

ANNUAL REPORT 2011





Ringkjøbing

Landsby  
oparbej

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#### Disclaimer:

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# DEAR SHAREHOLDER

The year 2011 saw both upswings and downturns in the economy. The tone at the beginning of the year was still optimistic in the belief that growth was rising, but this development turned around again when the debt crisis in Europe flared up before the summer holiday season, and doubts arose about the stability of the euro. Major cutbacks in public budgets were thus implemented throughout the year both in Denmark and abroad, which put a damper on growth and stimulated an increase in private savings. We must also prepare ourselves for a period of low growth rates in the economy in the years to come.

Against this background, we are well satisfied with the year's pre-tax profit of DKK 380 million, an increase of 12%. This profit equates to a 17% return on the bank's equity. The bank's core earnings were DKK 390 million, at the top of the range reported at the beginning of the year.

Notwithstanding the improvement in the bank's results, the share price fell by 18% after adjustment for the dividend which was paid. It is of course only a minor consolation that this is a fine result in the context of the financial sector as a whole, as the index for financial shares fell by 32% in Denmark. The recommendation to the general meeting is that the dividend be increased to DKK 13 per share and that we continue with a new buy-back programme for 100,000 shares.

The bank's rate of costs was 32%, meaning that we still retain our position as the Danish bank with the lowest costs per krone earned. We are pleased with this situation because it provides a high level of robustness in the bank's results when times are uncertain. This will be cause for happiness among all our interested parties.

Robustness, profit and capital adequacy have again become important for our customers and their choice of bank. We have noted this in the past year, when we gained many new deposit customers. We are therefore well satisfied with the bank's solid capitalisation. The bank's capital adequacy ratio is 21%, and this must be viewed in relation to a statutory requirement of 8%, thus giving a solvency cover of 268%. This high solvency and the bank's earnings mean that Ringkjøbing Landbobank is one of Denmark's most solid banks, meaning that we possess the strength required to support our customers and their sound investments.

Ringkjøbing Landbobank has not needed to draw on state capital or liquidity, and we have therefore saved the interest costs associated with these support schemes. These support schemes will be phased out in the years to come, together with the introduction of a requirement that banks must have a greater equity to support their operations. Our bank is already in place with respect to these higher capital requirements, which we believe will give us a competitive edge in the years to come, where we would like to increase our market share even more.

The bank's result and our sound foundation are also attributable to our competent employees, who have again done a fantastic job this year. Their expertise, reliability, loyalty and fighting spirit are an unrivalled combination.

The year 2012 is expected to be interesting. There will be a higher than normal level of uncertainty concerning economic developments. We expect core earnings in the range DKK 300-400 million, which must be adjusted by the result for the trading portfolio and any costs payable to the Deposit Guarantee Fund.

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

Bent Naur

John Bull Fisker

# FIVE YEAR SUMMARY

	2011	2010	2009	2008	2007
<b>Main figures for the bank (million DKK)</b>					
Total core income	767	758	753	735	696
Total costs and depreciations	-248	-240	-238	-239	-234
<b>Core earnings before write-downs on loans</b>	<b>519</b>	<b>518</b>	<b>515</b>	<b>496</b>	<b>462</b>
Write-downs on loans	-129	-138	-159	-77	+11
<b>Core earnings</b>	<b>390</b>	<b>380</b>	<b>356</b>	<b>419</b>	<b>473</b>
Result for portfolio	+1	+38	+56	-73	-18
Bank package I and Deposit Guarantee Fund	-11	-80	-107	-28	0
<b>Profit before tax</b>	<b>380</b>	<b>338</b>	<b>305</b>	<b>318</b>	<b>455</b>
<b>Profit after tax</b>	<b>286</b>	<b>257</b>	<b>232</b>	<b>240</b>	<b>348</b>
Shareholders' equity	2,483	2,312	2,056	1,785	1,779
Total capital base	2,818	2,943	2,747	2,458	2,110
Deposits	12,755	11,662	11,187	9,073	9,162
Loans	12,747	13,151	13,047	13,897	14,135
Balance sheet total	17,549	18,247	17,928	18,002	19,634
Guarantees	1,052	1,042	1,486	2,386	4,804
<b>Key figures for the bank (per cent)</b>					
Pre-tax return on equity, beginning of year	16.9	16.5	17.1	19.6	29.3
Return on equity after tax, beginning of year	12.7	12.5	13.0	14.7	22.4
Rate of costs	32.4	31.6	31.6	32.4	33.7
Core capital ratio (Tier 1)	19.8	18.6	16.6	13.0	11.2
Solvency ratio (Tier 2)	21.4	22.4	20.2	16.3	13.0
<b>Key figures per 5 DKK share (DKK)</b>					
Core earnings	79	75	71	83	94
Profit before tax	77	67	60	63	90
Profit after tax	58	51	46	48	69
Net asset value	489	459	408	354	353
Price, end of year	579	725	609	310	858
Dividend	13	12	0	0	30

## ANNUAL REPORT - HIGHLIGHTS

- Increase of 12% in pre-tax profit from DKK 338 million to DKK 380 million
- The profit is equivalent to a return on equity of 17% after payment of dividend
- The rate of costs was computed at 32.4%, still the lowest in the country
- Substantial increase in deposits of 9% and a fall of 3% in loans, such that there is now balance
- Capital adequacy ratio of 21.4%, equivalent to cover of 268%
- Core capital ratio of 19,8%
- The bank's market value is DKK 3.3 billion
- Highly satisfactory increase in customers in both branch network and Private Banking
- Payment of dividend of DKK 13 per share, equivalent to DKK 66 million
- Recommendation to the general meeting that 100,000 bought back shares be cancelled
- Proposal for a new buy-up programme for 100,000 shares, equivalent to approx. DKK 66 million
- Expectations of core earnings for 2012 in the DKK 300-400 million range
- The CEO Bent Naur will retire at the end of April 2012



Ringkjøbing

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# MANAGEMENT REPORT

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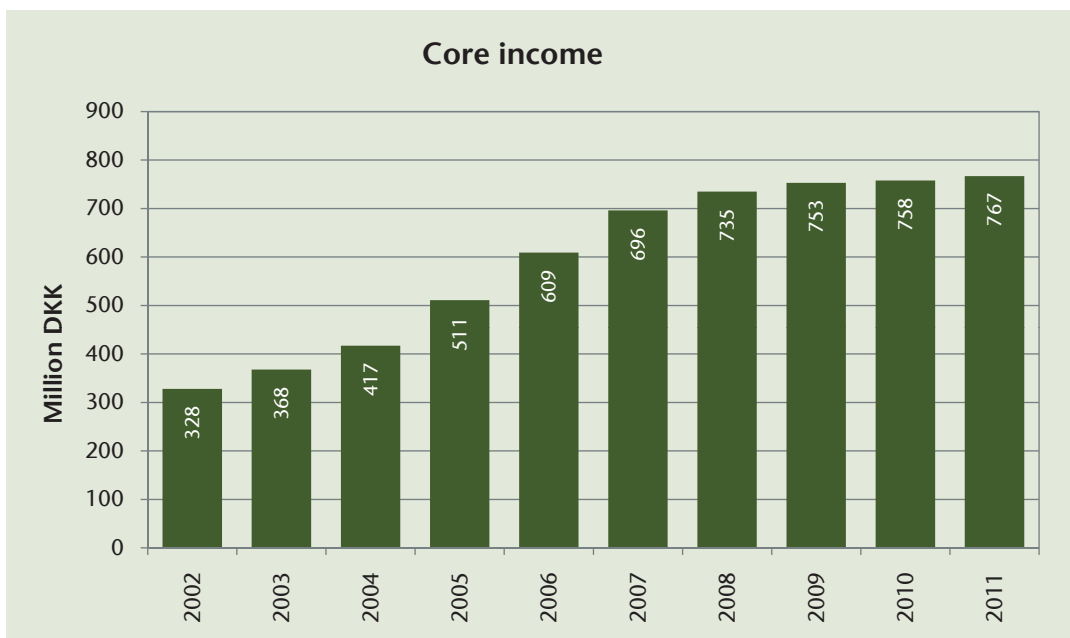
## Financial review

The bank's profit increased by 12% from DKK 338 million to DKK 380 million in 2011. The result is equivalent to a return on equity of 17%, which is considered highly satisfactory in light of the present economic situation in society.

The core earnings increased by 3% to DKK 390 million, which is at the top of the range reported at the beginning of the year. The range was most recently adjusted upwards in October 2011 to DKK 350-400 million.

## Core income

The total core income was 1% higher in 2011, with an increase from DKK 758 million in 2010 to DKK 767 million in 2011.



Net interest income was DKK 607 million in 2011, an increase of 4% compared to last year. An up-ward trend was seen during the year in the net interest income, which derives from the increasing deposit figures and a increasing interest margin. Like the rest of the financial sector, the bank increased the interest margin in 2011. The very low interest level is pulling in the opposite direction as it results in a lower return on the bank's portfolio of securities and cash resources.

Million DKK	4th qtr 2011	3rd qtr 2011	2nd qtr 2011	1st qtr 2011	4th qtr 2010	3rd qtr 2010	2nd qtr 2010	1st qtr 2010
Net interest income	163	154	150	140	139	144	150	150

Fees, commissions and foreign exchange earnings amounted to net DKK 152 million in 2011 against net DKK 167 million in 2010, a fall of 9%. The year was characterised by low trading and conversion activity within securities trading and asset management, and the larger volumes therefore did not result in a corresponding increase in income. The activity on the housing market was also low, with fewer transactions and conversions.



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

Million DKK	2011	2010
Asset management	50	52
Securities trading	19	26
Guarantee commissions	35	31
Foreign exchange income	18	23
Payment handling	17	17
Loan fees	6	8
Other fees and commissions	7	10
<b>Total</b>	<b>152</b>	<b>167</b>

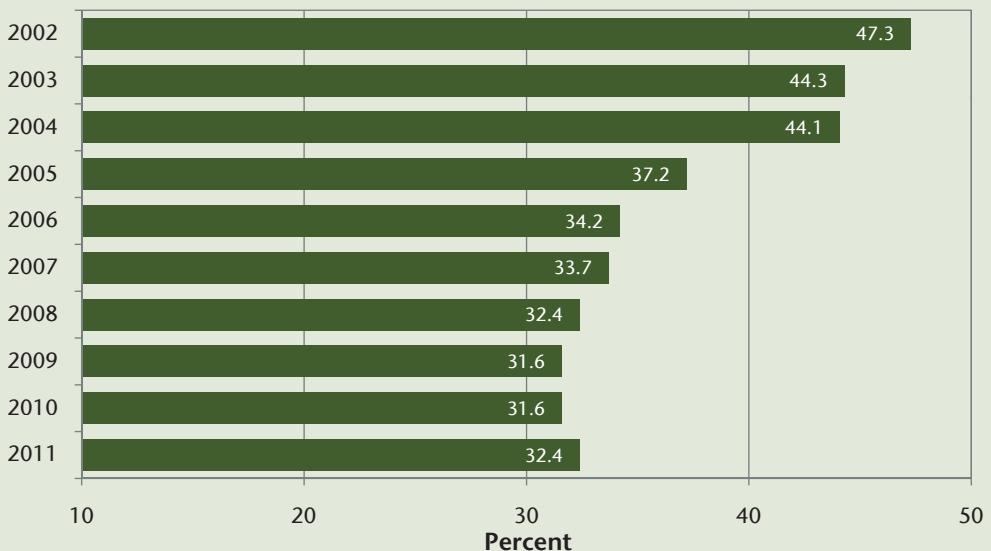
Earnings from sector shares amounted to DKK 4 million in 2011 and is thus on a par with last year. These earnings derive from DLR Kredit A/S, BankInvest Holding A/S, SparInvest Holding A/S, EgnInvest Holding A/S, Letpension Holding A/S, Nets Holding A/S, Swift, Multidata Holding A/S, Værdipapircentralen A/S, Bankernes Kontantservice A/S, PRAS A/S and Bankdata, and are typically an expression of the changes in value in the companies.

### Costs and depreciations

Total costs including depreciations on tangible assets amounted to DKK 248 million in 2011, 4% higher than last year.

The rate of costs was computed at 32.4%, still the lowest in the country. A low rate of costs is especially important in periods of difficult economic conditions as the bank's results are thus very robust, which is also reflected in the computation of the bank's individual solvency requirement.

#### Rate of costs



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

## Write-downs on loans

Write-downs on loans showed a fall of 7% to net DKK 129 million in 2011 against DKK 138 million last year. The write-downs are equivalent to 0.9% of the total average of loans, write-downs, guarantees and provisions. The bank's customers appear to be coping better with the weak economic conditions than the average in Denmark. The present level of write-downs is considered satisfactory.

The bank's total account for write-downs and provisions amounted to DKK 650 million at the end of the year, equivalent to 4.5% of total loans and guarantees. Actual write-downs on loans (including interest on the account for write-downs) continue to be low at a mere DKK 43 million, such that the account for write-downs and provisions increased by net DKK 85 million during the year.

The portfolio of loans with zeroed interest amounts to DKK 61 million, equivalent to 0.43% of the bank's total loans and guarantees at the end of the year. This is at the same level as last year.

Given the low growth in the Danish economy also in 2011, which is expected to continue in 2012, the bank is satisfied with the conservative credit policy on the basis of which the bank has always operated. As a natural part of the economic cycle, the bank's losses are expected to remain at a relatively high level in 2012, but with a continued slightly downward trend relative to the previous three years. It is also still the bank's judgment that the credit policy, the diversified loans portfolio and the bank's location in Central and West Jutland will have a positive effect on the bank compared to the general level of losses in the banking sector as a whole.

## Core earnings

### Core earnings

Million DKK	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Total core income	767	758	753	735	696	609	511	417	368	328
Total costs etc.	-248	-240	-238	-239	-234	-208	-190	-184	-163	-155
Core earnings before write-downs on loans	519	518	515	496	462	401	321	233	205	173
Write-downs on loans	-129	-138	-159	-77	+11	+69	+5	+4	-10	+6
<b>Core earnings</b>	<b>390</b>	<b>380</b>	<b>356</b>	<b>419</b>	<b>473</b>	<b>470</b>	<b>326</b>	<b>237</b>	<b>195</b>	<b>179</b>

Core earnings were DKK 390 million against last year's DKK 380 million, an increase of 3%. Income in 2011 proved to be so stable that the expectations for core earnings were adjusted upward to the DKK 350-400 million range in October 2011, and the final result is at the top of this range.

## Result for portfolio

The result for the portfolio for 2011 was positive by DKK 1.5 million, including funding costs for the portfolio.

The bank's holding of shares etc. at the end of the year amounted to DKK 249 million, DKK 12 million of which was in listed shares etc. while DKK 237 million was in sector shares etc. The bond portfolio amounted to DKK 2,756 million, and the great majority of the portfolio consists of AAA-rated Danish mortgage credit bonds and bonds guaranteed by the Danish government, or short-term bank bonds.

The total interest rate risk, computed as the impact on the result of a one percentage point change in the interest level, was 0.7% of the bank's Tier 1 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 calculated on the basis of a value-at-risk model (computed with a 10-day horizon and 99% probability) was as follows in 2011:

Value at Risk	Risk in million DKK	Risk relative to equity end of year in %
Highest risk of loss:	21.1	0.85%
Lowest risk of loss:	1.7	0.07%
Average risk of loss:	8.4	0.34%

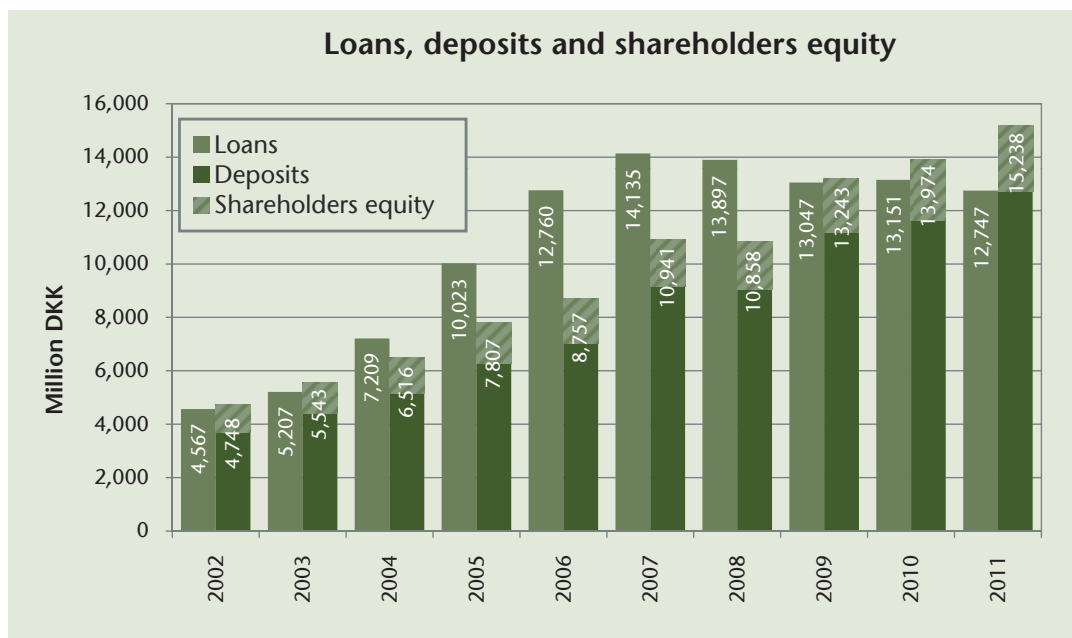
The bank's policy remains to keep the market risk at a low level.

## Profit after tax

The result after tax was DKK 286 million for the year against DKK 257 million last year. The result after tax is equivalent to a return on equity of 13% after payment of dividend.

## The balance sheet

The bank's balance sheet total at the end of the year stood at DKK 17,549 million against last year's DKK 18,247 million. Deposits increased by 9% from DKK 11,662 million to DKK 12,755 million. The bank's loans decreased by 3% to DKK 12,747 million. The underlying growth in new customers from the branch network and within the niches Private Banking and wind turbine financing remains good. However, the changed consumption pattern with a higher savings ratio and the general trend that many customers are deleveraging are generally resulting in greater repayments on the bank's existing loans portfolio than previously, and the entire growth in 2011 was therefore used to neutralise these repayments.



