

ANNUAL REPORT 2009



Ringkjøbing  
Landsbobank

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»The following is a translation of a Danish original document. The original Danish text shall be the governing text for all purposes and in case of any discrepancy the Danish wording shall be applicable.«

# DEAR SHAREHOLDER

The year 2009 was difficult for the Danish and international economies, with recession throughout the western world and the consequent increasing unemployment and public borrowing. Banks throughout the world have received government support for their survival, and many banks in Denmark have also used the opportunity to recapitalise by taking up state capital. This has helped to stabilise the financial system in Denmark.

Against this background, we are well satisfied with the year's pre-tax profit of DKK 305 million, which equates to a 17% return on equity at the beginning of the year - the result is at the same level with that of the preceding year. The bank's core earnings amounted to DKK 356 million, which was in the middle of the range given at the beginning of the year.

On the share market, the uncertainty which characterised the market a year ago has been replaced by greater confidence in the future. The return on the bank's shares was thus plus 96% - an increase in price from 310 to 609 during 2009. In comparison with the rest of the financial sector in Denmark this is an attractive result, and including dividends, it represents an eightfold return on investment in a Landbobank share since the beginning of 2000.

The bank's rate of costs was 31.6, a 2% improvement relative to the preceding year, meaning that Ringkjøbing Landbobank still has the lowest costs of any bank in Denmark per Danish krone earned - a situation about which we are happy because it means that the bank's results are very robust when economic conditions are negative.

Robustness, profitability and solidity have again become important for customers and their choice of bank, something we have noticed during the past year. We are therefore well satisfied with the bank's solid capitalisation. The bank's solvency ratio of 20.2 should be viewed relative to the statutory requirement of 8%, which gives a solvency cover of 253%. This means that Ringkjøbing Landbobank is one of Denmark's most solid banks, and we thus possess the strength required to support our customers and their good investments. Ringkjøbing Landbobank has not needed to apply for state capital, and it is therefore not paying the associated high interest costs.

The result and the sound basis for the years to come have also been promoted by our competent employees, who have again done a fantastic job during the year. Their skills, stability, loyalty and fighting spirit are an unrivalled combination.

We are very aware that many of our customers deal with Ringkjøbing Landbobank because of our employees' skilled work and their extensive knowledge, and this was rewarded with an attractive number of new customers during 2009, which we trust and hope will continue in 2010.

There are many indications that 2010 may be another difficult year despite the fact that the economy is again starting to show growth and progress. The increasing unemployment and the problems of sales which many companies are experiencing will continue in 2010, but we nevertheless expect core earnings in the range DKK 200-400 million. To this will come the result of the trading portfolio and the costs of the national bank package I.

Finally, we would like to thank our customers and shareholders for their high level of support for the bank.

Bent Naur

John Bull Fisker

# FIVE YEAR SUMMARY

	2009	2008	2007	2006	2005
<b>Main figures for the bank (million DKK)</b>					
Total core income	753	735	696	609	511
Total costs and depreciations	-238	-239	-234	-208	-190
<b>Core earnings before write-downs on loans</b>	<b>515</b>	<b>496</b>	<b>462</b>	<b>401</b>	<b>321</b>
Write-downs on loans	-159	-77	+11	+69	+5
<b>Core earnings</b>	<b>356</b>	<b>419</b>	<b>473</b>	<b>470</b>	<b>326</b>
Result for portfolio	+56	-73	-18	+103	+35
<b>Profit before bank package I etc.</b>	<b>412</b>	<b>346</b>	<b>455</b>	<b>573</b>	<b>361</b>
Costs bank package I etc.	-107	-28	0	0	0
<b>Profit before tax</b>	<b>305</b>	<b>318</b>	<b>455</b>	<b>573</b>	<b>361</b>
<b>Profit after tax</b>	<b>232</b>	<b>240</b>	<b>348</b>	<b>432</b>	<b>265</b>
Shareholders' equity	2,056	1,785	1,779	1,711	1,515
Total capital base	2,747	2,458	2,110	2,025	1,538
Deposits	11,187	9,073	9,162	7,046	6,292
Loans	13,047	13,897	14,135	12,760	10,023
Balance sheet total	17,928	18,002	19,634	17,269	13,361
Guarantees	1,486	2,386	4,804	4,804	5,142
<b>Key figures for the bank (per cent)</b>					
Pre-tax return on equity, beginning of year	17.1	19.6	29.3	41.8	29.2
Return on equity after tax, beginning of year	13.0	14.7	22.4	31.5	21.3
Rate of costs	31.6	32.4	33.7	34.2	37.2
Core capital ratio	16.6	13.0	11.2	10.4	11.6
Solvency ratio	20.2	16.3	13.0	12.3	11.6
<b>Key figures per 5 DKK share (DKK)</b>					
Core earnings	71	83	94	89	62
Profit before tax	60	63	90	109	68
Profit after tax	46	48	69	82	50
Net asset value	408	354	353	324	287
Price, end of year	609	310	858	1,080	750
Dividend	0	0	30	30	28

## ANNUAL REPORT - HIGHLIGHTS

- Pre-tax profit of DKK 305 million equates to 17% return on equity at beginning of year
- 19% increase in profit before bank package I
- Highly satisfactory level for write-downs of DKK 159 million - equivalent to 1.0%
- Fall in costs gives a 2% improvement in the rate of costs to 31.6
- Required solvency computed under the minimum statutory requirement and reported at 8%
- Increase in solvency ratio to 20.2, equivalent to 253% cover
- Core capital ratio increased to 16.6 without participation in bank package II
- Core earnings in the range DKK 200-400 million are expected for 2010



Ringkjøbing

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# MANAGEMENT REPORT

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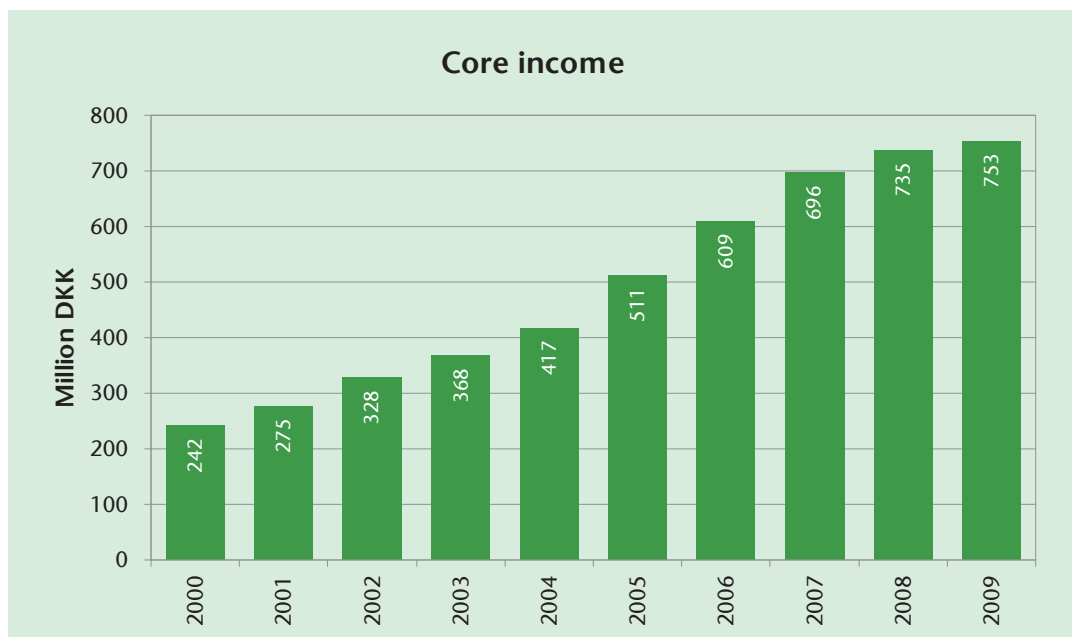
## Financial review

The bank's pre-tax profit for 2009 was DKK 305 million, equivalent to a 17% return on equity at the beginning of the year. Given the costs paid for bank package I, the result is considered to be highly satisfactory.

The core earnings before write-downs were DKK 515 million against last year's DKK 496 million, an increase of 4%. Write-downs totalled DKK 159 million, after which the bank's core earnings are DKK 356 million, which is in the middle of the range reported at the beginning of the year. The result corrected for bank package I increases from DKK 346 million to DKK 412 million, an increase of 19%. Only three quarters with costs for bank package I now remain.

## Core income

Core earnings were 2% higher in 2009, increasing from DKK 735 million to DKK 753 million.



Net interest income increased by 7% from DKK 558 million to DKK 597 million, which is attributable to an increasing interest margin and an improved optimisation of liquidity with fewer funds tied up in the Central Bank of Denmark.

Fees, commissions and foreign exchange income amounted to net DKK 133 million in 2009 against net DKK 141 million in 2008, a fall of 5%. This development is attributable primarily to a lower volume of securities trading and lower earnings from the bank's asset management activities.

**Net fees and commissions and foreign exchange income were derived as follows:**

In DKK million	2009	2008
Asset management	37	44
Securities trading	19	25
Guarantee commissions	30	28
Foreign exchange income	17	14
Payment handling	15	15
Loan fees	7	6
Other fees and commissions	8	9
<b>Total</b>	<b>133</b>	<b>141</b>

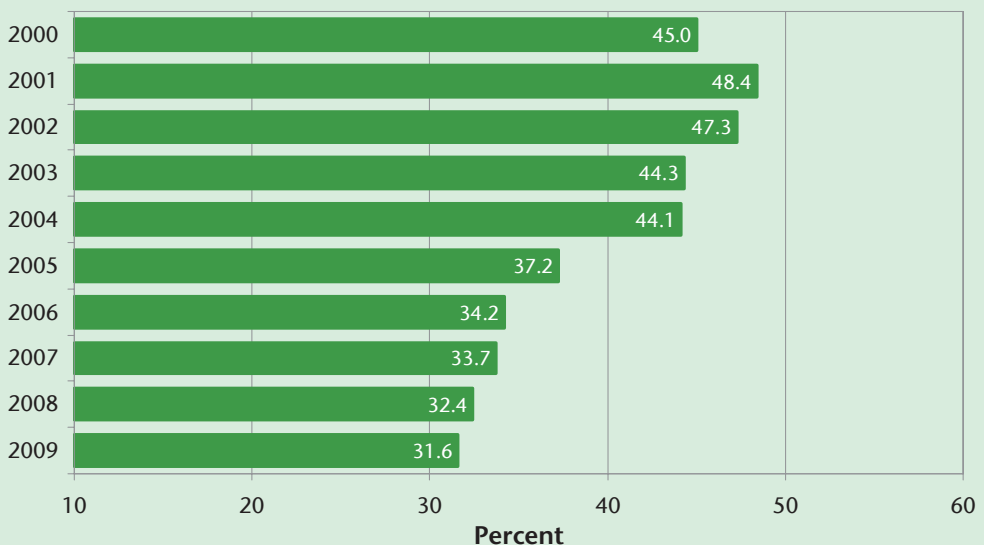
Ordinary earnings from sector shares amounted to DKK 8 million in 2009 against DKK 9 million last year. The earnings derive from DLR Kredit, BankInvest Holding, Sparinvest Holding, Egnsinvest Holding, Letpension, PBS Holding, Multidata Holding, Værdipapircentralen, PRAS and Bankdata, and are typically an expression of the change in value in the companies.

**Costs and depreciations**

Total costs including depreciations on tangible assets amounted to DKK 238 million against last year's DKK 239 million, a fall of 0.2%.

The rate of costs was 0.8 of a percentage point lower in 2009 relative to last year, equivalent to an improvement of 2%, and was computed at 31.6 for 2009, which is still the lowest in Denmark. A low rate of costs is particularly important in weak economic periods as it provides a high level of robustness in the bank's results, which is also reflected in the calculation of the solvency requirement of the bank.

**Rate of costs**



*Explanation: Rate of costs is calculated as »Total costs etc.« divided by »Total core income« multiplied by 100.*



## Write-downs on loans

The write-downs on loans was negative by net DKK 159 million in 2009 against the preceding year, where the item was negative by DKK 77 million. The net write-downs for the year are equivalent to 1.0% of the average total loans, write-downs, guarantees and provisions. The bank's customers appear to be coping better with the recession than the average in Denmark, and the current level of write-downs is considered highly satisfactory.

The bank's total account for write-downs and provisions amounted to DKK 467 million at the end of the year, equivalent to 3.1% of total loans and guarantees at the end of the year. The actual write-downs on loans during this year remain low at net DKK 48 million - compared with a net increase of DKK 111 million in the account for write-downs and provisions during the year.

The portfolio of loans with suspended calculation of interest amounts to DKK 63 million, equivalent to 0.42% of the bank's total loans and guarantees at the end of the year. The corresponding figure in 2008 in the account for write-downs was DKK 356 million, equivalent to 2.2%, and loans with suspended calculation of interest of 0.13%.

The bank's loans portfolio is generally strong. Given that the Danish economy was in recession in 2009 and many assets fell in value while unemployment rose quickly, the bank is satisfied with the conservative credit policy on the basis of which it has always operated. The bank's losses are expected to continue to lie at a relatively high level in the year to come as a natural component in the economic cycle. The bank's assessment is, however, that its credit policy, the diversified loans portfolio and the geographic location in central and western Jutland will benefit the bank relative to the general trend for the entire banking sector.

## Core earnings

### Core earnings

In DKK million	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Total core income	753	735	696	609	511	417	368	328	275	242
Total costs etc.	-238	-239	-234	-208	-190	-184	-163	-155	-133	-109
Core earnings before write-downs on loans	515	496	462	401	321	233	205	173	142	133
Write-downs on loans	-159	-77	+11	+69	+5	+4	-10	+6	+6	0
<b>Core earnings</b>	<b>356</b>	<b>419</b>	<b>473</b>	<b>470</b>	<b>326</b>	<b>237</b>	<b>195</b>	<b>179</b>	<b>148</b>	<b>133</b>
Result for portfolio	+56	-73	-18	+103	+35	+51	+106	+30	+7	+7
Profit before bank package I etc.	412	346	455	573	361	288	301	209	155	140
Costs bank package I etc.	-107	-28	0	0	0	0	0	0	0	0
Profit before tax	305	318	455	573	361	288	301	209	155	140

The core earnings before write-downs were DKK 515 million in 2009 against DKK 496 million in 2008, an increase of 4%. Write-downs totalled net DKK 159 million, after which the bank's core earnings are DKK 356 million, which is the middle of the range of DKK 250-450 million reported at the beginning of the year.

## Result for portfolio

The result for the portfolio for 2009 was plus DKK 56 million, including funding costs for the portfolio. The result comprised a profit on interest-bearing debts and debt of DKK 50 million including funding costs, and a profit of DKK 6 million including funding costs on listed shares etc. All securities are included at market value.

The bank's holding of shares etc. at the end of the year amounted to DKK 257 million, DKK 28 million of which was in listed shares etc. while DKK 229 million was in sector shares etc. The bond portfolio at the end of the year amounted to DKK 1,679 million, and by far the greater part of the portfolio consists of triple A-rated Danish mortgage credit bonds.

The total interest rate risk at the end of the year, computed as the impact on the result of a one percentage point change in the interest level, was 0.6% of the bank's core capital after deductions.

The bank's total market risk within exposure to interest rate risk, exposure to listed shares etc. and foreign exchange exposure remains at a low level. The bank's risk of losses calculated on the basis of a Value at Risk model (computed with a 10-day horizon and 99% probability) was as follows in 2009:

Value at Risk	Risk in DKK million	Risk relative to equity end of year in %
Highest risk of loss:	26.9	1.31%
Lowest risk of loss:	5.5	0.27%
Average risk of loss:	17.5	0.85%

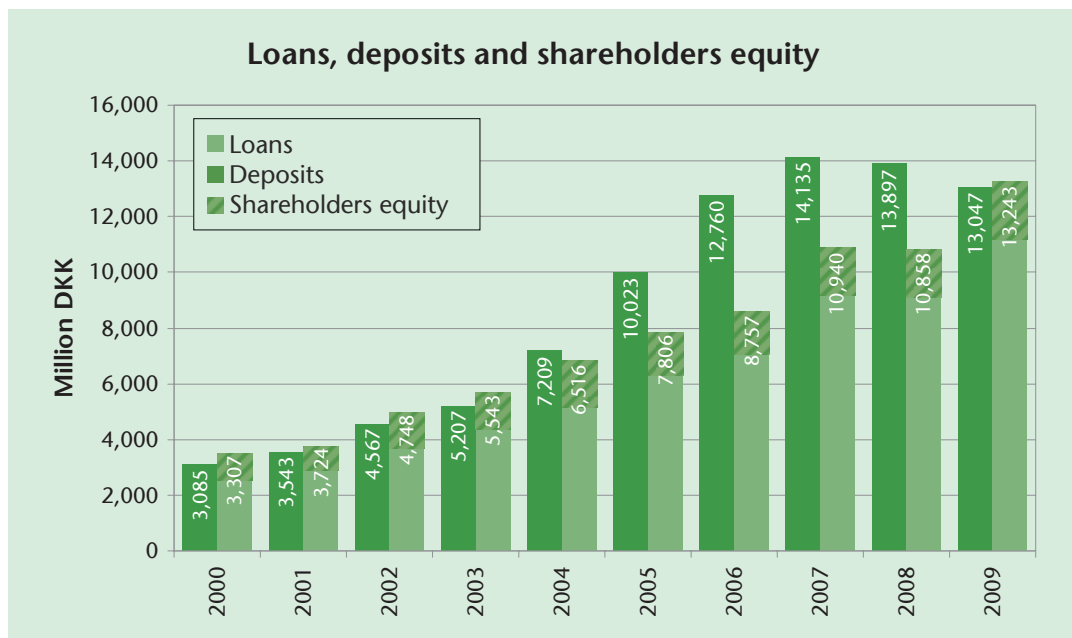
The bank's policy remains to keep the market risk at a low level.

## Profit after tax

The profit after tax was DKK 232 million in 2009 against DKK 240 million in the preceding year, a fall of 3%. Tax of DKK 73 million was calculated, giving an effective tax rate of 23.9%. The profit after tax is equivalent to a 13% return on equity at the beginning of the year.

## The balance sheet

The bank's balance sheet at the end of the year amounted to DKK 17,928 million against last year's DKK 18,002 million. Deposits increased by 23%, from DKK 9,073 million to DKK 11,187 million. The bank's loans were reduced by 6%, from DKK 13,897 million to DKK 13,047 million. The reduction in loans was primarily attributable to a reduction in major wholesale loans. There is still an underlying growth in numbers of new customers from the branch network.



The bank's portfolio of guarantees at the end of 2009 was DKK 1,486 million against DKK 2,386 million in 2008. The decrease is attributable primarily to winding-up of foreign loans provided against guarantees.

## Liquidity

The bank's liquidity is good, and the excess cover relative to the statutory requirement is 205.6%. The bank's short-term funding with a term to maturity of less than 12 months amounts to only DKK 1.1 billion, corresponding to DKK 4.1 billion in short-term money market placings in the Central Bank of Denmark, Danish banks and liquid securities. The bank also had undrawn confirmed credit facilities in foreign banks with a term to maturity of over 12 months to the equivalent of a total of DKK 0.8 billion as backup facilities. The bank is thus not dependent on the short-term money market.

In autumn 2009, the bank had early redeemed the greater part of funding which was due in 2010, and the due dates for the bank's long-term funding are from the second quarter of 2011 to the first quarter of 2023. Under bank package I, the bank can buy a three-year state guarantee on issued bonds against payment of a 0.95% premium to the state. In December 2009 the bank was granted a framework of DKK 5.0 billion in connection therewith, which can be used in the context of the bank's EMTN programme if it is deemed to be advantageous for the bank to do so.

