

ANNUAL REPORT 2012





Ringkjøbing

Landsby

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DEAR SHAREHOLDER

Viewed as a whole, 2012 was a really good year for Ringkjøbing Landbobank. The pre-tax profit improved by 18% to DKK 448 million, equivalent to a 19% return on the bank's equity. The bank's core earnings were DKK 401 million, which is above the expected range reported at the beginning of the year. This result was achieved on the basis of growth in customer numbers, the bank's low rate of costs and a continuing sound credit quality. To this must be added positive exchange rate adjustments, realised because the interest rate fell to a historically low level.

The falling interest rate was characteristic of the lack of growth in Denmark and throughout Europe, while the difference between northern and southern Europe became even more marked as the debt crisis took hold. We expect that Denmark will come out of recession in 2013, but without growth rates being high enough to enable us to escape a period of low growth.

The price of the bank's shares in 2012 performed better than that of any other Danish bank, with an increase of 35% including the dividend paid, and the market value is now DKK 3.9 billion. It is recommended to the general meeting that the dividend be increased to DKK 14 per share, and that we continue with a new buy-back programme for 130,000 shares.

The bank's rate of costs was 32%, and we thus remain the most efficient bank in Denmark in terms of costs per krone earned. We're pleased with this situation because it makes our results highly robust, which benefits all our stakeholders.

Robustness, profit and solvency remain important for our customers and their choice of bank. We have noted this during the past year, when we gained many new customers who want their capital managed or placed. We are therefore very satisfied with the bank's solid capitalisation. The bank's solvency is 22%, which should be seen in relation to the statutory requirement of 8%. The high solvency and the bank's earnings mean that Ringkjøbing Landbobank is one of Denmark's most robust banks. We thus have the strength we need to support our customers and their good investments.

This result and our sound basis is also a credit to our competent employees, who again performed fantastically in 2012. Their expertise, stability, loyalty and fighting spirit are an unsurpassed combination.

We expect 2013 to be an interesting year, where the main task will be to do even more business with our current customers and continue to increase our market share with additional customers. We expect core earnings in the range DKK 350 - 425 million, to which must be added the result for the trading portfolio.

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

John Bull Fisker

FIVE YEAR SUMMARY

	2012	2011	2010	2009	2008
Main figures for the bank (million DKK)					
Total core income	823	767	758	753	735
Total costs and depreciations	-265	-248	-240	-238	-239
Core earnings before write-downs on loans	558	519	518	515	496
Write-downs on loans	-157	-129	-138	-159	-77
Core earnings	401	390	380	356	419
Result for portfolio	+49	+1	+38	+56	-73
Expenses for bank packages	-2	-11	-80	-107	-28
Profit before tax	448	380	338	305	318
Profit after tax	328	286	257	232	240
Shareholders' equity	2,676	2,483	2,312	2,056	1,785
Deposits	12,867	12,755	11,662	11,187	9,073
Loans	12,424	12,747	13,151	13,047	13,897
Balance sheet total	17,682	17,549	18,247	17,928	18,002
Guarantees	1,667	1,052	1,042	1,486	2,386
Key figures for the bank (per cent)					
Pre-tax return on equity, beginning of year	18.5	16.9	16.5	17.1	19.6
Return on equity after tax, beginning of year	13.6	12.7	12.5	13.0	14.7
Rate of costs	32.2	32.4	31.6	31.6	32.4
Core capital ratio (Tier 1)	20.9	19.8	18.6	16.6	13.0
Solvency ratio (Tier 2)	22.4	21.4	22.4	20.2	16.3
Solvency requirement	8.0	8.0	8.0	8.0	8.0
Key figures per 5 DKK share (DKK)					
Core earnings	83	79	75	71	83
Profit before tax	93	77	67	60	63
Profit after tax	68	58	51	46	48
Net asset value	553	503	459	408	354
Price, end of year	770	579	725	609	310
Dividend	14	13	12	0	0

ANNUAL REPORT - HIGHLIGHTS

- 18% increase in pre-tax profit from DKK 380 million to DKK 448 million
- The result is equivalent to a 19% return on equity after payment of dividends
- The rate of costs improved by 1% to 32.2, still the lowest in Denmark
- Capital adequacy ratio of 22.4, equivalent to cover of 280%
- Core capital ratio 20.9
- Highly satisfactory number of new customers in both the branch network and Private Banking
- Positive - 35% - return on the bank's shares
- A dividend of DKK 14 per share, equivalent to DKK 70 million, is recommended
- Cancellation of 100,000 bought back shares recommended to the general meeting
- New buy-back programme for 130,000 shares, equivalent to approximately DKK 105 million, proposed
- Expectations for core earnings for 2013 in the range DKK 350 - 425 million



Ringkjøbing

Landskab
program

MANAGEMENT REPORT

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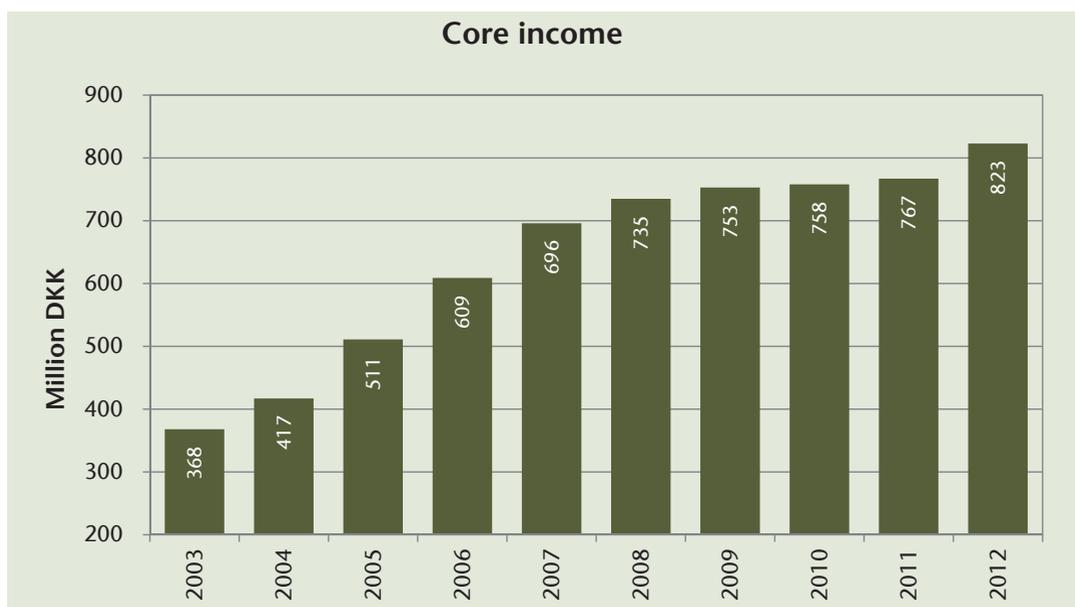
Financial review

The bank's pre-tax profit improved by 18% from DKK 380 million to DKK 448 million. This result is equivalent to a 19% return on equity, which is considered highly satisfactory in the present economic situation.

The core earnings increased by 3% to DKK 401 million, which is above the expected range reported at the beginning of the year.

Core income

The total core income was 7% higher, with an increase from DKK 767 million in 2011 to DKK 823 million in 2012.



Net interest income in 2012 was DKK 615 million, a 1% increase relative to the previous year. The increasing interest income comes primarily from a slightly higher interest margin. Like the rest of the financial sector, the bank increased the interest margin in 2012. The very low level of interest is pulling in the opposite direction, resulting in a lower return on the bank's securities portfolio and its liquid resources.

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

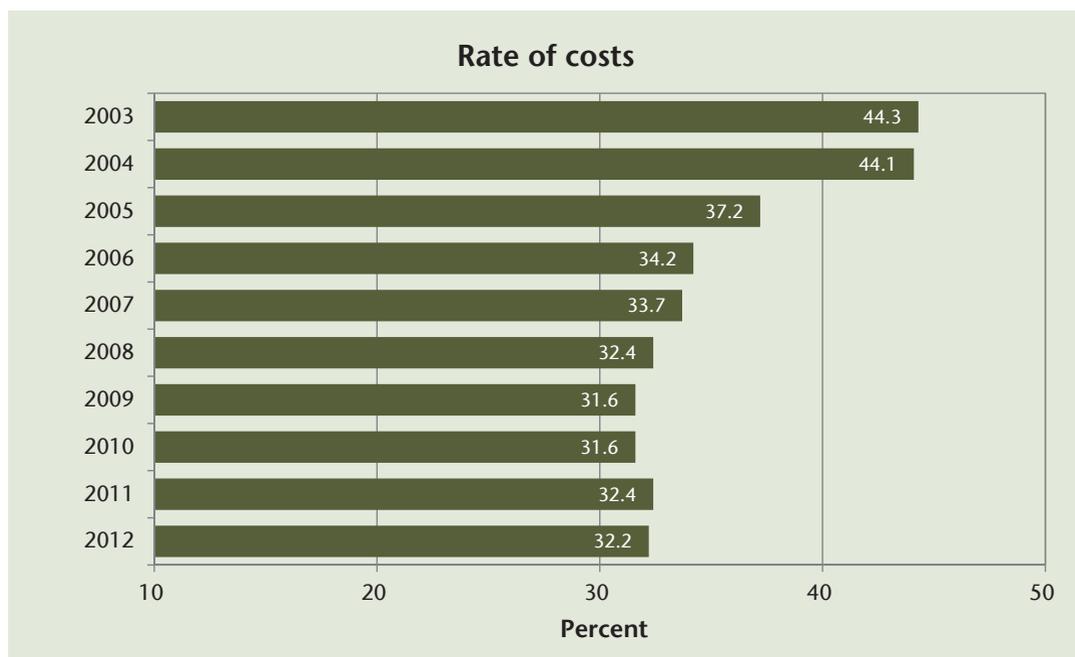
Million DKK	2012	2011
Asset management	71	50
Securities trading	24	19
Guarantee commissions	41	35
Foreign exchange income	13	18
Payment handling	18	17
Loan fees	12	6
Other fees and commissions	20	7
Total	199	152

Fees, commissions and earnings on foreign currency amounted to net DKK 199 million in 2012 against net DKK 152 million in 2011, a 31% increase. The higher sums within asset management and the pension area had a positive effect, and there was good activity within conversion of mortgage credit loans.

Costs and depreciations

The total costs including depreciations of tangible assets were DKK 265 million in 2012, 6% higher than in the previous year.

Half of the increase is the new fixed premium payable to the Guarantee Fund for Depositors and Investors which, from 2012, was charged as an expense under costs. It was decided as a part of Bank Package IV to establish an insurance scheme with a premium determined relative to the deposits which are covered. DKK 1,950 million is payable annually to the fund, of which the bank's share is currently 0.7%, equivalent to DKK 13.8 million a year. Contributions will be payable to the fund until it has reached DKK 7,500 million. Future costs of the Guarantee Fund for Depositors and Investors will be financed by the payments, so it is not possible to determine how long this charge will continue. On the other hand, the fluctuating costs of bank rescues will disappear in the future. DKK 8.6 million was charged to expenses in 2012, and this will increase to DKK 13.8 million in 2013.



The rate of costs improved by 0.2 percentage points to 32.2%, which is an improvement of 1%, still the lowest in Denmark. A low rate of costs is particularly important in periods of difficult economic conditions as it gives a high level of robustness to the bank's results, as is also reflected in the calculation of the bank's individual solvency requirements of 8%.

Write-downs on loans

Write-downs on loans amounted to DKK 157 million against DKK 129 million in 2011. The level of write-downs remains acceptable and corresponds to 1.1% of total average loans, write-downs, guarantees and provisions. The bank's customers appear to be coping better than the average in Denmark in the weak economic period. DKK 33 million was charged as an expense in the fourth quarter against DKK 45 million in the third quarter and DKK 55 million in the second quarter of 2012.

The bank's total account for write-downs and provisions was DKK 758 million at the end of 2012, equivalent to 5.1% of total loans and guarantees. The actual write-downs on loans (including interest on the account for write-downs and provisions) remain low at DKK 48 million. The account for write-downs and provisions thus increased by net DKK 109 million net during the year.

The portfolio of loans with discontinued calculation of interest was DKK 113 million, equivalent to 0.76% of the bank's total loans and guarantees at the end of the year.

The Danish economy slipped back into recession in 2012, but it is expected to return to positive growth rates in 2013, and the bank is satisfied with the conservative credit policy on the basis of which it has always been run. As a natural part of the economic cycle, the bank's losses are expected to remain at a relatively high level in 2013, but at a lower level than in 2012. It is also still the bank's judgment that its credit policy, diversified loans portfolio and position in central and western Jutland will have a positive effect on the bank relative to the general level of losses for the banking sector as a whole.

Core earnings

Million DKK	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Total core income	823	767	758	753	735	696	609	511	417	368
Total costs etc.	-265	-248	-240	-238	-239	-234	-208	-190	-184	-163
Core earnings before write-downs on loans	558	519	518	515	496	462	401	321	233	205
Write-downs on loans	-157	-129	-138	-159	-77	+11	+69	+5	+4	-10
Core earnings	401	390	380	356	419	473	470	326	237	195

The bank's expectations for core earnings were originally in the DKK 300 - 400 million range. This was stated more precisely at the end of October at approximately DKK 400 million. The result was realised over the reported interval.

Result for portfolio

The result for the portfolio for 2012 was positive at DKK 49 million including funding costs.

The portfolio of shares etc. was DKK 230 million at the end of 2012, with DKK 29 million in listed shares and DKK 201 million in sector shares etc. The bond portfolio amounted to DKK 3,783 million kroner, and the greater part of the portfolio consists of AAA-rated Danish mortgage credit bonds and short-term bank bonds with rated Nordic counterparties.

The total interest rate risk - calculated as the impact on the result of a one percentage point change in the interest rate - was 0.6% of the bank's core capital less deductions at the end of the 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 (calculated with a ten day horizon and 99% probability) was as follows in 2012:

Value at Risk	Risk in million DKK	Risk relative to equity end of year in %
Highest risk of loss:	28.4	1.06%
Lowest risk of loss:	3.5	0.13%
Average risk of loss:	14.7	0.55%

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

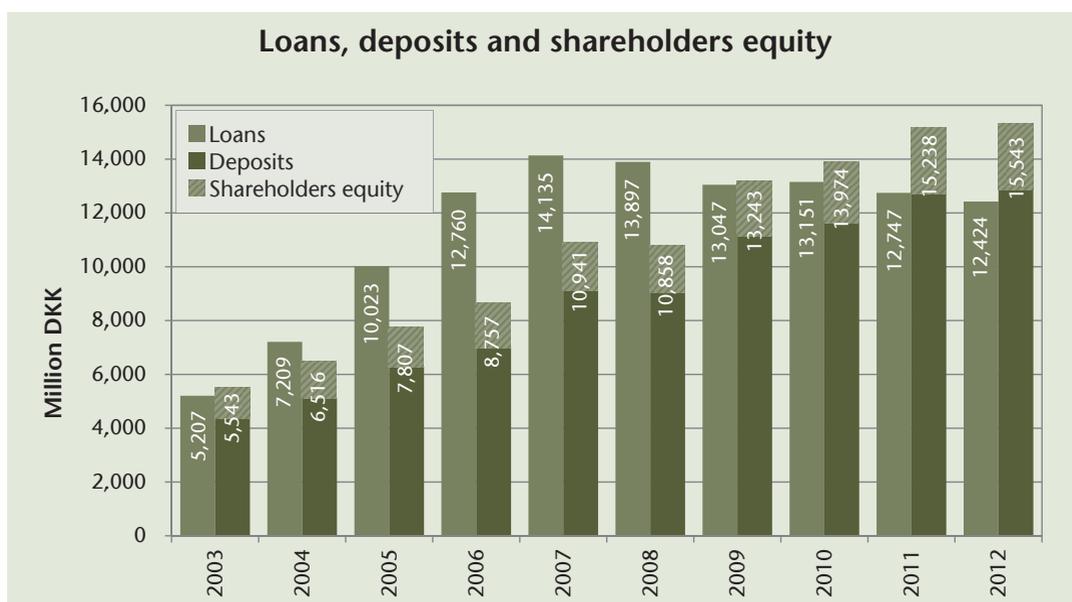
Profit after tax

The result after tax was DKK 328 million for the year against DKK 286 million in the previous year.