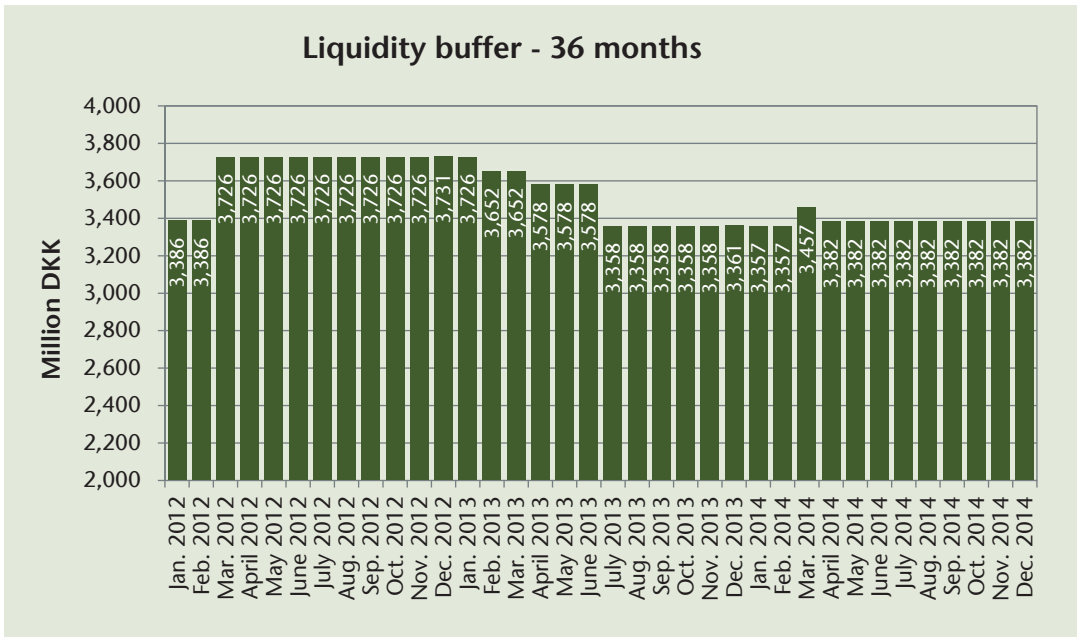
The bank's portfolio of guarantees at the end of the year was DKK 1,052 million against DKK 1,042 million in 2010.

## Liquidity

The bank's liquidity is good, and since the banks loans and deposits are at the same level, we made early repayments in the second half-year of 2011 of long-term loans to the equivalent of DKK 1,063 million to optimise the bank's liquidity. The excess solvency compared to the statutory requirements was 141%. The bank's short-term funding with term to maturity of less than 12 months amounts to only DKK 390 million, balanced by DKK 4.1 billion in short-term money market placing, primarily in Danish banks and liquid securities. The bank is thus not dependent on the short-term money market.

The bank's loans portfolio is more than fully financed by deposits and the bank's equity. In addition, part of the German loans portfolio for wind turbines was refinanced »back-to-back« with KfW Bankengruppe, and the DKK 808 million in question can thus be disregarded in terms of liquidity. The bank requires no financing for the coming year to meet the minimum requirement that it must always be able to manage for up to 12 months without access to the financial markets.

The bank's good liquidity is evident in the figure below, which shows the liquidity buffer for the next 36 months.



### The deposit guarantee scheme

Ringkjøbing Landbobank has a liability to the mandatory deposit guarantee scheme in Denmark for rescuing Danish banks. The bank's share of these losses is 0.6%. Amagerbanken, Fjordbank Mors and Max Bank went bankrupt in 2011, and based on the latest available dividend rates, this cost the bank DKK 11.2 million.

### Rating

Ringkjøbing Landbobank was rated for the first time in May 2007 by the international credit rating agency Moody's Investors Service. The bank's ratings since the start are:

#### Moody's ratings:

	Financial strength	Long-term liquidity	Outlook
22 May 2007	C+	A1	Stable
End 2007	C+	A1	Stable
End 2008	C+	A1	Stable
End 2009	C+	A1	Stable
End 2010	C+	A1	Negative
End 2011	C	A3	Stable

The bank's rating was changed to C for financial strength and A3 for long-term liquidity during 2011. The amended rating came following the crashes of Amagerbanken, Fjordbank Mors and Max Bank, and covered the entire financial sector. The rating was most recently confirmed in January 2012 with stable outlook.

## The supervisory diamond

The Danish Financial Supervisory Authority has prepared a set of rules with key figures with which the bank must comply. The bank's key figures and the FSA's limit values are given in the table below. The key values must be complied with as of the end of December 2012. Ringkjøbing Landbobank was already in compliance with all these values by a good margin at the end of 2011.

### The supervisory diamond

	Limmit values	The bank's key figures
Stable funding	< 1	0.8
Excess liquidity	> 50	140.5
Major commitments	< 125	41.7
Growth in loans	< 20	-3.1
Exposure to the housing market	< 25	11.4

## Dividend and share buy-back programme

The bank's board of directors will recommend to the general meeting that dividend of DKK 13 per share, equivalent to DKK 66 million, be paid for the 2011 financial year. Dividend of DKK 12 was paid in 2010. In addition, 100,000 shares at a value of DKK 61 million were bought up during 2011, and a recommendation will be made to the general meeting to cancel these shares to reduce the number of shares in the bank from 5,040,000 to 4,940,000.

A proposal will also be made that a new buy-back programme be established for 2012 under which up to 100,000 shares can be bought up for the purpose of cancelling them at a future general meeting. At the current price this authorisation will reduce equity by DKK 66 million.

## Capital

The bank's equity at the beginning of 2011 was DKK 2,312 million, to which must be added the profit for the period, and from which must be deducted dividend paid and the value of the bought-back own shares, after which the equity at the end of the year was DKK 2,483 million, an increase of 7%.

The bank's capital adequacy ratio (Tier 2) was computed at 21.4% at the end of 2011. The core capital ratio (Tier 1) was computed at 19.8%.

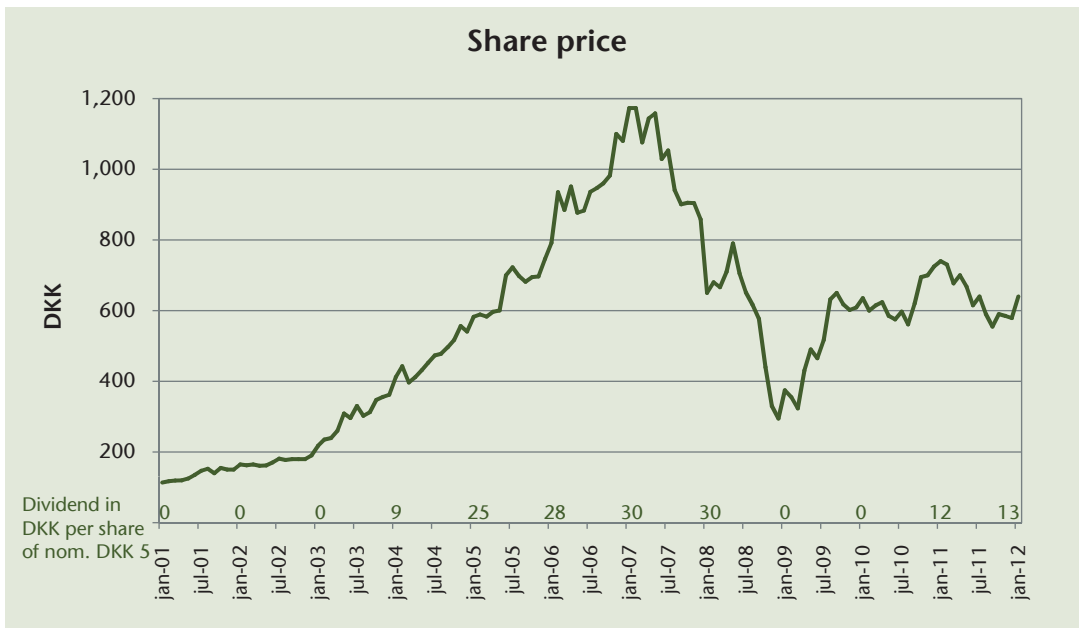
Solvency cover	2011	2010	2009	2008	2007
Core capital ratio excl. hybrid core capital (%)	18.3	17.1	15.1	11.6	10.0
Core capital ratio (%)	19.8	18.6	16.6	13.0	11.2
<b>Solvency ratio (%)</b>	<b>21.4</b>	<b>22.4</b>	<b>20.2</b>	<b>16.3</b>	<b>13.0</b>
Individual solvency requirement (%)	8.0	8.0	8.0	8.0	8.0
<b>Solvency cover</b>	<b>268%</b>	<b>280%</b>	<b>253%</b>	<b>204%</b>	<b>163%</b>

Since 2007, the Danish financial sector has been subject to a requirement that a bank's capital adequacy ratio must be at least 8%, and this ratio must also at a minimum comply with the required individual solvency requirement calculated internally by the bank, which may be higher than the 8%. If the calculated individual solvency requirement is less than 8%, a bank cannot, however, be permitted at any time to use any such calculated lower figure. The individual solvency requirement for Ringkjøbing Landbobank is calculated at 7.0% because of the bank's robust business model, and the ratio was thus reported at 8%. The solency need is not revised. For further information on the calculation of the individual solvency requirement of Ringkjøbing Landbobank, please see the bank's website at [www.landbobanken.dk](http://www.landbobanken.dk).

### The bank's shares

The bank's share capital at the end of 2011 was DKK 25.2 million in 5,040,000 nom. five kroner shares.

The bank's shares were listed on NASDAQ OMX Copenhagen at the beginning of the year at 725. The share price fell during 2011 to 579 at the end of the year and was 663 at 26 January 2012.



Including dividends, an investment in the bank's shares at the beginning of 2001 has increased eightfold. This means that an investment in the bank's shares was the best bank share investment in Denmark in this period.

## **Increase in customers**

The bank implemented several outreach initiatives towards new customers just under two years ago. The basis was the fact that the bank has both the liquidity and the capital to support growth, that we felt comfortable about the bank's credit facilities, and that our cost structure is suitable for the future. The biggest challenge in times of low growth in society is thus creating growth in the bank's top line.

The bank's outreach initiatives will be intensified in 2012, among other things by investing in spreading the bank's Private Banking platform even further.

A highly positive increase in customers is currently being seen in the branch network and within the Private Banking segment, with transfer of deposits, pension and securities customers. The growth in lending has been swallowed up by repayments on the loans portfolio. In the bank's judgment, we are, however, currently enhancing the foundation for future earnings.

## **Expectations for earnings in 2012**

The bank's core earnings for 2011 were DKK 390 million, which is at the top of the upwardly adjusted DKK 350-400 million range.

Ringkjøbing Landbobank has a market share of about 50% in that part of western Jutland in which its old branches are located. The bank also has well-established branches in Herning, Holstebro and Viborg which are still operating positively. The bank's plan is to retain and develop this section of the customer portfolio with good and competitive products, focusing on employee skills and advising customers of the options in a changeable financial world. Additional customers are expected to be gained in 2012 for the bank's branches in central and western Jutland as a result of the long-term recruitment initiatives and the consolidation in the sector.

The activities in the bank's Distance Customer department and niche concepts, including the branch in Holte, are together also expected to continue to develop positively in the forthcoming year despite large repayments on the loans portfolio. The focus will be on servicing of the bank's current customers and further developing of the portfolio within wind turbine financing, medical practitioners and affluent customers.

The expectations for the core earnings for 2012 are in the DKK 300-400 million range. To this must be added the result of the bank's trading portfolio and possible expenses for the deposit guarantee scheme.

## **Changes in management**

Bent Naur has decided to retire at the end of April 2012 on the occasion of his sixty-fifth birthday. Bent Naur has been CEO of the bank since 1987.

The board of directors has appointed John Bull Fisker as the new CEO as of 1 May 2012. John Bull Fisker is 47 years old and has been an employee of the bank since 1995. John Bull Fisker has been a member of the board of management since 1999.

Jørn Nielsen has been appointed assistant manager of the bank as of 1 March 2012. Jørn Nielsen is 39 years old and has been an employee of the bank since 1993. Jørn Nielsen was appointed credit controller in 1998 and credit manager in 2009.

## **Events after the end of the financial year**

From the date of the balance sheet to date, no circumstances have arisen to change the assessment of the bank's annual report for 2011.



## Capital structure

The bank's management has determined a general goal for the bank's capital, under which the bank will have a solidly based capital structure compared with both equivalent and bigger banks.

It is also a goal that the bank will have adequate capital in the long term for future growth, and that there will be adequate capital to cover any regular fluctuations in the risks which the bank has assumed.

The bank's capital ratios at the end of December 2011 were as follows:

### Capital ratios

• Core capital ratio excl. hybrid core capital	18.3%
• Core capital ratio	19.8%
• Solvency ratio	21.4%

*With respect to the calculation of the bank's Tier 1 capital, capital base and core capital ratio excluding hybrid Tier 1 capital, core capital ratio and capital adequacy ratio at the end of 2011, reference is made to the calculation of solvency requirement on page 45.*

The above capitalisation makes Ringkjøbing Landbobank one of the country's best capitalised banks. The bank's goal is to retain this ranking in 2012. The bank's judgment is that this can be done on the basis of the expected result for 2012.

Given the solid capital position, the bank has not taken up the subordinate state capital made available under bank package II. The bank has not participated in any bank packages since bank package I expired on 30 September 2010.

The bank's board of directors will recommend to the general meeting that a dividend of DKK 13 per share be paid for the 2011 financial year, equivalent to DKK 66 million. The dividend paid in 2010 was DKK 12. A hundred thousand shares were also bought in 2011 to a value of DKK 61 million. The recommendation to the general meeting is that these shares be cancelled, reducing the number of shares in the bank from 5,040,000 to 4,940,000.

Establishment of a new buy-back programme for 2012 will also be proposed, under which up to 100,000 shares can be bought with the object of cancellation at a subsequent general meeting. At the market price, this will authorisation will reduce the bank's equity by DKK 66 million.

The maturity structure for the external subordinate capital taken up by the bank is given in the following summary.

### Subordinated debt - maturity structure

#### Subordinated loan capital

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

#### Hybrid core capital

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

# CAPITAL STRUCTURE

The bank uses the solvency rules for the calculation and statement of weighted items with credit and counterparty risk, market risk and operational risk implemented in 2007.

Reference is made to the summary below for further information on the methods used by the bank concerning the various risk types.

## Capital adequacy computation

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

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

As will be evident from the above, the bank uses the standard method for calculation of its credit risk and therewith the risk-weighted items. Fixed solvency weightings are used in this method. The method thus means that the bank has not had the same capital adequacy down-weighting as those banks which use one of the advanced methods. Conversely, neither does the bank experience increasing solvency weightings in periods of declining economic conditions. Relative to the advanced methods, the standard method thus means that there is significantly greater robustness in the calculated capital percentages and less volatility in the risk-weighted items.

Ringkjøbing Landbobank also focuses on its own internally calculated individual solvency requirement, defined as an adequate capital base as a percentage of the bank's risk-weighted items. The adequate capital base is assessed on the basis of an internal model and calculated as the amount which is appropriate to cover the bank's current and future risks.

The individual solvency need was calculated at 7.0%, reflecting the bank's solid earnings, low credit risk and modest market risks. The calculated adequate capital base is regularly reassessed and reported to the Danish Financial Supervisory Authority. The individual solvency need was reported to the FSA at 8% as the individual need, which the bank calculated at below 8%, may not be less than 8% under Section 124(4) of the Act on Financial Activities. The FSA most recently reviewed the bank's calculation of its individual solvency need in spring 2011. Reference is made to Ringkjøbing Landbobank's website, [www.landbobanken.dk](http://www.landbobanken.dk), for further details of the calculation of the bank's individual solvency need.

Although there is a minimum solvency requirement of 8% which the bank must use, the bank still has a significant excess solvency as indicated in the summary below.

<b>Solvency cover</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Solvency ratio (%)	21.4	22.4	20.2	16.3	13.0
Individual solvency requirement (%)	8.0	8.0	8.0	8.0	8.0
Excess solvency (%)	13.4	14.4	12.2	8.3	5.0
<b>Solvency cover</b>	<b>268%</b>	<b>280%</b>	<b>253%</b>	<b>204%</b>	<b>163%</b>

Finally, it may be concluded that throughout 2011, Ringkjøbing Landbobank has met both external and internal capital adequacy requirements, and the actual capital base has always been significantly in excess of that required.

## Risks and risk management

Ringkjøbing Landbobank is exposed to various types of risk in its operation: credit risk, market risk, liquidity risk and operational risk. The credit risk is defined as the risk that payment obligations to the bank are not judged to be recoverable because of either lack of ability or lack of willingness to make payment at the agreed time.

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

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 existing liquidity.

Finally, the operational risk is defined as the risk that there will be either direct or indirect financial losses because of errors in internal processes and systems, human error, or because of external events.

The bank's general policy on the assumption of risk is that the bank only assumes risks which are in accord with the business principles under which the bank is operated, and which the bank has the expertise to manage.

The general policy for the management and monitoring of the various risks is that there are both central management and central monitoring as well as reporting to the bank's management and board of directors. The management and the control and reporting functions are separate, and the tasks are performed by different central staff at the bank. The bank also has a risk manager who monitors the bank's risks and reports as necessary.

With the implementation of the Basel II rules in Danish law on capital adequacy requirements, Danish banks were also required to publish certain information on risk (in popular parlance also called Column 3 information). Some of the required information on risk is given in this annual report, but reference is made to the bank's website at [www.landbobanken.dk](http://www.landbobanken.dk) for a full overview of the information which the bank must provide.

The various risk types are described in more detail below.

## Credit risks loans

Ringkjøbing Landbobank has developed over the last 10-15 years to its present status as primarily a regional bank in Central and West Jutland and a niche bank within selected areas.

This development has been a part of the bank's strategy, and the bank's management notes with approval that the bank has achieved a significantly diversified loans portfolio, including a considerable spread in terms of branches and geography.

Ringkjøbing Landbobank generally assumes risks on the basis of a credit policy, the specified aim of which is that there must be a well-balanced relationship between risks assumed and the return achieved by the bank, that the bank's losses must be at an acceptable level relative to the Danish financial sector, and finally that losses must be able to be accommodated within the bank's results, even in extreme situations.

The gearing of loans relative to the bank's subordinate capital is a factor of approximately five, and the bank's goal is that the results are realised with a smaller or the same credit gearing as that of the country's major banks. In historical terms the bank has always had a healthy and conservative credit policy, and focus will remain on an effective management and monitoring of the bank's total loans portfolio via the bank's central credit department.

