivatives. The Bank calculates the net interest risk by converting all positions in different currencies into Danish currency and setting off negative positions against positive ones. The Bank's interest-rate risk is assessed on an ongoing basis and determined in the light of expectations for the macro-economic situation and market developments.

In 2007, the Group's interest-rate risk viewed over the full year was higher than at the end of 2006. The impact on the Group's profit of a one-percentage-point change in interest rates would be DKK 51.8 million as at 31 December 2007. In 2006, the Group's interest-rate risk was DKK 15.3 million. As in 2006, there has been some uncertainty about interest-rate trends, leading to greater fluctuations as shown by the curve below.



If the Bank's interest-rate risk is viewed relative to shareholders' equity, it has stayed within the interval of 0.2% to 1.5% of total equity, which may be characterized as a modest risk.

If the Bank's interest-rate risk is assessed in terms of duration and foreign currency as at 31 December 2007, it will appear that the rise in the total interest-rate exposure sin

INTEREST-RATE RISK SHOWN BY DURATION AND CURRENCY - YEAR END

DKK '000	Less than 3 mths	3 mths - 1 year	1 - 3 years	3 - 7 years	Over 7 years	Total
DKK	7,335	23,528	8,335	24,592	58,362	122,152
EUR	-3,171	-13,074	6,922	-24,372	-26,451	-60,146
USD	-1,692	1,595	-2,685	-534	0	-3,316
GBP	-145	73	-491	0	0	-563
NOK	5,998	-10,525	-3,977	-6,793	3,001	-12,296
CHF	-846	293	231	-1,071	57	-1,336
JPY	-130	49	88	108	0	115
SEK	8,166	-5,623	3,913	-334	0	6,122
Other	342	362	377	-31	1	1,051
Total	15,857	-3,322	12,713	-8,435	34,970	51,783

ce 2006 is an expression of a higher risk in domestic currency combined with a reduction of the hedging in EUR.

The gross interest-rate risk, which reflects the total interest-rate risk to which Spar Nord would be exposed in case all interest-rate curves would move in a direction that is unfavourable to Spar Nord, has remained within a relatively narrow band throughout 2007.

EQUITY RISKS

Spar Nord invests some of its assets in shares, which are generally subject to greater risks and volatility than bonds.

The Bank's total equity portfolio at the close of 2007 aggregated DKK 1,563.4 million.

Of this amount, shares in associates and group enterprises, e.g. Nørresundby Bank, in which Spar Nord Bank holds a 50.2% interest, totalled DKK 887.6 million.

Shares in strategic partners in the financial sector amount to DKK 426.6 million.

THE GROUP'S EQUITY PORTFOLIO - EXCLUDING POOLS	
DKK million	End of year 2007
The Group's book equity portfolio	1,563.3
Less shares in associates and group enterprises	887.6
Less shares in strategic partners in the financial sector, etc.	426.6
The Group's actual equity portfolio	249.1
Of which:	
Listed shares	209.8
Unlisted shares in Erhvervsinvest Nord A/S	39.3

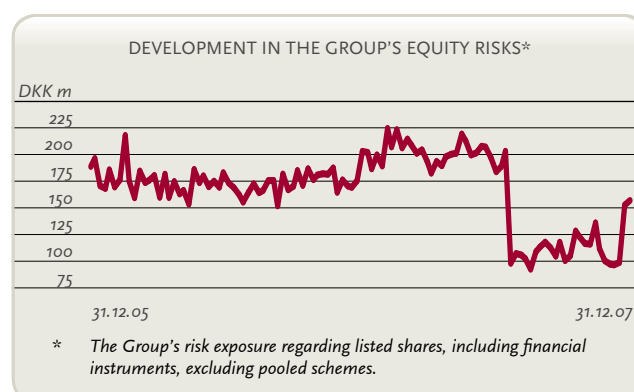
The Bank's actual equity portfolio of listed shares, unit trust certificates and unlisted venture shares acquired through the wholly-owned subsidiary Erhvervsinvest Nord A/S amounted to DKK 249.1 million at the close of 2007.

At end-2007, Erhvervsinvest Nord A/S had a total portfolio of unlisted shares of DKK 39.3 million spread over 14 companies. The current portfolio of investments in Erhvervsinvest Nord A/S is actively maintained with a view to making ongoing divestments. Future Private Equity investments are being made in Vækst-Invest Nordjylland A/S and Erhvervsinvest II K/S, which the Bank owns jointly with Nykredit and Vækstfonden (the Danish Fund for Industrial Growth) and others.

When the curve kinked in mid-2007, it was not a reflection of a reduction in the Bank's trading portfolio of shares but rather a changed calculation principle that made it possible to set off sold positions against bought positions.

FOREIGN-EXCHANGE RISKS

Spar Nord does not assume major risks in the forex market for its own account, but the Bank's trading volume on



the forex market continues to rise, which entails a higher foreign-exchange risk exposure.

The Bank calculates its foreign-exchange risk exposure by means of a foreign-exchange indicator, which is computed based on the sums of all the currencies in which the Bank is short (borrowed) and all the currencies in which the Bank is long (placed). The foreign-exchange indicator is calculated by correlating the larger of the two sums to the Bank's core capital after deductions.

FOREIGN-EXCHANGE RISKS -
INCL. CURRENCY OPTION CONTRACTS

Foreign-exchange indicator*

End-2006	6.7
End-2007	5.8

* The foreign-exchange indicator has been calculated pursuant to the guidelines issued by the Danish Financial Supervisory Authority and is stated as a percentage of the core capital after deductions.

COMMODITY RISKS

The Bank only accepts commodity risks on its own books to a very restricted extent. When it is done it is frequently in connection with hedging transactions carried out for customers of the Bank.

THE GROUP'S ITEMS SUBJECT TO A MARKET RISK

DKK million	2006	2007
Items with a position risk, debt instruments	3,899	3,623
Items with a position risk, equity instruments, etc.	341	338
Items with a counterparty risk in the trading portfolio	358	552
Items with a settlement risk	0	0
Items with a delivery risk	17	6
Items with a commodities risk	0	0
Items with a foreign-exchange risk	249	235
Items with a market risk, total	4,864	4,754

As shown by the table, debt instruments such as bonds and derivatives are the largest element in the Group's aggregate items exposed to market risk. There was no major change in 2007 compared to 2006, which also shows that the Bank's gross interest-rate risk in 2007 was relatively stable.

LIQUIDITY RISKS

Liquidity risk is the risk of being unable to honour payment obligations due to inadequate cash resources.

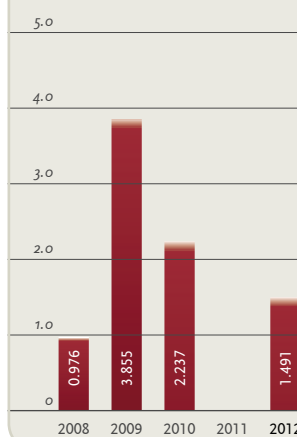
The objective of Spar Nord's cash management is thus to ensure appropriate cash funds to be able to honour the Bank's payment obligations as and when they fall due, and to ensure reasonable financing costs. This work is carried out at three levels.

The first level is the long-term internal liquidity target, viz. Spar Nord's intention that cash deposits, senior loans, subordinated loan capital and shareholders' equity should exceed loans and advances to customers. This objective is intended to ensure that customer lending is financed by long-term debt.

In addition, Spar Nord is focused on ensuring an even maturity structure of the Bank's senior debt.

THE SPAR NORD BANK GROUP
SENIOR FUNDING
MATURITY PER YEAR

DKK billion



At the end of 2007, Spar Nord had a highly satisfactory liquidity position and excess coverage of 92% relative to the statutory requirement. This favourable situation is the result of several initiatives in the course of the year:

During the year, Spar Nord raised senior funding for a total of DKK 4.6 billion. Together with a DKK 5.2 billion growth in deposits, this makes Spar Nord capable of funding the mounting lending volume and keeping the Bank's internal strategic liquidity target whereby cash deposits, senior funding, subordinated loan capital and shareholders' equity must exceed total loans and advances.