## Rating

Ringkjøbing Landbobank was rated for the first time by the international credit rating bureau Moody's Investors Service in May 2007. Since the start, the bank's ratings have been:

### Moody's ratings:

	Financial strength	Short-term liquidity	Long-term liquidity
22 May 2007	C+	P-1	A1
End 2007	C+	P-1	A1
End 2008	C+	P-1	A1
8 September 2009	C+	P-1	A1
End 2009	C+	P-1	A1

The ratings were most recently confirmed in September 2009 with negative outlook. The bank has been very satisfied with the maintenance of the ratings, notwithstanding the gloomy outlook for the Danish economy. Ringkjøbing Landbobank is thus the only Danish bank which was not downgraded in 2009.

## Bank package I

Together with the rest of the financial sector in Denmark, Ringkjøbing Landbobank is participating in bank package I, which runs until 30 September 2010, and which provides an unconditional guarantee by the Danish state for Danish banks' deposits and senior debts. The guarantee premium in 2009 was DKK 56 million. The premium for the remaining period in 2010 will be DKK 44 million.

DKK 51 million was booked in 2009 as losses on financial institutions.

## Bank package II

Given the bank's high level of capitalisation - a core capital ratio of 16.6 - the bank decided in the second quarter of 2009 not to apply for an injection of state hybrid core capital.

Before making this decision, the bank carried out a large number of stress tests on its results and capitalisation under a range of economic scenarios. These tests demonstrated a high degree of robustness in the bank's core income which, in combination with a low expenditure, provides a high level of ability to absorb losses on customers. The bank's business model in combination with its very high capitalisation means that none of the tests which were carried out has demonstrated that we need bank package II.

This conclusion was supported by the Central Bank of Denmark's stress tests of June 2009 on the 14 biggest banks in Denmark. If the bank's result and solvency are tested up to the end of 2011 with the worst of the scenarios (long, deep recession), Ringkjøbing Landbobank will still be well consolidated at the end of 2011 without bank package II.

# FINANCIAL REVIEW

The Central Bank of Denmark's latest update of their stress tests on the 14 largest Danish banks is from January 2010. If the worst case stress loss scenarios for 2010 and 2011 are applied, Ringkjøbing Landbobank will still be well consolidated, and the core capital ratio without allocation of dividend will at the end of 2011 be at the same level as at the end of 2009.

## Capital

The bank's equity at the beginning of 2009 was DKK 1,785 million. To this must be added the proceeds from the sale of own shares and the profit for the year, after which the equity at the end of 2009 was DKK 2,056 million.

The solvency ratio was computed at 20.2 and the core capital ratio at 16.6 at the end of 2009.

Solvency cover	2009	2008	2007	2006	2005
Core capital ratio excl. hybrid core capital (%)	15.1	11.6	10.0	9.2	10.1
Core capital ratio (%)	16.6	13.0	11.2	10.4	11.6
<b>Solvency ratio (%)</b>	<b>20.2</b>	<b>16.3</b>	<b>13.0</b>	<b>12.3</b>	<b>11.6</b>
Individual solvency requirement (%)	8.0	8.0	8.0	8.0	8.0
<b>Solvency cover</b>	<b>253%</b>	<b>204%</b>	<b>163%</b>	<b>154%</b>	<b>145%</b>

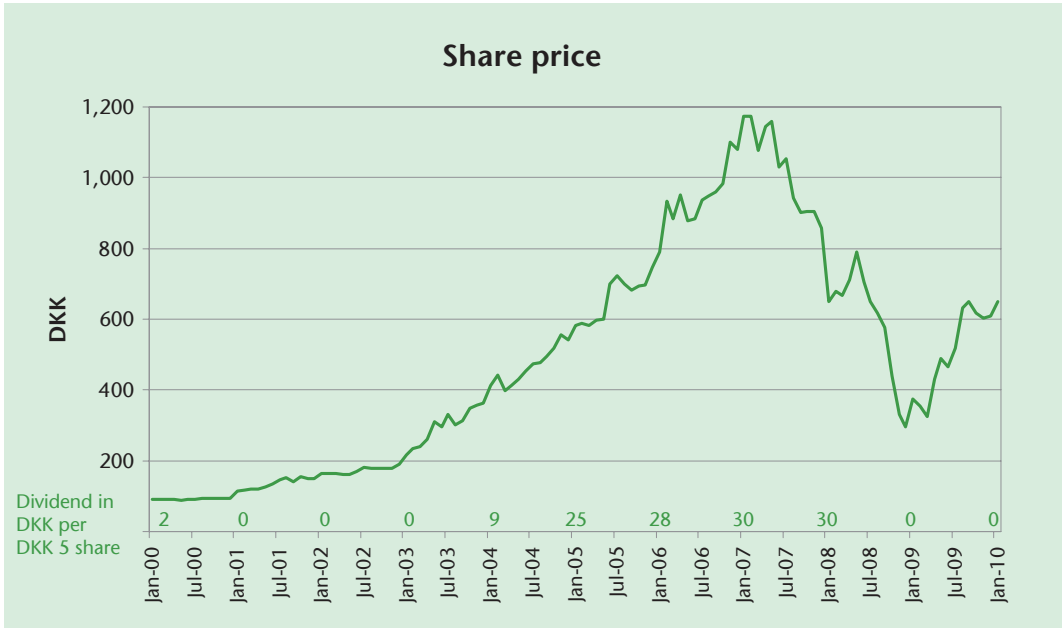
Since 2007, the Danish financial sector has been subject to a requirement that a bank's solvency ratio must be at least 8%, and that this solvency ratio must at a minimum fulfil the required individual solvency, which can be higher than the 8%, as calculated internally by the bank. If the calculated required individual solvency is less than 8%, a bank may never, however, be permitted to use any such calculated lower figure. The calculated individual solvency requirement by Ringkjøbing Landbobank is below 8% because of the bank's robust business model, and it is thus reported at 8%. Further information on the computation of the individual solvency requirement in Ringkjøbing Landbobank is available on the bank's website at [www.landbobanken.com](http://www.landbobanken.com).

Given the bank's expected result for 2010 and the subdued growth in risk-weighted assets, both the core capital ratios and the solvency ratio are expected to be at least at the same level at the end of 2010. The above percentages mean that both the bank's current capitalisation and that expected in 2010 make the bank one of the best capitalised banks in Denmark. This should also be seen in light of the fact that the bank computes its risk-weighted assets under the standardised approach, and that, unlike the situation with the advanced methods, the bank cannot make extraordinary reductions in weightings, however this also ensures that the capital weightings do not rise in periods with a worsening in economic conditions.

There is a further requirement in connection with bank package I that the bank does not pay dividends to its shareholders or buy back shares for a period of two years. This means that a proposal for payment of a dividend cannot be made until the 2011 general meeting.

The bank's share capital on 31 December 2009 was DKK 25.2 million in 5,040,000 nom. five kroner shares.

The bank's shares were listed on the NASDAQ OMX Copenhagen at 310 at the beginning of the year. The share price has increased during 2009 to 609 at the end of the year, which has given a return of 96% in 2009.



Notwithstanding the financial crisis, an investment in the bank's shares has still grown to about eight times its value at the beginning of the millennium, including the dividends paid during this period.

The bank's shares are included in the MidCap index on the NASDAQ OMX Copenhagen, and the market value amounted to DKK 3.2 on 29 January 2010.

### **New business model opens the way for more new customers**

The bank expects that the financial crisis will occasion changes in the financial sector's current business model. The future will be predominantly characterised by a lower level of risk, higher reserves and lower gearing of the equity in the financial sector. Ringkjøbing Landbobank's balance sheet and cost structure are pre-adapted to such a new world, and the adaptations which will be made in the years to come will naturally provide the bank with a number of openings on the market.

On this basis and the fact that the bank has both the liquidity and the capital to support growth, the bank commenced several initiatives in the second half of 2009 to attract new customers. There is already a positive inflow of new private customers and within the private banking segment with transfers of pensions and securities customers. The marketing initiatives will be strengthened in 2010.

## Expectations for earnings in 2010

The bank's core earnings for 2009 were DKK 356 million, which is in the middle of the range of DKK 250-450 million reported at the beginning of the year.

Ringkøbing Landbobank has a market share of about 50% in that part of West Jutland in which its old branches are located. The bank also has well-established branches in Herning, Holstebro and Viborg which continue to progress well. The bank's plan is to retain and develop this section of the customer portfolio with good and competitive products, focusing on employee skills and advising customers on the possibilities in a changeable financial world. A continuing intake of new customers to the bank's branches in central and western Jutland is expected in 2010 because of the long-term promotional activities, the financial unrest and the consolidation in the sector.

The activities in the bank's distance customer department and niche concepts are together expected to be at the same level, with focus on servicing the bank's current customers and further developing the portfolio within wind turbine financing, medical practitioners and affluent private customers.

The core income on this basis is expected to be at the same level in 2010. Costs including depreciations on tangible assets are also expected to be the same in 2010, so that the core earnings before write-downs will be at the same level in 2010.

It is, however, difficult to predict the extent of the write-downs which will be required in 2010 because of the uncertainty in the economy. The expectations for the total core earnings are therefore broadly defined and thus expected to be in the range DKK 200-400 million relative to the realised core earnings of DKK 356 million in 2009. To this must be added the result of the trading portfolio and the costs of the national bank package I.

## Events after the end of the financial year

No circumstances have occurred between the balance sheet date and today's date that might distort the evaluation of the bank's annual report.

## Capital structure

The bank's management has laid down overall objectives for the bank's capital. The objective is thus to have a firmly founded capital structure compared with both equivalent and larger banks. The objective is also to have sufficient long-term capital for future growth, and to have sufficient capital to cover any fluctuations in the risks undertaken by the bank.

The bank's capital ratios as of the end of December 2009 were as follows:

### Capital ratios

- |  |       |
|--|-------|
| • Core capital ratio excl. hybrid core capital | 15.1% |
| • Core capital ratio                           | 16.6% |
| • Solvency ratio                               | 20.2% |

*For the computation of the bank's core capital and capital base and the core capital ratio excl. hybrid core capital, the core capital ratio and the solvency ratio as of the end of 2009, please see the capital adequacy computation on page 45.*

The above capitalisation make Ringkjøbing Landbobank one of the best capitalised banks in the country. The bank's objective is also to retain this position in 2010. The bank expects and judges that this can be done on the basis of the expected result for 2010 and a lower level of growth in the risk-weighted assets for the year.

The bank joined in 2008 the government guarantee scheme (national bank package I), which, among other things, means that under the provisions of the Act on Financial Stability, no dividends may be paid and no new share buy-back programmes may be established during the term of the government guarantee scheme, which runs until 30 September 2010.

The maturity structure of the bank's external subordinated debt is presented in the following overview.

### Subordinated debt - maturity structure

#### Subordinated loan capital

- Nominal DKK 300 million taken up on 9 February 2006, eight-year term - maturity 9 February 2014, with the option of early redemption from 9 February 2011, subject to approval by the Danish Financial Supervisory Authority.
- Nominal EUR 27 million taken up on 30 June 2008, thirteen-year term - maturity 30 June 2021, with the option of early redemption from 30 June 2018, subject to approval by the Danish Financial Supervisory Authority.

#### Hybrid core capital

- Nominal DKK 200 million taken up on 2 March 2005, indefinite term, with the option of early redemption from 2 March 2015, subject to approval by the Danish Financial Supervisory Authority.



# CAPITAL STRUCTURE

In connection with the implementation of new capital adequacy rules for the calculation and computation of weighted items with credit and counterparty risks, market risks and operational risks as of 1 January 2007, the bank already adopted the new rules in 2007.

For further information on the methods used by the bank for the different types of risk, please see following summary.

## Capital adequacy computation

The bank has adopted the following methods regarding the capital adequacy computation:

• Credit risk outside the trading portfolio	Standardised Approach
• Counterparty risk	Mark-to-Market Method
• Credit risk reducing method - financial collaterals	Comprehensive Method
• Market risk	Standardised Approach
• Operational risk	Basic Indicator Method

As shown above the bank uses the standardised approach for computation of the bank's credit risks (and thus the risk-weighted assets). This method uses fixed solvency weightings. As a result of this method, the bank has not had the same lowering of solvency weighting as those banks which are using the advanced methods. On the other hand, the bank does not experience increasing solvency weightings in periods of recession. Compared with the advanced methods, the standardised approach thus results in a considerably higher robustness of the computed capital ratios and in less volatility of risk-weighted assets.

Ringkjøbing Landbobank also focuses on the individual solvency requirements computed internally in the bank and defined as the adequate capital base as a percentage of the bank's risk-weighted assets.

The adequate capital base is assessed on the basis of an internal model and computed as the amount required to cover the bank's current and future risks.

The computed adequate capital base is reassessed on a regular basis, and reports to the Danish Financial Supervisory Authority are also made on a regular basis. The report to the Danish Financial Supervisory Authority on the individual solvency requirements has been set at 8% as the individual solvency requirement computed by the bank is below 8%, but it cannot be less than the solvency requirement of 8% provided in Section 124 (4) of the Danish Financial Business Act. Further information on the computation of the individual solvency requirement in Ringkjøbing Landbobank is available on the bank's website at [www.landbobanken.com](http://www.landbobanken.com).

Although the bank is subject to the minimum individual solvency requirement of 8%, the bank still has a significant level of excess solvency cover as shown in the summary below.

<b>Solvency cover</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Solvency ratio (%)	20.2	16.3	13.0	12.3	11.6
Individual solvency requirement (%)	8.0	8.0	8.0	8.0	8.0
Excess solvency (%)	12.2	8.3	5.0	4.3	3.6
<b>Solvency cover</b>	<b>253%</b>	<b>204%</b>	<b>163%</b>	<b>154%</b>	<b>145%</b>

It can be concluded that Ringkjøbing Landbobank has been meeting both external and internal capital requirements throughout 2009, and that the actual capital base has been well above the adequate capital base throughout the year.

## Risks and risk management

Ringkjøbing Landbobank is exposed to various types of risk in connection with its operations: credit risk, market risk, liquidity risk and operational risk.

The credit risk is defined as the risk that payment obligations owed to the bank are judged not to be collectable because of either lack of ability or lack of will to pay at the agreed time.

The market risk is defined as the risk that the market value of the bank's assets and liabilities will change because of changes in market conditions. The bank's total market risk is comprised of interest rate risk, foreign exchange risk, share risk and property risk.

The liquidity risk is defined as the risk that the bank's payment obligations will not be able to be honoured under the bank's liquidity preparedness.

And the operational risk is defined as the risk of direct or indirect financial losses because of faults in internal processes and systems, human errors or external events.

The bank's general policy with respect to assumption of risks is that the bank only assumes risks which are in accordance with the business principles under which the bank is operated, and which the bank possesses the competence to manage.

The general policy for management and monitoring of the various risks is that there must be both central control and central monitoring as well as reporting to the bank's board of managers and board of directors. The management function and the control and reporting functions are separate, and the tasks in question are performed by different departments in the bank's central staff functions.

When the Basle II rules on capital adequacy were implemented in Danish law, Danish banks were also required to disclose certain information relating to risks (commonly also called pillar 3 information). Some of the required information on risks is given in this annual report, but the reader is referred to the following address for a complete overview of the information which the bank is required to disclose: [www.landbobanken.com](http://www.landbobanken.com). It should be noted that the information in this annual report has been audited.

Further information on the various types of risk is provided below.

## Credit risks loans

Ringkjøbing Landbobank has grown and developed over the last 10-15 years to the point where it is now a regional bank in central and western Jutland and a niche bank in selected areas.

This development has been a part of the bank's strategy, and the bank's management notes with satisfaction that the bank has achieved an appreciably diversified loans portfolio, including a significant spread in terms of both sector and geography.

Ringkjøbing Landbobank assumes credit risks on the basis of a policy, the objectives of which are to ensure a balance between risks assumed and the return gained by the bank, the maintenance of losses at an acceptable level relative to the Danish financial sector, and the accommodation of actual losses within the bank's results even in extreme situations.

The gearing of loans relative to the capital base in the bank is approx. five, and the bank's objective is realisation of the results with a lower or the same credit gearing as that of Denmark's major banks.

Viewed historically, the bank has always had a healthy and conservative credit policy, and future focus will also be on an effective management and monitoring of the bank's total loans portfolio via its central credit department.

Apart from the normal credit follow-up and management in the bank's central credit department, where there are ongoing reviews and following up on all major engagements, the bank made an extraordinary review in 2009 of all engagements related to agriculture. The bank takes a cautious attitude in the assessment of the agricultural engagements and has made the requisite write-downs on the basis of this attitude.

The bank's central credit department has also made an extraordinary review of the bank's engagements with small and medium-sized enterprises. This review has not led to material changes in the need for write-downs.

## Actual net losses

### Actual net losses

In DKK 1,000

Year	Actual net losses	Actual net losses after interest	Loans with suspended calculation of interest	Write-downs on loans and provisions for guarantees	Total loans and guarantees etc.	Percentage loss before interest *)	Percentage loss after interest *)
1987	-6,696	304	10,544	75,000	1,358,464	-0.49%	0.02%
1988	-14,205	-5,205	4,522	93,900	1,408,830	-1.01%	-0.37%
1989	-18,302	-5,302	13,107	117,270	1,468,206	-1.25%	-0.36%
1990	-15,867	-1,867	47,182	147,800	1,555,647	-1.02%	-0.12%
1991	-11,429	3,571	47,626	170,000	1,805,506	-0.63%	0.20%
1992	-32,928	-14,928	43,325	177,900	1,933,081	-1.70%	-0.77%
1993	-27,875	-6,875	30,964	208,700	1,893,098	-1.47%	-0.36%
1994	-14,554	4,446	33,889	223,500	1,938,572	-0.75%	0.23%
1995	-10,806	10,194	27,292	238,800	2,058,561	-0.52%	0.50%
1996	-19,802	-1,802	18,404	233,400	2,588,028	-0.77%	-0.07%
1997	-31,412	-12,412	39,846	236,600	3,261,429	-0.96%	-0.38%
1998	-2,914	18,086	4,905	263,600	3,752,602	-0.08%	0.48%
1999	-442	21,558	18,595	290,450	5,148,190	-0.01%	0.42%
2000	-405	27,595	12,843	316,750	5,377,749	-0.01%	0.51%
2001	-8,038	20,962	14,222	331,950	6,113,523	-0.13%	0.34%
2002	-8,470	20,530	26,290	382,850	7,655,112	-0.11%	0.27%
2003	-22,741	2,259	23,412	394,850	8,497,124	-0.27%	0.03%
2004	-14,554	9,446	18,875	404,855	11,523,143	-0.13%	0.08%
2005	-22,908	192	35,796	357,000	15,522,264	-0.15%	0.00%
2006	-13,531	7,028	20,578	295,000	17,858,787	-0.08%	0.04%
2007	-15,264	4,888	13,190	289,097	19,227,573	-0.08%	0.03%
2008	-34,789	-10,237	22,110	356,083	16,475,975	-0.21%	-0.06%
2009	-73,767	-47,658	62,649	467,025	14,890,027	-0.50%	-0.32%
<b>Average 1987-2009</b>						<b>-0.54%</b>	<b>0.01%</b>
<b>20-year average (1990-2009)</b>						<b>-0.48%</b>	<b>0.05%</b>
<b>10-year average (2000-2009)</b>						<b>-0.17%</b>	<b>0.09%</b>

\*) Actual net losses relative to total loans, guarantees, write-downs on loans and provisions for guarantees.

Explanation: The percentage losses were computed as the actual net losses for the year before and after interest on the written-down part of loans as a percentage of total loans, guarantees and write-downs on loans and provisions for guarantees. A minus sign before a percentage loss indicates a loss, while a positive percentage loss means that the interest on the written-down part of loans was greater than the actual net losses for the year. All the above figures are exclusive amounts regarding the national bank package I etc.