Apart from the normal following up and management of credit in the bank's central credit department, where all major commitments are regularly reviewed and managed, the bank further developed its credit assessment models in 2011 for use in assessment of the quality of its exposure. Statistical models are used in the case of private and small business customers, while there is an expert model for major business customers. The statistical models include 7-10 different factors, including information on the customer's assets and a quantity of behavioural data. The expert model for business customers is based on information on the customer's creditworthiness and earning capacity.

The bank's assessment on the basis of these models is that the quality of the credit for those loans which have not been written down is unchanged relative to 2010. The bank is, however, aware of the risks which the current market situation holds for the bank's customers, including, to a high degree, the challenge posed by a weak property market and potentially rising interest rates to the bank's private customers. The bank's customers are, however, judged to be relatively less vulnerable to these challenges, among other reasons because of a relatively low real estate burden in the bank's core area.

## Actual net losses

### Actual net losses

In DKK 1,000

Year	Actual net losses	Actual net losses after interest	Loans with suspended calculation of interest	Write-downs on loans and provisions for guarantees	Total loans and guarantees etc.	Percentage loss before interest *)	Percentage loss after interest *)
1987	-6,696	304	10,544	75,000	1,358,464	-0.49%	0.02%
1988	-14,205	-5,205	4,522	93,900	1,408,830	-1.01%	-0.37%
1989	-18,302	-5,302	13,107	117,270	1,468,206	-1.25%	-0.36%
1990	-15,867	-1,867	47,182	147,800	1,555,647	-1.02%	-0.12%
1991	-11,429	3,571	47,626	170,000	1,805,506	-0.63%	0.20%
1992	-32,928	-14,928	43,325	177,900	1,933,081	-1.70%	-0.77%
1993	-27,875	-6,875	30,964	208,700	1,893,098	-1.47%	-0.36%
1994	-14,554	4,446	33,889	223,500	1,938,572	-0.75%	0.23%
1995	-10,806	10,194	27,292	238,800	2,058,561	-0.52%	0.50%
1996	-19,802	-1,802	18,404	233,400	2,588,028	-0.77%	-0.07%
1997	-31,412	-12,412	39,846	236,600	3,261,429	-0.96%	-0.38%
1998	-2,914	18,086	4,905	263,600	3,752,602	-0.08%	0.48%
1999	-442	21,558	18,595	290,450	5,148,190	-0.01%	0.42%
2000	-405	27,595	12,843	316,750	5,377,749	-0.01%	0.51%
2001	-8,038	20,962	14,222	331,950	6,113,523	-0.13%	0.34%
2002	-8,470	20,530	26,290	382,850	7,655,112	-0.11%	0.27%
2003	-22,741	2,259	23,412	394,850	8,497,124	-0.27%	0.03%
2004	-14,554	9,446	18,875	404,855	11,523,143	-0.13%	0.08%
2005	-22,908	192	35,796	357,000	15,522,264	-0.15%	0.00%
2006	-13,531	7,028	20,578	295,000	17,858,787	-0.08%	0.04%
2007	-15,264	4,888	13,190	289,097	19,227,573	-0.08%	0.03%
2008	-34,789	-10,237	22,110	356,083	16,475,975	-0.21%	-0.06%
2009	-73,767	-47,658	62,649	467,025	14,890,027	-0.50%	-0.32%
2010	-69,428	-40,207	66,237	565,035	14,758,234	-0.47%	-0.27%
2011	-78,813	-43,073	61,419	649,856	14,448,638	-0.55%	-0.30%
<b>25-year average (1987-2011)</b>						<b>-0.53%</b>	<b>-0.01%</b>
<b>10-year average (2002-2011)</b>						<b>-0.25%</b>	<b>-0.05%</b>

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

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

# RISKS AND RISK MANAGEMENT

The above table documents the bank's healthy credit policy. As will be evident, the bank's average percentage loss after interest over the last 25 years (1987-2011) has been negative by 0.01%, with -0.77% (1992) as the highest percentage loss and +0.51% (2000) as the most positive figure. The average percentage loss before interest over the last 25 years is -0.53%, with -1.70% (1992) the highest percentage and -0.01% (1999 and 2000) the lowest. Over the last 10 years (2002-2011), the average percentage loss after interest was negative by 0.05% and before interest it was -0.25%.

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 most important niches within the bank's niche division are the financing of medical practitioners' purchases of private practices, a Private Banking department covering affluent private clients, and the financing of securities and loans for the financing of wind turbines. Wind turbines are financed for Danish final investors' purchases of wind turbines erected in Denmark, Germany and France.

An important common denominator for the niche loans is that the bank attempts to obtain a first priority mortgage, and therewith a satisfactory security in the mortgaged assets, which is an important part of the bank's business philosophy.

## Concentration of credit

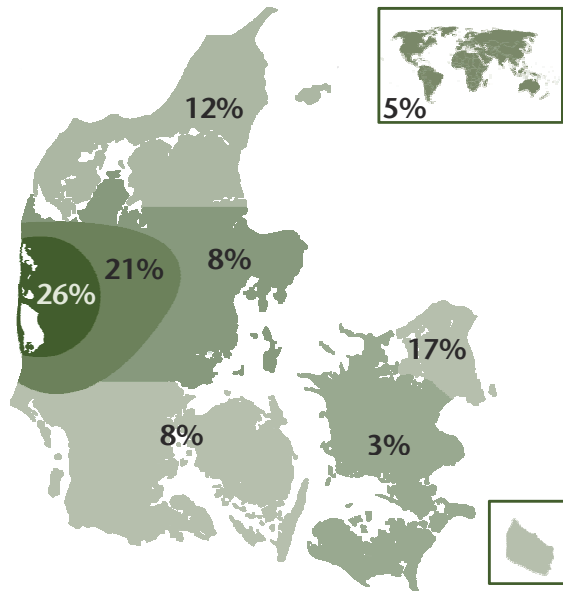
As will be evident from the summary below, total major commitments are calculated at 41.7%. This figure includes two commitments with sound financial institutions which were discharged in 2012. Excluding these commitments, the key figure for total major commitments is 11.8%, which is one commercial commitment which is covered and which has a sound credit quality.

### Concentration of credit

	2011	2010	2009	2008	2007
Total large exposures	41.7%	10.2%	0.0%	12.1%	38.3%

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

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



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

As the figure indicates, both the regional and niche sectors have provided a significant geographic spread of the bank's loans and guarantee portfolio.

The loans made via the bank's niche sector have also helped to ensure a considerable diversification in the bank's loans portfolio, which is thus not correlated with economic conditions to the same extent as it would be if the bank were run as a purely regional bank.

## Credit risk on financial counterparties

The bank's trading in securities, foreign currency and derivatives, its loans to other banks, its possession of bonds and its processing of payments expose it to financial counterparties, and therewith a credit risk, including a settlement risk. The settlement risk is the risk that the bank will not receive payment or securities in connection with the settlement of securities and/or currency transactions corresponding to the securities and/or payments which the bank has settled and delivered.

The bank's board of directors grants lines of credit with respect to credit risk and settlement risk on financial counterparties. When granting lines of credit, account is taken of the individual counterparty's risk profile, rating, size and financial circumstances, and there is regular follow-up on the lines of credit granted.

The bank's policy is to keep the credit risk on financial counterparties at a balanced level relative to the bank's size, and to deal with credit institutions of sound quality.

## Affiliation to CLS

The bank is affiliated with CLS an international clearing and settlement system which currently handles transactions in 17 currencies including Danish kroner. This has enabled the bank to reduce its credit risk on financial counterparties significantly. The central element in the CLS procedure is thus that the settlement of the two sides in a currency transaction occurs simultaneously in the so-called Payment versus Payment (PVP) system. In a CLS currency transaction, the parties hand over only the currency sold if they simultaneously receive the currency purchased. A further central element in the CLS settlement is that the participating parties' payments to CLS are made on a net basis and spread over three smaller payments. This provides a significant reduction in the liquidity required by the participating parties.

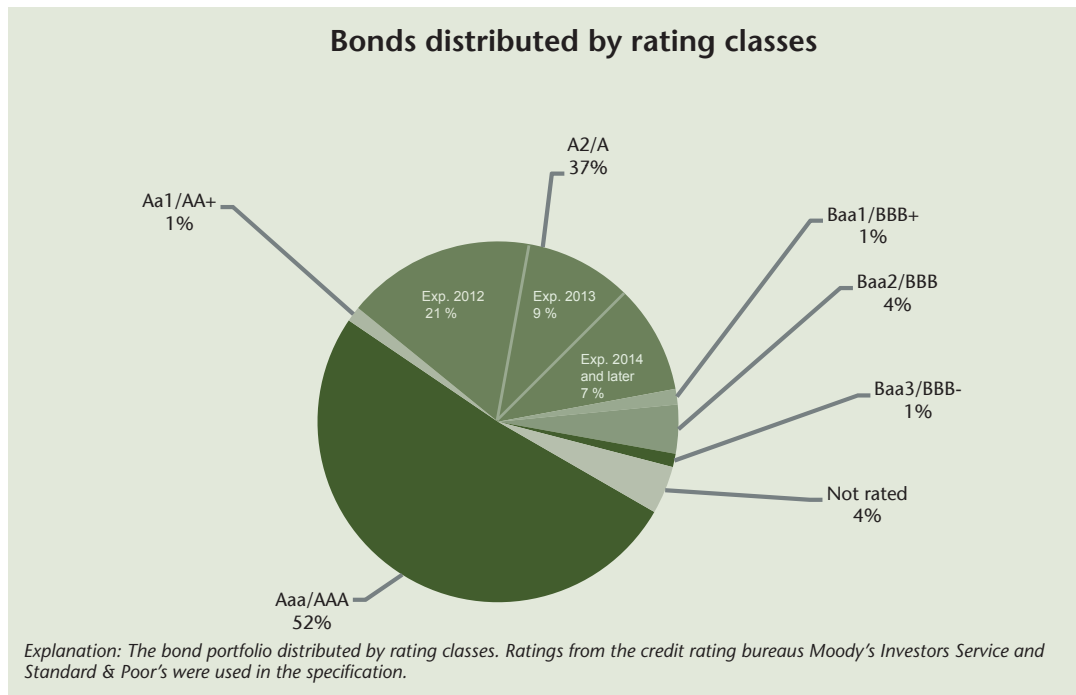
## Claims on central banks and credit institutions

One of the two major items in the credit risk on financial counterparties is receivables in central banks and credit institutions. The bank has assumed only moderate risks on this item, and of the total receivables in central banks and credit institutions, 52% is thus due within three months.

## The bond portfolio

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

As will be evident from the figure below, neither has the bank assumed significant risks in this item, and by far the greater part of the bond portfolio consists of AAA-rated Danish mortgage credit bonds, bonds guaranteed by the Danish state or short-term bank bonds. The bank's bond portfolio does not contain any exposure to southern European countries.





## Market risks

The bank's basic policy with respect to market risks is that the bank wishes to keep such risks at a 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 has a mathematical/statistical model to compute market risks. The model is used to compute Value at Risk (VaR), which is regularly reported to the bank's management.

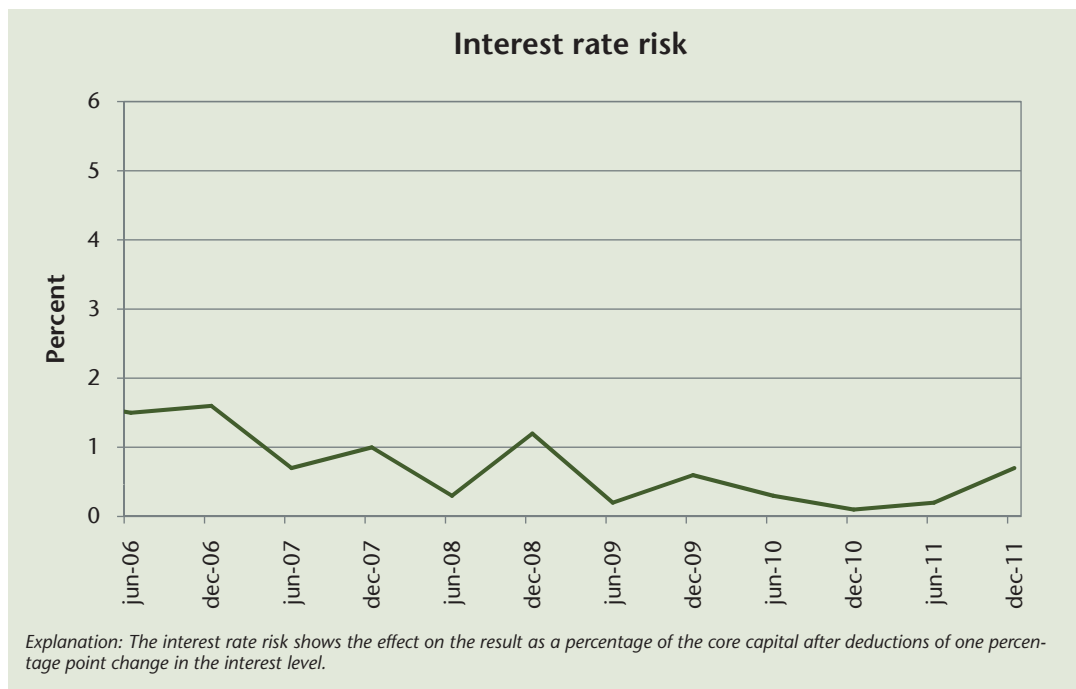
VaR is a measure of risk which describes the bank's risk under normal market conditions. An isolated VaR is calculated for interest rate, foreign exchange and listed share positions, and a total VaR is also calculated for all of the bank's market risks consisting of interest rate, foreign exchange and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

### Interest rate risk

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

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

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



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 management.

As in previous years, the bank's foreign exchange risk in 2011 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 Holding A/S, Nets Holding A/S, Swift, Multidata Holding A/S, Værdipapircentralen A/S, Bankernes Kontantservice A/S and Bankdata.

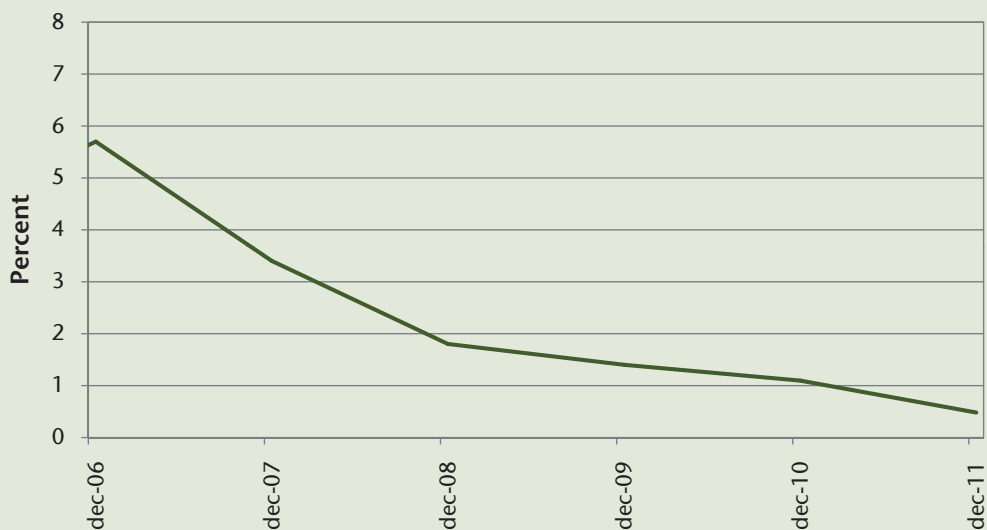
These holdings are comparable with the wholly owned subsidiaries of major banks, and the equity interests are thus not deemed to be a part of the bank's share risk. The bank also holds a small portfolio of listed shares.

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

The bank's holding of listed shares etc. was DKK 12 million at the end of 2011 against DKK 25 million at the end of 2010. The holding of sector shares and ownership interests was DKK 237 million at the end of 2011 against DKK 232 million at the end of 2010.

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

### Share exposure



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

# RISKS AND RISK MANAGEMENT

## Property risk

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

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

## Value at Risk

The bank's total Value at Risk at the end of 2011 was DKK 13.2 million. This sum is an expression of the maximum loss in a statistical perspective which the bank could risk losing with 99% probability if all market positions were retained unchanged for a period of 10 days.

### VaR summary

In DKK million

Risk	Average VaR figure	Min. VaR figure*	Max. VaR figure*	End of year VaR figure
Interest	8.2	0.3	21.5	13.5
Foreign currency	0.4	0.2	0.4	0.3
Share	4.0	2.8	3.3	2.1
Diversification	-4.2	-1.6	-4.1	-2.7
<b>Total VaR figure</b>	<b>8.4</b>	<b>1.7</b>	<b>21.1</b>	<b>13.2</b>

\* Determined by the total VaR figure

It is clear from the table that the bank's total VaR index varied during 2011 from DKK 1.7 million to DKK 21.1 million. On average, the VaR index was DKK 8.4 million, a minor increase relative to the previous year.

The reader is referred to note 41 on page 69 for the VaR figures for the years 2009-2011.

## The model in brief

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

## 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 had been retained for a ten-day period. A number of stress tests are also carried out to indicate the bank's risk of loss in abnormal market situations. Back tests of the model were performed throughout the year with satisfactory results.