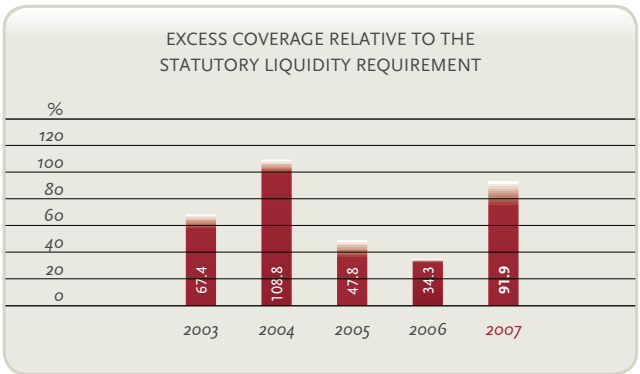
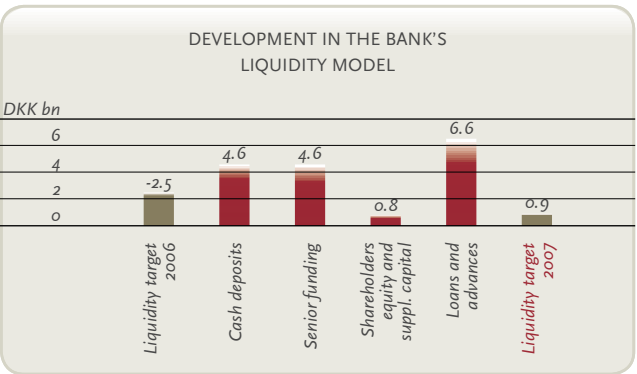
As from February 2008, part of Spar Nord's cash resources will be backed by an EMTN programme, which permits the issuing of exchange-listed notes (bonds). The establishment of the EMTN programme is a natural extension to the Bank's decision to be rated by Moody's in 2007.

The second level is the target that Spar Nord should have free liquidity by way of unencumbered exchange-listed securities, demand deposits held with credit institutions,

certificates of deposits or cash balances that will ensure Spar Nord's compliance with section 152 of the Danish Financial Business Act, and that Spar Nord maintains an appropriate liquidity reserve.

Finally, at the third level, Spar Nord has for many years employed a fixed model to manage the Bank's short-term liquidity. The model is based on that developed by the Danish Financial Supervisory Authority. It shows how the Bank's liquidity will develop, when all money market funding falls due and is not renewed. Spar Nord's Supervisory Board will determine the time window in which Spar Nord's liquidity is required to remain positive according to the model.

Furthermore, in conformity with the guidelines laid down in section 71 of the Act on Financial Business, Spar Nord has prepared a liquidity plan.



OPERATIONAL RISKS

Operational risks are the risks of direct or indirect losses caused by inadequate or failed internal processes, human errors, system errors or loss due to external events or incidents. Operational risks include business and reputation risks. As indicated by the definition, operational risk is frequently associated with certain, one-off events or incidents.

Operational risk is managed across the Group through a system of comprehensive business procedures and control measures developed to ensure an optimum process environment. The effort to minimize operational risks includes separating the execution of activities and the control of the same activities.

INTERNAL AUDIT

Internal Audit carries out checks to obtain a high degree of certainty that principles and procedures are adhered to at all times. Internal Audit was established by the Bank's Supervisory Board as an independent staff function in

conformity with the Financial Supervisory Authority's Executive Order on the Conduct of Auditing in Financial Institutions.

COMPLIANCE

In 2007, Spar Nord introduced an independent compliance function charged with overseeing its compliance with financial legislation, industry standards and the Bank's internal guidelines in all areas. The objective of the Function is to assist Management in its efforts to identify and minimize risks by developing and conducting risk analyses, providing counselling to Management and employees and checking and assessing the adequacy and prudence of the Bank's procedures. The Compliance Function, headed by a Compliance Manager, is manned by representatives from a broad cross-section of the Bank's business areas. An annual programme for the Function's activity has been approved by the Supervisory Board.



FRAUD

In view of the regular reporting provided to the Bank's Supervisory and Executive Boards, it is Management's opinion that the Bank has a satisfactory level of measures to counter the risk of being exposed to fraud.

IT SECURITY

Information and information systems are vital to Spar Nord, and IT security is therefore decisive for the Bank's credibility and continued existence. The Bank's Management deals with IT security on an ongoing basis.

Spar Nord's activity in the area of IT security is based on regulatory requirements as well as consideration for

day-to-day operations. All IT installations running at Spar Nord and its service providers must operate according to documented running schedules and guidelines. The operation must be safe and stable, which will be ensured through the highest possible degree of automation and ongoing capacity adjustments. In the case of IT services run by service providers this must be ensured by means of written agreements.

The Bank's IT security work includes the preparation of emergency plans and recovery procedures aimed to ensure continued operation at a satisfactory level, even in case extraordinary events may have occurred.



QUARTERLY PERFORMANCE INDICATORS AND FINANCIAL RATIOS FOR THE GROUP

Stock Exchange Announcement
No. 1. 2008

Note

55 PERFORMANCE INDICATORS AND FINANCIAL RATIOS FOR THE GROUP

4th quarter 2006 1st quarter 2007 2nd quarter 2007 3rd quarter 2007 4th quarter 2007

INCOME STATEMENT DISCLOSURES

DKK million

Net interest income	256.7	272.1	272.0	306.0	299.6
Net income from fees, charges and commissions	130.4	130.3	128.3	111.1	113.2
Dividends on shares, etc.	0.0	0.1	13.6	0.0	0.0
Market-value adjustments	72.1	53.3	22.6	22.2	70.1
Other operating income	18.3	17.0	18.3	16.0	24.3
Profit/loss on equity investments in associates and group enterprises	17.3	32.9	20.1	34.2	11.9
Core income	494.8	505.7	474.9	489.5	519.1
Operating costs, depreciation and amortization	308.3	309.7	317.2	316.9	342.5
Core earnings before impairment	186.5	196.0	157.7	172.6	176.6
Impairment of loans and advances, etc.	-141.2	-34.9	-43.2	-29.9	-3.3
Core earnings	327.7	230.9	200.9	202.5	179.9
Earnings from investment portfolios	18.1	11.4	21.9	-13.5	-1.0
Profit before tax	345.8	242.3	222.8	189.0	178.9
Tax	76.7	58.2	41.1	28.0	25.4
Profit after tax	269.1	184.1	181.7	161.0	153.5

BALANCE SHEET DISCLOSURES

DKK million

Total assets	58,565	56,494	57,590	62,020	63,394
Loans and advances	34,318	35,558	36,206	38,229	40,939
- bank loans and advances	32,409	35,558	36,206	38,229	40,506
- reverse transactions	1,909	0	0	0	433
Deposits	26,259	25,698	27,047	28,328	31,416
- bank deposits	25,722	25,698	27,047	28,328	31,416
- repo transactions	537	0	0	0	0
Guarantees, etc.	7,017	6,863	7,475	3,921	4,048
Shareholders' equity	3,649	3,846	3,849	4,008	4,138
Subordinated debt	1,458	1,675	1,663	1,676	1,770
Risk-weighted assets	38,289	40,694	41,845	42,147	43,656
Core capital (incl. hybrid core capital) after deductions	3,727	3,813	3,911	4,040	4,098
Impairment of loans, advances and guarantee debtors	525	485	470	446	444
Non-performing loans	48	37	31	29	27
Business volume	67,594	68,119	70,728	70,478	76,363

Ratio definitions appear from note 56.