# RISKS AND RISK MANAGEMENT

The preceding table documents the bank's healthy credit policy. As will be evident, the bank's average percentage loss after interest over the last 20 years (1990-2009) was +0.05%, with -0.77% (1992) the highest percentage loss, and +0.51% (2000) the most positive figure. The average percentage loss before interest over the last 20 years is -0.48%, with -1.70% (1992) the highest percentage loss and -0.01% (1999 and 2000) the lowest percentage loss. The average percentage loss over the last 10 years (2000-2009) is positive at +0.09%, and the average percentage loss before interest is -0.17%.

The bank's regional operations are operated partly via branches in the bank's original core area in West Jutland and partly via branches in the three big cities of Herning, Holstebro and Viborg in central and western Jutland.

The most important niches within the bank's niche area are the financing of medical practitioners' purchase of private practices, a private banking department covering affluent private customers and the financing of securities, and loans to finance wind turbines. The financing of wind turbines is made for final Danish investors' purchases of wind turbines erected in Denmark, Germany and France.

An important common denominator in the niche loans is that the bank aims to gain a first priority security, and thus satisfactory security in the pledged assets. This is an important part of the bank's business philosophy.

## Concentration of credit

In recent years the bank has focused on reducing the concentration of its credit in order to further reduce the bank's credit risk.

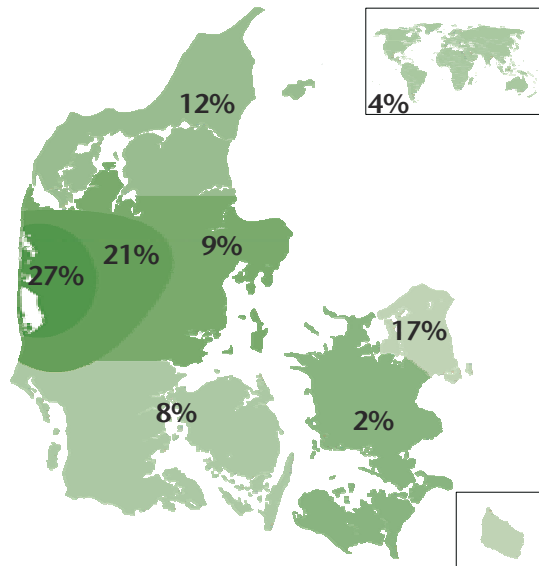
As is evident from the summary below, this focus has resulted in a reduction in total large exposures over the last five years from 73.3% in 2005 to 0.0% in 2009.

### Concentration of credit

	2009	2008	2007	2006	2005
Total large exposures	0.0%	12.1%	38.3%	116.1%	73.3%

*Explanation: The Danish Financial Supervisory Authority key figure »Total large exposures«.*

## Geographic spread of the bank's loans and guarantee portfolio



*Explanation: Distribution of the bank's loans and guarantee portfolio before write-downs and provisions by customer addresses.*

As will be evident from the figure, a significant geographic spread of the bank's loans and guarantee portfolio has been gained in terms of both the regional part and the niche part of the bank.

Loans made by the bank's niche department have also helped to ensure a significant diversification in the bank's loans portfolio so that the portfolio is not dependent on economic conditions to the same extent as if the bank were operated exclusively as a regional bank.

## Credit risk on financial counterparties

In connection with the bank's trading in securities, foreign currency and derivative financial instruments, the bank's loans to other banks, the bank's bond portfolio and its arranging of payments exposures incurs in relation to financial counterparties and with that a credit risk, including also a settlement risk. The settlement risk is the risk that the bank will not receive payment or securities in connection with the settling of transactions in securities and/or currency trades which correspond to the securities and/or payments which the bank has made and provided.

The bank's board of directors grants lines of credit to financial counterparties and for settlement risks. When granting lines of credit, account is taken of the individual counterparty's risk profile, rating, size and financial circumstances, and these lines of credit are regularly checked.

# RISKS AND RISK MANAGEMENT

The bank's policy with respect to credit risk on financial counterparties is to hold the credit risk at a balanced level relative to the bank's size and in favour of credit institutions of good quality.

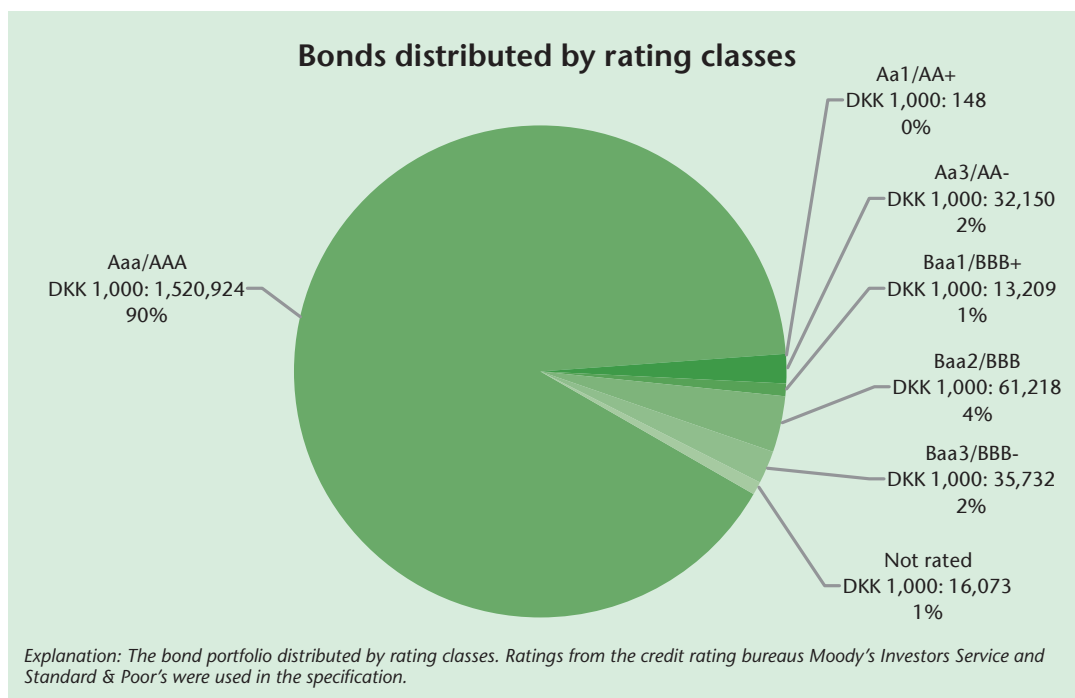
## Claims on central banks and credit institutions

One of the two major items with respect to the credit risk on financial counterparties is claims on central banks and credit institutions. The bank has only assumed moderate risks on this item, and of the total claims on central banks and credit institutions, 96% is thus due before 30 September 2010, and thus before expiration of the government guarantee under the national bank package I. Of the remaining 4%, 68% is with a credit institution with a rating of A1 (Moody's rating).

## The bond portfolio

The second of the two major items concerning the credit risk on financial counterparties is the bank's bond portfolio.

As will be evident from the figure below, neither has the bank assumed significant risks on this item, and by far the greater part of the bond portfolio thus consists of AAA-rated Danish mortgage credit bonds.



## Market risks

The bank's basic policy with respect to market risks is that the bank wishes to keep such risks at a relatively low level.

The bank has determined a concrete framework for each type of market risk, and the risk assessment includes the objective that there must be a sensible and balanced relationship between risk and return.

The bank uses derivatives to cover and manage the various market risk types to the extent to which the bank wishes to reduce the extent of or eliminate the market risks which the bank has assumed.

To supplement the more traditional measures of market risk, the bank developed a mathematical/statistical model during 2007 to compute market risks. The model is used to compute Value at Risk (VaR), which is regularly reported to the bank's management. VaR is a measure of risk which describes the bank's risk under normal market conditions.

An isolated VaR figure is calculated for interest rate, foreign exchange and listed share positions, and a total VaR figure is also calculated for all of the bank's market risks consisting of interest rate, foreign exchange and listed share positions. This possibility of calculating a total VaR figure for the bank's market risks is one of the major advantages of the VaR model compared with more traditional measures of risk. The reader is referred to the following section »Value at Risk« for the specific results etc. under the VaR model.

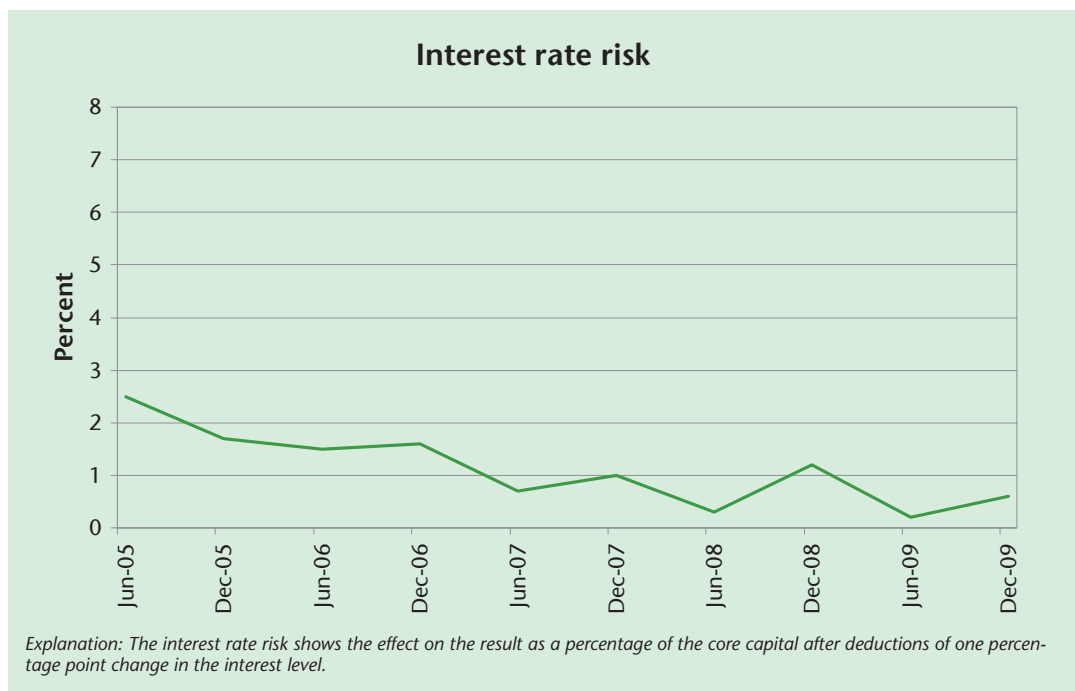
## Interest rate risk

The bank's loan and deposit business and accounts with credit institutions are mostly entered into on a variable basis. The bank's fixed interest financial assets and liabilities are continuously monitored, and hedging transactions are entered into as needed with a consequent reduction of the interest rate risk.

Ringkjøbing Landbobank's policy is to maintain a low interest rate risk, and the bank thus does not assume high levels of exposure to movements in the interest level.

The bank's interest rate risk is monitored and managed daily by the bank's securities department and the bank's service and support department controls maintenance of the limits for assumption of interest rate risk, and reports to the bank's board of managers and board of directors.





As will be evident from the figure, the bank has maintained a low interest risk over the last five years in accordance with the bank's policy for this type of risk.

## Foreign exchange risk

The bank's principal currency is the Danish krone, but the bank has also entered into loan and deposit arrangements in other currencies.

The bank's policy is to maintain a minimal foreign exchange risk, and the bank thus reduces ongoing positions in foreign currencies via hedging.

The bank's positions in foreign exchange are managed daily by the foreign department, while the bank's service and support department monitors maintenance of lines and reports to the board of directors and board of managers.

As in previous years, the bank's foreign exchange risk in 2009 was at an insignificant level.

## Share risk

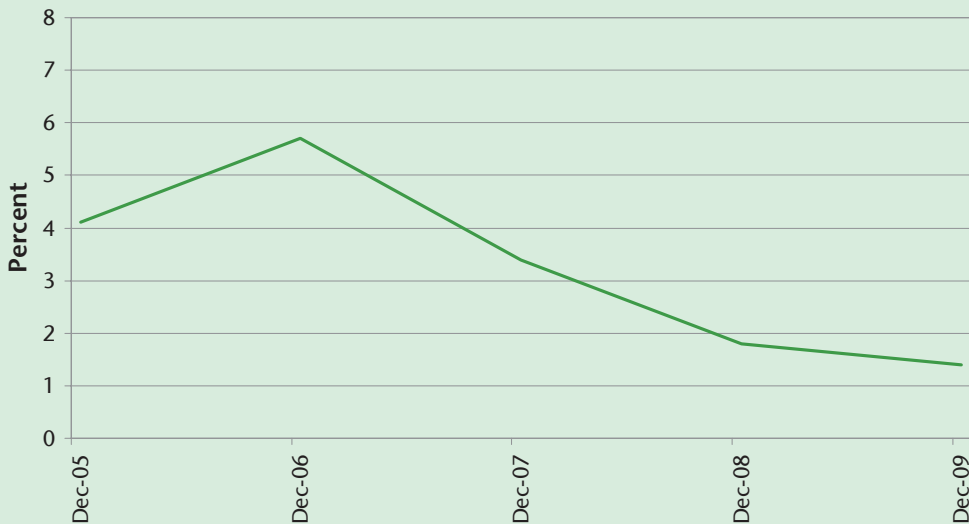
The bank co-owns various sector companies via equity interests in DLR Kredit A/S, PRAS A/S, BankInvest Holding A/S, Sparinvest Holding A/S, Egnsinvest Holding A/S, Letpension A/S, PBS Holding A/S, Multidata Holding A/S, Værdipapircentralen A/S and Bankdata. These holdings are comparable with the wholly owned subsidiaries of major banks, and the equity interests are thus not deemed to be a part of the bank's share risk. The bank also holds a small portfolio of listed shares.

The bank's policy is to maintain a low share risk. The daily management of the bank's share portfolio is undertaken by the securities department, while monitoring of the lines and reporting to the board of managers and the board of directors are performed by the service and support department.

The bank's holding of listed shares etc. amounted to DKK 28.0 million at the end of 2009 against DKK 32.8 million at the end of 2008. The holding of sector shares and other holdings was DKK 228.7 million at the end of 2009 against DKK 214.6 million at the end of 2008.

As will be evident from the figure below, the bank's share exposure (excluding sector shares and others holdings) as a percentage of the shareholders' equity has been modest, thus documenting the bank's objective of maintaining a low share risk.

### Share exposure



*Explanation: The share exposure is computed as the bank's holding of shares (excluding sector shares and other holdings) as a percentage of the shareholders' equity.*

# RISKS AND RISK MANAGEMENT

## Property risk

The bank primarily wishes to possess only properties for use in banking operations, and also to maintain minimal property risks.

The bank's portfolio of both domicile and investment properties is thus quite modest relative to the bank's balance sheet total.

## Value at Risk

The bank's total Value at Risk at the end of 2009 was DKK 12.0 million. This sum is an expression of the maximum loss in a statistical perspective which the bank could risk losing with 99% probability if all market positions were retained unchanged for a period of 10 days.

### VaR summary

In DKK million

Risk	Average VaR figure	Min. VaR figure*	Max. VaR figure*	End of year VaR figure
Interest	17.4	4.8	27.8	11.6
Foreign currency	0.5	0.2	0.3	0.1
Share	5.3	3.2	5.9	6.2
Diversification	-5.7	-2.7	-7.1	-5.9
<b>Total VaR figure</b>	<b>17.5</b>	<b>5.5</b>	<b>26.9</b>	<b>12.0</b>

\* Determined by the total VaR figure

As indicated in the table, the bank's total VaR throughout 2009 varied from DKK 5.5 million to DKK 26.9 million. The average VaR figure was DKK 17.5 million. This figure is moderately higher than in 2008, primarily because the bank had a higher interest rate risk throughout much of 2009 than in 2008. The reader is referred to note 42 on page 66 for the VaR figures for the years 2007-2009.

## The model in brief

The model is a parametric VaR model based on a historical analysis of the covariation (correlations) between the prices of various financial assets etc., including different share indexes, various official interest rates and interest swap rates and different exchange rate indices. By combining the historical knowledge of the covariation on the financial markets with the bank's current positions, the model can calculate a risk of loss for a following ten-day period. All the bank's interest rate positions, foreign currency positions and listed share positions etc. are included in the calculation, while positions in sector shares and unlisted capital shares are not included. The model used in 2009 was unchanged relative to the model adjusted in 2008.

## Back tests and stress tests

So-called »back tests« are made to document that the VaR model provides a sensible picture of the bank's risk. The test compares the calculated loss under the model with the losses which the bank would actually have suffered if the positions in question have been retained for a ten-day period. A number of stress tests are also carried out to indicate the bank's risk of loss in abnormal market situations. Back tests of the model were performed throughout the year with satisfactory results.

## Liquidity risk

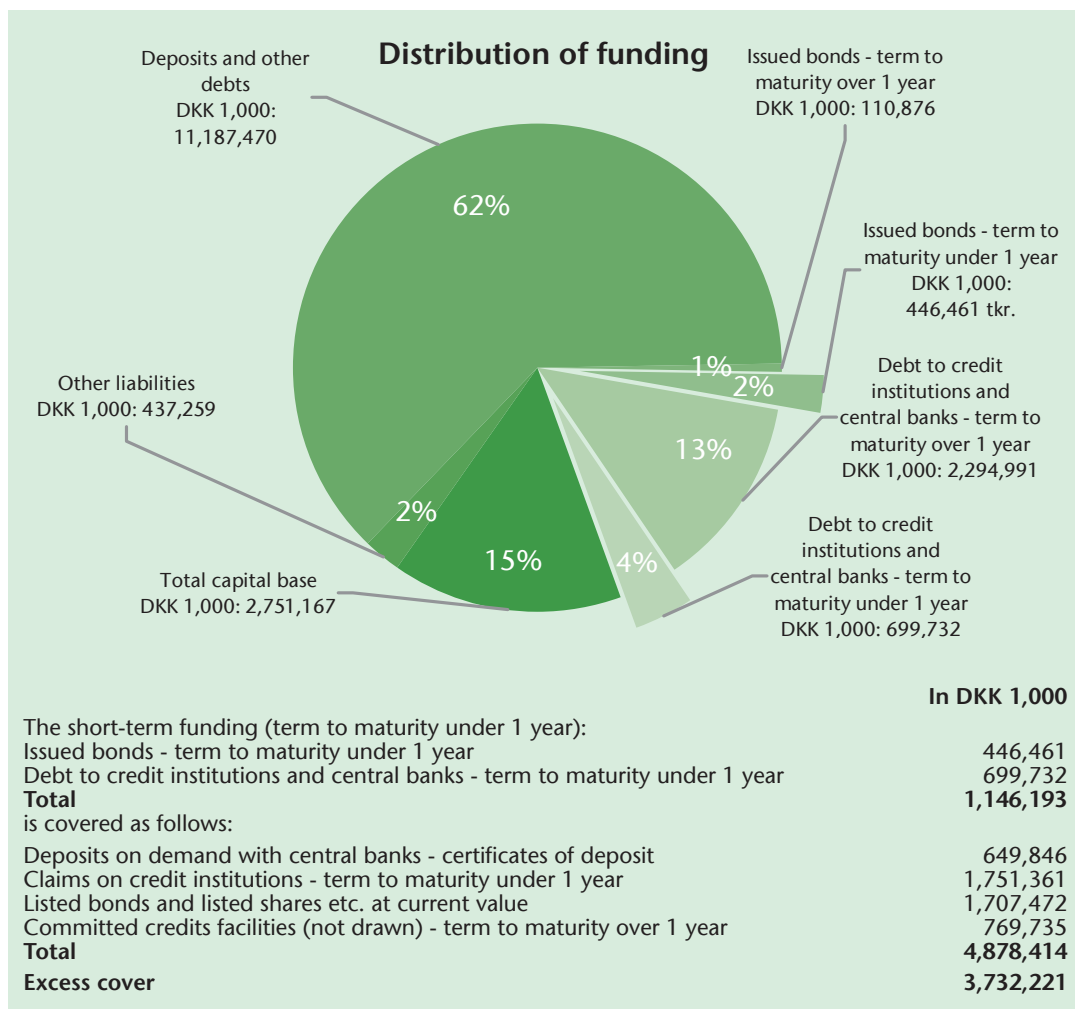
In general with respect to the bank's liquidity management, it is the bank's objective not to have uncovered net funding requirements and not to be dependent on the short-term money market. It is thus the bank's objective that it must not be affected by a total shutdown of the money market for a period of 12 months.