The result after tax is equivalent to a return on equity of 14% after payment of dividend.

The balance sheet

The bank's balance sheet total at the end of the year was DKK 17,682 million against last year's DKK 17,549 million. Deposits increased by 1% from DKK 12,755 million to DKK 12,867 million. The bank's loans fell by 3% to DKK 12,424 million. The bank is continuing to enjoy good underlying growth in new customers from its branch network and within the niches Private Banking and wind turbine financing. The changed patterns of consumption with a higher proportion of saving and the general trend under which many customers are reducing their balance sheets are, however, resulting in a greater rate of paying off existing loans than previously.



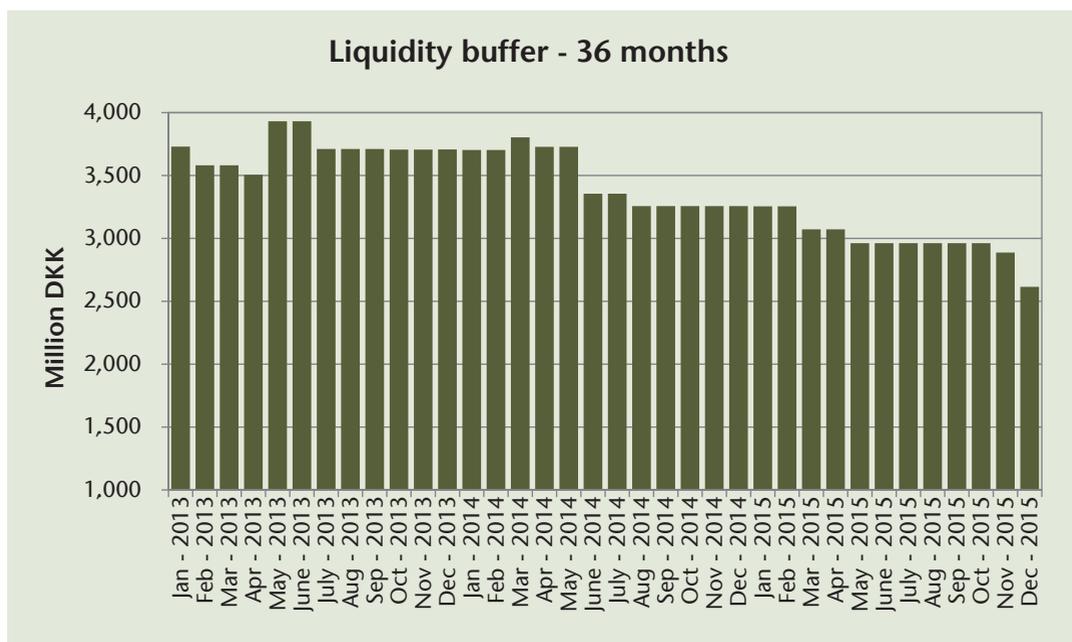
The bank's portfolio of guarantees at the end of 2012 was DKK 1,667 million against DKK 1,052 million in 2011.

Liquidity

The bank's liquidity is good, and the bank's deposits are now DKK 443 million greater than its loans. The excess solvency relative to the statutory requirement is 186%. The bank's short-term funding with a time to maturity of less than 12 months is only DKK 639 million, corresponding to DKK 4.6 billion in short-term money market placements primarily with the National Bank, Nordic banks and liquid securities. The bank is thus not dependent on the short-term money market.

Apart from this, a portion of the German loans portfolio for wind turbines is back to back, refinanced with the KfW Bank Group, so that the DKK 829 million in question can be ignored with respect to liquidity. The bank requires no financing in 2013 to comply with the minimum requirement of always being able to continue for up to 12 months without access to the financial markets.

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



For the purpose of further diversifying the bank's funding possibilities, an agreement has just been entered into with BRFKredit on joint funding of the bank's mortgage loans with security within 60% of the property's value. The joint funding will take place in BRFKredit's AAA-rated capital centre and it enables long-term hedging of the bank's commitments. An agreement has also been entered into on the provision of mortgage loans for commercial properties. The two agreements will not result in any change to the bank's existing mortgage credit agreements with Totalkredit/Nykredit and DLR Kredit.

Rating

Ringkjøbing Landbobank was rated for the first time by the international credit rating bureau Moody's Investors Service in May 2007. Since this beginning, the bank's ratings have been:

Moody's ratings:

	Financial strength	Long-term liquidity	Outlook
22 May 2007	C+	A1	Stable
End 2010	C+	A1	Negative
End 2011	C	A3	Stable
End 2012	C-	Baa1	Stable

The bank was downgraded one notch in 2012 on long-term creditworthiness. This was done in connection with a general reassessment of all ratings in Europe. Moody's have had a general fear of the quality of credit in Denmark which also affected Ringkjøbing Landbobank. However, the effect on the bank was modest, as we currently have the best rating among Danish banks on Moody's books.

The supervisory diamond

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

The supervisory diamond

	Limmit values	The bank's key figures
Stable funding	< 1	0.7
Excess liquidity	> 50	185.5
Large exposures	< 125	27.2
Growth in loans	< 20	-2.5
Exposure to the housing market	< 25	12.2

Dividend and share buy-back programme

The bank's board of directors will recommend payment of a dividend of DKK 14 per share for the 2012 financial year to the general meeting, equivalent to DKK 70 million. A dividend of DKK 13 was paid in 2011. A hundred thousand shares have also been bought up under the buy-back programme which was approved at last year's general meeting. The recommendation to the general meeting will be that these be cancelled, thus reducing the number of shares in the bank from 4,940,000 to 4,840,000.

It will also be proposed for 2013 that a new buy-back program be established under which up to 130,000 shares can be bought for cancellation at a subsequent general meeting. At the current price, this authorisation will reduce the equity by about DKK 105 million.

Capital

The equity at the beginning of 2012 was DKK 2,483 million. To this must be added the profit for the period, less the dividend paid and the value of the own shares bought, after which the equity at the end of the year was DKK 2,676 million, an increase of 8%.

The bank's solvency ratio (Tier 2) was calculated at 22.4% at the end of 2012. The bank's core capital percent (Tier 1) was calculated at 20.9%.

Solvency cover	2012	2011	2010	2009	2008
Core capital ratio excl. hybrid core capital (%)	19.6	18.3	17.1	15.1	11.6
Core capital ratio (%)	20.9	19.8	18.6	16.6	13.0
Solvency ratio (%)	22.4	21.4	22.4	20.2	16.3
Individual solvency requirement (%)	8.0	8.0	8.0	8.0	8.0
Solvency cover	280%	268%	280%	253%	204%

Ringkjøbing Landbobank's calculated individual capital adequacy requirement was calculated at 6.7% under the bank's robust business model and was reported at 8%.

From 2013, the method of calculation of the individual solvency will be changed to the so-called 8+ model, where the calculation takes its starting base at 8.0%. To this is added any supplements which are calculated inter alia for customers with financial problems which exceed 2% of the bank's capital base. This method of calculation does not take account of the bank's earnings base and robust business model. The individual solvency under this method is expected to be calculated at 8.7%.

The bank's shares

The bank's share capital at the end of 2012 was DKK 24.7 million in 4,940,000 nom. DKK 5 shares.

The bank's shares at the beginning of 2012 were listed on the NASDAQ OMX Copenhagen at 579. The share price rose during 2012 to 770 at the end of the year and the price was 808 on 25 January 2013, making the current market value DKK 3.9 billion.



An investment in the bank's shares at the beginning of 2001 has increased tenfold including dividend. This made an investment in the bank's shares the best bank share investment in Denmark in this period.

Increase in customers

We intensified our efforts to gain new customers and business in 2012. This was done on the basis that we have both the liquidity and the capital to support growth, we felt comfortable with the bank's credit book, and we have a cost structure suitable for the future. The greatest challenge in a time of low growth is thus to create growth in the bank's top line.

The bank's recruitment activities will continue in 2013, where initiatives will include further investment in expanding the bank's Private Banking platform and the market share in the branch network.

We are currently experiencing a very positive growth in customer numbers in the branch network within the Private Banking segment, with transfers of deposits, pension and securities customers. On the loans side, growth to date has been swallowed by the paying down of balance sheets. However, our assessment is that we are also currently extending the foundation for future earnings.

Changes to the articles of association and the board of directors

For several years, the bank's board of directors has been evaluating the management's and the board of directors' expertise and working relationship, and there is a good basis for the chosen business model. The FSA also decided for group I and II banks in 2012 that the board of directors must include a member who has relevant experience managing a bank. The shareholders' committee decided on this basis to recommend a change in the bank's articles of association such that the committee can elect members directly to the board of directors. The committee will now elect former bank manager Jørgen Lund, age 63, of Skanderborg, who has just retired from Jyske Bank. Mr Lund will replace Keld Hansen, grocer, of Søndervig, who is resigning at the general meeting after 11 years on the board.

Expected result in 2013

The bank's core earnings in 2012 were DKK 401 million, which is above the range given at the beginning of the year.

Ringkjøbing Landbobank's market share is about 50% in that part of West Jutland where the bank's old branches are located. The bank also has well-established branches in Herning, Holstebro and Viborg which are continuing to operate positively. The bank's plan is to retain and develop this portion of the customer portfolio with good and competitive products and with focus on the employees' expertise and work in advising customers of the options in a changing financial world. In 2013, the bank expects a continuing positive inflow of customers to its branches in central and western Jutland because of its long-term outreach sales and consolidation in the sector.

The activities in the bank's Distance Customer Department and its niche concepts, including the Holte branch, are expected to develop positively as a whole in the coming year. Focus will be placed on serving the bank's current customers and further developing the portfolio within wind turbine financing, medical practitioners and affluent customers.

Core earnings in 2013 are expected to be in the range DKK 350 - 425 million. To this must be added the result for the bank's trading portfolio.

Events after the end of the financial year

There have been no events after the balance sheet date and to date which would change the assessment of the bank's 2012 annual report.

Capital structure

The bank's management has specified a general objective for the bank's capital. The objective is that the bank must have a solidly based capital structure in comparison with both equivalent and bigger banks.

The objective is also that the bank must have adequate capital for future growth, and there must also be adequate capital to cover any on-going fluctuations in the risks which the bank has assumed.

The bank's capital ratios as of the end of December 2012 were as follows:

Capital ratios

• Core capital ratio excl. hybrid core capital	19.6%
• Core capital ratio	20.9%
• Solvency ratio	22.4%

With respect to the calculation of the bank's Tier 1 capital, capital base and core capital ratio excluding hybrid Tier 1 capital, core capital ratio and capital adequacy ratio at the end of 2011, reference is made to the calculation of solvency requirement on page 49.

The above capitalisation makes Ringkjøbing Landbobank one of Denmark's best capitalised banks. The bank's objective is to retain this ranking in 2012. In the bank's assessment, this can be done on the basis of the expected result for 2012.

The bank's board of directors will recommend to the general meeting that a dividend of DKK 14 per share, equivalent to DKK 70 million, be paid for the 2012 financial year. A dividend of DKK 13 was paid in 2011. Ninety thousand shares to a value of DKK 66 million were also bought during 2012. A further 10,000 were also transferred in January 2013. Cancellation of 100,000 shares will be recommended to the general meeting, such that the number of shares in the bank will be reduced from 4,940,000 to 4,840,000.

A proposal will also be made that a new buy-back programme be established for 2013 under which up to 130,000 shares can be bought for cancellation at a future general meeting. At the current price, this authorisation will reduce the share capital by DKK 105 million kroner.

The maturity structure of the bank's external subordinated debt is presented in the following overview.

Subordinate capital – maturity structure

Subordinated loan capital

- Nom. EUR 27 million taken up on 30 June 2008, term 13 years to 30 June 2021, option of early redemption from 30 June 2018 if approved by the Danish Financial Supervisory Authority.

Hybrid core capital

- Nom. DKK 200 million taken up on 2 March 2005, indefinite term, option of early redemption from 2 March 2015 if approved by the Danish FSA.
- Of which nom. DKK 28 million bought in the fourth quarter of 2012.

CAPITAL STRUCTURE

The bank uses the capital adequacy rules implemented in 2007 for the calculation and stating of weighted items with credit and counterparty risks and market and operational risks.

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

Calculation of capital adequacy – methods used

The bank uses the following methods for the calculation of capital adequacy:

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

As will be evident from the above, the bank uses the standard method for calculation of its credit risk and therewith the risk-weighted items. This method uses fixed solvency weightings. As a result of this method, the bank has not had the same lowering of solvency weighting as those banks which are using more advanced methods. On the other hand, the bank does not experience increasing solvency weightings in periods of recession. Relative to the advanced methods, use of the standard method means that there is significantly greater robustness in the calculated capital percentages and a smaller volatility in the risk-weighted items.

The transfer to the new Basel III rules is therefore not expected to have a significant effect on the bank's risk-weighted assets, and as the bank's capital base is adequate, the bank is prepared for the transfer to the new rules on capital.

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

The individual solvency requirement is calculated at 6.7%, which reflects the bank's solid earnings, low credit risk and modest market risk. The computed adequate capital base is reassessed on a regular basis, and reports to the Danish FSA are also made on a regular basis. The reporting of the individual solvency requirement to the FSA is given as 8% as the individual solvency requirement calculated by the bank at less than 8% cannot be less than 8% under Section 124(4) of the act on financial activities. The FSA most recently reviewed the bank's calculation of its individual solvency requirement in spring 2012. For further information on the calculation of the individual solvency requirement of Ringkjøbing Landbobank, please see the bank's website at: www.landbobanken.dk.

Although there is a minimum solvency requirement of 8% which the bank must use as its individual requirement, the bank has a considerable excess solvency as indicated in the following summary.

Solvency cover	2012	2011	2010	2009	2008
Solvency ratio (%)	22.4	21.4	22.4	20.2	16.3
Individual solvency requirement (%)	8.0	8.0	8.0	8.0	8.0
Excess solvency (%)	14.4	13.4	14.4	12.2	8.3
Solvency cover	280%	268%	280%	253%	204%

It can be concluded that throughout 2012, Ringkjøbing Landbobank has complied with both external and internal capital requirements, and the actual capital base has continually been considerably above the adequate level.

From 2013, the method of calculating the individual solvency will be changed to the so-called 8+ model, where the calculation is based on 8.0% of the bank's risk-weighted items. This 8% covers the most common risks, plus any weighting for risks and circumstances which are not reflected in the calculation of the risk-weighted items, in the assessment of which the bank takes account inter alia of the following:

- Credit risks on major customers with financial problems
- Concentration risks in the loans book
- Market risks
- Liquidity risks
- Operational risks

Unlike the method of calculation used to date, the 8+ model does not take account of the bank's strong earnings base and robust business model. The changed method will therefore result in an increase in the individual solvency requirements from 6.7% to 8.7%.

Risks and risk management

Ringkjøbing Landbobank is exposed to various types of risk in connection with its operations: credit risk, market risk, liquidity risk and operational risk.

The credit risk is defined as the risk that payments owing to the bank are not judged to be recoverable because of lack of either ability or willingness to make payment at the agreed time.

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

The liquidity risk is defined as the risk that the bank's obligations to make payments cannot be honoured under the bank's cash flow position.

Finally, the operational risk is defined as the risk of either direct or indirect financial losses as a result of faults in internal processes and systems, human error or external events.

Policy for risk taking and management

The framework for the bank's risk taking is specified by the board of directors, which has adopted a policy for each individual risk area, which inter alia defines the bank's risk profile in the area. Each policy is reviewed and reassessed by the board at least once a year in connection with the board's position on the bank's general business model and risk profile.

The bank's general principle for assuming a risk is that the bank will only assume risks within a moderate risk profile which the bank has the expertise to manage.

The basis for the board of directors' review of the bank's business model and associated policies for each individual risk area is a general risk report prepared by the bank's risk manager. The report covers the various risks to which the bank is exposed, and gives the board a complete picture of the bank's general risk profile. In comparison with the market possibilities, the board then assesses whether the bank's business model and risk profile should be adjusted. The report also acts as a basis for any adaptation of the policies in the various risk areas.