QUARTERLY PERFORMANCE INDICATORS AND FINANCIAL RATIOS FOR THE GROUP

Stock Exchange Announcement
No. 1. 2008

Note

FINANCIAL RATIOS

		4th quarter 2006	1st quarter 2007	2nd quarter 2007	3rd quarter 2007	4th quarter 2007
<i>Solvency</i>						
Solvency ratio		10.8	11.1	11.0	11.2	11.1
Core capital ratio, incl. hybrid capital		9.7	9.4	9.3	9.6	9.4
Core capital ratio, excl. hybrid capital		8.8	8.5	8.6	8.8	8.6
<i>Earnings</i>						
Return on equity before tax	%	10.3	6.5	5.9	4.9	4.6
Return on equity after tax	%	8.0	4.9	4.8	4.2	3.9
Cost share of core income	DKK	0.62	0.61	0.67	0.65	0.66
Cost share of core income, incl. impairment	DKK	0.34	0.54	0.58	0.59	0.65
Income/cost ratio		1.60	1.63	1.50	1.54	1.52
<i>Market risks</i>						
Interest-rate risk	%	1.0	0.8	1.1	2.0	2.1
Foreign-exchange position	%	6.7	8.5	6.0	5.3	5.7
Foreign-exchange risk	%	0.1	0.1	0.1	0.1	0.1
<i>Credit risks</i>						
Loans and advances rel. to deposits	%	132.6	140.2	135.6	136.5	131.7
Loans and advances rel. to shareholders' equity		9.4	9.2	9.4	9.5	9.9
Increase in loans and advances for the year	%	7.2	3.6	1.8	5.6	7.1
Coverage relative to statutory cash ratio requirement	%	34.3	53.9	53.3	80.1	91.9
Sum total of major commitments	%	80.9	101.3	113.0	87.8	65.0
Impairment ratio		-0.3	-0.1	-0.1	-0.1	0.0
<i>Spar Nord Bank</i>						
Number of employees (full-time, year-end)		1.313	1.314	1.336	1.377	1.416
Number of branches		77	77	80	80	82

THE SPAR NORD BANK SHARE

DKK per share of DKK 10

Share price, end of year		136.5	138.5	133.5	121.0	116.0
Net asset value (NAV)		65	69	69	72	75
Earnings after tax		4.7	3.2	3.2	2.8	2.7
Dividend		3	-	-	-	3
Rate of return	%	50	-	-	-	-13
Price/earnings		9	-	-	-	10

Ratio definitions appear from note 56.

BUSINESS AREAS - SEGMENT SPECIFICATIONS

Stock Exchange Announcement

No. 1. 2008

Note

2 SEGMENT SPECIFICATIONS

	<i>Spar Nord's Local Banks DKK million</i>	<i>Trading, Financial Markets & the International Division DKK million</i>	<i>Finans Nord A/S DKK million</i>	<i>Corporate Coordination & Support DKK million</i>	<i>Staff functions and unallocated DKK million</i>	<i>Earnings from investment portfolios, etc. *) DKK million</i>	<i>Eliminations DKK million</i>	<i>Total DKK million</i>
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BUSINESS SEGMENTS 2007

INCOME STATEMENT

Interest income	1,515.8	837.1	343.4	0.9	313.0	9.5	-184.3	2,835.4
Interest expenses	579.1	715.8	182.5	2.6	380.5	10.8	-184.3	1,687.0
Net interest income	936.7	121.3	160.9	-1.7	-67.5	-1.3	0.0	1,148.4
Net income from fees, charges and commissions	466.0	9.8	3.1	17.0	-13.0	-0.1	0.0	482.8
Dividends on shares, etc.	0.0	1.2	0.0	0.0	12.5	2.4	0.0	16.1
Market-value adjustments	91.8	51.1	-0.5	4.4	21.4	-3.5	0.0	164.7
Other operating income	26.5	7.2	53.5	-22.3	18.9	1.8	-8.2	77.4
Profit/loss on equity investments in associates and group enterprises	0.0	0.0	0.0	0.0	99.1	22.7	0.0	121.8
Total income	1,521.0	190.6	217.0	-2.6	71.4	22.0	-8.2	2,011.2
Operating costs	1,007.6	49.2	99.7	-5.3	143.3	5.3	-8.2	1,291.6
Profit/loss before impairment of loans and advances, etc.	513.4	141.4	117.3	2.7	-71.9	16.7	0.0	719.6
Impairment of loans and advances, etc.	-112.6	0.0	1.2	0.0	0.1	-2.1	0.0	-113.4
Profit/loss before tax	626.0	141.4	116.1	2.7	-72.0	18.8	0.0	833.0

BALANCE SHEET

Assets

Loans, advances and other receivables at amortized cost	31,321.2	8,418.6	6,143.9	0.1	28.2	30.3	-5,003.5	40,938.8
Other assets	4,492.2	11,258.2	238.8	279.5	3,800.2	2,517.4	-131.5	22,454.8
Total assets								63,393.6

Liabilities

Deposits and other payables	23,937.6	3,402.5	0.0	99.3	0.0	0.7	-53.2	27,386.9
Shareholders' equity (allocated capital)	2,507.6	367.9	468.0	14.8	656.9	123.2	0.0	4,138.4
Miscellaneous liabilities	4,048.9	15,584.7	6,020.9	102.2	11,193.4	0.0	-5,081.8	31,868.3
Total liabilities								63,393.6

Interest income, internal	36.4	-241.9	4.1	1.0	293.9	-93.5	0.0	0.0
Capital expenditure	-38.0	-0.9	-56.8	-33.6	-28.5	0.0	0.0	-157.8
Other - non-cash operating items	0.0	0.0	47.4	0.0	-339.8	0.3	0.0	-292.1
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	12.4	0.3	26.8	21.2	12.8	0.0	0.0	73.5
Impairment losses and reversal of impairment losses	-78.0	0.0	-1.3	0.0	0.0	-2.1	0.0	-81.4

FINANCIAL RATIOS

Return on equity, full-year, % **)	27.1	38.0	28.4	-	-	-	-	
Costs as a percentage of income	0.66	0.26	0.46	-	-	-	-	
Risk-weighted items, end of year	31,345.5	4,599.2	5,530.8	184.9	455.3	1,539.8	0.0	43,655.5
Number of employees (end of year, full-time)	933	66	88	230	99	0	0	1,416

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

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

As of 1 July 2007, Corporate Banking has merged with Spar Nord's Local Banks, which are shown together for the full year.

Secondary segment - geographical segments

In accordance with applicable rules, the secondary segment reporting shows Spar Nord's activities by the geographical areas in which the Group operates. 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.

BUSINESS AREAS - SEGMENT SPECIFICATIONS

Stock Exchange Announcement

No. 1. 2008

Note

2 SEGMENT SPECIFICATIONS

BUSINESS SEGMENTS 2006

INCOME STATEMENT

	Spar Nord's Local Banks DKK million	Trading, Financial Markets & the International Division DKK million	Finans Nord A/S DKK million	Corporate Coordination & Support DKK million	Staff functions and unallocated DKK million	Earnings from investment portfolios, etc. *) DKK million	Eliminations DKK million	Total DKK million
Interest income	1.187,7	586,8	226,4	7,3	112,6	17,4	-113,0	2.025,2
Interest expenses	342,5	490,6	111,6	4,4	161,0	4,6	-113,0	1.001,7
Net interest income	845,2	96,2	114,8	2,9	-48,4	12,8	0,0	1.023,5
Net income from fees, charges and commissions	435,7	30,0	-1,2	21,3	-15,5	0,0	0,0	470,3
Dividends on shares, etc.	0,0	1,8	0,0	0,0	15,3	3,4	0,0	20,5
Market-value adjustments	69,5	78,3	0,7	4,1	38,9	139,7	0,0	331,2
Other operating income	32,4	6,8	42,7	-23,3	9,9	20,4	-7,1	81,8
Profit/loss on equity investments in associates and group enterprises	4,1	0,0	0,0	0,0	79,9	23,0	0,0	107,0
Total income	1.386,9	213,1	157,0	5,0	80,1	199,3	-7,1	2.034,3
Operating costs	900,2	44,9	81,2	4,6	138,0	8,4	-7,1	1.170,2
Profit/loss before impairment of loans and advances, etc.	486,7	168,2	75,8	0,4	-57,9	190,9	0,0	864,1
Impairment of loans and advances, etc.	-170,0	0,0	1,2	-2,1	-1,6	3,4	0,0	-169,1
Profit/loss before tax	656,7	168,2	74,6	2,5	-56,3	187,5	0,0	1.033,2

