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To Copenhagen Stock Exchange

Announcement of financial
results, 15 February 2007

Announcement of annual accounts for the period 1 January 2006 – 31 December 2006

The board of directors of Ringkjøbing Bank has today considered and approved the bank's annual accounts for the period 1 January 2006 – 31 December 2006.

Summary:

- Profit before tax DKK 178.0 million
- 39.6% increase in core earnings relative to last year
- Total business in the form of loans, deposits and guaranties increased by 17.2% relative to the end of the previous year
- Net income from interest and fees was DKK 267.0 million, an increase of 8.6% relative to the previous year
- Write-downs on loans etc. show income of DKK 20.1 million against a cost of DKK 10.6 million last year
- Share capital written down by 40,000 shares instead of dividend
- The pre-tax return on equity was 26.0% against the previous year's 17.5%
- In the 2007 financial year, Ringkjøbing Bank expects to achieve core earnings of the order of DKK 110 million and a profit before tax of DKK 115 million.

The printed annual accounts are expected to be available at the end of the week beginning 19 February.

Please address any questions on the annual accounts to:

Preben Knudsgaard, general manager, or Kaj Damgaard, Director, on phone (+45) 9975 3200.

Main and key figures

	2006	2005	2004	2003	2002
Profit and loss account (million DKK)					
Net interest income	175	161	143	133	128
Net income from fees and commission	90	83	59	54	45
Net income from interest and fees	267	246	205	192	178
Securities and foreign exchange income	50	11	30	56	4
Staff and administration costs	153	132	114	110	102
Write-downs on loans and other debts etc.	-20	11	22	33	25
Result before tax	178	103	95	102	51
Result for the year	135	73	71	80	35
Balance sheet (million DKK)					
Loans and other debts at amortised cost price	5,898	4,581	3,031	2,359	2,039
Deposits and other debt	2,738	2,355	2,192	2,285	2,189
Deposits in pools	876	690	521	-	-
Guarantees etc.	2,256	2,417	1,535	1,173	1,014
Capital and reserves	739	628	544	508	441
Total assets	8,002	6,416	4,398	3,823	2,998
Key figures					
Solvency ratio	13.7%	11.9%	10.6%	12.4%	14.8%
Core capital ratio	10.9%	10.7%	11.8%	13.5%	13.8%
Pre-tax return on equity	26.0%	17.5%	18.1%	21.4%	12.4%
Return on equity after tax	19.8%	12.4%	13.5%	16.9%	8.5%
Income/cost ratio	2.27	1.66	1.68	1.69	1.39
Average number of employees	197	172	159	157	154
Interest risk	3.0%	2.4%	0.9%	2.7%	0.3%
Foreign exchange position	0.8%	1.8%	2.2%	3.1%	3.3%
Loans plus write-downs thereon relative to deposits	166.0%	154.4%	116.8%	109.9%	99.2%
Loans relative to capital and reserves	8.0	7.3	5.6	4.6	4.6
Growth in loans for the year	28.7%	51.1%	28.5%	15.7%	5.2%
Excess cover relative to statutory liquidity requirements	47.3%	32.8%	18.8%	73.8%	102.3%
Total major exposures	18.8%	33.7%	44.8%	11.3%	0.0%
Proportion of debts at reduced interest	0.4%	0.4%	0.7%	0.9%	0.8%
Percentage write-downs for the year	-0.2%	0.1%	0.5%	0.9%	0.8%
Cumulative percentage write-downs	1.3%	1.8%	3.0%	4.1%	4.2%
Listed price per DKK 20 share	910	670	517	388	212
Market value in million DKK	1,456	1,072	827	620	339
Profit for the year per DKK 20 share	87.2	47.3	46.6	49.9	22.0
Intrinsic value per DKK 20 share	462	393	340	317	275
Dividend per DKK 20 share	0	8	8	8	4
Listed price/profit per DKK 20 share	10.4	14.2	11.1	7.8	9.6
Listed price/intrinsic value per DKK 20 share	1.97	1.71	1.52	1.22	0.77

Apart from financial assets and liabilities, the comparative figures for 2004 have been adjusted as a result of the changed accounting policies as of 1 January 2005. The comparative figures for earlier years have not been adjusted.

