5 Years survey and key figures

(1,000 kr.)	**2006**	2005	2004	2003	2002
Profit and Loss Accont					
Net interest income	**141.450**	132.016	133.562	132.702	130.633
Net interest and fee income	**208.232**	187.190	174.046	172.698	163.342
Value adjustments	**28.498**	30.033	15.512	42.622	7.633
Operational expenditure	**145.021**	134.488	122.623	118.680	106.922
herof staff and administrative expenses	**140.758**	129.506	116.914	113.118	103.201
Writedowns	**-13.838**	4.696	12.022	22.879	21.990
Profit of associated and affiliated companies	**76**	60	-17	44	21
Profit before tax for the financial year	**107.721**	79.228	55.666	77.183	46.514
Profit for the financial year	**83.292**	59.876	41.777	63.625	31.802
Balance Sheet					
Assets					
Cash in hand and claims on credit institutions, etc.	**215.968**	252.818	132.894	199.909	111.541
Loans and other amounts due	**3.535.614**	2.820.627	2.351.315	2.127.320	2.086.850
Bonds and shares etc.	**798.327**	702.537	437.960	721.083	596.033
Assets under pooled schemes	**732.116**	570.403	437.888	0	0
Other assets	**140.678**	90.296	80.210	86.041	76.783
Total assets	**5.422.703**	4.436.681	3.440.267	3.134.353	2.871.207
Liabilities					
Due to credit institutions and central banks	**835.691**	359.519	224.441	226.085	253.358
Deposits and other amounts due	**2.913.448**	2.621.164	2.159.024	2.344.952	2.130.344
Deposits under pooled schemes	**766.386**	582.296	446.992	0	0
Other liabilities	**116.415**	158.660	135.032	133.982	116.943
Subordinated debt	**225.659**	225.717	50.000	48.604	48.104
Equity	**565.104**	489.325	424.778	380.730	322.458
Total liabilities	**5.422.703**	4.436.681	3.440.267	3.134.353	2.871.207
Off-balance sheet items					
Guarantees, etc.	**2.326.774**	2.252.483	1.478.007	1.245.117	1.213.730
Other commitments	**1.572**	1.676	1.587	1.596	1.581
Total off-balance sheet items	**2.328.346**	2.254.159	1.479.594	1.246.713	1.215.311

5 Years survey and key figures

Key figures		**2006**	2005	2004	2003	2002
Solvency and capital ratio						
Solvency ratio	pct.	**13,1**	13,4	11,8	12,3	12,3
Core capital ratio	pct.	**10,4**	10,2	12,0	12,4	10,5
Earning ratios						
Profit on own funds before tax	pct.	**20,4**	17,3	13,6	21,9	15,7
Profit on own funds after tax	pct.	**15,8**	13,1	10,2	18,1	10,8
Earning/costs	kr.	**1,8**	1,6	1,4	1,6	1,4
Market risk ratios						
Interest rate risk	pct.	**1,8**	2,3	1,8	2,4	1,8
Foreign exchange standing - pos 1	pct.	**0,0**	0,0	0,0	0,0	0,0
Foreign exchange standing - pos 2	pct.	**3,6**	2,5	1,2	1,2	1,3
Credit risk ratio						
Lendings plus provisions on loans in relation to deposits	pct.	**98,1**	91,4	95,9	96,5	103,6
Extra cover in relation to the statutory liquidity requirement	pct.	**60,0**	61,9	104,5	106,2	70,9
Credit risk ratios						
The sum of large commitments	pct.	**57,6**	45,7	68,4	71,6	66,9
Share of outstandings with reduced interest	pct.	**0,1**	0,4	0,7	0,7	0,7
Provision percentage	pct.	**1,5**	2,1	3,3	3,9	3,5
The year's loss and writedown	pct.	**-0,2**	0,1	0,3	0,6	0,6
The year's growth in lending	pct.	**25,3**	20,0	10,5	1,9	7,6
Lending in relation to equity capital	pct.	**6,3**	5,8	5,5	5,6	6,5
Return on share						
Profit for the year per share *	kr.	**59**	43	30	45	23
Net book value per share *	kr.	**418**	363	308	272	230
Dividend per share *	kr.	**7**	5	4	4	3
Stock value/result of the year per sl		**11,8**	13,2	14,1	6,9	7,5
Stock value/net book value per share		**1,69**	1,56	1,36	1,15	0,74

*Calculated on a share size of DKK 20/share

The regulation regarding financial statements has been materially changed in 2005. The survey and key figurs for 2004 to 2006 has been prepared in compliance with the changed rules, figures from 2002-2003 has not been changed. The figures from 2004 has not been changes regarding financial assets and liabilities.

