

Annual Report 2007

Founded 1886



ANNUAL REPORT 2007



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Share capital

Ringkjøbing Landbobank's share capital is DKK 26.2 million in 5,240,000 shares of DKK 5 of which 200,000 shares are reserved for subsequent cancellation.

Ownership

Ringkjøbing Landbobank is owned by approximately 18,300 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.

Ordinary general meeting

The bank's ordinary general meeting for 2007 will be held in ROFI Centret in Ringkjøbing on Wednesday 27 February 2008.

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Dear shareholder!

2007 was another good year for Ringkjøbing Landbobank, with continuing new customers, increasing business volume, and the best core earnings in the bank's history.

Unfortunately, this historic result stands in sharp contrast to the trend in the share price during 2007, the return on the bank's shares being minus 18%.

The high level of activity contributed to a 15% increase in core earnings before write-downs on loans to DKK 462 million. The economic conditions also resulted in a reversal of write-downs of net DKK 11 million, after which core earnings were DKK 473 million.

The result before tax was DKK 455 million, equivalent to a 29% return on the bank's equity. We are very satisfied with this result.

Our competent employees also helped to achieve this result. Once again, they did a fantastic job. Their expertise, stability, loyalty and fighting spirit are an unrivalled combination.

We are very conscious of the fact that many of our customers place their business with Ringkjøbing Landbobank because of our employees' competence and high level of knowledge.

We will therefore continue our comprehensive programme of further education for our employees in 2008, so that we will also be able to live up to our goal of being among the most competent people in our field in the future.

The Danish economy appears to be levelling out here at the beginning of 2008, but the bank nevertheless has positive expectations for the year, and we expect core earnings in the range DKK 375-450 million, to which must be added the result of the bank's trading portfolio of securities.

Finally, we would like to thank our customers and shareholders for the high level of support which they have shown for the bank.

Bent Naur

John Bull Fisker

Five year summary

Main figures for the bank (million DKK)	2007	2006	2005	2004	2003
Core income excl. trade income	655	567	480	399	356
Trade income	41	42	31	18	12
Total core income	696	609	511	417	368
Total costs and depreciation	234	208	190	184	163
Core earnings before write-downs on loans	462	401	321	233	205
Write-downs on loans etc.	+11	+69	+5	+4	-10
Core earnings	473	470	326	237	195
Profit before tax	455	573	361	288	301
Profit after tax	348	432	265	214	230
Shareholders' equity	1,779	1,711	1,515	1,372	1,152
Total capital base	2,252	2,190	1,716	1,372	1,152
Deposits	9,162	7,046	6,292	5,144	4,391
Loans	14,135	12,760	10,023	7,209	5,207
Balance sheet total	19,634	17,269	13,361	9,461	7,532
Guarantees	4,804	4,804	5,142	3,938	2,896

Key figures for the bank (per cent)					
Pre-tax return on equity, beginning of year	29.3	41.8	29.2	25.2	29.1
Return on equity after tax, beginning of year	22.4	31.5	21.3	18.7	22.3
Rate of costs	34.6	35.0	38.3	45.0	45.2
Core capital ratio	11.2	10.4	11.6	12.2	15.1
Solvency ratio	13.0	12.3	11.6	11.9	14.4

Key figures per 5 DKK share (DKK)					
Core earnings	94	89	62	45	36
Profit before tax	90	109	68	55	56
Profit after tax	69	82	50	41	42
Net asset value incl. proposed dividend etc.	353	324	287	260	227
Price, end of year	858	1,080	750	544	362
Dividend	30	30	28	25	9

Annual report - highlights

- 15% increase in core earnings before write-downs from DKK 401 million to DKK 462 million
- Good credit quality resulting in reversal of net DKK 11 million in write-downs
- Pre-tax profit of DKK 455 million equates to 29% p.a. return on equity before tax
- Rate of costs improved by 1% to 34.6
- Continuing strong increase in business - loans up by 11% and deposits up by 30%
- Solvency ratio 13.0% - core capital ratio 11.2%
- Dividend per share DKK 30
- 200,000 own shares reserved for later reduction of the share capital at the general meeting
- Proposed new buy-up programme of up to 200,000 own shares
- Core earnings for 2008 are expected to be in the range DKK 375-450 million

Financial review

The bank's core earnings before write-downs increased by 15% from DKK 401 million in 2006 to DKK 462 million in 2007. There was also a reversal of write-downs of net DKK 11 million, following which the core earnings for 2007 amount to DKK 473 million.

The upwardly adjusted range for core earnings of August 2007 was thus realised in the middle of the range.

These core earnings are the best in the bank's history.

Core income

Total core income increased by 14% from DKK 609 million in 2006 to DKK 696 million in 2007. This development is considered highly satisfactory and is relatively greater than the growth in the bank's costs.

Net interest income increased by 19% from DKK 392 million to DKK 465 million as a function of the continued increase in business volume and the growth in customer numbers.

Fees, commissions and foreign exchange income amounted to net DKK 190 million in 2007 against net DKK 170 million in 2006, an increase of 12%. This positive development is attributable primarily to the bank's initiatives within pension and asset management which, with the establishment of the bank's Private Banking department over three years ago, are having an effect on the less volatile income.

Several areas of core expertise within Private Banking were implemented throughout the organisation during the last two years as generalist knowledge among the bank's consultants, and this has supported the growth in the continuing pension deposits. Both payments into the bank's pension schemes and customers' transferring of their insurance pension arrangements to the bank are continuing at a healthy pace.

The earnings from securities trading were unchanged relative to last year, which covers a greater turnover but lower average brokerage rates, especially because a major part of the trading was carried out via internet banking in 2007 relative to 2006. Of the bank's total core income of DKK 696 million in 2007, the most volatile component, trade income, contributed DKK 41 million or 6%.

The competition on the Danish market with lower or no everyday fees also reduced income from fees, especially on payment transactions. During 2007 the bank abolished fees for private internet banking, withdrawals from its own automatic teller machines and exchanges of foreign currency, and all of the bank's internet banking customers were given the opportunity to save the fee on all forms of paper printouts.

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

	2007	2006	2005
Asset management	75 million	61 million	37 million
Securities trading	41 million	42 million	31 million
Guarantee commissions	28 million	26 million	26 million
Foreign exchange income	17 million	12 million	6 million
Payment handling	16 million	15 million	14 million
Loan fees	5 million	6 million	10 million
Other fees and commissions	8 million	8 million	8 million
Total	190 million	170 million	132 million

Earnings from sector shares in 2007 amounted to DKK 18 million against DKK 22 million in 2006. These 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 growth in value of the companies in question. The companies can be compared with the wholly owned subsidiaries of major banks.

Costs and write-downs

Total costs including depreciation on tangible assets amounted to DKK 234 million against last year's DKK 208 million, an increase of 12%.

The rate of costs improved by 1% to 34.6 in 2007. The rate of costs is computed without inclusion of the positive value adjustment of sector shares and the result for the portfolio.

Core earnings before write-downs on loans

The bank's core earnings before write-downs increased by 15% from DKK 401 million in 2006 to DKK 462 million in 2007. This item is important for an assessment of the bank's future operations as write-downs on loans were positive in both 2006 and 2007.

Write-downs on loans

Write-downs on loans etc. were positive by net DKK 11 million, while the item was positive by net DKK 69 million in 2006.

In general the bank's loans portfolio is strong, and given the economic conditions and a targeted focus, it was possible to reverse net DKK 11 million in write-downs in 2007.

The bank's total account for write-downs and provisions amounts to DKK 289 million, equivalent to 1.5% of total loans, write-downs, guarantees and provisions. The portfolio of loans on which interest is no longer calculated amounts to DKK 13 million, equivalent to 0.07% of the bank's total loans, write-downs, guarantees and provisions. The equivalent figures at the end of 2006 were DKK 21 million in loans on which interest is no longer calculated, equivalent to 0.12%.

Measured over the last ten years, the bank's average percentage loss has been 0.22% of total loans, write-downs, guarantees and provisions computed as actual net losses suffered less interest on write-downs. This means that interest on the total account for write-downs was bigger than the actual net losses suffered during the period.

Measured over the last 20 years, the equivalent figure is 0.04%. The period 1988-2007 includes the crisis years in Nordic banking, where, however, the bank never had negative results. The percentage loss in this 20-year period lies in the range -0.77% - +0.51%, with the biggest loss in 1992 and the most positive figure in 2000. The figure in 2007 is positive at 0.03% with a direct losses of 0.08% and an income recognition of 0.11% from the interest. Further information is given on page 9 of this annual report.

In recent years the bank has achieved greater diversification in its loans portfolio in terms of both geography and sectors, and a lower average risk on its total loans portfolio: the risk profile in the niche concepts in the distance customer division is markedly lower than in the rest of the bank. Only 6.1% of the total account for write-downs and provisions relates to this area, where realised losses viewed over the long term have been insignificant.

Core earnings

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Core income	696	609	511	417	368	328	275	242	204	196
Total costs etc.	-234	-208	-190	-184	-163	-155	-133	-109	-99	-97
Core earnings before write-downs	462	401	321	233	205	173	142	133	105	99
Write-downs on loans	+11	+69	+5	+4	-10	+6	+6	0	-5	-9
Core earnings	473	470	326	237	195	179	148	133	100	90
Result for portfolio	-18	+103	+35	+51	+106	+30	+7	+7	-7	-1
Result before tax	455	573	361	288	301	209	155	140	93	89

The core earnings for 2007 amounted to DKK 473 million against DKK 470 million in 2006. From the beginning of the year, the bank expected core earnings in the range DKK 400-450 million, which was upwardly adjusted in August 2007 by DKK 50 million. The core earnings realised for 2007 were thus in the middle of the upwardly adjusted range.

These core earnings are the best in the bank's history.

Result for portfolio

The result for the portfolio for 2007 was minus DKK 17.6 million including funding costs for the portfolio. The result comprised a positive result for interest-bearing claims and debt of DKK 0.3 million including finding costs, and a loss of DKK 17.9 million including funding costs on listed shares.

The bank's holding of shares etc. at the end of the year amounted to DKK 267 million, DKK 61 million of which was in listed shares etc. while DKK 206 million was in sector shares etc. The bond portfolio amounted to DKK 647 million.



The total interest rate risk, computed as the impact on the result of a one percentage point change in the interest level, was 1.0% of the bank's core capital after deduction at the end of the year.

The bank's total market risk within exposure to interest rate risk, exposure in listed shares etc. and foreign exchange exposure remains at a low level. The bank's risk of losses on the basis of a value-at-risk model (computed with a 10-day horizon and 99% probability) was as follows in 2007:

	Risk in DKK	Risk relative to equity in %
Highest risk of loss:	14.6 million	0.82%
Smallest risk of loss:	4.9 million	0.28%
Average risk of loss:	8.6 million	0.48%

The bank's policy is to keep the market risk at a low level in 2008.

Result after tax

The result after tax was DKK 348 million after calculated tax of DKK 107 million. The result is equivalent to a 22% return on equity at the beginning of the period after allocation of dividend etc. The effective tax rate is computed at 23.5%.

The balance sheet

The bank's balance sheet total stood at DKK 19,634 million at the end of 2007 against last year's DKK 17,269 million, an increase of 14%. Deposits increased by 30% to DKK 9,162 million. The strong growth in the bank's deposits is attributable to the fact that the bank was rated by Moody's in the second quarter of 2007 (see below), enabling major institutional investors, insurance companies and businesses to deposit money in the bank, and to the fact that the slowdown in the economy during 2007 meant that a number of the bank's customers deposited some of their savings in cash.

The growth in the bank's deposits was 11%, from DKK 12,760 million in 2006 to DKK 14,135 million at the end of 2007. This growth derived partly from the branch network in central and western Jutland, where the economy and the housing market are robust, and partly from the distance customer department, where the bank's niche concepts within wind turbine financing and the influx of affluent customers from throughout Denmark continued very satisfactorily, while customers reduced their drawing on investment credits during the second half of 2007.

The portfolio of loans and foreign loans at the end of 2007 can be broadly classified thus:

- 44% of all loans from niche concepts and the distance customer division
- 56% of all loans from the branch network in central and western Jutland.

The bank's portfolio of guarantees at the end of 2007 was DKK 4,804 million, the same as in 2006.