BALANCE SHEET

Assets

Loans, advances and other receivables at amortized cost	25.513,1	7.868,0	4.698,0	133,8	7,9	44,2	-3.946,8	34.318,2
Other assets	3.699,1	13.630,3	176,7	309,7	3.896,6	2.653,4	-118,7	24.247,1
Total assets								58.565,3

Liabilities

Deposits and other payables	19.805,6	2.739,6	0,0	209,9	0,0	1,0	-53,3	22.702,8
Shareholders' equity (allocated capital)	2.190,2	344,7	327,9	31,2	606,0	148,6	0,0	3.648,6
Miscellaneous liabilities	3.261,7	19.834,2	4.619,8	237,5	8.272,9	0,0	-4.012,2	32.213,9
Total liabilities								58.565,3

Interest income, internal	76,7	-121,8	1,1	1,6	125,1	-82,7	0,0	0,0
Capital expenditure	-13,9	-0,5	-43,1	-35,8	-80,8	0,0	0,0	-174,1
Other - non-cash operating items	0,0	0,0	42,2	0,0	-196,3	0,0	0,0	-154,1
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	3,9	0,8	23,3	31,3	9,4	0,0	0,0	68,7
Impairment losses and reversal of impairment losses	-158,6	0,0	-4,1	-2,4	0,5	2,7	0,0	-161,9

FINANCIAL RATIOS

Return on equity, full-year, % **)	33,4	50,0	25,5	-	-	-	-	
Costs as a percentage of income	0,65	0,21	0,52	-	-	-	-	
Risk-weighted items, end of year	27.377,5	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)	853	67	74	222	97	0	0	1.313

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

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

As of 1 July 2007, Corporate Banking has merged with Spar Nord's Local Banks, which are shown together for the full year. The figures for 2006 have been restated.

Secondary segment - geographical segments

In accordance with applicable rules, the secondary segment reporting shows Spar Nord's activities by the geographical areas in which the Group operates. 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.

Note

1 ACCOUNTING POLICIES

1.1 BASIS FOR PREPARING THE ANNUAL REPORT

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; see 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.

The Annual Report is presented in Danish kroner (DKK), and all figures are rounded to the nearest thousand DKK.

The accounting policies, which are set out below, have been applied consistently for the financial year, also with regard to comparative figures.

The financial reporting standards that entered into force on 31 December 2007 have been applied.

IMPLEMENTING NEW FINANCIAL REPORTING STANDARDS

In the 2007 Consolidated Financial Statements, Spar Nord Bank A/S has implemented IFRS 7 Financial Instruments: Disclosures and IFRIC 7-10 as well as early adoption of IFRIC 11. IFRS 7 replaces IAS 30 and major portions of IAS 32.

The new financial reporting standards and interpretations have not affected recognition and measurement, and thus the accounting policies have been applied consistently with last year. The new standards merely result in changes to the notes to the financial statements. The comparative figures in the notes have been restated accordingly.

The new financial reporting standards and interpretations have no impact on the earnings per share and diluted earnings per share.

1.2 ACCOUNTING ESTIMATES AND ASSESSMENTS

In determining the carrying amounts of certain assets and liabilities, Management estimates how future events will impact on the value of such assets and liabilities on the reporting date. Estimates of significance to the financial reporting include the determination of:

- impairment of loans and advances;
- impairment of non-current assets, including goodwill;
- fair value of investment and corporate properties;
- fair value of financial instruments;
- classification of equity investments.

Management's estimates and assessments are based on assumptions that Management consider appropriate but which are uncertain and unpredictable by their nature. The assumptions may be incomplete or inaccurate, and unexpected future events or circumstances may arise. Consequently, making estimates and assessments is difficult by nature, and when they also involve customer relationships and other counterparties, they will be subject to uncertainty.

IMPAIRMENT OF LOANS AND ADVANCES

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

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

Reference is made to note 19, loans, advances and other receivables at amortized cost.

IMPAIRMENT TEST FOR GOODWILL

In connection with the annual impairment test of goodwill, Management estimates how the sections of the company to which goodwill relates will be able to generate sufficient positive net cash flows in future to support the value of goodwill and other net assets in the company. Estimates of expected future cash flows must be made many years ahead, which naturally involves some uncertainty. The uncertainty is reflected by the discount rate chosen.

Reference is also made to note 24, intangible assets.

FAIR VALUE OF INVESTMENT AND CORPORATE PROPERTIES

The asset return model is used to measure real property at fair value.

The future cash flows are based on Spar Nord Banks A/S' best estimate of the future profit on ordinary operations and the required rate of return for each individual property when taking into account such factors as location and maintenance. External valuations are obtained to support such estimates. A number of these assumptions and estimates have a major impact on the calculations and include such parameters as inflation, developments in rent, costs and required rate of return. Any changes to these parameters as a result of changed market conditions will affect the expected return, and thus the fair value of the investment and corporate properties.

Reference is made to note 25, investment properties and corporate properties.

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

CLASSIFICATION OF EQUITY INVESTMENTS

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

1.3 DESCRIPTION OF ACCOUNTING POLICIES

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements cover the Parent Company, Spar Nord Bank A/S, and group enterprises in which Spar Nord Bank A/S controls financial and operational decisions. Spar Nord Bank A/S is considered to exercise control when it holds more than half the voting rights in a company, whether directly or indirectly, or otherwise controls 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. Significant influence is typically obtained when a company, directly or indirectly, owns or holds more than 20% of the voting rights, but less than 50%.

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

The following companies are included in the consolidation:

- Erhvervsinvest Nord A/S
- Finans Nord A/S
- SN Finans Nord AB
- Finans Nord Cross Border A/S
- Sparekassen Nordjylland af 10.10.91 A/S, a subsidiary of Erhvervsinvest Nord A/S.

Non-consolidated companies:

- Beluni Inc. (The company is in liquidation).

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 selling price or the winding-up proceeds and the carrying amount of net assets at the time of sale plus the defrayed and expected costs of divestment or winding-up.

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.

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. Exchange differences that arise between the exchange rate at the date of the transaction and the exchange rate at the payment date are recognized in the income statement under market-value adjustments.

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

For the purpose of recognizing companies in currencies other than DKK in the Consolidated Financial Statements, income-statement items are translated at the exchange rate prevailing at the date of the transaction, and balance-sheet items are translated at the exchange rate prevailing at the reporting date. Translation differences arising on the translation of these companies' beginning-of-year equity at the exchange rate on the reporting date, and on the translation of income statements from the exchange rate at the transaction date to the exchange rate at the reporting date, are recognized directly

in shareholders' equity under a special reserve for translation adjustments.

OFFSETTING

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

FINANCIAL INSTRUMENTS GENERALLY

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

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

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

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

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

DERIVATIVE INSTRUMENTS

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

Positive market values are recognized under other assets and negative market values under other liabilities. In calculating the fair value, the listed bid/offer price is used to value listed instruments, while a valuation model based on recognized methods and current market data is used for unlisted instruments. Gains or losses 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".

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

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

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

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

BONDS AND SHARES, ETC.

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

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

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

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

The portfolio of listed bonds is generally measured at the listed price quoted at the reporting date. Estimated prices are used for illiquid and unlisted bonds for which there is no current listed price. In connection with calculating prices, quoted yield curves are used, with premiums to reflect illiquidity and credit risk, for which purpose valuation models based on current market practice are used. To the greatest extent possible, such premiums are identified on the basis of external sources. Thus, the fair value is calculated using a valuation model based on the discounting of cash flows according to generally accepted methods and current market data.

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.

REPO/REVERSE TRANSACTIONS

Securities sold are recognized in the balance sheet on the settlement day as if the securities were still part of the Group's portfolio where 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 on such securities 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 bid and the offered price is recognized as interest in the income statement over the term of the relevant instrument.

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.

INCOME STATEMENT

INTEREST INCOME AND EXPENSES

Interest income and expenses relating to interest-bearing financial instruments at amortized cost are recognized in the income statement according to the effective interest method, based on the cost of the financial instrument.

Interest includes amortization of fees, which is an integral part of the effective yield on a financial instrument, including upfront fees and the amortization of any further difference between the cost and redemption price.

Interest income and expenses include interest on financial instruments valued at fair value, with the exception of interest relating to assets and deposits in pools, which are recognized under market-value adjustments. Interest on loans and advances individually written down for impairment is recognized on the basis of the written-down value.