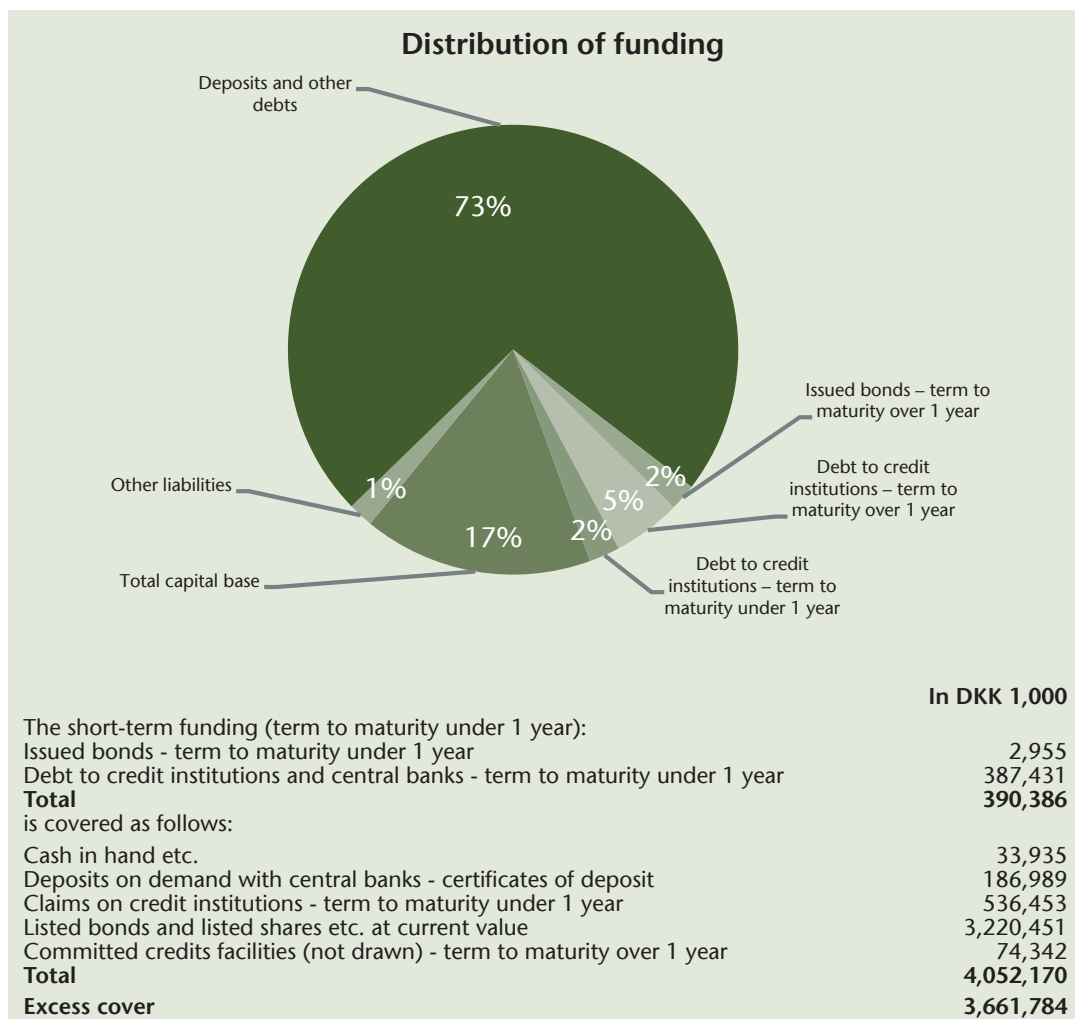
## Liquidity risk

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

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

The bank's deposit base consists primarily of core deposits and deposits from customers with a long-term relationship with the bank.

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



As will be evident from the above figure, the bank's short-term funding (term to maturity under one 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 securities, and via agreements on committed credit facilities with other banks. The committed credit facilities have been entered into for long-term periods and are not normally used in everyday business. It should be noted that the excess liquidity cover at the end of 2011 was DKK 3.7 billion, whereas the equivalent figures at the end of 2010 and 2009 were DKK 3.3 billion and 3.8 billion respectively.

An EUR 2 billion EMTN bond programme was established by the bank in 2008 to ensure diversification in the funding area. The bank used the programme for the first time in 2010 and issued bonds to a total of DKK 220 million. The bank also used the programme in 2011 and issued bonds tot a total of DKK 200 million. The programme thus helps to provide alternative funding sources for the bank.

## Operational risk

The capital adequacy rules require the banks to quantify and include an amount for operational risks when computing their capital adequacy.

The bank uses the so-called basic indicator method, where calculation of an average of the last three financial years' net income is used to quantify an amount which is added to the risk-weighted items 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 management regularly assess IT security, including with respect to prepared IT 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

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

Since 2002, the bank's management has taken an active approach to the recommendations issued on corporate governance, and the bank's attitude to corporate governance has been minuted in the annual reports since that year. In preparing the 2011 annual report, the bank's board of directors and management reassessed the bank's position with respect to the individual recommendations, including the updated recommendations from 2011. In general, the bank's management supports the activities involved in good corporate governance, and the bank's board of directors and management have elected to adopt almost all of the recommendations thereon, but in individual areas the bank's management has elected either not to follow the recommendations or only to follow them in part. The bank advises that election periods and procedures for members of the shareholders' committee and the board of directors are believed to be appropriate. The bank currently follows 74 of the 79 recommendations.

The detailed statement on management in the annual report required under current accounting rules is published on the bank's website at [www.landbobanken.dk/god-selskabsledelse](http://www.landbobanken.dk/god-selskabsledelse). This statement also indicates how the bank's management has acted on the supplementary recommendations on corporate governance etc. issued by the Danish Bankers Association.

The reader is referred to pages 79 and 80 for information on the board of directors' other managerial activities.



## Statutory statement on social responsibility

Ringkjøbing Landbobank has always been strongly anchored throughout its long history in the local communities where it is represented, and the bank has seen it as an entirely natural part of its business base to support local development. The bank has also, via management's implementation of and attitude to the recommendations for good corporate governance, focused on those matters which govern the interplay with the bank's primary interested parties, namely its shareholders and customers, its management and employees and the local areas in which the bank's branches are situated.

The bank's policy on social responsibility is based on a wish to run a responsible and value-creating bank which consciously works to create the best possible results for shareholders, customers, employees, the local community, the environment and the bank itself.

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

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

With respect to its employees, the bank also takes its social responsibility seriously. Initiatives within employee skills development and training as well as activities which promote health and wellbeing are some of the reasons why Ringkjøbing Landbobank is considered an attractive place to work. Over the years, the bank has thus had many employees who have celebrated both their twenty-fifth and their fortieth anniversaries with the bank. The bank also assumes a considerable level of responsibility in connection with the education of new trainees. In 2011, there was particular focus on the development of employees' expertise in the area of consultancy on pensions. Via its partnership with Letpension, the bank has access to a number of attractive pension products which, in combination with well-qualified employees, make it possible to offer a product which is tailored to the individual customer's needs. This service has been well-received by the bank's customers, and in 2012 the bank expects to continue its training activities in the area of pensions.

Ringkjøbing Landbobank is also focused on the environment. The bank thus tries to limit the energy consumption associated with its operations, and there is focus on environmentally correct recycling of the waste products which the bank's operations generate. We also maintain a focus on the reorganisation of activities from paper to IT-based procedures, which also helps to reduce the bank's total environmental impact.

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

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

## Statutory statement on management

### The board of directors and the shareholders' committee

The bank's shareholders' committee consists of 27 members who are elected for terms of four years. The bank's board of directors consists of eight members, six elected by shareholders and two elected by employees. The bank's management is not on the board of directors, but it attends board meetings. The board is elected by the shareholders' committee and its membership is comprised to ensure a broad range of expertise and conformity with a special expertise profile determined by the board itself. Board members are elected for four years at a time. In accordance with the recommendation of the committee on good corporate governance, at least half the members of the board of directors must be independent.

Members of the board of directors and the shareholders' committee are required to resign from the shareholders' committee at the latest at the first annual general meeting after they reach the age of 67.

### Committee of the board of directors

The bank's board of directors has appointed an audit committee whose task is to monitor and check accounting and auditing matters and to make preparations for the board's handling of matters related to accounting and auditing.

The committee consists of three members, one of whom possesses legal qualifications within auditing and accounts, and is also independent. Other committees, including the remuneration committee, comprise the full board.

### Evaluation etc.

The board of directors makes an annual evaluation of its activities and the working relationship between itself and management. Each board member fills in a form, and the completed evaluation forms are then discussed by the bank's board of directors and management. The board of directors holds 10-12 meetings a year.

### Remuneration policy

The remuneration policy for management and the board of directors of Ringkjøbing Landbobank is that the bank's management is paid remuneration which is both in line with the market and reflects the management's achievements for the bank. It has also been decided that the remuneration paid to management and the board of directors should be a fixed amount without any form of incentive component. Other risk-takers and staff in control functions are also not paid variable portions of their remuneration outside the framework of collective agreements.

### Supplementary information on members of management, including other managerial activities

Reference is made to pages 79-81 of this annual report for supplementary information on the bank's management, including information on their other managerial activities.

## Information on listed companies

The bank advises as follows in accordance with Section 133a of the regulation on financial reports for credit institutions etc.:

The bank's share capital on 31 December 2011 was DKK 25.2 million in 5,040,000 shares of nom. DKK 5.

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

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

The following rule applies to the right to vote:

Each share of up to nom. DKK 500 carries the right to one vote. Shareholdings above this level carry a total of two votes, which is the highest number of votes a shareholder may have when the shares are listed in the company's register of shareholders, or when the shareholder has reported and documented his or her right.

The members of the bank's board of directors elected by shareholders are elected from 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 approved by at least two thirds of both votes cast and the share capital with voting rights represented at the meeting.

The board of directors has the following authority to issue shares (specified in the articles of association):

Following consultation with the shareholders' committee, the board of directors is authorised to increase the share capital by nom. DKK 14,210,980 to nom. DKK 39,410,980 in one or more rounds. This authority applies until 23 February 2015.

The board of directors has the following authority to acquire the bank's own shares:

The annual general meeting of 23 February 2011 has authorised the board of directors - until the next annual general meeting - to permit the bank to acquire its own shares in accordance with current law 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%.



Ringkjøbing

Landskab  
oparbejdet

# STATEMENT, REPORTS AND ACCOUNTS

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## Statement by management and the board of directors

The board of directors and management have today considered and approved the annual financial statements of Ringkjøbing Landbobank A/S for the financial year 1 January - 31 December 2011, including management report, profit and loss account and statement of total gains and losses, core earnings, balance sheet, statement of equity, statement of capital adequacy, cash flow statement, accounting policies, notes and management statement.

The annual financial statements were prepared in accordance with the provisions of the Danish Act on Financial Activities and further Danish requirements on listed financial companies concerning disclosure. We consider the accounting policies to be appropriate and the accounting estimates made to be responsible, such that the annual report provides a true and fair view of the bank's assets, liabilities and financial position as of 31 December 2011 and of the result of the bank's activities and cash flows for the financial year 1 January - 31 December 2011. We also believe that the management report etc. contain a true and fair review of the developments in the bank's activities and financial circumstances, and a description of the most important risks and uncertainty factors which could affect the bank.

The annual financial statements are recommended to the general meeting for approval.

Ringkjøbing, 1 February 2012

Board of managers:

Bent Naur  
Executive General Manager

John Bull Fisker  
General Manager

Ringkjøbing, 1 February 2011

Board of directors:

Jens Lykke Kjeldsen  
Chairman

Gravers Kjærgaard  
Deputy Chairman

Gert Asmussen

Inge Sandgrav Bak

Keld Hansen

Martin Krogh Pedersen

Bo Bennedsgaard  
Employee board member

Gitte E. S. Vigsø  
Employee board member

## Internal auditor's declarations

To the shareholders of Ringkjøbing Landbobank A/S

### Certification of the annual financial statements

I have audited the annual financial statements of Ringkjøbing Landbobank A/S for the financial year 1 January - 31 December 2011, including profit and loss account and statement of total gains and losses, core earnings, balance sheet, statement of equity, statement of capital adequacy, cash flow statement and notes, including accounting policies. The annual financial statements were prepared pursuant to the Danish Act on Financial Activities. The management report, which was not covered by the audit, was prepared in accordance with Danish disclosure requirements for listed financial companies.

### The audit

The audit was performed pursuant to the Danish Financial Supervisory Authority's statutory order on the performance of audits in financial companies etc. and international auditing standards, which require that the audit be planned and performed in order to achieve a high degree of assurance that the financial statements do not contain material misstatements.

The audit was performed in accordance with the division of work agreed with the external auditors, and it included assessment of established procedures and internal controls, including the risk management established by management, which is aimed at reporting procedures and material business risks. On the basis of significance and risk, I have checked the basis for amounts and other information in the annual financial statements by random sampling. The audit also included an assessment of whether management's choice of accounting policies is appropriate, whether management's accounting estimates are reasonable, and the total presentation of the financial statements.

I participated in the audit of the major and risky areas, and my opinion is that the proof obtained provided an adequate and appropriate basis for my conclusion.

The audit did not give occasion for the expression of any reservations.

### Conclusion

In my opinion, the established procedures and internal controls, including the risk management established by management for the bank's reporting processes and major business risks, are functioning satisfactorily.

I also believe that the annual financial statements provide a true and fair picture of the bank's assets, liabilities and financial position as of 31 December 2011 and of the result of the bank's activities in the financial year 1 January - 31 December 2011 in accordance with the Act on Financial Activities.

### Statement on management report

I have examined the management report in accordance with the Act on Financial Activities. I did not take any further action in addition to the audit of the annual financial statements which was performed. My opinion on this basis is that the information in the management report is in agreement with the financial statements.

Ringkjøbing, 1 February 2012

Henrik Haugaard  
Chief auditor

## The independent auditor's declaration

To the shareholders of Ringkjøbing Landbobank A/S

### Endorsement of the annual financial statements

We have audited the financial statements for Ringkjøbing Landbobank A/S for the financial year 1 January - 31 December 2011, which include the profit and loss account and the statement of total gains and losses, core earnings, balance sheet, statement of equity, statement of capital adequacy, cash flow statement and notes, including accounting policies. The annual financial statements were prepared in accordance with the Danish Act on Financial Activities. The directors' report, which is not covered by the audit, was prepared in accordance with Danish requirements applying to listed financial companies.

### Management's responsibility for the annual financial statements

Management is responsible for preparing annual financial statements which provide a true and fair picture in accordance with the Danish Act on Financial Activities. Management is also responsible for the internal checks which management considers necessary for the preparation of annual financial statements without material misstatements whether these are attributable to fraud or error.

### The auditor's responsibility

Our responsibility is to express a conclusion on the annual financial statements on the basis of our audit. We have performed our audit in accordance with international auditing standards and additional requirements under Danish accounting legislation. These standards specify that we comply with ethical requirements and that we plan and perform the audit in order to gain a high degree of assurance that the financial statements do not contain material misstatements.

An audit covers actions intended to provide proof of the amounts and the information specified in the financial statements. The chosen actions depend on the auditor's assessment, including the assessment of risk of material misstatements in the financial statements whether these are attributable to fraud or error. In the assessment of risk, the auditor considers internal controls of relevance to the bank's preparation of financial statements which provide a true and fair picture. The object is to design actions which are appropriate in the circumstances, but not to express a conclusion on the effectiveness of the bank's internal controls. An audit also covers expressing an opinion on whether the accounting policies used by management are appropriate, whether the estimates made by management are reasonable, and an assessment of the total presentation of the financial statements.

In our opinion, the evidence we obtained for our audit provided an adequate and appropriate basis for our conclusion.

The audit has not given occasion for the expression of any reservations.



## Conclusion

In our opinion, the annual financial statements provide a true and fair picture of the company's assets, liabilities and financial position as of 31 December 2011 and the result of the company's activities for the financial year 1 January - 31 December 2011 in accordance with the Act on Financial Activities.

## Statement on the management report

We have read the management report in accordance with the Act on Financial Activities. We have not performed any further actions in addition to our audit of the annual financial statements. We believe on this basis that the information in the management report is in accordance with the financial statements.

Ringkøbing, 1 February 2012

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab

Ole Blinkenberg  
State-authorised  
public accountant

Alex Nyholm  
State-authorised  
public accountant

# PROFIT AND LOSS ACCOUNT

Note no.		2011 DKK 1,000	2010 DKK 1,000
1	Interest receivable	858,257	836,339
2	Interest payable	245,291	241,954
	<b>Net income from interest</b>	<b>612,966</b>	<b>594,385</b>
3	Dividend on capital shares etc.	1,111	1,219
4	Income from fees and commissions	158,303	170,389
4	Fees and commissions paid	24,312	25,996
	<b>Net income from interest and fees</b>	<b>748,068</b>	<b>739,997</b>
5	Value adjustments	16,386	+52,159
	Other operating income	4,535	3,893
6,7,9	Staff and administration costs	244,068	236,374
10	Amortisation, depreciation and write-downs on intangible and tangible assets	4,375	3,219
	Other operating costs		
	Miscellaneous other operating costs	381	195
	Costs bank package I and Deposit Guarantee Fund	11,178	46,590
	Write-downs on loans and debtors etc.		
14	Write-downs on loans and other debtors	-128,799	-138,217
15	Write-downs on national bank package I etc.	0	-33,152
	Result of capital shares in associated companies	+11	+14
	<b>Profit before tax</b>	<b>380,199</b>	<b>338,316</b>
11	Tax	94,128	81,443
	<b>Profit after tax</b>	<b>286,071</b>	<b>256,873</b>
	Other comprehensive income	0	0
	<b>Comprehensive income after tax</b>	<b>286,071</b>	<b>256,873</b>

# PROPOSED DISTRIBUTION OF PROFIT

	2011 DKK 1,000	2010 DKK 1,000
Profit after tax	286,071	256,873
<b>Total amount available for distribution</b>	<b>286,071</b>	<b>256,873</b>
Dividend	65,520	60,480
Other purposes	500	500
Transferred to reserve for net revaluation under the intrinsic value method	+11	+14
Appropriation to own funds	220,040	195,879
<b>Total distribution of the amount available</b>	<b>286,071</b>	<b>256,873</b>

# CORE EARNINGS

	2011 DKK 1,000	2010 DKK 1,000
Net income from interest	606,576	583,398
Net income from fees and provisions excl. commission	115,200	118,145
Income from sector shares	4,437	3,931
Foreign exchange income	17,914	22,440
Other operating income etc.	4,535	3,893
<b>Total core income excl. trade income</b>	<b>748,662</b>	<b>731,807</b>
Trade income	18,791	26,248
<b>Total core income</b>	<b>767,453</b>	<b>758,055</b>
Staff and administration costs	244,068	236,374
Amortisations, depreciations and write-downs on intangible and tangible assets	4,375	3,219
Other operating costs	381	195
Total costs etc.	248,824	239,788
<b>Core earnings before write-downs on loans</b>	<b>518,629</b>	<b>518,267</b>
Write-downs on loans and other debtors	-128,799	-138,217
<b>Core earnings</b>	<b>389,830</b>	<b>380,050</b>
Result for portfolio	+1,547	+38,008
Costs bank package I and Deposit Guarantee Fund	11,178	79,742
<b>Profit before tax</b>	<b>380,199</b>	<b>338,316</b>
Tax	94,128	81,443
<b>Profit after tax</b>	<b>286,071</b>	<b>256,873</b>

# BALANCE SHEET

Note no.		End Dec. 2011 DKK 1,000	End Dec. 2010 DKK 1,000
	<b>Assets</b>		
	Cash in hand and claims at call on central banks	33,935	59,597
12	Claims on credit institutions and central banks		
	Claims at notice on central banks	186,989	1,329,844
	Money market operations and bilateral loans - term to maturity under 1 year	536,453	1,063,528
	Bilateral loans - term to maturity over 1 year	590,876	261,335
13,14,16	Loans and other debtors at amortised cost price	12,746,560	13,151,216
	Loans and other debtors at amortised cost price	11,938,197	12,326,328
	Wind turbine loans with direct funding	808,363	824,888
17	Bonds at current value	2,755,912	1,546,282
18	Shares etc.	249,054	257,253
	Capital shares in associated companies	538	527
19	Land and buildings total	74,722	75,662
	Investment properties	6,681	7,261
	Domicile properties	68,041	68,401
20	Other tangible assets	4,893	4,430
	Actual tax assets	12,255	20,827
	Temporary assets	1,382	150
21	Other assets	348,567	469,600
	Periodic-defined items	6,887	6,953
	<b>Total assets</b>	<b>17,549,023</b>	<b>18,247,204</b>

Note no.		End Dec. 2011 DKK 1,000	End Dec. 2010 DKK 1,000
	<b>Liabilities and equity</b>		
22	Debt to credit institutions and central banks		
	Debt to central banks	0	0
	Money market operations and bilateral credits - term to maturity under 1 year	285,028	636,326
	Bilateral credits - term to maturity over 1 year	148,684	1,170,976
	Bilateral credits from the KfW Bankengruppe	808,363	824,888
23	Deposits and other debts	12,755,415	11,661,654
24	Issued bonds at amortised cost price	338,958	337,617
25	Other liabilities	301,813	592,871
	Periodic-defined items	183	282
	<b>Total debt</b>	<b>14,638,444</b>	<b>15.224.614</b>
26	Provisions for pensions and similar liabilities	5,146	5,858
27	Provisions for deferred tax	4,789	3,929
14	Provisions for losses on guarantees	5,038	1,383
	Other provisions for liabilities	0	2,077
	<b>Total provisions for liabilities</b>	<b>14,973</b>	<b>13,247</b>
28	Subordinated loan capital	198,014	488,882
28	Hybrid core capital	214,472	208,117
28	<b>Total subordinated debt</b>	<b>412,486</b>	<b>696,999</b>
29	Share capital	25,200	25,200
	Reserve for net revaluation under the intrinsic value method	187	176
	Proposed dividend etc.	66,020	60,980
	Profit carried forward	2,391,713	2,225,988
	<b>Total shareholders' equity</b>	<b>2,483,120</b>	<b>2,312,344</b>
	<b>Total liabilities and equity</b>	<b>17,549,023</b>	<b>18.247.204</b>
31	Contingent liabilities etc.		