Apart from the strategic risk management, there is an on-going operational central management and monitoring of the bank's risks in each area. This monitoring is reported to the bank's management and board of directors. The management and control and reporting functions are separate, and the work is performed by several of the bank's central staff functions. The bank's risk manager ensures full reporting of risks and provides a meaningful picture of the bank's actual risk taking.

The various types of risk are subsequently described in more detail.

Credit risks - loans

Over the years, Ringkjøbing Landbobank has developed to its present status as primarily a regional bank in central and western Jutland and a niche bank within selected areas.

This development has been a part of the bank's strategy, and the bank's management notes with satisfaction that the bank has achieved a significant diversified portfolio of loans, including a wide geographic distribution of branches.

In general, Ringkjøbing Landbobank assumes credit risks on the basis of a policy, the objectives of which are to have a well-balanced relationship between assumed risks and the return gained by the bank, that the bank's losses must be at an acceptable level relative to the Danish financial sector, and finally, losses suffered even in extreme situations must be able to be accommodated within the bank's results.

The gearing of loans relative to the bank's subordinated capital is about 4.5, and the bank's objective is that the results must be achieved with a lesser or the same credit gearing as that of the country's major banks.

Historically, the bank has always had a healthy and conservative credit policy, and focus will remain on ensuring an efficient management and monitoring of the bank's total portfolio of loans via its central credit department.

Apart from the normal following up and management of credit in the bank's central credit department, where there is regular reviewing of and following up on all major commitments, the bank has developed a set of credit evaluation models which are used to assess the quality of the exposure to credit. Statistical models are used for private and small business customers, while an expert model is used for major businesses. The statistical model has 7-10 different factors, including information on the customer's assets and a quantity of behavioural data. The expert model for business customers is based on information on the customer's creditworthiness and earning capacity.

Using these models, the bank's judgment is that the credit quality for those loans which have not been written down is generally unchanged relative to 2011. As in previous years, the bank is, however, aware of the risks which the economic conditions are imposing on the bank's customers. A particular problem is the challenge posed to the bank's private customers by a weak property market and potentially rising interest rates. The bank's customers are, however, judged to be relatively less vulnerable to these challenges, among other reasons because of a relatively low home loan burden in the bank's core area.

RISKS AND RISK MANAGEMENT

Actual net losses

In DKK 1,000							
Year	Actual net losses	Actual net losses after interest	Loans with suspended calculation of interest	Write-downs on loans and provisions for guarantees	Total loans and guarantees etc.	Percentage loss before interest *)	Percentage loss after interest *)
1988	-14,205	-5,205	4,522	93,900	1,408,830	-1.01%	-0.37%
1989	-18,302	-5,302	13,107	117,270	1,468,206	-1.25%	-0.36%
1990	-15,867	-1,867	47,182	147,800	1,555,647	-1.02%	-0.12%
1991	-11,429	3,571	47,626	170,000	1,805,506	-0.63%	0.20%
1992	-32,928	-14,928	43,325	177,900	1,933,081	-1.70%	-0.77%
1993	-27,875	-6,875	30,964	208,700	1,893,098	-1.47%	-0.36%
1994	-14,554	4,446	33,889	223,500	1,938,572	-0.75%	0.23%
1995	-10,806	10,194	27,292	238,800	2,058,561	-0.52%	0.50%
1996	-19,802	-1,802	18,404	233,400	2,588,028	-0.77%	-0.07%
1997	-31,412	-12,412	39,846	236,600	3,261,429	-0.96%	-0.38%
1998	-2,914	18,086	4,905	263,600	7,958,602	-0.08%	0.48%
1999	-442	21,558	18,595	290,450	5,148,190	-0.01%	0.42%
2000	-405	27,595	12,843	316,750	5,377,749	-0.01%	0.51%
2001	-8,038	20,962	14,222	331,950	6,113,523	-0.13%	0.34%
2002	-8,470	20,530	26,290	382,850	7,655,112	-0.11%	0.27%
2003	-22,741	2,259	23,412	394,850	8,497,124	-0.27%	0.03%
2004	-14,554	9,446	18,875	404,855	11,523,143	-0.13%	0.08%
2005	-22,908	192	35,796	357,000	15,522,264	-0.15%	0.00%
2006	-13,531	7,028	20,578	295,000	17,858,787	-0.08%	0.04%
2007	-15,264	4,888	13,190	289,097	19,227,573	-0.08%	0.03%
2008	-34,789	-10,237	22,110	356,083	16,475,975	-0.21%	-0.06%
2009	-73,767	-47,658	62,649	467,025	14,890,027	-0.50%	-0.32%
2010	-69,428	-40,207	66,237	565,035	14,758,234	-0.47%	-0.27%
2011	-78,813	-43,073	61,419	649,856	14,448,638	-0.55%	-0.30%
2012	-90,022	-48,337	113,312	758,363	14,849,702	-0.61%	-0.33%
25-year average (1988 - 2012)						-0.54%	-0.02%
10-year average (2003 - 2012)						-0.30%	-0.11%

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

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

The above table documents the bank's healthy credit policy. As will be evident, the bank's average percentage loss after interest over the last 25 years (1988 - 2012) was -0.02%, with -0.77% (1992) the highest loss and +0.51% (2000) the most positive figure. The average percentage loss before interest over the last 25 years is -0.54%, with -1.70 percent (1992) the highest loss and -0.01% (1999 and 2000) the lowest loss. The average percentage loss after interest over the last ten years (2003 - 2012) was -0.11%; the average percentage loss before interest was -0.30%.

The regional section of the bank is run partly via branches in the bank's original core area in West Jutland and partly via branches in the three big central and western Jutland cities Herning, Holstebro and Viborg.

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

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

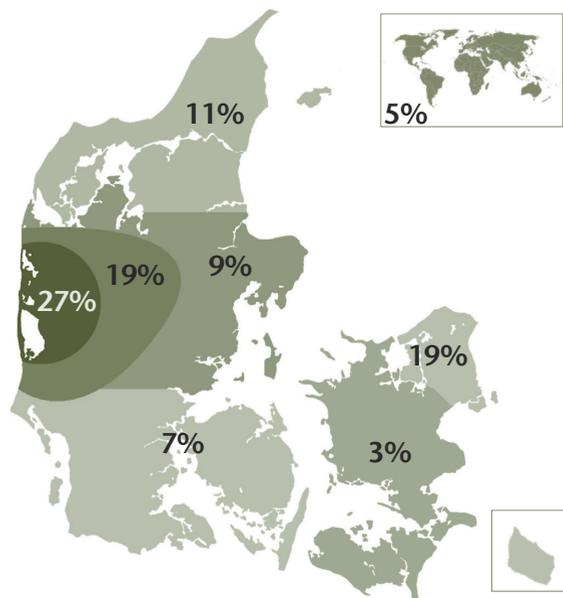
Concentration of credit

As indicated in the summary below, total large exposures amount to 27.2%. This figure includes a good quality commitment of 10.4% with adequate security and a commitment with a well-consolidated financial counterparty which will be redeemed in 2013.

Concentration of credit

	2012	2011	2010	2009	2008
Total large exposures	27.2%	11.8%	0.0%	0.0%	12.1%

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



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

Geographic spread of the bank's loans and guarantee portfolio

As is evident from the figure, a significant geographic diversification of the bank's portfolio of loans and guarantees has been achieved via both the regional section and the niche section.

The loans via the bank's niche section have also helped to ensure a major diversification in the bank's loans portfolio, so that this portfolio is not correlated with the economic cycle to the same extent as if the bank were run exclusively as a regional bank.

Credit risk on financial counterparties

Exposure to financial counterparties, and therewith a credit risk, including a settlement risk, arises in connection with the bank's trading in securities, foreign currency and derivative financial instruments, the bank's loans to other banks, and the bank's possession of bonds and transfer of funds. The settlement risk is the risk that in connection with the settlement of trades in securities and/or currency, the bank will not receive payment or securities corresponding to the securities and/or payments which the bank had made and delivered.

The bank's board of directors grants lines of credit for credit risks and the risk of winding up against financial counterparties. When granting lines of credit, account is taken of the individual counterparty's risk profile, rating, size and financial circumstances, and there is constant follow-up on the lines of credit which were granted.

The bank's policy is to keep the credit risk on financial counterparties at a balanced level relative to the bank's size, and against credit institutions with good creditworthiness.

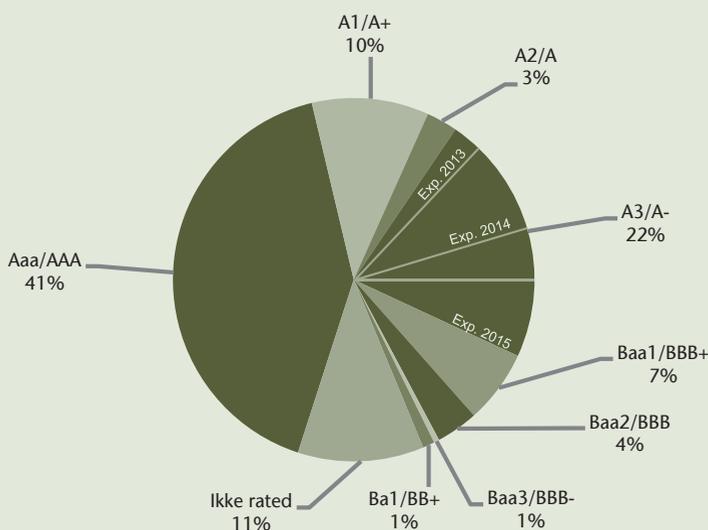
Claims on central banks and credit institutions

One of the two major items concerning the credit risk with financial counterparties is credit balances with central banks and credit institutions. The bank has assumed only a moderate risk on this item, and in the total credit balances with central banks and credit institutions, only 72% is thus due within three months.

The bond portfolio

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

Bonds distributed by rating classes



Explanation: The bond portfolio distributed by rating classes. Ratings from the credit rating bureaus Moody's Investors Service, Standard & Poor's and Fitch were used in the specification.

As will be evident in the figure below, the bond portfolio consists mainly of AAA-rated Danish mortgage credit bonds and bank bonds. There is also a modest holding of commercial bonds. The portfolio of bank bonds consists chiefly of bonds with short terms issued by rated Nordic banks. These bonds have a good credit quality, but their market value can vary over time in connection with general changes in credit spread in the market, and company-specific circumstances can also affect the value of these bonds. The credit spreads on these bonds were reduced throughout 2012, resulting in a capital gain for the bank. On the other hand, a later extension of the spreads could trigger a loss. Given the relatively short term, the risk involved is, however, manageable.

The bank's bond portfolio does not involve any exposure to southern European countries.

Market risks

The bank's basic policy with respect to market risks is that the bank wishes to keep such risks at a relatively low level.

The bank has determined a concrete framework for each type of market risk, and the risk assessment includes the objective that there must be a sensible and balanced relationship between risk and return.

The bank uses derivatives to cover and manage the various market risk types to the extent to which the bank wishes to reduce the extent of, or eliminate, the market risks which the bank has assumed.

To supplement the more traditional measures of market risk, the bank has a mathematical/statistical model to compute market risks. The model is used to compute Value at Risk (VaR), which is regularly reported to the bank's management.

VaR is a measure of risk which describes the bank's risk under normal market conditions.

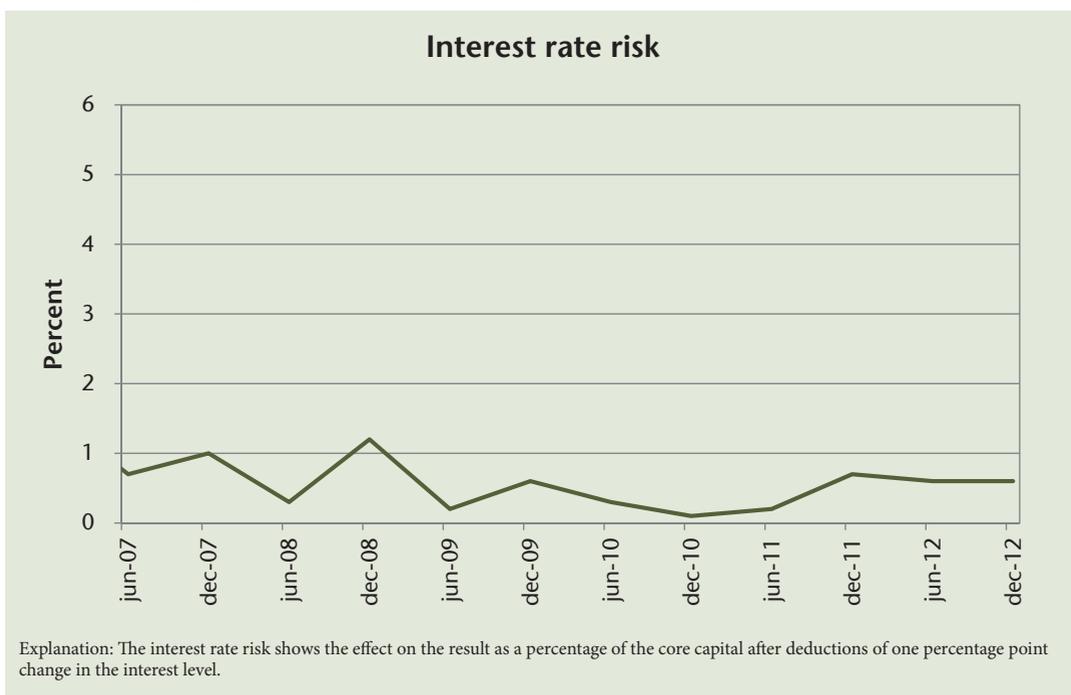
An isolated VaR is calculated for interest rate, foreign exchange and listed share positions, and a total VaR is also calculated for all of the bank's market risks consisting of interest rate, foreign exchange and listed share positions. This possibility of calculating a total VaR for the bank's market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

Interest rate risk

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

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

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



As will be evident from the figure, the bank has maintained a low interest rate risk over the last five years in accordance with the bank's policy for this type of risk

Foreign exchange risk

The bank's principal currency is the Danish krone, but the bank has also entered into loan and deposit arrangements in other currencies.

The bank's policy is to maintain a minimal foreign exchange risk, and the bank thus reduces on-going positions in foreign currencies via hedging.

The bank's positions in foreign exchange are managed daily by the foreign department, while the bank's service and support department monitors maintenance of lines of credit and reports to the board of directors and management.

As in previous years, the bank's foreign exchange risk in 2012 was at an insignificant level.

Share risk

The bank is co-owner of various industrial companies via equity interests in DLR Kredit A/S, PRAS A/S, BankInvest Holding A/S, SparInvest Holding A/S, EgnInvest Holding A/S, Letpension Holding A/S, Nets Holding A/S, Swift, Bluegarden A/S, Værdipapircentralen A/S, Bankernes Kontantservice A/S, Landbrugets Finansieringsbank A/S and Bankdata.

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

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

The bank's portfolio of listed shares etc. amounted to DKK 29 million at the end of 2012 against DKK 12 million at the end of 2011. The portfolio of sector and capital shares at the end of 2012 was DKK 201 million against DKK 237 million at the end of 2011.

As will be evident from the figure below, the bank's exposure to shares (excluding sector and capital shares) as a percentage of the bank's equity has been modest, therewith documenting the bank's goal of maintaining a low risk on shares.

Share exposure



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

RISKS AND RISK MANAGEMENT

Property risk

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

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

Value at Risk

The bank's total Value at Risk at the end of 2012 was DKK 5.8 million. This sum is an expression of the maximum loss in a statistical perspective which the bank could risk losing with 99% probability if all market positions were retained unchanged for a period of 10 days.

VaR summary

In DKK million

Risk	Average VaR figure	Min. VaR figure*	Max. VaR figure*	End of year VaR figure
Interest	15.0	3.1	28.9	5.7
Foreign currency	0.3	0.1	0.2	0.1
Share	2.7	2.6	2.4	2.2
Diversification	-3.3	-2.3	-3.1	-2.2
Total VaR figure	14.7	3.5	28.4	5.8

* Determined by the total VaR figure

As indicated in the table, the bank's total VaR throughout 2012 varied from DKK 3.5 million to DKK 28.4 million. The average VaR figure has been DKK 14.7 million, a small increase relative to last year.

