



Annual Report 2007

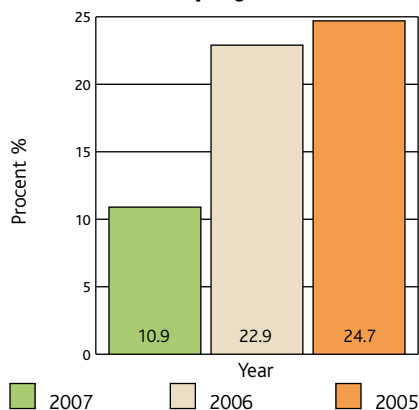
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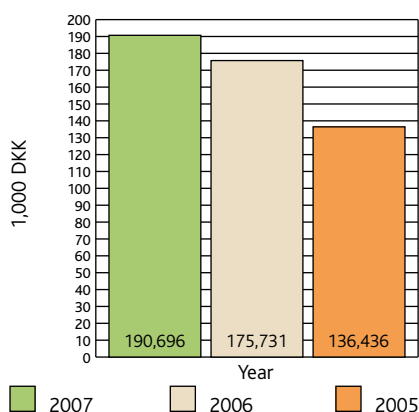
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In the event of any inconsistencies the Danish version shall apply.

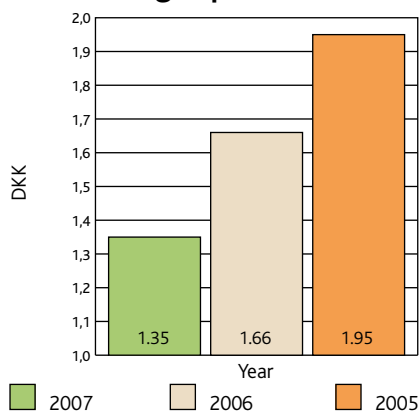
Return on equity before tax



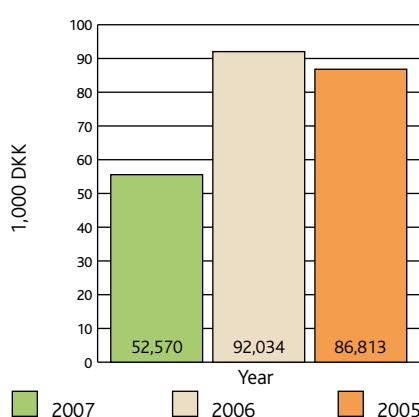
Net income from interest



Earning/expense ratio



Profit before tax



Management's Report

1. The Management's Financial Report for 2007

Principal Activities

Skjern Bank's principal activities are to supply bank products to private customers, business customers and institutional customers as well as public corporations. The customers are primarily based in Western and South-Western Jutland, but, in recent years, the bank has expanded its activities to cover the whole of Denmark and the Faeroe Islands. The bank wishes to be able to offer its customers a full product range in the financial services sector combined with professional advice. Most recently, Skjern Bank has in July 2007 established a new, joint leasing company in co-operation with Tønder Bank, Kreditbanken, Bonusbanken, Østjysk Bank, Nordfyns Bank and Vestfyns Bank.

2007 in Review

After two extremely good years of which in particular 2006 was a landmark for Skjern Bank, the bank has in 2007 reverted to a more normal situation. Thus the bank achieved a result of DKK 52.6 million before taxes compared with the absolutely historic record figure in 2006 of DKK 92.0 million.

The development is not dramatic, particularly because the result of the primary bank activities shows stable progress. However, the result is smaller than expected, but in accordance with preliminary announcement of 7 January 2008, in which the expectations for the result before taxes was reduced to the interval of DKK 50 – 55 million.

As described in this announcement, the reduction can primarily be referred to the negative development on the financial markets during the 4th quarter which has reduced the bank's positive price adjustments by just under DKK 10 million, and to increased requirement for write-downs of about DKK 8 million during the 4th quarter after a close review of the bank's customer accounts.

As far as capital base and liquidity resources are concerned, there is, however, a reason to be satisfied that Skjern Bank has been strengthened considerably in 2007. Thus the basic capital has been increased by 40 % to DKK 686 million, corresponding to a solvency rate of 13.5 % compared with 11.2 % at the end of 2006. Also the liquidity resources of the bank have improved so that the excess liquidity compared with the statutory requirements at the end of the year amounts to 91 % compared with 41 % the previous year. The instability on the international liquidity market has not prevented Skjern Bank from improving its funding situation markedly, and consequently, the bank is well prepared for future development.

Continued sound growth

Throughout 2007, Skjern Bank has had brisk activities with a 26 % growth in total business to DKK 8,300 million calculated as the sum of lending, deposits and guarantees. Including the value of deposits – including the bank's own holding – the business activities at the end of 2007 amounted to a total of DKK 12,700 million.

The progress is still driven primarily by the growth in deposits and lending. Not least in the light of the instability on the international liquidity market during the second half of 2007, it is particularly satisfactory that the bank's deposits have increased by as much as 38 % to DKK 2,700 million. The growth in lending has decreased somewhat compared with the previous years, but remains high. Thus lending increased by 25 % to DKK 3,900 million. Finally, the guarantees have increased by 13 % to DKK 1,700 million.

Reasonable progress in earnings

Interest earnings show an increase of 46 % to DKK 276.1 million. The increase is largely due to the growth in the bank's lending, but is also a consequence of the general increase in interest rates in 2007.

The interest payments have, however, at the same time more than doubled to DKK 140.8 million. This is due to several factors.

For one thing, deposits have increased markedly, just as the level of interest rates has in general increased. For another, the bank's external funding has increased by about 30 % in 2007, which has led to markedly increased financing costs. Finally, the bank has in 2007 obtained subordinate loan capital in order to strengthen the capital basis, which has also increased the interest payments to subordinate debt.

The total net interest earnings have increased by 9 % to DKK 135.2 million.

Earnings from fees and commission also show an increase of 9 % to DKK 56.4 million. This increase is primarily due to continued growth in the bank's provision of mortgage credit and the activity-based earnings from lending activities. In addition to this, it is favourable that the earnings from security transactions in 2007 have, in spite of the negative security markets, been maintained at an unchanged, high level.

This adds up to net interest and fee earnings in 2007 of DKK 190.7 million compared with DKK 175.7 million in 2006, corresponding to an increase of 9 %.

Costs

The bank's salary and administration costs increased in 2007 by DKK 13.5 million to DKK 129.4 million. This increase is primarily due to the bank's strategic decision to strengthen its organisation within the staff functions in order to prepare for future development, and also to be able to handle the many administrative jobs which are imposed on the financial sector. Furthermore, the new branch in Hellerup was established, after which the number of employees expressed as fulltime employees in 2007 increased from 125 to 141.

Depreciations and write-downs regarding intangible and tangible assets

The accounting year 2006 was in this area characterised strongly by the bank's new headquarters, which was written down by about DKK 20 million. In 2007, depreciations and write-downs were affected by positive adjustments of net value amounting to DKK 4 million for the bank's properties.

In future, the depreciations are expected to be in the interval DKK 4.5 – 5 million.

Write-downs on lending and amounts owing, etc.

After two-three years in which the bank's write-downs have been at a quite modest level, Skjern Bank has in 2007 had a more normal year in which it has been necessary to effect write-downs of DKK 19.4 million compared with DKK 3.1 million the previous year.

Just under half of the new write-downs during the year relate to a single account, whereas the remaining write-downs are divided among a number of customer relations of varying size and in different lines of business.

The bank has no assets of sub-prime nature.

Price adjustments

After several years of historically high upward price adjustments, 'normal conditions' have now reappeared for Skjern Bank also within this area in 2007. Thus, as a consequence of the negative financial markets in the fourth quarter, bank's positive price adjustments for securities and financial contracts were reduced by about DKK 9 million to DKK 7.9 million – primarily as a consequence of decreases in prices for our holding of Danish shares.

Profits before tax of DKK 52.6 million

Based on the above, the total result before tax for 2007 can be calculated at DKK 52.6 million against DKK 92.0 million for the previous year. After taxes calculated at DKK 9.3 million, the year's net result is DKK 43.3 million compared with DKK 67.4 million in 2006.

The bank's management considers the result relatively satisfactory – not least in the light of the external negative effect from the financial markets.

In the light of the result, the Board of Directors recommends that a dividend of DKK 5 per share should be paid, or a total dividend of DKK 5.6 million, whereas the remaining part of the year's result should be allocated to the bank's equity capital.

Equity and basic capital strengthened markedly

With a view to strengthening the bank's capital resources and ensure the possibilities of continued growth and at the same time setting aside funds to meet the new capital adequacy requirements, Skjern Bank implemented an increase in the share capital in March 2007 with a nominal value of DKK 3,760,000 at a price of 500. The issue was fully subscribed and gave the bank net proceeds of DKK 93 million. Together with the year's result, this increases the bank's equity by 26 % to DKK 536.3 million.

Furthermore, in the autumn of 2007 the bank received subordinate loan capital in the form of an injection of subordinate capital of DKK 100 million. The basic capital can now be calculated at DKK 686.2 million, corresponding to a solvency rate of 13.5 % compared with 11.2 % the year before.

The calculation of Skjern Bank's solvency requirement according to the new Basel II regulations shows that the bank has good capital resources. The total solvency requirements if all negative scenarios should occur at the same time can thus be calculated at 8.7 %. Objectively, this figure is an expression of the minimum solvency required from the bank. This means that we have a comfortable 'excess cover' which provides a good basis for continued development and considerable freedom of action.

The core capital amounts to 11.1 % (unchanged).

The profit for the year yields a return on equity of 10.9 % before tax and of 9.0 % after tax.

Strengthened liquidity resources

During the year, Skjern Bank has increased its liquidity resources by more than DKK 500 million so that the excess cover compared with the statutory requirements at the end of 2007 amounted to 91 % compared with 41.0 % the previous year.

The strengthening of the liquidity resources has, in spite of the instability on the international liquidity market during the second half of 2007, been achieved on suitable, long-term conditions and also on reasonable price conditions.

Also as far as liquidity resources are concerned, Skjern Bank is therefore well prepared for continued development.

The Skjern Bank share

Also in 2007, Skjern Bank has welcomed many new shareholders, and at the end of 2007, the bank had 12,757 shareholders.

Unfortunately, the negative security markets have also affected the bank's shareholders in 2007, and they have seen a decrease in the share price of 22 %. However, this must be seen in the light of the fact that since 2000, the shareholders have had an average return of more than 34 % per year. Furthermore, it must be added that based on key figures at the end of 2007, the bank's share was among the most inexpensive shares within the banking sector.

The estate of Kaj Paustian, Monaco, has stated that it owns more than 5 % of the bank's equity.

Expectations for 2008

Skjern Bank expects a slow-down in the cyclical development in society in 2008, and to the bank's management there is no doubt that 2008 will be a more difficult year than 2007. But among other things because of the establishment of new branches, the bank also expects a continued, sensible addition of new customers and therefore a new business scope, although the growth will be lower than what we have seen during recent years.