Annual Report

Profit for the year better than expected
The profit for the year of DKK 83,3m was considerably better than expected at the beginning at the year, and is considered very satisfactory by the bank's management.

The profit before tax and value adjustments was DKK 79.2m and was thus within the forecast range of DKK 72 to 82m, which the bank had revised upwards after the 3 quarter.

The profit before tax represents a 20.4% return on average shareholders' equity and a profit of DKK 59.5 per DKK 20 nominal share.

Background for the profit
The main reason for the profit achieved was a high level of activity driven by the very favourable economic climate.
Low interest rates, low inflation and the generally rising demand for labour led to an unusually positive basis on which to conduct financial business.

In addition, Djurslands Bank can point to
- a large and stable inflow of customers
- 16% increase in deposits and 22% increase in loans.
- strong growth in the securities trading/fund management and mortgage credit business areas
- income from earlier write downs
- income of DKK 28.5m from value adjustments

In spite of the continuing and strong competition at the financial marked, the bank has had a large and stable inflow of new customers at the bank's branches in Djursland and Aarhus.

New customers and more business with existing customers led to a large 22% rise in the business volume.

A contributory factor in this is the bank's customer VærdiPlus-concepts, which entail cash benefits for shareholders and customers who bring their financial business together in Djurslands Bank, which a lot of the customers have shifted to in 2006.

Average deposits rose by 16%, which was more than expected for the year.

About half of the increase can be subscribed to "amounts payable on demand", which for the main part is from private customer wage- and saving deposits.
The rising interest in pension saving led to a significant marked growth of 37% in deposits under pooled schemes thus also contributed to the growth in deposits.

In the area of lending, the average growth of about 22% was significant above the expected level.

The increase in lending is equally split between businesses and private customer. Businesses is mainly asking about loans with the purpose of investments in production expansions and other growth activities, while the demand from private customers mainly can be subscribed to financing of investments in real estate.

The average interest margin for the year was 0.7 percentage points lower than in 2005.
The main reason for this was the change in the composition of the bank's deposit and loan portfolio, since in particular, property loans with low interest rates, which were much in demand, reduce the interest margin.
In addition, tough competition between financial businesses is also contributing to a declining interest margin.

The increase in interest on bonds has lead to a reduction in the number of estate purchases and conversion activity, and therefore a reduction in the banks earning from this area.

Opposite this the activity level is considerably higher on another of the banks very important business areas, which is securities trading, asset and fund management.

The strong growth in pension saving and the increase in wealth as a result of rises in the property market are encouraging customers increasingly to invest and trade in securities.

Consequently, we have therefore, again in 2006, broken all previous records for the number of securities transactions and thus also the bank's income from them.

The very positive economic climate, combined with the bank's ongoing effort to improve the quality of its loan portfolio, meant that the bank also in 2006 has realized a considerably decrease in the need for write downs on loans.

New accounting rules, implemented in 2005, also meant that the criteria used to assess the writedown requirement have changed.
In connection with the evaluation of the need for write downs on loans, we have recognized that the earlier group write downs had been booked at a level, which was too high.
As announced in a briefing 5. January 2007 the bank has consequently changed the group write

downs, which has lead to a revaluation on equity of DKK 20m end 2005.

The positive value adjustments for the year were made up of a loss on the bond portfolio, a gain on the bank's share portfolio and income from trading in currencies as well as in shares and bonds.

Operations

Net interest income rose by DKK 9.4m due to the fact that the rising volume of business has more than offset the decline in the interest margin.
The interest yield on the bank's bond portfolio has been on the same level as in 2005.

The markedly increased activity in the areas of securities trading/fund management and mortgage credit was the main reason for the DKK 8m rise in net commission and fee income.

In all, the bank's total income rose by DKK 21m compared with 2005, corresponding to a rise of 11,2%.

