



# Annual Report 2014

(Extract)



## Unsatisfactory performance and completed annual visit from the Danish Financial Supervisory Authority in January 2015

- Profit before tax of DKK -56.7 million compared to DKK 36.2 million in 2013
- Capital ratio of 12.0% and individual capital requirements of 11.9%, corresponding to 0.1% coverage. Coverage for the 8% requirement amounts to 4.0%, corresponding to DKK 162 million.
- On 3 February 2015, the bank sold shares in DLR Kredit A/S for DKK 75 million, which in itself increases the bank's capital ratio by 1.67 percentage points, after which coverage relative to capital requirements can be calculated at 1.77%
- Solid liquidity reserves of DKK 757 million, corresponding to 131.0%
- Core earnings of DKK 111.0 million, compared with DKK 99.1 million in 2013
- The Danish Financial Supervisory Authority held a visit in January 2015, which has resulted in an order to make write-downs in the range of DKK 100 million, which is everything included in the bank's profit for 2014
- Then there was write-downs amounting to DKK 154.4 million, compared to DKK 67.1 million in 2013
- Core earnings, calculated as profit before tax, exchange rate adjustments and write-downs, is expected to be in the range of DKK 115 - 125 million in 2015.





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## Management's financial report for 2014

### Principal activities

Skjern Bank's principal activities are to supply bank products to private customers, business customers and institutional customers as well as state-controlled entities. The customers are primarily from West and South Jutland and the Hellerup area north of Copenhagen. The bank wishes to offer its customers a full product range combined with professional consultancy services.

### 2014 in review

A deficit of DKK 56.7 million before tax is extremely unsatisfactory, especially after a profit before tax of DKK 60.8 million as of 30/09/2014. The bank's 4th quarter was significantly affected by further write-downs, primarily in the agriculture and real estate segments.

At the annual visit in January 2015 which was just completed, the Danish Financial Supervisory Authority has, in the bank's opinion, tightened its rules in the assessment of special securities behind the Bank's real estate lending, particular in relation to the security margins. Where the Danish Financial Supervisory Authority has given an order for further write-downs, these have only been for customer relationships established before 2007.

The increased write-downs in agriculture are due to the ongoing crisis in agriculture, which has sharply reduced the settlement prices of, in particular, pork and milk in the 2nd half of 2014. The bank has made write-downs on the industry based on the new guidelines from the Danish Financial Supervisory Authority from December 2014. The guidelines mean that the concept of "early events" must be taken into consideration. At the same time, in the bank's opinion, there has been a tightening of the rules in relation to the values included in the assessment of the equity of an ailing agriculture. The crisis in agriculture has had a major impact on the earnings in the industry in 2014 and the trend is unfortunately expected to continue in 2015, which has resulted in further write-downs as a consequence of the assessment of "early events."

The total write-downs have increased by DKK 63.5 million compared to last year, to DKK 130.5 million as of 31 December 2014. The level is considered by the management to be far too high and very unsatisfactory.

The increased write-downs mean that the results are significantly worse than in 2013, which is not in accordance with the bank's original outlook for the year. Based on this, on 23 January 2015 the bank issued a stock exchange announcement with a downward adjustment of expected annual profit to a 0 result. Then, two more announcements were issued on the postponement of the date for publication of the Annual Report and clarification of the results. The final feedback from the Danish Financial Supervisory Authority has led to a much higher level of impairment than expected and all write-downs are recognised in net profit or loss for the year.

The management considers the accounts to be very unsatisfactory, but can also state that the bank is in a very satisfactory development in all areas other than impairment.

At the beginning of 2014, the bank expected a base profit in the range of DKK 100 – 110 million. In the interim report, the expectation was adjusted upwards to the level of DKK 105 - 115 million, which was realised at DKK 111.0 million.

In 2014, the bank repaid capital of a total of DKK 200 million, so the loans can no longer be included in the bank's capital base. Instead, the Bank has issued a subordinated loan of about DKK 100 million in May 2014.

The bank has assessed the possibility of continuing to recognise the deferred tax asset. From an overall point of view, it was decided to write down the tax asset by DKK 11.3 million, corresponding to the tax value of the net realised tax losses for the year.

The large write-downs in the 4th quarter of 2014 have meant a reduced capital base, but have simultaneously reduced the bank's capital requirements considerably. The bank's management is not satisfied with the current capital coverage, but is also hopeful with regards to the bank's profitability in the coming years, combined with a marked focus on reducing the solvency requirements, which will bring the bank back up to a sufficiently robust level. The bank's capital ratio can be measured at 12.0%, while the individual capital requirements amount to 11.9%. The bank has coverage of the minimum capital requirements of 8%, corresponding to a loss-absorbency of DKK 162 million compared to the minimum requirements.

#### Events after the balance sheet date:

To strengthen the bank's capital, on 03/02/2015 a sale was made of part of the bank's ownership interest in the sector company DLR Kredit. According to the rules, ownership interest exceeding 10% of the bank's core capital in companies in the financial sector is directly subtracted from the calculation of the capital base.

The bank has sold DKK 75 million out of a total market value of DKK 140 million to another co-owner of DLR Kredit. The sale means that the bank's capital ratio was calculated on 31/12/2014, but after the sale of shares, it can be calculated at 13.7%, compared to the capital ratio of 12.0% calculated in the financial statements. The capital coverage can thus be calculated at 1.74%, corresponding to DKK 71 million.

With regards to the bank's capital position in general, refer to note 29.

There were also targeted efforts in 2014 to maintain a solid liquidity based on stable customer deposits. This is why it is very satisfying to report that at the end of the year, there was a deposit surplus of DKK 842 million. The increase in deposits from customers in 2014 has been DKK 529 million, which contributes positively to the current liquidity reserve of DKK 757 million, corresponding to 131.0%. The Bank is thus thoroughly provisioned in terms of liquidity.

In 2014, there was a solid increase in core earnings of DKK 111.0 million, compared with DKK 99.1 million in 2013 and DKK 81 million in 2012. The bank's profitability was positively affected by increasing fee income and decreasing interest expense as a result of decreasing deposit interest rates in the community as well as in Skjern Bank.

Compared with 2013, the bank's net interest and fee income increased by DKK 17.4 million, while the cost level increased by DKK 7.3 million. In the recently completed annual visit from the Danish Financial Supervisory Authority, all significant areas in the bank were reviewed, including the bank's procedures and policies. On the lending side, the Danish Financial Supervisory Authority has reviewed 233 group commitments with total loans and guarantees of DKK 2,411 million, corresponding to 53% of the bank's total loans and guarantees. The reviews have resulted in an order to write down a total of DKK 100.5 million, which the bank has expensed in 2014. The bank was also ordered to write down the value of owner-occupied properties by DKK 9.1 million. In all other areas, the Danish Financial Supervisory Authority made no significant comments.

Several of the bank's identified weak commitments have developed negatively in the course of 2014, while other commitments showed small signs of improvement. The bank is monitoring the development in agriculture closely and if the crisis is prolonged, further write-downs in agriculture can be expected. In recent years, the bank has settled a number of agricultural customer relationships where it was assessed

that the farmer's operator skills were not sufficiently good. These were free sales to a new owner and the bank has never had operating responsibility of a farm. The bank's lending to the agricultural industry thus currently consists of skilled operators who there should be room for – in a profitable way – in the future of agriculture.

The Supervisory Diamond, which is the Danish Financial Supervisory Authority's benchmark for the status of the health of financial institutions, was calculated on 31 December 2014 and still shows that the bank is fully in compliance with the established limit values in all five areas.

#### **Expectations for 2015**

The Bank is looking optimistically at 2015 and expects, based on the growing number of customers, decrease in interest expense, the Danish Financial Supervisory Authority's recently completed inspection of the Bank's lending and the greatly improved core earnings, to have solid growth in earnings in 2015.

The bank has established the strategic and profit-related goals for the coming year, of which the most significant are listed below.

Based on careful growth in the bank's current departments and business areas, there are established goals for 2015 with a focus on strengthening the bank's earnings and capital provisioning in order to secure the position as the independent and local West and South Jutland bank, which will make a difference in the local areas as well in the long term.

The repressed Danish competitiveness and restrained domestic consumption discourage willingness to invest in both industrial and private consumers. Job creation in the bank's market area is expected to remain at its current level in 2015.

Private customers in the West and South Jutland areas have continued with a very robust economy, which is supported by relatively low and stable housing prices and general economic caution. The bank does not expect significant challenges in lending to private customers in 2015, nor has this been the case in recent years.

The bank has and has always had close ties to the agricultural industry, which represents a significant customer group. Over time, credit lending to the agricultural industry has been relatively unproblematic and has only led to limited losses for the bank.

The ongoing crisis in Danish agriculture is expected to continue, at least in the first half of 2015 and possibly longer. A significant part of Danish agriculture is likely to have problem with achieving profitability in 2015 and here the bank will continue – in loyalty and respect – and in close cooperation with individual farmers, to try to find the best possible solutions. The extremely difficult framework conditions in the industry and the politically induced trade barriers put high demands on individual farmers and we believe that there are only skilled operators amongst the bank's customers.

Loans to agriculture constitute 13.0% of total lending. As with any other industry, the bank has made a careful review of the commitments and in addition, 81% of them have just been reviewed by the Danish Financial Supervisory Authority, which, altogether, makes the management confident about these commitments.

The bank's activities are progressing well, the addition of new customers is solid and existing customers are increasingly entrusting more of their banking transactions.

In recent years, financing of alternative energy has brought in many new customer relationships. The share of loans so far, both for the construction of facilities and for end investors, is also expected to be

a significant business area for the bank in 2015.

The focus will be on maintaining a balanced relationship between the total deposit and lending volumes, since in the future the bank also wants to base lending on deposits from customers and only to a lesser extent on loans from other institutes, etc.

Overall, 2015 is expected to lead to a relatively modest increase in the bank's business volume and increased activity in securities and the foreign sector. Interest expense was reduced as a result of lower prices on the bank's deposits and particularly on high-interest deposits. Administrative expenses are expected to decrease, since several one-time costs occurred in 2014. A very significant factor in recent years - write-downs on trade receivables - is still expected to be high, though significantly less than in 2014, such that a satisfactory result and return on the bank's equity is expected.

In 2015, the bank expects core earnings in the range of DKK 115 - 125 million.