The bank's loan portfolio is funded primarily via four different sources, namely the bank's deposits, by taking up long-term loans with other credit institutions, via issued bonds, and finally via the subordinated debts taken up by the bank and the bank's equity.

The bank's deposit base consists primarily of core deposits, and the bank does not focus on the receipt of short-term deposits of a more volatile nature.

Ringkjøbing Landbobank has also entered into a number of long-term bilateral loan agreements with various European banks. It should, however, be noted that the funding situation is such that the bank is not dependent on the institutions in a single country or on individual institutions.

Finally the bank has also issued bonds in Norway during 2007 and 2008 to a total for the two years of NOK 600 million.



As will be evident from the above table, the bank's short-term funding (term to maturity under one year) is supported by certificates of deposit with the Central Bank of Denmark, short-term loans to other Danish banks, the bank's holding of liquid securities, and via agreements on committed credit facilities with other banks. The committed credit facilities have been entered into for long-term periods and are not normally used in everyday business. The liquidity excess cover as of the end of 2009 is DKK 3.7 billion, and the equivalent figures at the end of 2008 and 2007 were DKK 2.2 billion respectively DKK 1.8 billion.

In addition to the above liquidity excess cover, the bank was granted a credit facility with the Central Bank of Denmark in October 2008, based on excess statutory solvency. The facility is DKK 800 million and will run until 30 September 2010. The facility has not been used since it was granted in 2008.

The Central Bank of Denmark also introduced a temporary expansion of the basis for borrowing in 2008. The rules for this temporary expansion were subsequently adjusted such that it is currently possible to include listed and certain unlisted shares and loan bills and bank bonds issued by Danish banks under the scheme. The temporary expansion of the basis for borrowing applies until 30 September 2010 for certain of the assets and until 30 December 2013 for other assets.

The bank established an EUR 2 billion EMTN bond programme at the end of 2008. The programme was transferred to the London Stock Exchange in December 2009. The intention is still that the programme will be included in the bank's future funding alternatives in order to ensure adequate diversification in this area. The programme was supplemented in December 2009 with the possibility of issuing guaranteed bonds under the Danish state guarantee scheme until the end of 2013. In December 2009 the bank thus gained approval for and entered into an agreement on a framework of DKK 5 billion with the Financial Stability Company on the possibility of issuing bonds guaranteed by the state.

The bank has also entered into formalised agreements on the provision of mortgage credit loans by issuing specially covered bonds (SDOs) and ordinary mortgage loans via Nykredit/Totalkredit and DLR Kredit to both business and private customers.

## **Operational risk**

The new capital adequacy rules came into force on 1 January 2007. These rules require among other things the banks to quantify and include an amount for operational risks when computing their capital adequacy.

The bank uses the so-called basic indicator method, where calculation of an average of the last three financial years' net income is used to quantify an amount which is added to the risk-weighted assets in order to cover the bank's operational risks.

The bank regularly produces reports on the losses and events which are judged to be attributable to operational risks. An assessment is made on the basis of the reports of whether procedures etc. can be adjusted and improved in order to avoid or minimise any operational risks, and the bank's procedures are also regularly reviewed and assessed by the bank's internal and external auditors.

An important area in assessment of the bank's operational risks is IT. The bank's IT organisation and the management regularly assess IT security, including with respect to prepared emergency plans, and requirements and levels for accessibility and stability for the IT systems and data used by the bank are then set. These requirements apply to both the bank's internal IT organisation and its external IT supplier, Bankdata, which the bank owns together with a number of other banks.

## Corporate governance

Corporate governance in Ringkjøbing Landbobank concerns the objectives which govern the bank's management and the general principles and structures governing the interplay with the bank's primary interested parties: the bank's shareholders and customers, the bank's management and employees and the local areas in which the bank has branches.

Since 2002, the bank's management has acted positively towards the published recommendations for corporate governance, and the bank's attitude to corporate governance has been minuted in the annual reports since then. From 2006 the bank's management has taken a position on the various recommendations on the basis of the »follow or explain« principle (introduced in the 2005 recommendations for corporate governance).

In preparing the 2009 annual report, the bank's boards of directors and managers have reassessed the bank's attitude to the individual recommendations, a detailed statement on which is provided on the bank's website at [www.landbobanken.com](http://www.landbobanken.com). The statement on corporate governance required under applicable accounting rules in the management report is thus published on the bank's website (in accordance with permit from the Danish Financial Supervisory Authority). This statement also indicates how the bank's management has acted on the supplementary recommendations for corporate governance etc. issued by The Danish Bankers Association in December 2008.

The bank's management supports the efforts in the area of corporate governance, and the bank's board of directors and board of managers have elected to adopt almost all of the recommendations in this area. In some few individual areas, the bank's management has, however, elected either not to follow the recommendations or only to follow them in part, in connection with which the bank advises that

- the periods of election of the shareholders' committee and the board of directors are found to be appropriate, and
- it is not found to be relevant for assessment of the bank to publish information on individual persons' remuneration etc.

## Corporate social responsibility

From 2009, listed banks are required by law to provide an account of corporate their social responsibilities when presenting their annual reports. This account must either contain information on existing policies within the area of corporate social responsibility and the implementation and effectiveness of these policies, or a statement that the bank has no corporate social responsibility policy.

Ringkjøbing Landbobank takes a positive attitude to the new statutory requirement. The bank has not previously had an actual formulated policy for corporate social responsibility, but as a local and regional bank, Ringkjøbing Landbobank has always been strongly anchored throughout its long history in the local communities where it is represented, and the bank has seen it as an entirely natural part of its business base to support local development. The bank has called this »local commitment«, but in reality the bank has been showing social responsibility since long before the concept became fashionable.

For many years, the bank has also, via management's implementation of and attitude to the recommendations for corporate governance, focused on those matters which govern the interplay with the bank's primary interested parties, namely its shareholders and customers, its management and employees and the local areas in which the bank's branches are situated.

With the statutory requirement and social developments in general, the bank's management has now found it natural to formulate a formal policy in the area. And it has been just as natural to commence with the existing values and activities in the area.

Ringkjøbing Landbobank is a local and regional bank which, with due respect to social responsibility, is operated from commercial objectives.

For the bank, it is a matter of being an active partner in the local and regional associations and sporting life in the towns and areas where the bank has branches. The bank does this via numerous sponsorships both at the elite level, but especially at the broad general level so that as many people as possible benefit from the support which the bank provides to various associations every year.

The bank's local and regional commitment is a cornerstone in our business philosophy and one of the reasons why the bank has been able to retain its position as a local and locally known partner to many of the area's businesses and private families, but also for the bank's customers throughout Denmark.

With respect to its employees, the bank also takes its social responsibility seriously. Initiatives within employee skills development and training as well as activities which promote health and wellbeing are some of the reasons why Ringkjøbing Landbobank is considered an attractive place to work. Over the years the bank has thus had many employees who have celebrated both their twenty-fifth and their fortieth anniversaries with the bank.



Ringkjøbing Landbobank is also focused on the environment. The bank thus tries to limit the energy consumption associated with its operations, and there is focus on environmentally correct recycling of the waste products which the bank's operations generate.

A common feature of the bank's initiatives within the area of social responsibility is that they must help to emphasise Ringkjøbing Landbobank's position as an ethical and sustainable company to the bank's interested parties - to its shareholders, customers and employees and to the surrounding world in general.

The bank's website, [www.landbobanken.com](http://www.landbobanken.com), provides a more detailed account of the bank's corporate social responsibility, including the policies in this area.

## MANAGERIAL MATTERS

### Managerial matters

#### Payment policy

The remuneration policy for the boards of directors and managers of Ringkjøbing Landbobank is that the bank's management is paid remuneration which is both in line with the market and reflects the management's achievements for the bank. It has also been decided that the remuneration paid to the boards of directors and managers should be a fixed amount without any form of incentive component in their remuneration.

#### Evaluation etc.

The board of directors makes an annual evaluation of its work and the working relationship between the board of directors and the board of managers. The evaluation is made by each member of the board of directors filling in writing an assessment form, after which the completed forms are discussed by the bank's board of directors and board of managers.

With respect to the frequency of meetings of the board of directors, the board holds 10-12 meetings a year.

#### Supplementary information on members of the board of directors and the board of managers, including other managerial activities

Reference is made to page 77 and 78 of this annual report for supplementary information on the members of the bank's board of directors and board of managers, including information on their other managerial activities.

## Information on listed companies

As required under Section 133a of the Executive Order on Financial Reports for Credit Institutions etc., we advise as follows:

The bank's share capital on 31 December 2009 was DKK 25.2 million in 5,040,000 nom. five kroner shares.

The bank has only one share class and the entire share capital, and thus all shares, are listed on the NASDAQ OMX Copenhagen. There is no limitation on the shares' negotiability.

ATP, Hillerød, has advised that it owns more than 5% of the bank's share capital.

The right to vote is exercised as follows:

Each share holding up to and including nom. DKK 500 carries one vote and shareholdings thereover carry a total of two votes, which is the highest number of votes a shareholder may cast when the shares are listed in the bank's share register or when the shareholder has reported and documented his or her right. Apart from own votes, no shareholder may at present cast more than a total of two votes as proxy for others. In the case of shares acquired by transfer, no voting right may be exercised at a notified general meeting if the shares are not listed in the share register or a request for listing has not been made with documentation for the acquisition.

Members (elected by shareholders) of the bank's board of directors are elected by and among the members of the bank's shareholders' committee.

The following rule applies to changes to the bank's articles of association:

Any decision to change the articles of association is only valid if the proposal is adopted by at least two thirds of both votes cast and of the share capital with voting rights represented at the meeting.

The board of directors possesses the following powers under the articles of association with respect to the possibility of issuing shares:

Following consultation with the shareholders' committee, the board is authorised to increase the share capital by nom. DKK 14,210,980 to nom. DKK 39,410,980 in one or more increases. This authorisation is currently valid until 25 February 2014.

The board of directors possesses the following powers with respect to the possibility of acquiring own shares:

The bank's annual general meeting held the 25 February 2009 has authorised the board of directors to permit the bank to acquire own shares within current legislation until the next ordinary general meeting to a total nominal value of 10% of the bank's share capital such that the shares can be acquired at current list price +/- 10%. As the bank joined the state guarantee scheme (national bank package I, which expires on 30 September 2010) in 2008, the acquisition of own shares must be carried out in accordance with the rules applying to national bank package I (cf. the provisions in the Act on Financial Stability), and joining bank package I also means that new share buy-back programmes may not be established during the term of the scheme.



Ringkjøbing

Landsby  
oparbejdn

# STATEMENT, REPORTS AND ACCOUNTS

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## Management's statement

The board of directors and the board of managers have today reviewed and approved the annual report of Ringkøbing Landbobank A/S for the financial year 1 January - 31 December 2009, which comprises the management report, profit and loss account, core earnings, balance sheet, statement of shareholders' equity, capital adequacy computation, cash flow statement, accounting policies, notes to the annual report and management's statement.

The annual report was prepared in accordance with the provisions of the Danish Financial Business Act and additional Danish disclosure requirements for annual reports of listed financial institutions. We consider the accounting policies to be appropriate and the accounting estimates which have been made to be responsible, so that the annual accounts provides a true and fair picture of the bank's assets, liabilities and equity and financial position as of 31 December 2009 and of the result of the bank's financial performance and cash flows for the financial year 1 January - 31 December 2009. We also believe that the management report etc. provides a true and fair statement of the development in the bank's activities and financial circumstances, and a description of the most significant risks and uncertainties which could affect the bank.

The annual report will be submitted to the annual general meeting for approval.

Ringkøbing, the 3 February, 2010

Board of managers:

Bent Naur  
Executive General Manager

John Bull Fisker  
General Manager

Ringkøbing, the 3 February, 2010

Board of directors:

Jens Lykke Kjeldsen  
Chairman

Gravers Kjærgaard  
Deputy Chairman

Gert Asmussen

Keld Hansen

Bo Bennedsgaard  
Employee Representative

Søren Nielsen  
Employee Representative

## The internal auditors report

### To the shareholders of Ringkjøbing Landbobank A/S

I have audited the annual accounts and the management report of Ringkjøbing Landbobank A/S for the financial year 1 January - 31 December 2009. The annual accounts comprises the profit and loss account, core earnings, balance sheet, statement of shareholders' equity, capital adequacy computation, cash flow statement, accounting policies and notes to the annual report. The annual accounts are prepared in accordance with the Danish Financial Business Act. The management report is prepared in accordance with Danish disclosure requirements of listed financial institutions.

### Basis of opinion

The audit was conducted in accordance with the Executive Order of the Danish Financial Supervisory Authority on Auditing Financial Undertakings etc. and the Danish Standards on Auditing. Those standards require that the audit is planned and performed to obtain reasonable assurance whether the annual accounts and the management report are free from material misstatement.

The audit has been performed in accordance with the division of duties agreed with the external auditors and has included an assessment of procedures and internal controls established, including the risk management organised by the management relevant to the entity's reporting processes and significant business risks. Based on materiality and risk, I have examined, on a test basis, the basis of amounts and other disclosures in the annual accounts and the management report, including evidence supporting amounts and disclosures in the annual accounts and the management report. Furthermore, the audit has included evaluating the appropriateness of the accounting policies applied by the management and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the annual accounts and the management report.

I have participated in the audit of risk related and other material areas and I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My audit has not resulted in any qualification.

### Opinion

In my opinion, the procedures and internal controls established, including the risk management organised by the management relevant to the bank's reporting processes and significant business risks, are working satisfactorily.

Furthermore, in my opinion, the annual accounts gives a true and fair view of the bank's assets, liabilities and equity and financial position at 31 December 2009 and of its financial performance and its cash flows for the financial year 1 January - 31 December 2009 in accordance with the Danish Financial Business Act and that the management report contains a true and fair statement of developments in the bank's activities and financial circumstances and a description of the most important risks and uncertainties which could affect the bank in accordance with Danish disclosure requirements of listed financial companies.

Ringkjøbing, the 3 February, 2010

Henrik Haugaard  
Internal Audit Manager

## The independent auditors report

### To the shareholders of Ringkjøbing Landbobank A/S

We have audited the annual accounts and the management report of Ringkjøbing Landbobank A/S for the financial year 1 January - 31 December 2009. The annual accounts comprises the profit and loss account, core earnings, balance sheet, statement of shareholders' equity, capital adequacy computation, cash flow statement, accounting policies and notes to the annual report. The annual accounts are prepared in accordance with the Danish Financial Business Act. The management report is prepared in accordance with Danish disclosure requirements of listed financial institutions.

### Management's responsibility for the annual report

The management is responsible for the preparation and presentation which provide a true and fair picture of the annual accounts in accordance with the Danish Financial Business Act. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of annual accounts which give a true and fair picture without material misstatement, irrespective of whether the misstatement is attributable to fraud or error. The responsibility also includes selecting and using appropriate accounting policies; and the making of accounting estimates that are reasonable in the circumstances. In addition to this the management is also responsible for preparing a management report which contains a true and fair statement in accordance with Danish disclosure requirements of listed financial institutions.

### Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and the management report. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the annual accounts and the management report, irrespective of whether the misstatement is attributable to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the bank's preparation and presentation of the annual accounts which provide a true and fair picture and of preparation of the management report which contains a true and fair statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the annual accounts and the management report.

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

Our audit did not result in any qualification.

## The independent auditors report - continued

### Opinion

In our opinion, the annual accounts provide a true and fair picture of the bank's assets, liabilities and equity and financial position at 31 December 2009 and of the results of its financial performance and its cash flows for the financial year 1 January - 31 December 2009 in accordance with the Danish Financial Business Act. We further believe that the management report contains a true and fair statement of developments in the bank's activities and financial circumstances and a description of the most important risks and uncertainties which could affect the bank in accordance with Danish disclosure requirements of listed financial companies.

Ringkøbing, the 3 February, 2010

PricewaterhouseCoopers  
Statsautoriseret Revisionsaktieselskab

Kim Rune Brarup  
State Authorized  
Public Accountant

Ole Blinkenberg  
State Authorized  
Public Accountant



# PROFIT AND LOSS ACCOUNT

Note no.		2009 DKK 1,000	2008 DKK 1,000
1	Interest receivable	993,756	1,221,165
2	Interest payable	377,728	669,149
	<b>Net income from interest</b>	<b>616,028</b>	<b>552,016</b>
	Interest-like commission income	9,266	20,690
3	Dividend on capital shares etc.	3,243	1,491
4	Income from fees and commissions	140,362	155,428
4	Fees and commissions paid	23,823	28,464
	<b>Net income from interest and fees</b>	<b>745,076</b>	<b>701,161</b>
5	Value adjustments	+58,130	-43,577
	Other operating income	5,351	4,863
6,7,9	Staff and administration costs	235,604	236,056
10	Amortisations, depreciations and write-downs on intangible and tangible assets	2,424	2,420
	Other operating costs		
	Miscellaneous other operating costs	56	86
	Guarantee commission, national bank package I	55,785	16,148
	Write-downs on loans and debtors etc.		
14	Write-downs on loans and other debtors	-158,600	-77,223
15	Write-downs on national bank package I etc.	-51,173	-12,016
	Result of capital shares in associated companies	-59	-5
	<b>Profit before tax</b>	<b>304,856</b>	<b>318,493</b>
11	Tax	72,775	78,495
	<b>Profit for the financial year</b>	<b>232,081</b>	<b>239,998</b>

# PROPOSED DISTRIBUTION OF PROFIT

	2009 DKK 1,000	2008 DKK 1,000
Profit for the financial year	232,081	239,998
<b>Total amount available for distribution</b>	<b>232,081</b>	<b>239,998</b>
Dividend	0	0
Other purposes	0	0
Transferred to reserve for net revaluation under the intrinsic value method	-26	-5
Appropriation to own funds	232,107	240,003
<b>Total distribution of the amount available</b>	<b>232,081</b>	<b>239,998</b>

# CORE EARNINGS

	2009 DKK 1,000	2008 DKK 1,000
Net income from interest	596,828	558,365
Interest-like commission income	9,266	20,690
Net income from fees and provisions excl. commission	97,751	101,678
Income from sector shares	8,448	9,074
Foreign exchange income	16,515	13,670
Other operating income etc.	5,351	6,513
<b>Total core income excl. trade income</b>	<b>734,159</b>	<b>709,990</b>
Trade income	18,788	25,286
<b>Total core income</b>	<b>752,947</b>	<b>735,276</b>
Staff and administration costs	235,604	236,056
Amortisations, depreciations and write-downs on intangible and tangible assets	2,424	2,420
Other operating costs	56	86
Total costs etc.	238,084	238,562
<b>Core earnings before write-downs on loans</b>	<b>514,863</b>	<b>496,714</b>
Write-downs on loans and other debtors	-158,600	-77,223
<b>Core earnings</b>	<b>356,263</b>	<b>419,491</b>
Result for portfolio	+55,551	-72,834
<b>Profit before national bank package I etc.</b>	<b>411,814</b>	<b>346,657</b>
Costs national bank package I etc.	106,958	28,164
<b>Profit before tax</b>	<b>304,856</b>	<b>318,493</b>
Tax	72,775	78,495
<b>Profit for the financial year</b>	<b>232,081</b>	<b>239,998</b>

# BALANCE SHEET

Note no.		End Dec. 2009 DKK 1,000	End Dec. 2008 DKK 1,000
	<b>Assets</b>		
	Cash in hand and claims at call on central banks	42,723	46,112
12	Claims on credit institutions and central banks		
12	Claims at notice on central banks	649,846	1,121,767
12	Claims on credit institutions		
	Money market operations and bilateral loans - term to maturity under 1 year	1,751,361	756,510
	Bilateral loans - term to maturity over 1 year	90,792	163,570
13,14,16	Loans and other debtors at amortised cost price	13,047,212	13,897,101
17	Bonds at current value	1,679,453	1,305,760
18	Shares etc.	256,697	247,410
	Capital shares in associated companies	513	571
19	Land and buildings total	76,589	74,098
	Investment properties	7,261	7,261
	Domicile properties	69,328	66,837
20	Other tangible assets	3,055	3,632
	Actual tax assets	46,261	34,975
21	Deferred tax assets	0	27,713
	Temporary assets	1,023	204
22	Other assets	275,171	312,080
	Periodic-defined items	7,260	10,250
	<b>Total assets</b>	<b>17,927,956</b>	<b>18,001,753</b>

Note no.		End Dec. 2009 DKK 1,000	End Dec. 2008 DKK 1,000
	<b>Liabilities and equity</b>		
23	Debt to credit institutions and central banks		
23	Debt to central banks	0	800,000
23	Debt to credit institutions		
	Money market operations and bilateral credits - term to maturity under 1 year	699,732	1,277,112
	Bilateral credits - term to maturity over 1 year	2,294,991	3,224,050
24	Deposits and other debts	11,187,470	9,072,875
25	Issued bonds at amortised cost price	557,337	478,341
26	Other liabilities	364,332	651,703
	Periodic-defined items	689	802
	<b>Total debt</b>	<b>15,104,551</b>	<b>15,504,883</b>
27	Provisions for pensions and similar liabilities	7,463	9,471
28	Provisions for deferred tax	5,088	0
14	Provisions for losses on guarantees	1,376	1,669
15	Provisions national bank package I	45,101	8,828
	Other provisions for liabilities	13,210	1,128
	<b>Total provisions for liabilities</b>	<b>72,238</b>	<b>21,096</b>
29	Subordinated loan capital	491,625	492,152
29	Hybrid core capital	203,769	198,832
29	<b>Total subordinated debt</b>	<b>695,394</b>	<b>690,984</b>
30	Share capital	25,200	25,200
	Reserve for net revaluation under the intrinsic value method	162	188
	Proposed dividend etc.	0	0
	Profit carried forward	2,030,411	1,759,402
	<b>Total shareholders' equity</b>	<b>2,055,773</b>	<b>1,784,790</b>
	<b>Total liabilities and equity</b>	<b>17,927,956</b>	<b>18,001,753</b>
32	Contingent liabilities etc.		