The costs will in 2008 be increased because of the establishment of new branches in Hellerup and Aarhus and the construction of a new property for the branch in Varde. However, as both businesses and private households are still well financially speaking, there are no immediate indications that write-downs on lending will develop dramatically. For price adjustments for bonds and shares, the prospects are, however, more varied, and much will depend on whether the development in the financial markets stabilises.

In the light of the above, Skjern Bank expects the result for 2008 before price adjustments, write-downs and taxes to be in the interval DKK 80-90 million.

Material events after the date of the balance sheet

No material events have occurred after the date of the balance sheet which have affected the bank's profit and loss account 2007, balance sheet or financial position as at the 31st December.

2. Customer and market situation

Skjern Bank continued to attract many new customers, and at the end of 2007, the bank had about 23,000 customers, corresponding to a net addition of 5 %. All branches have an increased number of customers. Even in the bank's core area around Skjern, where our market share is already large, we have seen a handsome addition of new customers. Furthermore, the new branch in Hellerup has got a good start. The branch, which opened after the summer holidays in 2007 in temporary premises in Tuborg Havn, will in mid-February 2008 move to permanent premises at the address Strandvejen 143 in Hellerup. The new branch will be the bank's first cash-less branch.

In 2007 the bank has seen a nice addition of primarily investment customers in the Faeroe Islands where we appointed a customer consultant in April 2007.

In Aarhus Skjern Bank still intends to open a new branch in 2008 in the property of Mejlborg at Kystvejen 65.

Product and price reorganisation

In 2007, Skjern Bank has implemented an extensive product reorganisation, after which the number of products and prices has been reduced considerably, which has made it easier for both the customers and the bank's employees to get an overview of the bank's offers.

The reorganisation does not mean that the bank will not launch new products. In 2008 the bank will launch a brand new concept for the bank's senior customers. This will happen under the heading +50, where we will introduce a brand new experience universe in the form of among other things travel offers, cultural experiences and events, both locally, nationally and internationally.

3. Development in the Individual Business Areas

In 2007, Skjern Bank has seen continued, large growth. All business areas show progress, but the year's growth was in particular driven by increased deposits and lending.

Loans and Advances

The growth in Skjern Bank's lending fell considerably in 2007 compared with the previous year.

The sale to agriculture, trade and industry has developed strongly during the year. Among private customers, there has been a certain decline in the level of activity towards the end of the

year, but the bank's private customers still focus a good deal on investments with main emphasis on their home. This development together with the influx of new customers and a handsome increase in the bank's own home loans, the provision of loans through Totalkredit has increased by about 7 % to DKK 2,500 million in 2007. However, the number of loan conversions is still limited, which is a natural consequence of the development in interest rates throughout 2007 which has only to a limited extent made it attractive for our customers to convert their loans.

For 2008, the bank expects additional slowing down of the growth in lending to an interval of 10-20 %.

Deposits

For the first time in four years, Skjern Bank has in 2007 recorded a larger growth in deposits (+38 %) than in lending (+25 %) and in absolute terms, the growth in deposits (DKK +735 million) was almost as large as the growth in lending (DKK +770 million). It is a favourable development which indicates that the deposits will again to a larger extent be able to contribute to financing the growth in lending.

In 2008, the bank will continue the intensified efforts to attract deposits.

Investments

In 2007, Skjern Bank has maintained a high level of activity within the investment area. The customers still deal extensively in shares and want to draw on the bank's investment advice before carrying out their transactions. It is our starting point that most private customers should invest with a specific time horizon, and after the instability on the financial markets towards the end of 2007 and the beginning of 2008, many shares have been quite inexpensive on the basis of key figures. In particular the financial shares have been disproportionately hard hit.

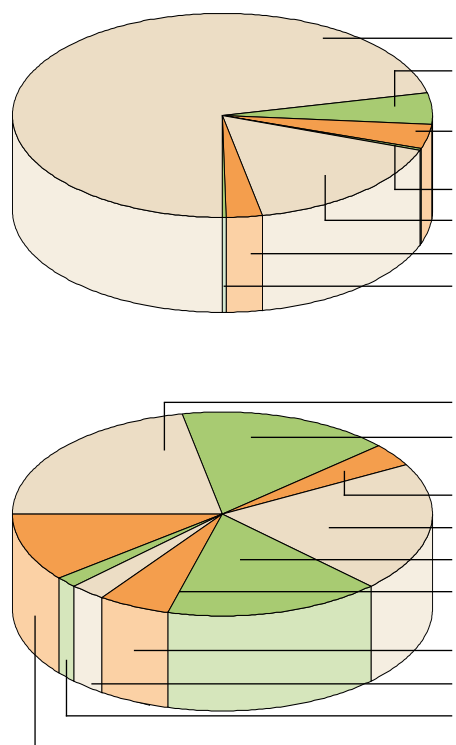
In spite of the decline in the share market, more than 70,000 transactions were implemented in 2007 compared with about 55,000 the previous year. However, the customers' total deposits have decreased by 8 % to DKK 4,100 million. The development reflects partly the general price reduction for shares towards the end of the year, partly the fact that part of the customers have reduced their exposure within the security market.

How we earned DKK 100

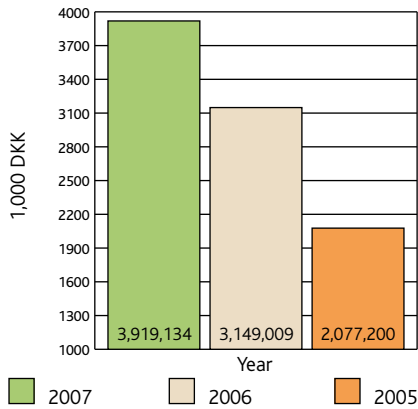
Interest from loans and other receivables	71,25
Interest from credit institutions and central banks	5,12
Interest from bonds and dividend from shares	3,99
Other interest receivable	0,28
Fees and commission income	16,24
Value adjustment	2,77
Other ordinary income	0,35
Total	100,00

How we used DKK 100

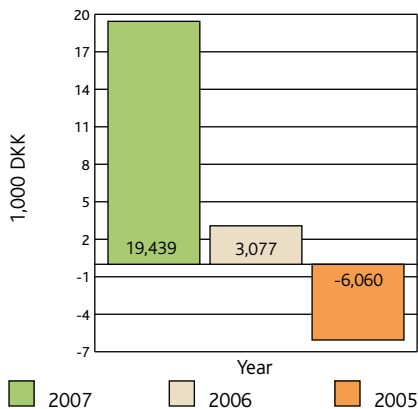
Interest to deposits	21,99
Interest to credit institutions and central banks	16,36
Other interest and charges payable	3,62
Staff costs	20,67
Other administrative expenses	16,59
Depreciation and write-downs on intangible and tangible assets	0,04
Write-downs on loans etc.	5,60
Tax	2,68
Proposed dividend to shareholders	1,62
Appropriation of profits	10,83
Total	100,00



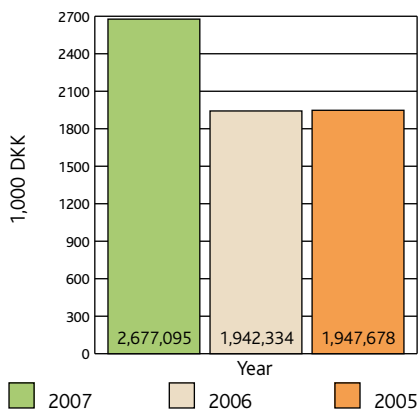
Loans and other receivables



Write-downs on loans etc.



Deposits



MIFID

Under the designation MiFID (Markets in Financial Instruments Directive), new EU regulations were introduced in Denmark as at 1 November 2007 regarding security transactions, etc., controlling a number of different types of transactions in financial instruments, including shares, bonds and foreign exchange. The MiFID directive also introduces a new set of rules on investor protection which involves a tightening of the Danish rules on good practices within securities – not least as far as investment advice is concerned.

The implementation of MiFID has required extensive investments in IT systems, organisation and internal training. However, we see these investments as an asset to the bank, a.o. as a consequence of strengthened advising competence.

In Skjern Bank we have, chosen to use MiFID actively to strengthen our customer advice services and as a tool to put together

the customers' investments in a good way – among other things on the basis of individual risk profiles. In connection with MiFID we have also reviewed our advice procedures and updated our rules regarding the storing of securities, trade conditions, prices, costs, just as we have prepared policies for the execution of orders and handling of possible conflicts of interest, etc. At the end of October, all active investment customers of the bank received individual information about the significance of the set of rules for each customer, and the entire set of rules and our policies within the area are available on the bank's website: www.skjern-bank.dk

For 2008, Skjern Bank expects a certain dampening of the customers' investment activity, unless the financial markets are normalised during the first part of the year.

Pensions and Insurance

The total deposits in pension schemes increased in 2007 by over 20 % to DKK 230 million. This development must be seen in the light of the fact that during recent years Skjern Bank has intensified its efforts within the pension area considerably. In 2007 the bank has among other things developed a new pension product under the heading Kombi pension. As indicated by the name, this new product combines investment and saving – by the way with a rate of interest of no less than 5.0 % p.a. for the saving part guaranteed until 1 January 2009.

For 2008, we expect continued growth within the pension area, among other things as a consequence of the launching of "letpension", a new joint life assurance and pension company of which Skjern Bank is a co-founder together with more than 100 other financial institutions. The market launch has now finally been fixed at the second half of 2008, and the bank is looking forward to that. We expect that "letpension" will both contribute to strengthening our competitive situation within the pension area and enable us to offer our customers new solutions within pensions.

Within insurance, Skjern Bank has in 2007 strengthened the organisation by appointing an insurance consultant, who offers advice in non-life insurance.

4. Risk management

Skjern Bank continually develops its tools for identification and management of the risks by which the company is affected in its day-to-day activities. The Board of Directors will establish the overall framework and principles for the risk and capital management and receives continual reports on the development in risks and the utilisation of the risk framework allocated.

As from 1 January 2007, new and very extensive guidelines have been introduced for the calculation of the risks of financial institutions according to the so-called Basel II set of rules.

Credit risk

Credit risk is defined as the risk that one party to a financial transaction will inflict a loss on the other party as a consequence of the failure to meet an obligation.

Basel II assumes the use of advanced models for the calculation of credit risks. Skjern Bank has chosen the so-called standard method, and the bank has also chosen to use the transitional scheme – i.e. that the bank will not implement Basel II fully within the credit risk area until the start of 2008.

Skjern Bank's risk management policy has been arranged with a view to ensuring that transactions with customers and credit institutions will always be within the framework adopted by the Board of Directors.

