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Ringkjøbing Landbobank - interim report 2014 - Great increase in customer numbers, growth and upward adjustment of expectations

The core earnings for the first half of the year were DKK 277 million against DKK 231 million in 2013, an increase of 20%. The profit before tax was DKK 321 million, representing a return on equity of 23% p.a., which is considered highly satisfactory.

(Million DKK)	1 st half 2014	1 st half 2013	2013	2012	2011	2010
Total core income	459	424	844	823	767	758
Total costs and depreciations	-142	-132	-273	-265	-248	-240
Core earnings before impairments	317	292	571	558	519	518
Impairment charges for loans etc.	-40	-61	-120	-157	-129	-138
Core earnings	277	231	451	401	390	380
Result for portfolio	+44	+15	+23	+49	+1	+38
Expenses for bank packages	0	-1	-2	-2	-11	-80
Profit before tax	321	245	472	448	380	338

The half-year – highlights:

- 31% improvement in profit before tax to DKK 321 million, equivalent to a 23% return p.a. on equity after payment of dividend
- Increase in core earnings from DKK 231 million in 2013 to DKK 277 million in 2014 - a 20% increase
- 14% increase in the bank's loans and 11% increase in deposits
- Satisfactory final report on the Danish Financial Supervisory Authority's ordinary inspection
- Highly satisfactory number of new customers in both the branch network and niche concepts resulting in the best ever net increase in customers
- Expectations of core earnings for the entire year adjusted upward to DKK 460-510 million.

Please do not hesitate to contact the bank's management if you have any questions.

Yours sincerely,

Ringkjøbing Landbobank

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Management report

Core income

Net interest income was DKK 317 million in the first half of 2014 against DKK 304 million in 2013, an increase of 4%. Compared with the first half of 2013, the bank noted increasing average loans and deposits in the half-year, but also noted a fall in the interest margin from the first half of 2013 to the first half of 2014.

Fees, commissions and foreign exchange earnings amount to net DKK 122 million in the first half of 2014 against net DKK 113 million in 2013, an increase of 8%. The increase is attributable primarily to greater activity and volumes within asset management and pensions and to greater trading activity, which has strengthened earnings.

The total core income was 8% higher in the first half of the year, with an increase from DKK 424 million in 2013 to DKK 459 million in 2014. The DKK 35 million increase in total core income was affected positively by an extraordinary once-only income of the order of DKK 10 million in connection with the sale of the bank's shares in Nets Holding A/S. Corrected for the once-only income, the bank considers the increase in core income satisfactory.

Costs and depreciations

Total costs including depreciations on tangible assets were DKK 142 million in the first half of 2014 against DKK 132 million last year, an increase of 7%.

The rate of costs was computed at 30.8, still the lowest in the country. A low rate of costs is especially important in periods of difficult economic conditions as this provides a high level of robustness in the bank's results.

Impairment charges for loans

Impairment charges for loans amounted to DKK 40 million in the first half of 2014. The level of impairment charges fell by 34% relative to the same period of last year and is equivalent in the first half of 2014 to 0.5% p.a. of total average loans, impairment charges, guarantees and provisions.

The bank's total account for impairment charges and provisions amounted to DKK 908 million at the end of the half-year, equivalent to 5.5% of total loans and guarantees. Actual losses and write-offs on loans etc. continue to be very low, and they were exceeded during the half-year by the items "Interest on the impaired part of loans" and "Receivables previously written off", such that the total account for impairment charges and provisions increased by net DKK 54 million during the first half of the year.

The portfolio of loans with suspended calculation of interest amounts to DKK 98 million, equivalent to 0.6% of the bank's total loans and guarantees at the end of the half-year.

Given the low growth in the Danish economy for a number of years, which, however, is expected to improve this year, the bank is satisfied with the credit policy on the basis of which the bank is operated. Based on the business cycle, the bank expects that impairment charges in all of 2014 will show a falling trend relative to 2013.

Core earnings

(Million DKK)	1 st half	1 st half	2013	2012	2011	2010
	2014	2013				
Total core income	459	424	844	823	767	758
Total costs and depreciations	-142	-132	-273	-265	-248	-240
Core earnings before impairments	317	292	571	558	519	518
Impairment charges for loans etc.	-40	-61	-120	-157	-129	-138
Core earnings	277	231	451	401	390	380

This half-year's core earnings of DKK 277 million are the best ever in the bank's history and constitute a 20% increase relative to last year's DKK 231 million.

Result for portfolio and market risk

The portfolio income for the first half of 2014 was DKK 44 million including funding costs for the portfolio.

The bank's holding of shares etc. at the end of the half-year amounted to DKK 213 million, DKK 28 million of which was in listed shares, while DKK 185 million was in sector shares etc. The bond portfolio amounted to DKK 4,351 million, and the majority of the portfolio consists of AAA-rated Danish mortgage credit bonds and short-term bank bonds issued by rated counterparties.

The total interest rate risk, computed as the impact on the profit of a one percentage point change in the interest level, was 0.8% of the bank's core capital after deduction at the end of the half-year.