Reference is made to note 41 on page 74 for the VaR figures for the years 2008 - 2012.

The model in brief

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

Back tests and stress tests

So-called “back tests” are made to document that the VaR model provides a sensible picture of the bank’s risk. The test compares the calculated loss under the model with the losses which the bank would actually have suffered if the positions in question had been retained for a ten-day period. A number of stress tests are also carried out to indicate the bank’s risk of loss in abnormal market situations. Back tests of the model were performed throughout the year with satisfactory results.

Liquidity risk

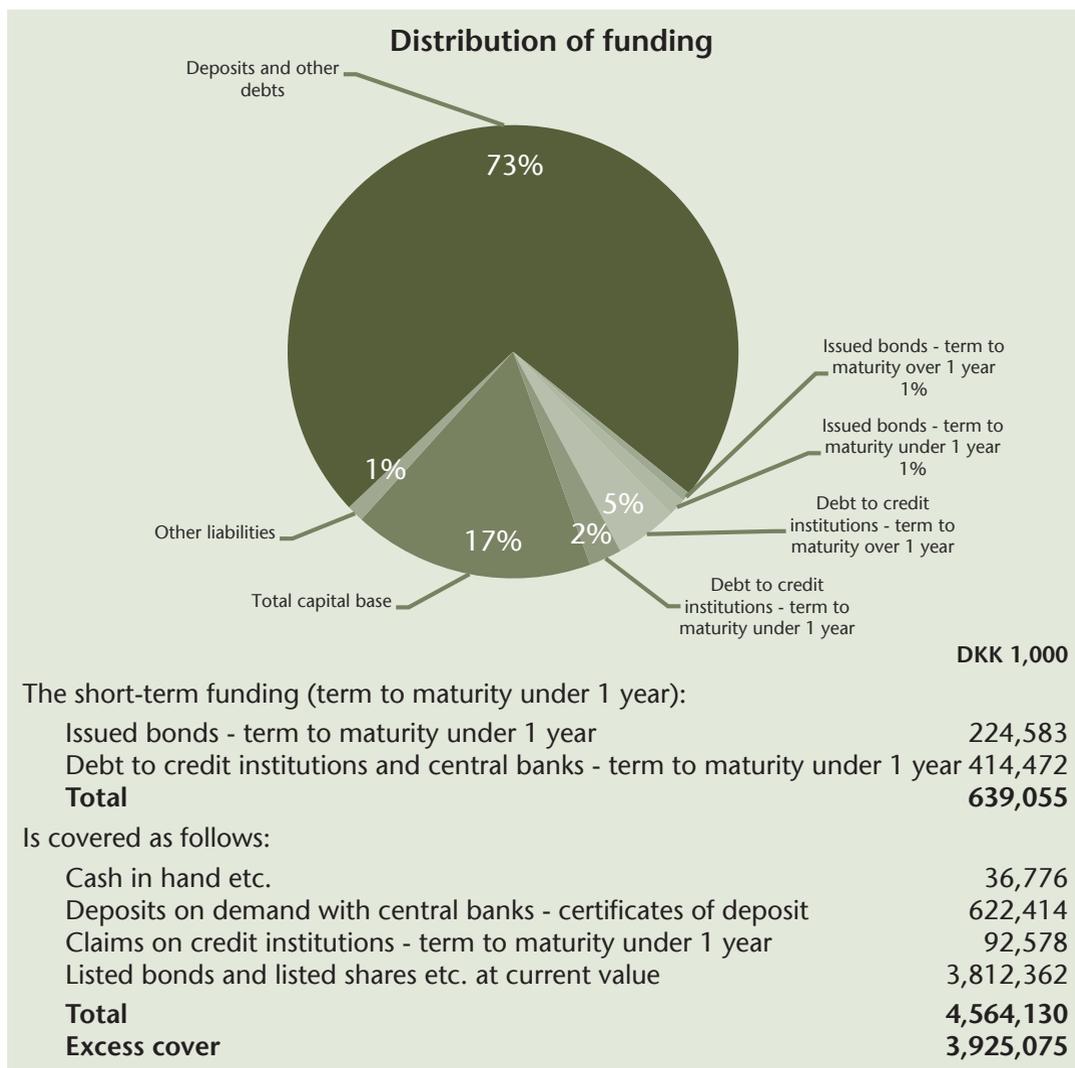
In general with respect to the bank’s liquidity management, it is the bank’s objective not to have uncovered net funding requirements and not to be dependent on the short-term money market. An objective is thus that the bank may not be affected by a total shutdown of the money market for a period of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

The bank’s loans portfolio is funded primarily via a range of sources, namely the bank’s deposits, by taking out long-term loans with other credit institutions, via issuing bonds, and finally via the subordinated capital taken up by the bank, and the bank’s equity.

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

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

The bank entered into an agreement with BRFKredit during 2012 on joint funding. This agreement means that the bank can procure liquidity by letting BRFKredit issue SDO bonds against security in the loans which the bank has provided to customers with security in real estate. The bank has not yet availed itself of this setup, but the bank expects that the option can act as a supplementary source of funding for the bank in the longer term.



As will be evident from the above, the short-term funding (time to maturity less than one year) is supported via the bank's portfolio of certificates of deposit and demand deposits with the Danish National Bank, short-term loan arrangements with other banks, and the bank's portfolio of liquid securities. It should be noted that the excess liquidity cover at the end of 2012 was DKK 3.9 billion, while the corresponding figures at the end of 2011 and 2010 were DKK 3.7 billion and DKK 3.3 billion respectively.

To ensure diversification in funding, the bank established an EMTN bond programme of EUR 2 billion in 2008. The programme helps to ensure alternative funding sources for the bank. The bank has made issues under the programme in 2010 and 2011, but has not done so in 2012.

Operational risk

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

The bank uses the so-called basic indicator method where, on the basis of calculation of an average of the most recent three financial years' net incomes, a sum is quantified and ascribed to the risk-weighted items to cover the bank's operational risks.

The bank regularly produces reports on the losses and events which are judged to be attributable to operational risks. An assessment is made on the basis of the reports of whether procedures etc. can be adjusted and improved in order to avoid or minimise any operational risks, and the bank's procedures are also regularly reviewed and assessed by the bank's internal and external auditors.

An important area in assessment of the bank's operational risks is IT.

The bank's IT organisation and management are always concerned about IT security, including preparation of IT emergency plans, in connection with which the bank specifies requirements and levels for availability and stability of the IT systems and data used by the bank. These requirements apply to both the bank's internal IT organisation and its external IT supplier Bankdata, which the bank owns together with a number of other banks.

Further information of the bank's risks

With the implementation of the Basel II rules in Danish legislation on capital adequacy, Danish banks were also required to publish certain information on risks (popularly also called Column 3 information). Some of the required risk information is given in this annual report, but for a full overview of the bank's duty to provide information, the reader is referred to the bank's website at www.landbobanken.dk.

Corporate governance

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

Since 2002, the bank's management has taken an active approach to the recommendations issued on corporate governance, and the bank's attitude to corporate governance has been minuted in the annual reports since that year. When preparing the 2012 annual report, the bank's board of directors and management assessed the bank's positions on the individual recommendations. The bank's management supports the efforts in the area of corporate governance, and the bank's management and board of directors have elected to adopt almost all of the recommendations in this area. In individual areas, the bank's management has, however, elected either not to follow the recommendations or to follow them only in part. The bank currently follows 74 of the 79 recommendations. Please note in this respect that election periods and procedures for the periods served by members of the shareholders' committee and the board of directors are considered appropriate. The board of directors does, however, believe that the procedure for election to the board can usefully be changed so that candidates can be found both among and beyond the membership of the shareholders' committee. This point is expected to be put to the general meeting for approval. The detailed statement concerning corporate management required in the management report under current accounting rules is published on the bank's website.

See www.landbobanken.dk/god-selskabsledelse. The statement in question also indicates the bank's management's position on the supplementary recommendations on good corporate governance etc. issued by the Danish Bankers' Association.

For information on the board members' other managerial activities, see pages 85 and 86.

Statutory statement on social responsibility

Throughout its long history, Ringkjøbing Landbobank has always been strongly anchored in the local communities in which the bank is represented, and the bank has considered it an entirely natural part of its business basis to support the local area's development. Via the management's implementation of and position on the recommendations on good corporate governance, the bank is also focused on those matters which govern the interaction with the bank's primary stakeholders, namely its shareholders and customers, its management and employees, and the local areas in which the bank's branches are situated. The bank's policy in the area of social responsibility is based on a desire to run a responsible and value-creating bank which works consciously to create the best results for shareholders, customers, employees, the local community and the surrounding environment and the bank as a financial institution. The bank's policy in the area of social responsibility is given on its website, www.landbobanken.dk/samfundsansvar.

Some of the bank's activities in 2012 for its main stakeholders are described below.

Customers

During the year, the bank continued its work on development of its advisory service for customers. This includes:

- Further development of the bank's concept within the area of advice on pensions, where the bank's advisers give the customer a general view of pension saving schemes and cover in the event of invalidity and death. The bank has a concept which, in a simple and clear way, gives the customer a sound understanding in a highly complex area, and where the customer is then in a position to make some decisions which are especially critical for his or her financial situation. On the basis of this concept, the bank is systematically proceeding to contact those customers who could have a need for advice in this area.
- Implementation of the concept of all-inclusive advice where, in cooperation with the customer, the bank prepares a review of the customer's total financial situation, including loans, insurances, pension etc.
- Development of means of communication between the bank and its customers, including development of easily understandable elements on the bank's website which give the customer a solid insight into some of the bank's products. The bank's Mobile Bank offer is also being extended to include iPad.
- The strength of Private Banking advice, where the bank's asset advisers provide specialised advice to customers with complex financial situations.

Employees

The bank initiated the following in 2012 in relation to employees:

- Signing a new collective agreement with the possibility of flexible arrangements.
- Held employee development interviews with all employees.
- Certification of advisers in financial products to ensure their provision of competent advice.
- Training of all advisers in advising on pensions.
- In-service training for a large number of employees in provision of all-round advice.
- Appointment of a total of 15 employees, including two new trainees in 2012 and seven new trainees in 2013. Apart from appointing the new trainees, the bank held a career day to give secondary school students a basis for making a rational career choice.
- Implementation of new routines and systems to increase the efficiency of the bank's administrative processes. This also includes continuation of the campaign "Overview means profit", which ensures employees a better overview of their own duties. In the bank's experience, this ensures happier employees, less stress and better provision of advice to the bank's customers.
- Supported social activities in the bank, including financial support for the bank's staff association.

The environment

As a bank and a workplace, the bank accepts shared responsibility for the environment. In 2012 this included:

- New loans of about DKK 400 million for wind turbine financing and major solar cell systems.
- Development of a concept for financing solar cell systems for private homes.
- Financing of energy-saving initiatives.
- Established a partnership with interactive web portal to help the bank's customers to identify energy-saving initiatives in their homes.

As a workplace, the environmental initiatives included:

- Focus on conversion of procedures to electronic case handling. This will reduce the bank's environmental impact on an on-going basis.
- Replacement of air conditioning system in the bank's head office.
- Holding of video meetings with Bankdata to the greatest possible extent to reduce driving to Bankdatas headquarter in Fredericia.
- Planning of training and meeting activities and coordination to reduce the associated travel as much as possible.

Local community

Given its position in the local area, the bank has a natural wish to support the area's development. Activities in 2012 included the following:

- Total payment of DKK 151 million in corporation tax and wages, of which DKK 138 million was corporation tax.
- Allocation of a total of about DKK 1 million from the following funds:
 - Sdr. Lem Andelskasses Fond
 - Tarm Banks Jubilæumsfond
 - Bankens Resultatfond
- Sponsorship agreements with more than 700 clubs and associations in the bank's local area. This includes subsidies for cultural activities, general and elite sports in order to support the goal of putting the local community on the map. Major activities during the year included support for:
 - Biopartner - Ringkøbing cinema
 - Artificial grass pitch for SG-Skjern
 - Generator - music venue in Ringkøbing
 - New swimming facility in Ringkøbing
 - and many more

The bank's website - www.landbobanken.dk/samfundsansvar - provides a detailed account of the bank's social responsibility.

Statutory statement on management

The board of directors and the shareholders' committee

The bank's shareholders' committee has 25 members elected for four years at a time. The bank's board of directors has eight members - six elected by shareholders and two elected by employees. The bank's management does not sit on the board, but takes part in board meetings. The board holds 10 - 12 meetings a year. The board of directors is elected by the bank's shareholders' committee and is comprised in a manner which ensures a broad range of expertise and compliance with a special expertise profile specified by the board. Board members are elected for four-year terms. In accordance with the recommendation of the committee on good corporate governance, at least half the board members must be independent.

Members of the board of directors and members of the shareholders' committee must retire from the shareholders' committee at the latest at the first annual general meeting after they have reached the age of 67.

Committee of the board of directors

The bank's board of directors has appointed an audit committee to monitor and check accounting and auditing matters and prepare the board's processing of matters related to accounting and auditing. The committee consists of the bank's full board of directors.

The board has also appointed an independent board member (the chairman of the auditing committee) who possesses the requisite qualifications within accounting, including the process of presenting the financial statements, internal controls and risk management etc. Other committees, including the remuneration committee, also comprise the full board of directors.

Presentation of the financial statements

The board of directors, management and the audit committee regularly ensure that the bank's control and risk management are functioning satisfactorily in connection with the process of presentation of the financial statements. The object is to ensure reasonable, but not absolute, assurance that unlawful use of assets, losses and/or material errors and omissions are avoided in connection with the presentation of the financial statements. Management regularly monitors compliance with relevant legislation, other regulations and provisions in connection with the presentation of the financial statements and reports regularly to the board of directors.

Evaluation etc.

The board of directors made a comprehensive self-evaluation during 2012. As a basis for the evaluation, the board first identified the expertise which it should possess in order to be able to perform its activities in a competent way. This was done on the basis of the bank's business model and a comprehensive analysis of the risks associated therewith. The general expertise required includes a knowledge of the following matters:

- Credit
- Market risk
- Liquidity
- Operations
- Accounting and capital
- Statutory framework for financial activities

Each individual board member assessed his or her own qualifications on the basis of the specified requirements. The result was discussed by the board, and its assessment was that as a whole, it possesses all the required expertise and qualifications.

In July 2012, the FSA issued new guidelines on the work of the board of directors etc. An expectation was expressed to the effect that for banks in groups I and II, there should be at least one board member with relevant experience in managing a bank. Ringkjøbing Landbobank's current board of directors has extensive managerial experience and insight, but none of its members has the formal qualifications as prescribed by the FSA.

Proposed change to the board of directors

Although the current board of directors is fully qualified with respect to its duties, it is very much wished that in future, the board can comply with the expectation of at least one member with managerial experience in the financial sector. Board member Keld Hansen has advised that he wishes to retire in connection with the next general meeting and election of the board of directors. The board wishes that the vacancy be filled by a member with managerial experience in the financial sector.

The bank has accordingly had some discussions with Jørgen Lund, age 63, who, after a long career in a number of managerial posts in Jyske Bank, elected to retire from his permanent position with the latter bank. Mr Lund has declared his willingness to accept a position on the board of directors of Ringkjøbing Landbobank. Mr Lund will replace Keld Hansen, grocer, of Søndervig, who is retiring at the next general meeting after 11 years on the bank's board of directors.

Proposed change to election procedure for the board of directors

The bank's articles of association currently prescribe that members of the board of directors be elected by the shareholders' committee from among the committee's members. This procedure can make it difficult to ensure that the board has members with special expertise - e.g. members with managerial experience from a financial company. The board of directors and the shareholders' committee have therefore decided to recommend a change in the articles of association for approval by the general meeting in 2013 to enable the shareholders' committee to elect board members who are not members of the committee.