#### **Audit**

The Danish version of the Annual Report for 2014 is equipped with internal audit statements and independent auditors' statement. The statements are without reservations and complementary information.



## Endorsement of the Annual Report by the Management

We have today discussed and approved the annual report for the period 1 January – 31 December 2014 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.

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 2014 and of the result of the bank's activities for the accounting year 1 January – 31 December 2014.

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.

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

*Skjern, the 17th February 2015*  
Executed Board of  
Skjern Bank A/S

*Per Munck*

/

*Thomas Baun*  
Chief Financial Officer

*Skjern, the 17th February 2015*

*The Board of Skjern Bank A/S*

*Hans L. Jeppesen*  
Chairman

*Jens Okholm*  
Vice-Chairman

*Bjørn Jepsen*

*Finn Erik Kristiansen*

*Søren Dalum Tinggard*

*Lars Skov Hansen*

*Lars Lerke*

## Profit and loss account

**2014**
**2013**

Note:		(DKK 1,000)	(DKK1,000)
2	Interest receivable.....	244,721	249,506
3	Interest payable.....	84,795	89,001
	<b>Net income from interest.....</b>	<b>159,926</b>	<b>160,505</b>
	Dividend on shares and other holdings.....	6,491	8,231
4	Charges and commission receivable.....	86,183	66,794
	Charges and commission payable.....	4,575	4,933
	<b>Net income from interest and charges.....</b>	<b>248,025</b>	<b>230,597</b>
5	Value adjustments.....	10,770	16,236
	Other ordinary income.....	1,195	1,745
6	Staff costs and administrative expenses.....	138,473	131,117
	Depreciation and write-downs on intangible and tangible assets.....	14,118	4,047
	Other operating expenses total.....	9,254	9,834
	Contribution to the Guarantee Fund for deposits.....	9,018	9,127
	Other operating expenses.....	236	707
9	Write-downs.....	154,386	67,073
10	Profit on equity investments in non-affiliated and affiliated companies.....	-507	-332
	<b>Result before tax.....</b>	<b>-56,748</b>	<b>36,175</b>
11	Tax.....	-712	11,720
	<b>Net-result for the financial year.....</b>	<b>-56,036</b>	<b>24,455</b>

## Proposal for distribution of profit

Dividends.....	0	0
Transferred to/from retained earnings.....	-56,036	24,455
<b>Total distribution of the amount available.....</b>	<b>-56,036</b>	<b>24,455</b>

## Statement of comprehensive income

Profit for the financial year.....	-56,036	24,455
Other comprehensive income after tax.....	0	0
<b>Total comprehensive income.....</b>	<b>-56,036</b>	<b>24,455</b>



# Balance Sheet

## 2014

## 2013

Note:

(DKK 1,000)

(DKK 1,000)

### Assets

	Cash in hand and demand deposits with central banks .....	460,515	437,505
12	Receivables at credit institutions and central banks .....	28,482	16,573
13	Loans and other receivables at amortised cost .....	3,643,989	3,647,129
14	Bonds at fair value .....	830,645	824,171
15	Shares etc. ....	245,966	211,354
16	Holdings in associated enterprises .....	0	361
16	Holdings in group enterprises .....	3,026	3,171
17	Land and buildings (total) .....	55,341	66,889
	Investment properties .....	6,974	8,361
	Owner-occupied properties .....	48,367	58,528
18	Other tangible assets .....	5,897	6,517
	Current tax assets .....	717	0
19	Deferred tax assets .....	36,002	34,619
	Other assets .....	65,010	68,224
	Prepayments .....	8,530	6,308
	<b>Total assets</b> .....	<b>5,384,120</b>	<b>5,322,821</b>

### Liabilities

	<b>Debt</b>		
20	Debt to credit institutions and central banks .....	99,848	416,006
21	Deposits and other debts .....	4,485,996	3,956,740
22	Bonds issued at amortised cost .....	1,351	3,051
	Current tax-liabilities .....	0	2,218
	Other liabilities .....	104,444	96,565
	Prepayments .....	690	444
	<b>Total debt</b> .....	<b>4,692,329</b>	<b>4,475,024</b>
	<b>Provisions</b>		
13	Provisions for loss on guarantees .....	0	0
	<b>Total provisions</b> .....	<b>0</b>	<b>0</b>
23	<b>Subordinated debt</b>		
	Subordinated loan capital .....	99,260	199,201
	Hybrid core capital .....	70,000	70,000
	<b>Total subordinated debt</b> .....	<b>169,260</b>	<b>269,201</b>
	<b>Equity</b>		
24	Share capital .....	192,800	192,800
	Revaluation reserves .....	417	417
	Proposed dividend .....	0	0
	Retained earnings .....	329,314	385,379
	<b>Total equity</b> .....	<b>522,531</b>	<b>578,596</b>
	<b>Total liabilities</b> .....	<b>5,384,120</b>	<b>5,322,821</b>



## Information on changes in equity

**2014**

**2013**

Note:		(DKK 1,000)	(DKK 1,000)
24	Share capital beginning-of-year .....	192,800	192,800
	Share issue .....	0	0
<b>24</b>	<b>Share capital end-of-year .....</b>	<b>192,800</b>	<b>192,800</b>
	Revaluation reserves beginning-of-year .....	417	417
	Additions related to reassessed value .....	0	0
	Other movements .....	0	0
	<b>Revaluation reserves end-of-year .....</b>	<b>417</b>	<b>417</b>
	Retained earnings beginning-of-year .....	385,379	353,769
	Correction equity beginning-of-year 2013 .....	0	4,839
25	Profit or loss for the financial year .....	-56,036	24,455
	Sale of own funds .....	14,696	24,187
25	Purchase of own funds .....	-14,725	-21,871
	<b>Retained earnings end-of-year .....</b>	<b>329,314</b>	<b>385,379</b>
	<b>Total equity .....</b>	<b>522,531</b>	<b>578,596</b>



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## 1. Accounting Policies

The Financial Statements have been prepared in accordance with the Danish Financial Business Act and the Executive Order on financial reports for credit institutions and investment companies, etc.

The Financial Statements have been prepared in accordance with additional Danish legal requirements for Financial Statements for listed financial companies.

The Financial Statements are presented in DKK and rounded to the nearest DKK 1,000.

The accounting practice used is unchanged compared to the previous year.

### General notes on recognition and measurement

Assets are recognised in the statement of financial position when it is probable that future economic benefits will flow to the bank and the asset's value can be measured reliably.

Liabilities are recognised in the statement of financial position when they are likely and can be measured reliably.

Assets and liabilities are initially recognised at fair value. However, intangible and tangible assets are measured at cost at the time of initial recognition. Measurement after initial recognition occurs as described for each item below.

Foreseeable risks and losses which may arise before the Financial Statements are reported and which confirm or invalidate conditions existing on the balance date are taken into account in recognition and measurement.

Income is recognised in the statement of profit or loss and other comprehensive income as it is earned, while expenses are recognised at the amounts which relate to the financial year. However, value increases in owner-occupied properties are recognised directly in equity.

Purchases and sales of financial instruments are recognised on the transaction date and are no longer recognised when the right to receive/deliver cash to or from the financial asset or liability has expired or if it is transferred and the bank has transferred all significant risks and rewards of ownership. The bank has not used the rules for reclassification of certain financial assets at fair value to amortised cost.

### Change in opening equity

In connection with the presentation of the Annual Report for 2014, the bank has discovered an error in the accounting treatment of accrued income on commissions.

The amount adds up to DKK 6,204 thousand before tax and DKK 4,839 thousand after tax. The entire amount has been corrected in opening equity for 2013 and in other assets as of 31 December 2014. The bank's profit or loss for 2013 and 2014 is thus not affected by the change.

The bank's financial ratios have changed for 2013 with regards to return on equity before tax and return on equity after tax.

### Determination of fair value

The fair value is the amount to which an asset can be converted or at which a liability can be settled in a transaction under normal conditions between knowledgeable, willing and independent parties.

The fair value of financial instruments for which there is an active market is usually determined as the closing price on the Balance Sheet date or, if not available, another published price considered to best correspond to this.

For financial instruments for which there is an active market, fair value is established using generally accepted valuation techniques which are based on relevant observable market data.

### Accounting estimates

When determining the carrying amount of certain assets and liabilities, discretion is used as to how future events will affect the value of the assets and liabilities on the balance date.

The estimates used are based on assumptions which the management considers to be reasonable, but which are associated with some uncertainty.

Therefore, the actual final results may differ from the estimates used, because the bank is affected by risk and uncertainty, which can affect this.

The areas which involve a greater degree of assessments/assumptions and estimates include impairment of loans and receivables, determination of fair value of unlisted financial instruments, tangible fixed assets, deferred tax assets and provisions.

### Foreign currencies

Assets and liabilities in foreign currencies are recognised on the balance date at the National Bank of Denmark's listed rates.

Foreign currency spot transactions are adjusted on the balance date based on the spot rate.

Currency translation adjustments are recognised on an ongoing basis in the statement of profit or loss and other comprehensive income.

### Income statement

#### Interest, fees and commissions, etc.

Interest income and expenses are recognised in the statement of profit or loss and other comprehensive income in the period to which they relate.

Received interest on loans on which a write down has occurred are passed to the written-down part of the loan in question under the item "Impairment of loans and receivables" and are thus offset in net write-downs.

Commissions and fees which are an integral part of the effective interest rate of a loan are recognised as part of the amortised cost and are therefore part of interest income under loans.

Commissions and fees which are part of an ongoing service are accrued over the loan period.

Other fees and commissions and dividends are recognised in the statement of profit or loss and other comprehensive income when the rights to them are acquired.

### **Staff and administrative expenses**

Staff and administration expenses include wages and salaries, social costs, pensions, EDB costs and administrative and marketing costs.

### **Pension plans**

The bank has entered into defined contribution schemes with the employees.

In defined contribution schemes, fixed contributions are paid to an independent pension fund. The bank has no obligation to make further contributions.

### **Tax**

Tax for the year, which consists of current tax for the year and movements in deferred tax, is recognised in the statement of profit or loss and other comprehensive income as the portion which is attributable to the net profit for the year and directly in equity as the portion which is attributable to items in equity.

Current tax liabilities and current tax receivables are recognised in the statement of financial position as tax calculated on taxable income for the year adjusted for tax paid on account.