The bank's total market risk within exposures to interest rate risk, listed shares etc. and foreign currency remains at a low level. The bank's risk of losses calculated on the basis of a Value-at-risk model (computed with a 10-day horizon and 99% probability) in the first half of 2014 was as follows:

	Risk in million DKK	Risk relative to equity end of 1 st half 2014 in %
Highest risk of loss:	10.6	0.36%
Lowest risk of loss:	4.7	0.16%
Average risk of loss	7.6	0.26%

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

Profit after tax

The profit after tax was DKK 245 million for the first half of 2014 against DKK 184 million last year. The profit after tax is equivalent to a return on equity at the beginning of the period of 18% p.a. after payment of dividend.

Balance sheet

The bank's balance sheet at the end of the half-year stood at DKK 19,675 million against last year's DKK 17,800 million.

The bank's deposits increased by 11% from DKK 12,654 million to DKK 14,054 million. The bank's loans increased by 14% from DKK 12,570 million to DKK 14,283 million. The growth in the bank's loans is broadly based on sectors with growth from both the branch network and the bank's niche concepts, and primarily comes from new customers.

The bank's portfolio of guarantees at the end of the half-year was DKK 1,438 million against DKK 2,615 million at the end of the first half of 2013. The fall in the portfolio of guarantees is due, among other things, to the fact that a number of guarantees were provided at the end of the first half of 2013 which resulted in actual loans later in 2013.

Liquidity

The bank's liquidity is good, with loans and deposits at the same level. The excess solvency relative to the statutory liquidity requirement is 169%. The bank's short-term funding with term to maturity of less than 12 months amounts to DKK 0.7 billion, balanced by DKK 4.8 billion in short-term money market placings, primarily in Danish banks and liquid securities. The bank is thus not dependent on the short-term money market.

The bank's loans portfolio is more than fully financed by the bank's deposits and equity. In addition, part of the loans portfolio for wind turbines in Germany is refinanced back-to-back with KfW Bankengruppe, and the DKK 1,136 million concerned can thus be disregarded in terms of liquidity. The bank requires no financing for the coming year to meet the minimum requirement that it must always be able to manage for up to 12 months without access to the financial markets.

Capital reduction and share buy-back programme

It was decided at the annual general meeting in February 2014 to cancel 60,000 own shares, and the capital reduction was finally implemented in April.

The bank was further authorised at the general meeting to buy up to 110,000 own shares and set them aside for later cancellation. As of 5 August 2014, 45,000 own shares have been set aside for later cancellation under the new share buy-back programme.

Capital

The equity at the beginning of 2014 was DKK 2,901 million. To this must be added the profit for the period, while the dividend paid and the value of the own shares bought must be subtracted, after which the equity at the end of the half-year was DKK 2,971 million.

The bank's solvency ratio (Tier 2) was computed at 18.2% at the end of the second quarter of 2014, and the Tier 1 capital ratio was also computed at 18.2%.

Solvency cover	1st half 2014	1st half 2013	2013	2012	2011	2010
Core tier 1 capital ratio (excl. hybrid core capital) (%)	18.1	18.8	18.7	19.6	18.3	17.1
Tier 1 capital ratio (%)	18.2	19.6	19.2	20.9	19.8	18.6
Solvency ratio - Tier 2 (%)	18.2	20.7	20.0	22.4	21.4	22.4
Individual solvency requirement (%)	8.8	8.7	8.9	8.0	8.0	8.0
Solvency cover	207%	238%	225%	280%	268%	280%

With effect from 2014, capital ratios are calculated according to the new CRD IV directive. As described in the bank's 2013 annual report, the bank's calculation of capital adequacy was affected by the new rules, including the introduction of a phasing out arrangement for inclusion of hybrid core capital and subordinated loan capital. Certain changes have also been implemented for the calculation of risk-weighted items, including the weighting and calculation of exposures in default, and a temporary discount on the risk weighting of exposures to certain SME-commitments has also been introduced.

In addition, new rules on the calculation of capital have been introduced. These rules indicate both that in future, the share buy-back programme must be deducted from the capital on publication of the officially approved programme in contrast to the previous practice, where the deduction from the capital was made in step with the actual purchase of shares, and that the calculated dividend must be deducted from ongoing earnings in contrast to previously, where the expected dividend was not deducted from the capital until the end of the year.

The bank calculates the individual solvency requirement on the basis of the so-called 8+ model. The method of calculation in this model starts with 8%, to which are added any supplements calculated *inter alia* for customers with financial problems. The 8+ model takes no account of the bank's earnings and cost base or its robust business model. Despite this, the bank's individual solvency requirement at the end of the half-year was calculated at 8.8% - equivalent to a fall of 0.1 percentage point relative to the end of 2013.

The Danish Financial Supervisory Authority's ordinary inspection

The bank has received the Danish Financial Supervisory Authority's final report on the ordinary inspection conducted in the period February - April 2014. The inspection was completed satisfactorily in the bank's opinion, and the bank is very pleased with the FSA's general conclusions on risk assessment, which state the following:

- The credit quality of the bank's loans portfolio is higher than in comparable banks.
- The total impairment charges are sufficient.
- The risks of losses attached to weak exposures are relatively low.
- Compared to the beginning of the year, the solvency requirement fell by 0.1 percentage point to 8.8% on 31 March 2014, which is judged by the FSA to be sufficient, given the bank's risks and business model.

In connection with the inspection, the bank received a number of orders of an administrative nature, which the bank will adopt and adapt to.