# STATEMENT OF SHAREHOLDERS' EQUITY

DKK 1,000	Share capital	Reserve for net revaluation under the intrinsic value method	Proposed dividend etc.	Profit carried forward	Total shareholders' equity
<b>2010</b>					
<b>Shareholders' equity at the end of the previous financial year</b>	<b>25,200</b>	<b>162</b>	<b>0</b>	<b>2,030,411</b>	<b>2,055,773</b>
Dividend etc. paid					0
Dividend received on own shares					0
<b>Shareholders' equity after allocation of dividend etc.</b>	<b>25,200</b>	<b>162</b>	<b>0</b>	<b>2,030,411</b>	<b>2,055,773</b>
Purchase and sale of own shares				-3,595	-3,595
Other shareholders' equity items				3,293	3,293
Profit for the financial year		14	60,980	195,879	256,873
<b>Shareholders' equity on the balance sheet date</b>	<b>25,200</b>	<b>176</b>	<b>60,980</b>	<b>2,225,988</b>	<b>2,312,344</b>
<b>2011</b>					
<b>Shareholders' equity at the end of the previous financial year</b>	<b>25,200</b>	<b>176</b>	<b>60,980</b>	<b>2,225,988</b>	<b>2,312,344</b>
Dividend etc. paid			-60,980		-60,980
Dividend received on own shares				168	168
<b>Shareholders' equity after allocation of dividend etc.</b>	<b>25,200</b>	<b>176</b>	<b>0</b>	<b>2,226,156</b>	<b>2,251,532</b>
Purchase and sale of own shares				-58,391	-58,391
Other shareholders' equity items				3,908	3,908
Profit for the financial year		11	66,020	220,040	286,071
<b>Shareholders' equity on the balance sheet date</b>	<b>25,200</b>	<b>187</b>	<b>66,020</b>	<b>2,391,713</b>	<b>2,483,120</b>

# CAPITAL ADEQUACY COMPUTATION

	End Dec. 2011 DKK 1,000	End Dec. 2010 DKK 1,000
Calculated pursuant to the Executive order on Capital Adequacy issued by the Danish Financial Supervisory Authority.		
Weighted items with credit and counterpart risks	11,041,407	11,110,261
Market risk	750,457	714,897
Operational risk	1,396,138	1,322,788
<b>Total risk-weighted items</b>	<b>13,188,002</b>	<b>13,147,946</b>
Share capital	25,200	25,200
Reserve for net revaluation under the intrinsic value method	187	176
Profit carried forward	2,457,733	2,286,968
<b>Core capital</b>	<b>2,483,120</b>	<b>2,312,344</b>
Proposed dividend etc.	-66,020	-60,980
Addition to/deduction from the core capital	-187	-176
<b>Core capital after deductions</b>	<b>2,416,913</b>	<b>2,251,188</b>
Hybrid core capital	200,000	200,000
<b>Core capital after deductions incl. hybrid core capital</b>	<b>2,616,913</b>	<b>2,451,188</b>
Subordinated loan capital	200,723	491,575
Addition to/deduction from the capital base	187	176
<b>Capital base after deductions</b>	<b>2,817,823</b>	<b>2,942,939</b>
<b>Core capital ratio excl. hybrid core capital (%)</b>	<b>18.3</b>	<b>17.1</b>
<b>Core capital ratio (%)</b>	<b>19.8</b>	<b>18.6</b>
<b>Solvency ratio (%)</b>	<b>21.4</b>	<b>22.4</b>
Capital base requirements under Section 124 (2,1) of the Danish Financial Business Act	1,055,040	1,051,836

# CASH FLOW STATEMENT

	2011 DKK 1,000	2010 DKK 1,000
<b>Operation activities</b>		
Profit for the financial year	286,071	256,873
Amortisations, depreciations and write-downs on intangible and tangible assets	4,375	3,219
Write-downs on loans and debtors etc.	164,539	167,438
Items not affecting liquidity	-279,386	3,666
<b>Adjusted result of operations</b>	<b>175,599</b>	<b>431,196</b>
<b>Changes in operating capital</b>		
Claims on and debt to credit institutions etc., net	-1,478,199	151,754
Loans and other debtors at amortised cost price	240,117	-271,442
Securities, not liquid and pledged	100,393	-135,101
Deposits and other debts	1,093,761	474,184
Issued bonds at amortised cost price	1,341	-219,720
Other assets and liabilities, net	-161,852	2,485
<b>Cash flows from operating activities</b>	<b>-28,840</b>	<b>433,356</b>
<b>Investment activities</b>		
Intangible and tangible assets	-4,268	-3,608
<b>Cash flows from investment activities</b>	<b>-4,268</b>	<b>-3,608</b>
<b>Financing activities</b>		
Paid dividend, net	-60,812	0
Own shares etc.	-58,391	-3,595
<b>Cash flows from financing activities</b>	<b>-119,203</b>	<b>-3,595</b>
<b>Total effect on liquidity for the year</b>	<b>-152,311</b>	<b>426,153</b>
Cash and cash equivalents, beginning of year	2,812,677	2,386,524
<b>Cash and cash equivalents, end of year</b>	<b>2,660,366</b>	<b>2,812,677</b>
Cash and cash equivalents, end of year specified thus:		
Cash in hand and claims at call on central banks	33,935	59,597
Claims on credit institutions and central banks	204,899	1,633,372
Securities, unpledged	2,421,532	1,119,708
<b>Total cash and cash equivalents, end of year</b>	<b>2,660,366</b>	<b>2,812,677</b>

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



# ACCOUNTING POLICIES

## Accounting policies

### Basis for preparing the annual report

#### General

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

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

The accounting policies are unchanged relative to last year.

#### Inclusion and measuring - general

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

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

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

#### Accounting estimates

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

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

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

#### Foreign currency

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

#### Financial instruments - general

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

#### Derivative financial instruments

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

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

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

## **The profit and loss account**

### **Interest income**

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

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

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

Fees and commissions relating to loans and receivables are recognized as part of the carrying amount of loans and receivables and are recognized in the profit and loss account over the term of the loans and receivables as part of the effective interest rate on the loans as interest income, as referred to in the above section »Interest income«. Commissions relating to guarantees are carried to income over the term of the guarantees. Income generated upon performing a given transaction, including securities and custodianship fees plus payment handling fees, are recognised as income when the transaction has been performed.

### **Staff and administration costs**

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

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

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

### **Tax**

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

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

## **Core earnings**

The core earnings provide a statement of the bank's income and costs. In total, the core earnings contain the same items as the profit and loss account but with a different degree of specification.

## **The balance sheet**

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

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

### **Loans and other debtors**

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

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

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

This group-wise assessment is made on groups of loans and debtors with uniform characteristics with respect to credit risk. 12 groups are used, one of public clients, one of private clients and 10 of business clients, the latter further grouped by sector.

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

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

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

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

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

#### **Bonds and shares**

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

Unlisted securities are also included at current value, computed on the basis of what the price would be in a transaction between independent parties. The management takes an active approach to the calculation of this market value.

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

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

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

#### **Land and buildings**

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

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

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

#### **Other tangible assets**

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

#### **Temporary assets**

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

#### **Other assets**

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

# ACCOUNTING POLICIES

## Tax

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

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

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

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

## Other liabilities

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

## Provisions for liabilities

Provisions for liabilities include mainly provisions for pensions, deferred tax and losses on guarantees. A provision is recognized in respect of a guarantee or an irrevocable credit commitment if it is likely that the guarantee or the credit commitment will be exercised and the amount of the commitment can be reliably determined. Provisions are based on Management's best estimate of the amount of the commitments. In measuring provisions for liabilities, discounting to net present value is made where deemed material.

## Various informations

### Contingent liabilities/guarantees

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

### Cash flow statement

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

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

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

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

### Information and key figures

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

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

»Key figures per DKK 5 share« on page 3 were calculated on the basis of 2011: 4,940,000 shares and 2007 to 2010: 5,040,000 shares.

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

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

It is noted, that the individual solvency requirement (reported at page 12, 13 and 16) not is audited.

# NOTES TO THE ANNUAL REPORT

Note no.		2011 DKK 1,000	2010 DKK 1,000
<b>1</b>	<b>Interest receivable</b>		
	Claims on credit institutions and central banks	38,712	37,150
	Loans and other debtors	775,891	748,211
	Loans - interest concerning the written-down part of loans	-35,740	-29,221
	Bonds	58,993	47,905
	Total derivatives financial instruments, of which	20,069	31,080
	Currency contracts	9,205	13,537
	Interest-rate contracts	10,864	17,543
	Other interest receivable	332	1,214
	<b>Total interest receivable</b>	<b>858,257</b>	<b>836,339</b>
<b>2</b>	<b>Interest payable</b>		
	Credit institutions and central banks	44,311	45,468
	Deposits and other debts	169,174	146,978
	Issued bonds	12,887	21,252
	Subordinated debt	18,605	28,049
	Other interest payable	314	207
	<b>Total interest payable</b>	<b>245,291</b>	<b>241,954</b>
<b>3</b>	<b>Dividend on capital shares etc.</b>		
	Shares	1,111	1,219
	<b>Total dividend on capital shares etc.</b>	<b>1,111</b>	<b>1,219</b>
<b>4</b>	<b>Fees and commissions</b>		
	<b>Gross income from fees and commissions</b>		
	Securities trading	24,117	34,812
	Asset management	53,997	56,624
	Payment handling	19,679	19,170
	Loan fees	7,817	9,985
	Guarantee commissions	34,898	31,270
	Other fees and commissions	17,795	18,528
	<b>Total gross income from fees and commissions</b>	<b>158,303</b>	<b>170,389</b>
	<b>Fees and commissions paid</b>		
	Securities trading	5,326	8,564
	Asset management	4,110	4,556
	Payment handling	2,061	2,354
	Loan fees	1,765	2,257
	Other fees and commissions	11,050	8,265
	<b>Total fees and commissions paid</b>	<b>24,312</b>	<b>25,996</b>
	<b>Net income from fees and commissions</b>		
	Securities trading	18,791	26,248
	Asset management	49,887	52,068
	Payment handling	17,618	16,816
	Loan fees	6,052	7,728
	Guarantee commissions	34,898	31,270
	Other fees and commissions	6,745	10,263
	<b>Total net income from fees and commissions</b>	<b>133,991</b>	<b>144,393</b>
	Foreign exchange income	17,914	22,440
	<b>Total net income from fees, commissions and foreign exchange income</b>	<b>151,905</b>	<b>166,833</b>

# NOTES TO THE ANNUAL REPORT

Note no.	2011 DKK 1,000	2010 DKK 1,000
<b>5 Value adjustments</b>		
Loans and other debtors at current value*	6,746	4,336
Bonds	2,619	34,044
Shares etc.	-4,956	2,702
Shares in sector companies etc.	3,680	2,853
Investment properties	-579	0
Foreign exchange income	17,914	22,440
Total derivative financial instruments, of which	-10,050	-11,334
Interest-rate contracts	-10,050	-11,333
Share contracts	0	-1
Issued bonds	-744	-965
Other liabilities	1,756	-1,917
<b>Total value adjustments</b>	<b>16,386</b>	<b>52,159</b>
* Cf. note 36.		
<b>6 Staff and administration costs</b>		
Payments to board of managers, board of directors and shareholders' committee		
Board of managers**/*:		
Bent Naur:		
Fixed payment	3.963	3.751
John Fisker:		
Fixed payment	3.274	3.195
Reserved provisions for pensions	0	-919
Total payment	7.237	6.027
Board of directors***:		
Jens Lykke Kjeldsen, chairman	242	236
Gravers Kjærgaard, deputy chairman	162	158
Gert Asmussen	125	121
Keld Hansen	125	121
Martin Krogh Pedersen	83	0
Inge Sandgrav Bak	83	0
Bo Bennedsgaard	125	121
Gitte E. S. Vigsø	104	0
Søren Nielsen	0	71
Vederlag i alt	1,049	828
Shareholders committee:		
Total payment	336	331
<b>Total</b>	<b>8,622</b>	<b>7,186</b>
Staff costs		
Salaries	111,030	109,878
Pensions	11,522	11,320
Social security expenses	900	790
Costs depending on number of staff	14,719	11,962
Total	138,171	133,950
Other administration costs	97,275	95,238
<b>Total staff and administration costs</b>	<b>244,068</b>	<b>236,374</b>

\* Management does not receive variable payment.

\*\* The management has a company car.

\*\*\* The board of directors' fee is fixed.

Note no.		2011 DKK 1,000	2010 DKK 1,000
<b>7</b>	<b>Number of employees</b>		
	Average number of employees during the financial year converted into full-time employees	<b>252</b>	<b>254</b>
<b>8</b>	<b>Incentive programmes</b>		
	The bank has no incentive programmes.		
<b>9</b>	<b>Fee to the auditor elected by the general meeting</b>		
	Statutory audit	603	597
	Other declarations with security	27	0
	Advice on tax	19	24
	Other services	13	88
	<b>Total fee to the auditor elected by the general meeting</b>	<b>662</b>	<b>709</b>
	It is noted, that the bank also has an internal auditor		
<b>10</b>	<b>Amortisations, depreciations and write-downs on intangible and tangible assets</b>		
	<b>Tangible assets</b>		
	Domicile properties, depreciations	1,353	533
	Other tangible assets, depreciations	3,022	2,686
	<b>Total amortisations, depreciations and write-downs on intangible and tangible assets</b>	<b>4,375</b>	<b>3,219</b>
<b>11</b>	<b>Tax</b>		
	Tax calculated on the years profit	93,159	83,055
	Adjustment of deferred tax	860	-1,159
	Adjustment of tax calculated for previous years	109	-453
	<b>Total tax</b>	<b>94,128</b>	<b>81,443</b>
	<b>Effective tax rate (%):</b>		
	The current tax rate of the bank	25.0	25.0
	Adjustment of tax on non-liable income and non-deductible costs etc.	-0.5	-0.8
	Adjustment of tax calculated for previous years	0.0	-0.1
	<b>Total effective tax rate</b>	<b>24.5</b>	<b>24.1</b>
		<b>End Dec. 2011 DKK 1,000</b>	<b>End Dec. 2010 DKK 1,000</b>
<b>12</b>	<b>Claims on credit institutions and central banks</b>		
	Claims at call	17,910	303,528
	Up to and including 3 months	661,989	1,429,844
	More than 3 months and up to and including 1 year	43,543	660,000
	More than 1 year and up to and including 5 years	590,876	261,335
	More than 5 years	0	0
	<b>Total claims on credit institutions and central banks</b>	<b>1,314,318</b>	<b>2,654,707</b>
	Distributed as follows:		
	Claims at notice on central banks	186,989	1,329,844
	Claims on credit institutions	1,127,329	1,324,863
		<b>1,314,318</b>	<b>2,654,707</b>
<b>13</b>	<b>Loans and other debtors at amortised cost price</b>		
	At call	2,689,793	3,528,048
	Up to and including 3 months	476,999	585,341
	More than 3 months and up to and including 1 year	2,016,455	1,961,971
	More than 1 year and up to and including 5 years	3,666,432	4,065,526
	More than 5 years	3,896,881	3,010,330
	<b>Total loans and other debtors at amortised cost price</b>	<b>12,746,560</b>	<b>13,151,216</b>