Deferred tax is recognised on all temporary differences between carrying values and tax values of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognised in the statement of financial position at the value at which the asset is expected to be realised, either against deferred tax liabilities or as net assets.

The bank is jointly taxed with all Danish companies in which it exercises a controlling interest. The current Danish corporation tax is allocated between jointly taxed Danish companies in proportion to their taxable income (full allocation with tax relief for losses).

## **Balance sheet**

### **Receivables from credit institutions and central banks**

Initially recognised at fair value plus transaction costs and minus origination fees, etc. and subsequently measured at amortised cost.

### **Loans**

The accounting item consists of loans disbursed directly to the borrower.

Loans are measured at amortised cost, which usually corresponds to the nominal value minus origination fees, etc. and minus provisions for losses incurred but not yet realised.

Loans, etc. are written down either individually or on a group basis when there are objective indications of poor credit quality which result in a reduction in the expected future series of payments based on an assessment of the most probable outcome.

For loans and receivables which are not individually written down, a group assessment is made of whether there are objective indications of impairment in the group.

The collective assessment is made for groups of loans and receivables which have similar characteristics in terms of credit risk.

The bank operates with 11 groups: a group of public authorities, a group of private customers and 9 groups of commercial customers, where the commercial customers are divided by industry.

The collective assessment is based on a segmentation model developed by the association Lokale Pengeinstitutter, which is responsible for ongoing maintenance and development. The segmentation model establishes the relationship in each group between recognised loss and a number of significant explanatory macroeconomic variables via a linear regression analysis. The explanatory macroeconomic variables include unemployment, housing prices, interest rates, number of bankruptcies/foreclosures, etc.

The macroeconomic segmentation model is initially calculated based on loss data for the entire banking sector.

The bank has therefore assessed that the model estimates reflect the credit risk for the bank's own lending portfolio.

For each group of loans and receivables, an estimate is made which reflects the percentage of impairment related to a specific group of loans and receivables on the balance date. By comparing the individual loan's current risk of loss with the loan's original risk of loss and the loan's risk of loss at the beginning of the current accounting period, the individual loan's contribution to the group impairment is shown. Impairment is calculated as the difference between the carrying value and the discounted value of expected future payments.

Changes in write-downs made are adjusted in the statement of profit or loss and other comprehensive income under the item "Impairment of loans and receivables, etc."

### **Bonds and shares etc.**

Bonds and shares traded on a listed stock exchange are measured at fair value. Fair value is usually determined as the official closing price on the balance date.

Unlisted securities and other equity investments (including level 3 assets) are also recognised at fair value, calculated based on what the transaction price would be in a trade between independent parties. If there is no current market data, the fair value is determined based on the published financial reports or on a return model which is based on cash flows and other available information. The Executive Board takes an active approach to the calculation of fair value.

Value adjustments on bonds and shares, etc. are recognised on an ongoing basis in the statement of profit or loss and other comprehensive income under the item "Exchange rate adjustments."

### **Investments in subsidiaries and associates**

Equity investments in associated and group enterprises are recognised and measured according to the book value method, which means that the equity investments are measured at the proportionate share of the companies' book value at the end of the year.

The bank's share of the companies' profit after tax is recognised in the statement of profit or loss and other comprehensive income.



**Land and buildings**

Land and buildings include

- "Owner-occupied properties," which consist of the properties from which the bank conducts banking activities, and
- "Investment properties," which consist of all other properties the bank owns.

Owner-occupied properties are measured in the statement of financial position at revalued amount, which is the fair value determined based on the return method with a rate of return in the range of 5-7% minus accumulated depreciation and any impairment loss. Depreciation is recognised in the statement of profit or loss and other comprehensive income. Revaluation is done so frequently that there are no significant differences in fair value.

Increases in the owner-occupied properties' revalued amount are recognised under revaluation reserve in equity. If an increase in the revalued amount corresponds to an earlier case and is thus recognised in the statement of profit or loss and other comprehensive income in a previous year, the increase is recognised in the statement of profit or loss and other comprehensive income.

A decrease in the revalued amount is recognised in the statement of profit or loss and other comprehensive income, unless there is a reversal of previous revaluations.

Owner-occupied properties are depreciated linearly over 50 years based on the cost adjusted for any value adjustments where residual values are not used. Investment properties are measured in the statement of financial position at fair value determined based on the return method. Ongoing changes in fair value of investment properties are recognised in the statement of profit or loss and other comprehensive income.

**Other tangible fixed assets**

Other tangible fixed assets, including plant and machinery, are recognised at the acquisition at cost. Then, other tangible assets and conversion of rented premises are recognised at cost minus accumulated depreciation. Linear depreciation is carried out over 3-5 years, based on the cost. Depreciation and loss of impairment are recognised in the statement of profit or loss and other comprehensive income.

**Other assets**

Other assets include interest receivable and provisions and positive market value of derivative financial instruments.

**Assets in temporary possession**

Assets in temporary possession include assets which the bank possess and has for sale for a short period. The assets are measured at fair value.

**Prepayments and accrued income**

Prepayments and accrued income recognised under assets include costs relating to subsequent financial years.

Prepayments and accrued income recognised under liabilities include prepaid interest and guarantee provisions relating to subsequent financial years.

**Payables to credit institutions and central banks/deposits and other debt/issued bonds/subordinated capital contributions**

The items are measured at amortised cost.

**Other liabilities**

Other liabilities include interest payable and provisions and negative market value of derivative financial instruments.

**Provisions**

Commitments, guarantees and other liabilities which are uncertain in terms of size or time of settlement are recognised as provisions when it is probable that the liability will result in a drain on the Bank's financial resources and the liability can be measured reliably. The liability is calculated at the present value of the costs required to settle the liability.

However, guarantees are not measured lower than the provision which is received for the guarantee, accrued over the guarantee period.

**Treasury shares**

Acquisition and disposal and dividends from treasury shares are recognised directly under equity.

**Derivative financial instruments**

All derivative financial instruments, including forward contracts, futures and options in bonds, shares or currency, as well as interest and currency swaps, are measured at fair value on the balance date.

Exchange rate adjustments are included in the statement of profit or loss and other comprehensive income.

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

**Contingent liabilities**

The bank's outstanding guarantees are disclosed in the notes under the item "Contingent liabilities."

The liability relating to outstanding guarantees which are assessed to lead to a loss for the bank is provisioned under the item "provisions for loss on guarantees." The liability is expensed in the statement of profit or loss and other comprehensive income under "Impairment of loans and receivables, etc."

**Financial highlights**

Key figures and ratios are presented in accordance with the requirements in the Danish Executive Order on the Presentation of Financial Statements.

## Note

	2014 (DKK 1,000)	2013 (DKK 1,000)
<b>2 Interest income</b>		
Receivables at credit institutions and central banks .....	32	47
Loans and other receivables .....	238,463	237,774
Loans (interest conc. the written-down part of loans) .....	-9,600	-9,000
Bonds .....	15,455	18,518
Other derivative financial instruments, total .....	371	167
of which		
Currency contracts .....	-840	-778
Interest-rate contracts .....	1,211	945
Other interest income .....	0	0
<b>Total</b> .....	<b>244,721</b>	<b>249,506</b>
<b>3 Interest expenses</b>		
Credit institutions and central banks .....	773	1,225
Deposits .....	66,430	70,159
Bonds, issued .....	61	596
Subordinated debt .....	17,427	17,014
Other interest expenses .....	104	7
<b>Total</b> .....	<b>84,795</b>	<b>89,001</b>
No income or expenses are entered from genuine purchase or repurchase contracts in notes 2 and 3.		
<b>4 Fees and commission income</b>		
Securities trading and custody accounts .....	25,309	19,278
Payment services .....	7,176	6,476
Loan fees .....	30,460	22,209
Guarantee commission .....	7,881	8,742
Other fees and commission .....	15,357	10,089
<b>Total</b> .....	<b>86,183</b>	<b>66,794</b>
<b>5 Value adjustments</b>		
Bonds .....	-7,689	482
Total shares .....	14,597	14,220
- Shares in sector companies etc. ....	9,919	6,952
- Other shares .....	4,678	7,268
Foreign currency .....	3,896	1,504
Other financial instruments .....	-34	30
<b>Total</b> .....	<b>10,770</b>	<b>16,236</b>
As the bank essentially operates deposits and lending activity in its local areas, the division of market areas is not specified for notes 2-5.		
<b>6 Staff costs and administrative expenses</b>		
<b>Salaries and remuneration of board of directors, audit committee, managers etc.</b>		
Board of managers (1 person)* .....	2,830	2,830
Fixed fees .....	2,790	2,790
Pension contributions .....	40	40
Management board .....	869	697
Audit Committee .....	50	50
Committee of representatives .....	172	176
<b>Total salaries and remuneration of board etc.</b> .....	<b>3,921</b>	<b>3,753</b>
*The Board of manager has a company car		
<b>Board of Directors' remuneration</b>		
Hans Ladekjær Jeppesen .....	233	145
Jens Okholm .....	172	133
Bjørn Jespsen .....	100	93
Finn Erik Kristiansen .....	109	103
Søren Dalum Tinggaard .....	98	77
Lars Skov Hansen .....	109	103
Lars Lerke .....	98	93
<b>Total</b> .....	<b>921</b>	<b>747</b>

## Note

	2014 (DKK 1,000)	2013 (DKK 1,000)
6	<b>Staff costs and administrative expenses (continued)</b>	
	<b>Staff costs</b>	
	Wages and salaries.....	62,829 60,318
	Pensions.....	6,922 6,751
	Social security costs .....	942 869
	Payroll tax .....	8,357 7,757
	<b>Total staff costs.....</b>	<b>79,050 75,695</b>
	Salary to special risk takers (10 persons in 2014, 6 persons in 2013).....	7,122 4,705
	Pensions to special risk takers (10 persons in 2014, 6 persons in 2013) .....	770 504
	<b>Other administrative expenses</b>	
	IT expenses .....	24,436 23,540
	Rent, electricity, heating etc.....	4,550 4,453
	Postage, telephony etc.....	972 1,201
	Other administrative expenses.....	25,544 22,475
	<b>Total other administrative expenses .....</b>	<b>55,502 51,669</b>
	<b>Total staff costs and administrative expenses.....</b>	<b>138,473 131,117</b>

### Pension and severance terms for the executive board

The management receives 11% of salary grade 31 in annual pension, which is contribution-based through a pension company. Therefore, Skjern Bank has no pension obligations to the management, since there is regular payment to a pension company as indicated. Upon retirement, Skjern Bank pays a severance payment equivalent to 6 months' salary. The management may retire at 62 years and must retire at 70 years in accordance with the applicable contract. Skjern Bank's notice period to the management is 36 months, but may be 48 months in special circumstances. The management's notice period to the bank is 6 months.