Overall value adjustments on securities and foreign currencies amounted to a gain of DKK 28.5m, a slight fall of DKK 1.5m compared with 2005.
The main reason was substantial price rises in the bank's share portfolio, of which DKK 10,5m can be ascribed to the sale of the last shares in Totalkredit, and DKK 8.9m, which can be ascribed to holding of sector shares.

Total operating expenses rose by DKK 10.5m, or 7,8%. The main reasons for this were

- more employees due to increased activity,
- a continuing modernisation of the bank's branches, and
- bonus of total DKK 2.2m to all employees in the shape of stocks in the bank.

In addition, there were normal negotiated increases in payroll and pension expenses and normal price increases in the bank's other operating expenses.

The average number of employees, converted to full-time equivalents, was 190.2, an increase of 8.1 compared with 2005.

As announced in the "Financial statement half year 2006, the bank has joined a bonus incentive program with its employees at bank level. The agreement has triggered a bonus in terms of shares to the employees as the goal for the basis earning ratio has been reached.
The shares has been taken from the banks own stock of shares.

For the financial year a similar agreement has been agreed up on. To trigger this bonus the bank shall continue to increase the basis earning ratio.

The figure for credit losses and provisions has lead to an income of DKK 13.8.
The main reason for this is a very positive development in individual write downs, and a continuing positive development in the need for group write downs on loans.
Total write downs amounted to DKK 91.5m at the end of the year, corresponding to 1.5% of the bank's loan and guarantee portfolio.

Allocation of profits

After tax of DKK 24.4m the profit for the year was DKK 83.3m.

At the bank's Annual General Meeting the Board of Directors will recommend,

- the payment of a dividend of DKK 7 per share, corresponding to DKK 9.8m, which is a rise of 40% compared with 2005.
- that the remaining sum of DKK 73.5m be allocated to reserves.

After the proposed allocation of profits, the bank's shareholders' equity will amount to DKK 565.1m, an increase of 15.5%.

Capital

As announced in a briefing 5. January 2007 the equity has been revaluated with DKK 20m end 2005, as a conseqence of a change in the accumulated write downs on loans. Further explanation is placed in the section "accounting policies".

After this change and consolidation of the year result 2006 the bank's capital base amounts to DKK 686m and the equity ratio at the end of the year was 13.1%, which compares with the statutory minimum requirement of 8%.

Due to the significant growth in the business volume and to strengthen the banks cash pool, a new bond deposit of DKK 200m in terms of "senior" capital has been signed on the Copenhagen Exchange at the 12. January 2007. The bond deposit has a maturity of 3 years, and can be raised during the period.

During 2005 the bank gained 1,700 new shareholders, and the bank's DKK 28m nominal share capital is now owned by 13,000 shareholders.

Investeringsforeningen Sparinvest of Baneskellet 1, Hammershøj, DK-8830 Tjele has notified the bank that it owns more than 5% of the share capital.

Balance sheet
The bank's balance sheet grew by DKK 986m and amounted to DKK 5,423m at the end of the year.
The increase corresponded to a rise of 22.2%.

Off-balance-sheet items increased by DKK 74m, corresponding to a rise of 3.3% compared with 2005.

Pension pools
The bank's two pension pools again yielded fully satisfactory returns in 2005 when compared with equivalent competing products.
The returns were 2.4% in Sikkerpuljen (the Safe Pool) and 10.7% in Mixpuljen (the Mix Pool).

Market risk
The bank's total interest risk in 2006 amounted to between 1.91% and 2.41% of the bank's core capital at the beginning of the year.
At the end of the year the interest risk amounted to 1.8% of the core capital after consolidation.

Throughout the year the exchange rate risk (indicator 2) amounted to no more than 0.03% of the bank's core capital at the beginning of the year.

Management
In March 2006 business manager Uffe Vithen replaced Director Bent Christiansen and Helle Baerentsen replaced Poul Erik Have as representative for the employees in the bank's Board of Directors.

Other information
The Annual Report has been prepared in accordance with applicable legislation and relevant rules and guidelines.

Since the end of the financial year no events have occurred which would have an influence on the bank's Annual Report or its financial position.

In 2006 the bank issued the following stock exchange announcements.