Rating

The bank was rated by Moody's Investors Service in May 2007 as follows:

Financial strength	C+
Short-term liquidity	P-1
Long-term liquidity	A1

These ratings were most recently confirmed in November 2007 with stable outlook.

Liquidity

The bank's liquidity is good, and the excess cover relative to the statutory requirement is 161.4%. The bank's short-term money market loan amounts to DKK 4.3 billion, corresponding to DKK 4.7 billion in short-term money market placings, primarily in the Danish National Bank and liquid securities. The bank also has long-term committed credit facilities to the equivalent of DKK 1.3 billion as backup facilities. The bank thus does not depend on the short-term money market, and the first maturity date on the bank's long-term funding is in the fourth quarter of 2010. The bank's deposits also increased more than loans in actual numbers during 2007.

Capital base 2007

The shareholders' equity at the end of 2006 amounted to DKK 1,711 million, from which dividends etc. of DKK 158 million were paid, while other equity items (primarily the buying up of own shares) amounted to DKK -122 million. The profit for the year was DKK 348 million, after which shareholders' equity totalled DKK 1,779 million at the end of the year.

To this must be added hybrid core capital of nom. DKK 200 million with an indefinite term and subordinate loan capital of nom. DKK 300 million expiring in 2014, so that the bank's total capital base at the end of 2007 amounted to DKK 2,252 million.

The solvency ratio was computed at 13.0% at the end of 2007 against 12.3% at the end of 2006. The core capital ratio was computed at 11.2% at the end of 2007 against 10.4% at the end of 2006.

The bank changed to the new capital adequacy rules under Basle II on 1 January 2007. The new rules gave the bank certain advantages in the risk-weighted assets in 2007. The effect of the new rules has not, however, been fully implemented. This is expected to take place during 2008. The bank also has an option of terminating the loss guarantees to Totalcredit totalling DKK 1,239 million on demand, which will also be an advantage with respect to the risk-weighted assets.

It was decided at the bank's annual general meeting in February 2007 to cancel 40,000 own shares, equivalent to 0.8% of the share capital. The bank's share capital is now DKK 26.2 million in 5,240,000 five DKK shares.

The general meeting in February 2007 also authorised the bank to buy up to 200,000 own shares to be set aside for later cancellation. 200,000 own shares have currently been reserved under this authorisation, equivalent to 3.8% of the share capital, leaving 5,040,000 five DKK shares in circulation. A proposal to cancel these 200,000 reserved shares will be made at the next annual general meeting.

The bank's shares were listed on the OMX Nordic Exchange Copenhagen at 1,080 at the beginning of the year. The share price fell during 2007 to 858 at the end of the year, which including dividend paid gave a return of minus 18%.

The bank's shares are included in the MidCap+ index on the OMX Nordic Exchange Copenhagen, and the market value amounted to DKK 3.4 billion on 31 January 2008.

Capital 2008 - dividend and buy-up programme

The recommendation to the annual general meeting is that a dividend of DKK 30 per share be paid, equivalent to a total dividend of DKK 157.2 million.

A recommendation will also be made to the meeting that a new buy-up programme for up to 200,000 shares be established before the next annual general meeting. The programme will be limited to buying the shares at market prices, to a maximum of DKK 175 million. The programme will also only be implemented in full or in part to the extent to which the board of directors judges it commercially advantageous for shareholders.

Expectations for the result 2008

The basic result of DKK 473 million achieved for 2007 is better than the budgeted result of DKK 400-450 million at the beginning of the year, primarily because of the growth in the bank's deposits and loans and the highly satisfactory development in the bank's asset consultancy activities.

Ringkøbing Landbobank has a market share of about 50% in that part of West Jutland in which its old branches are located. The bank's policy is to retain and develop this section of the customer portfolio with good and competitive products, focusing on employee skills and the work advising customers of all the new options arising in a more complex financial world.

The bank also markets itself in Herning, Holstebro and Viborg, where the newest branches are located. Ringkøbing Landbobank is being perceived to a higher and higher degree as the best local alternative to the major banks, which is resulting in an ongoing increase in customer numbers and leading the bank to expect that the platform in these cities will be further extended in the years to come.

The activities in the bank's distance customer department and niche concepts are also expected to develop positively in 2008, where the main emphasis is expected to be within the concepts of wind turbine financing and affluent private customers, while investment credits are expected to be at a lower level.

Against this background, core income is expected to continue to increase in 2008. Costs, including depreciation on tangible assets, are expected to increase by about 7% in 2008. Notwithstanding the fact that the economy in central and western Jutland is robust, the lower expectations in Denmark with respect to growth may have an impact in the year to come.

The bank therefore expects that the core earnings in 2008 will be in the range DKK 375-450 million against DKK 473 million in 2007, where write-downs of net DKK 11 million were reversed. To this must be added the result for the bank's trading port

Financial calendar

The financial calendar for the upcoming publications is as follows:

27 February 2008	General meeting
16 April 2008	Quarterly report - 1st quarter 2008
6 August 2008	Interim report 2008
22 October 2008	Quarterly report - 3rd quarter 2008

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 bank's total market risk is comprised of interest rate risk, foreign exchange risk, share risk and property risk.

The credit risk is defined as the risk that customers' payments owed to the bank are judged not to be collectable because of certain customers' lack of ability or 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 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 the risks which are in accordance with the business principles under which the bank is run, 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. 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

Ringkjøbing Landbobank has grown and developed over the last 10-15 years to the point where it is now 50% regional bank and 50% niche bank.

This development has been a part of the bank's growth 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.

Viewed historically, the bank has always had a healthy 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.

Actual net losses

	Actual net loss	Actual net loss after interest	Loans with suspended calculation of interest	Write-downs on loans and provisions for guarantees	Total loans, guarantees, write-downs and provisions for guarantees	Percentage loss before interest *)	Percentage loss after interest *)
1988	-14,205	-4,205	4,522	93,900	1,408,830	-1.01%	-0.30%
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	19,227,572	-0.08%	0.03%
20-year average (1988-2007)						-0.56%	0.04%
10-year average (1998-2007)						-0.11%	0.22%

*) Actual net loss 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 total account for write-downs was greater than the actual net losses for the year.

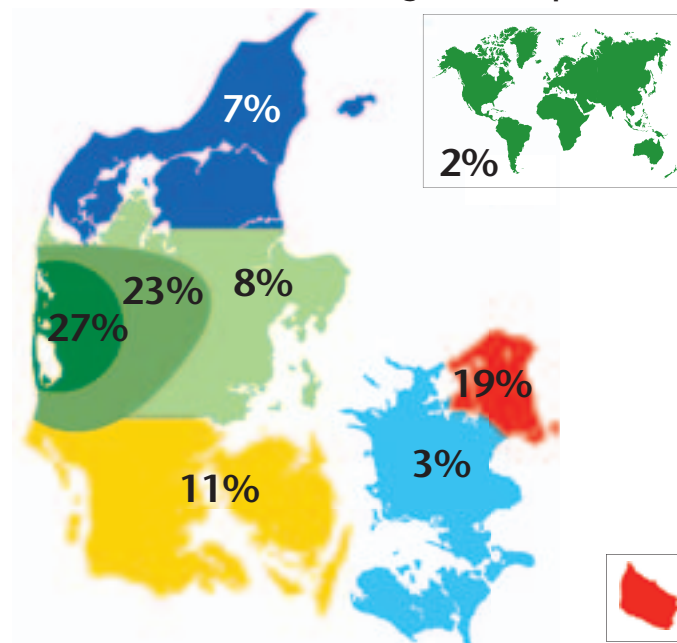
The above table documents the bank's healthy credit policy. As will be evident, the bank's average percentage loss after interest over the last 20 years (1988-2007) was +0.04%, with -0.77% (1992) the highest percentage loss, and +0.51% (2000) the most positive figure. The average percentage loss before interest over the last 20 years is -0.56%, 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 is positive at +0.22%, and the average percentage loss before interest is -0.11%. It is also noted that the period 1988-2007 includes the crisis years in Nordic banking, where, however, the bank never had negative results.

The bank's regional operations are run partly via branches in the bank's original core area in West Jutland and partly via branches in the three big Central and West Jutland cities of Herning, Holstebro and Viborg. The bank's loans portfolio in the regional sector is about half private clients with the other half small and medium-size businesses within various sectors.

The most important niches within the bank's niche area are a private banking department covering the financing of securities and affluent customers' assets, the financing of medical practitioners' purchase of private practices, 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.

Geographic spread of the bank's loans and guarantee portfolio



Explanation: Overview of the bank's loans and guarantee portfolio by customer location.

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 geography and niche.

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.

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 implemented VaR model.



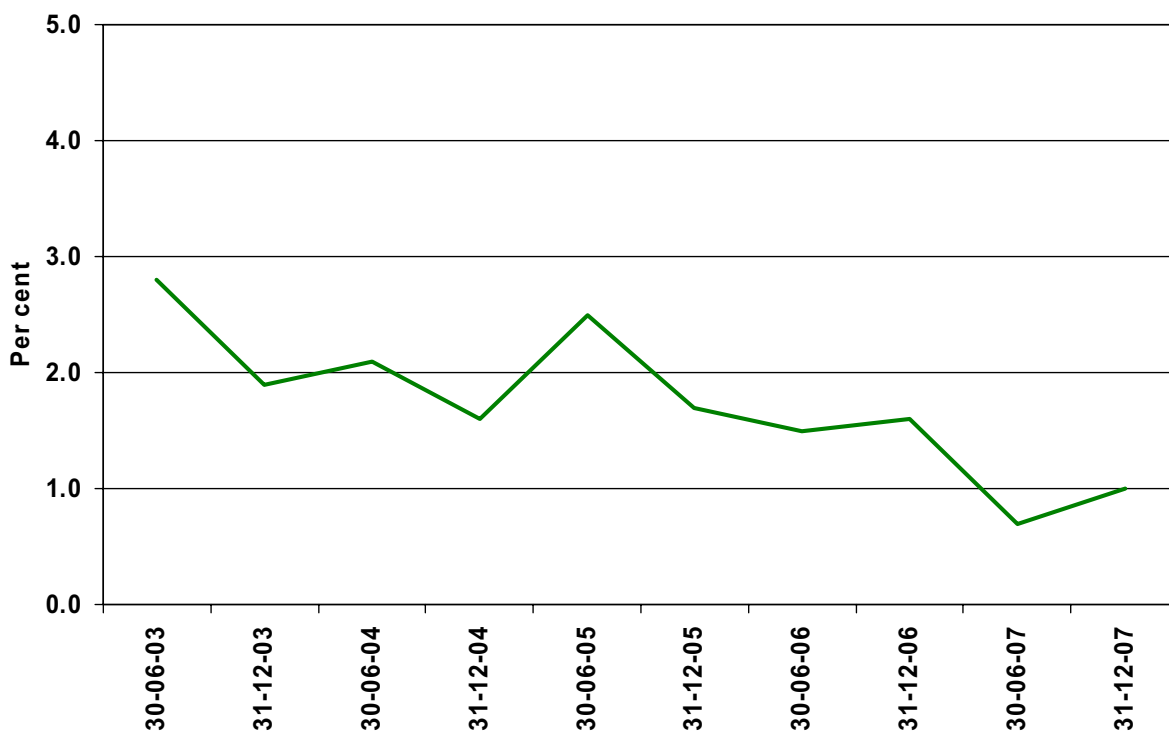
Interest rate risk

The bank's loan and deposit business and accounts with credit institutions are mostly entered into on a variable basis. A summary is maintained of those of the bank's investments and liabilities which are at a fixed interest rate, and regular arrangements for cover are entered into 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 funds 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.

Interest rate risk



Explanation: The interest risk shows the effect on the result as a percentage of the core capital after deduction of one percentage point change in the interest level.

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 2007 was at an insignificant level.