The responsibility for following up accounts will lie with the individual departments. Expansion of existing accounts will, however, be processed by the central credit department. Furthermore, all accounts will be monitored centrally, and accounts above a certain size will be reviewed annually. Furthermore, the Board of Directors will implement an annual review of assets for a selected customer area. In 2007, the bank's agricultural segment has been reviewed.

All the bank's credit customers are classified in a group for private and commercial customers, respectively. Non-performing loans are not included in the classification. For private customers, the

classification is made on the basis of available amount, security and actual capital, whereas commercial customers are classified on the basis of earning, equity and security. Each segment consists of four risk classes.

In 2007, the bank has had special focus on agriculture. We are aware that in particular pig farms are at the moment under pressure because of historically poor relations between the price of feed units and the payments from the slaughterhouses. It is the opinion of the bank that the situation will accelerate the ongoing structural development towards still larger units. In general, it has been possible to manage the difficult conditions because of increasing land prices.

Furthermore, we have focussed particularly on mink farms because of heavy fluctuations in the prices.

Market risk

Market risk expresses the risk that the market price for a financial instrument will change.

Skjern Bank's market risk is controlled on a daily basis through fixed limits for a large number of risk targets. Management of the bank's surplus liquidity involves investing the bank's funds in the share, bond and foreign exchange market in order to optimise the return on the bank's liquid funds.

The bank's Board of Directors and Management have set up clear guidelines for the risks which the bank wants to accept for shares, bonds, foreign exchange, interest, etc.

The main characteristics in our market strategy remain unchanged:

Foreign exchange risk: The foreign exchange risk is an expression of how changes to foreign exchange rates may affect the current value of the bank's foreign exchange positions. Skjern Bank has a very modest risk, as the bank's outstanding amounts in foreign currencies is covered continually. At the end of 2007, the total foreign exchange risk amounted to 0 % of the core capital after deductions.

Interest risk: Interest risk is an expression of how changes to current interest rates may affect the current value of the bank's assets which are covered by a fixed rate of interest. The interest risk primarily occurs around the bank's bonds and loans and advances with a fixed rate of interest. The bank's own holding primarily includes Danish bonds, and at the end of 2007, the bank's total interest risk amounted to 0.4 % of the core capital after deductions.

Share risk: The share risk is an expression of how changes to share prices may affect the current value of the bank's shares. The share risk is a consequence of the mix of the bank's exposure to shares where the investments are distributed among a large number of primarily Danish shares. At the end of 2007, the bank's total shareholding exclusive of the holding of sector shares amounted to 17 % of the bank's equity.

Liquidity risk

From a risk perspective, the management of the bank's liquidity resources and funding has for several years been a material focus area. This focus has definitely not been reduced in 2007 where the bank sector as such has experienced a serious liquidity crisis, and the bank is continually developing its risk management system.

In general, Danish financial institutions are these years facing a net deposit deficit, among other things because the customers prefer investing liquid funds in securities. This situation means that most Danish financial institutions – including Skjern Bank – act on the international loan market in order to secure the necessary liquidity for continued development.

Until the summer of 2007, liquidity on the international loan market has been both inexpensive and abundant, but the liquidity crisis has led to some limitation of the possibilities. However, Skjern Bank has strengthened its liquidity resources considerably in the course of 2007 on appropriate long-term conditions. The result is that at the end of 2007, the bank had an excess solvency compared with the statutory requirements of 91 % compared with 41 % at the end of 2006.

The lenders include several capital providers primarily in Germany, Austria, Luxembourg, and to a smaller extent in Denmark. The bank is not dependent on individual lenders, just as the bank has divided the loans into appropriate terms.

Furthermore, the efforts to attract deposits have been intensified, among other things through a number of special types of deposit for different customer segments.

Operating risk

Operating risk is defined as the risk of financial losses as a consequence of errors in internal processes, human mistakes, system errors or losses as a consequence of external events.

IT security. Skjern Bank also has IT strategies aimed at protecting the bank's systems and data against unauthorised access and abuse by third parties and ensuring compliance with statutory requirements and the like as well as compliance with other significant requirements in this field.

Key persons and knowledge All key persons at strategically important positions are covered by customer and competition clauses.

Compliance. In connection with the implementation of MiFID, Skjern Bank has established a compliance function to contribute to ensuring that we will at any time observe both external and internal requirements.

Control. The bank wants a strong control environment and has therefore strengthened the internal audit function. Furthermore, precise control standards, etc., have been prepared.

Supplier dependence and supply security. Skjern Bank has entered into a number of strategic alliances with external partners. A number of these alliances have been entered into jointly with other local banks. This means that we participate in a partnership under which joint solutions are provided that entail a business volume of such a size that, together, we will always be an interesting partner for a supplier.

Insurance strategy. The bank wishes to be covered by insurance schemes in all its major business areas. All insurance areas are revised at regular intervals, and external expertise is used to the necessary extent in this connection.

Force majeure strategy. Plans have been prepared for how to handle situations involving robbery, bomb threats, fire, and power failure.

Furthermore, Skjern Bank is developing and implementing models and methods for a strengthened quantitative and qualitative risk assessment as part of observing Basel II.

5. Column 3 information

According to § 60 of the capital requirement order, the bank is obliged to disclose a large number of other types of information - the so-called "column 3" information. Column 3 includes requirements regarding disclosing detailed information about risks, capital structure, capital adequacy, and risk management, etc. A number of the types of information appear from the annual report. Further information disclosed under this order is published on the bank's website: www.skjernbank.dk

6. Transparency information

Under the EU transparency directive and the order on annual accounts issued by the Danish Financial Supervisory Authority, Skjern Bank must publish the below information about the company in its annual report.

Share capital

At the end of 2007, Skjern Bank A/S had a share capital of DKK 22,560,000 divided into 1,128,000 shares of DKK 20. The share capital has not been divided into classes.

All shares have been listed at OMX Den Nordiske Børs Copenhagen.

The estate of Kaj Paustian, Monaco, has stated that it owns more than 5 % of the bank's equity.

Voting right

In its Articles of Association, the Bank has adopted a limitation to voting rights so that the voting right is exercised with one vote for each share amount of up to a nominal value of DKK 1,000. Subsequently, each share for a fraction DKK 1,000 shall give an additional one vote up to five votes, which is the highest number of votes any shareholder - including any legal entity - shall be able to cast on his/her own behalf.

If the shareholder/shareholders is/are represented by a proxy who is not a shareholder - including a legal entity - such proxy

shall be able to cast a total of up to five votes. If the shareholder also has power of attorney from other shareholders - including legal entities - such shareholder shall be entitled to cast a total of up to 10 votes.

Amendments to the Articles of Association

Amendments to the Articles of Association can be adopted when at least 1/3 of the share capital is represented at the General Meeting and if the proposal is adopted by minimum 2/3 of both the votes cast and of the share capital with voting right represented at the General Meeting.

If 1/3 of the share capital is not represented, but the proposal has been adopted by 2/3 of both the votes cast and of the share capital with voting right represented at the General Meeting, the Board of Directors shall within 14 days call a new General Meeting at which the proposal can be adopted by 2/3 of the votes cast regardless of the size of the represented share capital.

Management

The General Meeting is the bank's ultimate authority. The General Meeting elects a committee of shareholders of up to 30 members who must be shareholders. The shareholders are elected for a 4-year period. The members of the Board of Directors are elected among the members of the committee of shareholders and consists of 3-5 members. Board members are elected for 2-year periods so that up to 2 members shall retire each year. Re-election is possible.

Furthermore, the Board of Directors includes two members elected by and among the bank's employees. They are elected according to the legislation for four years.

After consultation with the committee of shareholders, the Board of Directors is authorised to expand the share capital by up to DKK 7,440,000 to DKK 30,000,000 through one or more shares issues. The authorisation applies until 1 April 2012.

Furthermore, the Board of Directors is authorised to change the nominal value of the shares of Skjern Bank within a framework of DKK 20 to DKK 1 per share.

Furthermore, the Board of Directors has the following authority regarding the possibility of acquiring the company's own shares.

Each year at the Ordinary General Meeting, the bank asks the shareholders' permission to acquire up to a total nominal value of a total of 10 % of the bank's share capital, cf. the stipulations in § 48 of the Danish Companies Act.

The bank wants this authority with a view to always being able to meet the wish of customers and investors to buy or sell Skjern Bank shares.

7. Capital adequacy ratio and solvency

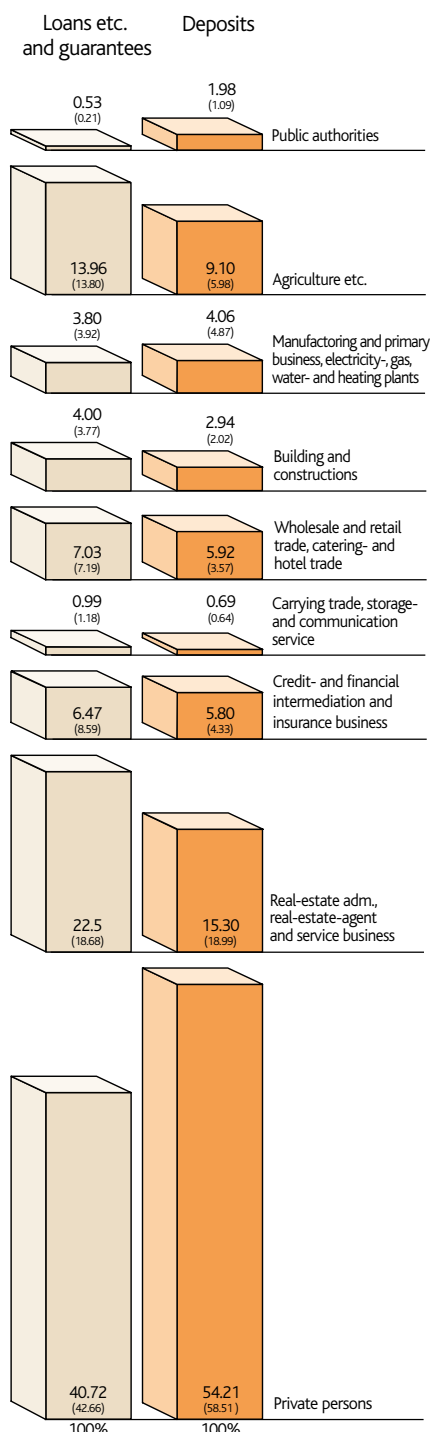
The new Basel II set of rules has as from 1 January 2007 introduced new requirements regarding documentation of sufficient basic capital and solvency.

When calculating the solvency requirement of the bank, Skjern Bank has used the model prepared by Lokale Pengeinstitutter in which the solvency requirement is established from 0 %. At the same time, stress tests have been carried out. The object of these stress tests is to disclose the effect of large changes to a number of parameters. The parameters of the stress tests include major increases in write-downs, large share price reductions, large interest rate increases, large reductions in property prices, and increased foreign exchange risks and counterpart risk.