# STATEMENT OF SHAREHOLDERS' EQUITY

DKK 1,000	Share capital	Provisions for revaluation	Reserve for net revaluation under the intrinsic value method	Proposed dividend etc.	Profit carried forward	Total shareholders' equity
<b>2008</b>						
<b>Shareholders' equity at the end of the previous financial year</b>	<b>26,200</b>	<b>0</b>	<b>193</b>	<b>157,500</b>	<b>1,594,668</b>	<b>1,778,561</b>
Reduction of share capital	-1,000				1,000	0
Dividend etc. paid				-157,500		-157,500
Dividend received on own shares					7,100	7,100
<b>Shareholders' equity after allocation of dividend etc.</b>	<b>25,200</b>	<b>0</b>	<b>193</b>	<b>0</b>	<b>1,602,768</b>	<b>1,628,161</b>
Purchase and sale of own shares					-111,756	-111,756
Tax calculated on transactions with own shares					14,551	14,551
Adjustment of deferred tax concerning own shares					10,437	10,437
Other shareholders' equity items					3,399	3,399
Profit for the financial year			-5		240,003	239,998
<b>Shareholders' equity on the balance sheet date</b>	<b>25,200</b>	<b>0</b>	<b>188</b>	<b>0</b>	<b>1,759,402</b>	<b>1,784,790</b>
<b>2009</b>						
<b>Shareholders' equity at the end of the previous financial year</b>	<b>25,200</b>	<b>0</b>	<b>188</b>	<b>0</b>	<b>1,759,402</b>	<b>1,784,790</b>
Dividend etc. paid						0
Dividend received on own shares						0
<b>Shareholders' equity after allocation of dividend etc.</b>	<b>25,200</b>	<b>0</b>	<b>188</b>	<b>0</b>	<b>1,759,402</b>	<b>1,784,790</b>
Purchase and sale of own shares					55,583	55,583
Tax calculated on transactions with own shares					3,951	3,951
Adjustment of deferred tax concerning own shares					-24,229	-24,229
Other shareholders' equity items					3,597	3,597
Profit for the financial year			-26		232,107	232,081
<b>Shareholders' equity on the balance sheet date</b>	<b>25,200</b>	<b>0</b>	<b>162</b>	<b>0</b>	<b>2,030,411</b>	<b>2,055,773</b>

# CAPITAL ADEQUACY COMPUTATION

	End Dec. 2009 DKK 1,000	End Dec. 2008 DKK 1,000
Calculated pursuant to the Executive order on Capital Adequacy issued by the Danish Financial Supervisory Authority.		
Weighted items with credit and counterpart risks	11,378,127	13,013,636
Market risk	914,819	838,422
Operational risk	1,322,788	1,251,250
<b>Total risk-weighted items</b>	<b>13,615,734</b>	<b>15,103,308</b>
Share capital	25,200	25,200
Reserve for net revaluation under the intrinsic value method	162	188
Profit carried forward	2,030,411	1,759,402
<b>Core capital</b>	<b>2,055,773</b>	<b>1,784,790</b>
Proposed dividend etc.	0	0
Addition to/deduction from the core capital	-162	-27,901
<b>Core capital after deductions</b>	<b>2,055,611</b>	<b>1,756,889</b>
Hybrid core capital	200,000	200,000
<b>Core capital after deductions incl. hybrid core capital</b>	<b>2,255,611</b>	<b>1,956,889</b>
Subordinated loan capital	490,921	501,166
Addition to/deduction from the capital base	162	188
<b>Capital base after deductions</b>	<b>2,746,694</b>	<b>2,458,243</b>
<b>Core capital ratio excl. hybrid core capital (%)</b>	<b>15.1</b>	<b>11.6</b>
<b>Core capital ratio (%)</b>	<b>16.6</b>	<b>13.0</b>
<b>Solvency ratio (%)</b>	<b>20.2</b>	<b>16.3</b>
Capital base requirements under Section 124 (2,1) of the Danish Financial Business Act	1,089,259	1,208,265
Minimum capital requirements under Section 124 (2,2) of the Danish Financial Business Act	37,208	37,253

# CASH FLOW STATEMENT

	2009 DKK 1,000	2008 DKK 1,000
<b>Operation activities</b>		
Profit for the financial year	232,081	239,998
Amortisations, depreciations and write-downs on intangible and tangible assets	2,424	2,420
Write-downs on loans and debtors etc.	184,709	101,775
Items not affecting liquidity	16,592	17,774
<b>Adjusted result of operations</b>	<b>435,806</b>	<b>361,967</b>
<b>Changes in operating capital</b>		
Claims on and debt to credit institutions etc., net	-3,540,982	-1,855,380
Loans and other debtors at amortised cost price	665,180	135,761
Securities, not liquid and pledged	782,493	-1,167,210
Deposits and other debts	2,114,595	-88,900
Issued bonds at amortised cost price	78,996	4,054
Other assets and liabilities, net	-213,636	172,118
<b>Cash flows from operating activities</b>	<b>322,452</b>	<b>-2,437,590</b>
<b>Investment activities</b>		
Associated companies	0	-32
Intangible and tangible assets	-4,293	-3,400
<b>Cash flows from investment activities</b>	<b>-4,293</b>	<b>-3,432</b>
<b>Financing activities</b>		
Subordinated debt	0	194,961
Paid dividend, net	0	-150,370
Own shares etc.	59,534	-97,172
<b>Cash flows from financing activities</b>	<b>59,534</b>	<b>-52,581</b>
<b>Total effect on liquidity for the year</b>	<b>377,693</b>	<b>-2,493,603</b>
Cash and cash equivalents, beginning of year	2,008,831	4,502,434
<b>Cash and cash equivalents, end of year</b>	<b>2,386,524</b>	<b>2,008,831</b>
Cash and cash equivalents, end of year specified thus:		
Cash in hand and claims at call on central banks	42,723	46,112
Claims on credit institutions and central banks	956,377	1,740,768
Securities, unpledged	1,387,424	221,951
<b>Total cash and cash equivalents, end of year</b>	<b>2,386,524</b>	<b>2,008,831</b>

The cash flow statement cannot be derived from this annual report, and the statement has also been adapted to the special statement of accounts etc. for banks.

# ACCOUNTING POLICIES

## Accounting policies

### Basis for preparing the annual report

#### General

The annual report is prepared in accordance with the provisions of the Danish Financial Business Act and the applicable Executive Order on Financial Reports for Credit Institutions and Investment Companies etc. The annual report is also prepared in accordance with the disclosure requirements of NASDAQ OMX Copenhagen (Copenhagen Stock Exchange), to the extent to which the Danish Financial Business Act, the Executive Order on Financial Reports for Credit Institutions and Investment Companies etc. or other Executive Orders from the Danish Financial Supervisory Authority do not specify a different practice.

The annual report is presented in DKK rounded to the nearest 1,000 kroner.

The accounting policies are unchanged relative to last year.

#### Inclusion and measuring - general

Assets are included in the balance sheet when it is probable that future financial advantages will accrue to the bank and the value can be measured reliably. Liabilities are included in the balance sheet, when they are probable, and that they can be measured reliably.

Income is included in the profit and loss account in step with its earning. Costs paid to achieve the income for the year are included in the profit and loss account, and value adjustments made to financial assets, financial liabilities and derivative financial instruments are also included in the profit and loss account.

Regarding the criteria for inclusion and the basis of measurement we refer to the following sections.

#### Accounting estimates

In computing the book value of certain assets and liabilities, an estimate has been made of how future events will affect the value of the assets and liabilities on the balance sheet date.

The estimates made are based on assumptions which management judges to be responsible, but which are not certain. The final actual results may thus deviate from the estimates as the bank is subject to risks and uncertainties which can affect the results.

The most important estimates concern write-downs on loans and debtors, computation of current values for unlisted financial instruments, and provisions for liabilities. The most important estimates on write-downs on loans and debtors are associated with quantification of the risk that no future payments will be received.

#### Foreign currency

Assets and liabilities in foreign currency are converted to Danish kroner at the closing exchange rate for the currency on balance sheet date, corresponding to the rate published by the Central Bank of Denmark. Income and expenses are converted continuously at the exchange rate on the transaction date.

#### Financial instruments - general

In general, the bank measures financial assets and liabilities at current value on first inclusion. Measuring is subsequently made at current value unless otherwise specifically emerges from the following sections on the individual accounts items. The bank uses the date of payment as the date of entry for financial instruments.

#### Derivative financial instruments

Forward transactions, interest rate swaps and other derivative financial instruments are included at current value on balance sheet date.

Hedging transactions which, under the terms of the Danish Financial Supervisory Authority's Executive Order on Financial Reports for Credit Institutions and Investment Companies etc. are regarded as hedging at current value for accounting purposes are included at current value on the balance sheet date with respect to both the hedging instrument and the hedged part of the financial instrument.

All value adjustments concerning derivative financial instruments and items subject to hedging for accounting purposes are entered under the item »Value adjustments« in the profit and loss account.



## **The profit and loss account**

### **Interest income**

Interest income is included on the basis of the effective interest method, under which interest income also includes the allocated portion of establishment fees etc. which are considered to be a part of the effective interest on the loan.

On loans which in full or in part have been written down, the interest income relating to the written-down part is entered under the item »Write-downs on loans and debtors etc.«.

### **Income from fees and commissions, net**

Fees and commissions relating to loans and receivables are recognized as part of the carrying amount of loans and receivables and are recognized in the profit and loss account over the term of the loans and receivables as part of the effective interest rate on the loans as interest income, as referred to in the above section »Interest income«. 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 handling fees, are recognised as income when the transaction has been performed.

That part of the bank's commission income which derives from guarantees on foreign loans is included as a separate item designated »Interest-like commission income« in the profit and loss account on the basis of an assessment of materiality.

### **Staff and administration costs**

Staff and administration costs comprise among other things salaries, pension costs, IT-costs, etc.

### **Write-downs on loans and debtors etc.**

This item includes losses and write-downs on loans and other debtors and losses and provisions on guarantees. The item also includes losses and write-downs on claims on credit institutions and losses and provisions on the national bank package I.

### **Tax**

Tax on the profit for the year is booked as a cost in the profit and loss account.

Net deferred tax is calculated on the items which cover the delay in accounting and booking of taxable income and expenses at the tax rate applicable on the balance sheet date.

## **The balance sheet**

### **Claims on credit institutions and central banks**

The first inclusion is made at current value plus transactions costs, less establishment fees etc., and subsequent measurement is at amortised cost price, but reference is made to the section »Derivative financial instruments« with respect to hedging for accounting purposes.

### **Loans and other debtors**

The first inclusion is made at current value plus transaction costs, less establishment fees etc., and subsequent measurement is at amortised cost price. Establishment fees etc. which are comparable with ongoing interest payments, and are thus deemed to be an integral part of the effective interest on the loan, are accrued over the life of the individual loan.

If an objective indication of impairment is found on an individually assessed loan, a write-down is made to cover the bank's loss on the basis of expected future payments series based on an assessment of the most likely outcome.

With respect to loans and receivables which have not been written down individually, a group-wise assessment is made of whether there is an objective indication of impairment in value for the group.

This group-wise assessment is made on groups of loans and debtors with uniform characteristics with respect to credit risk. Eleven groups are used, one of public clients, one of private clients and nine of business clients, the latter further grouped by sector.

The group-wise assessment is made on the basis of a segmentation model developed by the Association of Local Banks, Savings Banks and Cooperative Savings Banks in Denmark, which undertakes the ongoing maintenance and development. The segmentation model sets the relationship in the individual groups between losses suffered and a number of significant explanatory macroeconomic variables via a linear regression analysis. The explanatory macroeconomic variables include unemployment, house prices, interest rates, number of bankruptcies/forced auctions etc.

The macroeconomic segmentation model is initially calculated on the basis of loss data for the entire banking sector. The bank has therefore made an assessment of whether the model estimates reflect the credit risk for the bank's own loan portfolio.

This assessment has resulted in an adaptation of the estimates under the model to the bank's own circumstances, under which the adapted estimates form the basis for calculation of the group write-downs. The adjusted estimates were further corrected to take account of the changed economic conditions. For each group of loans and debtors, there is an estimate which expresses the percentage decrease in value associated with a given group of loans and debtors on the balance sheet date. A comparison of the individual loan's current risk of loss with the loan's original risk of loss and its risk of loss at the beginning of the current accounting period provides the individual loan's contribution to the group write-downs. The write-down is calculated as the difference between the book value and the discounted value of the expected future payments.

With respect to hedging for accounting purposes reference is made to section »Derivative financial instruments«.

Changes in write-downs which have been made are adjusted in the profit and loss account under the item »Write-downs on loans and debtors etc.«.

#### **Bonds and shares**

Securities which are listed on a stock exchange are included at current value, determined on the basis of the closing price on balance sheet date.

Unlisted securities are also included at current value, computed on the basis of what the price would be in a transaction between independent parties.

All ongoing value adjustments to listed and unlisted securities are entered in operations under the item »Value adjustments«.

#### **Capital shares in associated companies**

Capital shares in associated companies are entered in the balance sheet under the intrinsic value method.

#### **Land and buildings**

Land and buildings cover the two items »Investment properties« and »Domicile properties«. The properties which house the bank's branches are included under domicile properties, while other properties are considered to be investment properties.

Investment properties are included in the balance sheet at current value, computed under the yield method. Ongoing changes in value concerning investment properties are included in the profit and loss account.

Domicile properties are included in the balance sheet at reassessed value, which is the current value computed on the basis of the yield method less cumulative depreciation and any loss due to impairment. Depreciation is calculated on the basis of expected useful life, which is 50 years, on the basis of depreciation computed as cost price less scrap value. Depreciations and losses due to impairment are included in the profit and loss account, while increases in the reassessed value are included directly on the shareholders' equity under the item »Provisions for revaluation« unless the increase corresponds to a reduction in value which was previously included in the profit and loss account.

#### **Other tangible assets**

Other tangible assets including operating equipment are included in the balance sheet at cost price less cumulative depreciation and write-downs for any loss due to impairment. Depreciations are calculated on the basis of the assets' expected lives, which are 1-5 years, on the basis of depreciation computed as cost price less scrap value. Depreciations and losses due to impairment are included in the profit and loss account.

#### **Temporary assets**

Temporary assets comprise assets taken over as a result of the unwinding of customer engagements, 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.

#### **Other assets**

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

## **Tax**

Actual tax assets and actual tax liabilities are recognized in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax paid on account.

A deferred tax liability is allocated under the item »Provisions for deferred tax« and if a deferred tax asset is booked under the item »Deferred tax assets« following a cautious assessment of the asset's value.

## **Debt to credit institutions and central banks / Deposits and other debts / Issued bonds at amortised cost price / Subordinated debt**

Measurement is at amortised cost price, but reference is made to the section »Derivative financial instruments« with respect to hedging for accounting purposes.

## **Other liabilities**

Other liabilities include interest and commissions payable and the negative marked value of derivative financial instruments.

## **Various informations**

### **Contingent liabilities/guarantees**

The bank's outstanding guarantees are given in the notes under the item »Contingent liabilities«. If it is considered likely that an outstanding guarantee will incur a loss to the bank, the liability is given under the item »Provisions for losses on guarantees« and booked under costs in the profit and loss account under the item »Write-downs on loans and debtors etc.«

### **Cash flow statement**

The cash flow statement is presented in accordance with the indirect method on the basis of the result for the year, adjusted for non-liquid items.

The statement shows net changes in the balance sheet, and on some points it will therefore not provide the full picture of the actual cash flows.

The cash flows from the operating activity are computed as the result for the year, adjusted for non-liquid items and changes in operating capital. Cash flows from the investment activity cover purchases and sale of fixed assets etc. Cash flows from the financing activity cover movements and allocations in subordinated debt and in shareholders' equity.

Liquid assets cover cash in hand, claims at call on the Central Bank of Denmark, fully secured and liquid claims at call on banks, unpledged certificates of deposit issued by the Central Bank of Denmark, and secure and easily saleable listed unpledged securities, under Section 152 of the Danish Financial Business Act.

### **Information and key figures**

»Total capital base« on page 3 under »Main figures for the bank« is computed as the banks capital base after deductions.

The »Pre-tax return on equity at the beginning of the year«, and the »Return on equity after tax at the beginning of the year« as given on page 3 under »Key figures for the bank« were both for 2008 calculated after deduction of dividend etc., net.

»Key figures per DKK 5 share« on page 3 were calculated on the basis of 2009: 5,040,000 shares, 2008: 5,040,000 shares, 2007: 5,040,000 shares, 2006: 5,280,000 shares and 2005: 5,280,000 shares.

All calculations etc. concerning write-downs on pages 3, 8, 19 and 20 were made exclusive of amounts under the national bank package I etc.

With effect from 2008, the bank changed the calculation of the key figure »Rate of costs«. The key figure is now calculated as »Total costs etc.« (including depreciation on tangible fixed assets) divided by »Total core income« multiplied by 100. The comparative figures on the pages 3 and 7 have been adjusted for the change method of calculation.