22.02.2006	Annual Report for 2005
15.03.2006	General Meeting
21.03.2006	Own shares
04.05.2006	Interim Report for the first quarter of 2006
15.06.2006	Own shares
07.08.2005	Interim Report for the first half of 2006
02.11.2006	Interim Report for the first three quarters of 2006

Expectations for 2007
The bank expects the current economic climate, with relative low interest rates and inflation will be a solid basis for a continuing high employment in Denmark.

The low unemployment will still keep the consumer confidence on a high level. A high consumer confidence will be a good, sound basis for increased investment in business, high private consumption and generally good economic growth in the macro economy.

The risk for increasing interest rates will though reduce the consumer confidence and therefore the demand for loans.

The bank's growth is expected to come partly from more business with existing customers and partly from the expected continued inflow of new customers into the bank.

Competition in the financial sector is expected to continue with undiminished strength and with a gradually declining interest margin as a result.

The bank's risk profile on its own operations in the area of foreign currency and investments will remain at a cautious level.

Based on the present and expected competitive situation, credit losses and writedowns are expected to remain at a low level.

Against the background of these assumptions, the profit for 2007, excluding value adjustments and tax, is expected to be in the region of DKK 65m to 70m.

For the bank's interim reporting for the 2007 financial year, please see the financial calendar issued via the Copenhagen Stock Exchange.

Commercial basis

The local bank
Djurslands Bank came into being in 1965 through a merger of the area's three small banks with roots dating right back to 1906.

Since its establishment the bank has continuously expanded its network of branches in Djursland.
The first branch in the Århus area was opened in 1995, since when the number has risen to 5. Most recently the bank opened a Finance Centre in the centre of Århus.

The bank's vision is to be a strong, independent local bank in Djursland and the Århus area.
The bank's strategy therefore includes a continued expansion of the bank within the bank's natural market area.

The foundation of the bank's principal objectives is that the bank should be a competitive, professional, locally-oriented business at all times.
Continuous development, optimal use of resources, responsible risk management and controlled growth are therefore keywords in the management of the bank.

The bank's values are described in more detail on page 29.

Commercial basis
Djurslands Bank is a full-service bank for private customers, small and medium-sized commercial enterprises and public institutions in the bank's market area.

In addition to banking products, customers are offered a full range of mortgage, investment, pension and insurance products.
The bank's most important cooperation partners in these business areas are

- Totalkredit
- DLR Kredit
- BankInvest
- PFA
- Privatsikring and
- Letpension

Customers
The bank advises and services around 35,000 private customers and around 2,500 business customers and public institutions.

At the bank we give high priority to the principle of proximity and to personal dialogue with customers.

The needs and wishes of the customer are thus the foundation of the bank's advice and services.
The bank's local branches are the hub of our systematic customer contact – personal and individual advice.
We call it Active Customer Advice and we aim to become the best in Denmark in this area.

As a supplement to this, the bank's customers are offered all relevant forms of self-service products.
About half of the bank's business and private customers have electronic access to the bank via NetBank or NetBank Erhverv.

Continuous, systematic surveys of the bank's customers, and other market surveys, are the basis for the bank's business development, including the product range, branch network and business policies.

The bank's customer concepts support the commercial objective that customers who combine their financial business in the bank will obtain cash benefits for doing so.
Through this we secure the best basis for providing informed, holistic advice to the customer.

Corporate Management and risk management

Corporate Governance at Djurslands Bank
Management at Djurslands Bank keeps up to date on an ongoing basis with developments in the field of Corporate Governance.

At www.djurslandsbank.dk the bank's shareholders and other interested parties can obtain further information about Djurslands Bank's response to the full set of recommendations on Corporate Governance.

The bank lives up to most of the recommenddations, and for those recommendations that the bank does not live up to the bank's management has provided a detailed explanation of the reasons for this in accordance with the so-called "comply or explain" principle.

The duty to inform for publicly quoted companies also includes the individual company's opinion of and assessment of Corporate Governance, and the following sections therefore include a selection of the most significant areas of the bank that are covered by the rules.

Shareholders
The bank is owned by around 11,300 shareholders, of which only one shareholder owns more than 5% of the share capital. Please see page 4 of the Annual Report.

One of the bank's principal objectives is to secure for shareholders a long-term, attractive return on their investment in the bank.