The result of the above stress tests has been incorporated in the solvency requirement model so that Skjern Bank must as a minimum have a capital which will cover the deficit which would arise if the scenarios in question occur. The total effect of the stress tests on the solvency requirement is calculated by comparing the total result effect with the weighted items.

In the light of this, the management of the bank has assessed whether the basic capital is sufficient to support future activities and how the bank's growth expectations affect the calculation of the solvency requirement.

The calculation shows that the bank has sound capital resources with a considerable excess solvency. The total solvency requirements if all negative scenarios should occur at the same



▲ Deposit, loans etc. and guarantees distributed on sectors and branches. 2006 figures in brackets.

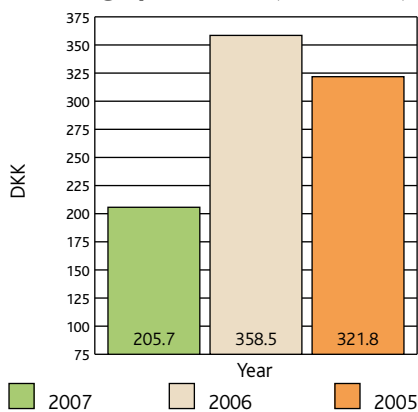
time can be calculated at 8.7 %. Objectively, this figure is an expression of the minimum solvency required from the bank. However, Skjern Bank wants at any time to maintain a capital structure which will ensure a high solvency rate considerably above the statutory requirement of 8 % and also considerably above the solvency requirement calculated according to the new Basel II rules, and at the end of 2007, the actual solvency could be calculated at 13.5 %.

Capital Structure

At the end of 2007, the bank's capital structure consisted of the following elements:

Equity including the share capital and profits earned, a total of DKK 536.3 million.

Earnings per share (DKK 100)



Hybrid core capital, a total of DKK 70.0 million. Together, these two items form the core capital, amounting to DKK 566.1 million after statutory deductions.

In addition to this, the capital basis consists of subordinate loan capital of DKK 150 million.

Together the above three elements form the basic capital, amounting to DKK 686.2 million after deductions.

8. Organisation development

In 2006 the bank's management decided, as a strategic initiative, to strengthen the bank's organisation by upgrading the bank's staff functions. In the course of 2007 the following has been achieved:

- Strengthening of the bank's top management by appointing a development manager who will as at 1. January 2009 be appointed Deputy Director.
- Strengthening of the credit department after which the bank is well prepared within the credit area.
- Establishment of a compliance function to ensure that the bank will at any time observe external statutory requirements and internal business procedures.
- Strengthening of the internal audit function.

Furthermore, the bank's IT, marketing and HR functions have been strengthened, and we are also preparing a strengthening of the bank's accounting function.

The HR area has generally been given a higher priority. Skjern Bank gives priority to staff development and welfare and we participate in the competition to become Denmark's best workplace via Great Place to Work. Also in 2007 we achieved a good result.

In 2007 we have been working on the implementation of the bank's key values - efficiency, individual solutions and presence - internally in relation to the employees. Among other things we have introduced individual employment contracts for all employees.

Finally, the bank has in 2007 strengthened its focus on qualification of the staff through education and training. This focus will be intensified further in 2008, among other things through the establishment of our own targeted management education at a high professional level.

The many efforts in the organisational area have contributed considerably to improving the bank's professional level, but they have also increased our costs. It is therefore necessary to continue to expand our business and create increased growth, but basically, at the end of 2007 Skjern Bank has the strongest foundation ever for a continued, good development.

Incentives programme

Since 2000, Skjern Bank has had an employee bonus programme which is the same for all the bank's employees, and which makes it possible for employees to achieve a bonus of up to DKK 30,000 either as a cash payment or in the form of shares held in trust. In addition to this, the Management is covered by a bonus scheme which might for 2007 have led to a bonus of DKK 200,000 depending on the bank's result before taxes. However, no bonus was paid for 2007.

There are no other types of incentives programmes, option schemes or the like for either the bank's employees, Management Board or Board of Directors.

9. The IT Area

Skjern Bank outsourced the material IT operations to the bank's data processing centre, Bankdata, in 2006, which has resulted in a significant improvement in the data processing standard. The bank's employees today use so-called thin clients, which minimises the risk of technical breakdowns. With the new solution, the employees will also always have access to the latest software platform.

In 2007, the bank's investment departments in Skjern and Esbjerg were hooked up to each other with a permanent video conference link, which is expected to contribute to synergies in relation to consultancy services for the bank's investment customers, internal sparring and current market monitoring.

During the summer of 2007, we also initiated the preparations for a new electronic future with electronic customer files, includ-

ing scanning of documents and mail. The aim is to prepare for the introduction of electronic registration which was originally scheduled to start during Easter 2008, but which has been postponed to November 2008.

The technological development strengthens the platform in order to provide the customers with quicker and more efficient service and advice. In co-operation with Bankdata we are thus preparing the implementation of new systems for automatic handling of credits and granting of loans and advances. The idea of the new system is it should be possible to grant loans to private customers directly by the individual account officer or automatically via home banking. The new system includes a large rationalisation potential which is to be implemented in 2009.

10. Corporate Governance

Danish listed companies must give an account of how they comply with the Committee for Corporate Governance's recommendations for good company management - also known as Corporate Governance.

Ever since the so-called Nørby Committee's first set of recommendations for corporate governance was published in 2001, Skjern Bank has continuously considered and acted on the recommendations. And in 2007, the bank's Board of Directors has assessed the situation thoroughly to decide if the bank should change its attitude to the set of rules. Among other things, the Board of Directors has considered introducing a limitation to the period of membership of the Board of Directors or the committee of shareholders; the bank has, however, decided not to introduce time limits at the moment. It has, however, been decided to introduce voting by ballot, just as the Board of Directors is systematically carrying out self-assessment on the basis of surveys.

The following contains a summary of an update of the bank's attitude to the code on corporate governance. At our website, we have given a detailed account, in accordance with the "follow or explain" principles, of the recommendations that we do not follow fully.

The recommendations are divided into the following eight principal sections.

1. The shareholders' role and interaction with the management. Skjern Bank partly follows the recommendations. However, the bank has a restriction on voting rights, which means that no shareholder may cast more than 5 votes. In the Board of Directors' opinion, a scrapping of these protection rules will entail a high risk that the bank's share will become the object of short-sighted speculation, and the Board of Directors consequently has no intention to propose an amendment to the Articles of Association on this. Conversely, the Board of Directors does not find that there is currently any need to introduce further restrictions or protection rules.

2. The stakeholders' role in and importance to the company. Skjern Bank follows the recommendations.

3. Openness and transparency. Skjern Bank essentially follows the recommendations.

4. The Board of Directors' duties and responsibility. Skjern Bank follows the recommendations.

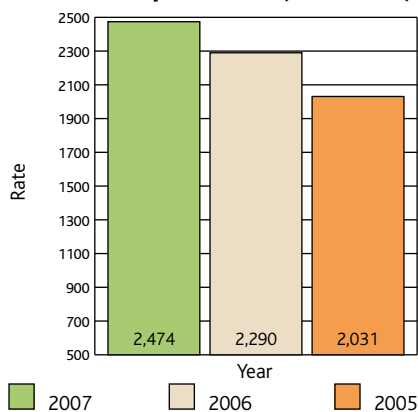
5. The Board of Directors' composition. Skjern Bank generally follows the recommendations. The Board of Directors has discussed whether it would be expedient to introduce a time limitation on the total term of office for which members of the Board of Directors may be elected, but the Board of Directors does not currently find that there is need to limit the term of office for Board members in the Articles of Association. The Board of Directors carries out self-assessment by means of forms on a continuous basis and lays down requirements for its own development and training to ensure that it constantly has the necessary competence and ability to handle the Board work as effectively as possible to the benefit of the bank.

6. Fees to the Board of Directors and the Management Board. Skjern Bank follows the recommendations.

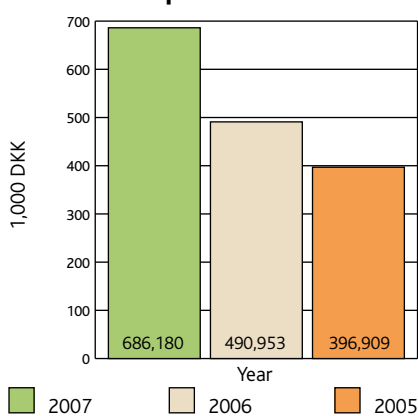
7. Risk management. Skjern Bank follows the recommendations.

8. Auditing. Skjern Bank follows the recommendations.

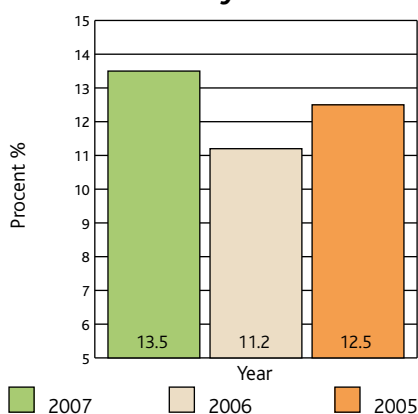
Bookvalue per share (DKK 100)



Capital Base



Solvency ratio



5 years in summary (1.000 DKK)

2007 **2006** **2005** **2004** **2003**

Profit and loss account

Net income from interest	135.246	124.374	94.334	91.319	88.944
Dividend on shares	3.909	3.567	1.076	1.399	954
Charges and commission, net	51.541	47.790	41.026	32.274	28.155
Income from core business	190.696	175.731	136.436	124.992	118.053
Value adjustments	7.920	54.867	41.237	25.123	52.426
Other ordinary income	1.216	911	725	3.713	2.927
Staff cost and administrative expenses	129.356	115.679	91.693	80.288	73.711
Depreciation of intangible and tangible assets	153	21.106	6.150	5.059	3.398
Write-down on bad debts (net)	19.439	3.077	-6.060	12.237	25.904
Profit on equity investments in non-affiliated and affiliated companies	1.687	387	198	-6	108
Operating result	52.571	92.034	86.813	56.238	70.501
Taxes	9.320	24.627	26.312	16.543	14.138
Profit for the year	43.251	67.407	60.501	39.695	56.363

Balance as pr. 31st December

summaryr

Total assets	5.358.137	4.148.826	2.747.664	2.452.457	2.157.825
Loans and other receivables	3.919.134	3.149.009	2.077.200	1.718.538	1.495.211
Guarantees etc.	1.718.261	1.526.399	1.532.250	1.099.254	869.186
Bonds	253.271	234.939	102.489	104.043	85.361
Shares etc.	213.388	197.996	155.952	88.979	96.534
Deposits	2.677.096	1.942.334	1.947.678	1.783.936	1.550.352
Subordinated debt	220.000	120.000	75.000	50.000	50.000
Total equity	536.276	424.092	379.469	324.971	263.080
of which proposed dividend	5.640	4.700	9.400	4.700	2.940
Capital Base	686.180	490.953	396.909	363.761	288.499

Financial ratios

(figures in pct.)