Payment policy

The remuneration policy for management and the board of directors of Ringkjøbing Landbobank is that the bank's management is paid remuneration which is both in line with the market and reflects the management's achievements for the bank. It has also been decided that the remuneration paid to management and the board of directors should be a fixed amount without any form of incentive component. Neither will others involved in risk taking and employees in control functions be paid variable salary components outside the framework of the collective agreement which was entered into

Supplementary information on members of management, including other managerial activities

Reference is made to pages 85 - 87 of this annual report for supplementary information on the bank's management, including information on their other managerial activities.

Information on listed companies

In accordance with Section 133a of the statutory order on financial reports for credit institutions etc., we advise as follows:

The bank's share capital on 31 December 2012 was DKK 24.7 million in 4,940,000 nom. DKK 5 shares.

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

ATP, Hillerød and Parvus Asset Management (UK) LLP have advised that they own more than 5% of the bank's share capital.

The following applies to exercising the right to vote:

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

The members of the bank's board of directors are elected by and from among the members of the bank's shareholders' committee.

The following applies to changes to the bank's articles of association:

A decision to change the articles of association is only valid if the proposal is agreed upon by at least two thirds of votes cast and of the share capital with voting rights represented at the general meeting.

The board of directors has the following powers with respect to the possibility of issuing shares (as per the articles of association):

Following consultation with the shareholders' committee, the board of directors is authorised to increase the share capital by nom. DKK 14,210,980 to nom. DKK 38,910,980 in one or more rounds. This authorisation is currently valid until 24 February 2017.

The board of directors has the following powers with respect to the possibility of acquiring own shares:

The bank's annual general meeting of 29 February 2012 has authorised the board of directors, before the next annual general meeting and in accordance with applicable law, to permit the bank to acquire its own shares to a total nominal value of 10% of the bank's share capital, such that the shares can be acquired at the current listed price +/- 10%.

At last year's general meeting, the board was also authorised to buy 100,000 shares. This authorisation is expected to be fully used before this year's general meeting.



Ringkjøbing

Landsrådet



Ringkjøbing

Landsby
oparbej

STATEMENT, REPORTS AND ACCOUNTS

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Statement by management and the board of directors

The board of directors and management have today considered and approved the annual report of Ringkjøbing Landbobank A/S for the financial year 1 January - 31 December 2012.

The annual financial statements was prepared in accordance with the provisions of the Act on Financial Activities and other Danish requirements regarding information in the annual financial statements of listed financial companies. We consider the chosen accounting policies to be appropriate and the estimates made to be responsible, so that the annual report provides a true and fair picture of the bank's assets, liabilities and financial position as of 31 December 2012 and the result of the bank's activities and cash flows for the financial year 1 January - 31 December 2012. 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 annual report is recommended for approval by the general meeting.

Ringkjøbing, 30 January 2013

Management:

John Bull Fisker
CEO

Ringkjøbing, 30 January 2013

Board of directors:

Jens Lykke Kjeldsen
Chairman

Gravers Kjærgaard
Deputy Chairman

Gert Asmussen

Inge Sandgrav Bak

Keld Hansen

Martin Krogh Pedersen

Bo Bennedsgaard
Employee board member

Gitte E. S. Vigsø
Employee board member

Internal auditor's declarations

To the shareholders of Ringkjøbing Landbobank A/S

Certification of the annual financial statements

I have audited the annual financial statements of Ringkjøbing Landbobank A/S for the financial year 1 January - 31 December 2012, covering the profit and loss account and the statement of total income, core result, balance sheet, statement of changes in equity, statement of capital adequacy, cash flow statement and notes, including accounting policies and five years' main and key figures. The annual financial statements were prepared in accordance with the Danish Act on Financial Activities.

The audit

The audit was performed on the basis of the Danish FSA's statutory order on the auditing of financial companies etc. and in accordance with international auditing standards. This requires that the audit be planned and performed to achieve a high degree of assurance that the financial statements do not contain material misstatements.

The audit was performed in accordance with the division of labour agreed with the external auditor, and included an assessment of established procedures and internal checks and balances, including the risk management set by management with respect to reporting processes and material business risks. I have made a random sampling of the basis for amounts and other information in the financial statements on grounds of probability and risk. The audit also included an assessment of whether management's choice of accounting policies is appropriate, whether management's accounting estimates are reasonable, and the total presentation of the financial statements.

I participated in the audit of all material and risk areas, and I believe that the basis for the audit is adequate and appropriate for my conclusion.

Our audit did not give rise to any qualifications.

Conclusion

I believe that the established procedures and internal controls, including the risk management chosen by management for the bank's reporting processes and material business risks, are functioning satisfactorily.

I also believe that the annual financial statements provide a true and fair picture of the bank's assets, liabilities and financial position as of 31 December 2012 and of the result of the bank's activities and cash flows for the financial year 1 January - 31 December 2012 in accordance with the Danish act on financial activities.

Statement on management report

As required under the act on financial activities, I have read management's report. I have not performed any further actions in addition to the audit of the annual financial statements. On this basis, I believe that the information in management's report is in agreement with the annual financial statements.

Ringkjøbing, 30 January 2013

Henrik Haugaard
Chief auditor

The independent auditor's declaration

To the shareholders of Ringkjøbing Landbobank A/S

Endorsement of the annual financial statements

We have audited the annual financial statements for Ringkjøbing Landbobank A/S for the financial year 1 January -31 December 2012, covering the profit and loss account and the statement of total gains and losses, the core earnings, balance sheet, statement of equity, the capital adequacy ratio, the cash flow statement and notes, including the accounting policy and five years' main and key figures. The annual financial statements were prepared in accordance with the Danish act on financial activities.

Management's responsibility for the annual financial statements

Management is responsible for the preparation of annual financial statements which provide a true and fair picture in accordance with the act on financial activities. Management is also responsible for the internal controls deemed necessary to prepare annual financial statements without material misstatements, whether attributable to fraud or error.

The auditor's responsibility

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

An audit covers the performance of auditing actions to gain evidence for amounts and information in the financial statements. The chosen actions depend on the auditor's assessment, including an assessment of risks of material misstatements in the financial statements whether attributable to fraud or error. In the risk assessment, the auditor considers internal controls that are relevant for the company's preparation of annual financial statements which provide a true and fair picture. The object is to design audit actions which are appropriate under the circumstances, but not to express a conclusion on the effectiveness of the company's internal controls. An audit also includes an assessment of whether management's choice of accounting policies is appropriate and whether management's estimates are reasonable, as well as an assessment of the total presentation of the financial statements.

We believe that the evidence we obtained for our audit is an appropriate basis for our conclusion.

Our audit did not give rise to any qualifications.

Conclusion

We believe that the annual financial statements provide a true and fair picture of the company's assets, liabilities and financial position as of 31 December 2012 and of the result of the company's activities and cash flows for the financial year 1 January-31 December 2012 in accordance with the act on financial activities.

Statement on the management report

In accordance with the act on financial activities, we have read the management report. We have not performed any further actions in addition to the audit of the annual financial statements. We believe on this basis that the information in the management report is in accordance with the annual financial statements.

Ringkøbing, 30 January 2013

PricewaterhouseCoopers
State-authorised partnership

H. C. Krogh
State-authorised
public accountant

Alex Nyholm
State-authorised
public accountant

PROFIT AND LOSS ACCOUNT

Note no.		2012 DKK 1,000	2011 DKK 1,000
1	Interest receivable	834,021	858,257
2	Interest payable	200,764	245,291
	Net income from interest	633,257	612,966
3	Dividend on capital shares etc.	1,463	1,111
4	Income from fees and commissions	210,516	158,303
4	Fees and commissions paid	24,029	24,312
	Net income from interest and fees	821,207	748,068
5	Value adjustments	+46,957	+16,386
	Other operating income	3,303	4,535
6,7,8,9	Staff and administration costs	252,796	244,068
11	Amortisation, depreciation and write-downs on intangible and tangible assets	3,233	4,375
	Other operating costs		
	Miscellaneous other operating costs	133	381
	Costs Deposit Guarantee Fund	10,281	11,178
15	Write-downs on loans and other debtors	-156,844	-128,799
	Result of capital shares in associated companies	+5	+11
	Profit before tax	448,185	380,199
12	Tax	120,188	94,128
	Profit after tax	327,997	286,071
	Other comprehensive income	0	0
	Total comprehensive income	327,997	286,071

PROPOSED DISTRIBUTION OF PROFIT

	2012 DKK 1,000	2011 DKK 1,000
Profit after tax	327,997	286,071
Total amount available for distribution	327,997	286,071
Dividend	69,160	65,520
Charitable purposes	500	500
Transferred to reserve for net revaluation under the intrinsic value method	+5	+11
Appropriation to own funds	258,332	220,040
Total distribution of the amount available	327,997	286,071

CORE EARNINGS

	2012 DKK 1,000	2011 DKK 1,000
Net income from interest	614,617	606,576
Net income from fees and provisions excl. commission	162,371	115,200
Income from sector shares	5,939	4,437
Foreign exchange income	12,591	17,914
Other operating income etc.	3,303	4,535
Total core income excl. trade income	798,821	748,662
Trade income	24,116	18,791
Total core income	822,937	767,453
Staff and administration costs	252,796	244,068
Amortisations, depreciations and write-downs on intangible and tangible assets	3,233	4,375
Other operating costs	8,705	381
Total costs etc.	264,734	248,824
Core earnings before write-downs on loans	558,203	518,629
Write-downs on loans and other debtors	-156,844	-128,799
Core earnings	401,359	389,830
Result for portfolio	+48,535	+1,547
Expenses for bank packages	1,709	11,178
Profit before tax	448,185	380,199
Tax	120,188	94,128
Profit after tax	327,997	286,071

BALANCE SHEET

Note no.		End Dec. 2012 DKK 1,000	End Dec. 2011 DKK 1,000
	Assets		
	Cash in hand and claims at call on central banks	483,188	33,935
13	Claims on credit institutions and central banks		
	Claims at notice on central banks	176,002	186,989
	Money market operations and bilateral loans - term to maturity under 1 year	92,578	536,453
	Bilateral loans - term to maturity over 1 year	104,720	590,876
14,15,16	Loans and other debtors at amortised cost price	12,424,139	12,746,560
	Loans and other debtors at amortised cost price	11,594,880	11,938,197
	Wind turbine loans with direct funding	829,259	808,363
17	Bonds at current value	3,783,258	2,755,912
18	Shares etc.	229,541	249,054
	Capital shares in associated companies	543	538
19	Land and buildings total	75,830	74,722
	Investment properties	8,165	6,681
	Domicile properties	67,665	68,041
20	Other tangible assets	3,981	4,893
	Actual tax assets	40,370	12,255
	Temporary assets	1,400	1,382
21	Other assets	259,351	348,567
	Periodic-defined items	6,645	6,887
	Total assets	17,681,546	17,549,023

Note no.		End Dec. 2012 DKK 1,000	End Dec. 2011 DKK 1,000
	Liabilities and equity		
22	Debt to credit institutions and central banks		
	Money market operations and bilateral credits - term to maturity under 1 year	294,208	285,028
	Bilateral credits - term to maturity over 1 year	74,604	148,684
	Bilateral credits from the KfW Bankengruppe	829,259	808,363
23	Deposits and other debts	12,866,748	12,755,415
24	Issued bonds at amortised cost price	340,809	338,958
25	Other liabilities	190,830	301,813
	Periodic-defined items	205	183
	Total debt	14,596,663	14,638,444
26	Provisions for pensions and similar liabilities	0	5,146
27	Provisions for deferred tax	15,151	4,789
15	Provisions for losses on guarantees	10,958	5,038
	Total provisions for liabilities	26,109	14,973
28	Subordinated loan capital	199,607	198,014
28	Hybrid core capital	183,027	214,472
	Total subordinated debt	382,634	412,486
29	Share capital	24,700	25,200
	Reserve for net revaluation under the intrinsic value method	192	187
	Profit carried forward	2,581,588	2,391,713
	Proposed dividend etc.	69,660	66,020
	Total shareholders' equity	2,676,140	2,483,120
	Total liabilities and equity	17,681,546	17,549,023
30	Own capital shares		
31	Contingent liabilities etc.		

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
2012					
Shareholders' equity at the end of the previous financial year	25,200	187	2,391,713	66,020	2,483,120
Reduction of share capital	-500		500		0
Dividend etc. paid				-66,020	-66,020
Dividend received on own shares			1,326		1,326
Shareholders' equity after allocation of dividend etc.	24,700	187	2,393,539	0	2,418,426
Purchase and sale of own shares			-70,283		-70,283
Total comprehensive income		5	258,332	69,660	327,997
Shareholders' equity on the balance sheet date	24,700	192	2,581,588	69,660	2,676,140
2011					
Shareholders' equity at the end of the previous financial year	25,200	176	2,225,988	60,980	2,312,344
Dividend etc. paid				-60,980	-60,980
Dividend received on own shares			168		168
Shareholders' equity after allocation of dividend etc.	25,200	176	2,226,156	0	2,251,532
Purchase and sale of own shares			-58,391		-58,391
Other shareholders' equity items			3,908		3,908
Total comprehensive income		11	220,040	66,020	286,071
Shareholders' equity on the balance sheet date	25,200	187	2,391,713	66,020	2,483,120

CAPITAL ADEQUACY COMPUTATION

	End Dec. 2012 DKK 1,000	End Dec. 2011 DKK 1,000
Calculated pursuant to the Executive order on Capital Adequacy issued by the Danish Financial Supervisory Authority.		
Weighted items with credit and counterpart risks	10,601,717	11,041,407
Market risk	1,219,598	750,457
Operational risk	1,483,500	1,396,138
Total risk-weighted items	13,304,815	13,188,002
Share capital	24,700	25,200
Reserve for net revaluation under the intrinsic value method	192	187
Profit carried forward	2,651,248	2,457,733
Core capital	2,676,140	2,483,120
Proposed dividend etc.	-69,660	-66,020
Addition to/deduction from the core capital	-192	-187
Core capital after deductions	2,606,288	2,416,913
Hybrid core capital	172,000	200,000
Core capital after deductions incl. hybrid core capital	2,778,288	2,616,913
Subordinated loan capital	201,431	200,723
Addition to/deduction from the capital base	192	187
Capital base after deductions	2,979,911	2,817,823
Core capital ratio excl. hybrid core capital (%)	19,6	18,3
Core capital ratio (%)	20,9	19,8
Solvency ratio (%)	22,4	21,4
Capital base requirements under Section 124 (2,1) of the Danish Financial Business Act	1,064,385	1,055,040

CASH FLOW STATEMENT

	2012 DKK 1,000	2011 DKK 1,000
Operation activities		
Profit for the financial year	327,997	286,071
Amortisations, depreciations and write-downs on intangible and tangible assets	3,233	4,375
Write-downs on loans and debtors etc.	198,529	164,539
Items not affecting liquidity	11,135	5,127
Adjusted result of operations	540,894	460,112
Changes in operating capital		
Claims on and debt to credit institutions etc., net	909,261	-1,478,199
Loans and other debtors at amortised cost price	123,892	240,117
Securities, not liquid and pledged	234,305	100,393
Deposits and other debts	111,333	1,093,761
Issued bonds at amortised cost price	1,851	1,341
Subordinated capital	-29,852	-284,513
Other assets and liabilities, net	-48,862	-161,852
Cash flows from operating activities	1,842,822	-28,840
Investment activities		
Intangible and tangible assets	-4,207	-4,268
Cash flows from investment activities	-4,207	-4,268
Financing activities		
Paid dividend, net	-64,694	-60,812
Own shares etc.	-70,283	-58,391
Cash flows from financing activities	-134,977	-119,203
Total effect on liquidity for the year	1,703,638	-152,311
Cash and cash equivalents, beginning of year	2,660,366	2,812,677
Cash and cash equivalents, end of year	4,364,004	2,660,366
Cash and cash equivalents, end of year specified thus:		
Cash in hand and claims at call on central banks	483,188	33,935
Claims on credit institutions and central banks	217,146	204,899
Securities, unpledged	3,663,670	2,421,532
Total cash and cash equivalents, end of year	4,364,004	2,660,366

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

ACCOUNTING POLICIES

Basis for preparing the annual report

General

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

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

The accounting policies are unchanged relative to last year.