### The Board's pension terms

No pension is paid to the Board

### Special risk takers' pension terms

The special risk takers receive 11% of their respective salary grades in annual pension, which is contribution-based through a pension company in which the payments are expensed continually.

### Average number of employees during the financial year converted into full-time employees

Employed in credit institution business .....	125	122
Employed in other business .....	0	1
<b>Total.....</b>	<b>125</b>	<b>123</b>

## 7 Incentive and bonus schemes

The bank does not have any incentive or bonus schemes.

## 8 Audit fee

Total fee to the firm of accountants, elected by the annual meeting that perform the statutory audit .....

Honorariums for statutory audits of financial statements .....	679	966
Honorariums for tax services.....	563	513
Honorariums for assurance services .....	20	0
Honorariums for other services .....	40	295
Honorariums for other services .....	56	158

## Note

	2014 (DKK 1,000)	2013 (DKK 1,000)
9	<b>Write-downs on loans and receivables</b>	
	Write-downs and provisions during the year .....	180,308
	Reversal of write-downs made in previous years .....	99,995
	Finally lost, not previously written down .....	-28,535
	Interest on the written-down portion of loans .....	6,269
	Recoveries of previously written off debt .....	5,799
		-9,600
		-2,222
	<b>Total</b> .....	<b>154,386</b>
10	<b>Profit on equity investments in non-affiliated and affiliated companies</b>	
	Profit on equity investments in non-affiliated companies .....	-361
	Profit on equity investments in affiliated companies .....	-146
	<b>Total</b> .....	<b>-507</b>
11	<b>Tax</b>	
	Calculated tax of income of the year .....	672
	Adjustment of deferred tax .....	-1,384
	Adjustment of tax calculated in previous years .....	0
	<b>Total</b> .....	<b>-712</b>
	Tax paid during the year .....	735
	<b>Effective tax-rate</b> .....	(Pct.)
	Current tax rate .....	24.50
	Non-deductible expenses and non-taxable income .....	-2.70
	Adjustment of prior years' taxes .....	0.00
	Reduction in future tax rate .....	-0.30
	Other adjustments .....	-1.20
	<b>Total effective tax rate</b> .....	<b>20.30</b>
12	<b>Receivables at credit institutions and central banks</b>	
	Deposits with central banks .....	0
	Receivables at credit institutions .....	28,482
	<b>Total</b> .....	<b>28,482</b>
	<b>Remaining period</b>	
	Demand .....	27,913
	Over 1 year and up to 5 years .....	569
	<b>Total</b> .....	<b>28,482</b>
	No assets related to genuine purchase and resale transactions included.	
13	<b>Loans and other debtors at amortised cost price</b>	
	<b>Remaining period</b>	
	Claims at call .....	1,525,278
	Up to 3 months .....	95,859
	Over 3 months and up to 1 year .....	268,209
	Over 1 year and up to 5 years .....	771,026
	Over 5 years .....	982,835
	<b>Total loans and other debtors at amortised cost price</b> .....	<b>3,643,207</b>
	No assets related to genuine purchase and resale transactions included	
	<b>Individual write-downs and provisions</b>	
	Write-downs beginning of the year .....	221,447
	Write-downs during the year .....	174,192
	Reversal of write-downs made in previous years .....	-15,380
	Write-downs in previous years - now lost .....	-42,708
	<b>Write-downs end of year</b> .....	<b>337,551</b>
	<b>Group write-downs and provisions</b>	
	Write-downs - beginning of the year .....	21,689
	Write-downs during the year .....	1,213
	<b>Group write-downs - end of year</b> .....	<b>22,902</b>
	<b>Total write-downs</b> .....	<b>360,453</b>
		<b>243,136</b>



## Note

	2014 (DKK 1,000)	2013 (DKK 1,000)
13	<b>Loans and other debtors at amortised cost price (continued)</b>	
	<b>Guarantees</b>	
	Provisions beginning of the year.....	0 10,517
	Provisions during the year*.....	0 12
	Loss on guarantees.....	0 -10,000
	Transferred to liabilities.....	0 -529
	<b>Guarantees end of year</b> .....	<b>0 0</b>
	*) Provisions to the Guarantee Fund for deposits represents 0 TDKK in 2014 and 0 TDKK in 2013.	
	<b>Loans etc. with suspended calculation of interest</b> .....	<b>186,576 187,895</b>
	<b>Loans and other debtors with an objective indication of impairment included in the balance sheet at a book value greater than zero</b>	
	<b>Individual written-down loan</b>	
	Balance for loans and other debtors before write-downs.....	703,745 623,703
	Write-downs.....	-337,551 -221,447
	<b>Balance for loans and other debtors after write-downs</b> .....	<b>366,194 402,256</b>
	<b>Group written-downs loans</b>	
	Balance for loans and other debtors before write-downs.....	3,299,915 3,266,562
	Write-downs.....	-22,902 -21,689
	<b>Balance for loans and other debtors after write-downs</b> .....	<b>3,277,013 3,244,873</b>
	There are no write-downs of receivables from credit institutions, or any other receivables.	
14	<b>Bonds at fair value</b>	
	Mortgage credit bonds.....	610,728 656,713
	Other bonds.....	219,917 167,458
	<b>Total bonds at fair value</b> .....	<b>830,645 824,171</b>
	The bank has no held-to-maturity assets	
15	<b>Shares etc</b>	
	Quoted on Nasdaq OMX Copenhagen A/S .....	36,924 29,095
	Quoted on other stock exchanges .....	14,217 14,024
	Sectorshares recorded at fair value .....	194,825 166,211
	Other shares.....	0 2,024
	<b>Total shares etc.</b> .....	<b>245,966 211,354</b>
16	<b>Equity investments in associated and affiliated companies</b>	
	2014 Associated companies (DKK 1,000)	2014 Affiliated companies (DKK 1,000)
	<b>Total cost price beginning-of-year</b> .....	505 6,988
	Acquisitions during the year .....	0 0
	Reduction during the year .....	0 0
	<b>Total cost price end-of-year</b> .....	<b>505 6,988</b>
	<b>Total write-ups/downs and depreciations beginning-of-year</b> .....	-143 -3,816
	Result .....	-362 -146
	Disposals during the year .....	0 0
	<b>Total write-ups/downs and depreciations end-of-year</b> .....	<b>-505 -3,962</b>
	<b>Book value end-of-year</b> .....	<b>0 3,026</b>
	of this credit institutions .....	0 0
	Book value beginning-of-year .....	361 3,171
	of this credit institutions .....	0 0

All agreements and transactions with affiliated undertakings is entered into on market terms.

**Note**

	<b>2014</b> (DKK 1,000)	<b>2013</b> (DKK 1,000)
<b>17 Land and buildings</b>		
Investment properties		
Fair value - end of previous financial year .....	8,361	9,361
Acquisitions during the year incl. improvements .....	13	52
Disposals during the year .....	0	0
Adjustment of fair value for the year .....	-1,400	-1,052
<b>Fair value end-of-year .....</b>	<b>6,974</b>	<b>8,361</b>
<b>Owner occupied properties</b>		
Reassessed value - end of previous financial year .....	58,528	60,068
Acquisitions during the year incl. improvements .....	357	166
Disposals during the year .....	0	-935
Depreciations .....	-1,420	-1,420
Adjustment of fair value for the year .....	-9,098	0
Changes in value recognized in income .....	0	649
<b>Reassessed value end-of-year .....</b>	<b>48,367</b>	<b>58,528</b>
External experts have not been involved by measurement of investment- and owner-occupied properties. Return method is used for measurement of investment and owner-occupied properties where used required rate of return between 5-7 %.		
<b>18 Other tangible assets</b>		
Total cost price beginning-of-year .....	40,633	40,154
Acquisitions during the year incl. Improvements .....	2,242	479
Reduction during the year .....	-1,105	0
<b>Total cost price beginning-of-year .....</b>	<b>41,770</b>	<b>40,633</b>
Total write-ups/downs and depreciations beginning-of-year .....	34,116	31,878
Depreciations during the year .....	2,199	2,238
Reversal of depreciations .....	-442	0
<b>Total write-ups/downs and depreciations end-of-year .....</b>	<b>35,873</b>	<b>34,116</b>
Book value end-of-year .....	<b>5,897</b>	<b>6,517</b>
<b>19 Deferred taxation</b> (Tax amount)		
Tangible assets .....	2,002	1,164
Loans and other receivables .....	2,113	1,843
Other .....	-164	-176
Other deficits carried forward .....	32,051	31,789
<b>Total deferred taxation .....</b>	<b>36,002</b>	<b>34,619</b>
The activated deficit is expected to be utilised within the next 3-5 years.		
<b>20 Debt to credit institutions and central banks</b>		
<b>Debt to credit institutions and central banks</b>		
Debt to central banks .....	31,857	250,701
Debt to credit institutions .....	67,991	165,305
<b>Total debt to credit institutions and central banks .....</b>	<b>99,848</b>	<b>416,006</b>
<b>Term to maturity</b>		
Demand .....	99,848	85,305
Over 3 months and up to 1 year .....	0	80,000
Over 1 year and up to 5 years .....	0	250,701
<b>Total debt to credit institutions and central banks .....</b>	<b>99,848</b>	<b>416,006</b>
No liabilities related to genuine sale and repurchase transactions included.		