No changes to the calculated VaR figures for 2007 were made in connection with the adjustment of the VaR model in 2008 (note 42 on page 66).

It is noted, that the individual solvency requirement (reported at page 3, 12 and 16) not is audited.

# NOTES TO THE ANNUAL REPORT

Note no.	2009 DKK 1,000	2008 DKK 1,000
<b>1 Interest receivable</b>		
Claims on credit institutions and central banks	63,512	122,162
Loans and other debtors	865,961	1,061,077
Loans - interest concerning the written-down part of loans	-26,109	-24,552
Bonds	65,062	42,996
Total derivatives financial instruments	24,338	19,168
of which		
Currency contracts	24,759	18,601
Interest-rate contracts	-421	567
Other	992	314
<b>Total interest receivable</b>	<b>993,756</b>	<b>1,221,165</b>
<b>2 Interest payable</b>		
Credit institutions and central banks	94,946	261,630
Deposits and other debts	230,197	344,397
Issued bonds	21,525	33,185
Subordinated debt	30,743	29,585
Other	317	352
<b>Total interest payable</b>	<b>377,728</b>	<b>669,149</b>
<b>3 Dividend on capital shares etc.</b>		
Shares	3,243	1,491
<b>Total dividend on capital shares etc.</b>	<b>3,243</b>	<b>1,491</b>
<b>4 Fees and commissions</b>		
<b>Gross income from fees and commissions</b>		
Securities trading	26,678	36,543
Asset management	40,943	48,343
Payment handling	16,419	16,946
Loan fees	9,854	8,740
Guarantee commissions	29,991	27,470
Other fees and commissions	16,477	17,386
<b>Total gross income from fees and commissions</b>	<b>140,362</b>	<b>155,428</b>
<b>Fees and commissions paid</b>		
Securities trading	7,890	11,257
Asset management	3,960	4,221
Payment handling	1,551	2,070
Loan fees	2,453	2,309
Guarantee commissions	0	0
Other fees and commissions	7,969	8,607
<b>Total fees and commissions paid</b>	<b>23,823</b>	<b>28,464</b>
<b>Net income from fees and commissions</b>		
Securities trading	18,788	25,286
Asset management	36,983	44,122
Payment handling	14,868	14,876
Loan fees	7,401	6,431
Guarantee commissions	29,991	27,470
Other fees and commissions	8,508	8,779
<b>Total net income from fees and commissions</b>	<b>116,539</b>	<b>126,964</b>
Foreign exchange income	16,515	13,670
<b>Total net income from fees, commissions and foreign exchange income</b>	<b>133,054</b>	<b>140,634</b>

# NOTES TO THE ANNUAL REPORT

Note no.		2009 DKK 1,000	2008 DKK 1,000
<b>5</b>	<b>Value adjustments</b>		
	Loans and other debtors at current value	8,665	9,397
	Bonds	39,402	-43,230
	Shares etc.	7,159	-43,176
	Shares in sector companies etc.	5,246	8,142
	Shares in Totalkredit A/S	0	33,225
	Investment properties	0	1,650
	Foreign exchange income	16,515	13,670
	Total derivative financial instruments	-5,758	19,678
	of which		
	Interest-rate contracts	-5,656	19,649
	Share contracts	-102	29
	Issued bonds	5,937	-13,398
	Other liabilities	-19,036	-29,535
	<b>Total value adjustments</b>	<b>58,130</b>	<b>-43,577</b>
<b>6</b>	<b>Staff and administration costs</b>		
	Salaries and payments to board of managers, board of directors and shareholders' committee		
	Board of managers	5,873	5,631
	Board of directors	847	814
	Shareholders' committee	307	292
	Total	7,027	6,737
	Staff costs		
	Salaries	110,783	107,593
	Pensions	11,111	10,663
	Social security expenses	12,660	12,300
	Total	134,554	130,556
	Other administration costs	94,023	98,763
	<b>Total staff and administration costs</b>	<b>235,604</b>	<b>236,056</b>
<b>7</b>	<b>Number of employees</b>		
	Average number of employees during the financial year converted into full-time employees	<b>262.0</b>	<b>274.4</b>
<b>8</b>	<b>Incentive schemes</b>		
	Under the employee share schemes established in previous financial years, a total of 6,860 shares with a residual binding period of zero years were bound under the schemes on the balance sheet date.		
	Under the employee bond schemes established in previous financial years, bonds to a total of nom. tDKK 4,044 with residual binding periods of two, three, four and five years had been issued on the balance sheet date.		
<b>9</b>	<b>Audit fee</b>		
	Total fee to the firm of accountants, elected by the General Meeting, that perform the statutory audit	988	699
	Of this concerning other contributions than audit	354	125
	It is noted, that the bank also has an internal auditor.		

Note no.		2009 DKK 1,000	2008 DKK 1,000
<b>10</b>	<b>Amortisations, depreciations and write-downs on intangible and tangible assets</b>		
	<b>Tangible assets</b>		
	Domicile properties, depreciations	377	320
	Other tangible assets, depreciations	2,047	2,100
	<b>Total amortisations, depreciations and write-downs on intangible and tangible assets</b>	<b>2,424</b>	<b>2,420</b>
<b>11</b>	<b>Tax</b>		
	Tax calculated on the years profit	64,201	84,680
	Adjustment of deferred tax	8,572	-6,103
	Adjustment of tax calculated for previous years	2	-82
	<b>Total tax</b>	<b>72,775</b>	<b>78,495</b>
	<b>Effective tax rate (%):</b>		
	The current tax rate of the bank	25.0	25.0
	Adjustment of tax on non-liable income and non-deductible costs etc.	-1.1	-0.4
	Adjustment of tax calculated for previous years	0.0	0.0
	<b>Total effective tax rate</b>	<b>23.9</b>	<b>24.6</b>
		<b>End Dec. 2009</b>	<b>End Dec. 2008</b>
		<b>DKK 1,000</b>	<b>DKK 1,000</b>
<b>12</b>	<b>Claims on credit institutions and central banks</b>		
	Claims at call	306,531	1,348,577
	Up to and including 3 months	1,298,234	444,147
	More than 3 months and up to and including 1 year	796,442	85,553
	More than 1 year and up to and including 5 years	54,324	126,672
	More than 5 years	36,468	36,898
	<b>Total claims on credit institutions and central banks</b>	<b>2,491,999</b>	<b>2,041,847</b>
	Distributed as follows:		
	Claims at notice on central banks	649,846	1,121,767
	Claims on credit institutions	1,842,153	920,080
		<b>2,491,999</b>	<b>2,041,847</b>
<b>13</b>	<b>Loans and other debtors at amortised cost price</b>		
	At call	2,851,137	3,861,170
	Up to and including 3 months	862,975	712,129
	More than 3 months and up to and including 1 year	2,066,758	2,533,169
	More than 1 year and up to and including 5 years	4,155,151	3,501,623
	More than 5 years	3,111,191	3,289,010
	<b>Total loans and other debtors at amortised cost price</b>	<b>13,047,212</b>	<b>13,897,101</b>

# NOTES TO THE ANNUAL REPORT

Note no.		End Dec. 2009 DKK 1,000	End Dec. 2008 DKK 1,000
<b>14</b>	<b>Write-downs on loans and other debtors and provisions for losses on guarantees</b>		
	<b>Individual write-downs</b>		
	Cumulative individual write-downs on loans and other debtors at the end of the previous financial year	336,820	273,138
	Write-downs/value adjustments during the year	195,056	190,236
	Reverse entry - write-downs made in previous financial years	-53,832	-116,390
	Booked losses covered by write-downs	-53,527	-10,164
	<b>Cumulative individual write-downs on loans and other debtors on the balance sheet date</b>	<b>424,517</b>	<b>336,820</b>
	<b>Group write-downs</b>		
	Cumulative group write-downs on loans and other debtors at the end of the previous financial year	17,594	8,656
	Write-downs/value adjustments during the year	35,167	13,286
	Reverse entry - write-downs made in previous financial years	-11,629	-4,348
	<b>Cumulative group write-downs on loans and other debtors on the balance sheet date</b>	<b>41,132</b>	<b>17,594</b>
	<b>Total cumulative write-downs on loans and other debtors on the balance sheet date</b>	<b>465,649</b>	<b>354,414</b>
	<b>Provisions for losses on guarantees</b>		
	Cumulative individual provisions for losses on guarantees at the end of the previous financial year	1,669	7,303
	Provisions/value adjustments during the year	3,822	573
	Reverse entry - provisions made in previous financial years	-4,115	-6,207
	<b>Cumulative individual provisions for losses on guarantees on the balance sheet date</b>	<b>1,376</b>	<b>1,669</b>
	<b>Total cumulative write-downs on loans and other debtors and provisions for losses on guarantees on the balance sheet date</b>	<b>467,025</b>	<b>356,083</b>
	It is noted that no write-downs were made on outstanding claims on credit institutions and other receivables at the end of 2009. The above figures in this note therefore do not include any such write-downs.		
<b>15</b>	<b>Provisions national bank package I</b>		
	Cumulative individual provisions at the end of the previous financial year	8,828	0
	Provisions/value adjustments during the year	36,273	8,828
	<b>Cumulative individual provisions on the balance sheet date</b>	<b>45,101</b>	<b>8,828</b>
	It is noted that the item in the profit and loss account in 2009 primarily concerns write-downs made on the national bank package I, and that the item also includes the writing off of a claim on a credit institution.		
<b>16</b>	<b>Suspended calculation of interest</b>		
	Loans and other debtors with suspended calculation of interest on the balance sheet date	62,649	22,110

Note no.		End Dec. 2009 DKK 1,000	End Dec. 2008 DKK 1,000
<b>17</b>	<b>Bonds at current value</b>		
	Listed on the stock exchange	1,679,453	1,305,760
	<b>Total bonds at current value</b>	<b>1,679,453</b>	<b>1,305,760</b>
<b>18</b>	<b>Shares etc.</b>		
	Listed on NASDAQ OMX Copenhagen	25,428	23,078
	Listed on other stock exchanges	0	6
	Unlisted shares at current value	2,591	9,741
	Sector shares at current value	204,527	196,497
	Other holdings	24,151	18,088
	<b>Total shares etc.</b>	<b>256,697</b>	<b>247,410</b>
	Sector shares are distributed as follows:		
	Asset management and pension		
	BankInvest Holding A/S	19,096	11,855
	Egnsinvest Holding A/S	42	120
	Letpension Holding A/S	3,358	7,838
	Sparinvest Holding A/S	6,769	18,779
	Sector infrastructure		
	Multidata Holding A/S	3,541	3,541
	PBS Holding A/S	5,021	5,021
	Swift	20	20
	Værdipapircentralen A/S	1,362	1,363
	Mortgage credit		
	DLR Kredit A/S	131,136	113,183
	PRAS A/S	34,182	34,777
	<b>Total sector shares</b>	<b>204,527</b>	<b>196,497</b>
<b>19</b>	<b>Land and buildings</b>		
	<b>Investment properties</b>		
	Current value at the end of the previous financial year	7,261	5,611
	Acquisitions during the year, including improvements	0	0
	Disposals during the year	0	0
	Value adjustments to current value for the year	0	1,650
	<b>Current value on the balance sheet date</b>	<b>7,261</b>	<b>7,261</b>
	<b>Domicile properties</b>		
	Reassessed value at the end of the previous financial year	66,837	65,381
	Acquisitions during the year, including improvements	2,868	1,776
	Disposals during the year	0	0
	Depreciations for the year	-377	-320
	<b>Total reassessed value on the balance sheet date</b>	<b>69,328</b>	<b>66,837</b>

When measuring investment and domicile properties a rate of return between 6% and 8% is used. No external experts were involved in the valuation of investment and domicile properties.



# NOTES TO THE ANNUAL REPORT

Note no.		End Dec. 2009 DKK 1,000	End Dec. 2008 DKK 1,000
<b>20</b>	<b>Other tangible assets</b>		
	<b>Cost price</b>		
	Cost price at the end of the previous financial year without depreciations and write-downs	29,938	31,720
	Acquisitions during the year, including improvements	1,651	1,777
	Disposals during the year	-1,763	-3,559
	Transfers to other items during the year	0	0
	<b>Total cost price on the balance sheet date</b>	<b>29,826</b>	<b>29,938</b>
	<b>Write-downs and depreciations</b>		
	Write-downs and depreciations at the end of the previous financial year	26,306	27,586
	Write-downs for the year	0	0
	Depreciations for the year	2,047	2,100
	Write-downs and depreciations on sold and discarded assets	0	0
	Reverse entry of previous years' write-downs during the year and reverse entry of total depreciations and write-downs on assets which were sold or taken out of operation during the year	-1,582	-3,380
	<b>Total depreciations and write-downs on the balance sheet date</b>	<b>26,771</b>	<b>26,306</b>
	<b>Total other tangible assets on the balance sheet date</b>	<b>3,055</b>	<b>3,632</b>
<b>21</b>	<b>Deferred tax assets</b>		
	The calc. deferred tax asset relates to the balance sheet items:		
	Loans and other debtors	0	2,649
	Securities	0	31,333
	Tangible assets	0	1,090
	Provisions for liabilities	0	2,650
	Other assets/liabilities	0	-10,009
	<b>Total deferred tax assets</b>	<b>0</b>	<b>27,713</b>
	Deferred tax is calculated at (%)	25.0	25.0
<b>22</b>	<b>Other assets</b>		
	Interest and commissions receivable	69,674	96,122
	Positive market value of derivative financial instruments	192,894	185,953
	Miscellaneous receivables and other assets	12,603	30,005
	<b>Total other assets</b>	<b>275,171</b>	<b>312,080</b>
<b>23</b>	<b>Debt to credit institutions and central banks</b>		
	Debt payable on demand	407,506	1,266,005
	Up to and including 3 months	240,334	305,944
	More than 3 months and up to and including 1 year	51,892	505,163
	More than 1 year and up to and including 5 years	1,974,750	2,850,267
	More than 5 years	320,241	373,783
	<b>Total debt to credit institutions and central banks</b>	<b>2,994,723</b>	<b>5,301,162</b>
	Distributed as follows:		
	Debt to central banks	0	800,000
	Debt to credit institutions	2,994,723	4,501,162
		<b>2,994,723</b>	<b>5,301,162</b>
	The bank has undrawn long-term committed revolving credit facilities equivalent to:		
	Term to maturity under 1 year	300,000	300,000
	Term to maturity over 1 year	769,735	1,070,554
	<b>Total</b>	<b>1,069,735</b>	<b>1,370,554</b>
	The bank also has an undrawn loan facility with the Central Bank of Denmark on the basis of statutory excess solvency which expires on 30 September 2010 of	<b>800,000</b>	<b>800,000</b>

Note no.		End Dec. 2009 DKK 1,000	End Dec. 2008 DKK 1,000
<b>24</b>	<b>Deposits and other debts</b>		
	On demand*	5,318,439	4,067,100
	Deposits and other debts at notice:		
	Up to and including 3 months	2,019,860	1,968,029
	More than 3 months and up to and including 1 year	1,141,367	586,356
	More than 1 year and up to and including 5 years	1,251,393	1,055,126
	More than 5 years	1,456,411	1,396,264
	<b>Total deposits and other debts</b>	<b>11,187,470</b>	<b>9,072,875</b>
	Distributed as follows:		
	On demand	4,870,100	3,796,184
	At notice	88,810	52,190
	Time deposits	3,174,223	2,495,579
	Long-term deposit agreements	1,801,769	1,561,675
	Special types of deposits*	1,252,568	1,167,247
		<b>11,187,470</b>	<b>9,072,875</b>
	* Special types of deposits are entered under the item »On demand« pending payment, while in the specification of the different types of deposits, the sum is instead included under »Special types of deposits«.		
<b>25</b>	<b>Issued bonds at amortised cost price</b>		
	On demand	0	0
	Up to and including 3 months	0	0
	More than 3 months and up to and including 1 year	446,461	0
	More than 1 year and up to and including 5 years	11,264	386,363
	More than 5 years	99,612	91,978
	<b>Total issued bonds at amortised cost price</b>	<b>557,337</b>	<b>478,341</b>
	Distributed as follows:		
	Issues in Norwegian kroner:		
	Nom. NOK 500 million*	447,100	378,600
	Nom. NOK 100 million	89,420	75,720
	Regulation at amortised cost price and adjustment to current value of issues in Norwegian kroner	6,980	12,756
	Other issues	13,837	11,265
		<b>557,337</b>	<b>478,341</b>
	* Admitted for listing on the Oslo Exchange/ABM.		
<b>26</b>	<b>Other liabilities</b>		
	Interest and commissions payable	73,038	105,495
	Negative market value of derivative financial instruments	181,856	400,133
	Micellaneous payables and other liabilities	109,438	146,075
	<b>Total other liabilities</b>	<b>364,332</b>	<b>651,703</b>
<b>27</b>	<b>Provisions for pensions and similar liabilities</b>		
	The provisions concern conditional pension commitments to current members of the board of managers and a pension commitment to a former member of the board of managers from a merged bank.		
		<b>7,463</b>	<b>9,471</b>
<b>28</b>	<b>Provisions for deferred tax</b>		
	The calc. provisions for defer. tax relates to the balance sheet items:		
	Loans and other debtors	-1,308	0
	Securities	6,270	0
	Tangible assets	-1,120	0
	Provisions for liabilities	-5,168	0
	Other assets/liabilities	6,414	0
	<b>Total provisions for deferred tax</b>	<b>5,088</b>	<b>0</b>
	Deferred tax is calculated at (%)	25.0	25.0

# NOTES TO THE ANNUAL REPORT

Note no.		End Dec. 2009 DKK 1,000	End Dec. 2008 DKK 1,000						
<b>29</b>	<b>Subordinated debt</b>								
	Type	Interest rate (%)	Currency	Mill.	Due date	Possible early redemption date			
	<b>Subordinated loan capital</b>								
	Bond loan*/****	3.995	DKK	300	9 Feb. 2014	9 Feb. 2011	300,000	300,000	
	Bilateral agreement**	Floating	EUR	27	30 June 2021	30 June 2018	200,921	201,166	
	<b>Total subordinated loan capital</b>						<b>500,921</b>	<b>501,166</b>	
	<b>Hybrid core capital</b>								
	Bond loan***/****	4.795	DKK	200	Indefinite 2	March 2015	200,000	200,000	
	<b>Total hybrid core capital</b>						<b>200,000</b>	<b>200,000</b>	
	<b>Subordinated debt included in the calculation of the capital base (before deduction of own holding)</b>								
	Regulation at amortised cost price and adjustment to current value						700,921	701,166	
	Own holding of subordinated loan capital						4,631	-10,182	
	<b>Total subordinated debt</b>						<b>695,394</b>	<b>690,984</b>	
	* The interest rate will change on 9 February 2011 to a quarterly variable coupon rate equivalent to the CIBOR rate published by the Central Bank of Denmark for a term of three months plus 2.30% p.a. Interest - 2009: tDKK 13,666 / 2008: tDKK 12,522								
	** The interest rate will change on 30 June 2018 to a quarterly variable rate equivalent to the EURIBOR rate for a term of three months plus 3.50% p.a. Interest - 2009: tDKK 7,319 / 2008: tDKK 7,252								
	*** The interest rate will change on 2 March 2015 to a quarterly variable coupon rate equivalent to the CIBOR rate published by the Central Bank of Denmark for a term of three months plus 2.16% p.a. Interest - 2009: tDKK 9,758 / 2008: tDKK 9,811								
	**** Admitted for listing on NASDAQ OMX Copenhagen.								
<b>30</b>	<b>Share capital</b>								
	Number of shares at DKK 5 each:								
	Beginning of year						5,040,000	5,240,000	
	Cancelled during the year						0	-200,000	
	<b>End of year</b>						<b>5,040,000</b>	<b>5,040,000</b>	
	<b>Share capital</b>						<b>25,200</b>	<b>25,200</b>	
	The whole share capital has been admitted for listing on NASDAQ OMX Copenhagen.								
<b>31</b>	<b>Own capital shares</b>								
	Own capital shares included in the balance sheet at						0	0	
	The market value is						5,220	63,343	
	Number of own shares:								
	Beginning of year						204,333	196,531	
	Purchase of own shares during the year						487,279	743,187	
	Sale of own shares during the year						-683,040	-535,385	
	Cancellation of own shares during the year						0	-200,000	
	<b>End of year</b>						<b>8,572</b>	<b>204,333</b>	
	Nominal value of holding of own shares, end of year						43	1,022	
	Own shares' proportion of share capital end of year (%):								
	Beginning of year						4.1	3.9	
	Purchase of own shares during the year						9.7	14.7	
	Sale of own shares during the year						-13.6	-10.6	
	Cancellation of own shares during the year						0.0	-3.9	
	<b>End of year</b>						<b>0.2</b>	<b>4.1</b>	
	Total purchase price for shares acquired during the year						251,393	403,338	
	Total sales price for shares sold during the year						306,976	291,582	

The transactions for the year in own shares were made on the basis of the bank's ordinary trading with shares.