Share risk

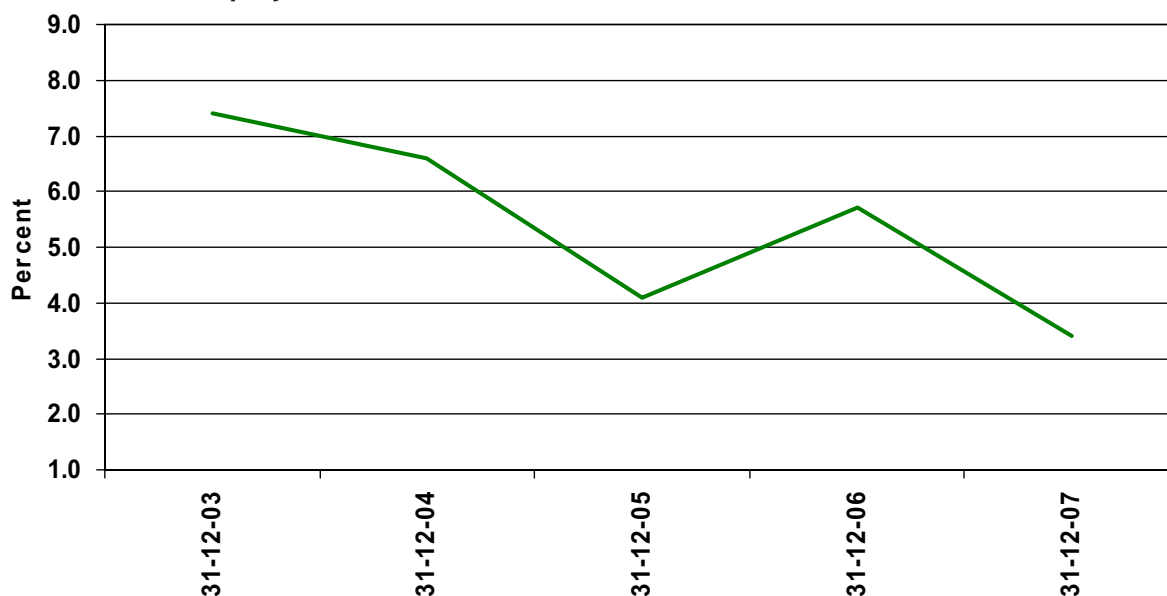
The bank co-owns various sector companies via equity interests in DLR Kredit A/S, PRAS A/S, BankInvest Holding A/S, Sparinvest Holding A/S, Egnsinvest Holding A/S, Letpension A/S, PBS Holding A/S, Multidata Holding A/S, Værdipapircentralen A/S and Bankdata. These holdings are comparable with the wholly 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 funds 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 60.8 million at the end of 2007 against DKK 97.8 million at the end of 2006. The holding of sector shares and other holdings was DKK 205.8 million at the end of 2007 against DKK 183.0 million at the end of 2006.

As will be evident from the figure below, the bank's share exposure excluding sector shares and other 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 (excluding sector shares and other holdings) as a percentage of shareholders' equity



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.

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 2007 was DKK 7.8 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 - million DKK

Risk	Average VaR figure	Min. VaR figure*	Max. VaR figure*	End of year VaR figure
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
Total VaR figure	8.6	4.9	14.6	7.8

* Determined by the total VaR figure

As will be evident from the table, the bank's total VaR throughout 2007 has varied from DKK 4.9 million to DKK 14.6 million. The average was DKK 8.6 million. The variation over time reflects the fact that the bank regularly adjusts the size of its market positions, and that the risk in the financial markets varies over time. The table also indicates that most of the risk relates to interest rate and share positions, while a modest part concerns foreign currency positions. The diversification gain illustrates the reduction in the total risk achieved by the bank by spreading its exposures across different classes of assets. The bank's total risk is thus less than the simple sum of the share, foreign exchange and interest risks.

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. The analysis includes the last seven years' price movements on the financial markets. 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 forthcoming ten-day period. All of the bank's interest positions, foreign currency positions and listed share positions etc. are included in the calculation, while sector shares and unlisted capital shares are not included.

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. The result is a picture of the bank's risk in more extreme market situations.

Liquidity risk

The bank's loans portfolio is funded primarily via three different sources, namely the bank's deposits, by taking up long-term ongoing loans with other credit institutions, and via issued bonds.

The bank's deposit base consists primarily of core loans, and the bank does not focus to a major extent on receipt of short-term time deposits of volatile character.

Ringkjøbing Landbobank has also entered into a number of long-term bilateral loan agreements with various European banks. The bank has cooperative relationships with numerous banks in various West European countries. It should, however, be noted that the funding situation is not such that the bank is dependent on the institutions in a single country or on individual institutions. The bank also issued bonds during 2007 to a total of NOK 500 million.

During 2007, the bank thus took up new long-term ongoing funding with banks and by issuing bonds to a total of net DKK 2.3 billion with a term of 2.5-15 years, with an average weighted term of 4.7 years.

Distribution of funding

	Amount 1,000 DKK	Distribution %
Total capital base	2,252,424	11.5
Other liabilities	305,281	1.6
Deposits and other debts	9,161,775	46.7
Debt to credit institutions - bilateral credits - term to maturity over 1 year	3,132,755	16.0
Issued bonds - term to maturity over 1 year	474,287	2.3
Debt to credit institutions - money market operations and bilateral credits - term to maturity under 1 year	4,307,206	21.9
Balance sheet total	19,633,728	100.0
The short-term funding (term to maturity under 1 year) of is covered as follows:	4,307,206	
Deposits on demand with central banks - certificates of deposit	3,280,288	
Claims on credit institutions - term to maturity under 1 year	785,618	
Bonds at market value	647,310	
Committed credits facilities (not used)	1,296,528	
Total	6,019,744	

As will be evident from the above table, the bank's short-term funding (term to maturity under 1 year) is supported by certificates of deposit with the Danish National Bank, short-term loans to other Danish banks, the bank's holding of liquid bonds, and via long-term agreements on committed credits facilities with both Danish and West European banks.

The confirmed credits facilities are entered into successively for long-term periods and are not normally used in everyday business. Neither were such credits used in 2007.

The bank's policy is not to have uncovered net funding requirements, and the total funding of the loans portfolio is also reconciled with the underlying return flow on the portfolio.

It is also the bank's policy not to depend on the short-term money market, and the bank's objective is also not to be affected by a total closure of the money market for a period of 12 months.

The bank has also entered into formalised agreements on the provision of mortgage credit loans by issuing specially covered bonds 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 solvency.

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 goals which govern the bank's management and the general principles and structures governing the interplay between the bank's management and shareholders as well as the bank's customers, employees and the local areas in which the bank has branches.

Goals

Ringkjøbing Landbobank's goal is to play a vital role in West Jutland. In terms of both capital and its consultancy services, the bank must meet the expectations of a full-service bank held by the area's private and business customers.

Ringkjøbing Landbobank's goal is to achieve operating results among the best third within the Danish financial sector via rational operation and a sensible credit policy. The bank's goal is also to grow faster than the average for the financial sector in Denmark.

Ringkjøbing Landbobank's final goal is to be a good workplace for its employees. The bank intends a growth strategy to create an exciting and challenging workplace which will attract and retain competent employees.

Committee for corporate governance

Ringkjøbing Landbobank's board of directors and board of managers first decided its position on the so-called »Nørby Committee's« report and recommendations for listed companies in 2002, and the bank's management has subsequently regularly reviewed the bank's attitude to the committee's recommendations.

In 2005, the committee for corporate governance set up by the OMX Nordic Exchange Copenhagen (hereafter Copenhagen Stock Exchange) issued a proposal for revised recommendations. When Copenhagen Stock Exchange made the revised recommendations a part of the disclosure requirements for listed companies, the bank's management again took a position on the recommendations for corporate governance during the preparation of the 2006 Annual Report, which also has taken place during the preparation of the 2007 Annual Report.

All recommendations concerning corporate governance are available on Copenhagen Stock Exchange's website at www.omxgroup.com.

The following explains management's positions on the committee's recommendations in general terms within the eight main areas which the committee has worked with, and supplementary information is given in accordance with the Danish Financial Business Act.

Please see the bank's website at www.landbobanken.com for a more detailed review of the management's position on some of the recommendations within the individual main areas.

The role of shareholders and interaction with management

The bank essentially follows the recommendations for the area.

The shareholders are the bank's owners, and the bank's goal is to achieve the best possible long-term return for its shareholders.

Through its defined Investor Relations-policy, Ringkjøbing Landbobank endeavours to provide the greatest possible transparency concerning the bank's affairs, and the bank's website offers relevant, detailed and up-to-date information on the bank. The bank constantly examines the possibility of using the information technology which is available to the bank to improve communication between the bank and its shareholders.

In recent years, the bank's management has focused on a gradual adjustment of the bank's capital structure, and it is management's goal to continue focusing on this area. It should be noted that the general meeting has authorised the board of directors to permit the bank until the next ordinary general meeting to acquire own shares within a total nominal value totalling 10% of the bank's share capital, and such that the shares can be acquired at the current listed price +/-10%. It can be added that the bank's articles of association contain an authorisation of the board of directors empowering it, in consultation with the shareholders committee, to increase the share capital by DKK 14.2 million to DKK 40.4 million in one or more increases. For the time being, this authorisation is valid until 28 February 2012; it was last used was in 2002 in connection with the acquisition of Tarm Bank.

Under the bank's articles of association, a shareholding of up to and including nom. DKK 500 carries one vote, and shareholdings of more than that carry two votes. The board of directors has found no reason to change the original voting rules from when the bank was established, as long as the bank's performance is above average in the Danish financial sector. No new restrictions on voting rights will be introduced into the bank's articles of association. Furthermore there are no restrictions on the negotiability of the shares. Amendments to the bank's articles of association are only valid if a proposal is adopted by at least two thirds of both votes cast and the voting share capital represented at the general meeting.

In the event of a takeover bid for the bank, the bank's board of directors will assess what is in the shareholders' best long-term interest and act accordingly.

The role and significance of the bank's partners

The bank has always regarded the role of the various partners as very significant for the bank's development, and the board of directors has thus defined the following policy with respect to its partners. The bank thus follows the applicable recommendations for the area.

Ringkjøbing Landbobank is an integral part of West Jutland, the bank's old core area, in which the bank has a very high market share. The bank's goal is to retain and develop this part of its customer portfolio with sound and competitive products.

Since the mid-1990s, the bank has established new branches in three large cities in central Jutland outside the old core area. The bank's goal is to expand and become a solid local bank in the three communities.

The bank's products are also offered via a distance banking service domiciled in Ringkøbing, whose goal is to service selected customer groups throughout Denmark with a high level of expertise and competitive products.

The bank's employees are well-educated and motivated, which is a critical prerequisite for the bank's continued success and growth. Ringkjøbing Landbobank is a good place to work, where the atmosphere is informal and unpretentious. The bank has worked for a number of years to create an effective and efficient organisation of tasks in the bank and to further develop our employees' professional and human expertise. It is therefore a vital factor for the bank's employees that they want to participate in the exciting developments which are also expected to distinguish the bank in the years to come.

Openness and transparency

The bank follows the recommendations on openness and transparency.

Ringkjøbing Landbobank formulated an Investor Relations-policy in autumn 2002. Based on the formulated policy, the bank's website was extended significantly, and it has subsequently and regularly been further developed.

The level of information complies with the recommendations of Copenhagen Stock Exchange. The aim of the bank's Investor Relations-policy is to promptly issue all material information of importance to shareholders' and the financial markets' assessment of the bank in both Danish and English.

The board of directors places heavy emphasis on a continuous dialogue with shareholders and other partners. This dialogue is ensured by providing various sections on Corporate Governance-related issues on the bank's website, and the bank's board of managers regularly meets with investors. Finally, it should be noted that the Ringkjøbing Landbobank-share is included in Copenhagen Stock Exchange's so-called MidCap+ Index.

The tasks and responsibilities of the board of directors

The bank essentially follows the recommendations for the area.

The board of directors undertakes the overall strategic management of the bank and supervises and monitors the daily management. The board of directors performs its tasks by holding board meetings, checking ingoing reports, and generally through dialogue with the bank's board of managers. The board of directors holds strategy seminars on an ad hoc basis, at which the bank's overall goals and strategies are discussed and established. Strategies are also regularly discussed by the board of directors.

The board of directors' tasks and its delegation to the board of managers and the guidelines for ongoing reporting to the board of directors are described in the rules of procedure for the board of directors and miscellaneous instructions under Section 70 of the Danish Financial Business Act.

Composition of the board of directors

The bank follows the majority of the recommendations issued.