Good increase in customer numbers

In 2013 the bank carried out various outreach initiatives towards existing and new customers, including by investing in further disseminating the bank's Private Banking platform at national level and by carrying out outreach activities in the branch network in Central and West Jutland. The activities were carried out to create healthy organic growth in the bank, as the biggest challenge in times of low growth in society is to create growth in the bank's top line.

The outreach initiatives are all continuing in 2014, and the bank also opened a new Private Banking branch in Aarhus in the first half of 2014. In the first half-year, the bank experienced an overwhelming net growth in new customers, the best ever in the bank's history.

Accounting policies and key figures

The accounting policies are unchanged relative to those in the submitted and audited 2013 annual report.

Upward adjustment of expectations for 2014

The core earnings for the half-year were DKK 277 million against DKK 231 million last year, an increase of 20%. On the basis of the 2014 development, expectations for core earnings for the entire 2014 are adjusted upward from the previously announced range of DKK 410-460 million to the range DKK 460-510 million.

Main and key figures

	1 st half 2014	1 st half 2013	Full year 2013
Main figures for the bank (million DKK)			
Total core income	459	424	844
Total costs and depreciations	-142	-132	-273
Core earnings before impairments	317	292	571
Impairment charges for loans etc.	-40	-61	-120
Core earnings	277	231	451
Result for portfolio	+44	+15	+23
Expenses for bank packages	0	-1	-2
Profit before tax	321	245	472
Profit after tax	245	184	358
Shareholders' equity	2,971	2,754	2,901
Deposits	14,054	12,654	14,114
Loans	14,283	12,570	13,849
Balance sheet total	19,675	17,800	19,583
Guarantees	1,438	2,615	1,902
Key figures for the bank (per cent)			
Return on equity before tax, beginning of year, p.a.	23.1	18.8	18.1
Return on equity after tax, beginning of year, p.a.	17.6	14.1	13.7
Rate of costs	30.8	31.2	32.4
Core tier 1 capital ratio	18.1	18.8	18.7
Tier 1 capital ratio	18.2	19.6	19.2
Solvency ratio - Tier 2	18.2	20.7	20.0
Individual solvency requirement	8.8	8.7	8.9
Key figures per 5 DKK share (DKK)			
Core earnings	58	48	94
Profit before tax	67	51	99
Profit after tax	51	38	75
Net asset value	622	569	607
Price, end of period	1,170	951	1,099
Dividend	-	-	25

Profit and loss account

Note		1.1-30.6 2014 DKK 1,000	1.1-30.6 2013 DKK 1,000	1.1-31.12 2013 DKK 1,000
1	Interest receivable	394,712	389,837	776,268
2	Interest payable	71,936	75,927	146,037
	Net income from interest	322,776	313,910	630,231
3	Dividend on capital shares etc.	7,686	1,769	12,610
4	Income from fees and commissions	129,858	121,340	229,813
4	Fees and commissions paid	15,325	15,590	31,123
	Net income from interest and fees	444,995	421,429	841,531
5	Value adjustments	+55,799	+16,963	+23,074
	Other operating income	2,249	1,103	2,730
6,7	Staff and administration costs	129,839	123,758	254,909
	Amortisations, depreciations and write-downs on intangible and tangible assets	3,961	1,473	4,270
	Other operating costs			
	Miscellaneous other operating costs	154	22	28
	Costs Deposit Guarantee Fund	7,587	8,472	16,091
8	Impairment charges for loans and other debtors etc.	-40,393	-61,139	-120,175
	Result of capital shares in associated companies	0	0	-3
	Profit before tax	321,109	244,631	471,859
9	Tax	76,500	60,500	114,199
	Profit after tax	244,609	184,131	357,660
	Other comprehensive income	0	0	0
	Total comprehensive income	244,609	184,131	357,660

Core earnings

		1.1-30.6 2014 DKK 1,000	1.1-30.6 2013 DKK 1,000	1.1-31.12 2013 DKK 1,000
	Net income from interest	316,530	303,520	614,719
	Net income from fees and provisions excl. commission	95,886	90,919	171,765
	Income from sector shares	18,335	6,481	14,403
	Foreign exchange income	7,547	7,296	13,293
	Other operating income	2,249	1,103	2,730
	Total core income excl. trade income	440,547	409,319	816,910
	Trade income	18,647	14,831	26,925
	Total core income	459,194	424,150	843,835
	Staff and administration costs	129,839	123,758	254,909
	Amortisations, depreciations and write-downs on intangible and tangible assets	3,961	1,473	4,270
	Other operating costs	7,608	6,921	13,827
	Total costs etc.	141,408	132,152	273,006
	Core earnings before impairments	317,786	291,998	570,829
	Impairment charges for loans and other debtors etc.	-40,393	-61,139	-120,175
	Core earnings	277,393	230,859	450,654
	Result for portfolio	+43,849	+15,344	+23,497
	Expenses for bank packages	-133	-1,572	-2,292
	Profit before tax	321,109	244,631	471,859
	Tax	76,500	60,500	114,199
	Profit after tax	244,609	184,131	357,660