NET FEES, CHARGES AND COMMISSIONS RECEIVED

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

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

MARKET-VALUE ADJUSTMENTS

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

OTHER OPERATING INCOME

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

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

Gains and losses on sales are calculated at the selling price after deducting the selling 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.

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

For a more detailed description of the option model, reference is made to note 13, share-based payment.

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 cost during the period when the employee provides the services that correspond to the allocated shares. A setoff is recognized directly in equity.

PROFIT/LOSS ON EQUITY INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES

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

TAX

Spar Nord Bank A/S is taxed jointly with its Danish subsidiaries. The current Danish corporation tax is allocated to the jointly taxed Danish companies in proportion to their respective taxable incomes. Companies that utilize tax losses in other companies pay joint taxation contributions to the Parent Company equivalent to the tax 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.

To the extent that deductions are allowed in the determination of taxable income in Denmark as a consequence of share-based payment schemes, the tax effect of the schemes is recognized under tax on profit for the year.

BALANCE SHEET

RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS

Receivables from credit institutions and central banks comprise receivables from other credit institutions and time deposits with central banks. The valuation of Receivables from credit institutions and central banks is carried out as stated under Loans, advances and receivables.

LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTIZED COST

Loans, advances and receivables, including mortgage deeds, are recognized at inception at the fair value plus transaction costs and 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

Loans, advances and receivables are monitored continuously to assess whether there is any objective indication of impairment and whether an impairment test shows any losses.

INDIVIDUAL IMPAIRMENT, BEGINNING OF PERIOD

Impairment is based on an individual assessment of commitments when there is an objective indication of impairment of an individual commitment.

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

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

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.

GROUPS OF IMPAIRMENT LOSSES

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

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

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

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

Finans Nord A/S uses a segmentation model to calculate groups of impairment losses. The loans and advances are divided into seven segments/industries. The need for impairment is assessed on the basis of the following factors: economic trends, historical loss rates, payment default, used equipment prices and the development in the unsecured portion of loans and advances, with all factors being assessed for each individual segment.

IMPAIRMENT LOSSES, ETC.

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

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

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

Interest on written-down loans and advances is not carried to income.

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 (repayments), calculated according to the annuity method over the term of the lease.

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

EQUITY INVESTMENTS IN GROUP ENTERPRISES AND ASSOCIATES

Equity investments in group enterprises and associates are recognized at the proportionate share of the net asset value (NAV) on the reporting date plus the carrying amount of goodwill acquired. Goodwill is calculated and measured as described above under the Consolidated Financial Statements.

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

Any profit or loss upon sale is calculated as the difference between the net selling 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 pool assets and contributions are presented together under market-value adjustments and are specified in "Notes to income statement disclosures".

INTANGIBLE ASSETS

Goodwill

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

The carrying amount of goodwill is tested for impairment together with the other non-current assets in the cash-generating unit to which goodwill has been allocated. If the carrying amount exceeds the recoverable amount, it is written down to the recoverable amount via the income statement. The recoverable amount is calculated as the present value of expected future net cash flows from the company to which goodwill relates.

Software

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

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

Development

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

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

LAND AND BUILDINGS

Properties are recognized at cost upon acquisition and subsequently measured at fair value. The fair value is calculated on the basis of current market data according to an asset return model that includes the property's rental income, operating expenses, as well as management and maintenance. The fair value of the property is determined based on the calculated return on operations and the individually determined rate of return. 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".

Land is not depreciated.

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

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

TEMPORARY ASSETS

Temporary assets comprise 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.

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 for tax on taxable incomes relating to prior years, and tax paid on account.

Deferred tax is measured on the basis of all timing differences between the carrying amounts and tax values of assets and liabilities.

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

OTHER ASSETS

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

FINANCIAL LIABILITIES

Deposits, bonds issued and payables to credit institutions, etc. are recognized initially at the proceeds received net of transactions costs incurred. Periodic remeasurements are made to amortized cost using the "the effective interest method". Thus, the difference between net proceeds and nominal value is recognized in the income statement under interest expenses over the loan term. Other commitments are measured at net realizable value.

OTHER LIABILITIES

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

PROVISIONS FOR LIABILITIES

Provisions for liabilities include mainly guarantee commitments and provisions for losses on irrevocable credit commitments and legal actions, etc. A provision is recognized 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 Management's best estimate of the amount of the commitments. In measuring provisions for liabilities, discounting to net present value is made where deemed material.

SHAREHOLDERS' EQUITY

Foreign-currency translation reserve

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

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

Revaluation reserves

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

Statutory reserves

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

Proposed dividend

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

Treasury shares and own bonds

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

The portfolio of own bonds is recognized directly in 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 debt. Cash and cash equivalents comprise cash balances, demand deposits with central banks and receivables from credit institutions and central banks with less than three months to maturity.

SEGMENT SPECIFICATIONS

The financial statements for the business areas that constitute the Group's only significant segmentation 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.", which is regarded as an intra-organizational activity, comprise income from the Bank's trading portfolio, gains on the sale of shares in 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 2007:

- IFRS 8 Operating Segments, which deal with disclosures about segments, applies to financial years beginning on 1 January 2009 or later. This standard is of no relevance to recognition and measurement in the Annual Report. (IFRS 8 was approved by the EU in November 2007)

SHAREHOLDINGS

SHARES HELD BY MEMBERS OF THE SUPERVISORY BOARD

AND THE EXECUTIVE BOARD*

	No. of shares 11.01.07	No. of shares 31.12.07
Torben Fristrup	3,200	3,200
Erling Kjær	13,700	14,475
Per Nikolaj Bukh	-	100
Trine Bruun Haals	2,002	2,110
Jan Høholt Jensen	3,076	3,130
Niels Kristian Kirketerp	7,090	7,090
Carsten Normann	0	2,300
Ole Skov	1,506	860
Per Søndergaard Pedersen	10,380	10,380
Lasse Nyby	22,380	22,380
John Lundsgaard	23,770	23,770
Lars Møller	25,000	25,000

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

GROUP ENTERPRISES

GROUP ENTERPRISES

Consolidated companies

	Share capital end of year DKK '000	Shareholders' equity end of year DKK '000	Profit DKK '000	Spar Nord Bank A/S The Group 2007 %	Spar Nord Bank A/S The Group 2006 %	Spar Nord Bank A/S Parent comp. 2007 %	Spar Nord Bank A/S Parent comp. 2006 %
Erhvervsinvest Nord A/S, Aalborg	30,000	120,507	16,184	-	-	100.00	100.00
Finans Nord A/S, Aalborg	10,000	364,888	108,172	-	-	100.00	100.00
SN Finans Nord AB, Sverige	36,512	33,064	-2,109	-	-	100.00	100.00
Finans Nord Cross Border A/S, Aalborg	500	852	278	-	-	100.00	100.00
Sparekassen Nordjyllands							
Investeringselskab af 10.10.91 A/S	12,000	10,945	-1,679	-	-	100.00	100.00

Non-consolidated companies

Beluni Inc., USA (1)	0	0	0	100.00	100.00	100.00	100.00
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1 The company is in liquidation