Goals and strategy

Ringkjøbing Bank also worked under the business plan in 2006. The plan extends to the end of 2009 and is based on the bank's mission, *It's all about people, their dreams and peace of mind*, and Ringkjøbing Bank's vision, *the most attractive partner*. The plan is also based on the goal of being an independent bank in development: a bank anchored in West Jutland with the strength and the desire to continue to extend its areas of business both locally and as the local distance bank. The bank's vision – the most attractive partner – applies to customers, employees and shareholders.

Financial goals

Ringkjøbing Bank's business plan for 2005-2009 has the following financial goals:

- Increase core earnings by 10% per annum
- The maximum write-down on loans is expected to be 0.3% p.a. of total loans and guarantees.
- Maintain a return on equity within the best quarter of the country's local banks.

General goals

The main elements in the business plan are that Ringkjøbing Bank will be the most attractive partner, and

- Continue to be a local bank which actively helps to a high degree in local contexts, where development is created.
- Increase market share within the area in which Ringkjøbing Bank is represented by local branches. This goal applies to both private and business customers.
- Attract and service a bigger customer base outside the local area. This will occur via continued recruitment of consultants based outside the local area, establishment of cashless branches, and a strengthening of the local distance bank and technological solutions.
- Ensure a strong role within the development of financial products and services which match current needs among private and business customers.
- Achieve a continuing recruitment of new shareholders, especially among the bank's customers, so that 18,000 of our customers are shareholders by the end of 2009, where the number at the end of 2006 is 14,870.
- Achieve growth in the areas of pensions and insurance.
- Continue to focus strongly on the financing of housing, including owner-occupied residences, houseboats, weekenders, holiday homes abroad and cooperative housing.
- Recruit new and retain existing employees. Develop the bank's employees both professionally and personally, as the employees' personal commitment and professional qualifications are critical for the bank's success.
- Establish specialist fields where special qualifications are necessary.
- Constantly improve the way in which we work and administer.
- Base our organisation on customer needs.

MANAGEMENT'S REPORT

Result and developments in 2006

Ringkjøbing Bank has again achieved a highly satisfactory pre-tax profit. The pre-tax profit was DKK 178.0 million against DKK 102.8 million in the previous year. The profit after tax was DKK 135.3 million against DKK 72.8 million in 2005. The pre-tax return on equity was 26.0% against 17.5% in the previous year. The annual accounts are highly satisfactory and considerably better than management's original expectations of a pre-tax profit of DKK 115 million.

There are several reasons for the improvement. Net income from interest and fees increased by DKK 21.1 million because of a rising level of activity. Capital gains increased by DKK 39.0 million. Write-downs on loans etc. improved by DKK 30.7 million, while costs increased by DKK 21.1 million.

The bank's core earnings, which are the result before tax and value adjustments, were DKK 127.5 million against DKK 91.3 million in the previous year, and are absolutely satisfactory at an increase of 39.6%.

Positive development in total business volume

Business volume increased from DKK 10.0 billion at the end of 2005 to DKK 11.8 billion at the end of 2006 – an increase of 17.2%. Total business volume is computed as the bank's total commitments within loans, deposits and guarantees.

Loans increased from DKK 4,581 million to DKK 5,898 million (+28.7%) and deposits including pools increased from DKK 3,045 million to DKK 3,614 million (+18.7%). Guarantees to the value of DKK 2,256 million had been issued at the end of 2006. This is a decrease of 6.7% relative to last year, mainly in the area of temporary guarantees to building societies because of the falling number of mortgage credit cases.

The increase in loans of DKK 1,317 million relative to the end of 2005 comprised approx. DKK 300 million for home financing, approx. DKK 375 million for business loans and credits, approx. DKK 250 million for investment credits, approx. DKK 60 million for temporary building loans etc., and the remainder for various other loans and credits.