Balance sheet

Note		End June 2014 DKK 1,000	End June 2013 DKK 1,000	End Dec. 2013 DKK 1,000
Assets				
10	Cash in hand and claims at call on central banks	277,529	78,348	63,064
	Claims on credit institutions and central banks	227,903	825,183	416,913
	Claims at notice on central banks	0	0	0
	Money market operations and bilateral loans - term to maturity under 1 year	105,022	620,464	214,032
	Bilateral loans - term to maturity over 1 year	122,881	204,719	202,881
11,12,13	Loans and other debtors at amortised cost price	14,283,008	12,569,569	13,849,285
	Loans and other debtors at amortised cost price	13,147,142	11,772,322	12,880,717
	Wind turbine loans with direct funding	1,135,866	797,247	968,568
14	Bonds at current value	4,350,832	3,670,755	4,669,732
15	Shares etc.	212,851	235,705	208,697
	Capital shares in associated companies	540	543	540
	Land and buildings total	72,541	75,554	73,871
	Investment properties	8,015	8,165	8,015
	Domicile properties	64,526	67,389	65,856
	Other tangible assets	4,337	4,464	4,385
	Actual tax assets	0	0	24,501
	Temporary assets	1,000	5,047	1,000
	Other assets	238,873	327,969	263,856
	Periodic-defined items	5,997	7,072	6,977
	Total assets	19,675,411	17,800,209	19,582,821

Balance sheet

Note		End June 2014 DKK 1,000	End June 2013 DKK 1,000	End Dec. 2013 DKK 1,000
	Liabilities and equity			
16	Debt to credit institutions and central banks	1,795,623	1,404,166	1,754,884
	Money market operations and bilateral credits - term to maturity under 1 year	527,282	602,919	656,258
	Bilateral credits - term to maturity over 1 year	132,475	4,000	130,058
	Bilateral credits from KfW Bankengruppe	1,135,866	797,247	968,568
17	Deposits and other debts	14,054,243	12,653,915	14,113,816
18	Issued bonds at amortised cost price	244,132	318,099	249,814
	Actual tax liabilities	27,810	184	0
	Other liabilities	195,820	270,740	173,806
	Periodic-defined items	150	151	917
	Total debt	16,317,778	14,647,255	16,293,237
	Provisions for deferred tax	13,188	15,151	13,188
12	Provisions for losses on guarantees	4,884	11,448	4,256
	Total provisions for liabilities	18,072	26,599	17,444
	Subordinated loan capital	200,081	199,588	200,193
	Hybrid core capital	168,286	172,845	170,847
19	Total subordinated debt	368,367	372,433	371,040
20	Share capital	23,900	24,200	24,200
	Reserve for net revaluation under the intrinsic value method	189	192	189
	Profit carried forward	2,947,105	2,729,530	2,755,211
	Proposed dividend etc.	-	-	121,500
	Total shareholders' equity	2,971,194	2,753,922	2,901,100
	Total liabilities and equity	19,675,411	17,800,209	19,582,821
21	Own capital shares			
22	Contingent liabilities etc.			
23	Assets furnished as security			
24	Capital adequacy computation			
25	The supervisory diamond			
26	Miscellaneous comments			

Statement of shareholders' equity

DKK 1,000	Share capital	Reserve for net revaluation under the intrinsic value method	Profit carried forward	Proposed dividend etc.	Total shareholders' equity
On 30 June 2014:					
Shareholders' equity at the end of the previous financial year	24,200	189	2,755,211	121,500	2,901,100
Reduction of share capital	-300		300		0
Dividend etc. paid				-121,500	-121,500
Dividend received on own shares			2,022		2,022
Shareholders' equity after allocation of dividend etc.	23,900	189	2,757,533	0	2,781,622
Purchase and sale of own shares			-55,037		-55,037
Total comprehensive income			244,609		244,609
Shareholders' equity on the balance sheet date	23,900	189	2,947,105	0	2,971,194

On 30 June 2013:					
Shareholders' equity at the end of the previous financial year	24,700	192	2,581,588	69,660	2,676,140
Reduction of share capital	-500		500		0
Dividend etc. paid				-69,660	-69,660
Dividend received on own shares			1,427		1,427
Shareholders' equity after allocation of dividend etc.	24,200	192	2,583,515	0	2,607,907
Purchase and sale of own shares			-38,116		-38,116
Total comprehensive income			184,131		184,131
Shareholders' equity on the balance sheet date	24,200	192	2,729,530	0	2,753,922

On 31 December 2013:					
Shareholders' equity at the end of the previous financial year	24,700	192	2,581,588	69,660	2,676,140
Reduction of share capital	-500		500		0
Dividend etc. paid				-69,660	-69,660
Dividend received on own shares			1,427		1,427
Shareholders' equity after allocation of dividend etc.	24,200	192	2,583,515	0	2,607,907
Purchase and sale of own shares			-64,467		-64,467
Total comprehensive income		-3	236,163	121,500	357,660
Shareholders' equity on the balance sheet date	24,200	189	2,755,211	121,500	2,901,100