Inclusion and measuring - general

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

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

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

Accounting estimates

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

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

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

Foreign currency

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

Financial instruments - general

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

Derivative financial instruments

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

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

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

ACCOUNTING POLICIES

The profit and loss account

Interest income

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

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

Income from fees and commissions, net

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

Staff and administration costs

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

Write-downs on loans and debtors etc.

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

Tax

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

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

Core earnings

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

The statement divides the year's result into three main elements; core earnings, result for the portfolio, and costs of the Guarantee Fund for Depositors and Investors. Interest and dividends are included in the result for the portfolio and funding costs for the bank's trading portfolio and extraordinary adjustments to sector shares are deducted.

The balance sheet

Claims on credit institutions and central banks

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

Loans and other debtors

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

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

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

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

The group-wise assessment is made on the basis of a segmentation model developed by the Association of Local Banks, Savings Banks and Cooperative Savings Banks in Denmark, which undertakes the ongoing maintenance and development. The segmentation model sets the relationship in the individual groups

between losses suffered and a number of significant explanatory macroeconomic variables via a linear regression analysis. The explanatory macroeconomic variables include unemployment, house prices, interest rates, number of bankruptcies/forced auctions etc.

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

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

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

Bonds and shares

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

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

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

Capital shares in associated companies

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

Land and buildings

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

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

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

Other tangible assets

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

Temporary assets

Temporary assets comprise assets taken over as a result of the unwinding of customer engagements, the intention being to sell off the assets as soon as possible. Temporary assets are included at cost price on transfer and will subsequently be written down to a possibly lower realisation value.

Other assets

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

ACCOUNTING POLICIES

Tax

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

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

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

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

Other liabilities

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

Provisions for liabilities

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

Various informations

Contingent liabilities/guarantees

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

Cash flow statement

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

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

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

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

Information and key figures

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

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

»Key figures per DKK 5 share« on page 3 were calculated on the basis of 2012: 4,840,000 shares, 2011: 4,940,000 shares and 2008 to 2010: 5,040,000 shares.

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

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

The key figure "Total large exposures" have been corrected for 2011 and 2010 so that outstanding accounts of less than one billion kroner with credit institutions are not included under major commitments as per the Danish Financial Supervisory Authority guideline on the reporting of accounts.

It is noted, that the individual solvency requirement (reported at page 12, 16 and 17) not is audited.

NOTES TO THE ANNUAL REPORT

Note no.	2012 DKK 1,000	2011 DKK 1,000
1 Interest receivable		
Claims on credit institutions and central banks	10,943	38,712
Loans and other debtors	769,656	775,891
Loans - interest concerning the written-down part of loans	-41,685	-35,740
Bonds	86,941	58,993
Total derivatives financial instruments, of which	8,016	20,069
Currency contracts	4,880	9,205
Interest-rate contracts	3,136	10,864
Other interest receivable	150	332
Total interest receivable	834,021	858,257
2 Interest payable		
Credit institutions and central banks	27,163	44,311
Deposits and other debts	146,108	169,174
Issued bonds	11,496	12,887
Subordinated debt	15,828	18,605
Other interest payable	169	314
Total interest payable	200,764	245,291
3 Dividend on capital shares etc.		
Shares	1,463	1,111
Total dividend on capital shares etc.	1,463	1,111
4 Fees and commissions		
Gross income from fees and commissions		
Securities trading	28,279	24,117
Asset management	75,271	53,997
Payment handling	20,898	19,679
Loan fees	14,578	7,817
Guarantee commissions	41,371	34,898
Other fees and commissions	30,119	17,795
Total gross income from fees and commissions	210,516	158,303
Fees and commissions paid		
Securities trading	4,163	5,326
Asset management	4,289	4,110
Payment handling	2,462	2,061
Loan fees	2,514	1,765
Other fees and commissions	10,601	11,050
Total fees and commissions paid	24,029	24,312
Net income from fees and commissions		
Securities trading	24,116	18,791
Asset management	70,982	49,887
Payment handling	18,436	17,618
Loan fees	12,064	6,052
Guarantee commissions	41,371	34,898
Other fees and commissions	19,518	6,745
Total net income from fees and commissions	186,487	133,991
Foreign exchange income	12,591	17,914
Total net income from fees, commissions and foreign exchange income	199,078	151,905

NOTES TO THE ANNUAL REPORT

Note no.		2012 DKK 1,000	2011 DKK 1,000
5	Value adjustments		
	Loans and other debtors at current value*	6,433	6,746
	Bonds	78,318	2,619
	Shares etc.	-25,862	-1,276
	Investment properties	-415	-579
	Foreign exchange income	12,591	17,914
	Total derivative financial instruments, of which	-26,497	-10,050
	Interest-rate contracts	-26,497	-10,050
	Issued bonds	1,041	-744
	Other liabilities	1,348	1,756
	Total value adjustments	46,957	16,386
	* Cf. note 36.		
6	Staff and administration costs		
	Payments to board of managers, board of directors and shareholders' committee		
	Board of managers**/*:		
	John Fisker:		
	Fixed payment	3,870	3,274
	Bent Naur:		
	Fixed payment	1,317	3,963
	Total payment	5,187	7,237
	Board of directors***:		
	Jens Lykke Kjeldsen, chairman	243	242
	Gravers Kjærgaard, deputy chairman	162	162
	Gert Asmussen	126	125
	Keld Hansen	126	125
	Martin Krogh Pedersen	126	83
	Inge Sandgrav Bak	126	83
	Bo Bennedsgaard	126	125
	Gitte E. S. Vigsø	126	104
	Total payment	1,161	1,049
	Shareholders committee:		
	Total payment	318	336
	Total	6,666	8,622
	Staff costs		
	Salaries	111,848	111,030
	Pensions	11,478	11,522
	Social security expenses	917	900
	Costs depending on number of staff	14,978	14,719
	Total	139,221	138,171
	Other administration costs	106,909	97,275
	Total staff and administration costs	252,796	244,068

* Management does not receive variable payment.

** The management has a company car.

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

Note no.		2012 DKK 1,000	2011 DKK 1,000
7	Number of employees		
	Average number of employees during the financial year converted into full-time employees	244	252
8	Payment to major risk takers and control functions		
	Fixed salary	4.136	-
	Variable salary	150	-
	Pension	454	-
	Total	4.740	-
	Number of full-time employees	5	-
9	Incentive programmes		
	The bank has no incentive programmes.		
10	Fee to the auditor elected by the general meeting		
	Statutory audit	610	603
	Other declarations with security	131	27
	Advice on tax	5	19
	Other services	0	13
	Total fee to the auditor elected by the general meeting	746	662
	It is noted, that the bank has an internal auditor.		
11	Amortisations, depreciations and write-downs on intangible and tangible assets		
	Tangible assets		
	Domicile properties, depreciations	684	1,353
	Other tangible assets, depreciations	2,549	3,022
	Total amortisations, depreciations and write-downs on intangible and tangible assets	3,233	4,375
12	Tax		
	Tax calculated on the years profit	109,075	93,159
	Adjustment of deferred tax	10,362	860
	Adjustment of tax calculated for previous years	751	109
	Total tax	120,188	94,128
	Effective tax rate (%):		
	The current tax rate of the bank	25.0	25.0
	Permanent deviations	1.6	-0.2
	Adjustment of tax calculated for previous years	0.2	0.0
	Total effective tax rate	26.8	24.8
		End Dec. 2012	End Dec. 2011
		DKK 1,000	DKK 1,000
13	Claims on credit institutions and central banks		
	Claims at call	41,144	17,910
	Up to and including 3 months	226,002	661,989
	More than 3 months and up to and including 1 year	1,434	43,543
	More than 1 year and up to and including 5 years	104,220	590,876
	More than 5 years	500	0
	Total claims on credit institutions and central banks	373,300	1,314,318
	Distributed as follows:		
	Claims at notice on central banks	176,002	186,989
	Claims on credit institutions	197,298	1,127,329
		373,300	1,314,318

NOTES TO THE ANNUAL REPORT

Note no.		End Dec. 2012 DKK 1,000	End Dec. 2011 DKK 1,000
14	Loans and other debtors at amortised cost price		
	At call	2,027,476	2,689,793
	Up to and including 3 months	597,833	476,999
	More than 3 months and up to and including 1 year	1,354,204	2,016,455
	More than 1 year and up to and including 5 years	4,300,538	3,666,432
	More than 5 years	4,144,088	3,896,881
	Total loans and other debtors at amortised cost price	12,424,139	12,746,560
15	Write-downs on loans and other debtors and provisions for losses on guarantees		
	Individual write-downs		
	Cumulative individual write-downs on loans and other debtors at the end of the previous financial year	577,352	532,441
	Write-downs/value adjustments during the year	243,459	205,130
	Reverse entry - write-downs made in previous financial years	-124,433	-110,870
	Booked losses covered by write-downs	-63,849	-49,349
	Cumulative individual write-downs on loans and other debtors on the balance sheet date	632,529	577,352
	Group write-downs		
	Cumulative group write-downs on loans and other debtors at the end of the previous financial year	67,466	31,211
	Write-downs/value adjustments during the year	47,410	36,255
	Cumulative group write-downs on loans and other debtors on the balance sheet date	114,876	67,466
	Total cumulative write-downs on loans and other debtors on the balance sheet date	747,405	644,818
	Provisions for losses on guarantees		
	Cumulative individual provisions for losses on guarantees at the end of the previous financial year	5,038	1,383
	Provisions/value adjustments during the year	10,009	4,605
	Reverse entry - provisions made in previous financial years	-3,835	-885
	Booked losses covered by write-downs	-254	-65
	Cumulative individual provisions for losses on guarantees on the balance sheet date	10,958	5,038
	Total cumulative write-downs on loans and other debtors and provisions for losses on guarantees on the balance sheet date	758,363	649,856
16	Suspended calculation of interest		
	Loans and other debtors with suspended calculation of interest on the balance sheet date	113,312	61,419
17	Bonds at current value		
	Listed on the stock exchange*	3,783,258	2,755,912
	Total bonds at current value	3,783,258	2,755,912

* See page 22 of the management report, where the rating is stated.

Note no.		End Dec. 2012 DKK 1,000	End Dec. 2011 DKK 1,000
18	Shares etc.		
	Listed on NASDAQ OMX Copenhagen	29,104	12,033
	Unlisted shares at current value	1,505	1,460
	Sector shares at current value	182,101	214,583
	Other holdings	16,831	20,978
	Total shares etc.	229,541	249,054
19	Land and buildings		
	Investment properties		
	Current value at the end of the previous financial year	6,681	7,261
	Acquisitions during the year, including improvements	2,184	0
	Disposals during the year	-206	0
	Value adjustments to current value for the year	-494	-580
	Current value on the balance sheet date	8,165	6,681
	Domicile properties		
	Reassessed value at the end of the previous financial year	68,041	68,401
	Acquisitions during the year, including improvements	308	993
	Depreciations for the year	-559	-553
	Value adjustments to current value for the year	-125	-800
	Total reassessed value on the balance sheet date	67,665	68,041
	When measuring investment and domicile properties a rate of return between 6% and 8% is used. No external experts were involved in the valuation of investment and domicile properties.		
20	Other tangible assets		
	Cost price		
	Cost price at the end of the previous financial year without depreciations and write-downs	28,824	28,399
	Acquisitions during the year, including improvements	2,218	3,557
	Disposals during the year	-1,525	-3,132
	Total cost price on the balance sheet date	29,517	28,824
	Write-downs and depreciations		
	Write-downs and depreciations at the end of the previous financial year	23,931	23,969
	Depreciations for the year	2,548	3,022
	Reverse entry of previous years' write-downs during the year and reverse entry of total depreciations and write-downs on assets which were sold or taken out of operation during the year	-943	-3,060
	Total depreciations and write-downs on the balance sheet date	25,536	23,931
	Total other tangible assets on the balance sheet date	3,981	4,893
21	Other assets		
	Interest and commissions receivable	51,425	58,383
	Positive market value of derivative financial instruments	172,253	267,853
	Miscellaneous receivables and other assets	35,673	22,331
	Total other assets	259,351	348,567

NOTES TO THE ANNUAL REPORT

Note no.		End Dec. 2012 DKK 1,000	End Dec. 2011 DKK 1,000
22	Debt to credit institutions and central banks		
	Debt payable on demand	214,603	210,686
	Up to and including 3 months	30,726	26,619
	More than 3 months and up to and including 1 year	169,143	150,127
	More than 1 year and up to and including 5 years	516,937	583,111
	More than 5 years	266,662	271,532
	Total debt to credit institutions and central banks	1,198,071	1,242,075
	Distributed as follows:		
	Debt to credit institutions	1,198,071	1,242,075
		1,198,071	1,242,075
	The bank has undrawn long-term committed revolving credit facilities equivalent to:		
	Term to maturity under 1 year	74,604	100,000
	Term to maturity over 1 year	0	74,342
	Total	74,604	174,342
23	Deposits and other debts		
	On demand*	7,536,906	6,372,268
	Deposits and other debts at notice:		
	Up to and including 3 months	1,487,572	2,166,283
	More than 3 months and up to and including 1 year	908,664	1,175,194
	More than 1 year and up to and including 5 years	1,414,739	1,561,041
	More than 5 years	1,518,867	1,480,629
	Total deposits and other debts	12,866,748	12,755,415
	Distributed as follows:		
	On demand	6,557,380	5,822,693
	At notice	175,268	146,889
	Time deposits	2,921,952	3,740,496
	Long-term deposit agreements	1,906,942	1,805,129
	Special types of deposits*	1,305,206	1,240,208
		12,866,748	12,755,415
	* Special types of deposits are entered under the item »On demand« pending payment, while in the specification of the different types of deposits, the sum is instead included under »Special types of deposits«.		
24	Issued bonds at amortised cost price		
	Up to and including 3 months	4,583	2,955
	More than 3 months and up to and including 1 year	220,000	0
	More than 1 year and up to and including 5 years	116,226	336,003
	Total issued bonds at amortised cost price	340,809	338,958
	Distributed as follows:		
	Issues in Danish kroner		
	Nom. DKK 220 million	220,000	220,000
	Issues in Norwegian kroner		
	Nom. NOK 100 million*	101,670	95,880
	Regulation at amortised cost price and adjustment to current value of issues in Norwegian kroner	8,256	9,241
	Other issues	10,883	13,837
		340,809	338,958

* Cf. note 36.