Election of members to the shareholders committee is determined at the general meeting by simple majority, and the members of the board of directors are elected from among the members of the bank's shareholders committee. The bank's articles of association provide for an age limit of 67 years for both members of the shareholders committee and members of the board of directors. Both members of the shareholders committee and of the board of directors are elected for a term of four years at a time and they may be re-elected. The board of directors finds that the four-year election period ensures good continuity in the board work and has thus found no reason to propose a change in the election period.

When recommending new members for the shareholders committee, the shareholders committee and the board of directors aim to propose persons with wide business experience and professional expertise as well as to ensure a good age distribution in the shareholders committee. When the proposed members of the shareholders committee are presented at the bank's general meeting, a review of the relevant persons' background etc. is given, and this is considered sufficient by the board of directors. When new members are elected to the shareholders committee and to the board of directors, they are given an introduction to the performance of their tasks.

Under the articles of association, the bank's board of directors has between four and six shareholder-elected board members. In addition, the board of directors has the statutory members. The board of directors regularly considers whether the number of shareholder-elected board members and the composition in general are appropriate in view of the bank's needs. The recommendations concerning the board of directors' independence are followed, although the board does not consider it relevant to issue information on individual board members' shareholdings in the company. The share dealings of the individual members of management are issued in accordance with applicable rules.

The board of directors convenes approximately eleven times a year, and the recommendations on the frequency of meetings and working plan are thus followed. In light of the frequent meetings, the board of directors has not at present found any reason to set up board committees etc.

With respect to resources for the work of the board of directors and the number of directorships of each board member, the board of directors finds that it is not the number of directorships that are vital to an efficient performance on the board, but the amount of work associated with them. The individual board members regularly assess whether they can perform efficiently on the board of directors.

In the light of a close partnership between the board of directors and the board of managers as well as the frequency of the meetings of the board of directors, it is considered unnecessary to introduce schematic evaluations of the board of directors or the board of managers and cooperation within management, as this is regularly evaluated.

Remuneration of board of directors and board of managers

The bank follows some of the recommendations issued.

The bank follows the recommendation for remuneration, and it is estimated that the total remuneration is on a competitive and reasonable level which reflects the board of directors' and the general managers' efforts and results.

The board of directors has prepared no remuneration policy as such, but the board of directors estimates that the total remuneration to the bank's board of directors and board of managers reflects the management's efforts for the bank and generally follows common practice in the area. The board of directors is paid a fixed fee and the board of directors has not, and will not, participate in bonus and incentive agreements including share option schemes. The board of managers are paid in accordance with separate salary agreements which do not at present contain provisions on bonus and incentive agreements.

Overall, the board of directors judges that information on individuals' remuneration, resignation agreements and employment conditions in general are not relevant to an assessment of the bank, and the board of directors thus finds that the information on remuneration for the board of directors and the board of managers given in the Annual Report is adequate and sufficient.

Risk management

The bank follows the recommendations for the area.

The bank's management continuously directs its full attention to the bank's most important business risks and issues current reports, whereby management systematically follows developments in the most important risk areas. In all important areas, the bank has thus established effective risk management and reporting systems which are continuously evaluated internally as well as by the bank's internal and external auditors and the Danish Financial Supervisory Authority.

Ringkjøbing Landbobank's most significant category of business risk is the credit risk associated with loans, which comprise by far the greatest part of the bank's assets and also generate a correspondingly large part of its earnings. Historically the bank has always had a healthy credit policy, and this is also our goal for the future.

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

The Annual Report contains description on the bank's risk conditions and risk management.

Audit

The bank generally follows the various recommendations for the area.

The bank's management has an ongoing dialogue with both internal and external auditors, and the management discusses the audit result and accounting policies and accounting estimates with the auditors.

The board of directors has found no reason to set up an audit committee.

Directorships

The reader is referred to page 47 of the annual report for details of the directorships in other public companies held by members of the board of directors and the board of managers.

Information on listed companies

The bank's share capital on 31 December 2007 was DKK 26.2 million in 5,240,000 nom. five kroner shares.

The bank has only one share class and the entire share capital, and thus all shares, are listed on the OMX Nordic Exchange 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 shareholding 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 register of shareholders or when the shareholder has reported and documented his or her right. Apart from own votes, no shareholder may 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 register of shareholders 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 40,410,980 in one or more increases. This authorisation is currently valid until 28 February 2012.

The board of directors possesses the following powers with respect to the possibility of acquiring own shares: The bank's annual general meeting^{*)} has authorised the board of directors to permit the bank to acquire own shares 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%. The bank's annual general meeting^{*)} has also approved a buy-up programme for a subsequent ongoing capital reduction until the next annual general meeting, under which the bank can acquire up to 200,000 own shares over and above those specified in the above general authorisation. The programme presumes that the shares will be bought at market price, and own shares may only be bought to a maximum total market value of DKK 240 million.

*) Held on 28 February 2007.

5 year key figures

Summary DKK 1,000

	2007	2006	2005	2004	2003
Profit and loss account					
Interest receivable	1,031,830	705,949	500,547	412,762	358,609
Interest payable	570,690	309,366	166,080	118,719	101,121
Net income from interest	461,140	396,583	334,467	294,043	257,488
Interest-like commission income	17,376	19,963	23,308	18,940	12,150
Dividend on capital shares etc.	2,386	4,596	3,979	5,357	6,156
Income from fees and commissions	207,977	188,587	159,995	107,221	89,531
Fees and commissions paid	35,599	30,464	34,451	23,692	17,414
Net income from interest and fees	653,280	579,265	487,298	401,869	347,911
Value adjustments	+17,965	+128,979	+56,237	+64,606	+118,213
Other operating income	7,443	4,717	2,650	2,079	7,592
Staff and administration costs	229,755	204,038	187,426	177,580	158,714
Amortisation, depreciation and write-downs on intangible and tangible assets	4,647	4,517	2,421	6,728	4,075
Other operating costs	16	5	48	0	0
Write-downs on loans and debtors etc.	+10,791	+69,027	+5,047	+4,096	9,741
Result of capital shares in associated companies	-11	0	144	-1	0
Profit before tax	455,050	573,428	361,481	288,341	301,186
Tax	106,730	141,046	96,885	74,103	71,062
Profit for the financial year	348,320	432,382	264,596	214,238	230,124

Balance sheet

Cash in hand and claims on credit institutions and central banks	4,337,064	3,339,743	2,226,283	1,288,988	1,097,450
Loans and other debtors at amortised cost price	14,134,637	12,760,168	10,023,406	7,209,111	5,206,516
Securities	914,421	967,102	929,444	827,456	705,524
Tangible assets	75,126	66,143	62,015	56,023	52,269
Other assets	172,480	136,202	119,456	79,346	470,707
Total assets	19,633,728	17,269,358	13,360,604	9,460,924	7,532,466
Debt to credit institutions and central banks					
Term to maturity under 1 year	4,307,206	6,535,577	4,405,610	2,375,446	1,565,551
Term to maturity over 1 year	3,132,755	1,274,603	671,445	260,334	111,669
Deposits and other debts	9,161,775	7,046,159	6,291,696	5,144,209	4,390,606
Issued bonds	474,287	2,955	0	0	0
Other liabilities	285,348	198,336	256,358	290,230	298,250
Provisions for liabilities	19,933	21,650	19,821	18,417	13,927
Subordinated debt	473,863	479,288	200,952	0	0
Share capital	26,200	26,400	26,400	26,400	26,400
Reserves	1,752,361	1,684,390	1,488,322	1,345,888	1,126,063
Total shareholders' equity	1,778,561	1,710,790	1,514,722	1,372,288	1,152,463
Total liabilities and equity	19,633,728	17,269,358	13,360,604	9,460,924	7,532,466

Off-balance sheet items

Guarantees etc.	4,803,839	4,803,619	5,141,858	3,938,152	2,895,758
Other contingent liabilities	3,995	3,695	53,140	52,760	2,639
Total off-balance sheet items	4,807,834	4,807,314	5,194,998	3,990,912	2,898,397

5 year key figures

		2007	2006	2005	2004	2003
Solvency ratio	%	13.0	12.3	11.6	11.9	14.4
Core capital ratio	%	11.2	10.4	11.6	12.2	15.1
Pre-tax return on equity	%	26.1	35.6	25.0	22.5	27.5
Return on equity after tax	%	20.0	26.8	18.3	16.7	21.0
Income/cost ratio	DKK	3.04	5.11	2.95	2.60	2.75
Interest risk	%	1.0	1.6	1.7	1.6	1.9
Foreign exchange position	%	2.1	4.1	1.7	2.1	0.3
Foreign exchange risk	%	0.0	0.0	0.0	0.0	0.0
Loans and write-downs thereon relative to deposits	%	157.4	185.2	164.9	147.1	127.6
Loans relative to shareholders' equity		7.9	7.5	6.6	5.3	4.5
Excess cover relative to statutory liquidity requirements	%	161.4	134.3	88.5	83.4	137.0
Growth in loans for the year	%	10.8	27.3	39.0	38.5	14.0
Total large exposures	%	38.3	116.1	73.3	95.5	90.9
Cumulative write-down percentage	%	1.5	1.7	2.3	3.1	4.6
Write-down percentage for the year	%	-0.06	-0.39	-0.03	-0.04	0.11
Proportion of debtors at reduced interest	%	0.1	0.1	0.2	0.2	0.3
Profit for the year after tax per share ^{*/***}	DKK	1,324.4	1,637.8	1,002.3	811.5	849.3
Book value per share ^{*/**}	DKK	7,053	6,631	5,862	5,325	4,473
Dividend per share [*]	DKK	600	600	550	500	175
Price/profit for the year per share ^{*/***}		13.0	13.2	15.0	13.4	8.5
Price/book value per share ^{*/**}		2.43	3.26	2.56	2.04	1.62

* 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.

Accounting policies - general

The Annual Report was prepared in accordance with the provisions of the Danish Financial Business Act and the applicable Executive Order on the Presentation of Accounts. The Annual Report was also prepared in accordance with the information requirements of OMX The Nordic Exchange Copenhagen (Copenhagen Stock Exchange), to the extent to which the Danish Financial Business Act, the Executive Order on the Presentation of Accounts, or other Executive Orders from the Danish Financial Supervisory Authority do not specify a different practice.

The accounting policies are unchanged relative to last year.

With effect from 2007, the bank has, however, computed a core earnings result instead of a result of actual banking operations. The difference between the two methods consists primarily in the fact that the core earnings includes an internal funding interest on the bank's trading portfolio, while the portfolio's actual yield is included in the result for the portfolio. As the difference between the two methods is marginal, the comparative figures for the years 2003-2005 on page 3 and for the years 1998-2005 on page 5 have not been adjusted.

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 result for the year are included in the profit and loss account, and value adjustments made to financial assets, financial liabilities and derivatives 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 allocated provisions. 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 were converted to Danish kroner at the closing exchange rate for the currency on balance sheet date, corresponding to the rate published by the Danish National Bank. Income and expenses were 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.

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 bank sector. The bank has therefore assessed whether the estimates under the model need to be adapted to 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. 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 this with the individual 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.

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.

Derivative financial instruments

Forward transactions, interest swaps and other derivatives 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 the Presentation of Accounts 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 derivatives and items subject to hedging for accounting purposes are entered under the item »Value adjustments« in the profit and loss account.

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.«

Interest income

Interest income is included on the basis of the effective interest method, under which interest income 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

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.

Taxes

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. 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.

Incentive schemes

The bank has established a bond incentive scheme with its employees for the financial years 2005-2007.

The costs of the bond incentive scheme with the employees are included and booked under costs in the profit and loss account in the financial year to which the costs apply.

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 Danish National Bank, fully secured and liquid claims at call on banks, unpledged certificates of deposit issued by the Danish National Bank, and secure and easily saleable 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 total shareholders' equity at the end of the year including proposed dividend etc. plus the book value of total subordinated debt.

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 calculated after deduction of dividend etc.

»Key figures per DKK 5 share« for 2007 on page 3 were calculated on the basis of 5,040,000 shares.