**Note**

	<b>2014</b> (DKK 1,000)	<b>2013</b> (DKK 1,000)
<b>21 Deposits and other debts</b>		
Demand.....	3,684,779	3,105,816
At notice.....	17,841	18,818
Time deposits.....	183,424	196,256
Special types of deposits.....	599,952	635,850
<b>Total deposits and other debts</b> .....	<b>4,485,996</b>	<b>3,956,740</b>
<b>Term to maturity</b>		
Demand.....	3,701,757	3,119,267
Deposits redeemable at notice:		
Up to 3 months.....	118,295	97,685
Over 3 months and up to 1 year.....	130,061	63,310
Over 1 year and up to 5 years.....	89,805	211,279
Over 5 years.....	446,078	465,199
<b>Total deposits and other debts</b> .....	<b>4,485,996</b>	<b>3,956,740</b>
No liabilities related to genuine sale and repurchase transactions included.		
<b>22 Bonds issued at fair value</b>		
<b>Term to maturity</b>		
Up to 3 months.....	1,351	1,700
Over 3 months and up to 1 year.....	0	0
Over 1 year and up to 5 years.....	0	1,351
<b>Total bonds issued at amortised cost</b> .....	<b>1,351</b>	<b>3,051</b>
<b>23 Subordinated debt</b>		
<b>Supplementary capital DKK 100 mio</b> .....	99,260	0
Rate.....	6.595%	0%
Due date.....	21.05.2024	
xx		
xx		
xx		
xx		
xx		
<b>Supplementary capital DKK 100 mio</b> .....	0	100,000
Rate.....		3.26%
Due date.....		03.12.2015
The loan is repaid 3 June 2014.		
<b>Supplementary capital DKK 100 mio</b> .....	0	99,201
Rate.....		8.00%
Due date.....		14.12.2017
The loan is repaid 14 December 2014.		
<b>Hybrid core capital DKK 70 mio</b> .....	70,000	70,000
Rate.....	6.09%	6.09%
Due date.....	No due date	No due date
The loan can be repaid prematurely by the bank on the 1st May 2016. On May 1 2016, the interest rate is changed to a quarterly variable coupon rate equal to the CIBOR rate published by Nasdaq OMX for a maturity of three months plus 2.73% pa.		
<b>Subordinated debt total</b> .....	<b>169,260</b>	<b>269,201</b>
Subordinated debt that may be included in the capital base.....	169,260	219,201
Costs related to admission.....	852	0
Interest on subordinated liabilities recognised in income.....	17,427	17,014

<b>Note</b>	<b>2014</b> (DKK 1,000)	<b>2013</b> (DKK 1,000)
24 <b>Share capital</b> .....	<b>192,800</b>	<b>192,800</b>
Number of shares is 9,640,000 at DKK 20 each		
The bank has pr. 31. December 2014 16,387 registered shareholders. 98.09 % of the share capital are registered on name.		
25 <b>Own capital shares</b>		
<b>Purchase and sales of own shares</b>		
<b>Holdings beginning of the year</b>		
Number of own shares.....	8,850	79,890
Nominal value of holding of own shares (DKK 1,000) .....	177	1,598
Own shares proportion of share capital .....	0.09	0.83
<b>Addition</b>		
Number of own shares.....	340,119	714,411
Nominal value of holding of own shares (DKK 1,000) .....	6,802	14,288
Own shares proportion of share capital .....	3.53	7.41
Purchase price (DKK 1,000).....	14,726	21,871
<b>Disposal</b>		
Number of own shares.....	339,990	785,451
Nominal value of holding of own shares (DKK 1,000) .....	6,800	15,709
Own shares proportion of share capital .....	3.53	8.15
Sale price (DKK 1,000).....	14,696	21,187
<b>Holdings end of the year</b>		
Number of own shares.....	8,979	8,850
Nominal value of holding of own shares (DKK 1,000) .....	180	177
Own shares proportion of share capital .....	0.09	0.09
At the Annual General Meeting, the bank requests that shareholders be allowed to acquire up to a total nominal value of 3% of the bank's share capital, cf. the provisions in the Danish Budget Act (finansloven), Section 13, paragraph 3. The bank has asked the Danish Financial Supervisory Authority for a framework for holding of treasury shares of 0.25% of the bank's total share capital. The bank wants this authorisation in order to always be able to meet customers' and investors' demand for purchasing and selling Skjern Bank shares and the net acquisitions in 2014 are a consequence of this.		
26 <b>Contingent liabilities</b>		
<b>Contingent liabilities</b>		
Finance guarantees.....	41,157	55,338
Guarantees against losses on mortgage credit loans.....	192,268	164,208
Registration and conversion guarantees.....	45,411	81,976
Other contingent liabilities.....	274,475	283,191
<b>Total</b> .....	<b>553,311</b>	<b>584,713</b>
<b>Other binding engagements</b>		
Irrevocable credit-undertakings.....	108,958	77,767
<b>Total</b> .....	<b>108,958</b>	<b>75,767</b>
<b>Assets pledged as collateral</b>		
From the security portfolio, the bank has pr. 31. December 2014 put as collateral for clearing with Danmarks Nationalbank, securities with a total market value of DKK 170 million. In addition, there is pledged bonds for a total of DKK 10 million.		
<b>Contract Legal obligations</b>		
As a member of Bankdata, the bank is due to a possible resignation required to pay a withdrawal benefit.		



## Note

	2014 (DKK 1,000)	2013 (DKK 1,000)																																																
26	<b>Contingent liabilities (continued)</b>																																																	
	<p>Like other Danish financial institutions, Skjern Bank is liable for loss sustained by the Deposit Guarantee Fund. The most recent calculation of Skjern Bank's share of the industry's assurances to the Deposit Guarantee Fund is 0.423 %.</p> <p>The Bank is a tenant in three leases, two of which can be terminated with 6 months' notice, the yearly lease is 870 TDKK. The third lease is irrevocable until 31 December 2021, and the yearly lease is 1,865 TDKK.</p>																																																	
27	<b>Lawsuits etc.</b>																																																	
	<p>As part of ordinary operations, the bank is involved in disputes and lawsuits. The bank's risk 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.</p>																																																	
28	<b>Related parties</b>																																																	
	<p>Loans and warranties provided to members of the bank's management board, board of directors and committee of representatives are on marked-based terms.</p> <p><b>Transactions with related parties</b></p> <p>There have during the year not been transactions with related parties, apart from wages and salaries, etc. and loans and similar. Wages and considerations to the bank's management board, board of directors, audit committee and committee of representatives can be found in note no. 6.</p> <p>There are no related with control of the bank.</p> <p>Amount of loans, mortgages, guarantees, with accompanying security for members of the management and related parties mentioned below.</p> <p><b>Management:</b></p> <table border="0" style="width: 100%;"> <tr> <td>Loans .....</td> <td style="text-align: right;">30</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Bid Bond .....</td> <td style="text-align: right;">0</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Rate of interest .....</td> <td style="text-align: right;">6.00-6.75%</td> <td style="text-align: right;">0.00%</td> </tr> </table> <p><b>Board of directors:</b></p> <table border="0" style="width: 100%;"> <tr> <td>Loans .....</td> <td style="text-align: right;">3,029</td> <td style="text-align: right;">3,155</td> </tr> <tr> <td>Bid Bond .....</td> <td style="text-align: right;">2,240</td> <td style="text-align: right;">2,240</td> </tr> <tr> <td>Rate of interest/interest range .....</td> <td style="text-align: right;">2.2511-8.00%</td> <td style="text-align: right;">2.206-6.7325%</td> </tr> </table> <p>Holding of shares in Skjern Bank:</p> <table border="0" style="width: 100%;"> <tr> <td colspan="3">The board of managers</td> </tr> <tr> <td>Per Munck .....</td> <td style="text-align: right;">28,545</td> <td style="text-align: right;">28,545</td> </tr> <tr> <td colspan="3">The board of directors</td> </tr> <tr> <td>Hans Ladekjær Jeppesen .....</td> <td style="text-align: right;">11,115</td> <td style="text-align: right;">11,115</td> </tr> <tr> <td>Jens Okholm .....</td> <td style="text-align: right;">13,022</td> <td style="text-align: right;">13,022</td> </tr> <tr> <td>Bjørn Jepsen .....</td> <td style="text-align: right;">4,536</td> <td style="text-align: right;">4,536</td> </tr> <tr> <td>Finn Erik Kristiansen .....</td> <td style="text-align: right;">2,748</td> <td style="text-align: right;">2,748</td> </tr> <tr> <td>Søren Dalum Tinggaard .....</td> <td style="text-align: right;">3,234</td> <td style="text-align: right;">955</td> </tr> <tr> <td>Lars Sov Hansen .....</td> <td style="text-align: right;">710</td> <td style="text-align: right;">710</td> </tr> <tr> <td>Lars Lerke .....</td> <td style="text-align: right;">9,882</td> <td style="text-align: right;">10,382</td> </tr> </table>		Loans .....	30	0	Bid Bond .....	0	0	Rate of interest .....	6.00-6.75%	0.00%	Loans .....	3,029	3,155	Bid Bond .....	2,240	2,240	Rate of interest/interest range .....	2.2511-8.00%	2.206-6.7325%	The board of managers			Per Munck .....	28,545	28,545	The board of directors			Hans Ladekjær Jeppesen .....	11,115	11,115	Jens Okholm .....	13,022	13,022	Bjørn Jepsen .....	4,536	4,536	Finn Erik Kristiansen .....	2,748	2,748	Søren Dalum Tinggaard .....	3,234	955	Lars Sov Hansen .....	710	710	Lars Lerke .....	9,882	10,382
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## Note

	2014 (DKK 1,000)	2013 (DKK 1,000)
<b>29 Capital requirement</b>		
Equity .....	522,531	578,596
Correction equity beginning of the year.....	0	-4,839
<b>Corrected equity .....</b>	<b>522,531</b>	<b>573,757</b>
Revaluation reserve .....	0	-417
Deferred tax assets .....	-36,002	-35,984
Deduction for the sum of equity investments etc. above 10 % .....	-36,377	0
Deduction of trading framework for own sharers .....	-916	0
<b>Core tier 1 capital (excl. hybrid core capital) .....</b>	<b>449,236</b>	<b>537,356</b>
Hybrid core capital .....	56,000	70,000
Deduction for equity investments etc. above 10 % .....	0	0
Deduction for the sum of equity investments etc. above 10 % .....	-56,000	-43,383
<b>Tier 1 capital .....</b>	<b>449,236</b>	<b>563,973</b>
Revaluation reserve .....	0	417
Subordinated loan capital .....	99,260	149,200
Deduction for the sum of equity investments etc. above 10 % .....	-61,584	-43,383
<b>Capital base .....</b>	<b>486,912</b>	<b>670,207</b>
<b>Weighted items</b>		
Credit risk .....	3,318,100	3,285,186
Market risk .....	276,513	285,537
Operational risk .....	457,193	429,598
<b>Weighted items total .....</b>	<b>4,051,806</b>	<b>4,000,321</b>
<b>Core tier 1 capital ratio (excl. hybrid core capital) .....</b>	<b>11.1</b>	<b>13.4</b>
<b>Tier 1 capital ratio .....</b>	<b>11.1</b>	<b>14.1</b>
<b>Solvency ratio - Tier 2 .....</b>	<b>12.0</b>	<b>16.8</b>

## 30 Current value of financial instruments

Financial instruments are measured in the statement of financial position at either fair value or at cost.