INCOME STATEMENT

Stock Exchange Announcement

No. 1. 2008

Note

	<i>Spar Nord Bank A/S The Group 2007 DKK '000</i>	<i>Spar Nord Bank A/S The Group 2006 DKK '000</i>	<i>Spar Nord Bank A/S Parent Comp. 2007 DKK '000</i>	<i>Spar Nord Bank A/S Parent Comp. 2006 DKK '000</i>
3 Interest income	2,835,379	2,025,172	2,677,338	1,909,620
4 Interest expenses	1,687,008	1,001,654	1,688,821	1,003,056
<i>Net interest income</i>	1,148,371	1,023,518	988,517	906,564
5 Dividends on shares, etc.	16,111	20,517	16,111	20,471
6+8 Fees, charges and commissions received	558,548	536,929	555,463	538,140
7+8 Fees, charges and commissions paid	75,692	66,608	75,692	66,598
<i>Net income from interest, fees, charges and commissions</i>	1,647,338	1,514,356	1,484,399	1,398,577
9 Market-value adjustments	164,686	331,177	150,232	338,771
11 Other operating income	77,384	81,844	30,321	25,705
12+13+14 Staff costs and administrative expenses	1,216,622	1,101,502	1,148,140	1,044,578
15 Depreciation, amortization and impairment of intangible assets and property, plant and equipment	73,522	68,731	46,743	45,391
Other operating expenses	1,369	89	3,708	2,158
32+49 Impairment of loans, advances and receivables, etc.	-113,398	-169,080	-112,414	-173,648
16 Profit/loss on equity investments in associates and group enterprises	121,753	107,044	246,109	166,909
<i>Profit before tax</i>	833,046	1,033,179	824,884	1,011,483
17 Tax	152,776	204,626	144,614	182,930
<i>Profit for the year</i>	680,270	828,553	680,270	828,553
PROPOSAL FOR DISTRIBUTION OF NET PROFIT				
Profit for the year			680,270	828,553
<i>Total available for distribution</i>			680,270	828,553
Dividend distribution - DKK 3 per share (2006: DKK 3 per share)			171,206	171,206
Reserve for net revaluation according to the equity method			246,109	166,909
Retained earnings			262,955	490,438
<i>Total distribution</i>			680,270	828,553
43 EARNINGS PER SHARE				
Earnings per share	12.3	14.8		
Diluted earnings per share	12.0	14.5		

BALANCE SHEET

Stock Exchange Announcement

No. 1. 2008

Note

	<i>Spar Nord Bank A/S The Group 31.12.07 DKK '000</i>	<i>Spar Nord Bank A/S The Group 31.12.06 DKK '000</i>	<i>Spar Nord Bank A/S Parent Comp. 31.12.07 DKK '000</i>	<i>Spar Nord Bank A/S Parent Comp. 31.12.06 DKK '000</i>
ASSETS				
Cash balances and demand deposits with central banks	398,379	407,585	398,379	407,585
18 Receivables from credit institutions and central banks	5,378,973	8,127,351	5,356,309	8,116,236
19 Loans, advances and other receivables at amortized cost	40,938,787	34,318,191	39,789,086	33,551,588
20 Bonds at fair value	8,259,406	8,420,827	8,259,406	8,420,827
21 Shares, etc.	675,745	632,467	636,426	597,224
22 Equity investments in associates	887,612	738,587	859,857	719,251
23 Equity investments in group enterprises	0	0	482,297	379,273
Assets linked to pooled schemes	4,029,172	3,556,032	4,029,172	3,556,032
24 Intangible assets	57,571	52,152	32,071	26,652
Investment properties	16,328	14,173	16,328	14,173
Corporate properties	429,563	405,838	429,563	405,838
25 <i>Land and buildings, total</i>	445,891	420,011	445,891	420,011
26 Other property, plant and equipment	271,995	211,124	134,980	100,614
Current tax assets	28,880	0	37,393	0
33 Deferred tax assets	0	0	55,615	52,830
27 Temporary assets	15,350	12,446	8,013	8,614
28 Other assets	1,946,131	1,616,297	1,913,356	1,591,317
Prepayments	59,740	52,216	59,038	51,411
<i>Total assets</i>	63,393,632	58,565,286	62,497,289	57,999,465
SHAREHOLDERS' EQUITY AND LIABILITIES				
LIABILITIES OTHER THAN PROVISIONS				
29 Payables to credit institutions and central banks	20,960,984	21,962,456	20,830,452	21,962,456
30 Deposits and other payables	27,386,887	22,702,789	27,440,082	22,756,066
Deposits in pooled schemes	4,029,172	3,556,032	4,029,172	3,556,032
Issued bonds at amortized cost	2,170,969	1,576,630	2,170,969	1,576,630
Other non-derivative financial liabilities at fair value	87,814	1,089,524	87,814	1,089,524
Current tax liabilities	0	53,078	0	49,613
Temporary liabilities	5,104	5,217	5,104	5,217
31 Other liabilities	2,478,782	2,187,659	1,996,473	1,836,695
Deferred income	130,872	108,121	8,182	8,982
<i>Total payables</i>	57,250,584	53,241,506	56,568,248	52,841,215
PROVISIONS FOR LIABILITIES				
32 Provisions for pensions and related liabilities	3,858	3,516	3,733	3,516
33 Provisions for deferred tax	213,882	165,530	0	0
Provisions for losses on guarantees	5,003	26,811	5,003	26,811
Other provisions	11,562	21,161	11,562	21,161
<i>Total provisions</i>	234,305	217,018	20,298	51,488
SUBORDINATED DEBT				
34 Subordinated debt	1,770,370	1,458,147	1,770,370	1,458,147
TOTAL LIABILITIES	59,255,259	54,916,671	58,358,916	54,350,850
SHAREHOLDERS' EQUITY				
Share capital	570,688	570,688	570,688	570,688
Revaluation reserves	45,662	37,393	45,662	37,393
<i>Accumulated changes in value, total</i>	45,662	37,393	45,662	37,393
Statutory reserves	441,481	285,275	765,224	541,085
<i>Statutory reserves, total</i>	441,481	285,275	765,224	541,085
Retained earnings	3,080,542	2,755,259	2,756,799	2,499,449
<i>Total shareholders' equity</i>	4,138,373	3,648,615	4,138,373	3,648,615
<i>Total shareholders' equity and liabilities</i>	63,393,632	58,565,286	62,497,289	57,999,465
OFF-BALANCE-SHEET ITEMS				
39 Guarantees, etc.	4,048,242	7,016,713	4,530,309	7,914,602
40 Other contingent liabilities	0	0	0	0
<i>Total off-balance-sheet items</i>	4,048,242	7,016,713	4,530,309	7,914,602

STATEMENT OF CHANGES IN EQUITY

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SHAREHOLDERS' EQUITY	Share capital DKK '000	Revaluation reserve DKK '000	Foreign- currency translation reserve DKK '000	Statutory reserves DKK '000	Proposed dividend DKK '000	Retained earnings DKK '000	31.12.2007 Total DKK '000	31.12.2006 Total DKK '000
THE GROUP								
Shareholders' equity, beginning of year	570,688	37,393	0	285,275	171,206	2,584,053	3,648,615	3,038,943
Reclassification 01.01.2007 *)	0	0		36,423		-36,423	0	0
Adjusted shareholders' equity	570,688	37,393	0	321,698	171,206	2,547,630	3,648,615	3,038,943
Translation of foreign entity	0	0	-1,332	0	0	0	-1,332	0
Net revaluations of properties	0	10,346	0	0	0	0	10,346	6,008
Deferred tax, revaluation of properties	0	-745	0		0	0	-745	-13,608
Other capital movements in associates and group enterprises	0	0	0	13,323	0	0	13,323	-8,759
Share-based payment	0	0	0	0	0	31,549	31,549	17,995
Net gains/losses recognized directly in shareholders' equity	0	9,601	-1,332	13,323	0	31,549	53,141	1,636
Profit for the year	0	0	0	121,753	171,206	387,311	680,270	828,553
Total income for the year	0	9,601	-1,332	135,076	171,206	418,860	733,411	830,189
Dividend to shareholders	0	0	0	0	-171,206	0	-171,206	-171,206
Dividend received	0	0	0	-15,293	0	15,293	0	0
Dividend received, treasury shares	0	0	0	0	0	3,998	3,998	2,320
Disposal upon acquisition of treasury shares	0	0	0	0	0	-573,065	-573,065	-930,321
Addition upon sale of treasury shares	0	0	0	0	0	481,421	481,421	860,400
Tax, treasury shares	0	0	0	0	0	15,199	15,199	16,950
Capital increase, issue expenses	0	0	0	0	0	0	0	-957
Dissolution of revaluation reserves, properties	0	0	0	0	0	0	0	2,297
Other movements, total	0	0	0	-15,293	-171,206	-57,154	-243,653	-220,517
Shareholders' equity, the Group, end of year	570,688	46,994	-1,332	441,481	171,206	2,909,336	4,138,373	3,648,615

*) As a result of the transition of the subsidiary, Erhvervsinvest Nord A/S, to recognition and measurement of equity investments in associates under IAS 39, the amounts previously recognized in shareholders' equity in the Consolidated Financial Statements have been reversed.