Note no.		End Dec. 2012 DKK 1,000	End Dec. 2011 DKK 1,000						
25	Other liabilities								
	Interest and commissions payable	41,469	56,166						
	Negative market value of derivative financial instruments	55,635	159,683						
	Micellaneous payables and other liabilities	93,726	85,964						
	Total other liabilities	190,830	301,813						
26	Provisions for pensions and similar liabilities*								
	The provisions concern conditional pension commitments to current members of the board of managers and a pension commitment to a former member of the board of managers from a merged bank.								
		0	5,146						
	* The sum was paid in 2012.								
27	Provisions for deferred tax								
	The calc. provisions for defer. tax relates to the balance sheet items:								
	Loans and other debtors	-2,177	-1,446						
	Tangible assets	-670	-644						
	Provisions for liabilities	0	-1,287						
	Other assets/liabilities	17,998	8,166						
	Total provisions for deferred tax	15,151	4,789						
	Deferred tax is calculated at (%)	25.0	25.0						
28	Subordinated debt								
	Type	Interest rate (%)	Currency	Mill.	Due date	Possible early redemption date			
	Subordinated loan capital								
	Bilateral agreement**	Floating	EUR	27	30 June 2021	30 June 2018	201,431	200,723	
	Total subordinated loan capital							201,431	200,723
	Hybrid core capital								
	Bond loan*** /****	4.795	DKK	200	Indefinite	2 March 2015	200,000	200,000	
	Total hybrid core capital							200,000	200,000
	Subordinated debt included in the calculation of the capital base (before deduction of own holding)							401,431	400,723
	Regulation at amortised cost price and adjustment to current value							9,203	11,763
	Own holding of subordinated loan capital							-28,000	0
	Total subordinated debt							382,634	412,486

** The interest rate will change on 30 June 2018 to a quarterly variable rate equivalent to the EURIBOR rate for a term of three months plus 3.50% p.a.
Interest - 2012: tDKK 6,332 / 2011: tDKK 7,634

*** The interest rate will change on 2 March 2015 to a quarterly variable coupon rate equivalent to the CIBOR rate published by the Central Bank of Denmark for a term of three months plus 2.16% p.a.
Interest - 2012: tDKK 9,496 / 2011: tDKK 9,720

**** Admitted for listing on NASDAQ OMX Copenhagen.

NOTES TO THE ANNUAL REPORT

Note no.	End Dec. 2012 DKK 1,000	End Dec. 2011 DKK 1,000
29 Share capital		
Number of shares at DKK 5 each:		
Beginning of year	5,040,000	5,040,000
Cancellation of shares during the year	-100,000	0
End of year	4,940,000	5,040,000
Reserved for subsequent cancellation*	90,000	100,000
Share capital	24,700	25,200
The whole share capital has been admitted for listing on NASDAQ OMX Copenhagen.		
* A further 10,000 were also transferred in January 2013 for later cancellation.		
30 Own capital shares		
Own capital shares included in the balance sheet at	0	0
The market value is	73,978	58,395
Number of own shares:		
Beginning of year	100,855	9,517
Purchase of own shares during the year	335,686	263,030
Sale of own shares during the year	-240,466	-171,692
Cancellation of shares during the year	-100,000	-
End of year	96,075	100,855
Nominal value of holding of own shares, end of year	480	504
Own shares' proportion of share capital end of year (%):		
Beginning of year	2.0	0.2
Purchase of own shares during the year	6.8	5.2
Sale of own shares during the year	-4.9	-3.4
Cancellation of shares during the year	-2.0	-
End of year	1.9	2.0
Total purchase price for shares acquired during the year	245,185	226,968
Total sales price for shares sold during the year	174,902	168,577
The transactions for the year in own shares were made on the basis of the bank's ordinary trading with shares.		
31 Contingent liabilities etc.		
Contingent liabilities		
Finance guarantees	693,774	653,353
Guarantees for foreign loans	5,595	5,576
Guarantees against losses on mortgage credit loans	51,951	50,138
Guarantees against losses Totalkredit	122,797	118,540
Registration and conversion guarantees	70,999	55,361
Sector guarantees	46,816	39,413
Other contingent liabilities	675,168	129,841
Total contingent liabilities	1,667,100	1,052,222
32 Assets furnished as security		
First mortgage loans were provided for German wind turbine projects. The loans are funded directly by KfW Bankengruppe, to which security in the associated loans has been provided. Each reduction of the first mortgage loans is deducted directly from the funding at the KfW Bankengruppe.	829,259	808,363
As security for clearing and any debt, the bank has pledged securities from its holding to the Central Bank of Denmark to a total market price of	250,623	269,005

Note no.

33 Legal proceedings, etc.

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

34 Related parties

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

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

It is also noted that all of the transactions performed in 2012 and 2011 with related parties, including credit facilities, were carried out on market terms or a cost-cover basis.

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

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

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

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

	Interest rates 2012	End Dec. 2012 DKK 1,000	End Dec. 2011 DKK 1,000
Board of managers	(Mastercard)	250	250
Board of directors, incl. elected by the staff	1.0%-10.0%	19,012	29,510

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

Security pledged from members of the bank's:

Board of managers	0	0
Board of directors, incl. elected by the staff	2,234	1,206

New loans have been granted for

1,162	-
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The board of directors' and the board of managers' shareholdings* in Ringkjøbing Landbobank at the end of the year

The board of directors:

	End Dec. 2012 Number of shares	End Dec. 2011 Number of shares
Jens Lykke Kjeldsen	5,865	5,815
Gravers Kjærgaard	6,663	6,663
Gert Asmussen	4,528	4,528
Keld Hansen	16,636	16,636
Inge Sandgrav Bak	2,448	2,488
Martin Krogh Pedersen	6,501	6,501
Bo Bennedsgaard	530	530
Gitte E. S. Vigsø	30	30

The board of managers:

John Fisker	15,192	15,192
Bent Naur**	-	16,944

* Stated in accordance with the rules on insiders.

** Resigned from management on 30 April 2012.

NOTES TO THE ANNUAL REPORT

Note
Eno.

35 Current value of financial instruments

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

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

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

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

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

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

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

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

	End Dec. 2012		End Dec. 2011	
	Book value DKK 1,000	Current value DKK 1,000	Book value DKK 1,000	Current value DKK 1,000
Financial assets				
Cash in hand + claims at call on central banks	483,188	483,188	33,935	33,935
Claims on credit institut. and central banks*	373,612	373,612	1,318,375	1,318,376
Loans and other debtors at amort. cost price*	12,452,751	12,508,615	12,777,305	12,828,656
Bonds at current value*	3,799,528	3,799,528	2,774,316	2,774,316
Shares etc.	230,084	230,084	249,592	249,592
Derivative financial instruments	172,253	172,253	267,853	267,853
Total financial assets	17,511,416	17,567,280	17,421,376	17,472,728
Financial liabilities				
Debt to credit institutions and central banks*	1,198,895	1,198,472	1,243,364	1,242,551
Deposits and other debts*	12,893,489	12,934,285	12,798,121	12,835,712
Issued bonds at amortised cost price*/**	345,475	337,219	343,374	334,133
Derivative financial instruments	55,635	55,635	159,683	159,683
Subordinated debt*/**	390,660	372,857	420,519	396,256
Total financial liabilities	14,884,154	14,898,468	14,965,061	14,968,335

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

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

NOTES TO THE ANNUAL REPORT

Note no.	End Dec. 2012 DKK 1,000	End Dec. 2011 DKK 1,000
38 Credit risk		
Maximum credit exposure classified by balance sheet and off-balance sheet items		
Balance sheet items		
Cash in hand and claims at call on central banks	483,188	33,935
Claims on credit institutions and central banks	373,300	1,314,318
Loans and other debtors at amortised cost price	12,424,139	12,746,560
Bonds at current value	3,783,258	2,755,912
Shares etc.	229,541	249,054
Capital shares in associated companies	543	538
Other assets, including derivative financial instruments	299,721	360,822
	17,593,690	17,461,139
Off-balance sheet items		
Guarantees (contingent liabilities)	1,667,100	1,052,222
	1,667,100	1,052,222
Maximum credit exposure excluding unutilised credit facilities	19,260,790	18,513,361
Unutilised credit facilities	4,026,576	3,338,861
Total maximum credit exposure	23,287,366	21,852,222

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

* The bank has made unused credit facilities to a total of DKK 4 billion available. Most of this sum comprises uncommitted credits in the legal sense, and the bank will be able to terminate them with immediate effect.

	End Dec. 2012 Per cent	End Dec. 2011 Per cent
Loans, guarantees and unutilised credit facilities by sector		
Loans and guarantees in percent, end of year, classified by sector/business		
Public authorities	0.1	0.0
Business		
Agriculture, hunting and forestry		
Cattle farming etc.	2.8	3.2
Pig farming etc.	2.5	2.8
Other agriculture, hunting and forestry	4.2	4.6
Fishing	1.6	1.5
Mink production	1.2	1.2
Industry and raw materials extraction	2.1	2.9
Energy supply - Denmark	6.0	6.8
Energy supply - foreign	13.0	12.6
Building and construction	1.5	1.6
Trade	4.3	4.7
Transport, hotels and restaurants	1.4	1.9
Information and communication	0.2	0.2
Financing and insurance	10.7	7.3
Real estate	10.2	10.1
Other business	9.8	8.0
Total business	71.5	69.4
Private	28.4	30.6
Total	100.0	100.0

Note
no.

38 Credit risk - continued

Loans and guarantees by sectors

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

Public authorities

0.0

0.0

Business

Agriculture, hunting and forestry

Cattle farming etc.

3.0

3.5

Pig farming etc.

2.6

2.9

Other agriculture, hunting and forestry

4.2

4.4

Fishing

1.8

1.7

Mink production

1.1

1.3

Industry and raw materials extraction

2.0

2.9

Energy supply - Denmark

6.8

7.6

Energy supply - foreign

14.7

14.2

Building and construction

1.3

1.5

Trade

3.6

3.9

Transport, hotels and restaurants

1.5

2.1

Information and communication

0.1

0.2

Financing and insurance

11.7

7.0

Real estate

12.2

11.4

Other business

7.8

7.3

Total business

74.4

71.9

Private

25.6

28.1

Total

100.0

100.0

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

Comments on distribution by business

In historical terms, Ringkjøbing Landbobank has always been run on the basis of a conservative credit policy. In the bank's judgment, this is reflected in the quality of the bank's loans, which is generally judged to be high. Solvency among the bank's customers is generally good, and in combination with the bank's robust covering of many commitments, the result is low credit risks.

Private customers comprise a total of 25.6% of Ringkjøbing Landbobank's total loans and guarantees. Most of these customers are in the bank's core area in central and western Jutland, and the quality of their credit is good. This good quality is attributable among other things to a moderately negative trend in the prices of real estate and a lower proportion of income spent on housing - lower than in eastern Jutland and the capital city area. The primary security given by private customers consists of security in real estate (private homes).

The bank has a well-diversified agricultural portfolio with 2.6% of total loans and guarantees on pig farmers, 3.0% on cattle and 4.2% on others.

The economic conditions for agriculture as a whole remain difficult, and although the bank's farming customers have relatively less debt than the agricultural sector as a whole, it is a difficult situation. Some segments have, however, experienced improved terms of trade in 2012 relative to the previous years.

In general, earnings in agriculture are, however, still weak, and the bank has set aside considerable provisions for this sector.

Note
no.

38 Credit risk - continued

The security consists primarily of mortgages in the farms (land, buildings and the other production equipment) plus transfer of hectare support and other payments etc.

Loans to energy supply companies total 21.5%. This is thus the sector with the greatest proportion of the bank's loans. Most of the exposure in this sector is on the financing of wind turbines, which has been a core area in the bank for more than 20 years. Exposure to energy supply companies abroad is mostly to wind turbines erected in Germany.

The bank's concept for financing wind turbines is based on senior financing. The concept includes a legal and commercial due diligence, which provides a high degree of security. Fixed payment prices on the German market provide additional security that the bank can be repaid. The losses suffered by the bank in this sector have been minimal, and the financial crisis has confirmed that the risk in this sector is limited. Security is primarily provided by a first preferred mortgage in the turbines and transfer of electricity payments and any subsidies.

Real estate accounts for a total of 12.2% of the bank's total loans and guarantees. This is a relatively modest proportion compared with other financial institutions, and this reflects the bank's cautious approach to this sector. The loan and the security are mainly in the following groups:

- Loans with first preferential security in the property (most of the loans)
- Loans with second preferential security in the property and strong tenant with irrevocable lease.

In connection with other mortgage financing, the bank places weight on the project's ability to pay off the debt before termination of the lease.

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

Financing and insurance account for a total of 11.7% of the bank's total loans and guarantees, and cover, among other things, exposure to financially solid counterparties and the bank's concept for lending on securities. The primary security under this concept consists of listed securities. The concept has clearly demonstrated its strength in the particularly volatile periods on the financial markets occasioned by the financial crisis

Security

Ringkjøbing Landbobank wishes, to the greatest possible extent, to reduce the risk in connection with business transactions entered into with the bank's customers by taking security in the form of a mortgage in physical assets, securities, bank balances etc. and guarantees, sureties and letters of subordination. The most commonly used security is securities and cash, mortgage in real estate and chattels personal.

The bank monitors the value of securities which have been received. The bank takes a conservative approach to assessing the loan value of security received. A deduction in the value is thus always made to cover the realisation risk, costs etc. The following table shows nominal security values, i.e. the value of the nominal mortgage without any reduction. A reduction can be relevant if the actual value of an asset is insufficient to ensure the full value of a mortgage in the event of realisation.

Note
no.

38 Credit risk - continued

	Securities and cash DKK 1,000	Real estate DKK 1,000	Movable DKK 1,000	Total DKK 1,000
2012				
Nominal securities by sector and business for commitments which have not been written down				
Public authorities	0	3,295	1,800	5,095
Business:				
Agriculture, forestry and fishing	286,334	1,282,299	496,955	2,065,588
Industry and raw materials extraction	41,928	66,839	138,551	247,318
Energy supply	138,534	469,212	1,991,750	2,599,496
Building and construction	10,041	82,058	95,606	187,705
Trade	48,129	176,558	165,773	390,460
Transport, hotels and restaurants	7,019	64,838	183,510	255,367
Information and communication	2,595	22,144	8,700	33,439
Financing and insurance	748,291	336,507	18,026	1,102,824
Real estate	117,238	1,250,680	16,572	1,384,490
Other business	662,820	1,111,270	122,499	1,896,589
Total business	2,062,929	4,862,405	3,237,942	10,163,276
Private	939,739	2,793,760	313,079	4,046,578
Total	3,002,668	7,659,460	3,552,821	14,214,949
2011				
Nominal securities by sector and business for commitments which have not been written down				
Public authorities	0	3,445	0	3,445
Business:				
Agriculture, forestry and fishing	271,178	1,263,812	455,128	1,990,118
Industry and raw materials extraction	45,443	75,814	232,302	353,559
Energy supply	69,991	501,561	1,957,750	2,529,302
Building and construction	9,780	104,304	111,423	225,507
Trade	56,909	204,426	146,766	408,101
Transport, hotels and restaurants	68,165	71,053	182,959	322,177
Information and communication	2,767	11,280	5,213	19,260
Financing and insurance	751,015	390,014	19,196	1,160,225
Real estate	120,791	1,290,412	22,424	1,433,627
Other business	460,337	592,821	112,471	1,165,629
Total business	1,856,376	4,505,497	3,245,632	9,607,505
Private	745,870	2,720,083	268,890	3,734,843
Total	2,602,246	7,229,025	3,514,522	13,345,793

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

Note no.

38 Credit risk - continued

The credit quality of loans and guarantees which are neither in arrears nor have been written down

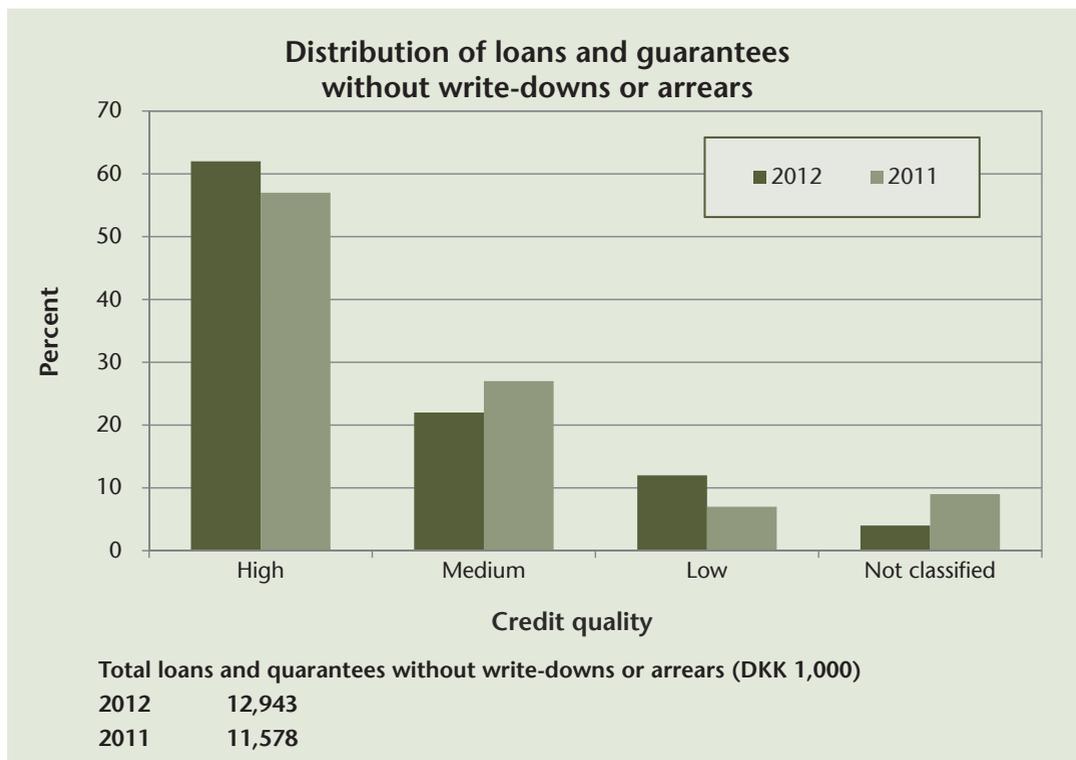
The bank has credit ratings on a large number of customers. For private and small business customers, the rating is based on statistical models (based on the probability of default), while there is an expert model for major customers.