Fair value is the price which would be received from the sale of an asset or which will be paid to transfer a liability in a normal transaction between market participants on the measurement date. For financial assets and liabilities valued on active markets, the fair value is calculated based on observable market prices on the market date. For financial instruments valued on active markets, the fair value is calculated based on generally accepted valuation methods.

Shares, etc. and derivative financial instruments are measured in the accounts at fair value so that recognised values correspond to fair value. Loans are recorded in the bank's statement of financial position at amortised cost. The difference to fair value is calculated as fees and commissions received, expenses incurred through lending transactions, interest receivable which is first due for payment after the end of the financial year and for fixed-rate loans, also the variable interest rate, which is calculated by comparing the current market rate with the loans' nominal interest rate.

The fair value of receivables from credit institutions and central banks is determined by the same method as for loans, since the bank does not currently recognise impairments on receivables from credit institutions and central banks.

Bonds issued and subordinated liabilities are measured at amortised cost. The difference between the carrying amount and fair value is calculated based on rates in the market of its own listed emissions.

For floating rate financial liabilities in the form of lending and payables to credit institutions measured at amortised cost, the difference to fair value is estimated to be interest payable which is first due for payment after the end of the financial year.

For fixed-rate financial liabilities in the form of lending and payables to credit institutions measured at amortised cost, the difference to fair value is estimated to be interest payable which is first due for payment after the end of the financial year and the variable interest rate.

## Note

### 30 Current value of financial instruments (continued)

	31. december 2014		31. december 2013	
	Book value (DKK 1,000)	Fair value (DKK 1,000)	Book value (DKK 1,000)	Fair value (DKK 1,000)
<b>Financial assets</b>				
Cash in hand+claims at call on central banks	460,515	460,515	437,505	437,505
Claims on credit institutes and central banks 1)	28,482	28,482	16,573	16,573
Loans and other debtors at amort. costprice 1)	3,651,327	3,669,918	3,654,827	3,666,891
Bonds at current value 1) .....	834,535	834,535	829,219	829,219
Shares etc. ....	245,966	245,966	219,516	219,516
Capital shares in associated companies .....	0	0	361	361
Capital shares in group companies .....	3,026	3,026	3,137	3,137
Derivative financial instruments .....	36,526	36,526	40,177	40,177
<b>Total financial assets</b> .....	<b>5,260,377</b>	<b>5,278,968</b>	<b>5,201,315</b>	<b>5,213,379</b>
<b>Financial liabilities</b>				
Debt to credit institutions and central banks 1)	99,857	99,857	416,095	416,396
Deposits and other debts .....	4,524,677	4,590,526	3,989,220	4,063,490
Issued bonds at amortised cost price 1) 2)....	1,402	1,402	3,136	3,136
Derivative financial instruments .....	9,838	9,839	14,828	14,828
Subordinated debt 1) 2) .....	176,205	176,205	272,630	273,630
<b>Total financial liabilities</b> .....	<b>4,811,980</b>	<b>4,877,829</b>	<b>4,695,909</b>	<b>4,771,480</b>

1) The entry includes calculated interest on the balance sheet date, which is included in "Other assets" and "Other liabilities".

2) Applied the latest quoted trading price at the balance sheet date

### 31 Risks and risk management

Skjern Bank is exposed to various types of risks which are controlled at various levels within the organisation. Skjern Bank's financial risks consist of:

#### Credit risk:

Risk of losses due to debtors' or counterparties' default on payment obligations.

#### Market risk:

Risk of losses resulting from the fair value of financial instruments and derivative financial instruments fluctuating due to changes in market prices. Skjern Bank classifies three types of risk for the market risk area:  
Interest rate risk, equity risk and currency risk.

#### Liquidity risk:

Risk of losses due to financing costs rising disproportionately, the risk that Skjern Bank is prevented from maintaining the adopted business model due to a lack of financing/funding or ultimately, the risk that Skjern Bank cannot honour incoming payment obligations when due as a result of a lack of financing/funding.

#### Evaluation of securities:

The bank is exposed to the sectors agriculture and real-estate. The Bank has in the assessment of collateral in agricultural exposures used acres of arable land prices in the range of 90 TDKK - 125 TDKK. In the real-estate sector is used return requirement in the range 5% - 9%. Valuations in both agricultural exposures as real-estate exposures are made in accordance with the FSA's current guidance. The Bank notes that estimating the value of collateral is generally associated with uncertainty.

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

#### Capital reserves

On page 8 in the Annual Report, the bank referred to an unsatisfactory capital surplus of 0.1% points on 31/12/2014, corresponding to a surplus of 0.84%. The bank's actual core capital is about 11.1% and is thus robust and sufficient in relation to the legal minimum requirements for core capital of 4.0% points. Overall, there is a surplus in the capital base of DKK 162 million, down to the hard requirement in the Danish Executive Order on Capital Adequacy of 8% points. The bank's management has adjusted the capital plan with the realised deficit after tax in 2014 of DKK 56.0 million. The capital plan for the next 5 years until 2019, when the new capital buffer has been fully implemented, contains the following assumptions:

## Note

- 31 **Risks and risk management (continued)**
- In 03/02/2015, the bank sold shares in DLR Kredit of DKK 75 million, which by itself increases the capital ratio by 1.7%.
  - Expected positive results in upcoming years.
  - Expected reductions in the solvency requirements as a result of both higher capital base and reduction of the risk of identifying weak commitments over 2% of the core capital.
  - The bank's management will continually assess the need for issue of hybrid loan capital.

The bank's management will continually monitor and assess the development in capital reserves very closely and will assess the need for further strengthening of the capital base via various measures containing in the bank's procedures for capital plans. The bank believes that the implementation of the bank's capital plan is realistic and that capital coverage will thus be restored through future operation, but is aware that the implementation of this is subject to uncertainty.

32 <b>Credit risks</b>	2014 (Pct)	2013 (Pct)
Loans and guarantees distributed on sectors		
Public authorities.....	1.6	2.4
Business:		
Agriculture, hunting, forestry & fishing		
- Plant production .....	1.5	1.4
- Cattle farming .....	7.4	6.7
- Pig farming .....	2.5	2.4
- Mink production .....	0.9	1.1
- Other agriculture .....	0.7	0.6
Industry and mining.....	3.8	5.3
Energy.....	6.6	5.5
Building and constructions .....	5.6	6.9
Wholesale.....	8.2	8.4
Transport, hotels and restaurants.....	1.8	1.8
Information and communication .....	0.3	0.2
Financial and insurance business.....	7.4	7.7
Real-estate.....	14.1	15.5
Other business .....	7.3	4.1
<b>Total business.....</b>	<b>68.1</b>	<b>67.6</b>
Private persons .....	30.3	30.0
<b>Total.....</b>	<b>100.0</b>	<b>100.0</b>

The industry breakdown is based on Danmarks Statistik's industry codes etc. Furthermore, an individual assessment is made of the individual exposures, which has resulted in some adjustment. From the above sectoral distribution represents alternative energy 8.6 % in 2014 and 8.0 % in 2013.

### Maximum credit exposure classified by loan, guarantees and credit-undertakings

	2014 (DKK 1,000)	2014 (DKK 1,000)	2014 (DKK 1,000)
	Loans	Guarantees	Credit-undertakings
Public authorities .....	55,634	16,436	0
Business - agriculture .....	552,182	12,601	0
Business - other .....	2,081,918	380,157	108,958
Private persons .....	954,255	144,117	0
	<b>3,643,989</b>	<b>553,311</b>	<b>108,958</b>
Which recognized in the balance after deduction of depreciation .....	3,643,989		
	2013 (DKK 1,000)	2013 (DKK 1,000)	2013 (DKK 1,000)
	Loans	Guarantees	Credit-undertakings
Public authorities .....	92,955	14,075	0
Business - agriculture .....	524,562	21,752	0
Business - other .....	2,088,073	395,194	0
Private persons .....	941,539	153,691	75,767
	<b>3,647,129</b>	<b>584,713</b>	<b>75,767</b>
Which recognized in the balance after deduction of depreciation ...	3,647,129		

## Note

### 32 Credit risks (continued)

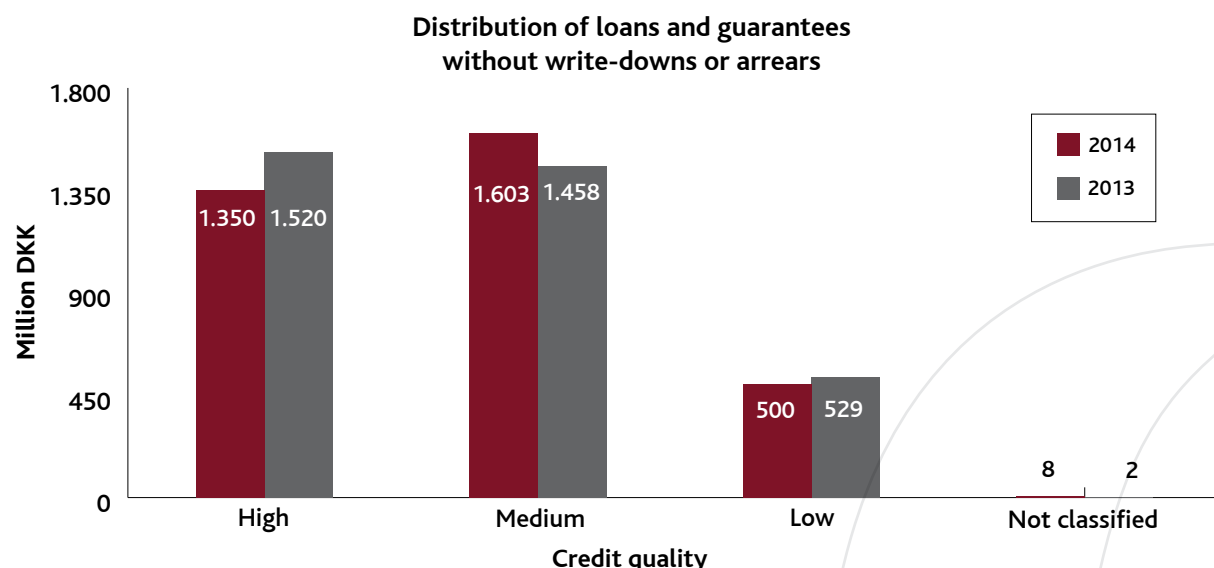
#### Description of collateral

Security distributed by type	2014 (1,000 kr.) Public authorities	2014 (1,000 kr.) Business, agriculture	2014 (1,000 kr.) Business, other	2014 (1,000 kr.) Private
Securities .....	4,411	16,489	161,914	58,461
Real property .....	20,265	350,587	760,764	336,924
Chattels, vehicles and rolling stock.....	5,099	40,719	328,295	166,873
Guarantees .....	371	30,665	44,751	20,443
Other forms of security .....	14,279	33,640	331,852	151,277
	<b>44,425</b>	<b>472,100</b>	<b>1,627,576</b>	<b>733,978</b>