SHAREHOLDERS' EQUITY

PARENT COMPANY

Shareholders' equity, beginning of year	570,688	37,393	0	541,085	171,206	2,328,243	3,648,615	3,038,943
Translation of foreign entity	0	0	-1,332	0	0	0	-1,332	0
Net revaluations of properties	0	10,346	0	0	0	0	10,346	6,008
Deferred tax, revaluation of properties	0	-745	0	0	0	0	-745	-13,608
Other capital movements in associates and group enterprises	0	0	0	13,323	0	0	13,323	-8,759
Share-based payment	0	0	0	0	0	31,549	31,549	17,995
Net gains/losses recognized directly in shareholders' equity	0	9,601	-1,332	13,323	0	31,549	53,141	1,636
Profit for the year	0	0	0	246,109	171,206	262,955	680,270	828,553
Total income for the year	0	9,601	-1,332	259,432	171,206	294,504	733,411	830,189
Dividend to shareholders	0	0	0	0	-171,206	0	-171,206	-171,206
Dividend received	0	0	0	-35,293	0	35,293	0	0
Dividend received, treasury shares	0	0	0	0	0	3,998	3,998	2,320
Disposal upon acquisition of treasury shares	0	0	0	0	0	-573,065	-573,065	-930,321
Addition upon sale of treasury shares	0	0	0	0	0	481,421	481,421	860,400
Tax, treasury shares	0	0	0	0	0	15,199	15,199	16,950
Capital increase, issue expenses	0	0	0	0	0	0	0	-957
Dissolution of revaluation reserves, properties	0	0	0	0	0	0	0	2,297
Other movements, total	0	0	0	-35,293	-171,206	-37,154	-243,653	-220,517
Shareholders' equity, the Parent Company, end of year	570,688	46,994	-1,332	765,224	171,206	2,585,593	4,138,373	3,648,615

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

STATEMENT OF CHANGES IN EQUITY

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	<i>Spar Nord Bank A/S The Group 2007 DKK '000</i>	<i>Spar Nord Bank A/S The Group 2006 DKK '000</i>	<i>Spar Nord Bank A/S Parent Comp. 2007 DKK '000</i>	<i>Spar Nord Bank A/S Parent Comp. 2006 DKK '000</i>
TREASURY SHARE PORTFOLIO				
Number of shares	1,924,313	1,259,649	1,924,313	1,259,649
Nominal value	19,243	12,596	19,243	12,596
Fair value	223,220	171,942	223,220	171,942
Percentage of share capital	3.4	2.2	3.4	2.2
TREASURY SHARES PORTFOLIO, FAIR VALUE				
Portfolio, beginning of year	171,942	73,370	171,942	73,370
Acquisition of treasury shares	573,065	930,321	573,065	930,321
Sale of treasury shares	481,421	860,400	481,421	860,400
Disposals related to share-based payment	10,216	9,236	10,216	9,236
Market-value adjustment	-30,150	37,887	-30,150	37,887
Portfolio, end of year	223,220	171,942	223,220	171,942
TREASURY SHARES FURNISHED AS SECURITY				
Number of shares	1,504,100	1,366,928	1,504,100	1,366,928
Nominal value	15,041	13,669	15,041	13,669
Fair value	174,476	185,586	174,476	185,586
Percentage of share capital	2.6	2.4	2.6	2.4
<i>The Bank uses treasury shares for trading with customers and shareholders and to hedge its share-based payment arrangements.</i>				
CAPITAL BASE AND SOLVENCY RATIO				
Shareholders' equity	4,138,373	3,648,615	4,138,373	3,648,615
Proposed dividend	171,206	171,206	171,206	171,206
Intangible assets in the Spar Nord Bank Group	57,571	52,152	32,071	26,652
Miscellaneous	141,852	37,393	198,973	90,223
<i>Core capital after deductions</i>	3,767,744	3,387,864	3,736,123	3,360,534
<i>Hybrid core capital</i>	330,617	338,939	330,617	338,939
<i>Core capital (incl. hybrid core capital) after deductions</i>	4,098,361	3,726,803	4,066,740	3,699,473
Subordinated debt (excl. hybrid core capital)	1,439,753	1,119,208	1,439,753	1,119,208
Revaluation reserves, etc.	45,662	37,393	45,662	37,393
Other deductions	727,928	730,520	729,434	733,525
<i>Capital base after deductions</i>	4,855,848	4,152,884	4,822,721	4,122,549
<i>Risk-weighted items</i>	43,655,511	38,288,898	43,477,387	38,216,234
Core capital ratio (excl. hybrid core capital) %	8.6	8.8	8.6	8.8
Core capital ratio (incl. hybrid core capital) after deduction in per cent of risk-weighted items, total	9.4	9.7	9.4	9.7
Solvency ratio, %	11.1	10.8	11.1	10.8

CASH FLOW STATEMENT

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No. 1. 2008

Note

	<i>Spar Nord Bank A/S The Group 2007 DKK '000</i>	<i>Spar Nord Bank A/S The Group 2006 DKK '000</i>	<i>Spar Nord Bank A/S Parent Comp. 2007 DKK '000</i>	<i>Spar Nord Bank A/S Parent Comp. 2006 DKK '000</i>
CASH GENERATED FROM OPERATIONS				
Profit before tax	833,046	1,033,179	824,884	1,011,483
15 Depreciation, amortization and impairment of intangible assets and property, plant and equipment	73,522	68,731	46,743	45,391
Gains and losses on the sale of property, plant and equipment and intangible assets	-465	0	-465	0
32+49 Adjustment of impairment of loans and advances, etc.	-81,390	-161,910	-77,925	-160,481
32 Provisions for liabilities	-31,065	60,589	-31,190	382
16 Profit/loss on equity investments	-121,753	-107,044	-246,109	-166,909
Expensed for share-based payment	31,549	17,995	31,549	17,995
Corporate income tax paid	-170,405	-125,672	-218,427	-166,243
<i>Cash generated from operations, total</i>	533,039	785,868	329,060	581,618
WORKING CAPITAL				
18+29 Movement in credit institutions and central banks, net	-574,866	6,543,542	-705,460	6,544,423
19 Movement in loans and advances	-6,538,345	-7,022,637	-6,159,573	-6,892,380
20 Movement in bond portfolio	161,421	-585,073	161,421	-585,073
21 Movement in equity portfolio	-44,953	48,737	-39,202	43,466
Movement in issued bonds	594,339	1,577	594,339	1,577
Movement in other assets and other liabilities, net	-1,029,026	879,587	-1,174,035	896,204
30 Movement in deposits	4,684,098	3,304,263	4,684,016	3,274,172
<i>Total working capital</i>	-2,747,332	3,169,996	-2,638,494	3,282,389
<i>Cash generated from operations, total</i>	-2,214,293	3,955,864	-2,309,434	3,864,007
INVESTMENTS				
22+23 Net investment in associates and group enterprises	-38,686	-27,798	-20,824	-59,171
24 Net investment in intangible assets	-7,877	-9,578	-7,877	-9,578
25+26+27 Net investment in property, plant and equipment	-149,907	-164,556	-93,118	-109,820
Net investment in treasury shares	-91,644	-80,529	-91,644	-80,529
22+23 Dividends from associates and group enterprises	26,413	15,859	35,293	73,821
<i>Total investments</i>	-261,701	-266,602	-178,170	-185,277
FINANCING				
34 Subordinated debt	312,223	-234,625	312,223	-234,625
Capital increase/issue expenses	0	-957	0	-957
Dividend to shareholders, excluding dividend on treasury shares	-167,208	-168,886	-167,208	-168,886
<i>Total financing</i>	145,015	-404,468	145,015	-404,468
<i>Movement in cash and cash equivalents for the year</i>	-2,330,979	3,284,794	-2,342,589	3,274,262
Cash and cash equivalents, beginning of year	7,256,219	3,971,425	7,245,985	3,971,723
Movement in cash and cash equivalents for the year	-2,330,979	3,284,794	-2,342,589	3,274,262
<i>Cash and cash equivalents, end of year</i>	4,925,240	7,256,219	4,903,396	7,245,985
Cash and cash equivalents, end of year				
Cash, cash equivalents and demand deposits with central banks	1,162,500	843,913	1,140,656	833,679
18 Total receivables from credit institutions and central banks with less than 3 mths to maturity	3,762,740	6,412,306	3,762,740	6,412,306
<i>Total</i>	4,925,240	7,256,219	4,903,396	7,245,985