Deposits amounted to DKK 2,738 million, 16.3% more than at the end of 2005. Pool deposits rose from DKK 690 million at the end of 2005 to DKK 876 million at the end of 2006.

Customers' securities on deposit amounted to DKK 2,796 million at the end of 2006, a 26% increase relative to the end of 2005.

The growth in total business volume occurred because of a major influx of new customers and existing customers' increased business with the bank.

Income: Improvement in income from interest and fees

Net interest income was DKK 175.3 million in the 2006 financial year – equivalent to an increase of DKK 14.7 million or 9.1% relative to the previous year. The reason why the growth in net interest income does not follow the growth in loans and deposits is because of a fall in the interest margin and a change in the composition of loans.

The bank's income from fees and commission rose from DKK 89.1 million to DKK 96.1 million, an increase of 7.9%. The increased income from fees and commission was achieved because of increased activity, including a high level of interest in securities trading, while the taking out of and changes to mortgage loans were significantly below the level for 2005.

Fees and commissions were as follows:

	mDKK	of which not transaction-dependent mDKK
Securities trading and deposits	51,5	18,6
Payment transactions	10,1	4,0
Loan fees	4,4	0,0
Guarantee commissions from mortgage institutions	7,8	7,8
Other guarantee commissions	10,8	7,9
Other fees and commissions	<u>11,5</u>	<u>5,3</u>
Total fee and commission income	96,1	43,6

Securities and foreign exchange income

The year's securities and foreign exchange income of DKK 50.4 million were comprised of positive value adjustments of DKK 12.4 million on bonds, positive value adjustments of DKK 33.4 million on shares, principally in local banks and partners, and positive exchange rate adjustments of DKK 4.6 million. By comparison, securities and foreign exchange income in 2005 amounted to DKK 11.5 million.

Value adjustments to shares were positively affected by DKK 9.0 million by the sale of the remaining shares in Totalkredit, and by DKK 7.8 million via the changed method of valuation of the shares in Sparinvest Holding A/S.

Costs

There were higher staff and administration costs of DKK 21.1 million, attributable to increased salary costs in connection with new appointments to the branch network and increased costs under collective agreements. The increase must be seen in the context of the increased activity.

There were also costs of establishment of the branch in Silkeborg, increased computing costs including IP telephony, and marketing costs.

In order to tie employees closely to the bank, the bank's board of directors decided to establish an employee share scheme for 2006 and 2007. Employees can receive up to a market value of approximately DKK 20,000 in shares in Ringkjøbing Bank for each year in which the specified goal is achieved. The shares are tied for seven years. Management is also included in the scheme on an equal footing with other employees, and not otherwise allocated any other form of incentive programme.

The expected costs of the scheme for 2006 are included in the accounts at DKK 4.0 million. Shares will be allocated in the next financial year.

Depreciation on properties is included under the item *Depreciations and write-downs on tangible assets* at DKK 3.1 million with respect to the new construction of the branch in Hvide Sande. As noted in the 2005 annual report, the property in Hvide Sande was in such poor condition that it was decided to demolish the old building and commence construction of a new building in 2006 at the same place. The building has been commenced, and the above write-down is a proportion of the expected total write-down.

Write-downs on loans etc. moved from a charge of DKK 10.6 million in 2005 to revenue of DKK 20.1 million in 2006. This satisfying development must be seen in light of the stable and positive economic conditions in Denmark which have led to a low level of new write-downs combined with reversal of write-downs which had previously been made. The great bulk of the bank's borrowers, rather than individual major commitments, have shown a positive development. The fact that it has been possible to book this item as income in a period distinguished by a high level of growth in loans is judged to be highly satisfactory.

Capital and liquidity

Capital and reserves

Capital and reserves on 31 December 2006 amounted to DKK 738.9 million. The change in capital and reserves since the end of 2005 is given in note 8.

Subordinated debt

Subordinated debt on 31 December 2006 amounted to DKK 458.3 million. Given the strong growth in the bank's business volume and in order to optimise its capital structure, Ringkjøbing Bank issued bonds to a total of NOK 200 million in the third quarter of 2006. The bonds were issued as subordinated loan capital and are included in the capital base as tier II capital – supplementary capital.