# NOTES TO THE ANNUAL REPORT

Note no.		End Dec. 2011 DKK 1,000	End Dec. 20109 DKK 1,000
<b>14</b>	<b>Write-downs on loans and other debtors and provisions for losses on guarantees</b>		
	<b>Individual write-downs</b>		
	Cumulative individual write-downs on loans and other debtors at the end of the previous financial year	532,441	424,517
	Write-downs/value adjustments during the year	205,130	289,432
	Reverse entry - write-downs made in previous financial years	-110,870	-120,381
	Booked losses covered by write-downs	-49,349	-61,127
	<b>Cumulative individual write-downs on loans and other debtors on the balance sheet date</b>	<b>577,352</b>	<b>532,441</b>
	<b>Group write-downs</b>		
	Cumulative group write-downs on loans and other debtors at the end of the previous financial year	31,211	41,132
	Write-downs/value adjustments during the year	36,255	0
	Reverse entry - write-downs made in previous financial years	0	-9,921
	<b>Cumulative group write-downs on loans and other debtors on the balance sheet date</b>	<b>67,466</b>	<b>31,211</b>
	<b>Total cumulative write-downs on loans and other debtors on the balance sheet date</b>	<b>644,818</b>	<b>563,652</b>
	<b>Provisions for losses on guarantees</b>		
	Cumulative individual provisions for losses on guarantees at the end of the previous financial year	1,383	1,376
	Provisions/value adjustments during the year	4,605	1,000
	Reverse entry - provisions made in previous financial years	-885	-993
	Booked losses covered by write-downs	-65	0
	<b>Cumulative individual provisions for losses on guarantees on the balance sheet date</b>	<b>5,038</b>	<b>1,383</b>
	<b>Total cumulative write-downs on loans and other debtors and provisions for losses on guarantees on the balance sheet date</b>	<b>649,856</b>	<b>565,035</b>
	It is noted that no write-downs were made on outstanding claims on credit institutions and other receivables at the end of 2011. The above figures in this note therefore do not include any such write-downs.		
<b>15</b>	<b>Provisions national bank package I etc.</b>		
	Cumulative individual provisions at the end of the previous financial year	0	45,101
	Provisions/value adjustments during the year	0	33,152
	Final payment - transferred to other liabilities	0	-78,253
	<b>Cumulative individual provisions on the balance sheet date</b>	<b>0</b>	<b>0</b>
	It is noted that the item in the profit and loss account in 2010 primarily concerns write-downs made on the national bank package I.		
<b>16</b>	<b>Suspended calculation of interest</b>		
	Loans and other debtors with suspended calculation of interest on the balance sheet date	61,419	66,237



Note no.		End Dec. 2011 DKK 1,000	End Dec. 2010 DKK 1,000
<b>17</b>	<b>Bonds at current value</b>		
	Listed on the stock exchange	2,755,912	1,546,282
	<b>Total bonds at current value</b>	<b>2,755,912</b>	<b>1,546,282</b>
<b>18</b>	<b>Shares etc.</b>		
	Listed on NASDAQ OMX Copenhagen	12,033	25,267
	Unlisted shares at current value	1,460	1,490
	Sector shares at current value	214,583	209,086
	Other holdings	20,978	21,410
	<b>Total shares etc.</b>	<b>249,054</b>	<b>257,253</b>
	Sector shares are distributed as follows:		
	Asset management and pension		
	BankInvest Holding A/S	27,924	22,409
	EgnsInvest Holding A/S	115	42
	Letpension Holding A/S	3,748	3,748
	SparInvest Holding A/S	3,688	5,945
	Sector infrastructure		
	Multidata Holding A/S	2,748	2,748
	Nets Holding A/S	12,791	12,367
	Swift	25	23
	Værdipapircentralen A/S	1,145	1,145
	Bankernes Kontantservice A/S	426	426
	Mortgage credit		
	DLR Kredit A/S	124,933	123,907
	PRAS A/S	37,040	36,326
	<b>Total sector shares</b>	<b>214,583</b>	<b>209,086</b>
<b>19</b>	<b>Land and buildings</b>		
	<b>Investment properties</b>		
	Current value at the end of the previous financial year	7,261	7,261
	Acquisitions during the year, including improvements	0	0
	Disposals during the year	0	0
	Value adjustments to current value for the year	-580	0
	<b>Current value on the balance sheet date</b>	<b>6,681</b>	<b>7,261</b>
	<b>Domicile properties</b>		
	Reassessed value at the end of the previous financial year	68,401	69,328
	Acquisitions during the year, including improvements	993	236
	Disposals during the year	0	-1,487
	Depreciations for the year	-553	-533
	Value adjustments to current value for the year	-800	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	0	857
	<b>Total reassessed value on the balance sheet date</b>	<b>68,041</b>	<b>68,401</b>

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

# NOTES TO THE ANNUAL REPORT

Note no.		End Dec. 2011 DKK 1,000	End Dec. 2010 DKK 1,000
<b>20</b>	<b>Other tangible assets</b>		
	<b>Cost price</b>		
	Cost price at the end of the previous financial year without depreciations and write-downs	28,399	29,826
	Acquisitions during the year, including improvements	3,557	4,172
	Disposals during the year	-3,132	-5,599
	<b>Total cost price on the balance sheet date</b>	<b>28,824</b>	<b>28,399</b>
	<b>Write-downs and depreciations</b>		
	Write-downs and depreciations at the end of the previous financial year	23,969	26,771
	Write-downs for the year	0	0
	Depreciations for the year	3,022	2,686
	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	-3,060	-5,488
	<b>Total depreciations and write-downs on the balance sheet date</b>	<b>23,931</b>	<b>23,969</b>
	<b>Total other tangible assets on the balance sheet date</b>	<b>4,893</b>	<b>4,430</b>
<b>21</b>	<b>Other assets</b>		
	Interest and commissions receivable	58,383	42,493
	Positive market value of derivative financial instruments	267,853	395,882
	Miscellaneous receivables and other assets	22,331	31,225
	<b>Total other assets</b>	<b>348,567</b>	<b>469,600</b>
<b>22</b>	<b>Debt to credit institutions and central banks</b>		
	Debt payable on demand	210,686	520,010
	Up to and including 3 months	26,619	27,169
	More than 3 months and up to and including 1 year	150,127	184,789
	More than 1 year and up to and including 5 years	583,111	1,570,313
	More than 5 years	271,532	329,909
	<b>Total debt to credit institutions and central banks</b>	<b>1,242,075</b>	<b>2,632,190</b>
	Distributed as follows:		
	Debt to central banks	0	0
	Debt to credit institutions	1,242,075	2,632,190
		<b>1,242,075</b>	<b>2,632,190</b>
	The bank has undrawn long-term committed revolving credit facilities equivalent to:		
	Term to maturity under 1 year	100,000	596,352
	Term to maturity over 1 year	74,342	174,544
	<b>Total</b>	<b>174,342</b>	<b>770,896</b>

Note  
no.

	End Dec. 2011 DKK 1,000	End Dec. 2010 DKK 1,000
<b>23 Deposits and other debts</b>		
On demand*	6,372,268	5,755,406
Deposits and other debts at notice:		
Up to and including 3 months	2,166,283	2,058,207
More than 3 months and up to and including 1 year	1,175,194	832,457
More than 1 year and up to and including 5 years	1,561,041	1,600,801
More than 5 years	1,480,629	1,414,783
<b>Total deposits and other debts</b>	<b>12,755,415</b>	<b>11,661,654</b>
Distributed as follows:		
On demand	5,822,693	5,582,938
At notice	146,889	131,139
Time deposits	3,740,496	2,925,948
Long-term deposit agreements	1,805,129	1,860,570
Special types of deposits*	1,240,208	1,161,059
	<b>12,755,415</b>	<b>11,661,654</b>
* Special types of deposits are entered under the item »On demand« pending payment, while in the specification of the different types of deposits, the sum is instead included under »Special types of deposits«.		
<b>24 Issued bonds at amortised cost price</b>		
On demand	0	0
Up to and including 3 months	2,955	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	336,003	337,617
More than 5 years	0	0
<b>Total issued bonds at amortised cost price</b>	<b>338,958</b>	<b>337,617</b>
Distributed as follows:		
Issues in Danish kroner		
Nom. DKK 220 million	220,000	220,000
Issues in Norwegian kroner		
Nom. NOK 100 million	95,880	95,340
Regulation at amortised cost price and adjustment to current value of issues in Norwegian kroner	9,241	8,440
Other issues	13,837	13,837
	<b>338,958</b>	<b>337,617</b>
<b>25 Other liabilities</b>		
Interest and commissions payable	56,166	55,967
Negative market value of derivative financial instruments	159,683	378,188
Micellaneous payables and other liabilities	85,964	158,716
<b>Total other liabilities</b>	<b>301,813</b>	<b>592,871</b>
<b>26 Provisions for pensions and similar liabilities</b>		
The provisions concern conditional pension commitments to current members of the board of managers and a pension commitment to a former member of the board of managers from a merged bank.	5,146	5,858
<b>27 Provisions for deferred tax</b>		
The calc. provisions for defer. tax relates to the balance sheet items:		
Loans and other debtors	-1,446	-1,395
Securities	2,568	2,868
Tangible assets	-644	-914
Provisions for liabilities	-1,287	-1,984
Other assets/liabilities	5,598	5,354
<b>Total provisions for deferred tax</b>	<b>4,789</b>	<b>3,929</b>
Deferred tax is calculated at (%)	25.0	25.0

# NOTES TO THE ANNUAL REPORT

Note no.		End Dec. 2011 DKK 1,000	End Dec. 2010 DKK 1,000					
<b>28</b>	<b>Subordinated debt</b>							
	Type	Interest rate (%)	Currency	Mill.	Due date	Possible early redemption date		
	<b>Subordinated loan capital</b>							
	Bond loan*/****	3.995	DKK	300	-	-	0	300,000
	Bilateral agreement**	Floating	EUR	27	30 June 2021	30 June 2018	200,723	201,269
	<b>Total subordinated loan capital</b>						<b>200,723</b>	<b>501,269</b>
	<b>Hybrid core capital</b>							
	Bond loan***/****	4.795	DKK	200	Indefinite	2 March 2015	200,000	200,000
	<b>Total hybrid core capital</b>						<b>200,000</b>	<b>200,000</b>
	<b>Subordinated debt included in the calculation of the capital base (before deduction of own holding)</b>							
	Regulation at amortised cost price and adjustment to current value						400,723	701,269
	Own holding of subordinated loan capital						11,763	5,424
	<b>Total subordinated debt</b>						<b>412,486</b>	<b>696,999</b>
	* The loan has been terminated on 9 February 2011. Interest - 2011: tDKK 1,251 / 2010: tDKK 11,703							
	** The interest rate will change on 30 June 2018 to a quarterly variable rate equivalent to the EURIBOR rate for a term of three months plus 3.50% p.a. Interest - 2011: tDKK 7,634 / 2010: tDKK 6,598							
	*** The interest rate will change on 2 March 2015 to a quarterly variable coupon rate equivalent to the CIBOR rate published by the Central Bank of Denmark for a term of three months plus 2.16% p.a. Interest - 2011: tDKK 9,720 / 2010: tDKK 9,748							
	**** Admitted for listing on NASDAQ OMX Copenhagen.							
<b>29</b>	<b>Share capital</b>							
	Number of shares at DKK 5 each:							
	Beginning of year						5,040,000	5,040,000
	End of year						5,040,000	5,040,000
	Reserved for subsequent cancellation						100,000	0
	<b>Share capital</b>						<b>25,200</b>	<b>25,200</b>
	The whole share capital has been admitted for listing on NASDAQ OMX Copenhagen.							
<b>30</b>	<b>Own capital shares</b>							
	Own capital shares included in the balance sheet at						0	0
	The market value is						58,395	6,900
	Number of own shares:							
	Beginning of year						9,517	8,572
	Purchase of own shares during the year						263,030	319,220
	Sale of own shares during the year						-171,692	-318,275
	End of year						100,855	9,517
	Nominal value of holding of own shares, end of year						504	48
	Own shares' proportion of share capital end of year (%):							
	Beginning of year						0.2	0.2
	Purchase of own shares during the year						5.2	6.3
	Sale of own shares during the year						-3.4	-6.3
	End of year						2.0	0.2
	Total purchase price for shares acquired during the year						226,968	197,924
	Total sales price for shares sold during the year						168,577	194,329

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

Note no.

**31 Contingent liabilities etc.**

**Contingent liabilities**

	End Dec. 2011 DKK 1,000	End Dec. 2010 DKK 1,000
Finance guarantees	653,353	668,504
Guarantees for foreign loans	5,576	8,602
Guarantees against losses on mortgage credit loans	50,138	44,098
Guarantees against losses Totalkredit	118,540	112,585
Registration and conversion guarantees	55,361	82,614
Sector guarantees	39,413	37,290
Other contingent liabilities	129,841	88,290
<b>Total contingent liabilities</b>	<b>1,052,222</b>	<b>1,041,983</b>

**32 Assets furnished as security**

First mortgage loans were provided for German wind turbine projects. The loans are funded directly by KfW Bankengruppe, to which security in the associated loans has been provided. Each reduction of the first mortgage loans is deducted directly from the funding at the KfW Bankengruppe.

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

<b>808,363</b>	<b>824,888</b>
<b>269,005</b>	<b>468,198</b>

**33 Legal proceedings, etc.**

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

**34 Related parties**

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

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

It is also noted that all of the transactions performed in 2011 and 2010 with related parties, including credit facilities, were carried out on market terms or a cost-cover basis.

Two new members joined the board of directors in 2011, making a total eight members.

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

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

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

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

	Interest rates 2011	End Dec. 2011 DKK 1,000	End Dec. 2010 DKK 1,000
Board of managers	(Mastercard)	250	250
Board of directors, incl. elected by the staff	2.1%-6.9%	29,510	8,696

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

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

Board of managers	0	0
Board of directors, incl. elected by the staff	1,206	1,086

Note no.

## 34 Related parties - continued

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

#### The board of directors:

	End Dec. 2011 Number of shares	End Dec. 2010 Number of shares
Jens Lykke Kjeldsen	5,815	5,415
Gravers Kjærgaard	6,663	6,663
Gert Asmussen	4,528	4,028
Keld Hansen	16,636	15,636
Inge Sandgrav Bak	2,488	2,488
Martin Krogh Pedersen	6,501	6,501
Bo Bennedsgaard	530	427
Gitte E. S. Vigsø	30	28

#### The board of managers:

Bent Naur	16,944	16,492
John Fisker	15,192	14,740

\* Stated in accordance with the rules on insiders.

## 35 Current value of financial instruments

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

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

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

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

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

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

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

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

Note  
no.

### 35 Current value of financial instruments - continued

#### Financial assets

	End Dec. 2011		End Dec. 2010	
	Book value DKK 1,000	Current value DKK 1,000	Book value DKK 1,000	Current value DKK 1,000
Cash in hand+claims at call on central banks	33,935	33,935	59,597	59,597
Claims on credit institut. and central banks*	1,318,375	1,318,376	2,657,193	2,657,231
Loans and other debtors at amort. cost price*	12,777,305	12,828,656	13,180,721	13,222,857
Bonds at current value*	2,774,316	2,774,316	1,556,233	1,556,233
Shares etc.	249,592	249,592	257,780	257,780
Derivative financial instruments	267,853	267,853	395,882	395,882
<b>Total financial assets</b>	<b>17,421,376</b>	<b>17,472,728</b>	<b>18,107,406</b>	<b>18,149,580</b>

#### Financial liabilities

Debt to credit institutions and central banks*	1,243,364	1,242,551	2,634,219	2,635,136
Deposits and other debts*	12,798,121	12,835,712	11,690,377	11,702,381
Issued bonds at amortised cost price*/**	343,374	334,133	342,522	342,667
Derivative financial instruments	159,683	159,683	378,188	378,188
Subordinated debt*/**	420,519	396,256	715,380	706,516
<b>Total financial liabilities</b>	<b>14,965,061</b>	<b>14,968,335</b>	<b>15,760,686</b>	<b>15,764,888</b>

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

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

### 36 Hedging

#### The following are hedged:

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

#### Risk cover:

Interest rate risk and foreign exchange risk

#### Book values:

	End Dec. 2011 DKK 1,000	End Dec. 2010 DKK 1,000
Claim on a credit institution	30,077	29,197
Loans	54,291	67,182
Deposits	306,726	314,635
Issued bonds at amortised cost price	105,121	103,925
Subordinated loan capital	198,014	489,040
Hybrid core capital	214,472	208,116

#### Cover is thus:

Interest and currency swaps - total synthetic principal	808,971	1,157,457
Total current value	22,355	24,714

### 37 Risks and risk management

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

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

# NOTES TO THE ANNUAL REPORT

Note  
no.

## 38 Credit risk

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

#### Balance sheet items

Cash in hand and claims at call on central banks	33,935	59,597
Claims on credit institutions and central banks	1,314,318	2,654,707
Loans and other debtors at amortised cost price	12,746,560	13,151,216
Bonds at current value	2,755,912	1,546,282
Shares etc.	249,054	257,253
Capital shares in associated companies	538	527
Other assets, including derivative financial instruments	360,822	490,427
	<b>17,461,139</b>	<b>18,160,009</b>

#### Off-balance sheet items

Guarantees (contingent liabilities)	1,052,222	1,041,983
	<b>1,052,222</b>	<b>1,041,983</b>

### Maximum credit exposure excluding unutilised credit facilities

Unutilised credit facilities	3.338.861	3,054,065
<b>Total maximum credit exposure</b>	<b>21.852.222</b>	<b>22,256,057</b>

A more detailed division of the items »Loans and other outstanding debts at amortised cost price«, »Guarantees« and »Unutilised credit facilities« are given below. There is also a classification covering only the items »Loans made and other outstandings at amortised cost price« and »Guarantees«.

### Loans, guarantees and unutilised credit facilities by sector

Loans and guarantees in percent, end of year, classified by sector/business

	End Dec. 2011 Per cent	End Dec. 2010 Per cent
<b>Public authorities</b>	<b>0.0</b>	<b>0.0</b>
<b>Business</b>		
Agriculture, hunting and forestry		
Cattle farming etc.	3.2	3.7
Pig farming etc.	2.8	2.7
Other agriculture, hunting and forestry	4.6	4.6
Fishing	1.5	1.4
Mink production	1.2	1.4
Industry and raw materials extraction	2.9	3.0
Energy supply - Denmark*	6.8	16.3
Energy supply - foreign	12.6	-
Building and construction	1.6	1.9
Trade	4.7	4.2
Transport, hotels and restaurants	1.9	2.2
Information and communication	0.2	0.2
Financing and insurance	7.3	7.7
Real estate	10.1	8.8
Other business	8.0	8.1
<b>Total business</b>	<b>69.4</b>	<b>66.2</b>
<b>Private</b>	<b>30.6</b>	<b>33.8</b>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>



Note  
no.

### 38 Credit risk - continued

#### Loans and guarantees by sectors

Loans and guarantees in percent, end of year,  
by sector/business

#### Public authorities

0.0

0.0

#### Business

Agriculture, hunting and forestry

Cattle farming etc.

3.5

4.0

Pig farming etc.