The bank's management aims to realise this objective by developing the bank in a continued dialogue with the bank's principal stakeholders:

- shareholders,
- customers,
- employees and
- the local community.

Information for the bank's shareholders will be developed on an ongoing basis at www.djurslandsbank.dk, and the bank's management also aims to enhance the level of information in the regular communications and reports from the bank.

The bank's shareholders decided, by quite a large majority at general meetings in 1990, to insert ownership restrictions into the bank's articles of association, as a roof of 10% of the share capital.
The immediate background for this was the relatively large shareholdings in the bank held by two other financial institutions, and thus the risk of a dominating influence on the bank's development.

Changes in the articles of association cannot be adopted unless at least two thirds of the votes submitted and votes cast by the share capital represented with voting rights at the general meeting.

Changes in the articles of association that are suggested by anyone other than the Board of Directors or the Board of Representatives cannot be adopted unless at least nine tenths of the share capital is represented at the general meeting.

According to the bank's articles of association, the following voting restrictions apply at the general meeting:

1-25 shares	= 1 vote
26-50 shares	= 2 votes
51-100 shares	= 3 votes
101-200 shares	= 4 votes
201-400 shares	= 5 votes
401 shares or more	= 6 votes

No shareholder or agent may cast more than a total of six votes.

The bank's management is still of the opinion that the ownership and voting right restrictions in the articles of association provide the best basis for realising the bank's vision and its principal objectives.
Optimising the return to shareholders in the short term by lifting the restrictions is, in the opinion of the management, not in harmony with the interests of the customers, employees and local community.

Employees
In the bank we put great emphasis on our human assets, and the organisation is based on a team-oriented working environment.
To measure the working environment, and as a basis for further development, annual job satisfaction surveys are carried out.

The latest survey in mid 2005 showed a high level of general job satisfaction, and we are working on improving it further.

The personal and professional development of the bank's employees is a very important element in the bank's development.

Systematic skills development shall ensure a high level of advice for the bank's customers and lead to committed and satisfied employees.

The bank is also aware of its social responsibilities.
Flexible, individual contracts of employment, including senior employee contracts, are thus a natural part of the bank's personnel policy.

Management
The bank's Board of Directors consists of six members elected by the bank's Board of Representatives.
In addition, the bank's employees have elected three members.
The composition of the Board of Representatives and the Board of Directors is shown on the second last page of the Annual Report.

The six Board Members elected by shareholders are elected for a 2-year term, so three are elected each year. See Note 36.
The number of Board Members is regularly reviewed. It is the opinion of the Board of Directors that the present number is appropriate for the management of the bank.
The bank's Articles of Association set an age limit of 67 years for election to the Board of Representatives, and thus also for election to the Board of Directors.

The tasks and responsibilities of the Board of Directors, and the division of the same between the Board of Directors and the Management, are laid down in instructions prepared in accordance with statutory rules and the requirements and guidelines of the Financial Supervisory Authority in this area.
Board Meetings are held at intervals of around three weeks, and otherwise as often as required.
The other managerial duties of the Board of Directors and the Management can be found in Note 35 to the Annual Report.
The fees and remuneration of the Board of Directors and the Management can be found in Note 7 to the Annual Report.
The fee for the Board of Directors is a fixed annual amount which is index-linked. The Board of Directors is not remunerated with share options.

The terms and conditions of employment of the Management are considered to be in line with normal practice in the area, and the terms and conditions are regularly reviewed.
The Management participates on the same terms as all other employees in the bonus program, but does not receive any other incentive payments. No pension commitments have been made to the Management.

Risk management
In all the most important areas of risk, the bank's Board of Directors has drawn up and laid down policies in accordance with relevant legislation and the rules and instructions of the Financial Supervisory Authority.

In the instructions to the Management, the bank's Board of Directors has laid down the framework for risk management by the bank and for the reporting thereof.

Through regular reports from the bank's Management, internal and external audits and continuous supervision by the Financial Supervisory Authority, the Board of Directors is kept fully aware of the risk management of the bank.

The risk management of all significant areas is evaluated and adapted continuously.

Asset management
The Board of Directors assesses on an ongoing basis the necessary capital requirement to cover the bank's overall risks, and thus the scale of the solvency requirement, while at the same time taking into account the optimisation of capital utilisation.
This ongoing assessment includes the size, type and distribution of the bank's capital base.