Note no.

### 32 Contingent liabilities etc.

#### Contingent liabilities

	End Dec. 2009 DKK 1,000	End Dec. 2008 DKK 1,000
Finance guarantees	1,009,540	732,598
Guarantees for foreign loans	29,613	1,089,343
Guarantees against losses on mortgage credit loans	48,774	48,710
Guarantees against losses Totalkredit	116,327	116,182
Registration and conversion guarantees	74,389	134,160
Guarantee national bank package I	109,886	163,422
Other contingent liabilities	97,147	101,798
<b>Total contingent liabilities</b>	<b>1,485,676</b>	<b>2,386,213</b>

#### Binding agreements

Irrevocable credit commitments	0	0
Other	0	0
<b>Total binding agreements</b>	<b>0</b>	<b>0</b>

### 33 Assets furnished as security

As security for clearing and any debt, the bank has pledged securities from its holding to the Central Bank of Denmark to a total market price of

<b>292,858</b>	<b>1,170,161</b>
----------------	------------------

### 34 Legal proceedings, etc.

The bank is not party to any legal proceedings that are estimated to result in major losses and in that way to a substantial change of the accounts.

### 35 Related parties

Related parties are among others the bank's board of directors and board of managers, managerial employees and their relatives. Ringkjøbing Landbobank advises that it has no related parties with a controlling influence on the bank (defined as >20% ownership).

There were no transactions during the year with the board of directors and board of managers or managerial employees apart from the payment of salaries and compensation etc., stock exchange business and the provision of loans and guarantees.

It is also noted that all of the transactions performed in 2009 and 2008 with related parties, including credit facilities, were carried out on market terms or a cost-cover basis.

Information on the remuneration made to the board of directors and board of managers is given in note 6.

Information on the size of loans, mortgages, sureties and guarantees provided to members of the bank's board of directors and board of managers and the security received is given in this note. The information in the note covers these parties' personal engagements and those of their relatives.

Information on the shareholdings held by the board of directors and board of managers is given in this note.

#### The amount of loans issued to and mortgages, sureties or guarantees issued for the members of the bank's:

	Interest rates 2009	End Dec. 2009 DKK 1,000	End Dec. 2008 DKK 1,000
Board of managers	4.8%	306	300
Board of directors, incl. elected by the staff	2.4%-9.8%	9,326	11,497

All engagements are performed under market terms, including both interest and guarantee commission rates.

#### Security pledged from members of the bank's:

Board of managers	0	0
Board of directors, incl. elected by the staff	1,829	2,110

Note no.

## 35 Related parties - continued

### The board of directors' and the board of managers' shareholdings\* in Ringkjøbing Landbobank at the end of the year

#### The board of directors:

Jens Lykke Kjeldsen	5,415	3,915
Gravers Kjærgaard	6,767	6,767
Gert Asmussen	4,528	4,528
Keld Hansen	15,636	14,137
Bo Bennedsgaard	337	247
Søren Nielsen	452	395

#### The board of managers:

Bent Naur	16,402	16,355
John Fisker	14,650	14,603

\* Stated in accordance with the rules on insiders.

## 36 Current value of financial instruments

Financial instruments are measured in the balance sheet at either current value or amortised cost price (with consideration to risk cover that fulfil the conditions applying to hedging).

The current value is the amount at which a financial asset can be sold or the amount at which a financial liability can be redeemed between agreed independent parties. The current values of financial assets and liabilities valued on active markets are calculated on the basis of observed market prices on the balance sheet date. The current values of financial instruments which are not valued on active markets are calculated on the basis of generally recognised methods of valuation.

Shares etc. and derivative financial instruments are measured in the accounts at market value such that included book values correspond to current values.

The write-downs on loans are assessed such that they correspond to changes in credit quality. The difference from current value is assessed as fees and commissions received, costs incurred in lending activities, and, for fixed-interest loans, the value adjustment which is independent of the interest level and which can be calculated by comparing the actual market interest rate with the nominal rate applying to the loans.

The current value of claims on credit institutions and central banks is determined under the same method as for loans, but the bank has not currently made any write-downs on claims on credit institutions and central banks.

Issued bonds and subordinated debt are measured at amortised cost price. The difference between book and current values is calculated on the basis of prices on the market for own listed issues.

For variable-interest financial liabilities in the form of deposits and debts to credit institutions measured at amortised cost price, it is estimated that the book value corresponds to the current value.

For fixed-interest financial liabilities in the form of deposits and debts to credit institutions measured at amortised cost price, the difference from current values is estimated to be the value adjustment which is independent of interest level.

Note  
no.

### 36 Current value of financial instruments - continued

#### Financial assets

	End Dec. 2009		End Dec. 2008	
	Book value DKK 1,000	Current value DKK 1,000	Book value DKK 1,000	Current value DKK 1,000
Cash in hand+claims at call on central banks	42,723	42,723	46,112	46,112
Claims on credit institut. and central banks*	2,499,099	2,499,613	2,051,203	2,051,203
Loans and other debtors at amort. cost price*	13,077,263	13,112,976	13,949,779	13,984,194
Bonds at current value*	1,695,609	1,695,609	1,336,123	1,336,123
Shares etc.	257,210	257,210	247,981	247,981
Derivative financial instruments	192,894	192,894	185,953	185,953
<b>Total financial assets</b>	<b>17,764,798</b>	<b>17,801,025</b>	<b>17,817,151</b>	<b>17,851,566</b>

#### Financial liabilities

Debt to credit institutions and central banks*	2,997,177	2,998,456	5,328,951	5,328,951
Deposits and other debts*	11,233,073	11,248,384	9,113,479	9,131,648
Issued bonds at amortised cost price*/**	562,082	561,245	484,009	479,167
Derivative financial instruments	181,856	181,856	400,133	400,133
Subordinated debt*/**	713,767	654,594	713,134	684,350
<b>Total financial liabilities</b>	<b>15,687,955</b>	<b>15,644,535</b>	<b>16,039,706</b>	<b>16,024,249</b>

\* The item includes calculated interest on the balance sheet date. The calculated interest in the balance sheet is included under the items »Other assets« and »Other liabilities«.

\*\* Using the most recently listed transaction price before the balance sheet date, irrespective of the liquidity in the security in question.

### 37 Hedging

#### The following are hedged:

Fixed interest claim on a credit institution, fixed interest loans, fixed interest deposits, issued bonds at amortised cost price, fixed interest subordinated loan capital, floating interest subordinated loan capital and fixed interest hybrid core capital

#### Risk cover:

Interest rate risk and foreign exchange risk

#### Book values:

	End Dec. 2009 DKK 1,000	End Dec. 2008 DKK 1,000
Claim on a credit institution	28,604	27,932
Loans	145,249	205,654
Deposits	311,943	306,187
Issued bonds at amortised cost price	543,500	467,076
Subordinated loan capital	491,625	492,152
Hybrid core capital	203,769	198,832

#### Cover is thus:

Interest and currency swaps - total synthetic principal	1,628,651	1,612,660
Total current value	21,468	10,794

### 38 Risks and risk management

As described in the section on risk »Risks and risk management« in the management report contained in the annual report, Ringkjøbing Landbobank is exposed to various types of risk. See the section on risks on pages 18-29 of the management report for a description of financial risks and policies and objectives for their management.

The following notes to the annual report contain some additional information and a more detailed description of the bank's credit and market risks.

# NOTES TO THE ANNUAL REPORT

Note no.

## 39 Credit risk

### Maximum credit exposure classified by balance sheet and off-balance sheet items

#### Balance sheet items

Cash in hand and claims at call on central banks	42,723	46,112
Claims on credit institutions and central banks	2,491,999	2,041,847
Loans and other debtors at amortised cost price	13,047,212	13,897,101
Bonds at current value	1,679,453	1,305,760
Shares etc.	256,697	247,410
Capital shares in associated companies	513	571
Other assets, including derivative financial instruments	321,432	347,055
	<b>17,840,029</b>	<b>17,885,856</b>

#### Off-balance sheet items

Guarantees (contingent liabilities)	1,485,676	2,386,213
Credit commitments (binding agreements)	0	0
	<b>1,485,676</b>	<b>2,386,213</b>

#### Total

**19,325,705**      **20,272,069**

A more detailed classification of the items »Loans and other debtors at amortised cost price« and »Guarantees« is given below.

### Loans and guarantees distributed on sectors

Loans and guarantees distributed on sectors and lines of business (in % end year)

	End Dec. 2009 Per cent	End Dec. 2008 Per cent
<b>Public authorities</b>	<b>0.0</b>	<b>0.3</b>
<b>Business</b>		
Agriculture, hunting and forestry		
Cattle farming etc.	3.9	4.9
Pig farming etc.	3.8	4.4
Other agriculture, hunting and forestry	4.0	3.7
Fishing industry	1.6	1.4
Mink production	1.7	1.4
Manufacturing business, primary business, electricity-, gas-, water- and heating plants	4.6	11.8
Wind turbines/electricity production	14.3	-
Building and construction	2.1	2.2
Wholesale and retail trade, catering- and hotel trade	4.1	5.7
Carrying trade, storage- and communication service	2.1	0.7
Credit- and financial intermediation and insurance business	7.0	8.6
Real-estate administration, real-estate agent, service business	8.9	6.1
Other business	7.9	14.6
<b>Total business</b>	<b>66.0</b>	<b>65.5</b>
<b>Private persons</b>	<b>34.0</b>	<b>34.2</b>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

The distribution by sector is based on Statistics Denmark's sector codes etc.

A separate line was added in 2009 for loans for the erection of wind turbines. In previous years this item was included in various sectors.

Note  
no.

### 39 Credit risk - continued

#### Description of securities (collateral)

Ringkjøbing Landbobank wishes to reduce its risk to the greatest possible extent in connection with business transactions entered into with the bank's customers by receiving security in the form of a mortgage/pledge in physical assets, bonds and shares, bank deposits etc. and via sureties, guarantees, notices of rescission etc. The most used securities are mortgages in real estate and pledges in bonds and shares. The bank regularly monitors the values of securities received.

#### Description of loans which are neither in arrears nor written down

Ringkjøbing Landbobank has historically always been operated with a conservative credit policy, which is also reflected in the loans which are neither in arrears nor have been written down. With respect to the loans in question, reference is also made to relevant sections on the bank's credit risk on loans on pages 8 and 18-21 of the management report.

**Book value of loans which would have been in arrears or written down if they had not been renegotiated**

End Dec. 2009 DKK 1,000	End Dec. 2008 DKK 1,000
0	0

**Terms from the due date for loans in arrears which have not been written down**

0-90 days  
over 90 days  
Total

End Dec. 2009		End Dec. 2008	
Book value DKK 1,000	Securities DKK 1,000	Book value DKK 1,000	Securities DKK 1,000
13,209	11,554	97,969	11,055
1,078	1,744	1,458	871
14,287	13,298	99,427	11,926



# NOTES TO THE ANNUAL REPORT

Note no.

## 39 Credit risk - cont.

### Value of loans which have been individually written down

Reason for write-down:

Major financial difficulties

Breach of contract

Easing of terms

Probability of bankruptcy

**Total**

	End Dec. 2009			End Dec. 2008		
	Credit exposure before write-downs DKK 1,000	Write-downs DKK 1,000	Securities DKK 1,000	Credit exposure before write-downs DKK 1,000	Write-downs DKK 1,000	Securities DKK 1,000
Major financial difficulties	347,298	187,646	42,436	296,817	171,953	44,369
Breach of contract	143,652	99,071	18,041	132,441	83,432	25,638
Easing of terms	72,872	52,265	3,745	52,924	40,890	1,265
Probability of bankruptcy	108,103	85,535	6,945	59,506	40,545	4,184
<b>Total</b>	<b>671,925</b>	<b>424,517</b>	<b>71,167</b>	<b>541,688</b>	<b>336,820</b>	<b>75,456</b>

### Loans and other debtors with an objective indication of impairment included in the balance sheet at a book value greater than zero

#### Individual written-down loans

Balance for loans and other debtors before write-downs

Write-downs

**Balance for loans and other debtors after write-downs**

#### Group written-down loans

Balance for loans and other debtors before write-downs

Write-downs

**Balance for loans and other debtors after write-downs**

#### Credit risk on derivative financial instruments

Positive market value (by counterparty risk) after netting

Counterparty riskweight 0%

Counterparty riskweight 20%

Counterparty riskweight 75%

Counterparty riskweight 100%

Counterparty riskweight 150%

**Total counterparty riskweight**

	End Dec. 2009 DKK 1,000	End Dec. 2008 DKK 1,000
Balance for loans and other debtors before write-downs	643,251	513,177
Write-downs	-393,025	-301,825
<b>Balance for loans and other debtors after write-downs</b>	<b>250,226</b>	<b>211,352</b>
Balance for loans and other debtors before write-downs	12,340,803	12,981,170
Write-downs	-41,132	-17,594
<b>Balance for loans and other debtors after write-downs</b>	<b>12,299,671</b>	<b>12,963,576</b>
Counterparty riskweight 0%	0	0
Counterparty riskweight 20%	179,291	295,247
Counterparty riskweight 75%	39,644	40,374
Counterparty riskweight 100%	84,897	114,002
Counterparty riskweight 150%	672	9,479
<b>Total counterparty riskweight</b>	<b>304,504</b>	<b>459,102</b>

Note no.		End Dec. 2009 DKK 1,000	End Dec. 2008 DKK 1,000
<b>40</b>	<b>Foreign exchange risk</b>		
	Total assets in foreign currency	7,262,527	5,617,903
	Total liabilities in foreign currency	5,589,649	6,167,198
	Foreign exchange indicator 1	75,935	109,301
	<b>Foreign exchange indicator 1 in % of core capital after deductions (%)</b>	<b>3.4</b>	<b>5.6</b>
	Foreign exchange indicator 2	1,355	665
	<b>Foreign exchange indicator 2 in % of core capital after deductions (%)</b>	<b>0.1</b>	<b>0.0</b>
<b>41</b>	<b>Interest rate risk</b>		
	<b>Total interest rate risk</b>	<b>12,772</b>	<b>23,519</b>
	<b>Total interest rate risk (%)</b>	<b>0.6</b>	<b>1.2</b>
	Interest rate risk by the foreign currencies:		
	DKK	41,812	34,452
	EUR	-23,678	-10,171
	USD	-716	-908
	CHF	-4,652	185
	JPY	-9	-46
	Other currencies	15	7
	<b>Total</b>	<b>12,772</b>	<b>23,519</b>

Note  
no.

## 42 Value at Risk/Market risk

Ringkjøbing Landbobank uses a Value at Risk (VaR) model as a sensitivity analysis for market risks. The model is a parametric VaR model based on a historic analysis of the covariation (the correlations) between the prices of various financial assets etc. The model combines the historical knowledge of the covariation on the financial markets with the bank's current positions, and on this basis calculates the risk of losses for a forthcoming ten-day period. The calculation includes the bank's positions with respect to interest, foreign currencies and listed shares, while positions in sector shares and unlisted capital shares are not included. The calculated VaR thus indicates the bank's sensitivity to losses on the basis of its positions. The model is used as one of a number of tools in the bank's management of market risks.

Reference is made to pages 26-27 of this annual report for further description of the model etc.

DKK million

Year/Risk	Average VaR-figure	Minimum VaR-figure*	Maximum VaR-figure*	End of year VaR-figure
<b>2009</b>				
Interest	17.4	4.8	27.8	11.6
Foreign currency	0.5	0.2	0.3	0.1
Share	5.3	3.2	5.9	6.2
Diversification	-5.7	-2.7	-7.1	-5.9
<b>Total VaR-figure</b>	<b>17.5</b>	<b>5.5</b>	<b>26.9</b>	<b>12.0</b>
<b>2008</b>				
Interest	11.0	4.3	25.8	21.7
Foreign currency	0.3	0.1	0.2	1.2
Share	8.1	6.7	7.0	6.9
Diversification	-8.2	-5.7	-7.8	-9.4
<b>Total VaR-figure</b>	<b>11.2</b>	<b>5.4</b>	<b>25.2</b>	<b>20.4</b>
<b>2007</b>				
Interest	7.2	4.3	13.3	7.4
Foreign currency	0.2	0.1	2.2	0.1
Share	7.0	5.3	6.5	4.5
Diversification	-5.8	-4.8	-7.4	-4.2
<b>Total VaR-figure</b>	<b>8.6</b>	<b>4.9</b>	<b>14.6</b>	<b>7.8</b>

\* Determined by the total VaR-figure.

Note  
no.