2.9

2.8

Other agriculture, hunting and forestry

4.4

4.4

Fishing

1.7

1.5

Mink production

1.3

1.4

Industry and raw materials extraction

2.9

2.8

Energy supply - Denmark\*

7.6

18.6

Energy supply - foreign

14.2

-

Building and construction

1.5

1.8

Trade

3.9

3.6

Transport, hotels and restaurants

2.1

2.4

Information and communication

0.2

0.2

Financing and insurance

7.0

8.1

Real estate

11.4

9.4

Other business

7.3

7.3

**Total business**

**71.9**

**68.3**

**Private**

**28.1**

**31.7**

**Total**

**100.0**

**100.0**

\* The item »Energy supply« is divided into Denmark and foreign for 2011. In the comparative figures for 2010, the bank's entire commitment is given under Energy supply - Denmark, but it should be noted that a substantial quantity of this concerns foreign countries.

The classification by business was made on the basis of Statistics Denmark's sector codes etc.

#### Comments on distribution by business

Ringkjøbing Landbobank has historically always operated on the basis of a conservative credit policy. The bank's judgment is that this is reflected in the quality of the credit in the bank's loans, which is generally judged to be high. The bank's customers' ability to repay is generally good, and in combination with the bank's robust security cover on many commitments, the result is a low credit risk.

Private customers account for a total of 28.1% of Ringkjøbing Landbobank's total loans and guarantees. Most of these customers are in the bank's core area in Central and West Jutland and they are characteristically good credit risks. This is partly due to a moderately negative trend in prices for real estate and the associated proportion of income spent on housing, which is lower than in East Jutland and the capital city area. The primary security received from private customers is real estate (private homes).

The bank has a well-diversified agricultural portfolio with 2.9% of the total loans and guarantees on pig farmers, 3.5% on cattle and 4.4% on others.

The economic conditions for agriculture as a whole remain difficult, and although the bank's farming customers have relatively less debt than in the agriculture sector as a whole, the situation is difficult. However, the returns from agriculture at the beginning of 2012 have generally improved relative to the previous year.

In general, however, the return from farming remains weak, and the bank has allocated considerable provisions for write-downs on this sector.

Note  
no.

## 38 Credit risk - continued

The security consists primarily of a mortgage in the farm (land, buildings and other production apparatus) and secondarily of assignment of subsidy and other accounts etc.

Loans for energy supply comprise a total of 21.8%, and energy is thus the sector with the highest proportion of the bank's loans. Most of the exposure in this group is the financing of wind turbines, which has been a core area of specialisation in the bank for more than 20 years. Exposure within energy supply abroad is very predominantly to wind turbines erected in Germany.

The bank's concept for the financing of wind turbines is based on first mortgage financing. The concept includes a legal and commercial due diligence, which provides a high degree of security. Fixed prices on the German market provide further security that the bank's commitment can be honoured. Losses suffered by the bank in this sector have been minimal, and the financial crisis has confirmed that the risk in this sector is limited. The security is primarily a first mortgage in the wind turbine and assignment of electricity payments and any subsidy.

Real estate accounts for a total of 11.4% of the bank's loan and guarantee debtors. This is a relatively modest proportion compared with other banks, reflecting the bank's prudent approach to this sector. The loan and the securities can be divided mainly into the following groups:

- 1) Loans with first priority mortgage in property (the majority of the loans)
- 2) Loans with second priority mortgage in property and a strong tenant with an irrevocable lease.

In the case of second priority financing, the bank places weight on the debtor's ability to repay the debt before expiration of the lease.

Both types of loan have demonstrated their strength during the financial crisis, and the bank is comfortable with this.

Financing and insurance account for a total of 7.0% of the bank's loan and guarantee debtors and they include the bank's concept for the mortgaging of securities. The primary security in the concept consists of listed securities. The concept has definitely shown its strength in the particularly volatile periods on the financial markets which the financial crisis has caused.

### Description of securities

Ringkjøbing Landbobank wishes as far as possible to reduce the risk in connection with business transactions entered into with the bank's customers by taking security in the form of a mortgage in physical assets, securities, bank deposits etc. and receiving pledges, guarantees and letters of subordination. The most frequently used securities are mortgages in real estate and wind turbines, and negotiable securities.

The bank continuously monitors the value of securities received. The bank takes a conservative approach to the valuation of the mortgage value of securities received. A deduction is thus always made from the value to cover the risk on realisation, costs etc.

Note  
no.

### 38 Credit risk - continued

	Securities and cash DKK 1.000	Real estate DKK 1.000	Movable DKK 1.000	Total DKK 1.000
<b>2011</b>				
<b>Nominal securities by sector and business for commitments which have not been written down</b>				
<b>Public authorities</b>	<b>0</b>	<b>3,445</b>	<b>0</b>	<b>3,445</b>
<b>Business:</b>				
Agriculture, forestry and fishing	271,178	1,263,812	455,128	1,990,118
Industry and raw materials extraction	45,443	75,814	232,302	353,560
Energy supply	69,991	501,561	1,957,750	2,529,302
Building and construction	9,780	104,304	111,423	225,507
Trade	56,909	204,426	146,766	408,100
Transport, hotels and restaurants	68,165	71,053	182,959	322,177
Information and communication	2,767	11,280	5,213	19,260
Financing and insurance	751,015	390,014	19,196	1,160,225
Real estate	120,791	1,290,412	2,424	1,433,625
Other business	460,337	592,821	112,471	1,165,628
<b>Total business</b>	<b>1,856,377</b>	<b>4,505,496</b>	<b>3,245,631</b>	<b>9,607,504</b>
<b>Private</b>	<b>745,870</b>	<b>2,720,083</b>	<b>268,890</b>	<b>3,734,844</b>
<b>Total</b>	<b>2,602,247</b>	<b>7,229,024</b>	<b>3,514,521</b>	<b>13,345,793</b>
	Securities and cash DKK 1.000	Real estate DKK 1.000	Movable DKK 1.000	Total DKK 1.000
<b>2010</b>				
<b>Nominal securities by sector and business for commitments which have not been written down</b>				
<b>Public authorities</b>	<b>0</b>	<b>3,195</b>	<b>0</b>	<b>3,195</b>
<b>Business:</b>				
Agriculture, forestry and fishing	301,567	1,267,613	465,130	2,034,310
Industry and raw materials extraction	25,616	77,919	224,624	328,159
Energy supply	52,485	543,977	1,957,750	2,554,212
Building and construction	29,320	137,182	108,518	275,021
Trade	80,353	198,474	150,927	429,755
Transport, hotels and restaurants	34,660	78,780	236,282	349,721
Information and communication	5,391	9,783	3,706	18,880
Financing and insurance	712,704	381,490	20,139	1,114,333
Real estate	121,215	1,232,718	13,871	1,367,804
Other business	401,841	443,125	108,624	953,590
<b>Total business</b>	<b>1,765,152</b>	<b>4,371,061</b>	<b>3,289,572</b>	<b>9,425,785</b>
<b>Private</b>	<b>927,755</b>	<b>2,764,759</b>	<b>266,560</b>	<b>3,959,073</b>
<b>Total</b>	<b>2,692,907</b>	<b>7,139,015</b>	<b>3,556,132</b>	<b>13,388,054</b>

The nominal collateral values are not necessarily indicative of the actual collateral value.

Note no.

## 38 Credit risk - continued

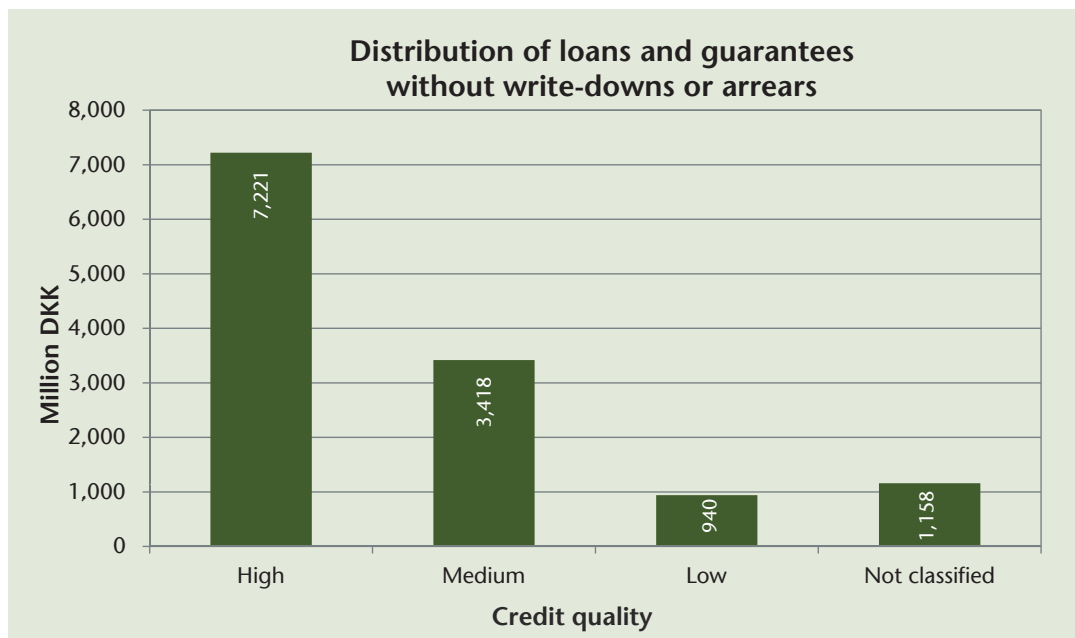
### The quality of loans and guarantees which are neither in arrears nor written down

The bank has a credit rating on a large number of customers. In the case of private and small business customers, the rating is based on statistical models (based on the probability of default), while there is an expert model for major businesses.

There are 7-10 different factors in the statistical models, including information on the customer's assets and a quantity of behavioural data. These data are selected from among a large number of possible factors as these factors best describe defaults on previous commitments.

The expert model for business customers is based on information on the customer's credit-worthiness and earning ability. The model consists of a general model used for the group as a whole plus three variants of the model which are specially adapted to exposure to wind turbines, agriculture and properties.

Within loans and guarantees which are neither in arrears nor written down, 91% of the commitments are rated. The figure below indicates that 62% of the rated exposure has a high credit quality.



The unrated commitments account for over DKK 1.1 billion. This group consists mainly of business customers and it covers a wide range of sectors. Agriculture is a smaller proportion of this group than in the bank's classification of sectors as a whole, and the credit risk on the group is judged to be modest.

The further development of the bank's models during 2011 makes a direct comparison with 2010 difficult. The bank's assessment is, however, that the quality of credit for that part of the loan which has not been written down is unchanged relative to 2010.

Note  
no.

**38 Credit risk - continued**

	Under 90 days DKK 1.000	Over 90 days DKK 1.000	Total DKK 1.000
<b>Distribution by time from the due date for loans in arrears</b>			
<b>Public authorities</b>	<b>10</b>	<b>0</b>	<b>10</b>
<b>Business:</b>			
Agriculture, forestry and fishing	14,733	87	14,820
Industry and raw materials extraction	1,067	66	1,133
Energy supply	1,338	3	1,341
Building and construction	851	372	1,223
Trade	1,483	150	1,633
Transport, hotels and restaurants	827	66	893
Information and communication	570	26	596
Financing and insurance	265	1	266
Real estate	15,595	158	15,753
Other business	3,738	295	4,033
<b>Total business</b>	<b>40,477</b>	<b>1,224</b>	<b>41,701</b>
<b>Private</b>	<b>23,009</b>	<b>2,289</b>	<b>25,298</b>
<b>Total 2011</b>	<b>63,486</b>	<b>3,513</b>	<b>66,999</b>
<b>Total 2010</b>	<b>14,712</b>	<b>1,329</b>	<b>16,041</b>

# NOTES TO THE ANNUAL REPORT

Note no.

## 38 Credit risk - continued

The value of loans where individual write-downs have been made

	Major financial difficulties DKK 1.000	Breach of contract DKK 1.000	Relaxation of terms DKK 1.000	Probable bankruptcy DKK 1.000	Total credit exposure DKK 1.000	Individual write-downs DKK 1.000
<b>Credit exposure by reason for write-down</b>						
<b>Public authorities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Business:</b>						
Agriculture, forestry and fishing	112,335	196,921	44,537	44,201	<b>397,994</b>	<b>275,556</b>
Industry and raw materials extraction	5,272	5,700	795	59	<b>11,826</b>	<b>6,872</b>
Energy supply	643	0	0	0	<b>643</b>	<b>405</b>
Building and construction	9,316	5,169	1,260	4,019	<b>19,764</b>	<b>18,466</b>
Trade	15,417	12,641	1,846	368	<b>30,272</b>	<b>18,996</b>
Transport, hotels and restaurants	14,982	2,872	1,031	7,531	<b>26,416</b>	<b>17,777</b>
Information and communication	159	1,196	32	0	<b>1,387</b>	<b>1,057</b>
Financing and insurance	15,321	28,761	7,817	6,970	<b>58,869</b>	<b>33,261</b>
Real estate	17,952	4,858	0	11,081	<b>33,891</b>	<b>19,823</b>
Other business	51,185	21,574	1,406	13,579	<b>87,744</b>	<b>47,590</b>
<b>Total business</b>	<b>242,582</b>	<b>279,692</b>	<b>58,724</b>	<b>87,808</b>	<b>668,806</b>	<b>439,803</b>
<b>Private</b>	<b>100,088</b>	<b>94,442</b>	<b>40,577</b>	<b>10,573</b>	<b>245,680</b>	<b>142,587</b>
<b>Total credit exposure 2011</b>	<b>342,670</b>	<b>374,134</b>	<b>99,301</b>	<b>98,381</b>	<b>914,486</b>	
<b>Total credit exposure 2010</b>	<b>398,407</b>	<b>212,541</b>	<b>116,892</b>	<b>128,352</b>	<b>856,192</b>	
	Major financial difficulties DKK 1.000	Breach of contract DKK 1.000	Relaxation of terms DKK 1.000	Probable-bankruptcy DKK 1.000	Total DKK 1.000	
<b>2011</b>						
Individual write-downs	219,842	224,671	78,541	59,336	<b>582,390</b>	
Security values for commitments which have been written down	63,604	71,807	25,139	24,158	<b>184,709</b>	
<b>2010</b>						
Individual write-downs	233,696	124,662	79,310	96,156	<b>533,824</b>	
Security values for commitments which have been written down	58,992	40,819	18,093	21,182	<b>139,087</b>	

The bank is particularly focused on covering the risk on commitments which have been written down. Under the bank's credit policy, these commitments must be covered to the greatest possible extent by securities. When determining the need for a write-down, the value of securities is included at the prudently expected net realisation value. The bank only includes the ability to make payments over and above the value of securities to a modest extent when determining the need for a write-down.

Note no.	End Dec. 2011 DKK 1,000	End Dec. 2010 DKK 1,000
<b>38</b>	<b>Credit risk - continued</b>	
	<b>Loans and other debtors with an objective indication of impairment included in the balance sheet at a book value greater than zero</b>	
	<b>Individual written-down loans</b>	
	Balance for loans and other debtors before write-downs	835,803 856,192
	Write-downs	-503,286 -501,768
	<b>Balance for loans and other debtors after write-downs</b>	<b>332,517 354,424</b>
	<b>Group written-down loans</b>	
	Balance for loans and other debtors before write-downs	12,143,747 12,449,771
	Write-downs	67,466 -31,211
	<b>Balance for loans and other debtors after write-downs</b>	<b>12,076,281 12,418,560</b>
	<b>Credit risk on derivative financial instruments</b>	
	Positive market value (by counterpart risk) after netting	
	Counterpart riskweight 20%	203,886 246,344
	Counterpart riskweight 75%	78,344 90,711
	Counterpart riskweight 100%	106,426 171,530
	Counterpart riskweight 150%	0 2,633
	<b>Total counterpart riskweight</b>	<b>388,656 511,218</b>
<b>39</b>	<b>Foreign exchange risk</b>	
	Total assets in foreign currency	6,473,073 7,679,708
	Total liabilities in foreign currency	3,189,031 4,632,581
	Foreign exchange indicator 1	23,602 12,262
	<b>Foreign exchange indicator 1 in % of core capital after deductions (%)</b>	<b>0.9 0.5</b>
	Foreign exchange indicator 2	586 259
	<b>Foreign exchange indicator 2 in % of core capital after deductions (%)</b>	<b>0.0 0.0</b>
<b>40</b>	<b>Interest rate risk</b>	
	<b>Total interest rate risk</b>	<b>17,530 2,664</b>
	<b>Total interest rate risk (%)</b>	<b>0.7 0.1</b>
	Interest rate risk by the foreign currencies:	
	DKK	17,097 11,127
	EUR	3,941 -7,746
	NOK	-3,437 0
	CHF	-261 -829
	USD	193 123
	SEK	8 0
	JPY	0 -9
	Other currencies	-11 -2
	<b>Total</b>	<b>17,530 2,664</b>

# NOTES TO THE ANNUAL REPORT

Note  
no.

## 41 Value at Risk/Market risk

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

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

DKK million

Year/Risk	Average VaR-figure	Minimum VaR-figure*	Maximum VaR-figure*	End of year VaR-figure
<b>2011</b>				
Interest	8.2	0.3	21.5	13.5
Foreign currency	0.4	0.2	0.4	0.3
Share	4.0	2.8	3.3	2.1
Diversification	-4.2	-1.6	-4.1	-2.7
<b>Total VaR-figure</b>	<b>8.4</b>	<b>1.7</b>	<b>21.1</b>	<b>13.2</b>
<b>2010</b>				
Interest	7.7	0.7	17.6	3.8
Foreign currency	1.0	0.3	0.2	0.5
Share	3.3	3.1	2.8	2.4
Diversification	-4.1	-1.6	-3.8	-2.5
<b>Total VaR-figure</b>	<b>7.9</b>	<b>2.5</b>	<b>16.8</b>	<b>4.2</b>
<b>2009</b>				
Interest	17.4	4.8	27.8	11.6
Foreign currency	0.5	0.2	0.3	0.1
Share	5.3	3.2	5.9	6.2
Diversification	-5.7	-2.7	-7.1	-5.9
<b>Total VaR-figure</b>	<b>17.5</b>	<b>5.5</b>	<b>26.9</b>	<b>12.0</b>

\* Determined by the total VaR-figure.

### Sensitivity analysis of sector shares

Sector shares cf. note 18	214,583
Effect of a 10% price change on the resul	21,458



Note  
no.