Solvency ratio	13,5	11,2	12,5	14,7	13,8
Core capital ratio	11,1	11,1	11,3	12,5	12,3
Return on equity before tax	10,9	22,9	24,7	19,1	26,8
Return on equity after tax	9,0	16,8	17,2	13,5	20,9
Earning/expense ratio in DKK	1,35	1,66	1,95	1,59	1,63
Interest rate risk	0,4	0,8	1,1	-0,1	0,5
Foreign currency position	14,8	13,2	9,4	6,4	8,2
Foreign currency risk	0,0	0,1	0,0	0,0	0,2
Loans etc. against deposits	149,5	165,5	109,8	100,0	102,2
Statutory liquidity surplus	90,7	41,0	23,0	86,2	97,1
Total large commitments	109,4	165,0	98,5	88,4	71,2
Loans and debtors at reduced interest	0,4	0,4	0,6	0,7	0,8
Accumulated impairment ratio	1,5	1,5	1,8	3,6	3,9
Impairment ratio for the year	0,3	0,1	-0,2	0,5	1,2
Increase in loans etc. for the year	24,5	51,6	20,9	13,6	10,9
Ratio between loans etc. and capital funds	7,3	7,4	5,5	5,5	5,4

(value per share 100 DKK)

Earnings per share	205,7	358,5	321,8	206,7	255,3
Book value per share	2474	2290	2031	1604	1329
Rate on OMX Den Nordiske Børs København A/S ..	2950	4350	3184	2615	2100
Dividend per share	25	25	50	25	15
Market value/net income per share	14,3	12,1	9,8	12,7	8,2
Market value/book value	1,19	1,90	1,57	1,63	1,58
Number of employees by 31st December	141	125	119	108	98

Accounting policies

General information

The annual report has been prepared in accordance with the Danish legislation on financial activities.

Furthermore, the annual report has been prepared in accordance with the order issued by the Danish Financial Supervisory Authority on the financial reporting of financial institutions.

Furthermore, the annual report has been prepared in accordance with OMX Den Nordiske Børs København A/S's information obligations to the extent that the legislation on financial activities and the current regulations of the Danish Financial Supervisory Authority, respectively, do not stipulate a different practice.

The accounting practice used remains unchanged compared with last year.

Accounting estimates

When calculating the book values of certain assets and liabilities, estimates have been made regarding the effect of future events on the assets and liabilities in question on the date of the balance sheet.

Such estimates are based on assumptions considered justified by the Management, but which are uncertain.

The final, actual results may thus deviate from the estimates made, as the bank is affected by risks and uncertainties which may affect the estimates.

So far, the bank has based the calculation of group depreciations on a qualified estimate.

The group depreciation for 2007 has been calculated on the basis of the segmentation model developed by the association Lokale Pengeinstitutter.

The transition to the new model has been considered a change to accounting estimates, and the effect amounts to DKK 83,000 before taxes as at 1. January 2007.

Foreign currency balances

Assets and debts in foreign currencies are stated at the balance sheet date at the prices listed from Danmarks Nationalbank.

Currency spot transactions are market value adjusted at the balance sheet date in accordance with the spot rate.

Market value adjustments are continuous carried out in the profit and loss account.

Financial instruments

Financial assets and liabilities are in general measured at fair value on the balance sheet date unless specific mentioned below.

The first recognition is measured at fair value

Likewise the settlement date is used as the date of recognition for financial instruments.

Profit and loss account

Interest and provisions, etc.

Interest income and interest expenses are recognised under the accruals concept and are included in the period they concern.

Interest received on loans on which a write-down has been performed is included under the item "write-down's on loans and other receivables" for that part of the loan that has been written down and is therefore offset in write-down's for the year.

Commission and fees that are an integral part of the effective interest rate on loans are recognised as part of the amortised cost and thereby as part of the interest income under loans.

Commission and fees that are part of ongoing payments are accrued over the term.

Other fees, commission, and dividends are recognised in the profit and loss account on receipt.

Expenses for personnel and administration

Expenses for personnel include wages and salaries, social contributions, and pensions, etc., for the bank's personnel.

Costs of incentive schemes are included in the profit and loss account for the accounting year to which the cost is attributed.

Pension schemes

The bank has entered into contribution-based pension schemes with all personnel at a percentage of working hours of eight hours per week and above.

Where the contribution-based schemes are concerned, the bank pays fixed contributions to an independent pension fund.

The bank has no further obligation to pay other contributions.

Write-downs on loans and advances

Loans and advances, etc. are written down either individually or on a group basis when an objective indication of deterioration in the debtor's ability to pay has been ascertained and this will result in a decrease in the estimated cash flow.

The write-down is reversed if there is no longer an objective indication of deterioration in the debtor's ability to pay.

Specific information regarding group write-downs

For loans and advances which have not been written down individually, a group estimate is made to establish whether an objective indication of a deterioration of the value has occurred.

The group estimate is made for groups of loans and advances with similar characteristics as far as credit risks are concerned. The bank uses eleven groups: one group consisting of public authorities, one group of private customers and nine groups consisting of commercial customers, such commercial customers being divided among lines of business.

The group estimate is made through a segmentation model developed by the association Lokale Pengeinstitutter which is in charge of the current maintenance and development. The segmentation model establishes the connection in the individual groups between established losses and a number of significant explaining macro-economic variables via a linear regression analysis. The explaining macro-economic variables include unemployment, housing prices, interest rates, number of bankruptcies/forced sales, etc.

The macro-economic segmentation model is in principle based on loss data for the entire financial institution sector. Consequently, the bank has assessed whether the model estimates are to be adapted to the credit risk for the bank's own loan portfolio.

This estimate has led to an adaptation of the model estimates to the bank's own conditions for most groups, after which the adapted estimates will form the basis of the calculation of the group write-downs. For each group of loans and advances, an estimate is calculated as an expression of the percentage of deterioration involved in a specific group of loans and advances on the date of the balance sheet. By comparing the original loss risk of the individual loan and the loss risk of the loan at the start of the accounting period in question, the individual loan's contribution to the group write-down is calculated. The write-down is calculated as the difference between the book value and the discounted value of the expected future payments.

Tax

Tax on the annual results, which is calculated on the basis of the on-account taxation scheme, includes the calculated tax that must be paid on the taxable profit for the year, changes in deferred tax, tax on provisions, and the adjustment of calculated tax for previous years.

That part of tax that can be attributed to entries directly in equity is booked directly in equity.

Provisions have been made for deferred tax at 25% of all timing differences between the net profit or loss and taxable result.

Balance sheet

Loans

Loans are measured at amortised cost, which normally corresponds to nominal value with the deduction of initial expenses and deductions for write-down for losses.

Write-down is carried out individually and on a group basis.

Bonds and shares, etc.

Bonds traded on active markets are measured at fair value. Fair value is calculated in accordance with the officially listed prices at the end of the year (closing prices). Bonds and mortgages that are held to maturity are measured at amortised cost.

Listed shares are stated in accordance with the officially listed prices at the end of the year (closing prices).

Unlisted shares are stated in accordance with fair value at the end of the year.

Value adjustments on bonds and shares are continuous carried out in the profit and loss account.

Equity investments in non-affiliated companies

Equity investments in non-affiliated companies are recognised and measured at equity value, which means that the equity investments is recognised and measured as the proportionate share of each company's equity value at the end of the year.

The bank's share of the companies results after taxes are recognised in the profit and loss account.

Land and buildings

Land and buildings includes

- owner-occupied properties comprising the properties from which the bank operates its banking activities, and
- investment properties comprising all other properties owned by the bank.

Owner-occupied properties are measured in the balance sheet as revalued, which is fair value calculated in accordance with the annual rate of return method with the deduction of accumulated depreciation and any loss in connection with impairment.

Depreciation is booked in the profit and loss account.

Revaluation is carried out frequently enough to ensure that there is no significant difference between this and fair value.

External experts were involved in measuring the owner-occupied properties as far as the bank's head office at Skjern is concerned.

Increases in the revaluation of the owner-occupied properties are booked under revaluation reserves under equity.

If an increase in the reassessed value is balanced by a previous decline and thereby included in the profit and loss account for previous years, the increase is included in the profit and loss account.

Decreases in the revaluation are booked in the profit and loss account unless this is a question of reversals of prior revaluations.

Owner-occupied properties are depreciated on a straight line basis over 50 years on the basis of the cost price adjusted for write-ups, if any

Investment properties are measured in the balance sheet at fair value calculated in accordance with the annual rate of return method.

Ongoing changes in fair value for investment properties are booked in the profit and loss account.

External experts were not involved in measuring the investment properties.

Other tangible fixed assets

Other tangible fixed assets are measured at cost with the deduction of accumulated depreciation, amortisation, and write-down's.

Amortisation is carried out on a straight line basis over three to five years on the basis of the purchase price.

Depreciations are recognised in the profit and loss accounts.

Derivative financial instruments

All derivative financial instruments, including forward transactions, futures, and options in bonds, shares, currency, interest rate and currency swaps are measured at fair value.

Translation adjustments are included in the profit and loss account.

Positive market values are recognised under other assets, while negative market values are recognised under other liabilities.

Hedge accounting

The bank has not established hedging measures for hedge accounting.

Tax assets and tax liabilities

Current tax liabilities and current tax receivables respectively are recognised in the balance sheet as computed tax on the taxable profit for the year adjusted for on-account tax paid.

Deferred tax is recognised on all taxable temporary differences between the carrying amount and the tax base on assets and liabilities.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised in the balance sheet at the value at which it is expected they can be realised, either by offsetting against deferred tax liabilities, or as net assets.

Prepayments

Prepayments recognised under assets include incurred costs for the following financial year.

Prepayments recognised under liabilities include prepaid interest and warranty commission for the following financial year.

Dividends

Dividends are recognised as debts on the date they are adopted by the general meeting.

The proposed dividend for the financial year is shown as a separate item under the note "Information on changes in equity".

Provisions

Provisions, warranties, and other liabilities regarding which there is doubt as to their amount or the date for settlement, are recognised as provisions when it is probable that the liability will mean drawing on the bank's financial resources and the liability can be reliably measured. The liability is calculated at the present value of the costs that are necessary to repay the liability.

Warranties are not measured lower than the commission received for the warranty accrued during the warranty period.

Bond issues

Bond issues are recognised at amortised cost.

Other financial liabilities

Financial liabilities are recognised at amortised cost, which usually corresponds to nominal value.

Own holdings

Acquisition costs and considerations and dividends on own shares are recognised directly in equity.