Notes

Note	1.1-30.6 2014 DKK 1,000	1.1-30.6 2013 DKK 1,000	1.1-31.12 2013 DKK 1,000
1 Interest receivable			
Claims on credit institutions and central banks	10,002	11,272	23,425
Loans and other debtors	367,607	361,697	719,154
Loans - interest concerning the impaired part of loans	-22,166	-21,481	-43,913
Bonds	45,583	42,206	86,007
Total derivatives financial instruments, of which	-6,694	-3,857	-8,617
Currency contracts	512	-2,726	-4,104
Interest-rate contracts	-7,206	-1,131	-4,513
Other interest receivable	380	0	212
Total interest receivable	394,712	389,837	776,268
2 Interest payable			
Credit institutions and central banks	13,229	11,835	23,385
Deposits and other debts	48,672	53,238	101,280
Issued bonds	3,785	4,593	8,015
Subordinated debt	6,241	6,246	13,221
Other interest payable	9	15	136
Total interest payable	71,936	75,927	146,037
3 Dividend from shares etc.			
Shares	7,686	1,769	12,610
Total dividend from shares etc.	7,686	1,769	12,610
4 Gross income from fees and commissions			
Securities trading	23,346	17,645	33,646
Asset management	51,485	46,556	84,785
Payment handling	11,187	10,134	21,524
Loan fees	2,307	3,492	6,273
Guarantee commissions	27,297	28,717	61,527
Other fees and commissions	14,236	14,796	22,058
Total gross income from fees and commissions	129,858	121,340	229,813
Net income from fees and commissions			
Securities trading	18,647	14,831	26,925
Asset management	48,466	43,778	79,755
Payment handling	10,351	9,117	19,347
Loan fees	1,490	2,471	4,204
Guarantee commissions	27,297	28,717	61,527
Other fees and commissions	8,282	6,836	6,932
Total net income from fees and commissions	114,533	105,750	198,690
Foreign exchange income	7,547	7,296	13,293
Total net income from fees, commissions and foreign exchange income	122,080	113,046	211,983

Notes

Note		1.1-30.6 2014 DKK 1,000	1.1-30.6 2013 DKK 1,000	1.1-31.12 2013 DKK 1,000
5	Value adjustments			
	Loans and other debtors, current value adjustment	4,325	-2,334	-974
	Bonds	30,020	5,280	1,653
	Shares etc.	16,911	8,567	9,479
	Investment properties	0	0	150
	Foreign exchange income	7,547	7,296	13,293
	Total derivatives financial instruments, of which	-7,596	-5,564	-7,846
	Interest-rate contracts	-8,078	-5,588	-8,289
	Share contracts	482	24	443
	Issued bonds	2,043	1,061	2,491
	Other liabilities	2,549	2,657	4,828
	Total value adjustments	55,799	16,963	23,074
6	Staff and administration costs			
	Payments to general management, board of directors and shareholders' committee			
	General management	2,048	2,020	3,973
	Board of directors	696	647	1,294
	Shareholders' committee	0	0	366
	Total	2,744	2,667	5,633
	Staff costs			
	Salaries	60,675	56,723	117,365
	Pensions	6,337	5,921	12,066
	Social security expenses	459	431	900
	Costs depending on number of staff	7,753	6,838	16,195
	Total	75,224	69,913	146,526
	Other administration costs	51,871	51,178	102,750
	Total staff and administration costs	129,839	123,758	254,909
7	Number of full-time employees			
	Average number of employees during the period converted into full-time employees	259	247	251
8	Impairment charges on loans and other debtors etc.			
	Net changes in impairment charges on loans and other debtors and provisions for losses on guarantees	54,328	69,714	95,058
	Actual realised net losses	8,231	12,906	69,030
	Interest concerning the impaired part of loans	-22,166	-21,481	-43,913
	Total impairment charges on loans and other debtors etc.	40,393	61,139	120,175

Notes

Note		1.1-30.6 2014 DKK 1,000	1.1-30.6 2013 DKK 1,000	1.1-31.12 2013 DKK 1,000
9	Tax			
	Tax calculated on the period's profit	76,500	60,500	114,967
	Adjustment of deferred tax	0	0	-1,660
	Adjustment of deferred tax due to change in tax rate	0	0	-303
	Adjustment of tax calculated for previous years	0	0	1,195
	Total tax	76,500	60,500	114,199
	Effective tax rate (%):			
	The current tax rate of the bank	24.5	25.0	25.0
	Permanent deviations	-0.7	-0.3	-1.0
	Adjustment of deferred tax due to change in tax rate	0.0	0.0	-0.1
	Adjustment of tax calculated for previous years	0.0	0.0	0.3
	Total effective tax rate	23.8	24.7	24.2
Note		End June 2014 DKK 1,000	End June 2013 DKK 1,000	End Dec. 2013 DKK 1,000
10	Claims on credit institutions and central banks			
	Claims at call	105,022	519,030	114,032
	Up to and including 3 months	0	0	100,000
	More than 3 months and up to and including 1 year	0	101,434	0
	More than 1 year and up to and including 5 years	122,881	204,219	202,881
	More than 5 years	0	500	0
	Total claims on credit institutions and central banks	227,903	825,183	416,913
11	Loans and other debtors at amortised cost price			
	At call	1,265,632	1,116,484	1,311,786
	Up to and including 3 months	546,204	566,336	674,795
	More than 3 months and up to and including 1 year	1,932,896	1,459,594	1,542,624
	More than 1 year and up to and including 5 years	4,939,311	4,666,358	4,601,579
	More than 5 years	5,598,965	4,760,797	5,718,501
	Total loans and other debtors at amortised cost price	14,283,008	12,569,569	13,849,285