## 42 Derivative financial instruments

### By residual maturity

DKK 1,000

	Up to 3 month		Over 3 month and up to 1 year	
	Nominal value	Net market value	Nominal value	Net market value
<b>Foreign-exchange contracts</b>				
Spot, purchase	48,090	-27		
Spot, sale	41,733	-12		
Forward transactions/futures, purchase	2,684,513	41,521	171,526	15,348
Forward transactions/futures, sale	6,494,835	10,251	171,533	3,573
Swaps			33,377	63
Options, purchase				
Options, sale				
<b>Interest-rate contracts</b>				
Spot, purchase	214,579	712		
Spot, sale	63,956	-603		
Forward transactions/futures, purchase	10,763	219		
Forward transactions/futures, sale	33,022	-360		
Swaps			430,207	1,983
Options, purchase	27,135	148	71,855	1,760
Options, sale	27,135	-148	71,855	-1,760
<b>Share contracts</b>				
Spot, purchase	13,249	702		
Spot, sale	12,704	-708		
	Over 1 year and up to 5 years		Over 5 years	
	Nominal value	Net market value	Nominal value	Net market value
<b>Foreign-exchange contracts</b>				
Spot, purchase				
Spot, sale				
Forward transactions/futures, purchase				
Forward transactions/futures, sale				
Swaps	247,784	16,751	219,533	-116
Options, purchase				
Options, sale				
<b>Interest-rate contracts</b>				
Spot, purchase				
Spot, sale				
Forward transactions/futures, purchase				
Forward transactions/futures, sale				
Swaps	1,394,828	-9,921	772,364	12,724
Options, purchase	109,843	3,693	257,244	9,110
Options, sale	109,843	-3,693	257,244	-9,110

# NOTES TO THE ANNUAL REPORT

## Derivative financial instruments - continued

DKK 1,000

	Total nominal value		Total net market value	
	2011	2010	2011	2010
<b>Foreign-exchange contracts</b>				
Spot, purchase	48,090	9,746	-27	-5
Spot, sale	41,733	25,323	-12	125
Forward transactions/futures, purchase	2,856,039	3,629,512	56,869	78,308
Forward transactions/futures, sale	6,666,368	7,353,402	13,824	-93,685
Swaps	500,694	973,953	16,698	31,876
Options, purchase				
Options, sale				
<b>Interest-rate contracts</b>				
Spot, purchase	214,579	265,589	712	-243
Spot, sale	63,956	135,768	-603	-476
Forward transactions/futures, purchase	10,763	36,420	219	295
Forward transactions/futures, sale	33,022	24,938	-360	-238
Swaps	2,597,399	2,233,991	3,886	1,733
Options, purchase	466,077	928,642	14,711	14,820
Options, sale	466,077	928,642	-14,711	-14,820
<b>Share contracts</b>				
Spot, purchase	13,249	22,863	702	-154
Spot, sale	12,704	22,426	-708	158
<b>Net market value, total</b>			<b>91,200</b>	<b>17,694</b>

	Market value				Average market value			
	Positive 2011	2010	Negative 2011	2010	Positive 2011	2010	Negative 2011	2010
<b>Foreign-exchange contracts</b>								
Spot, purchase	63	2	90	7	323	217	4,329	1,411
Spot, sale	83	127	95	2	450	312	479	509
Forward transactions/ futures, purchase	63,253	132,059	6,384	53,751	52,194	103,295	62,825	57,359
Forward transactions/ futures, sale	52,693	71,606	38,869	165,291	130,140	71,681	63,283	104,221
Swaps	43,498	78,815	26,800	46,939	50,275	62,711	35,833	53,692
Options, purchase								
Options, sale								
<b>Interest-rate contracts</b>								
Spot, purchase	1,051	104	339	347	598	256	369	520
Spot, sale	133	7	736	483	205	147	612	140
Forward transactions/ futures, purchase	219	295			109	112	8	
Forward transactions/ futures, sale			360	238	25	2	340	67
Swaps	91,293	97,166	87,407	95,433	71,042	99,431	79,150	104,659
Options, purchase	14,711	14,820			13,558	21,152		
Options, sale			14,711	14,820			13,558	21,175
<b>Share contracts</b>								
Spot, purchase	774	362	72	516	1,145	841	396	254
Spot, sale	82	519	790	361	395	299	3,889	689
<b>Total</b>	<b>267,853</b>	<b>395,882</b>	<b>176,653</b>	<b>378,188</b>	<b>320,459</b>	<b>360,456</b>	<b>265,071</b>	<b>344,696</b>
Provision of security under CSA agreement	0	0	-16,970	0				
<b>Total other shares/ other liabilities</b>	<b>267,853</b>	<b>395,882</b>	<b>159,683</b>	<b>378,188</b>				

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



Ringkjøbing

Landsrådsrapport

# FIVE YEAR MAIN FIGURES

Summary DKK 1,000	2011	2010	2009	2008	2007
<b>Profit and loss account</b>					
Interest receivable	858,257	836,339	993,756	1,221,165	1,031,830
Interest payable	245,291	241,954	377,728	669,149	570,690
<b>Net income from interest</b>	<b>612,966</b>	<b>594,385</b>	<b>616,028</b>	<b>552,016</b>	<b>461,140</b>
Dividend on capital shares etc.	1,111	1,219	3,243	1,491	2,386
Income from fees and commissions	158,303	170,389	149,628	176,118	225,353
Fees and commissions paid	24,312	25,996	23,823	28,464	35,599
<b>Net income from interest and fees</b>	<b>748,068</b>	<b>739,997</b>	<b>745,076</b>	<b>701,161</b>	<b>653,280</b>
Value adjustments	+16,386	+52,159	+58,130	-43,577	+17,965
Other operating income	4,535	3,893	5,351	4,863	7,443
Staff and administration costs	244,068	236,374	235,604	236,056	229,755
Amortisations, depreciations and write-downs on intangible and tangible assets	4,375	3,219	2,424	2,420	4,647
Other operating costs	381	195	56	86	16
Costs bank package I and Deposit Guarantee Fund	11,178	46,590	55,785	16,148	0
Write-downs on loans	-128,799	-138,217	-158,600	-77,223	+10,791
Write-downs on national bank package I etc.	0	-33,152	-51,173	-12,016	0
Result of capital shares in associated companies	+11	+14	-59	-5	-11
<b>Profit before tax</b>	<b>380,199</b>	<b>338,316</b>	<b>304,856</b>	<b>318,493</b>	<b>455,050</b>
Tax	94,128	81,443	72,775	78,495	106,730
<b>Profit after tax</b>	<b>286,071</b>	<b>256,873</b>	<b>232,081</b>	<b>239,998</b>	<b>348,320</b>

Summary DKK 1,000	End 2011	End 2010	End 2009	End 2008	End 2007
<b>Balance sheet</b>					
<b>Assets</b>					
Cash in hand and claims on credit institutions and central banks	1,348,253	2,714,304	2,534,722	2,087,959	4,337,064
Loans and other debtors at amortised cost price	12,746,560	13,151,216	13,047,212	13,897,101	14,134,637
Securities	3,005,504	1,804,062	1,936,663	1,553,741	914,421
Tangible assets	79,615	80,092	79,644	77,730	75,126
Other assets	369,091	497,530	329,715	385,222	172,480
<b>Total assets</b>	<b>17,549,023</b>	<b>18,247,204</b>	<b>17,927,956</b>	<b>18,001,753</b>	<b>19,633,728</b>
<b>Liabilities and equity</b>					
Debt to credit institutions and central banks					
Term to maturity under 1 year	285,028	636,326	699,732	2,077,112	4,307,206
Term to maturity over 1 year	957,047	1,995,864	2,294,991	3,224,050	3,132,755
Deposits and other debts	12,755,415	11,661,654	11,187,470	9,072,875	9,161,775
Issued bonds	338,958	337,617	557,337	478,341	474,287
Other liabilities	301,996	593,153	365,021	652,505	285,348
Provisions for liabilities	14,973	13,247	72,238	21,096	19,933
Subordinated debt	412,486	696,999	695,394	690,984	473,863
Share capital	25,200	25,200	25,200	25,200	26,200
Reserves	2,457,920	2,287,144	2,030,573	1,759,590	1,752,361
Total shareholders' equity	2,483,120	2,312,344	2,055,773	1,784,790	1,778,561
<b>Total liabilities and equity</b>	<b>17,549,023</b>	<b>18,247,204</b>	<b>17,927,956</b>	<b>18,001,753</b>	<b>19,633,728</b>
<b>Contingent liabilities etc.</b>					
Contingent liabilities	1,052,222	1,041,983	1,485,676	2,386,213	4,803,839
Binding agreements	0	0	0	0	3,995
<b>Total contingent liabilities etc.</b>	<b>1,052,222</b>	<b>1,041,983</b>	<b>1,485,676</b>	<b>2,386,213</b>	<b>4,807,834</b>

# FIVE YEAR KEY FIGURES

		2011	2010	2009	2008	2007
<b>Solvency:</b>						
Solvency ratio	%	21.4	22.4	20.2	16.3	13.0
Core capital ratio	%	19.8	18.6	16.6	13.0	11.2
<b>Earnings:</b>						
Pre-tax return on equity	%	15.9	15.5	15.9	17.9	26.1
Return on equity after tax	%	11.9	11.8	12.1	13.5	20.0
Income/cost ratio	DKK	1.98	1.74	1.61	1.93	3.04
<b>Market risk:</b>						
Interest rate risk	%	0.7	0.1	0.6	1.2	1.0
Foreign exchange position	%	0.9	0.5	3.4	5.6	2.1
Foreign exchange risk	%	0.0	0.0	0.1	0.0	0.0
<b>Liquidity risk:</b>						
Excess cover relative to statutory liquidity requirements	%	140.5	231.8	205.6	139.1	161.4
Loans and write-downs thereon relative to deposits	%	105.0	117.6	120.8	157.1	157.4
<b>Credit risk:</b>						
Loans relative to shareholders' equity		5.1	5.7	6.3	7.8	7.9
Growth in loans for the year	%	-3.1	0.8	-6.1	-1.7	10.8
Total large exposures	%	41.7	10.2	0.0	12.1	38.3
Cumulative write-down percentage	%	4.5	3.8	3.1	2.1	1.5
Write-down percentage for the year	%	0.89	0.94	1.16	0.48	-0.06
Proportion of debtors at reduced interest	%	0.4	0.4	0.4	0.1	0.1
<b>Share return:</b>						
Profit for the year after tax per share*/***	DKK	1,146.6	1,019.3	921.0	933.8	1,324.4
Book value per share*/**	DKK	10,055	9,193	8,172	7,382	7,053
Dividend per share*	DKK	262	240	0	0	600
Share price relative to profit for the year per share*/***		10.1	14.2	13.2	6.6	13.0
Share price relative to book value per share*/**		1.15	1.58	1.49	0.84	2.43

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

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

\*\*\* Calculated on the basis of the average number of shares. The average number of shares is calculated as a simple average of the shares at the beginning of the year and at the end of the year.

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

### Solvency ratio

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

### Core capital ratio

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

### Pre-tax return on equity

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

### Return on equity after tax

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

### Income/cost ratio

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

### Interest rate risk

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

### Foreign exchange position

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

### Foreign exchange risk

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

### Excess coverage relative to statutory liquidity requirements

Cash in hand, demand deposits with the Danish National Bank, fully secured and liquid on-demand credit balance in credit institutions and insurance companies, unencumbered certificates of deposit issued by the Danish National Bank, secure readily negotiable listed unencumbered securities, loan framework in the Danish National Bank against security in sector shares valid for the time being with 30 days notice of termination. The total of all elements measured in percent relative to 10% of the reduced debt and guarantee liabilities.

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

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

### Loans relative to shareholders' equity

Loans/shareholders' equity.

### Growth in loans for the year

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

### Total large exposures

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

### Cumulative write-down percentage

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

### Write-down percentage for the year

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

### Proportion of debtors at reduced interest

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

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

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

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

Shareholders' equity/share capital excl. own shares.

### Dividend per share\*

Proposed dividend/share capital.

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

Share price/profit for the year per share.

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

Share price/book value per share.

\*/\*\*/\*\*: See page 74.



Ringkjøbing

Landskab  
oparbejdet



# OTHER INFORMATION

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## Shareholders' committee

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

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

Hejne F. Andersen, industrialist, Ringkøbing - born 1954

Jens Arnth-Jensen, manager, Holte - born 1948

Gert Asmussen, printer, Tarm - born 1950\*

Inge Sandgrav Bak, financial manager, Ringkøbing - born 1960\*

Claus H. Christensen, farmer, Lem - born 1961

Claus Dalgaard, manager, Ringkøbing - born 1962

Per Dam, accountant, Ulfborg - born 1952

Ole K. Erlandsen, butcher, Herning - born 1962

Keld Hansen, grocer, Søndervig - born 1948\*

Niels Ole Hansen, manager, Ringkøbing - born 1951

Tonny Hansen, college principal, Ringkøbing - born 1958

Leif Haubjerg, farmer, No - born 1959

Erik Jensen, haulage contractor, Skjern - born 1965

Niels Esper Kamp, farmer, Stadil - born 1957

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

Niels Kjeldtoft, teacher, Spjald - born 1945

Gravers Kjærgaard, farmer, Grønbjerg - born 1952\*

Lars Møller, municipal chief executive, Holstebro - born 1957

Martin Krogh Pedersen, manager, Ringkøbing - born 1967\*

Ole Christian Pedersen, manager, Vostrup - born 1950

Kristian Skannerup, industrialist, Tim - born 1959

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

Johan Chr. Øllgaard, industrialist, Stauning - born 1947

Anne-Marie Sannerum, manager, Billund - born 1968

\* Member of the board of directors

## Board of directors

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

Member of the bank's auditing committee

Member of the board of directors since 1995

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

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

A/S Henry Kjeldsen

A/S Miljøpark Vest

Aktieselskabet af 1. august 1989

Asta og Henry Kjeldsens Familiefond

Danbuy A.m.b.A.

Henry Kjeldsen, Ringkøbing Tømmerhandel A/S

VT Hallen A/S

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

Member of the bank's auditing committee

Member of the board of directors since 2002

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

No other managerial activities

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

Chairman of the bank's auditing committee

Member of the board of directors since 2002

End of current term of election to the board of directors: 2014

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

A. Rasmussens Bogtrykkeri ApS

Gert Asmussen Holding A/S

Gullanders Bogtrykkeri A/S

Tarm Bogtryk A/S

Tarm Elværk Net A/S

Tarm Ugeblad ApS

TB Anlæg ApS

Vestjysk Rotation A/S

Vinderup Invest ApS

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

Member of the board of directors since 2002

End of current term of election to the board of directors: 2014

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

A/S Miljøpark Vest

Beach Bowl A/S

Investeringselskabet Søndervig ApS

Norddan-Søndervig ApS

Søndervig Ejendomsselskab ApS

Søndervig Holding ApS

Søndervig Supermarked ApS

## Board of directors - continued

**Inge Sandgrav Bak, financial manager, Ringkøbing** - born 1960

Member of the board of directors since 2011

End of current term of election to the board of directors: 2015

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

JSB International A/S

JSB Rindum A/S

JSB Composite (Zhuozhou) Co., Ltd.

**Martin Krogh Pedersen, manager, Ringkøbing** - born 1967

Member of the board of directors since 2011

End of current term of election to the board of directors: 2015

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

K. P. Holding A/S and one 100% owned subsidiary

Mhkp Holding ApS and three 100% owned subsidiary

PF Management Holding ApS and two 100% owned subsidiary

Techo A/S

Vestjysk Udvikling A/S

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

Member of the board of directors since 2007

End of current term of election to the board of directors: 2015

No other managerial activities

**Gitte Elisa Sigersmunda Høgholm Vigsø, Sagsbehandler, Holstebro, elected by the employees** - born 1976

Member of the board of directors since 2011

End of current term of election to the board of directors: 2015

No other managerial activities

## Board of managers

**Bent Naur, executive general manager** - born 1947  
Member of the board of managers since 1987

Member of the boards of directors of:

- Bankdata, Fredericia
- Det Private Beredskab, København
- Lokale Pengeinstitutter, København
- JN Data A/S, Silkeborg
- Nykredit Holding A/S, København
- PRAS A/S, København
- Totalkredit A/S, København
- Totalkredit Realkreditfond, København

**John Bull Fisker, general manager** - born 1964  
Member of the board of managers since 1999

Member of the boards of directors of:

- BI Holding A/S, København
- BI Asset Management Fondsmæglerselskab A/S, København
- BankInvest Private Equity A/S, København
- Letpension A/S, København

Member of the customer board of:  
PFA Pension A/S, Copenhagen

## Ringkøbing Landbobank Aktieselskab

Torvet 1  
DK-6950 Ringkøbing  
Denmark

Founded: 1886

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

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

### Share capital

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

### Ownership

Ringkøbing Landbobank is owned by approx. 17,660 shareholders.

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

# STOCK EXCHANGE ANNOUNCEMENTS

## Stock exchange announcements 2011

Review of Ringkjøbing Landbobank's announcements to NASDAQ OMX Copenhagen and others in 2011 in compliance with Section 27b of the Danish Securities Trading Act:

04 January 2011	Notification of early redemption of subordinate loan capital
27 Januar 2011	Notice convening the annual general meeting the 23 February 2011
02 February 2011	Announcement of the annual accounts 2010
02 February 2011	Annual report 2010
02 February 2011	Agenda for the annual general meeting
07 February 2011	Exposure to Amagerbanken
24 February 2011	Minutes of the annual general meeting the 23 February 2011
24 April 2011	Quarterly report 1st quarter 2011
28 April 2011	Newly elected for the board of directors
03 August 2011	Interim report for the 1st half 2011
29 September 2011	Financial calendar
26 October 2011	Quarterly report 1st-3rd quarter 2011
15 December 2011	Updated financial calendar

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

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

## FINANCIAL CALENDAR

### Financial calendar 2012

The financial calendar for the upcoming publications is as follows:

01 February 2012	Announcement of the annual accounts for 2011
29 February 2012	General meeting
25 April 2012	Quarterly report, 1st quarter 2012
08 August 2012	Interim report 2012
24 October 2012	Quarterly report, 1st-3rd quarters 2012

# THE BANK'S BRANCHES ETC.

**Head office:**

Ringkøbing

**Branches:**

Herning

Investcenter Herning

Holstebro

Investcenter Holte

Hvide Sande

Lem

Spjald

Tarm

Thorsminde

Tim

Ulfborg

Viborg

Vildbjerg





Bent Naur  
Executive general manager



John Bull Fisker  
General manager



Jørn Nielsen  
Credit manager



Sten Erlandsen  
Head of treasury



Ole Bjerregaard Pedersen  
Financial manager



Jørgen Højgaard  
Foreign manager



Ringkjøbing

Landskab  
oparbejdet



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