Profit and loss account

Note no.		2007 DKK 1,000	2006 DKK 1,000
1	Interest receivable	1,031,830	705,949
2	Interest payable	570,690	309,366
	Net income from interest	461,140	396,583
	Interest-like commission income	17,376	19,963
3	Dividend on capital shares etc.	2,386	4,596
4	Income from fees and commissions	207,977	188,587
4	Fees and commissions paid	35,599	30,464
	Net income from interest and fees	653,280	579,265
5	Value adjustments	+17,965	+128,979
	Other operating income	7,443	4,717
6,7,8	Staff and administration costs	229,755	204,038
18,19	Amortisation, depreciation and write-downs on intangible and tangible assets	4,647	4,517
	Other operating costs	16	5
14	Write-downs on loans and debtors etc.	+10,791	+69,027
	Result of capital shares in associated companies	-11	0
	Profit before tax	455,050	573,428
9	Tax	106,730	141,046
	Profit for the financial year	348,320	432,382

Proposed distribution of profit

	Profit for the financial year	348,320	432,382
	Total amount available for distribution	348,320	432,382
	Dividend	157,200	158,400
	Other purposes	300	300
	Transferred to reserve for net revaluation under the intrinsic value method	-11	0
	Appropriation to own funds	190,831	273,682
	Total distribution of the amount available	348,320	432,382

Core earnings

	2007 DKK 1,000	2006 DKK 1,000
Net income from interest	464,777	392,288
Interest-like commission income	17,376	19,963
Net income from fees and provisions excl. commission	131,267	116,289
Income from sector shares	17,523	22,271
Foreign exchange income	16,759	11,723
Other operating income	7,443	4,717
Total core income excl. trade income	655,145	567,251
Trade income	41,111	41,834
Total core income	696,256	609,085
Staff and administration costs	229,755	204,038
Amortisation, depreciation and write-downs on intangible and tangible assets	4,647	4,517
Other operating costs	16	5
Total costs etc.	234,418	208,560
Core earnings before write-downs on loans	461,838	400,525
Write-downs on loans and debtors etc.	+10,791	+69,027
Core earnings	472,629	469,552
Result for portfolio	-17,579	+73,047
Result before gain on Totalkredit A/S and Sparinvest Holding A/S	455,050	542,599
Gain on shares in Totalkredit A/S and Sparinvest Holding A/S	0	30,829
Profit before tax	455,050	573,428
Tax	106,730	141,046
Profit for the financial year	348,320	432,382

Balance sheet

Note no.		End Dec. 2007 DKK 1,000	End Dec. 2006 DKK 1,000
	Assets		
	Cash in hand and claims at call on central banks	44,226	51,868
12	Claims at notice on central banks	3,280,288	2,067,362
12	Claims on credit institutions		
	Money market operations and bilateral loans - term to maturity under 1 year	795,618	1,075,789
	Bilateral loans - term to maturity over 1 year	216,932	144,724
13,14,15	Loans and other debtors at amortised cost price	14,134,637	12,760,168
16	Bonds at current value	647,310	685,718
17	Shares etc.	266,567	280,829
	Capital shares in associated companies	544	555
18	Land and buildings total	70,992	62,101
	Investment properties	5,611	8,665
	Domicile properties	65,381	53,436
19	Other tangible assets	4,134	4,042
	Actual tax assets	13,120	13,399
20	Deferred tax assets	11,173	26,653
	Other assets	147,197	94,877
	Periodic-defined items	990	1,273
	Total assets	19,633,728	17,269,358

Balance sheet

Note no.		End Dec. 2007 DKK 1,000	End Dec. 2006 DKK 1,000
	Liabilities and equity		
	Debt		
21	Debt to credit institutions and central banks		
	Money market operations and bilateral credits - term to maturity under 1 year	4,307,206	6,535,577
	Bilateral credits - term to maturity over 1 year	3,132,755	1,274,603
22	Deposits and other debts	9,161,775	7,046,159
23	Issued bonds at amortised cost price	474,287	2,955
	Other liabilities	284,328	197,524
	Periodic-defined items	1,020	812
	Total debt	17,361,371	15,057,630
	Provisions for liabilities		
24	Provisions for pensions and similar liabilities	11,466	13,205
14	Provisions for losses on guarantees	7,303	5,087
	Other provisions	1,164	3,358
	Total provisions for liabilities	19,933	21,650
	Subordinated debt		
	Subordinated loan capital	287,063	287,988
	Hybrid core capital	186,800	191,300
25	Total subordinated debt	473,863	479,288
	Shareholders' equity		
26	Share capital	26,200	26,400
	Reserve for net revaluation under the intrinsic value method	193	204
	Proposed dividend etc.	157,500	158,700
	Profit carried forward	1,594,668	1,525,486
	Total shareholders' equity	1,778,561	1,710,790
	Total liabilities and equity	19,633,728	17,269,358
28	Contingent liabilities		

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
Shareholders' equity at the end of the previous financial year	26,400	0	204	158,700	1,525,486	1,710,790
Reduction of share capital	-200				200	0
Dividend etc. paid				-158,700		-158,700
Dividend received on own shares					776	776
Shareholders' equity after allocation of dividend etc.	26,200	0	204	0	1,526,462	1,552,866
Purchase and sale of own shares					-104,097	-104,097
Tax calculated on transactions with own shares					-111	-111
Adjustment of deferred tax concerning own shares					-22,406	-22,406
Other shareholders' equity items					3,989	3,989
Profit for the financial year			-11	157,500	190,831	348,320
Shareholders' equity on the balance sheet date	26,200	0	193	157,500	1,594,668	1,778,561

Capital adequacy computation

	End Dec. 2007 DKK 1,000	End Dec. 2006 DKK 1,000
Calculated pursuant to the Executive order on Capital Adequacy issued by the Danish Financial Supervisory Authority.		
The bank has of 31 December 2007 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	Financial Collateral Comprehensive Method	
Market risk	Standardised Approach	
Operational risk	Basic Indicator Method	
Weighted items with credit and counterpart risks	14,461,771	15,869,400
Marked risk	513,401	655,709
Operational risk	1,199,363	0
Total risk weighted items	16,174,541	16,525,109
Share capital	26,200	26,400
Reserve for net revaluation under the intrinsic value method	193	204
Profit carried forward	1,752,168	1,684,186
Core capital	1,778,561	1,710,790
Proposed dividend etc.	-157,500	-158,700
Activated deferred tax assets	-11,173	-26,653
Core capital after deductions	1,609,888	1,525,437
Hybrid core capital	200,000	200,000
Core capital after deductions incl. hybrid core capital	1,809,888	1,725,437
Subordinated loan capital	300,000	300,000
Addition to/deduction from the capital base	0	0
Capital base after deductions	2,109,888	2,025,437
Core capital ratio excl. hybrid core capital (%)	10.0	9.2
Core capital ratio (%)	11.2	10.4
Solvency ratio pursuant to Section 124 of the Danish Financial Business Act (%)	13.0	12.3
Minimum capital requirements under Section 124 of the Danish Financial Business Act	37,283	37,280

Cash flow statement

	2007 DKK 1,000	2006 DKK 1,000
Operation activities		
Profit for the financial year	348,320	432,382
Amortisation, depreciation and write-downs on intangible and tangible assets	4,647	4,517
Write-downs on loans and debtors etc.	9,361	-48,468
Other items not affecting liquidity	-24,067	-3,523
Adjusted result of operations	338,261	384,908
Changes in operating capital		
Claims on and debt to credit institutions etc., net	-220,598	2,503,320
Loans and other debtors at amortised cost price	-1,383,830	-2,688,294
Securities, not liquid	50,742	-39,776
Deposits and other debts	2,115,616	754,463
Issued bonds at amortised cost price	484,102	2,955
Other assets and liabilities, net	33,237	-77,415
Cash flows from operating activities	1,417,530	840,161
Investment activities		
Intangible and tangible assets	-10,684	-7,612
Cash flows from investment activities	-10,684	-7,612
Financing activities		
Subordinated debt	0	298,530
Paid dividend, net	-157,624	-141,986
Own shares etc.	-104,208	-107,556
Cash flows from financing activities	-261,832	48,988
Total effect on liquidity for the year	1,145,014	881,537
Cash and cash equivalents, beginning of year	3,357,420	2,475,883
Cash and cash equivalents, end of year	4,502,434	3,357,420
Cash and cash equivalents, end of year specified thus:		
Cash in hand and claims at call on central banks	44,226	51,868
Claims on credit institutions and central banks	3,708,340	2,553,756
Securities	749,868	751,796
Total cash and cash equivalents, end of year	4,502,434	3,357,420

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

Notes to the Annual Report

Note no.		2007 DKK 1,000	2006 DKK 1,000
1	Interest receivable		
	Claims on credit institutions and deposits with central banks	136,229	59,838
	Loans and other debtors	892,747	633,987
	Loans - interest concerning the written-down part of loans	-20,152	-20,559
	Bonds	19,326	26,184
	Total derivatives financial instruments	3,431	6,060
	of which		
	Currency contracts	5,977	9,965
	Interest-rate contracts	-2,546	-3,905
	Other	249	439
	Total interest receivable	1,031,830	705,949
2	Interest payable		
	Credit institutions and central banks	282,786	141,209
	Deposits and other debts	262,386	146,045
	Issued bonds	3,083	35
	Subordinated debt	21,927	21,012
	Other	508	1,065
	Total interest payable	570,690	309,366
3	Dividend on capital shares etc.		
	Shares	2,386	4,596
	Total dividend on capital shares etc.	2,386	4,596
4	Gross income from fees and commissions		
	Securities trading	58,682	57,362
	Asset management	78,993	65,303
	Payment handling	17,368	15,910
	Loan fees	7,750	8,151
	Guarantee commissions	28,228	26,029
	Other fees and commissions	16,956	15,832
	Total gross income from fees and commissions	207,977	188,587
	Net income from fees and commissions		
	Securities trading	41,111	41,834
	Asset management	73,934	60,950
	Payment handling	15,668	15,640
	Loan fees	5,498	5,832
	Guarantee commissions	28,228	26,029
	Other fees and commissions	7,939	7,838
	Total net income from fees and commissions	172,378	158,123
5	Value adjustments		
	Loans and other debtors at current value	-1,318	-6,169
	Bonds	-4,638	-5,886
	Shares etc.	-15,303	61,076
	Shares in sector companies	16,208	20,534
	Shares in Totalkredit A/S and Sparinvest Holding A/S	0	30,829
	Foreign exchange income	16,759	11,723
	Total derivatives financial instruments	1,394	-3,864
	of which		
	Interest-rate contracts	1,277	-4,560
	Share contracts	117	696
	Issued bonds	334	0
	Other liabilities	4,529	20,736
	Total value adjustments	17,965	128,979

Notes to the Annual Report

Note no.		2007 DKK 1,000	2006 DKK 1,000
6	Staff and administration costs		
	Salaries and payments to board of managers, board of directors and shareholders' committee		
	Board of managers	5,213	5,200
	Board of directors	805	738
	Shareholders' committee	368	215
	Total	6,386	6,153
	Staff costs		
	Salaries	107,283	97,618
	Pensions	10,104	9,282
	Social security expenses	12,426	10,102
	Total	129,813	117,002
	Other administration costs	93,556	80,883
	Total staff and administration costs	229,755	204,038
7	Number of employees		
	Average number of employees during the financial year converted into full-time employees	279.1	270.6
8	Audit fee		
	Total fee to the firm of accountants, elected by the General Meeting, that perform the statutory audit	623	1,059
	Of this concerning other contributions than audit	77	356
	The bank also has an internal auditor.		
9	Tax		
	Tax calculated on the years profit	113,656	128,279
	Adjustment of deferred tax	-5,903	17,853
	Adjustment of deferred tax due to change in tax rate	-1,023	0
	Adjustment of tax calculated for previous years	0	-5,086
	Total tax	106,730	141,046
	Effective tax rate (%):		
	The current tax rate of the bank	25.0	28.0
	Non-liable income and non-deductible costs etc.	-1.3	-2.5
	Adjustment of deferred tax due to change in tax rate	-0.2	0.0
	Adjustment of tax calculated for previous years	0.0	-0.9
	Total effective tax rate	23.5	24.6
10	Incentive schemes		
	Employee share schemes were established in 2000 and 2001 in order to reward the staff's commitment to the bank. In the 2000-2004 financial years, the bank's employees were offered shares with residual binding periods of 0, 0, 1 and 2 years on the date of the balance sheet. A total of 60,512 shares were bound under the schemes on the balance sheet date.		
	An agreement was entered into in 2005 on an employee bond scheme for the financial years 2005-2007 in order to reward the staff's commitment to the bank. The bank's maximum liability under the agreement for the current financial year is entered as a cost for the financial year and listed under the item »Other provisions« at tDKK 1,164. Bonds to the value of nom. tDKK 2,810 with residual binding periods of 4 and 5 years had been issued under the scheme on the date of the balance sheet.		
		End Dec. 2007 DKK 1,000	End Dec. 2006 DKK 1,000
11	Board of managers and board of directors		
	The amount of loans issued to and mortgages, sureties, guarantees or appurtenant collaterals issued for the members of the bank's: Interest rates 2007		
	Board of managers	6.7%	300
	Board of directors, incl. elected by the staff	5.0%-10.5%	13,668
	All commitments 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	2,533	7,318