The capital base amounts to a total of DKK 1,041 million which, with the risk-weighted items totalling DKK 7.6 billion, gives a solvency of 13.7.

Liquidity

To cover Ringkjøbing Bank's surplus of loans, the bank took up loans and drawing rights in 2006 apart from the above subordinated debt with Danish and foreign banks to a total of approx. DKK 530 million. Loan and drawing rights with a term of 1-5 years thus now amount to a total of approx. DKK 1.5 billion.

Dividend policy

Ringkjøbing Bank's dividend policy is that shareholders should generally receive a dividend of the order of 15-20% of the year's profit after tax. Each year the board of directors submits a proposal on the size of the dividend for the year for decision by the general meeting. The proposal is made on the basis of an assessment of the magnitude of the bank's capital and reserves relative to the total balance sheet, equity ratio and investments planned for extension of the bank's competitiveness which will generate long-term value for the bank's shareholders. The board of directors wishes to retain this policy, so that the changed dividend payment and the write-down of the share capital for the 2006 financial year are once-only events.

Allocation of the profit for the year

Given a highly satisfactory result for 2006, Ringkjøbing Bank's board of directors has decided to recommend an extraordinary change in the bank's dividend policy to the annual general meeting as per the announcement of results of 22 January 2007.

The recommendation is that 40,000 shares, equivalent to 2.5% of the share capital, be cancelled. The market value of the cancelled shares is DKK 40 million at price 1,000. Concerted to dividend, this is equivalent to 125% of the share capital. The dividend for the 2005 financial year was 40% of the share capital.

The recommended dividend for the 2006 financial year is therefore zero.

Apart from the satisfactory result for 2006, the basis of the write-down was also a change in the accounting regulations for 2005, as a result of which own shares are valued at DKK 0 in Ringkjøbing Bank's accounts. The write-down of the share capital has thus had no effect on the accounts. On the other hand, all else being equal, the write-down means that the price of the Ringkjøbing Bank share will rise by 25 points.

Other events pertaining to the accounts

The subsidiary RB-Erhvervsinvestering A/S, which was 100% owned, merged with Ringkjøbing Bank in 2006. The subsidiary has not had any activities in recent years.

Expectations for 2007

Ringkjøbing Bank's development in 2006 has been highly satisfactory, finding expression in a strong increase in business volume and core earnings. This development is expected to continue in the 2007 financial year, but with more modest rates of growth. The short-term interest rate is expected to rise by a quarter of a percentage point in the first quarter, after which the interest rate is expected to remain unchanged for the rest of 2007.

Against this background, Ringkjøbing Bank expects to achieve continued growth in 2007 in its total business volume in the form of loans, deposits and guarantees. This will occur as current customers extend their commitments, but also because of a continuing attractive increase in the numbers of new private and business customers. The prospect of a continued stable economic outlook in 2007 will also contribute positively to the bank's development.

Ringkjøbing Bank is basing its expectations for the 2007 financial year on increases in business in the following areas: deposits (+4%), loans (+12%) and guarantees (+12%). Operating costs are expected to rise 12%. It should be noted that this item includes a write-down of DKK 9.6 million on properties because of construction of the new branch in Hvide Sande.

It has been decided to establish an area office for the consultants in Aarhus in the first quarter of 2007. A lease has been entered into.

Write-downs on loans and guarantees are expected to remain at approximately DKK 0.

Core earnings are expected to be approximately DKK 110 million in the 2007 financial year, a reduction of the order of DKK 17 million relative to 2006. This reduction is attributable to the fact that write-downs on loans etc. are expected to be DKK 0 against an income of DKK 20 million in 2006, with an additional write-down of DKK 6.5 million on the property in Hvide Sande relative to 2006. Ringkjøbing Bank expects to realise a pre-tax profit of the order of DKK 115 million in 2007.