Tools used to calculate what constitutes a sufficient capital base and capital adequacy requirement include stress tests, including all relevant risk areas.

The bank must at a minimum comply with all prevailing rules and supervisory requirements, including a capital adequacy requirement of 8%.
As the bank has not been credit-rated according to international rating methods, the bank's Board of Directors has defined its own solvency target, which is 3% higher than the legal requirement. The bank's capital adequacy target is thus 11%.

In future the bank will use the standard method as a basis for producing a specification of capital employed.

Credit risks
Credit management and risk constitute a significant area of the bank's risk management, as loans comprise by far the biggest proportion of the bank's assets.

The bank's credit organisation is structured to enable it to make decisions close to the custommer, i.e. in the individual branches.
The authorisation to make decisions is therefore delegated to customer advisors and managers in the branches, so that most credit decisions are made locally.
Authorisation is delegated to an individual employee on the basis of an assessment of competence and needs.

The bank has a central credit department to develop, manage and monitor the bank's credit policies and risks.
The credit department also authorises any commitments that exceed the branches' authorisation limits according to the defined rules, and processses, assesses and recommends the

commitments to be authorised by the Management or the Board of Directors.

The bank accepts credit risks on the basis of a defined credit policy.
In the bank's credit policy the decisive emphasis is placed on the diversification of risk.

Diversification across

- customers,
- segments,
- sectors and
- geographic areas

is part of the credit management process, so that no individual commitments or sectors constitute a risk to the bank's continued existence.

The bank's lending policy is based on the concept that all loan commitments shall have a sound financial basis.
The determining element in assessing the creditworthiness of business customers is their ability to service the debt with cash flow from operations.
For personal customers the balance between net income, expenses and capital is decisive.

To manage its loan portfolio the bank also uses a credit rating based on factual financial information about the individual business or personal customer.
The credit rating is a determining element in work under way to create a model for the assessment of future losses, and thereby write-downs and provisions for the loan and guarantee portfolio.

To limit the bank's risk of losses, there is an assessment in each individual credit case of whether the lodging of security is necessary.
If the credit risk is not minimal, as a general rule it is a requirement that the customer lodges full or partial security for the commitment.
The value of security lodged is determined on the basis of defined valuation principles for each kind and type of security. This also includes changes in the market and depreciation as a consequence of age.

Write-downs of loans are performed on the basis of a breakdown of the portfolio into

- write-downs of significant loans
- individual write-downs and
- group write-downs.

All commitments of DKK 0.5 million or more are valued individually with a view to confirming whether there is an objective indication of any depreciation in value on the basis of actual events that have occurred. If an objective indication is confirmed and this involves an impact on the size of expected future payment flows, a write-down is performed.
The loan is written down if necessary, applying the difference between the book value before the write-down and the present value of expected future payments.
Regardless of the size of the commitment, the endangered commitments are valued individually and the write-down is performed correspondingly.

Customer commitments that are not processed individually are included in the base data for group write-downs.
The bank has initiated, but not yet completed, work on building up a rating model for use in group valuations and write-downs. This work is expected to be completed during the financial year 2007.
The group write-downs in the financial years 2005 and 2006 were therefore performed as qualified estimates based on factual data and calculations of the future likely effect of the payment flow from individual groups of loans.

The risk of guarantees lodged by the bank is assessed individually. On the basis of the probability that the guarantee will lead to a drain on the bank's resources, including the risk of whether the bank can achieve cover for the expected payment from a debtor, an assessment is performed of whether a provision should be made for the estimated risk of loss.

Market risks

Another important area of risk management is the management of the bank's market risk.
Market risk is the changes which a financial receivable may be subject to as a result of interest rate changes and general or specific fluctuations in the market prices of securities.

In this area, too, the policy is that the bank does not take on risks which may have a significant influence on the bank's financial situation.

The bank's total interest risk is quantified such that it may be a maximum of between 0 and 3% of the bank's core capital after deductions.

The bank's total currency risk is quantified such that it may be a maximum of 0.1% of the bank's tier 1 capital after deductions, calculated according to exchange rate indicator 2.

Management of the bank's share risk is quantified as a maximum percentage of investments in relation to the bank's core capital after deductions
Depending on whether investments are made in Danish, foreign or individual shares, or in shares