Notes

Note		End June 2014 DKK 1,000	End June 2013 DKK 1,000	End Dec. 2013 DKK 1,000
12	Impairment charges for loans and other debtors and provisions for losses on guarantees			
	Individual impairment charges			
	Cumulative individual impairment charges for loans and other debtors at the end of the previous financial year	736,513	632,529	632,529
	Impairment charges/value adjustments during the period	109,905	185,598	255,157
	Reverse entry - impairment charges made in previous financial years	-96,082	-98,710	-90,895
	Booked losses covered by impairment charges	-8,376	-13,995	-60,278
	Cumulative individual impairment charges for loans and other debtors on the balance sheet date	741,960	705,422	736,513
	Collective impairment charges			
	Cumulative collective impairment charges for loans and other debtors at the end of the previous financial year	112,652	114,876	114,876
	Impairment charges/value adjustments during the period	48,253	-3,671	-2,224
	Cumulative collective impairment charges for loans and other debtors on the balance sheet date	160,905	111,205	112,652
	Total cumulative impairment charges for loans and other debtors on the balance sheet date	902,865	816,627	849,165
	Provisions for losses on guarantees			
	Cumulative individual provisions for losses on guarantees at the end of the previous financial year	4,256	10,958	10,958
	Provisions/value adjustments during the period	1,158	1,439	3,282
	Reverse entry - provisions made in previous financial years	-494	-670	-9,245
	Booked losses covered by provisions	-36	-279	-739
	Cumulative individual provisions for losses on guarantees on the balance sheet date	4,884	11,448	4,256
	Total cumulative impairment charges for loans and other debtors and provisions for losses on guarantees on the balance sheet date	907,749	828,075	853,421
13	Suspended calculation of interest			
	Loans and other debtors with suspended calculation of interest on the balance sheet date	97,950	97,060	85,258

Notes

Note		End June 2014 DKK 1,000	End June 2013 DKK 1,000	End Dec. 2013 DKK 1,000
14	Bonds at current value			
	Listed on the stock exchange	4,350,832	3,670,755	4,669,732
	Total bonds at current value	4,350,832	3,670,755	4,669,732
15	Shares etc.			
	Listed on NASDAQ OMX Copenhagen	28,142	36,302	15,700
	Unlisted shares at current value	1,372	3,005	1,372
	Sector shares at current value	183,337	196,398	191,625
	Total shares etc.	212,851	235,705	208,697
16	Debt to credit institutions and central banks			
	Debt payable on demand	276,109	262,273	298,236
	Up to and including 3 months	283,775	298,723	315,311
	More than 3 months and up to and including 1 year	76,191	154,010	137,287
	More than 1 year and up to and including 5 years	618,492	425,958	560,112
	More than 5 years	541,056	263,202	443,938
	Total debt to credit institutions and central banks	1,795,623	1,404,166	1,754,884
17	Deposits and other debts			
	On demand	8,541,033	7,700,289	8,325,047
	Deposits and other debts at notice:			
	Up to and including 3 months	1,557,161	940,436	1,205,176
	More than 3 months and up to and including 1 year	785,388	1,353,166	1,426,171
	More than 1 year and up to and including 5 years	1,498,396	1,382,561	1,501,668
	More than 5 years	1,672,265	1,277,463	1,655,754
	Total deposits and other debts	14,054,243	12,653,915	14,113,816
	Distributed as follows:			
	On demand	8,139,917	7,206,282	7,933,649
	At notice	346,999	270,346	337,480
	Time deposits	2,234,978	2,588,889	2,549,938
	Long term deposit agreements	1,882,823	1,334,523	1,883,569
	Special types of deposits	1,449,526	1,253,875	1,409,180
		14,054,243	12,653,915	14,113,816

Notes

Note		End June 2014 DKK 1,000	End June 2013 DKK 1,000	End Dec. 2013 DKK 1,000
18	Issued bonds at amortised cost price			
	Up to and including 3 months	0	209,970	3,727
	More than 3 months and up to and including 1 year	95,018	3,727	0
	More than 1 year and up to and including 5 years	149,114	104,402	246,087
	Total issued bonds at amortised cost price	244,132	318,099	249,814
	Distributed as follows:			
	Issues in Danish kroner:			
	Nom. 220 million DKK	0	220,000	0
	Own holding	0	-10,030	0
	Issues in Norwegian kroner:			
	Nom. 100 million NOK	88,720	94,600	88,540
	Regulation at amortised cost price and adjustment to current value of issues	3,725	7,229	5,768
	Issues in euro:			
	Nom. 20 million EUR	149,114	0	149,206
	Other issues	2,573	6,300	6,300
		244,132	318,099	249,814
19	Subordinated debt			
	Subordinated loan capital:			
	Floating rate loan, principal EUR 27 million, expiry 30 June 2021	200,081	201,388	201,428
	Hybrid core capital:			
	4.795% bond loan, nom, DKK 200 million, perpetual	200,000	200,000	200,000
	Own holding	-35,500	-35,500	-35,500
	Regulation at amortised cost price and adjustment to current value of subordinated loan capital and hybrid core capital	3,786	6,545	5,112
	Total subordinated debt	368,367	372,433	371,040
20	Share capital			
	Number of shares at DKK 5 each:			
	Beginning of period	4,840,000	4,940,000	4,940,000
	Changes during the period	-60,000	-100,000	-100,000
	End of period	4,780,000	4,840,000	4,840,000
	Of which reserved for subsequent cancellation	45,000	35,000	60,000
	Total share capital	23,900	24,200	24,200