**43 Unsettled spot transactions**

DKK 1,000	Nominal value	Market value		Net market value
		Positive	Negative	
Foreign-exchange transactions, purchase	38,677	36	82	-46
Foreign-exchange transactions, sale	59,531	42	798	-756
Interest-rate transactions, purchase	46,038	50	117	-67
Interest-rate transactions, sale	34,562	103	42	61
Share transactions, purchase	31,003	696	1,777	-1,081
Share transactions, sale	32,594	1,782	694	1,088
<b>Total 2009</b>	<b>242,405</b>	<b>2,709</b>	<b>3,510</b>	<b>-801</b>
<b>Total 2008</b>	<b>349,806</b>	<b>1,367</b>	<b>2,521</b>	<b>-1,154</b>

# NOTES TO THE ANNUAL REPORT

## Derivative financial instruments

### By residual maturity

DKK 1,000

	Up to 3 month		Over 3 month and up to 1 year	
	Nominal value	Net market value	Nominal value	Net market value
<b>Foreign-exchange contracts</b>				
Forward transactions/futures, purchase	2,116,226	27,436	299,104	2,069
Forward transactions/futures, sale	4,127,205	-9,561	296,117	697
Swaps			467,867	-33,392
Options, purchase				
Options, sale				
<b>Interest-rate contracts</b>				
Forward transactions/futures, purchase	3,262	19		
Forward transactions/futures, sale	119,642	-131		
Swaps	50,000	-302	214,175	-527
Options, purchase			173,778	6,411
Options, sale			173,778	-6,411
<b>Share contracts</b>				
Forward transactions/futures, purchase				
Forward transactions/futures, sale				
Options, purchase		7		
Options, sale		7		
	Over 1 year and up to 5 years		Over 5 years	
	Nominal value	Net market value	Nominal value	Net market value
<b>Foreign-exchange contracts</b>				
Forward transactions/futures, purchase	984	92		
Forward transactions/futures, sale	984	-90		
Swaps	550,531	2,476	617,486	19,985
Options, purchase				
Options, sale				
<b>Interest-rate contracts</b>				
Forward transactions/futures, purchase				
Forward transactions/futures, sale				
Swaps	1,390,071	9,006	575,317	-5,938
Options, purchase	65,823	8,216	176,583	7,635
Options, sale	65,823	-8,216	176,583	-7,635
<b>Share contracts</b>				
Forward transactions/futures, purchase				
Forward transactions/futures, sale				
Options, purchase				
Options, sale				

## Derivative financial instruments - continued

DKK 1,000

	Total nominal value		Total net market value	
	2009	2008	2009	2008
<b>Foreign-exchange contracts</b>				
Forward transactions/futures, purchase	2,416,314	3,721,755	29,597	-51,087
Forward transactions/futures, sale	4,424,306	3,596,773	-8,954	-55,513
Swaps	1,635,884	1,308,938	-10,931	-108,896
Options, purchase				
Options, sale				
<b>Interest-rate contracts</b>				
Forward transactions/futures, purchase	3,262	23,934	19	513
Forward transactions/futures, sale	119,642	26,878	-131	-704
Swaps	2,229,563	3,191,782	2,239	2,661
Options, purchase	416,184		22,262	
Options, sale	416,184		-22,262	
<b>Share contracts</b>				
Forward transactions/futures, purchase		2		2
Forward transactions/futures, sale		2		-2
Options, purchase	7	32		31
Options, sale	7	32		-31
<b>Net market value, total</b>			<b>11,839</b>	<b>-213,026</b>

	Market value				Average market value			
	Positive 2009	2008	Negative 2009	2008	Positive 2009	2008	Negative 2009	2008
<b>Foreign-exchange contracts</b>								
Forward transactions/ futures, purchase	36,571	48,828	6,974	99,915	32,666	33,557	20,608	22,735
Forward transactions/ futures, sale	17,507	42,924	26,461	98,437	25,038	31,210	13,995	21,785
Swaps	46,473	29,897	57,404	138,793	25,601	15,543	70,987	56,263
Options, purchase								
Options, sale								
<b>Interest-rate contracts</b>								
Forward transactions/ futures, purchase	19	513			52	160		150
Forward transactions/ futures, sale		19	131	723	7	126	103	191
Swaps	67,353	62,372	65,114	59,711	60,491	56,299	71,099	37,720
Options, purchase	22,262				10,784			
Options, sale			22,262				10,784	
<b>Share contracts</b>								
Forward transactions/ futures, purchase		2			7	79		7,568
Forward transactions/ futures, sale				2		7,568	13	79
Options, purchase		31			25	12		
Options, sale				31			25	12
<b>Total</b>	<b>190,185</b>	<b>184,586</b>	<b>178,346</b>	<b>397,612</b>	<b>154,671</b>	<b>144,554</b>	<b>187,614</b>	<b>146,503</b>

All contracts of derivative financial instruments are non-guaranteed contracts.

# FIVE YEAR MAIN FIGURES

Summary DKK 1,000	2009	2008	2007	2006	2005
<b>Profit and loss account</b>					
Interest receivable	993,756	1,221,165	1,031,830	705,949	500,547
Interest payable	377,728	669,149	570,690	309,366	166,080
<b>Net income from interest</b>	<b>616,028</b>	<b>552,016</b>	<b>461,140</b>	<b>396,583</b>	<b>334,467</b>
Interest-like commission income	9,266	20,690	17,376	19,963	23,308
Dividend on capital shares etc.	3,243	1,491	2,386	4,596	3,979
Income from fees and commissions	140,362	155,428	207,977	188,587	159,995
Fees and commissions paid	23,823	28,464	35,599	30,464	34,451
<b>Net income from interest and fees</b>	<b>745,076</b>	<b>701,161</b>	<b>653,280</b>	<b>579,265</b>	<b>487,298</b>
Value adjustments	+58,130	-43,577	+17,965	+128,979	+56,237
Other operating income	5,351	4,863	7,443	4,717	2,650
Staff and administration costs	235,604	236,056	229,755	204,038	187,426
Amortisations, depreciations and write-downs on intangible and tangible assets	2,424	2,420	4,647	4,517	2,421
Other operating costs	56	86	16	5	48
Guarantee commission, national bank package I	55,785	16,148	0	0	0
Write-downs on loans	-158,600	-77,223	+10,791	+69,027	+5,047
Write-downs on national bank package I etc.	-51,173	-12,016	0	0	0
Result of capital shares in associated companies	-59	-5	-11	0	+144
<b>Profit before tax</b>	<b>304,856</b>	<b>318,493</b>	<b>455,050</b>	<b>573,428</b>	<b>361,481</b>
Tax	72,775	78,495	106,730	141,046	96,885
<b>Profit for the financial year</b>	<b>232,081</b>	<b>239,998</b>	<b>348,320</b>	<b>432,382</b>	<b>264,596</b>

Summary DKK 1,000	End 2009	End 2008	End 2007	End 2006	End 2005
<b>Balance sheet</b>					
<b>Assets</b>					
Cash in hand and claims on credit institutions and central banks	2,534,722	2,087,959	4,337,064	3,339,743	2,226,283
Loans and other debtors at amortised cost price	13,047,212	13,897,101	14,134,637	12,760,168	10,023,406
Securities	1,936,663	1,553,741	914,421	967,102	929,444
Tangible assets	79,644	77,730	75,126	66,143	62,015
Other assets	329,715	385,222	172,480	136,202	119,456
<b>Total assets</b>	<b>17,927,956</b>	<b>18,001,753</b>	<b>19,633,728</b>	<b>17,269,358</b>	<b>13,360,604</b>
<b>Liabilities and equity</b>					
Debt to credit institutions and central banks					
Term to maturity under 1 year	699,732	2,077,112	4,307,206	6,535,577	4,405,610
Term to maturity over 1 year	2,294,991	3,224,050	3,132,755	1,274,603	671,445
Deposits and other debts	11,187,470	9,072,875	9,161,775	7,046,159	6,291,696
Issued bonds	557,337	478,341	474,287	2,955	0
Other liabilities	365,021	652,505	285,348	198,336	256,358
Provisions for liabilities	72,238	21,096	19,933	21,650	19,821
Subordinated debt	695,394	690,984	473,863	479,288	200,952
Share capital	25,200	25,200	26,200	26,400	26,400
Reserves	2,030,573	1,759,590	1,752,361	1,684,390	1,488,322
Total shareholders' equity	2,055,773	1,784,790	1,778,561	1,710,790	1,514,722
<b>Total liabilities and equity</b>	<b>17,927,956</b>	<b>18,001,753</b>	<b>19,633,728</b>	<b>17,269,358</b>	<b>13,360,604</b>
<b>Contingent liabilities etc.</b>					
Contingent liabilities	1,485,676	2,386,213	4,803,839	4,803,619	5,141,858
Binding agreements	0	0	3,995	3,695	53,140
<b>Total contingent liabilities etc.</b>	<b>1,485,676</b>	<b>2,386,213</b>	<b>4,807,834</b>	<b>4,807,314</b>	<b>5,194,998</b>



# FIVE YEAR KEY FIGURES

		2009	2008	2007	2006	2005
<b>Solvency:</b>						
Solvency ratio	%	20.2	16.3	13.0	12.3	11.6
Core capital ratio	%	16.6	13.0	11.2	10.4	11.6
<b>Earnings:</b>						
Pre-tax return on equity	%	15.9	17.9	26.1	35.6	25.0
Return on equity after tax	%	12.1	13.5	20.0	26.8	18.3
Income/cost ratio	DKK	1.61	1.93	3.04	5.11	2.95
<b>Market risk:</b>						
Interest rate risk	%	0.6	1.2	1.0	1.6	1.7
Foreign exchange position	%	3.4	5.6	2.1	4.1	1.7
Foreign exchange risk	%	0.1	0.0	0.0	0.0	0.0
<b>Liquidity risk:</b>						
Excess cover relative to statutory liquidity requirements	%	205.6	139.1	161.4	134.3	88.5
Loans and write-downs thereon relative to deposits	%	120.8	157.1	157.4	185.2	164.9
<b>Credit risk:</b>						
Loans relative to shareholders' equity		6.3	7.8	7.9	7.5	6.6
Growth in loans for the year	%	-6.1	-1.7	10.8	27.3	39.0
Total large exposures	%	0.0	12.1	38.3	116.1	73.3
Cumulative write-down percentage	%	3.1	2.1	1.5	1.7	2.3
Write-down percentage for the year	%	1.16	0.48	-0.06	-0.39	-0.03
Proportion of debtors at reduced interest	%	0.4	0.1	0.1	0.1	0.2
<b>Share return:</b>						
Profit for the year after tax per share*/***	DKK	921.0	933.8	1,324.4	1,637.8	1,002.3
Book value per share*/**	DKK	8,172	7,382	7,053	6,631	5,862
Dividend per share*	DKK	0	0	600	600	550
Share price relative to profit for the year per share*/***		13.2	6.6	13.0	13.2	15.0
Share price relative to book value per share*/**		1.49	0.84	2.43	3.26	2.56

\* Calculated on the basis of a denomination of DKK 100 per share.

\*\* Calculated on the basis of number of shares outstanding at the end of the year.

\*\*\* Calculated on the basis of the 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.

## Definitions of the official key figures/ratios from the Danish Financial Supervisory Authority

### **Solvency ratio**

Capital base after deductions in per cent of total risk weighted assets.

### **Core capital ratio**

Core capital after deductions (incl. hybrid core capital) in per cent of total risk weighted assets.

### **Pre-tax return on equity**

Profit before tax in per cent of average shareholders' equity. The average shareholders' equity is calculated as a simple average of the shareholders' equity at the beginning of the year and at the end of the year.

### **Return on equity after tax**

Profit after tax in per cent of average shareholders' equity. The average shareholders' equity is calculated as a simple average of the shareholders' equity at the beginning of the year and at the end of the year.

### **Income/cost ratio**

Net income from interest and fees, value adjustments, other operating income and result of capital shares in associated companies in per cent of staff and administration costs, amortisation, depreciation and write-downs on intangible and tangible assets, other operating costs and write-downs on loans and debtors etc.

### **Interest rate risk**

Interest rate risk in per cent of core capital after deductions (incl. hybrid core capital).

### **Foreign exchange position**

Foreign exchange indicator 1 in per cent of core capital after deductions (incl. hybrid core capital).

### **Foreign exchange risk**

Foreign exchange indicator 2 in per cent of core capital after deductions (incl. hybrid core capital).

### **Excess coverage relative to statutory liquidity requirements**

Cash in hand, claims at notice on the Central Bank of Denmark, absolutely secure and liquid demand deposits with credit institutions and insurance companies, unpledged certificates of deposit issued by the Central Bank of Denmark, secure and liquid listed unpledged securities, unpledged temporary loan framework in the form of temporary expansion of the security base (interim option partly until 30 September 2010 and partly until 30 December 2013) and in form of loan facility based on excess statutory solvency with the Central Bank of Denmark (interim option until 30 September 2010) in per cent of 10% of reduced liabilities and guarantee commitments.

### **Loans and write-downs thereon relative to deposits**

Loans + write-downs thereon in per cent of deposits.

### **Loans relative to shareholders' equity**

Loans/shareholders' equity.

### **Growth in loans for the year**

Growth in loans from the beginning of the year to the end of the year, in per cent.

### **Total large exposures**

The total sum of large exposures in per cent of the capital base after deductions.

### **Cumulative write-down percentage**

Write-downs on loans and provisions for losses on guarantees in per cent of loans + write-downs on loans + guarantees + provisions for losses for guarantees.

### **Write-down percentage for the year**

Write-downs etc. for the year in per cent of loans + write-downs on loans + guarantees + provision for losses on guarantees.

### **Proportion of debtors at reduced interest**

Proportion of debtors at reduced interest before write-downs etc. in per cent of loans + write-downs on loans + guarantees + provision for losses on guarantees.

### **Profit for the year after tax per share\*/\*\*\***

Profit for the year after tax/average number of shares.

### **Book value per share\*\*/\*\***

Shareholders' equity/share capital excl. own shares.

### **Dividend per share\***

Proposed dividend/share capital.

### **Share price relative to profit for the year per share\*/\*\*\***

Share price/profit for the year per share.

### **Share price relative to book value per share\*\*/\*\***

Share price/book value per share.

\*/\*\*/\*\*\*: See page 72.



Ringkjøbing

Landskab  
program

# OTHER INFORMATION

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## Shareholders' committee

Jens Møller Nielsen, manager, Ringkøbing, - born 1956  
chairman of the shareholders' committee

Else Kirkegaard Hansen, senior master, Ringkøbing, - born 1954  
deputy chairman of the shareholders' committee

Find Andersen, manager, Ådum - born 1943

Hejne F. Andersen, industrialist, Ringkøbing - born 1954

Jens Arnth-Jensen, manager, Holte - born 1948

Gert Asmussen, printer, Tarm - born 1950\*

Inge Sandgrav Bak, financial manager, Ringkøbing - born 1960

Claus H. Christensen, farmer, Lem - born 1961

Claus Dalgaard, manager, Ringkøbing - born 1962

Per Dam, accountant, Ulfborg - born 1952

Viktor Degn, school principal, Hvide Sande - born 1945

Ole K. Erlandsen, butcher, Herning - born 1962

Keld Hansen, grocer, Søndervig - born 1948\*

Niels Ole Hansen, manager, Ringkøbing - born 1951

Tonny Hansen, college principal, Ringkøbing - born 1958

Leif Haubjerg, farmer, No - born 1959

Erik Jensen, haulage contractor, Skjern - born 1965

Niels Esper Kamp, farmer, Stadil - born 1957

Jens Lykke Kjeldsen, timber merchant, Ringkøbing - born 1950\*

Niels Kjeldtoft, teacher, Spjald - born 1945

Gravers Kjærgaard, farmer, Grønbjerg - born 1952\*

Lars Møller, municipal chief executive, Holstebro - born 1957

Ole Christian Pedersen, manager, Vostrup - born 1950

Kristian Skannerup, industrialist, Tim - born 1959

Jørgen Kolle Sørensen, car dealer, Hvide Sande - born 1970

Johan Chr. Øllgaard, industrialist, Stauning - born 1947

\* Member of the board of directors

## Board of directors

**Jens Lykke Kjeldsen, timber merchant, Ringkøbing, chairman of the board of directors** - born 1950

Member of the bank's auditing committee

Member of the board of directors since 1995

End of current term of election to the board of directors: 2012

Other managerial activities - member of the board of management of:

A/S af 1. august 1989

A/S Henry Kjeldsen

A/S Miljøpark Vest

Asta og Henry Kjeldsens Familiefond

Danbuy A.m.b.A.

Henry Kjeldsen, Ringkøbing Tømmerhandel A/S

VT Hallen A/S

**Gravers Kjærgaard, farmer, Grønbjerg, deputy chairman of the board of directors** - born 1952

Member of the bank's auditing committee

Member of the board of directors since 2002

End of current term of election to the board of directors: 2013

No other managerial activities

**Gert Asmussen, printer, Tarm** - born 1950

Member of the bank's auditing committee

Member of the board of directors since 2002

End of current term of election to the board of directors: 2010

Other managerial activities - member of the board of management of:

A. Rasmussens Bogtrykkeri ApS

Gert Asmussen Holding A/S

Gullanders Bogtrykkeri A/S

Tarm Bogtryk A/S

Tarm Elværk Net A/S

Tarm Ugeblad ApS

TB Anlæg ApS

Vestjysk Rotation af 8. maj 2008 A/S

Vinderup Invest ApS

**Keld Hansen, grocer, Søndervig** - born 1948

Member of the board of directors since 2002

End of current term of election to the board of directors: 2010

Other managerial activities - member of the board of management of:

A/S Miljøpark Vest

Beach Bowl A/S

Investeringselskabet Søndervig ApS

Norddan-Søndervig ApS

Søndervig Ejendomsselskab ApS

Søndervig Holding ApS

Søndervig Supermarked ApS

**Bo Bennedsgaard, IT consultant, Ringkøbing, elected by the employees** - born 1972

Member of the board of directors since 2007

End of current term of election to the board of directors: 2011

No other managerial activities

**Søren Nielsen, costumer adviser, Holstebro, elected by the employees** - born 1954

Member of the board of directors since 2003

End of current term of election to the board of directors: 2011

No other managerial activities

## Board of managers

**Bent Naur, executive general manager** - born 1947

Member of the board of managers since 1987

Member of the boards of directors of:

The Danish Bankers Association, Copenhagen

The Danish Contingency Committee, Copenhagen

Association of Local Banks, Savings Banks and Cooperative Savings Banks in Denmark, Copenhagen

Bankdata, Fredericia

Nykredit Holding A/S, Copenhagen

PRAS A/S, Copenhagen

Totalkredit A/S, Taastrup, Copenhagen

**John Bull Fisker, general manager** - born 1964

Member of the board of managers since 1999

Member of the boards of directors of:

BankInvest Holding A/S, Copenhagen

BI Asset Management Fondsmæglerselskab A/S, Copenhagen

BI Technology A/S, Copenhagen

Letpension Holding A/S, Søborg, Copenhagen

Letpension IT A/S, Søborg, Copenhagen

Letpension, Livs- og Pensionsforsikringselskab A/S, Søborg, Copenhagen

Member of the customer board of:

PFA Pension A/S, Copenhagen

## Ringkøbing Landbobank Aktieselskab

Torvet 1  
DK-6950 Ringkøbing  
Denmark

Founded: 1886

Phone: +45 9732 1166  
Telefax: +45 9732 1800  
E-mail: [post@landbobanken.dk](mailto:post@landbobanken.dk)  
Website: [www.landbobanken.com](http://www.landbobanken.com)

CVR-no.: 37 53 68 14  
Bank registration number in Denmark: 7670  
SWIFT/BIC: RINGDK22

### Share capital

Ringkøbing Landbobank's share capital is DKK 25.2 million in 5,040,000 shares of DKK 5.

### Ownership

Ringkøbing Landbobank is owned by approx. 18,600 shareholders.

We report as required by Section 28a of the Danish Companies Act that ATP, Hillerød, has advised that they own more than 5% of the bank's share capital.



## Stock exchange announcements 2009

Review of Ringkjøbing Landbobank's announcements to NASDAQ OMX Copenhagen and others in 2009 in compliance with Section 27b of the Danish Securities Trading Act:

4 February 2009	Announcement of the annual accounts 2008
4 February 2009	Annual report 2008
6 February 2009	Notice convening the annual general meeting the 25 February 2009
26 February 2009	Information of the development of the annual general meeting the 25 February 2009
3 March 2009	Articles of association of the 25 February 2009
22 April 2009	Quarterly report 1st quarter 2009
5 August 2009	Interim report for the 1st half 2009
21 October 2009	Quarterly report 1st-3rd quarter 2009
21 October 2009	Financial calendar

Announcements regarding insiders' transactions with the Ringkjøbing Landbobank share from executive employees and their closely related do not emerge from the above review.

All the announcements from the bank to NASDAQ OMX Copenhagen and others can be seen on the website: [www.landbobanken.com](http://www.landbobanken.com).

## Financial calendar 2010

The financial calendar for the upcoming publications is as follows:

24 February 2010	General meeting
21 April 2010	Quarterly report - 1st quarter 2010
11 August 2010	Interim report 2010
27 October 2010	Quarterly report - 1st-3rd quarter 2010

# THE BANK'S BRANCHES ETC.

## Head office:

Ringkøbing

## Branches:

Herning

Investcenter Herning

Holstebro

Hvide Sande

Lem

Spjald

Tarm

Thorsminde

Tim

Ulfborg

Viborg

Vildbjerg





Bent Naur  
Executive general manager



John Bull Fisker  
General manager



Jørn Nielsen  
Credit manager



Sten Erlandsen  
Head of treasury



Lars Hindø  
Financial manager



Jørgen Højgaard  
Foreign manager



Ringkjøbing

Landskab

Yrke