Ringkjøbing Bank expects the solvency ratio at the end of 2007 to be approx. 13.5%, and thus still comfortably above the statutory minimum requirement of 8.0% when account is also taken of the fact that financial shares in the bank's pools reduce its solvency by about two percentage points.

Basle II capital cover rules of 1 January 2007

New capital cover rules came into force on 1 January 2007. Ringkjøbing Bank will use the extended method under the standard method for computation of credit risks. Until 1 January 2008, the bank will, however, use the transitional arrangements.

Financial calendar 2007

- 15 February 2007: Announcement of the annual accounts for 2006
- 7 March 2007: General meeting
- 26 April 2007: Announcement of the accounts for the first quarter of 2007
- 16 August 2007: Announcement of the accounts for the first six months of 2007
- 25 October 2007: Announcement of the accounts for the third quarter of 2007

Accounting policies

The annual report was prepared in accordance with the act on financial activities and the regulation on financial reports by credit institutions, brokers and others.

The Annual Report was also prepared in accordance with further Danish disclosure requirements for the annual reports of listed finance companies.

The accounting policies are unchanged relative to last year.

General meeting

Ringkjøbing Bank will hold its annual general meeting on Wednesday 7 March 2007 in Ringkjøbing Sports and Course Centre (ROFI). The meeting will commence at 5.00 p.m. Minutes of the meeting will be kept so that shareholders who are unable to attend will be able to familiarise themselves with the proceedings.

Ringkjøbing, 15 February 2007

Poul Hjulmand
Chairman of the board of directors

Preben Knudsgaard
Managing director

Kaj Damgaard
Manager

Profit and loss account 2006

Note	2006	2005
	DKK 1,000	DKK 1,000
1 Interest receivable	316,522	231,504
2 Interest payable	141,241	70,891
Net interest income	175,281	160,613
Dividends on shares etc.	1,360	1,840
3 Income from fees and commission	96,106	89,078
Fees and commission paid	5,707	5,627
Net income from interest and fees	267,040	245,904
4 Securities and foreign exchange income	50,443	11,468
Other operating income	341	342
5 Staff and administration costs	152,802	131,656
Amortisation, depreciation and write-downs on tangible assets	6,948	12,285
Other operating costs	0	661
Write-downs on loans, debts etc.	-20,061	10,589
6 Result for capital shares in associated and affiliated companies	- 148	288
Profit before tax	177,987	102,811
7 Tax	42,729	30,020
Profit for the year	135,258	72,791
Allocation of profit		
Transferred to capital and reserves	135,258	72,791
Of which proposed dividend	0	12,800

Balance sheet 31. December 2006

Note	2006 DKK 1,000	2005 DKK 1,000
Assets		
Cash in hand and demand deposits with central banks	41,217	33,476
Due from credit institutions and deposits with central banks	145,698	100,588
Loans and other receivables at amortised cost price	5.897,580	4.580,739
Bonds at current value	825,919	803,440
Shares etc.	136,368	110,726
Capital shares in associated companies	0	1,146
Capital shares i affiliated companies	0	5,522
Assets in pool schemes	875,513	690,392
Land and buildings, total	41,380	38,703
Investment properties	3,490	3,230
Domicile properties	37,890	35,473
Other fixed assets	3,629	2,843
Current tax assets	0	4,737
Deferred tax assets	5,306	5,749
Other assets	23,935	33,333
Prepayments and accrued income	5,555	4,187
Total assets	8,002,100	6,415,581
Liabilities		
Debts		
Debt to credit institutions and central banks	3,066,136	2,277,848
Deposits and other debt	2,738,094	2,354,771
Deposits in pool schemes	875,513	690,392
Current tax liabilities	8,769	0
Other liabilities	106,909	173,232
Accruals and deferred income	234	727
Total debt	6,795,655	5,496,970
Provisions		
Provisions for pensions and similar provisions	7,409	7,435
Provisions for losses on guarantees	1,795	113
Provisions, total	9,204	7,548
Subordinated debt	458,339	282,593
8 Capital and reserves		
Share capital	32,000	32,000
Other reserves		
Statutory reserves	0	1,002
Profit carried forward	706,902	595,468
Capital and reserves, total	738,902	628,470
Of which proposed dividend	0	12,800
Total liabilities	8,002,100	6,415,581
9 Total contingent liabilities	2,258,595	2,419,951