Profit and loss account

Note:

	2007	2006
	(1,000 DKK)	(1,000 DKK)
1 Interest receivable	276.073	189.145
2 Interest payable	140.827	64.771
Net income from interest	135.246	124.374
Dividend on shares and other holdings	3.909	3.567
3 Charges and commission receivable	56.365	51.715
Charges and commission payable	4.824	3.925
Net income from interest and charges	190.696	175.731
4 Value adjustments	7.920	54.867
Other ordinary income	1.216	911
5, 8, 26 Staff costs and administrative expenses	129.356	115.679
Depreciation and write-downs on intangible and tangible assets	153	21.106
Write-downs on loans and outstandings accounts etc.	19.439	3.077
9 Profit on equity investments in non-affiliated and affiliated companies	1.687	387
Profit on ordinary activities before tax	52.571	92.034
10 Tax	9.320	24.627
Profit for the financial year	43.251	67.407

Proposal for distribution of profit

Profit for the financial year	43.251	67.407
Total amount available for distribution	43.251	67.407
Dividends	5.640	4.700
Transferred to statutory reserves	-1	273
Transferred to retained earnings	37.612	62.434
Total distribution of the amount available	43.251	67.407

Balance Sheet

Note:

2007

2006

(1,000 DKK)

(1,000 DKK)

Assets

21	Cash in hand and demand deposits with central banks	105.808	277.015
11, 21, 22	Receivables at credit institutions and central banks	736.666	175.822
12, 22, 25	Loans and other receivables at amortised cost	3.919.134	3.149.009
13, 22	Bonds at fair value	253.271	234.939
14, 21	Shares etc.	213.388	197.996
15, 27	Equity investments in non-affiliated companies	3.273	696
15	Equity investments in affiliated companies	0	2.010
16	Land and buildings (total)	73.218	56.272
	Investment properties	7.586	8.075
	Owner-occupied properties	65.632	48.197
17	Other tangible assets	8.139	4.175
	Current tax assets	14.327	21.702
	Assets temporarily acquired	239	239
21	Other assets	30.246	28.201
	Prepayments	428	750
	Total assets	5.358.137	4.148.826

Liabilities

	Debt		
18, 21, 22	Debt to credit institutions and central banks	1.836.943	1.581.498
19, 21, 22	Deposits and other debts	2.677.095	1.942.334
20	Bonds issued at amortised cost	3.445	1.797
21	Other liabilities	81.615	65.647
	Prepayments	124	144
	Total debt	4.599.222	3.591.420
	Provisions		
	Provisions for deferred tax	1.639	8.314
	Provisions for loss on guarantees	1.000	5.000
	Total provisions	2.639	13.314
29	Subordinated debt	220.000	120.000
	Equity		
23, 24	Share capital	22.560	18.800
	Revaluation reserves	2.293	2.293
	Other reserves	480	481
	Statutory reserves	480	481
	Retained earnings	510.943	402.518
	Total equity	536.276	424.092
	of this proposed dividend	5.640	4.700
	Total liabilities	5.358.137	4.148.826

Information on changes in equity

Note:

	2007	2006
	(1,000 DKK)	(1,000 DKK)
Share capital beginning-of-year	18.800	18.800
New paid-up share capital	3.760	0
Share capital end-of-year	22.560	18.800
Premium at issue beginning-of year	0	0
Increase by premium	89.995	0
Other movements	89.995	0
Premium at issue end-of year	0	0
Revaluation reserves beginning-of-year	2.293	9.578
Reversal of revaluations made in previous years	0	7.285
Revaluation reserves end-of-year	2.293	2.293
Other reserves beginning-of-year	481	208
Reserve for net reval. under the intrinsic value method	-1	273
Other reserves end-of-year	480	481
24 Retained earnings beginning-of-year	402.518	350.883
Profit for the financial year	43.252	67.134
Sale of own funds	168.004	59.370
Additions relating to sales of own equity investments	89.995	0
Purchase of own funds	190.129	65.172
Distributed dividend (net)	4.635	9.349
Taxation concerning own shares	-1.938	348
Retained earnings end-of-year	510.943	402.518
Total equity	536.276	424.092
of which proposed dividend	5.640	4.700

Capital requirement and solvency

Core capital

Equity	536.276	424.092
Revaluation reserve	-2.293	-2.293
Proposed dividend	-5.640	-4.700
Hybrid core capital	70.000	70.000
Half of equity investments in other financial companies in compliance with law concerning financial activity	-32.228	-24.219
Core capital after statutory deduction	566.115	462.880
Subordinated debt	150.000	50.000
Revaluation reserves	2.293	2.293
Half of equity investments in other financial companies in compliance with law concerning financial activity	-32.228	-24.220
Capital base after deductions	686.180	490.953
Legal capital adequacy requirements	407.242	351.187
Calculated solvency requirement	442.885	364.357

Solvency

Note:

Weighted items ref. to the standard method

Riskweighted exposure

	2007 Exposure (1,000 DKK)	2007 Capital (1,000 DKK)
Exposure against		
the public sector	896	72
institutions	48.003	3.840
companies etc.	1.932.765	154.621
retail customers	1.432.349	114.588
Exposure		
secured by mortgage on property	288.761	23.101
on which arrears or overdraw	606.506	48.520
other items	82.881	6.630
Total riskweighted exposure	4.392.161	351.373

Weighted items with market risk

Bonds etc	159.228	12.738
Shares	84.959	6.797
Foreign Currency	83.864	6.709
Total market risk	328.051	26.244

Weighted items with operational risk

Basic indicator method	372.140	29.771
Total operational risk	372.140	29.771

Total weighed items at the standard method

before group write-down deductions	5.092.352	
Capital demand		407.388
Group write-downs	1.828	146
Total weighed items	5.090.524	
Total capital demand		407.242

Total exposure after write-downs and before consideration of the effect from creditriskreduction

	2007	2006
Weighted items ref. to the standard method	4.392.161	3.790.585
Weighted items with market risk	328.051	265.445
Weighted items with operational risk	372.140	338.812
Group write-downs	- 1.828	-5.000
Total weighed items	5.090.524	4.389.842

Core capital after deduction as a percentage

of total weighed items	11,1	11,1
Solvency ratio	13,5	11,2
Legal solvency requirement	8,0	8,0
Calculated solvency requirement	8,7	8,3

By the 1st January 2007 a new capital adequacy rules became effective. Compared to the rules up till then the making up the solvency ratio of the weighed items has been changed. The comparative figures for year 2006 are not adjusted, as the bank has no possibility to calculate the weighed items by the 31st December 2006 according to the new rules.

Contingent liabilities

	2007 (1,000 DKK)	2006 (1,000 DKK)
Guarantees etc.		
Finance guarantees	271.334	264.845
Guarantees against losses on mortgage credit loans	513.000	483.828
Registration and conversion guarantees	731.277	620.020
Other guarantees	202.650	157.706
Total guarantees	1.718.261	1.526.399
Other contingent liabilities		
Other liabilities	17.356	14.601
Total other contingent liabilities	17.356	14.601

Notes

1	Interest income		
	Receivables at credit institutions and central banks	17.782	7.024
	Loans and other receivables	251.338	177.948
	Loans (interest concerning the written-down part of loans)	-3.960	-2.870
	Bonds	9.929	6.600
	Other derivative financial instruments, total	545	427
	of which		
	Currency contracts	222	353
	Interest-rate contracts	323	74
	Other interest income	439	16
	Total interest income	276.073	189.145
	Of which interest related to genuine purchase and resale transactions	0	0
2	Interest expenses		
	Credit institutions and central banks	56.802	20.469
	Deposits	76.294	37.160
	Bonds, issued	92	5
	Subordinated debt	7.523	6.408
	Other interest expenses	116	729
	Total interest payable	140.827	64.771
	Of which interest related to genuine sale and repurchase transactions	0	0
3	Fees and commission income		
	Securities trading and custody accounts	26.786	26.156
	Payment services	4.875	4.717
	Loan fees	8.579	6.342
	Guarantee commission	13.052	11.666
	Other fees and commission	3.073	2.834
	Total fees and commission receivable	56.365	51.715
4	Value adjustments		
	Bonds	-1.880	3.720
	Shares	8.173	48.944
	Foreign currency	4.768	3.049
	Other financial instruments	-3.141	-846
	Total value adjustments	7.920	54.867
5	Staff costs and administrative expenses		
	Salaries and remuneration of board of directors, managers etc		
	Board of managers	2.177	1.861
	Management board	526	512
	Committee of representatives	163	100
	Total salaries and remuneration of board etc.	2.866	2.473
	Staff costs		
	Wages and salaries	56.840	50.031
	Pensions	5.600	4.909
	Social security costs and payroll tax	6.438	5.266
	Total staff costs	68.878	60.206

	2007 (1.000 DKK)	2006 (1.000 DKK)
	57.612	53.000
	129.356	115.679
6	Average number of employees during the financial year converted into full-time employees	
	131	117
	4	4
	135	121
7	Number of employees at year end converted into full-time employees	
	136	121
	5	4
	141	125
8	Audit fee	
	1.262	1069
	624	344
9	Profit on equity investments in non-affiliated and affiliated companies	
	1.687	185
	0	202
	1.687	387
10	Tax	
	14.946	23.008
	-5.450	-1.414
	-176	3.033
	9.320	24.627
	6.690	45.240
	Deferred taxation	
	(Tax amount)	
	-211	-343
	-434	-113
	1.770	8.743
	1.102	1.039
	-588	-1.012
	1.639	8.314
	Effective tax rate	
	Pct.	Pct.
	25,00	28,00
	-1,41	0,00
	-1,46	5,77
	-4,86	-10,80
	0,46	0,40
	17,73	23,37
	The re-adjustment of tax for previous years is not incorporated in this statement	
11	Receivables at credit institutions and central banks	
	599.504	134.840
	137.162	40.982
	736.666	175.822
	Remaining period	
	717.768	25.090
	4.734	134.840
	14.164	15.892
	736.666	175.822

No assets related to genuine purchase and resale transac. included

	2007 (1.000 DKK)	2006 (1.000 DKK)
12	Loans and other debtors at amortised cost price	
	Remaining period	
	541.790	417.614
	303.119	219.175
	682.299	634.833
	1.823.804	1.467.778
	568.122	409.609
	3.919.134	3.149.009
	No assets related to genuine purchase and resale transac. included	
	Write-downs on loans and other debtors	
	Individual write-downs	
	65.348	61.214
	53.351	25.648
	-26.834	-19.205
	-9.233	-2.309
	82.632	65.348
	160.382	114.242
	Group write-downs	
	0	0
	828	0
	828	0
	3.419.123	0
	Group-provisions for losses on guarantees	
	5.000	5.033
	-4.000	-33
	1.000	5.000
	513.000	483.828
	476	297
	4.382	3.628
	3.960	2.870
	0	0
	0	0
	Loans etc. with suspended calculation of interest	
	20.318	19.989
13	Bonds	
	253.271	234.939
	253.271	234.939
	Bonds at fair value	
	140.978	147.868
	0	2.522
	112.293	84.549
	253.271	234.939
	0	42.500
	The bank has no held-to-maturity assets	
14	Shares etc.	
	92.279	79.496
	9.944	17.146
	104.576	93.780
	6.589	7.574
	213.388	197.996