Notes to the Annual Report

Note no.		End Dec. 2007 DKK 1,000	End Dec. 2006 DKK 1,000
12	Claims on credit institutions and deposits with central banks		
	Claims at call	428,052	475,877
	Up to and including 3 months	3,573,288	2,602,362
	More than 3 months and up to and including 1 year	74,566	64,912
	More than 1 year and up to and including 5 years	173,482	74,560
	More than 5 years	43,450	70,164
	Total claims on credit institutions and deposits with central banks	4,292,838	3,287,875
	Distributed as follows:		
	Claims at notice on central banks	3,280,288	2,067,362
	Claims on credit institutions	1,012,550	1,220,513
		4,292,838	3,287,875
13	Loans and other debtors at amortised cost price		
	At call	4,966,877	4,850,271
	Up to and including 3 months	797,107	925,398
	More than 3 months and up to and including 1 year	2,169,886	2,287,434
	More than 1 year and up to and including 5 years	3,187,749	2,509,300
	More than 5 years	3,013,018	2,187,765
	Total loans and other debtors at amortised cost price	14,134,637	12,760,168
14	Write-downs on loans and other debtors and provisions for losses on guarantees		
	Individual write-downs		
	Cumulative individual write-downs on loans and other debtors at the end of the previous financial year	279,913	340,750
	Write-downs/value adjustments during the year	112,008	61,100
	Reverse entry - write-downs made in previous financial years	-108,120	-110,203
	Booked losses covered by write-downs	-10,663	-11,734
	Cumulative individual write-downs on loans and other debtors on the balance sheet date	273,138	279,913
	Group write-downs		
	Cumulative group write-downs on loans and other debtors at the end of the previous financial year	10,000	12,100
	Write-downs/value adjustments during the year	0	0
	Reverse entry - write-downs made in previous financial years	-1,344	-2,100
	Cumulative group write-downs on loans and other debtors on the balance sheet date	8,656	10,000
	Total cumulative write-downs on loans and other debtors on the balance sheet date	281,794	289,913
	Provisions for losses on guarantees		
	Cumulative individual provisions for losses on guarantees at the end of the previous financial year	5,087	4,150
	Provisions/value adjustments during the year	3,868	1,387
	Reverse entry - provisions made in previous financial years	-1,652	-450
	Cumulative individual provisions for losses on guarantees on the balance sheet date	7,303	5,087
	Total cumulative write-downs on loans and other debtors and provisions for losses on guarantees on the balance sheet date	289,097	295,000
	No write-downs were made on claims on credit institutions and other debtors.		
	Loans and other debtors with an objective indication of impairment included in the balance sheet at a book value greater than zero		
	Balance for loans and other debtors before write-downs	777,732	625,120
	Write-downs	-241,645	-249,553
	Balance for loans and other debtors after write-downs	536,087	375,567

Notes to the Annual Report

Note no.		End Dec. 2007 DKK 1,000	End Dec. 2006 DKK 1,000
15	Suspended calculation of interest		
	Loans and other debtors with suspended calculation of interest on the balance sheet date	13,190	20,578
16	Bonds at current value		
	Listed on the stock exchange	647,310	685,718
	Total bonds at current value	647,310	685,718
17	Shares etc.		
	Listed on OMX The Nordic Exchange Copenhagen	50,453	97,105
	Listed on other stock exchanges	115	132
	Unlisted shares at current value	10,184	540
	Sector shares at current value	190,887	168,532
	Other holdings	14,928	14,520
	Total shares etc.	266,567	280,829
18	Land and buildings		
	Investment properties		
	Current value at the end of the previous financial year	8,665	10,361
	Acquisitions during the year, including improvements	0	0
	Disposals during the year	-3,054	-1,696
	Value adjustments to current value for the year	0	0
	Other changes	0	0
	Current value on the balance sheet date	5,611	8,665
	Domicile properties		
	Reassessed value at the end of the previous financial year	53,436	48,955
	Acquisitions during the year, including improvements	12,230	4,694
	Disposals during the year	0	0
	Depreciations for the year	-285	-213
	Changes in value included directly on the equity during the year	0	0
	Changes in value included directly in the profit and loss account during the year	0	0
	Other changes	0	0
	Total reassessed value on the balance sheet date	65,381	53,436
	When measuring investment and domicile properties a rate of return between 6%-8% is used.		
	No external experts were involved in the valuation of investment and domicile properties.		
19	Other tangible assets		
	Cost price		
	Cost price at the end of the previous financial year without depreciations and write-downs	28,290	23,700
	Acquisitions during the year, including improvements	4,474	5,664
	Disposals during the year	-1,044	-1,074
	Transfers to other items during the year	0	0
	Total cost price on the balance sheet date	31,720	28,290
	Write-downs and depreciations		
	Write-downs and depreciations at the end of the previous financial year	24,248	21,001
	Write-downs for the year	0	0
	Depreciations for the year	4,362	4,304
	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	-1,024	-1,057
	Total depreciations and write-downs on the balance sheet date	27,586	24,248
	Total other tangible assets on the balance sheet date	4,134	4,042

Notes to the Annual Report

Note no.		End Dec. 2007 DKK 1,000	End Dec. 2006 DKK 1,000
20	Deferred tax assets		
	The calculated deferred tax asset relates to the following balance sheet items:		
	Loans and other debtors	5,375	6,124
	Securities	9,440	22,326
	Tangible assets	1,667	2,190
	Provisions for liabilities	3,157	4,638
	Other assets/liabilities	-8,466	-8,625
	Total deferred tax assets	11,173	26,653
	Deferred tax is calculated at (percent)	25.0	28.0
21	Debt to credit institutions and central banks		
	Debt payable on demand	809,845	1,089,593
	Up to and including 3 months	3,497,361	5,445,984
	More than 3 months and up to and including 1 year	0	0
	More than 1 year and up to and including 5 years	2,721,297	1,192,960
	More than 5 years	411,458	81,643
	Total debt to credit institutions and central banks	7,439,961	7,810,180
	Distributed as follows:		
	Debt to central banks	0	0
	Debt to credit institutions	7,439,961	7,810,180
		7,439,961	7,810,180
	The bank has long-term committed revolving credit facilities equivalent to a total of	1,296,528	1,296,480
22	Deposits and other debts		
	On demand*	4,630,727	4,114,253
	Deposits and other debts at notice:		
	Up to and including 3 months	2,139,690	1,134,697
	More than 3 months and up to and including 1 year	211,614	300,832
	More than 1 year and up to and including 5 years	1,005,001	691,382
	More than 5 years	1,174,743	804,995
	Total deposits and other debts	9,161,775	7,046,159
	Distributed as follows:		
	On demand	4,581,804	4,066,567
	At notice	57,863	67,150
	Time deposits	2,214,056	1,200,796
	Long-term deposit agreements	1,379,758	1,002,963
	Special types of deposits*	928,294	708,683
		9,161,775	7,046,159
	* 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«.		
23	Issued bonds at amortised cost price		
	On demand	0	0
	Up to and including 3 months	0	0
	More than 3 months and up to and including 1 year	0	0
	More than 1 year and up to and including 5 years	469,705	0
	More than 5 years	4,582	2,955
	Total issued bonds at amortised cost price	474,287	2,955
	Distributed as follows:		
	Issue in Norwegian kroner, nom. NOK 500 million*	467,084	0
	Value adjustment, issue in Norwegian kroner	-334	0
	Other issues	7,537	2,955
		474,287	2,955
	* Admitted for listing on the Oslo Exchange/ABM.		

Notes to the Annual Report

Note no.

24 Provisions for pensions and similar liabilities

The provisions concern a conditional pension commitment to a current member of the board of managers and a pension commitment to former members of the board of managers from a merged bank.

25 Subordinated debt

Type	Expiration date	Principal	Currency	Interest rate %	Interest in the financial year	Cost in the financial year on raising
Subordinated loan capital***	9 Feb. 2014	DKK 300 million	DKK	*3,995	12,100	0
Hybrid core capital***	Indefinite	DKK 200 million	DKK	**4,795	9,827	0

tDKK 500,000 of the total subordinated debt is included in the computation of the capital base.

* The interest rate will change on 9 February 2011 to a quarterly variable coupon rate equivalent to the CIBOR rate published by the Danish National Bank for a term of three months plus 2.30% p.a.

** The interest rate will change on 2 March 2015 to a quarterly variable coupon rate equivalent to the CIBOR rate published by the Danish National Bank for a term of three months plus 2.16% p.a.

*** Admitted for listing on OMX The Nordic Exchange Copenhagen.

	End Dec. 2007 DKK 1,000	End Dec. 2006 DKK 1,000
Subordinated loan capital	299,098	298,816
Value adjustment, subordinated loan capital	-12,035	-10,828
Hybrid core capital	199,103	198,870
Value adjustment, hybrid core capital	-12,303	-7,570
Total subordinated debt	473,863	479,288

26 Share capital

Number of shares at DKK 5 each:

	End Dec. 2007 DKK 1,000	End Dec. 2006 DKK 1,000
Beginning of year	5,280,000	5,280,000
Cancelled during the year	-40,000	0
End of year	5,240,000	5,280,000
Of which number of shares are reserved for subsequent cancellation	200,000	0

Share capital

26,200 **26,400**

The whole share capital has been admitted for listing on OMX The Nordic Exchange Copenhagen.

27 Own capital shares

Own capital shares included in the balance sheet at

The market value is

Number of own shares:

	End Dec. 2007 DKK 1,000	End Dec. 2006 DKK 1,000
Beginning of year	119,702	112,084
Purchase of own shares during the year	563,857	568,127
Sale of own shares during the year	-447,028	-560,509
Cancellation of own shares during the year	-40,000	0
End of year	196,531	119,702

Nominal value of holding of own shares, end of year

983 599

Own shares' proportion of share capital (%):

	End Dec. 2007 DKK 1,000	End Dec. 2006 DKK 1,000
Beginning of year	2.3	2.1
Purchase of own shares during the year	10.8	10.8
Sale of own shares during the year	-8.5	-10.6
Cancellation of own shares during the year	-0.8	0.0
End of year	3.8	2.3

Total purchase price for shares acquired during the year

573,970 531,100

Total sales price for shares sold during the year

469,873 437,293

The transactions for the year in own shares were made on the basis of the bank's ordinary trading in own shares, and during the year own shares were cancelled in connection with a reduction in the share capital and a reservation of own shares for subsequent cancellation were made.