PERFORMANCE INDICATORS AND FINANCIAL RATIOS

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Note

54 PERFORMANCE INDICATORS AND FINANCIAL RATIOS

The Danish Financial Supervisory Authority's layout and ratio system

2003 2004 2005 2006 2007

THE SPAR NORD BANK GROUP

PERFORMANCE INDICATORS

DKK million

INCOME STATEMENT

Net income from interest, fees, charges and commissions	1,171.2	1,195.3	1,324.7	1,493.8	1,631.2
Market-value adjustments	187.7	180.8	221.6	331.2	164.7
Staff costs and administrative expenses	836.8	862.4	964.3	1,101.5	1,216.6
Impairment of loans, advances and receivables, etc.	223.9	171.5	34.3	-169.1	-113.4
Profit/loss on equity investments in associates and group enterprises	17.2	48.6	62.0	107.0	121.8
Profit for the year	236.9	323.7	479.3	828.6	680.3

BALANCE SHEET *)

Loans and advances	17,837	19,611	27,134	34,318	40,939
Shareholders' equity	2,067	2,361	3,039	3,649	4,138
Total assets	32,401	36,677	45,962	58,565	63,394

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

FINANCIAL RATIOS

Solvency

Solvency ratio	11.2	10.2	12.3	10.8	11.1
Core capital ratio	9.0	8.5	9.9	9.7	9.4

Earnings

Return on equity before tax	%	15.7	18.0	24.3	30.9	21.4
Return on equity after tax	%	11.8	14.2	19.0	24.8	17.5
Income/cost ratio		1.28	1.37	1.57	2.03	1.71

Market risks

Interest-rate risk	%	5.4	4.4	2.3	1.0	2.1
Foreign-exchange position	%	6.0	14.1	4.9	6.7	5.7
Foreign-exchange risk	%	0.2	0.2	0.3	0.1	0.1

Credit risks

Loans and advances rel. to deposits	%	101.7	94.9	121.7	130.7	130.3
Loans and advances plus impairment rel. to deposits	%	105.4	98.3	124.7	132.6	131.7
Loans and advances rel. to shareholders' equity		8.6	8.3	8.9	9.4	9.9
Increase in loans and advances for the year	%	5.9	10.0	38.4	26.5	19.3
Coverage relative to statutory cash ratio requirement	%	67.4	108.8	47.8	34.3	91.9
Sum total of major commitments	%	64.1	47.7	103.2	80.9	65.0
Impairment ratio for the year		1.0	0.7	0.1	-0.4	-0.2

THE SPAR NORD BANK SHARE

DKK per share of DKK 10

Earnings per share for the year	DKK	4.6	6.1	8.8	14.5	11.9
NAV per share	DKK	40	46	54	65	75
Dividend per share	DKK	2	3	3	3	3
Share price/earnings per share for the year		11.1	12.0	10.6	9.4	9.7
Share price/NAV per share		1.3	1.6	1.7	2.1	1.6

In 2005, the Group changed its accounting policies in connection with the transition to IFRS.

The performance indicators and financial ratios for 2003 have not been restated, and only partially restated for 2004.

Ratio definitions appear from note 56.

PERFORMANCE INDICATORS AND FINANCIAL RATIOS

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PERFORMANCE INDICATORS AND FINANCIAL RATIOS

The Danish Financial Supervisory Authority's layout and ratio system

2003 2004 2005 2006 2007

SPAR NORD BANK A/S - PARENT COMPANY

FINANCIAL RATIOS

DKK million

INCOME STATEMENT

Net income from interest, fees, charges and commissions	1,066.6	1,096.4	1,226.0	1,378.1	1,468.3
Market-value adjustments	200.9	186.7	226.2	338.8	150.2
Staff costs and administrative expenses	794.9	821.3	914.9	1,044.6	1,148.1
Impairment of loans, advances and receivables, etc.	199.2	144.6	28.1	-173.6	-112.4
Profit/loss on equity investments in associates and group enterprises	33.7	68.9	98.4	166.9	246.1
Profit for the year	236.9	323.7	479.3	828.6	680.3

BALANCE SHEET *)

Loans and advances	17,347	19,114	26,499	33,552	39,789
Shareholders' equity	2,067	2,361	3,039	3,649	4,138
Total assets	32,087	36,289	45,516	57,999	62,497

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

FINANCIAL RATIOS

Solvency

Solvency ratio	11.4	10.4	12.3	10.8	11.1
Core capital ratio	9.1	8.7	9.9	9.7	9.4

Earnings

Return on equity before tax	%	15.3	17.3	22.6	30.2	21.2
Return on equity after tax	%	11.8	14.2	19.0	24.8	17.5
Income/cost ratio		1.29	1.38	1.61	2.10	1.76

Market risks

Interest-rate risk	%	5.3	4.4	2.2	0.9	1.9
Foreign-exchange position	%	6.0	13.9	4.9	6.7	5.8
Foreign-exchange risk	%	0.2	0.2	0.3	0.1	0.1

Credit risks

Loans and advances rel. to deposits	%	98.6	92.6	118.4	127.5	126.4
Loans and advances plus impairment rel. to deposits	%	101.9	95.4	121.2	129.3	127.7
Loans and advances rel. to shareholders' equity		8.4	8.1	8.7	9.2	9.6
Increase in loans and advances for the year	%	5.3	10.2	38.6	26.6	18.6
Coverage relative to statutory cash ratio requirement	%	54.0	107.0	46.8	32.5	90.0
Sum total of major commitments	%	63.5	47.1	103.1	81.5	65.5
Impairment ratio for the year		0.9	0.6	0.2	-0.4	-0.3

THE SPAR NORD BANK SHARE

DKK per share of DKK 10

Earnings per share for the year	DKK	4.6	6.1	8.8	14.5	11.9
NAV per share	DKK	40	46	54	65	75
Dividend per share	DKK	2	3	3	3	3
Share price/earnings per share for the year		11.1	12.0	10.6	9.4	9.7
Share price/NAV per share		1.3	1.6	1.7	2.1	1.6

In 2005, the Group changed its accounting policies in connection with the transition to IFRS.

The performance indicators and financial ratios for 2003 have not been restated, and only partially restated for 2004.

Ratio definitions appear from note 56.

Note

56 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 (the Danish Financial Supervisory Authority's definition)

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

INCOME/COST RATIO

Core income in per cent of operating costs, depreciation and amortization

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.

LOANS AND ADVANCES RELATIVE TO DEPOSITS

Loans and advances 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.

SUM 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.

IMPAIRMENT RATIO FOR THE YEAR

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

INCREASE IN LOANS AND ADVANCES FOR THE YEAR

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

LOANS AND ADVANCES RELATIVE TO SHAREHOLDERS' EQUITY

Loans and advances/shareholders' equity.

EARNINGS PER SHARE FOR THE YEAR

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.

NET ASSET VALUE (NAV) PER SHARE

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

DIVIDEND PER SHARE

Proposed dividend/share capital.

SHARE PRICE RELATIVE TO EARNINGS PER SHARE FOR THE YEAR

Share price/earnings per share for the year.

SHARE PRICE RELATIVE TO NET ASSET VALUE (NAV)

Share price/NAV per share.

COST SHARE OF CORE INCOME

Operating costs, depreciation and amortization/Core income.

COST SHARE OF CORE INCOME, INCL. IMPAIRMENT

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).

EARNINGS PER SHARE

The profit for the year after tax/average number of shares in circulation, excl. treasury shares.

The average number of shares is calculated as a simple average of the shares at the beginning of the year and at the end of the year.

DILUTED EARNINGS PER SHARE

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