Security distributed by type	2013 (1,000 kr.) Public authorities	2013 (1,000 kr.) Business, agriculture	2013 (1,000 kr.) Business, other	2013 (1,000 kr.) Private
Securities .....	3,622	23,073	127,056	73,934
Real property .....	22,292	255,940	678,077	254,707
Chattels, vehicles and rolling stock.....	7,138	36,139	274,487	156,087
Guarantees .....	186	27,007	46,018	18,728
Other forms of security .....	20,613	25,761	349,066	107,393
	<b>53,851</b>	<b>367,920</b>	<b>1,474,704</b>	<b>610,849</b>

As a general rule, the bank is secured through financed assets. It is also secured in the form of sureties and mortgages on equity and shares. The above listings reflect the collateral value which can be attributed to individual commitments. The bank wants to reduce the estimated credit in blank of the entire customer portfolio. In 2014, this led to a reduction of estimated credit in blank of DKK 350 million.

#### Credit-quality on loans which are neither in arrears not written down\*



\*) Calculated based on the guidelines for accounting reports for credit institutions and investment companies, etc. regarding thresholds for reporting credit quality classes.



## Note

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### Credit risks (continued) Reasons for individual write-downs and provisions

	2014 Exposure before write-down	2014 Write-downs	2014 Securities
Significant financial difficulties .....	428,000	178,518	177,599
Breach of contract .....	38,309	25,621	10,631
Reductions in terms .....	74,010	17,098	42,313
Probability of bankruptcy .....	286,187	116,314	168,276
<b>Total</b> .....	<b>826,506</b>	<b>337,551</b>	<b>398,819</b>

According to the bank's credit policy, all commitments, particularly including commitments which are subject to individual impairment, must be covered by collateral to the greatest extent possible. When determining impairment need, the value of the pledged collateral is compared to the expected net realisable value.

Also refer to the relevant section on the bank's credit risk in the Management's Review, page 9.

	2013 Exposure before write-down	2013 Write-downs	2013 Securities
Significant financial difficulties .....	341,871	110,831	132,170
Breach of contract .....	30,987	19,664	9,134
Reductions in terms .....	39,349	11,325	17,432
Probability of bankruptcy .....	251,277	79,627	130,213
<b>Total</b> .....	<b>663,484</b>	<b>221,447</b>	<b>288,949</b>

<b>2014</b>	<b>2013</b>
(DKK 1,000)	(DKK 1,000)

### Arrears amount for loans, which have not been written down

0-90 days .....	11,974	23,081
>90 days .....	66	374
<b>Total</b> .....	<b>12,040</b>	<b>23,455</b>

### Loans and arrears amount for loans, which have not been written down

0-90 days .....	84,862	149,626
>90 days .....	751	1,841
<b>Total</b> .....	<b>85,613</b>	<b>151,467</b>

33

### Market risks and sensitivity information

In connection with Skjern Bank's monitoring of market risk, a number of sensitivity calculations, which include market risk variables, have been carried out.

#### Interest rate risk

In the event of a general increase in interest rates by 1 percentage point in the form of a parallel shift of the yield curve, equity is affected as shown below

Interest rate risk on debt instruments etc - total	-9,648	-7,356
Interest rate risk in pct of core capital after deductions .....	-2,0	-1.3
Interest rate risk split in currencies with highest risk:		
DKK .....	-10,890	-9,158
CHF .....	1,402	-142
EUR .....	-158	1,989
JPY .....	-2	-43
USD .....	2	0
Others .....	-2	-2
<b>Total</b> .....	<b>-9,648</b>	<b>-7,356</b>

## Note

		2014 (DKK 1,000)	2013 (DKK 1,000)
33	<b>Market risks and sensitivity information (continued)</b>		
	<b>Foreign currency risk</b>		
	Total assets in foreign currency.....	599,114	653,569
	Total liabilities in foreign currency.....	43,975	36,212
	In the event of a general change in exchange rates of 10%, and in the euro of 2.25%, Currency Indicator 1 will also be increased .....	11,197	903
	Currency indicator 1 in pct of core capital after deductions.....	-2,1	0.2
	In the event of a general change in exchange rates of 10%, and in the euro of 2.25%, Currency Indicator 2 will also be increased .....	42	4
	Currency indicator 2 in pct of core capital after deductions.....	2,5	0.0

Currency Indicator 1 represents the sum of the respective positions in the currencies in which the bank has a net asset position, and currencies where the bank has net debt. Currency Indicator 2 expresses the bank's currency risk more accurately than indicator 1, as it takes into account the different currencies' volatility and covariation.

A value of indicator 2 of TDKK 25 means that as long as the bank does not change its currency positions in the following 10 days, there is a 1% chance that the institution will get a capital loss greater than TDKK 25, which will affect the bank's profit and equity.

### Equity Risk

If stock prices change by 10 percentage points, equity is affected as shown below.

Quoted on Nasdaq OMX Copenhagen A/S .....	3,692	2,909
Quoted on other stock exchanges .....	1,422	1,402
Unquoted shares recorded at fair value .....	19,482	16,621
Other shares .....	0	202
<b>Total shares etc. ....</b>	<b>24,596</b>	<b>21,134</b>

### 34 Derivate financial instruments

Derivatives are used solely to hedge the bank's risks. Currency and interest rate contracts are used to hedge the bank's currency and interest rate risks. Cover may not be matched 100%, so the bank has own risk. However, this risk is minor.

	2014 Nominal value	2014 Net market- value	2014 Market- value positive	2014 Market- value negative	2013 Nominal value	2013 Net market- value	2013 Market- value postive	2013 Market- value negative
<b>Currency-contracts</b>								
Up to 3 months	854,386	25,542	29,767	4,225	918,741	24,325	28,502	4,177
Over 3 months and up to 1 year	13,133	1,503	1,570	67	39,233	1,111	1,326	215
Over 1 year and up to 5 years								
Over 5 years								
Average market value			29,234	2,228			27,821	3,547
<b>Interest-rate contracts</b>								
Up to 3 months						2	20	18
Over 3 months and up to 1 year	80,363	7	1,508	1,501	58,293	-108	3,277	3,385
Over 1 year and up to 5 years	51,993		2,630	2,630	133,063	8	6,193	6,185
Over 5 years	5,443	-1	926	927	5,730	-2	670	672
Average market value			7,533	7,542			10,882	11,012
<b>Share contracts</b>								
Up to 3 months								
Over 3 months and up to 1 year								
Over 1 year and up to 5 years								
Over 5 years								
Average market value							6	

## Note

	2014 (DKK 1,000)	2013 (DKK 1,000)
34 <b>Derivate financial instruments (continued)</b>		
<b>Credit risk on derivative financial instruments</b>		
Positive market value, counterparty with risk weighting of 0 % .....	0	0
Positive market value, counterparty with risk weighting of 20% .....	4,270	1,598
Positive market value, counterparty with risk weighting of 100% .....	32,257	38,579
<b>Total</b> .....	<b>36,526</b>	<b>40,177</b>

### Unsettled spot transactions

DKK 1,000

	Nominal value	Market- value Positive	Market- value Negative	Net market- value
Foreign-exchange transactions, purchase .....	2,283	2	369	-367
Foreign-exchange transactions, sale .....	2,464	-	2	-2
Interest-rate transactions, purchase .....	26,537	16	3	13
Interest-rate transactions, sale .....	9,825	1	7	-6
Share transactions, purchase .....	2,285	23	81	-58
Share transactions, sale .....	2,249	78	20	58
<b>Total 2014</b> .....	<b>45,640</b>	<b>120</b>	<b>482</b>	<b>-362</b>
<b>Total 2013</b> .....	<b>15,296</b>	<b>126</b>	<b>130</b>	<b>-4</b>

### 35 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, Nykredit, DLR Kredit A/S, Privatsikring A/S, Eurocard, PFA Pension, SparInvest, A/S, Valueinvest Asset Management S.A., BI Asset Management Fondsbørsmæglerselskab A/S, Jyske Invest, Forvaltningsinstituttet for Lokale Pengeinstitutter, Sydinvest A/S, Garanti Invest A/S, Investeringsforeningen Egns-Invest, HP Fondsbørsmæglerselskab A/S, Investeringsforeningen Danske Invest, Investeringsforeningen Maj Invest, Codan, Dankort A/S, Nets A/S, Bluegarden A/S, Visa International, Dansk Lokalleasing A/S and Deltaq A/S.