Notes to the Annual Report

Note no.		End Dec. 2007 DKK 1,000	End Dec. 2006 DKK 1,000
28	Contingent liabilities		
	Guarantees etc.		
	Finance guarantees	1,717,461	1,723,008
	Guarantees for foreign loans	1,408,063	1,470,113
	Guarantees against losses on mortgage credit loans	121,301	142,620
	Guarantees against losses Totalkredit	1,239,306	1,152,409
	Registration and conversion guarantees	214,565	193,619
	Other guarantees	103,143	121,850
	Total guarantees etc.	4,803,839	4,803,619
	Other contingent liabilities		
	Irrevocable credit commitments	0	0
	Other liabilities	3,995	3,695
	Total other contingent liabilities	3,995	3,695
	As security for clearing etc., the bank has pledged bonds from its total bond holding to the Danish National Bank to a total market price of	126,275	160,434
29	Credit risks		
	Loans and guarantees distributed on sectors and lines of business (in % end year)		
	Public authorities	0.1	0.3
	Business		
	Agriculture, hunting and forestry		
	Cattle farming etc.	4.5	4.4
	Pig farming etc.	3.9	3.6
	Other agriculture, hunting and forestry	3.6	2.8
	Mink farming etc.	1.6	1.5
	Fishing industry	1.1	1.1
	Manufacturing business, primary business, electricity-, gas-, water- and heating plants	6.3	6.7
	Building and construction	1.8	1.9
	Wholesale and retail trade, catering- and hotel trade	5.3	5.6
	Carrying trade, storage- and communication service	0.8	0.7
	Credit- and financial intermediation and insurance business	6.6	7.7
	Real-estate administration, real-estate agent, service business	5.6	6.1
	Other business	13.4	14.0
	Total business	54.5	56.1
	Private persons	45.4	43.6
	Total	100.0	100.0
	The distribution by sector is based on Statistics Denmark's sector codes.		
30	Credit risk on derivative financial instruments		
	Positive market value (by counterpart risk) after netting		
	Counterpart	0	53,144
	Counterpart riskweight 0%	0	0
	Counterpart riskweight 20%	85,830	0
	Counterpart riskweight 75%	453	0
	Counterpart riskweight 100%	7,779	0

Notes to the Annual Report

Note no.		End Dec. 2007 DKK 1,000	End Dec. 2006 DKK 1,000
31	Market risks		
	Foreign exchange risk		
	Assets in foreign currency	3,789,275	2,855,665
	Liabilities in foreign currency	7,706,106	6,534,935
	Foreign exchange indicator 1	-37,936	-70,599
	Foreign exchange indicator 1 in % of core capital after deductions (%)	2.1	4.1
	Interest rate risks		
	Total interest rate risk on liabilities, etc.	17,342	27,417
	Interest rate risk by the foreign currencies with the largest interest rate risk		
	Currency:		
	DKK	18,369	16,229
	EUR	-1,612	10,704
	USD	1,196	738
	CHF	-627	-268
	JPY	7	9
	SEK	5	2
	Other currencies	4	3
32	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 and fixed interest hybrid core capital.		
	Risk cover:		
	Interest rate risk and foreign exchange risk		
	Book values:		
	Claim on a credit institution	26,260	26,930
	Loans	73,809	81,058
	Deposits	150,543	0
	Issued bonds at amortised cost price	466,750	0
	Subordinated loan capital	287,063	287,988
	Hybrid core capital	186,800	191,300
	Cover is thus:		
	Interest and currency swaps - total synthetic principal	1,229,132	606,600
	Total market value	-21,330	-17,786

Notes to the Annual Report



Derivative financial instruments

1,000 DKK

By residual maturity

	Up to 3 month		Over 3 month and up to 1 year	
	Nominal value	Net market value	Nominal value	Net market value
Foreign-exchange contracts				
Forward transactions/futures, purchase	6,279,349	2,015	828,556	-1,837
Forward transactions/futures, sale	2,748,808	17,244	843,959	1,463
Swaps			559,808	-12,457
Options, purchase				
Options, sale				
Interest-rate contracts				
Forward transactions/futures, purchase	20,860	60	1,675	10
Forward transactions/futures, sale	6,795	29	2,591	22
Swaps			57,625	289
Options, purchase				
Options, sale				
Share contracts				
Forward transactions/futures, purchase	509	-26,250		
Forward transactions/futures, sale	509	26,250		
Options, purchase	20		7	
Options, sale	20		7	
	Over 1 year and up to 5 years		Over 5 years	
	Nominal value	Net market value	Nominal value	Net market value
Foreign-exchange contracts				
Forward transactions/futures, purchase	102	1		
Forward transactions/futures, sale	102	-1		
Swaps	17,200	83		
Options, purchase				
Options, sale				
Interest-rate contracts				
Forward transactions/futures, purchase				
Forward transactions/futures, sale				
Swaps	655,448	-6,414	380,574	-1,887
Options, purchase				
Options, sale				
Share contracts				
Forward transactions/futures, purchase				
Forward transactions/futures, sale				
Options, purchase		3		
Options, sale		3		

Notes to the Annual Report



Derivative financial instruments - continued

(1,000 DKK)

	Nominal value		Total	
	2007	2006	2007	2006
Foreign-exchange contracts				
Forward transactions/futures, purchase	7,108,007	6,885,191	179	-17,010
Forward transactions/futures, sale	3,592,869	3,211,794	18,706	26,354
Swaps	577,008	18,512	-12,374	0
Options, purchase		1,720		156
Options, sale		1,720		-157
Interest-rate contracts				
Forward transactions/futures, purchase	22,535	20,116	70	3
Forward transactions/futures, sale	9,386	1,131	51	5
Swaps	1,093,647	1,011,937	-8,012	-10,269
Options, purchase				
Options, sale				
Share contracts				
Forward transactions/futures, purchase	509	40	-26,250	36
Forward transactions/futures, sale	509	40	26,250	-36
Options, purchase	30	825		4
Options, sale	30	825		-4
Net marked value, total			-1,380	-918

	Market value				Average market value			
	Positive 2007	2006	Negative 2007	2006	Positive 2007	2006	Negative 2007	2006
Foreign-exchange contracts								
Forward transactions/futures, purchase	16,079	10,140	15,900	27,150	10,370	9,045	31,619	16,503
Forward transactions/futures, sale	26,581	30,344	7,875	3,990	28,101	18,280	5,430	3,637
Swaps	1,258	206	13,632	206	501	100	3,534	100
Options, purchase		156				741		
Options, sale				157				802
Interest-rate contracts								
Forward transactions/futures, purchase	82	43	12	40	141	133	59	122
Forward transactions/futures, sale	51	5			33	191	1	113
Swaps	5,288	4,042	13,300	14,311	5,927	1,814	23,429	18,279
Options, purchase								
Options, sale								
Share contracts								
Forward transactions/futures, purchase	140	36	26,391		244	106	12,250	14
Forward transactions/futures, sale	26,391		140	36	12,248	233	218	85
Options, purchase		4				5		
Options, sale				4				78,643
Total	75,870	44,976	77,250	45,894	57,565	30,648	76,540	118,298

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

Notes to the Annual Report



Unsettled spot transactions

1,000 DKK

	Nominal value	Market value		Net market value
		Positive	Negative	
Foreign-exchange transactions, purchase	14,321	15	18	-3
Foreign-exchange transactions, sale	15,588	1,106	14	1,092
Interest-rate transactions, purchase	168,841	53	165	-112
Interest-rate transactions, sale	54,513	71	43	28
Share transactions, purchase	48,892	3,066	1,462	1,604
Share transactions, sale	49,267	1,549	3,000	-1,451
Total 2007	351,422	5,860	4,702	1,158
Total 2006	384,304	2,956	3,183	-227

Management statement



The Board of Directors and the Board of Managers have today reviewed and approved the Annual Report of Ringkjøbing Landbobank A/S for the financial year 1 January - 31 December 2007, which comprises the management report, accounting policies, profit and loss account, core earnings, balance sheet, statement of shareholders' equity, capital adequacy computation, cash flow statement, notes to the annual report and management statement.

The Annual Report was prepared in accordance with the provisions of the Danish Financial Business Act and additional Danish requirements placed on listed financial institutions regarding disclosure in annual reports. We consider the accounting policies to be appropriate and the estimates which have been made to be responsible, so that the Annual Report provides a true and fair picture of the bank's assets, liabilities and financial position as of 31 December 2007 and of the result of the bank's financial performance and cash flows for the financial year 1 January - 31 December 2007. We also believe that the management report etc. provides a true and fair review 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 6 February, 2008

Board of Managers:

Bent Naur
Executive General Manager

John Bull Fisker
General Manager

Ringkøbing, the 6 February, 2008

Board of Directors:

Jens Lykke Kjeldsen
Chairman

Gravers Kjærgaard
Deputy Chairman

Gert Asmussen

Keld Hansen

Bo Bennedsgård
Employee Representative

Søren Nielsen
Employee Representative

The internal auditors report

To the shareholders of Ringkjøbing Landbobank A/S

I have audited the Annual Report of Ringkjøbing Landbobank A/S for the financial year 1 January - 31 December 2007, prepared in accordance with the Danish Finansiell Business Act. In addition, the Annual Report has been prepared in accordance with additional Danish disclosure requirements for annual reports 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 Report is 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 Report, including evidence supporting amounts and disclosures in the Annual Report. Furthermore, the audit has included evaluating the appropriateness of the accounting policies applied by Management and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the Annual Report.

I have participated in the audit of risk and other material areas and 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 entity's reporting processes and significant business risks, are working satisfactorily.

Furthermore, in my opinion, the Annual Report gives a true and fair view of the Bank's financial position at 31 December 2007 and of its financial performance and its cash flows for the financial year 1 January - 31 December 2007 in accordance with the Danish Finansiell Business Act and additional Danish disclosure requirements for Annual Reports of listed financial institutions.

Ringkjøbing, the 6 February, 2008

Henrik Haugaard
Internal Audit Manager

The independent auditors report

To the shareholders of Ringkjøbing Landbobank A/S

We have audited the Annual Report of Ringkjøbing Landbobank A/S for the financial year 1 January - 31 December 2007, which comprises the management report, accounting policies, profit and loss account, core earnings, balance sheet, statement of shareholders' equity, capital adequacy computation, cash flow statement, notes to the annual report and management statement. The Annual Report has been prepared in accordance with the Danish Financial Business Act and in accordance with additional Danish disclosure requirements for annual reports of listed financial institutions.

Management's responsibility for the Annual Report

The management is responsible for the preparation and fair presentation of the Annual Report in accordance with the Danish Financial Business Act and in accordance with additional Danish disclosure requirements for annual reports of listed financial institutions. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error; selecting and using appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on the Annual 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 Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Report. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Annual Report, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the bank's preparation and fair presentation of the Annual Report 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 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.

Opinion

In our opinion, the Annual Report gives a true and fair view of the bank's financial position at 31 December 2007 and of the results of its financial performance and its cash flows for the financial year 1 January - 31 December 2007 in accordance with the Danish Financial Business Act and in accordance with additional Danish disclosure requirements for annual reports of listed financial institutions.

Ringkjøbing, the 6 February, 2008

PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab

Kim Rune Brarup
State Authorized
Public Accountant

Alex Nyholm
State Authorized
Public Accountant



Shareholders' committee

Jens Møller Nielsen, manager, Ringkøbing
CHAIRMAN

Else Kirkegaard Hansen, senior master, Ringkøbing
DEPUTY CHAIRMAN

Jørgen Valdemar Lange, hardware merchant, Ringkøbing

Knud Nielsen, senior teacher, Tim

Jens Lykke Kjeldsen, timber merchant, Ringkøbing

Niels Esper Kamp, farmer, Stadil

Niels Kjeldtoft, teacher, Spjald

Gravers Kjærgaard, farmer, Grønbjerg

Per Dam, accountant, Ulfborg

Viktor Degn, school principal, Hvide Sande

Johan Chr. Øllgaard, industrialist, Stauning

Hejne F. Andersen, industrialist, Ringkøbing

Birte Werner, former head of business relations, Hellerup

Keld Hansen, grocer, Søndervig

Niels Ole Hansen, manager, Ringkøbing

Leif Haubjerg, farmer, No

Kristian Skannerup, industrialist, Tim

Find Andersen, manager, Ådum

Gert Asmussen, printer, Tarm

Jens-Erik Finnemann, farmer, Vostrup

Ole Christian Pedersen, manager, Vostrup

Jens Arnth-Jensen, manager, Holte

Claus H. Christensen, farmer, Lem

Erik Jensen, haulage contractor, Skjern

Lars Møller, municipal chief executive, Holstebro

Tonny Hansen, college principal, Ringkøbing

Ole K. Erlandsen, butcher, Herning

Jørgen Kolle Sørensen, car dealer, Hvide Sande

Board of Directors

Jens Lykke Kjeldsen, timber merchant, Ringkøbing 1)
CHAIRMAN

Gravers Kjærgaard, farmer, Grønbjerg
DEPUTY CHAIRMAN

Keld Hansen, grocer, Søndervig 2)