Notes

Note	End June 2014 DKK 1,000	End June 2013 DKK 1,000	End Dec. 2013 DKK 1,000
21 Own capital shares			
Own capital shares included in the balance sheet at	0	0	0
The market value is	57,614	34,993	68,747
Number of own shares:			
Beginning of year	62,554	96,075	96,075
Purchases during the period	141,713	177,781	318,806
Sales during the period	-95,024	-137,060	-252,327
Cancellation during the period	-60,000	-100,000	-100,000
End of period	49,243	36,796	62,554
Of which reserved for subsequent cancellation	45,000	35,000	60,000
Nominal value of holding of own shares, end of period	246	184	313
Own shares' proportion of share capital, end of period (%)	1.0	0.8	1.3
22 Contingent liabilities etc.			
Contingent liabilities			
Finance guarantees	966,522	1,630,347	949,047
Guarantees against losses on mortgage credit loans	54,275	49,197	55,841
Guarantee against losses Totalkredit	121,876	108,469	112,284
Registration and conversion guarantees	48,625	98,826	55,605
Sector guarantees	48,175	46,816	48,175
Other contingent liabilities	198,941	681,661	680,982
Total contingent liabilities	1,438,414	2,615,316	1,901,934
23 Assets furnished as security			
First mortgage loans are provided for German wind turbine projects. The loans are funded directly by KfW Bankengruppe, to which security in the associated loans has been provided. Each repayment of the first mortgage loans is deducted directly from the funding from the KfW Bankengruppe.	1,135,866	797,247	968,568
As security for clearing, the bank has pledged securities from its holding to the Central Bank of Denmark to a total market price of	80,821	310,783	321,192
Collateral under CSA agreements	64,165	66,424	75,372

Notes

Note	End June 2014 DKK 1,000	End June 2013 DKK 1,000	End Dec. 2013 DKK 1,000
24			
Capital adequacy computation Computed pursuant to the Executive order on Capital Adequacy issued by the Danish FSA.			
Weighted items with credit and counterparty risk	12,239,250	11,857,848	12,235,761
Market risk	1,310,061	1,304,381	1,110,690
Operational risk	1,567,369	1,522,813	1,522,813
Total risk weighted items	15,116,680	14,685,042	14,869,264
Shareholders' equity	2,971,194	2,753,922	2,901,100
Proposed dividend etc.	0	0	-121,500
Deduction for the sum of equity investments etc. > 10%	-94.888	0	0
Deductions for accruals related to calculated dividend and the residual frame of the share buy-back programme	-140,130	0	0
Reserve for net revaluation	0	-192	-189
Core tier 1 capital (excl. hybrid core capital)	2,736,176	2,753,730	2,779,411
Hybrid core capital	131,600	164,500	164,500
Deduction for equity investments etc. > 10%	0	-23,092	-19,963
Deduction for the sum of equity investments etc. > 10%	-115.909	-20,098	-63,503
Tier 1 capital	2,751.867	2,875,040	2,860,445
Subordinated loan capital	161,100	201,388	201,428
Reserve for net revaluation	0	192	189
Deduction for equity investments etc. > 10%	0	-23,092	-19,963
Deduction for the sum of equity investments etc. > 10%	-155.618	-20,098	-63,503
Capital base after deductions	2,757.349	3,033,430	2,978,596
Core tier 1 capital ratio (excl. hybrid core capital) (%)	18.1	18.8	18.7
Tier 1 capital ratio (%)	18.2	19.6	19.2
Solvency ratio - Tier 2 (%)	18.2	20.7	20.0
Capital base requirements under Section 124 (2,1) of the Danish FSA	1,209.334	1,174,803	1,189,541
25			
The supervisory diamond (Danish Financial Supervisory Authority limits)			
Stable funding (funding ratio) (< 1)	0.7	0.7	0.7
Excess liquidity (> 50%)	168.6%	144.8%	166.2%
Total large exposures (< 125%)	29.8%	35.1%	35.0%
Growth in loans (< 20%)	3.1%	1.2%	11.5%
Real estate exposure (< 25%)	12.3%	11.0%	11.4%
26			
Miscellaneous comments on:			
Main and key figures for the bank			
<ul style="list-style-type: none"> Return on equity at the beginning of the year before and after tax are computed per annum after allocation of dividend etc., net. Key figures per DKK 5 share are calculated on the basis of respectively 1st half 2014: 4,780,000 shares, 1st half 2013: 4,840,000 shares and 2013: 4,780,000 shares. 			