## Note

	2014	2013	2012	2011	2008
36	<b>5 years in summary (DKK 1,000)</b>				
<b>Profit and loss account</b>					
Net income from interest .....	159,926	160,505	153,006	161,046	158,120
Dividend on shares .....	6,491	8,231	5,414	3,287	2,053
Charges and commission, net .....	81,608	61,861	55,296	49,725	48,654
<b>Income from core business .....</b>	<b>248,025</b>	<b>230,597</b>	<b>213,716</b>	<b>214,048</b>	<b>208,827</b>
Value adjustments .....	10,770	16,236	8,096	94	21,835
Other ordinary income .....	1,195	1,745	1,131	1,683	1,199
Staff cost and admin. expenses .....	138,473	131,117	132,557	134,124	131,507
Depreciation of intangible and tangible assets.....	14,118	4,047	3,709	3,578	2,535
Other operating expenses .....	9,254	9,834	5,292	1,052	19,434
- Contribution to the Guarantee Fund for deposits	9,018	9,127	4,843	1,052	6,148
- Other operating expenses .....	236	707	449	0	13,286
Write-downs on loans etc. (net) .....	154,386	67,073	69,204	52,181	73,085
- Write-downs on loans and outstanding accounts etc.	154,386	67,073	69,204	52,181	62,831
- Write-downs regarding first guarantee scheme...	0	0	0	0	10,254
Profit on equity investments in non-affiliated and affiliated companies	-507	-332	91	-14,208	-1,117
<b>Operating result .....</b>	<b>-56,748</b>	<b>36,175</b>	<b>12,272</b>	<b>10,692</b>	<b>4,183</b>
Taxes .....	-712	11,720	2,433	5,838	982
<b>Profit for the year .....</b>	<b>-56,036</b>	<b>24,455</b>	<b>9,839</b>	<b>4,854</b>	<b>3,201</b>
<b>Balance as per 31st December</b>					
summary					
Total assets .....	5,384,120	5,322,821	6,009,319	5,253,979	5,500,888
Loans and other receivables .....	3,643,989	3,647,129	3,498,499	3,526,544	3,623,212
Guarantees etc.....	553,311	584,713	482,156	484,656	465,178
Bonds.....	830,645	824,171	1,270,360	887,607	843,058
Shares etc. ....	245,966	211,354	203,258	167,857	185,014
Deposits and other debts. ....	4,485,996	3,956,740	4,499,426	3,509,897	6,569,671
Subordinated debt .....	169,260	269,201	358,475	357,521	356,546
<b>Total equity .....</b>	<b>522,531</b>	<b>578,596</b>	<b>551,825</b>	<b>385,556</b>	<b>385,260</b>
- of which proposed dividend .....	0	0	0	0	0
<b>Capital Base .....</b>	<b>486,912</b>	<b>670,207</b>	<b>747,407</b>	<b>610,283</b>	<b>612,597</b>

## Note

	2014	2013	2012	2011	2010
<b>37 Financial ratio (figures in pct.)</b>					
Solvency ratio .....	12.0	16.9	19.6	15.8	16.1
Core capital ratio.....	11.1	14.2	15.7	11.1	11.2
Return on equity before tax.....	-10.3	6.5	2.7	2.8	1.1
Return on equity after tax.....	-10.2	4.4	2.1	1.3	0.9
Return on assets.....	-1.0	0.5	0.2	0.1	0.1
Earning/expense ratio in DKK .....	0.82	1.17	1.06	1.06	1.02
Interest rate risk.....	-2.1	-1.3	-2.8	0.0	1.0
Foreign currency position.....	2.5	0.2	0.9	2.6	1.5
Foreign currency risk.....	0.0	0.0	0.0	0.0	0.0
Loans etc. against deposits .....	89.3	98.3	83.0	108.7	109.3
Statutory liquidity surplus.....	131.0	144.6	265.6	159.8	198.3
Total large commitments.....	38.4	23.2	13.1	34.8	38.5
Loans and debtors at reduced interest.....	4.1	4.2	4.5	4.7	5.2
Accumulated impairment ratio .....	7.9	5.4	5.8	6.8	6.4
Impairment ratio for the year.....	3.4	1.5	1.6	1.2	1.7
Increase in loans etc. for the year.....	-0.1	4.1	-0.8	-1.8	-1.5
Ratio between loans etc. and capital funds .....	7.0	6.4	6.4	9.4	9.5
(value per share 100 DKK)					
Earnings per share .....	-29.1	12.7	5.1	21.15	14.2
Book value per share .....	271	298	286	1,847	1,778
Rate on Copenhagen Stock Exchange .....	190	220	120	403	800
Dividend per share .....	0	0	0	0	0
Market value/net income per share .....	-6.5	17.3	23.5	18.7	56.4
Market value/book value .....	0.70	0.74	0.42	0.22	0.45



## Financial Calendar 2015

- 17th February:** Announcement of Annual Report 2015
- 17th March:** General Meeting – Skjern Kulturcenter
- 30th April:** Announcement of quarterly report 1st quarter 2015
- 13th August:** Announcement of half-yearly report 2015
- 29th October:** Announcement of quarterly report 3rd quarter 2015





**Committee of representatives**

Hans Ladekjær Jeppesen, Skjern, lawyer, boardchairman  
 Ole Strandbygaard, Ringkøbing, printer, vice-head of the committee of representatives  
 Jørgen Søndergaard Axelsen, Skjern, real estate agent  
 Ole Bladt-Hansen, Ribe, city manager  
 Jens Bruun, Viby J, Manager  
 Kaj Eriksen, Vemb, police officer  
 Jens Chr. Fjord, Skjern, former bicycle dealer  
 Poul Frandsen, Herning sales manager  
 Børge Lund Hansen, Skjern, manager  
 Orla Varridsbøl Hansen, Tarm, manufacturer  
 Tom Jacobsen, Tarm, manager  
 Mike Jensen, Skjern, bookseller  
 Niels Erik Kjærgaard, Skjern, city manager  
 Dorte H. Knudsen, Hviding, Ribe, hospital nurse  
 Tommy Noer, Esbjerg, technical teacher  
 Torben Ohlsen, Tjæreborg, manager  
 Jens Christian Ostensen, Stauning, farmer  
 Jens Kirkegaard Pedersen, Hemmet self-employee  
 Niels Chr. Poulsen, No, Ringkøbing, mink farmer  
 Jesper Ramskov, Esbjerg, manager  
 Birte Bruun Thomsen, Esbjerg, manager  
 Bente Tang, Hanning, Skjern, farmer  
 Poul Thomsen, Skjern, trader in men's clothing  
 Carsten Thygesen, Skjern, manager  
 Jesper Ørnskov, Århus, manager

**Audit Committee**

Jens Okholm, Ribe, adviser  
 Finn Erik Kristiansen, Varde, bookseller  
 Lars Skov Hansen, Esbjerg, advisor, employee-selected

**Board of directors \*)**

**Hans Ladekjær Jeppesen**, 50 years old, Skjern, lawyer, board chairman.  
 Elected in the board of directors in 2011, re-elected in 2013, up for election in 2015.

**Jens Okholm**, 66 years old, Ribe, adviser, board vice-chairman.  
 Elected in the board of directors in 2010, re-elected in 2012 and 2014, up for election in 2016.

**Bjørn Jepsen**, 51 years old, Borris, farmer.  
 Elected in the board of directors in 2012, re-elected in 2014, up for election in 2016.

**Finn Erik Kristiansen**, 45 years old, Varde, bookseller.  
 Elected in the board of directors in 2010, re-elected in 2012 and 2014, up for election in 2016.

**Søren Dalum Tinggaard**, 45 years old, Randers, vice manager.  
 Elected in the board of directors in 2013, up for election in 2015.

**Lars Skov Hansen**, 41 years old, Esbjerg, advisor, employee-selected.  
 Elected in the board of directors in 2011, up for election in 2015.

**Lars Lerke**, 38 years old, Skjern, head of finance, employee-selected.  
 Elected in the board of directors in 2012, up for election in 2015.

**Management**

Per Munck, 60 years old, banking executive.  
 Employed 1st November 1999



**List of board members' managerial offices in companies as per December 31, 2014**

Lawyer Hans Ladekjær Jeppesen:  
 Manager of BVLHLJ Holding ApS  
 Boardchairman of Gråkjær Retail A/S  
 Boardchairman of PE Trading A/S  
 Boardchairman of Skautrup Holding A/S  
 Boardchairman of Grønbjerg Grundinvest A/S  
 Boardchairman of Byggefirmaet Ivan V. Mortensen A/S  
 Boardchairman of LHI Invest A/S  
 Boardchairman of Grey Holding 1 A/S  
 Boardchairman of Grey Holding 2 A/S  
 Boardchairman of Grey Partner A/S  
 Boardchairman of Krogsgaard Kompagni A/S  
 Boardchairman of Specialfabrikken Vinderup A/S  
 Boardchairman of AP Company A/S  
 Board member of Skjern Håndbold A/S  
 Board member of Gråkjær A/S  
 Board member of Gråkjær Ejendomme A/S  
 Board member of Gråkjær Industribyg A/S  
 Board member of Gråkjær Staldbyg A/S  
 Board member of BS Invest af 1992 A/S  
 Board member of Carl C A/S  
 Board member of Carl C Ejendomme ApS  
 Board member of Actona Company A/S  
 Board member of AA Holding, Herning A/S  
 Board member of Dahlholm Holding ApS  
 Board member of Grønbjerg Ejendomsselskab A/S  
 Board member of Spizy A/S  
 Board member of AA Properties A/S  
 Board member of AA Ejendomme 1 A/S  
 Board member of A/S VQX af 8. november 1986  
 Board member of Advokatpartnerselskabet Kirk Larsen & Ascanius

Consultant Jens Okholm:  
 Boardchairman af CN Maskinfabrik A/S  
 Boardchairman of Logitrans A/S  
 Boardchairman of Hansen & Bay Byg A/S  
 Board member of it-craft A/S

Bookseller Finn Erik Kristiansen:  
 Manager of Varde Erhverv- og Turistråd S/I  
 Manager and board member of Kristiansen Ejendomme A/S  
 Manager of Bordin Holding ApS  
 Boardchairman of Kristiansen Bog & Idé A/S  
 Boardchairman of Flensborg A/S

Farmer Bjørn Jepsen  
 Board member of Arla Foods AmbA  
 Board member of Kvægafgiftsfonden  
 Board member of Kvægbrugets Forsøgscenter  
 Board member of Videnscenter for Landbrug - kvæg

Vice manager Søren Dalum Tinggaard  
 Board member of AP Pension A/S  
 Board member of Dan-list A/S


Banking executive Per Munck,  
 Boardchairman of Knud Eskildsen Ejendomme A/S  
 Board member of BankData  
 Board member of Dansk Lokalleasing A/S, Bogense  
 Board member of Value Invest Luxembourg S.A.  
 Board member of Forvaltningsinstituttet for Lokale Pengeinstitutter  
 Board member of Den erhvervsdrivende Fond Ringkøbing Fjord Innovationscenter





# SKJERN BANK


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tlf. 9682 1640

 **Skjern Bank, Bramming:**  
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tlf. 9682 1580

 **Skjern Bank, Hellerup:**  
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tlf. 9682 1450