Notes

Note		2006 DKK 1,000	2005 DKK 1,000
1	<i>Interest receivable</i>		
	Due from credit institutions and deposits with central banks	4,396	3,580
	Loans and other receivables	288,145	202,312
	Bonds	24,156	26,157
	Foreign exchange and interest-rate contracts	-212	-550
	Other interest receivable	37	5
	Total interest receivable	316,522	231,504
2	<i>Interest payable to</i>		
	Credit institutions and central banks	76,408	31,081
	Deposits and other debt	48,937	33,967
	Subordinated debt	15,285	5,775
	Other interest payable	611	68
	Total interest payable	141,241	70,891
3	<i>Income from fees and commissions</i>		
	Securities trading and deposits	51,504	46,288
	Transaction of payments	10,095	9,083
	Fees on loans	4,408	8,020
	Commissions on guarantees	18,615	15,147
	Other fees and commissions	11,484	10,540
	Total income from fees and commissions	96,106	89,078
4	<i>Securities and foreign exchange income</i>		
	Other loans and receivables at current value	-3,302	939
	Bonds	12,372	-11,288
	Shares etc.	33,390	17,453
	Investment properties	260	581
	Foreign currency	4,269	4,140
	Foreign currency, interest, share, raw materials and other contracts, and derivatives	-1,820	-2,764
	Assets in pool schemes	62,895	103,999
	Deposits in pool schemes	-62,895	-103,999
	Other commitments	5,274	2,407
	Total value adjustments	50,443	11,468
5	<i>Staff and administration costs</i>		
	Salaries and payments to board of directors, management and council		
	Management	3,310	3,096
	Board of directors	610	549
	Council	174	169
	Total	4,094	3,814
	Staff costs		
	Salaries	77,571	67,514
	Pensions	8,678	7,242
	Social security costs	7,642	6,679
	Total	93,891	81,435
	Other administration costs	54,817	46,407
	Total staff and administrations costs	152,802	131,656

Notes

Note	2006 DKK 1,000	2005 DKK 1,000
6	<i>Result for capital shares in associated and affiliated companies</i>	
	Result for capital shares in associated companies etc.	-209 170
	Result for capital interests in affiliated companies	61 118
	Total result for capital interests etc.	-148 288
7	<i>Tax</i>	
	Tax calculated on the income for the year	42,986 28,821
	Deferred tax	442 564
	Adjustment of tax calculated for previous year	-699 0
	Tax on cumulative depreciation account	0 635
	Total tax	42,729 30,020
8	<i>Capital and reserves</i>	
	Share capital beginning and end of period	32,000 32,000
	Other reserves beginning of period	1,002 720
	Additions	0 282
	Disposals	1,002 0
	Other reserves end of period	0 1,002
	Result carried forward beginning of period	595,468 516,955
	Dividend paid	12,379 12,225
	Transferred from other reserves	1,002 0
	Transferred to other reserves	0 282
	Result carried forward end of period	584,091 504,448
	Profit for the year	135,258 72,791
	Addition on sale of own shares	153,537 150,200
	Disposal on purchase of own shares	166,815 131,967
	Tax on capital gain on own shares	3,169 1,220
	Share-based payment	4,000 1,216
	Carried forward from result end of period	122,811 91,020
	Capital and reserves, total	738,902 628,470
9	<i>Contingent liabilities:</i>	
	Guarantees etc.	
	Finance guarantees	1,025,051 1,519,982
	Loss guarantees for mortgage credit loans	750,531 536,637
	Other guarantees	479,921 360,450
	Total guarantees etc.	2,255,503 2,417,069
	Other contingent liabilities	
	Other commitments	3,092 2,882
	Other contingent liabilities, total	3,092 2,882
	Total contingent liabilities	2,258,595 2,419,951