15	Equity investments in non-affiliated and affiliated companies	2007 Affiliated companies (1.000 DKK)	2007 Non-Affiliated companies (1.000 DKK)
	Total cost price beginning-of-year	1.600	625
	Acquisitions during the year	0	2.667
	Reduction during the year	1.600	499
	Total cost price end-of-year	0	2.793
	Total write-ups/downs and depreciations beginning-of-year	410	71
	Result	0	-1
	Difference in value by acquisition	0	410
	Reversal of write-ups/downs	410	0
	Total write-ups/downs and depreciations end-of-year	0	480
	Book value end-of-year	0	3.273
	of this credit institutions	0	0
	Book value beginning-of-year	2.010	696
	of this credit institutions	0	0
16	Land and buildings	Investment properties (1.000 DKK)	Owner occupied properties (1.000 DKK)
	Fair value - end of previous financial year	8.075	
	Reassessed value - end of previous financial year		48.197
	Acquisitions during the year incl. improvements	0	13.878
	Depreciations		1.049
	Increasing in reassessed value		5.067
	Decreasing by reassessment of value		461
	Adjustment of fair value for the year	489	
	Fair value / reassessed value end-of-year	7.586	65.632
	External experts have been involved by measurement of owner-occupied properties in so far as the banks headquarter.		
17	Other tangible assets		
	Total cost price beginning-of-year	25.376	
	Acquisitions during the year incl. Improvements	7.184	
	Reduction during the year	5.198	
	Total cost price beginning-of-year	27.362	
	Total write-ups/downs and depreciations beginning-of-year	21.201	
	Depreciations during the year	3.220	
	Reversal of depreciations	5.198	
	Total write-ups/downs and depreciations end-of-year	19.223	
	Book value end-of-year	8.139	
	Book value beginning-of-year	4.175	
18	Debt to credit institutions and central banks		2006 (1.000 DKK)
	Credit institutions	1.836.943	1.581.498
	Total debt to credit institutions and central banks	1.836.943	1.581.498
	Term to maturity		
	Demand	217.485	198.778
	Up to 3 months	170.129	594.560
	Over 3 months and up to 1 year	499.592	154.560
	Over 1 year and up to 5 years	869.737	633.600
	Over 5 years	80.000	0
	Total debt to credit institutions and central banks	1.836.943	1.581.498

No liabilities related to genuine sale and repurchase transactions included

	2007 (1.000 DKK)	2006 (1.000 DKK)
19	Deposits and other debts	
	Demand	1.784.349
	At notice	83.412
	Time deposits	461.835
	Special types of deposits	347.499
	Total deposits and other debts	2.677.095
	Term to maturity	
	Demand	1.882.432
	Up to 3 months	448.590
	Over 3 months and up to 1 year	48.731
	Over 1 year and up to 5 years	40.238
	Over 5 years	257.104
	Total deposits and other debts	2.677.095
	No liabilities related to genuine sale and repurchase transactions included	
20	Bonds issued at amortised cost	
	Term to maturity	
	Over 1 year and up to 5 years	1.797
	Over 5 years	1.648
	Total bonds issued at amortised cost	3.445
	Accumulated change of value of commitments to fair value because of change in own credit risk	
		0
		0

Market risks

21	Foreign currency exposure	
	Assets in foreign currency	
	Cash in hand and claims at call on central banks	12.598
	Claims on credit institutions and central banks	87.704
	Loans and other debtors at amortised cost price	577.629
	Bonds at current value	25.144
	Shares etc.	26.378
	Other assets	12.969
	Total assets in foreign currency	742.422
	Liabilities in foreign currency	
	Debt to credit institutions and central banks	1.290.512
	Deposits and other debts	30.656
	Other liabilities	12.196
	Total liabilities in foreign currency	1.333.364
	Foreign currency holdings in main currencies (negative sign - net debt)	
	EUR	65.856
	USD	2.390
	GBP	2.113
	SEK	5.462
	NOK	-3.647
	CHF	-6.687
	CAD	122
	JPY	96
	Foreign currency risk	
	Currency indicator 1	83.864
	Currency indicator 1 in pct of core capital after deductions	14,8
	Currency indicator 2	200
	Currency indicator 2 in pct of core capital after deductions	0,0

	2007 (1.000 DKK)	2006 (1.000 DKK)
22		
Interest rate risk		
Interest rate risk on debt instruments etc - total	2.056	5.479
Interest rate risk in pct of core capital after deductions	0,4	0,8
Interest rate risk split in currencies with highest risk		
Currency		
DKK	1.452	3.046
EUR	1.012	1.295
CHF	-395	323
CZK	-42	0
USD	20	-1
MXN	7	17

Share capital

23	Share capital	22.560	18.800
	Number of shares is 1.128,000 at DKK 20 each		
	The bank have 12,757 registered shareholders.		
	The possession of estate after Kaj Wulff Paustian, Monaco, is included in the special register with ref. the Companies Act § 28 a and 28 b. Holdings: 93.780 shares at 20 DKK each. Owner's share: 8,31 %. Number of votes: 5.		
	96,2 % of the share capital are registered on name.		

Own capital shares

24	Purchase and sales of own shares		
	Holdings beginning of the year		
	Number of own shares	14.060	5.760
	Nominal value of holding of own shares (DKK 1,000)	281	115
	Own shares porportion of share capital	1,50	0,61
	Addition		
	Number of own shares	261.695	82.417
	Nominal value of holding of own shares (DKK 1,000)	5.234	1.648
	Own shares porportion of share capital	23,20	8,77
	Purchase price (DKK 1,000)	190.129	65.172
	Disposal		
	Number of own shares	231.513	74.117
	Nominal value of holding of own shares (DKK 1,000)	4.630	1.482
	Own shares porportion of share capital	20,52	7,88
	Sale price (DKK 1,000)	168.004	59.370
	Holdings end of the year		
	Number of own shares	44.242	14.060
	Nominal value of holding of own shares (DKK 1,000)	885	281
	Own shares porportion of share capital	3,92	1,50

Every year at the annual meeting the bank asks the shareholders the permission to acquire up to a total nominal value of 10 % of the banks share capital, refer to the regulations in the Companies Act § 48. The bank wish to receive this power, in order that the bank always is able to grant the requests from our customers and investors to buy respectively to sell shares in Skjern Bank, and the net-purchase during 2007 is only in consequence hereof.

The board of managers' and the board of directors' holdings of shares in Skjern Bank - end of year

(nominal value)

	2007 (1.000 DKK)	2006 (1.000 DKK)
The board of managers		
Per Munck	62	59
The board of directors		
Carsten Thygesen	42	15
Jens Christian Ostersen	17	15
Børge Lund Hansen	14	11
Holger Larsen	82	68
Lars Andresen	2	2
Metha Thomsen	5	5

Management, board and committee of representatives

25 Amount of loans, mortgages, guarantees, or guarantees with accompanying security for members of the management mentioned below and related parties

	Rate of interest/ interestrange	2007 Loans etc. (1.000 DKK)	2006 Loans etc. (1.000 DKK)	2007 Security granted (1.000 DKK)	2006 Security granted (1.000 DKK)
Management	5,75%	215	210	0	0
Board	4½ - 10½ %	48.816	49.077	1630	660
Committee of representatives	4½ - 10½ %	32.017	41.818	-	-

Related parties

Transactions with related parties:

Wages and considerations to the bank's management board, board of directors, and committee of representatives can be found in note no. 5.

Loans and warranties provided to members of the bank's management board, board of directors, and committee of representatives are on market-based terms.

Commitments as of the 31st December 2007 can be found in note no. 25.

Incentive schemes based on shares in Skjern Bank

All employees, including the Director of the bank, are covered by a collective bonus scheme. The scheme which is

1. based on actual targets for the bank's development and in which the maximum payment per employee amounts to DKK 30,000 if all benchmarks are met,
2. based on the bank's result before taxation, and so that payment of performance bonus is achieved when the bank's result for the year in question exceeds the estimated result before taxation for the year. Bonus payment is made at an increasing percentage for each interval of DKK 10 million by which the result exceeds the budget.

Bonus payment is made (partially or fully) through shares in Skjern Bank or as salary payment – as requested by the individual employee.

To meet item 1 DKK 1,508,250 have been charged to the profit and loss account regarding the bonus scheme for 2007, corresponding to DKK 12,000 per fulltime employee.

No performance bonus will be paid for 2007.

In addition, a separate performance dependent bonus scheme has been agreed with the bank's Director for 2007, 2008 and 2009.

The scheme leads to an increasing bonus according to the result before taxes.

The scheme has been divided into three intervals.

The scheme, maximised to DKK 200,000, will not result in any bonus payment for 2007.

Affiliated companies

Vestjydsk Invest ApS, Skjern.

The company invests in mortgage bonds in real property, and the bank's share of the capital amounts to 49 %.

The company's net result for the accounting year 2007 amounts to DKK 68.386.

The company's equity as at the 31st December 2007 amounts to DKK 2.495,628.

Value Estate A/S, Esbjerg.

The company invests in real property, and the bank's share of the capital amounts to 31.25 %.

The company's net result for the accounting year 2007 amounts to DKK 21.064.

The company's equity as at the 31st December 2007 amounts to DKK 5.382.745.

Svenne Nielsen A/S, Esbjerg

The company runs real estate agency activities, and the bank's share of the capital amounts to 50 %.

The company's net result for the accounting year 2007 amounts to DKK 90.009.

The company's equity as at the 31st December 2007 amounts to DKK 735.441.

Lawsuits, etc.

As part of ordinary operations, the bank is involved in disputes and lawsuits. The bank's risks in these cases are evaluated by the bank's solicitors and management on an ongoing basis, and provisions are made on the basis of an evaluation of the risk of loss.

Subordinated debt

Subordinated debt as supplementary capital

Nominal DKK 25,000,000 with a term from 6th June 2003 to 6th June 2011.

The loan is at a floating rate, and the interest by the 31st December 2007 is 7,3367 % p.a.

The loan can be repaid prematurely by the bank on 6 June 2008.

Interest payable in 2007 DKK 1,694,923.

Subordinated debt as supplementary capital

Nominal DKK 25,000,000 with a term from 16th December 2005 to 1st November 2014.

The loan is at a fixed rate of 4.33 % p.a. until the 1st November 2011, from which date the loan is at a floating rate.

The loan can be repaid prematurely by the bank on the 1st November 2011.

Interest payable in 2007 DKK 1.085.524.

Subordinated debt as hybrid core capital

Nominal DKK 70,000,000 with an endless duration.

The loan is at a fixed rate of 6.09 % p.a. until the 1st May 2016, from which date the loan is at a floating rate.

The bank can at the earliest repay the loan by the 1st May 2016, however by the 1st May 2011 in case special circumstances should occur.