Gert Asmussen, printer, Tarm 3)

ELECTED BY THE EMPLOYEES:

Bo Bennedsgård, IT consultant

Søren Nielsen, customer adviser

Board members' managerial activities in other

Danish public companies:

- 1) A/S Henry Kjeldsen
Henry Kjeldsen, Ringkøbing Tømmerhandel A/S
VT Hallen A/S
Miljøpark Vest A/S
A/S af 1/8 1989
- 2) Miljøpark Vest A/S
- 3) Gert Asmussen Holding A/S
Tarm Bogtryk A/S
Gullanders Bogtrykkeri A/S
Tarm Elværk Net A/S

Board of Managers

Bent Naur, executive general manager

Member of the boards of directors of:

The Danish Bankers Association, Copenhagen
Association of Local Banks, Savings Banks and
Cooperative Savings Banks in Denmark, Copenhagen
DLR Kredit A/S, Copenhagen
Totalkredit A/S, Taastrup
PRAS A/S, Copenhagen
Bankdata, Fredericia

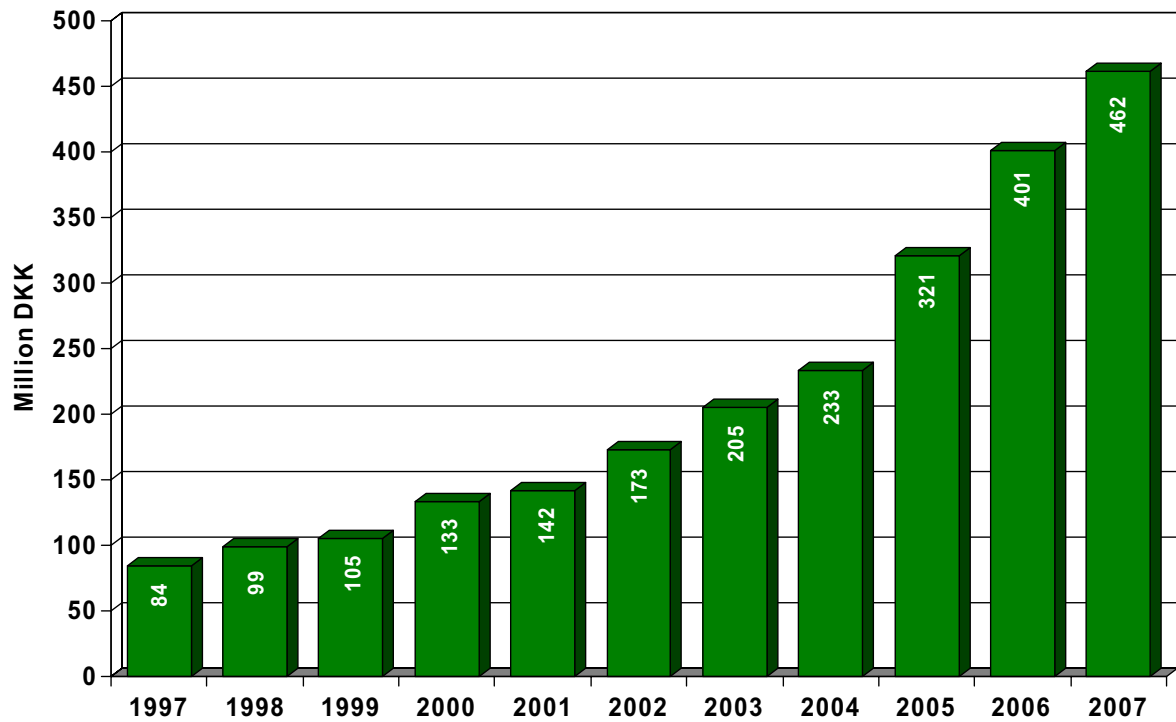
John Bull Fisker, general manager

Member of the board of directors of:

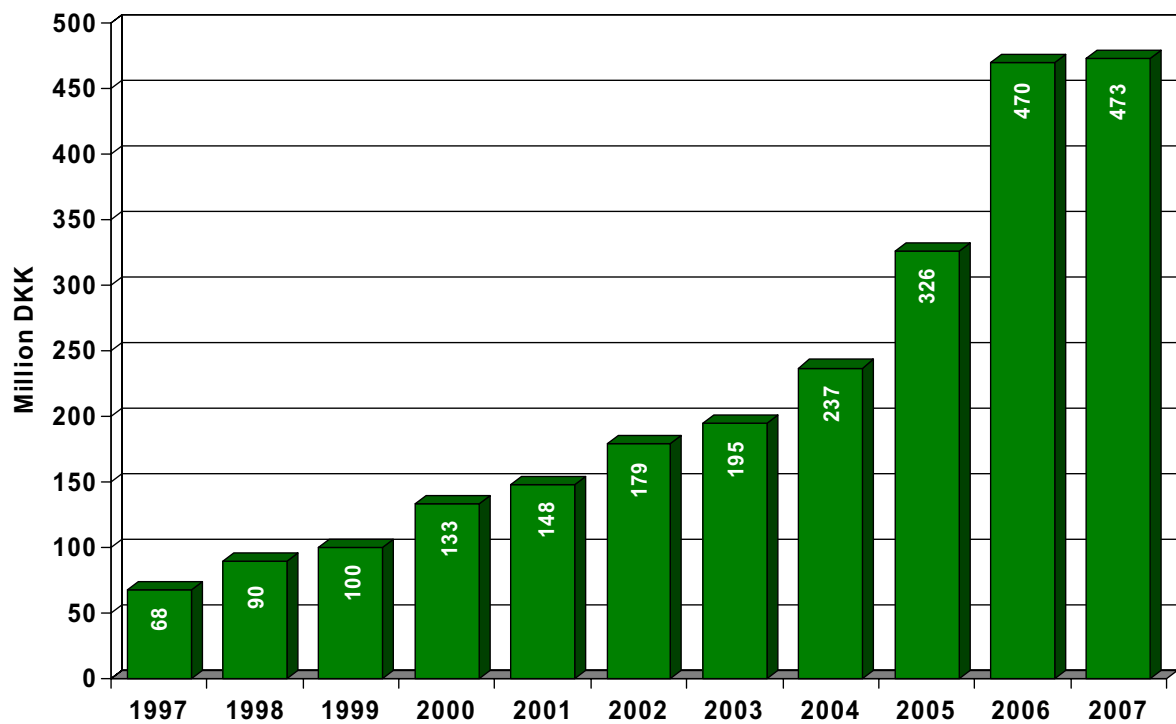
BankInvest Holding A/S

Core earnings

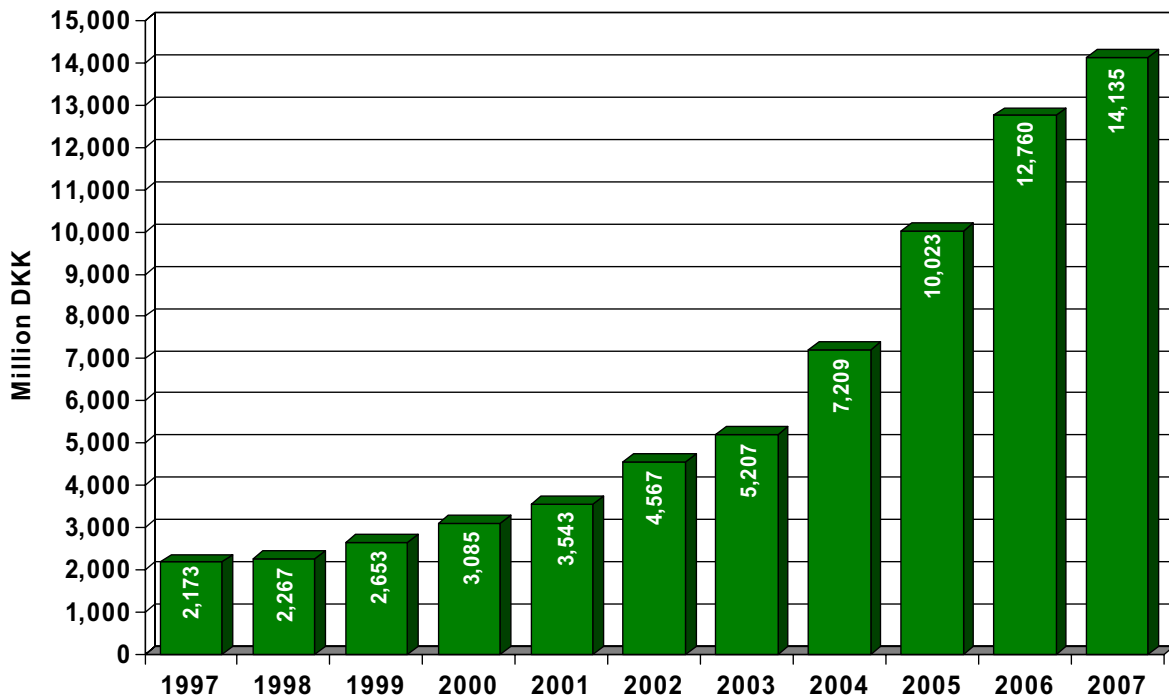
Core earnings before write-downs on loans



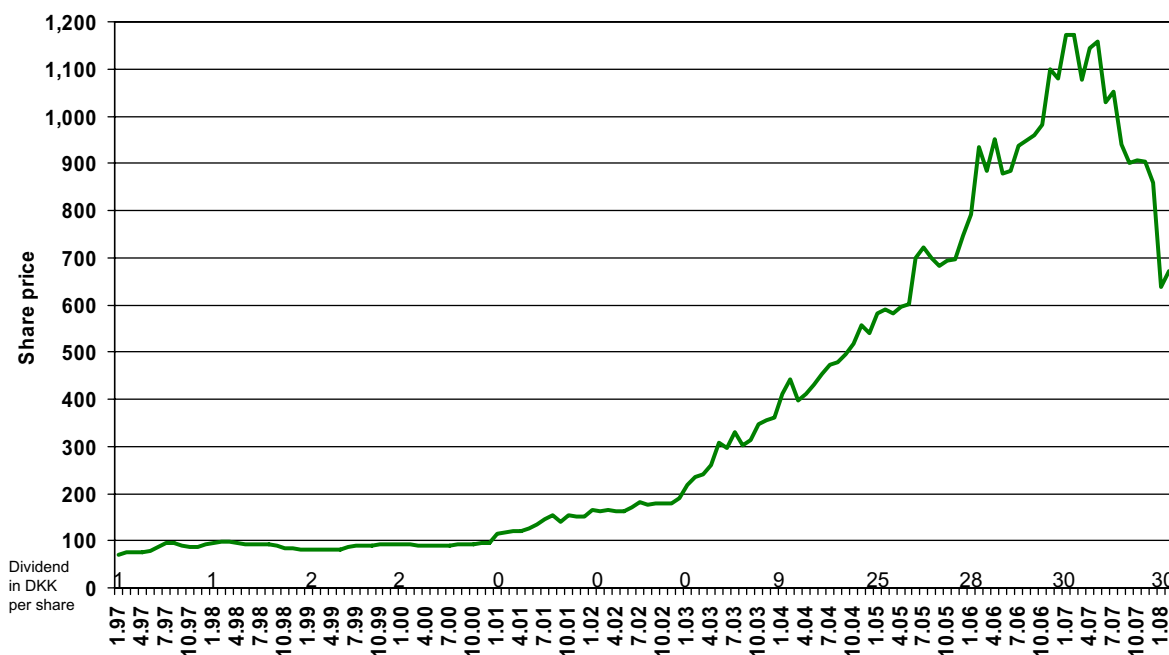
Core earnings



Movements in loans



Share price movements



From 1 January 1997 to the end of 2007, an investment in the Ringkjøbing Landbobank share has yielded an average return of 28% p.a. The share price fell during 2007 from 1,080 to 858 which, minus dividend, gave a return of minus 18% in 2007.



Bent Naur
Executive general manager



John Bull Fisker
General manager



Jørn Nielsen
Credit manager



Sten Erlandsen
Head of treasury



Jørgen Højgaard
Foreign manager



Lars Hindø
Financial manager

Head office and foreign department

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Tarm
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Ulfborg
Viborg
Vildbjerg
Ørnhøj