Main figures summary

	1 st half 2014	1 st half 2013	Full year 2013
Profit and loss account summary (million DKK)			
Net income from interest	323	314	630
Dividend on capital shares etc.	8	2	12
Net income from fees and commissions	114	106	199
Net income from interest and fees	445	422	841
Value adjustments	+56	+17	+23
Other operating income	2	1	3
Staff and administration costs	130	124	255
Amortisations, depreciations and write-downs on intangible and tangible assets	4	2	4
Other operating costs	8	8	16
Impairment charges for loans and other debtors etc.	-40	-61	-120
Profit before tax	321	245	472
Tax	76	61	114
Profit after tax	245	184	358
Main figures from the balance sheet (million DKK)			
Loans and other debtors	14,283	12,570	13,849
Deposits and other debts	14,054	12,654	14,114
Subordinated debt	368	372	371
Shareholders' equity	2,971	2,754	2,901
Balance sheet total	19,675	17,800	19,583

Quarterly overview

(Million DKK)	2 nd qtr. 2014	1 st qtr. 2014	4 rd qtr. 2013	3 rd qtr. 2013	2 nd qtr. 2013	1 st qtr. 2013	4 th qtr. 2012	3 rd qtr. 2012	2 nd qtr. 2012	1 st qtr. 2012
Net income from interest	159	158	156	155	151	153	146	153	156	160
Net income from fees and provisions excl. commission	51	45	48	33	55	36	51	30	48	33
Income from sector shares	2	16	5	3	4	2	5	-1	2	0
Foreign exchange income	4	3	3	3	2	5	4	3	2	4
Other operating income	1	1	1	1	1	0	0	1	1	1
Total core income excl. trade income	217	223	213	195	213	196	206	186	209	198
Trade income	8	11	7	5	9	6	8	5	5	6
Total core income	225	234	220	200	222	202	214	191	214	204
Staff and administration costs	68	62	70	61	66	58	69	59	64	61
Amortisations, depreciations and write-downs on intangible and tangible assets	3	1	2	1	0	1	0	1	1	1
Other operating costs	4	4	4	3	3	4	3	0	4	2
Total costs etc.	75	67	76	65	69	63	72	60	69	64
Core earnings before impairments	150	167	144	135	153	139	142	131	145	140
Impairment charges for loans and other debtors etc.	-25	-15	-25	-34	-40	-21	-33	-45	-55	-24
Core earnings	125	152	119	101	113	118	109	86	90	116
Result for portfolio	+20	+24	+12	-4	+9	+6	-9	+25	+6	+27
Expenses for bank packages	0	0	0	-1	0	-1	0	0	0	-2
Profit before tax	145	176	131	96	122	123	100	111	96	141
Tax	36	40	30	23	30	31	33	28	24	35
Profit after tax	109	136	101	73	92	92	67	83	72	106

Danish Financial Supervisory Authority key figures for Danish banks

		1 st half 2014	1 st half 2013	Full year 2013
Solvency:				
Solvency ratio - Tier 2	%	18.2	20.7	20.0
Tier 1 capital ratio	%	18.2	19.6	19.2
Individual solvency requirement	%	8.8	8.7	8.9
Earnings:				
Return on equity before tax	%	10.9	9.0	16.9
Return on equity after tax	%	8.3	6.8	12.8
Income/cost ratio	DKK	2.77	2.26	2.19
Market risk:				
Interest rate risk	%	0.8	1.3	0.6
Foreign exchange position	%	0.8	1.2	1.6
Foreign exchange risk	%	0.0	0.0	0.0
Liquidity risk:				
Excess cover relative to statutory liquidity requirement	%	168.6	144.8	166.2
Loans and impairments thereon relative to deposits	%	108.1	105.8	104.1
Credit risk:				
Loans relative to shareholders' equity		4.8	4.6	4.8
Growth in loans for the period	%	3.1	1.2	11.5
Total large exposures	%	29.8	35.1	35.0
Cumulative impairment percentage	%	5.5	5.2	5.1
Impairment percentage for the period	%	0.24	0.38	0.72
Proportion of debtors at reduced interest	%	0.6	0.6	0.5
Share return:				
Profit for the period after tax per share * / ***	DKK	1,017.1	753.1	1,462.8
Book value per share * / **	DKK	12,561	11,467	12,145
Share price relative to profit for the period per share * / ***	DKK	23.0	25.3	15.0
Share price relative to book value per share * / **		1.86	1.66	1.81
<p>* Calculated on the basis of a denomination of DKK 100 per share. ** Calculated on the basis of number of shares outstanding at the end of the period. *** Calculated on the basis of the average number of shares. The average number of shares is calculated as a simple average of the shares at the beginning of the period and at the end of the period.</p>				

Management's statement

The board of directors and the general management have today considered and approved the interim report for Ringkøbing Landbobank A/S for the period 1 January - 30 June 2014.

The interim report was prepared in accordance with the provisions of the Danish Act on Financial Activities and further Danish requirements on listed financial companies concerning disclosure. We consider the accounting policies to be appropriate and the accounting estimates made to be responsible, such that the interim report provides a true and fair view of the bank's assets, liabilities and financial position as of 30 June 2014 and of the bank's activities for the period 1 January - 30 June 2014. We also believe that the management report contains a true and fair account of the bank's activities and financial position as well as a description of the most important risks and uncertainties which can affect the bank.

The interim report is not audited or reviewed, but the external auditors have checked that the conditions for ongoing inclusion of the earnings for the period in the core capital have been met.

Ringkøbing, 6 August 2014

General Management:

John Fisker
CEO

Board of Directors:

Jens Lykke Kjeldsen
Chairman

Martin Krogh Pedersen
Deputy chairman

Gert Asmussen

Inge Sandgrav Bak

Gravers Kjærgaard

Jørgen Lund Pedersen

Bo Bennedsgaard
Employee board member

Gitte E. S. Vigsø
Employee board member