Interest payable in 2007 DKK 4,267,967.

The bank has as at 3. December 2007 added subordinated loan capital as supplementary capital.

Nominal DKK 100,000,000 with term from 3 December 2007 to 3 December 2015.

The loan carries variable interest and the rate of interest as at 31. December 2007 has been fixed at 6.1617 % p.a.

The bank is entitled to repay the loan prematurely as at the 3rd December 2012.

The bank has paid no fee in connection with the establishment of the loan.

Interest payment in 2007 DKK 479.243.

The loans are incorporated in the capital base with

DKK 70,000,000 as hybrid core capital, and

DKK 150,000,000 as supplementary capital.

Cooperative agreements

Skjern Bank cooperates with, receives commission relating to payment transfers from, and is co-owner of some of the following companies:

Totalkredit A/S, DLR Kredit A/S, Privatsikring A/S, Eurocard, PFA Pension, Bankinvest, Sparinvest A/S, Investeringsforeningen Valueinvest Danmark, Investerings- og Specialforeningen Dexia Invest, BI Asset Management Fondsbørsmæglerelskab A/S, Jyske Invest, Forvaltningsinstituttet for Lokale Pengeinstitutter, Sydinvest A/S, Garanti Invest A/S, Atrium-European Small Cap Fund, Investeringsforeningen Egns-Invest, Codan, Dankort A/S, PBS A/S, PBS International A/S, Multidata A/S, Visa International, Dansk Lokalleasing A/S og Deltaq A/S.

The board's comments on good corporate governance

The board of Skjern Bank discusses developments in the field of good corporate governance on an ongoing basis.

Views and evaluations are published on the bank's web site: www.skjernbank.dk.

OMX Den Nordiske Børs København A/S has set up a committee for good corporate governance (the Nørby committee), that works with the point of departure in promoting good corporate governance in Danish companies listed on the stock exchange.

The committee's reports can be seen on the web site: www.corporategovernance.dk.

Endorsement of the Annual Report by the Management

We have today discussed and approved the annual report for the period 1 January - 31 December 2007 for Skjern Bank A/S.

The annual report has been prepared in accordance with the Danish legislation on financial activities, including executive order on financial reports for credit institutes and stock broker companies, etc. Furthermore, the annual report has been prepared in accordance with additional Danish requirements regarding information in annual reports for financial companies listed on the Stock Exchange.

The management report includes a correct presentation of the development of the bank's activities and financial conditions together with a description of the material risks and uncertainties by which the bank may be affected.

We consider the accounting practice chosen to be appropriate so that the annual report gives a correct impression of the bank's assets, liabilities, financial position as at the 31st December 2007, and of the result of the bank's activities for the accounting year 1 January – 31 December 2007.

The annual report is recommended for approval by the General Meeting.

Skjern, the 30th January 2008

Executed Board of
Skjern Bank A/S
Per Munck

/

Jens Peder Larsen
Chief Accounting Executive

Skjern, the 20th February 2008.

The Board of Skjern Bank A/S
Carsten Thygesen Jens Chr. Ostersen
Chairman Vice-Chairman

Børge Lund Hansen Holger Larsen Lars Andresen Metha Thomsen

Internal auditors' report

To the shareholders of Skjern Bank A/S

I have audited the Annual Report of Skjern Bank A/S for the financial year 2007. The Annual Report has been prepared in accordance with the Danish Financial Business Act and in accordance with additional Danish disclosure requirements for annual reports of listed financial institutions.

Basis of opinion

I conducted the audit in accordance with the Executive Order of the Danish Financial Supervisory Authority on Auditing Financial Undertakings etc. as well as Financial Groups and the Danish Standards on Auditing. Those standards require that I plan and perform the audit to obtain reasonable assurance whether the Annual Report is free from material misstatement.

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

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

The audit has not resulted in any qualification.

Opinion

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

Furthermore, in my opinion, the Annual Report gives a true and fair view of the company's financial position at 31 December 2007 and of its financial performance for the financial year 2007 in accordance with the Danish Financial Business Act and additional Danish disclosure requirements for annual reports of listed financial institutions.

Skjern, the 20th February 2008

Birgitte Larsen
Internal Audit Manager

The Independent Auditor's Report

For the shareholders of Skjern Bank A/S

We have audited the annual report for Skjern Bank A/S for the accounting year 1 January – 31 December 2007 including Letter of Representation, Management Report, accounting practice used, profit and loss account, balance sheet, equity statement and notes. The annual report has been prepared in accordance with the Danish legislation on financial activities, including executive order on financial reports for credit institutes and stock broker companies, etc. Furthermore, the annual report has been prepared in accordance with additional Danish requirements regarding information in annual reports for financial companies listed on the Stock Exchange.

Management responsibility for the annual report

The Management is responsible for preparing and presenting an annual report giving a correct impression in accordance with the legislation on financial activities, including the order on financial reports for credit institutions and stock broker companies, etc., and additional Danish requirements regarding information in annual reports for financial companies listed on the Stock Exchange. This responsibility includes the creation, implementation and maintenance of internal control measures relevant for the preparation and presentation of an annual report giving a correct impression without material misinformation, regardless whether such misinformation is due to fraud or errors, and the selection and use of appropriate accounting practice and the exercising of accounting estimates which are reasonable in the given circumstances.

The auditor's responsibility and the audit implemented

It is our responsibility to express a conclusion regarding the annual report on the basis of our audit. We have carried out our audit in accordance with Danish auditing standards. The above standards demand that we meet ethical requirements and plan and carry out the audit with a view to obtaining a high degree of certainty that the annual report does not include material misinformation.

An audit includes actions to obtain documentation for the amounts and information included in the annual report. The actions chosen depend on the auditor's assessment, including the assessment of the risk of material misinformation in the annual report, regardless whether such misinformation is due to fraud or errors. In connection with the risk assessment, the auditor considers internal control measures relevant to Skjern Bank A/S' preparation and presentation of an annual report which gives a correct impression with a view to preparing audit actions which are appropriate in the given circumstances, but not with a view to expressing a conclusion regarding the effectiveness of the company's internal control measures. An audit also includes a decision as to the appropriateness of the accounting practice chosen by the management, as to whether the accounting estimates made by the management are reasonable, and an assessment of the overall presentation of the annual report.

It is our opinion that the audit documentation obtained is sufficient and suitable as a basis for our conclusion.

The audit has not given rise to reservations.

Conclusion

It is our opinion that the annual report gives a correct impression of the financial institution's assets, liabilities and financial position as at the 31st December 2007, and of the result of the financial institution's activities for the accounting year 1 January - 31 December 2007 in accordance with the legislation on financial activities, including executive order on financial reports for credit institutions and stock broker companies, etc., and additional Danish requirements for annual reports for financial companies listed on the stock exchange.

Silkeborg, the 20th February 2008
DELOITTE
Henrik A. Laursen Klaus Skovsen
State-Authorised Public Accountants

Skjern, the 20th February 2008
PRICEWATERHOUSECOOPERS
Kim Rune Brarup Alex Nyholm
State-Authorised Public Accountants



Financial Calendar 2008

- 21st February** Announcement of Annual Results and Annual Report 2007
- 3rd March** General Meeting - Skjern Kulturcenter
- 17th April** Announcement of Quarterly Report 1st quarter 2008
- 14th August** Announcement of Half-yearly Report 2008
- 23rd October** Announcement of Quarterly Report after 3rd quarter 2008



Committee of representatives

Jørgen Søndergaard Axelsen, Skjern, real estate agent, head of the committee of representatives
Jens Bruun, Viby J, Manager
Carsten Thybo Christensen, Esbjerg, accounting manager
Kaj Eriksen, Vemb, police officer
Jens Chr. Fjord, Skjern, bicycle dealer
Elmo Flaskager Hansen, Skjern, senior teacher
Orla Varridsbøl Hansen, Tarm, manufacturer
Helle Svenstrup Husted, Skjern, manager
Mike Jensen, Skjern, bookseller
Niels Erik Kjærgaard, Skjern, city manager
Dorte H. Knudsen, Hviding, Ribe, hospital nurse
Finn Erik Kristiansen, Varde, bookseller
Hans Juul Mikkelsen, Skjern, master carpenter
Lars Aage Sandfeldt Nielsen, Borris, Skjern, farmer
Niels-Henrik Skovsgaard Nielsen, Skjern, financial adviser
Viggo Nielsen, Borris, Skjern, region council member
Tommy Noer, Esbjerg, technical teacher

Torben Ohlsen, Tjæreborg, manager
Jens Okholm, Esbjerg, adviser
Niels Chr. Poulsen, No, Ringkøbing, mink farmer
Jesper Ramskov, Esbjerg, manager
Christen Spangsberg Sørensen, Hanning, Skjern, farmer
Bente Tang, Hanning, Skjern, farmer
Poul Thomsen, Skjern, trader in men's clothing

Board of directors

Carsten Thygesen, Skjern, manager, board chairman
Jens Christian Ostersen, Stauning, farmer, board vice-chairman
Børge Lund Hansen, Skjern, manufacturer
Holger Larsen, Dejbjerg, master builder
Lars Andresen, Varde, deputy manager, employee-selected
Metha Kirstine Thomsen, Skjern, agriculture advisor, employee-selected

Management

Per Munck, banking executive



List of board members' managerial offices in danish limited companies as per December 31, 2007

Manufacturer Børge Lund Hansen:
Manager and board member of Vestjysk Industrilakering A/S, Skjern.

Master builder Holger Larsen:
Manager and board member of Hansen & Larsen A/S, Dejbjerg, Skjern,
Manager and board member of Skjern Huse A/S, Skjern,
Manager and board member of Skjern Vinduer A/S, Skjern,
Board member of Skjern Installationsforretning A/S, Skjern.

Manager Carsten Thygesen:
Manager and board member of Hecto A/S, Videbæk,
Manager and board member of Rehborg A/S, Skjern,
Board chairman of MBT Danmark A/S, Århus,
Board chairman of Trinity A/S, Erritsø,
Board chairman of Vest Detail A/S, Skjern,
Board member of Agro Korn A/S, Videbæk,
Board member of Compu-Game Holding A/S, Esbjerg, *)
Board member of Conset A/S, Skjern,
Board member of Højmark Rejser A/S, Ringkøbing, *)
Board member of Indura A/S, Vildbjerg,
Board member of Letbæk Plast A/S, Tistrup,
Board member of Mogis A/S, Skjern, *)
Board member of Pro-Movec A/S, Århus,
Board member of Restaurant Stauning Havn A/S, Skjern
Board member of Rolighed – Humania A/S, Vinderup
Board member of Skjern Installationsforretning A/S, Skjern,
Board member of Skjern Vinduer A/S, Skjern,
Board member of Strandbygaard Grafisk A/S, Skjern, and
Board member of VenSet A/S, Skjern.

*) together with one subsidiary in each

Banking executive Per Munck,
has no managerial office in any other Danish limited company



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