The statistical models include 7 - 10 different factors, including information on the customer's assets and a quantity of behavioural data. These items are selected from a large number of possible factors which best describe previously unsatisfied commitments.

The expert model for business customers is based on information on the customer's creditworthiness and earning capacity. The model is a general model used for business as a whole. The model has three variants which are particularly to exposure to credit for wind turbines, agriculture and real estate.

As indicated in the figure below, 62% of loans and guarantees without write-downs or arrears have a high credit quality as against 57% in 2011. The proportion of customers with low credit quality increased from 7% to 12% via a reduction in the unclassified commitments, and the middle-ranking group was reduced. The year has thus seen a certain polarisation of customers without write-downs or arrears, but in general the bank finds the total quality stable.

Unclassified commitments amount to DKK 0.5 billion. These consist mainly of small business customers and they cover a wide range of sectors.



Note
no.

38 Credit risk - continued

	Under 90 days DKK 1,000	Over 90 days DKK 1,000	Total DKK 1,000
Distribution by time from the due date for loans without write-downs in arrears			
Public authorities	47	0	47
Business:			
Agriculture, forestry and fishing	14,193	1,259	15,452
Industry and raw materials extraction	1,761	108	1,869
Energy supply	3,666	11	3,677
Building and construction	1,078	656	1,734
Trade	3,756	622	4,378
Transport, hotels and restaurants	1,013	184	1,197
Information and communication	293	164	457
Financing and insurance	2,910	1,313	4,223
Real estate	2,306	4,005	6,311
Other business	10,515	1,222	11,737
Total business	41,491	9,544	51,035
Private	32,078	8,797	40,875
Total 2012	73,616	18,341	91,957
Total 2011	59,118	2,669	61,787

NOTES TO THE ANNUAL REPORT

Note
no.

38 Credit risk - continued

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

	Major financial difficulties DKK 1,000	Breach of contract DKK 1,000	Relaxation of terms DKK 1,000	Probable bankruptcy DKK 1,000	Total credit exposure DKK 1,000	Individual write- downs DKK 1,000
Credit exposure by reason for write-down						
Public authorities	0	0	0	0	0	0
Business:						
Agriculture, forestry and fishing	123,592	100,332	86,139	78,370	388,433	290,516
Industry and raw materials extraction	16,475	2,157	323	2,851	21,806	15,640
Energy supply	0	2,311	0	0	2,311	1,018
Building and construction	12,221	5,447	16,790	0	34,458	21,420
Trade	8,410	8,461	1,355	2,647	20,873	14,391
Transport, hotels and restaurants	11,647	1,416	8,442	2,158	23,663	16,828
Information and communication	2	328	265	33	628	367
Financing and insurance	570	3,699	0	2,816	7,085	5,783
Real estate	24,362	32,258	31,285	2,662	90,567	45,989
Other business	25,015	15,089	8,824	8,690	57,618	47,082
Total business	222,294	171,498	153,423	100,227	647,442	459,034
Private	141,633	105,450	32,374	28,896	308,353	184,451
Total credit exposure 2012	363,927	276,948	185,797	129,123	955,795	
Total credit exposure 2011	342,670	374,134	99,301	98,381	914,486	
	Major financial difficulties DKK 1,000	Breach of contract DKK 1,000	Relaxation of terms DKK 1,000	Probable- bankruptcy DKK 1,000	Total DKK 1,000	
2012						
Individual write-downs	242,600	174,863	98,186	127,837	643,486	
Security values for commitments which have been written down	69,773	55,858	17,232	64,305	207,168	
2011						
Individual write-downs	219,842	224,671	78,541	59,336	582,390	
Security values for commitments which have been written down	63,604	71,807	25,139	24,158	184,708	

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

Note no.		End Dec. 2012 DKK 1,000	End Dec. 2011 DKK 1,000
38	Credit risk - continued		
	Loans and other debtors with an objective indication of impairment included in the balance sheet at a book value greater than zero		
	Individual written-down loans		
	Balance for loans and other debtors before write-downs	909,961	835,803
	Write-downs	-586,017	-503,289
	Balance for loans and other debtors after write-downs	323,944	332,514
	Group written-down loans		
	Balance for loans and other debtors before write-downs	11,908,553	12,143,747
	Write-downs	-114,876	-67,466
	Balance for loans and other debtors after write-downs	11,793,677	12,076,281
	Credit risk on derivative financial instruments		
	Positive market value (by counterparty risk) after netting		
	Counterparty riskweight 20%	140,002	203,886
	Counterparty riskweight 75%	65,836	78,344
	Counterparty riskweight 100%	49,812	106,426
	Total counterparty riskweight	255,650	388,656
39	Foreign exchange risk		
	Total assets in foreign currency	5,252,363	6,473,073
	Total liabilities in foreign currency	3,119,494	3,189,031
	Foreign exchange indicator 1	16,838	23,602
	Foreign exchange indicator 1 in % of core capital after deductions (%)	0.6	0.9
	Foreign exchange indicator 2	212	586
	Foreign exchange indicator 2 in % of core capital after deductions (%)	0.0	0.0
40	Interest rate risk		
	Total interest rate risk	17,102	17,530
	Total interest rate risk (%)	0.6	0.7
	Interest rate risk by the foreign currencies:		
	DKK	18,710	17,097
	NOK	-2,453	-3,437
	EUR	996	3,941
	CHF	-202	-261
	USD	105	193
	GBP	-45	0
	SEK	0	8
	Other currencies	-9	-11
	Total	17,102	17,530

NOTES TO THE ANNUAL REPORT

Note
no.

41 Value at Risk/Market risk

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

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

DKK million

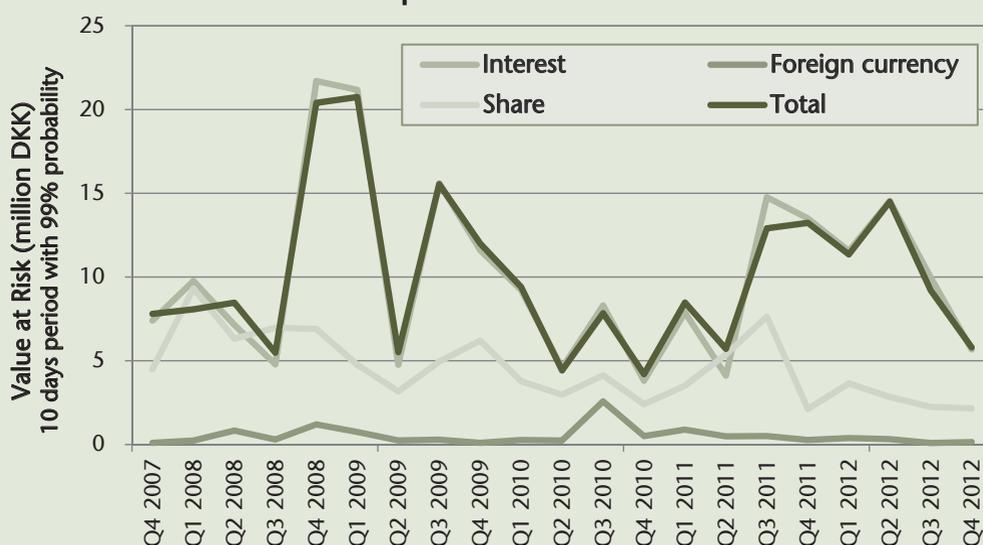
Year/Risk	Average VaR-figure	Minimum VaR-figure*	Maximum VaR-figure*	End of year VaR-figure
2012				
Interest	15.0	3.1	28.9	5.7
Foreign currency	0.3	0.1	0.2	0.1
Share	2.7	2.6	2.4	2.2
Diversification	-3.3	-2.3	-3.1	-2.2
Total VaR-figure	14.7	3.5	28.4	5.8

* Determined by the total VaR-figure.

Sensitivity analysis of sector shares (DKK 1,000)

Sector shares cf. note 18	182,101
Effect of a 10% price change on the result	18,210

Development in Value at Risk



Note
no.

42 Derivative financial instruments

By residual maturity

DKK 1,000

	Up to 3 month		Over 3 month and up to 1 year	
	Nominal value	Net market value	Nominal value	Net market value
Foreign-exchange contracts				
Spot, purchase	41,976	99		
Spot, sale	23,902	-115		
Forward transactions/futures, purchase	1,041,877	3,662	178,436	-465
Forward transactions/futures, sale	3,531,774	6,096	175,165	14,410
Swaps	46,396	35	99,732	188
Options, purchase				
Options, sale				
Interest-rate contracts				
Spot, purchase	321,330	791		
Spot, sale	110,704	-1,551		
Forward transactions/futures, purchase	6,822	63	5,000	149
Forward transactions/futures, sale	2,919	-19	88,176	-672
Swaps	51,065	-277	38,056	46
Options, purchase	5,521	47		
Options, sale	5,521	-47		
Share contracts				
Spot, purchase	46,054	-264		
Spot, sale	47,816	310		
Forward transactions/futures, purchase	62	31		
Forward transactions/futures, sale	62	-31		
	Over 1 year and up to 5 years		Over 5 years	
	Nominal value	Net market value	Nominal value	Net market value
Foreign-exchange contracts				
Spot, purchase				
Spot, sale				
Forward transactions/futures, purchase				
Forward transactions/futures, sale				
Swaps	101,670	22,079	208,408	-514
Options, purchase				
Options, sale				
Interest-rate contracts				
Spot, purchase				
Spot, sale				
Forward transactions/futures, purchase				
Forward transactions/futures, sale				
Swaps	982,454	-31,582	513,357	18,979
Options, purchase	146,001	4,400	65,093	6,865
Options, sale	146,001	-4,400	65,093	-6,865
Other derivative contracts				
Credit Default Swaps	74,606	-931		

NOTES TO THE ANNUAL REPORT

42 Derivative financial instruments - continued

DKK 1,000

	Total nominal value		Total net market value	
	2012	2011	2012	2011
Foreign-exchange contracts				
Spot, purchase	41,976	48,090	99	-27
Spot, sale	23,902	41,733	-115	-12
Forward transactions/futures, purchase	1,220,313	2,856,039	3,197	56,869
Forward transactions/futures, sale	3,706,939	6,666,368	20,506	13,824
Swaps	456,206	500,694	21,788	16,698
Options, purchase				
Options, sale				
Interest-rate contracts				
Spot, purchase	321,330	214,579	791	712
Spot, sale	110,704	63,956	-1,551	-603
Forward transactions/futures, purchase	11,822	10,763	212	219
Forward transactions/futures, sale	91,095	33,022	-691	-360
Swaps	1,584,932	2,597,399	-12,834	3,886
Options, purchase	216,615	466,077	11,312	14,711
Options, sale	216,615	466,077	-11,312	-14,711
Share contracts				
Spot, purchase	46,054	13,249	-264	702
Spot, sale	47,816	12,704	310	-708
Forward transactions/futures, purchase	62		31	
Forward transactions/futures, sale	32		-31	
Other derivative contracts				
Credit Default Swaps	74,606		-931	
Net market value, total			30,517	91,200

42 Derivative financial instruments - continued

DKK 1,000

	Market value				Average market value			
	Positive 2012	2011	Negative 2012	2011	Positive 2012	2011	Negative 2012	2011
Foreign-exchange contracts								
Spot, purchase	119	63	20	90	203	323	2,932	4,329
Spot, sale	16	83	131	95	147	450	266	479
Forward transactions/ futures, purchase	16,843	63,253	13,646	6,384	25,534	52,194	10,263	62,825
Forward transactions/ futures, sale	32,756	52,693	12,250	38,869	34,903	130,140	16,594	63,283
Swaps	43,057	43,498	21,269	26,800	38,472	50,275	23,388	35,833
Options, purchase								
Options, sale								
Interest-rate contracts								
Spot, purchase	1,823	1,051	1,032	339	1,043	598	1,129	369
Spot, sale	507	133	2,058	736	846	205	1,228	612
Forward transactions/ futures, purchase	212	219			307	109	64	8
Forward transactions/ futures, sale	528		1,219	360	179	25	1,021	340
Swaps	64,339	91,293	77,173	87,407	77,363	71,042	72,198	79,150
Options, purchase	11,312	14,711			14,130	13,558		
Options, sale			11,312	14,711			14,130	13,558
Share contracts								
Spot, purchase	211	774	475	72	769	1,145	436	396
Spot, sale	499	82	189	790	451	395	746	3,889
Forward transactions/ futures, purchase	31				35		48	
Forward transactions/ futures, sale			31		12		35	
Other derivative contracts								
Credit Default Swaps			931				348	
Total	172,253	267,853	141,736	176,653	194,394	320,459	144,826	265,071
Provision of security under CSA agreement	0	0	-86,101	-16,970				
Total other shares/ other liabilities	172,253	267,853	55,635	159,683				

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

FIVE YEAR MAIN FIGURES

Summary DKK 1,000	2012	2011	2010	2009	2008
Profit and loss account					
Interest receivable	834,021	858,257	836,339	993,756	1,221,165
Interest payable	200,764	245,291	241,954	377,728	669,149
Net income from interest	633,257	612,966	594,385	616,028	552,016
Dividend on capital shares etc.	1,463	1,111	1,219	3,243	1,491
Income from fees and commissions	210,516	158,303	170,389	149,628	176,118
Fees and commissions paid	24,029	24,312	25,996	23,823	28,464
Net income from interest and fees	821,207	748,068	739,997	745,076	701,161
Value adjustments	+46,957	+16,386	+52,159	+58,130	-43,577
Other operating income	3,303	4,535	3,893	5,351	4,863
Staff and administration costs	252,796	244,068	236,374	235,604	236,056
Amortisations, depreciations and write-downs on intangible and tangible assets	3,233	4,375	3,219	2,424	2,420
Other operating costs	133	381	195	56	86
Costs bank packages and Deposit Guarantee Fund	10,281	11,178	46,590	55,785	16,148
Write-downs on loans an other debtors	-156,844	-128,799	-138,217	-158,600	-77,223
Write-downs on national bank package l etc.	0	0	-33,152	-51,173	-12,016
Result of capital shares in associated companies	+5	+11	+14	-59	-5
Profit before tax	448,185	380,199	338,316	304,856	318,493
Tax	120,188	94,128	81,443	72,775	78,495
Profit after tax	327,997	286,071	256,873	232,081	239,998

Summary DKK 1,000	End 2012	End 2011	End 2010	End 2009	End 2008
Balance sheet					
Assets					
Cash in hand and claims on credit institutions and central banks	856,488	1,348,253	2,714,304	2,534,722	2,087,959
Loans and other debtors at amortised cost price	12,424,139	12,746,560	13,151,216	13,047,212	13,897,101
Securities	4,013,342	3,005,504	1,804,062	1,936,663	1,553,741
Tangible assets	79,811	79,615	80,092	79,644	77,730
Other assets	307,766	369,091	497,530	329,715	385,222
Total assets	17,681,546	17,549,023	18,247,204	17,927,956	18,001,753
Liabilities and equity					
Debt to credit institutions and central banks					
Term to maturity under 1 year	294,208	285,028	636,326	699,732	2,077,112
Term to maturity over 1 year	903,863	957,047	1,995,864	2,294,991	3,224,050
Deposits and other debts	12,866,748	12,755,415	11,661,654	11,187,470	9,072,875
Issued bonds	340,809	338,958	337,617	557,337	478,341
Other liabilities	191,035	301,996	593,153	365,021	652,505
Provisions for liabilities	26,109	14,973	13,247	72,238	21,096
Subordinated debt	382,634	412,486	696,999	695,394	690,984
Share capital	24,700	25,200	25,200	25,200	25,200
Reserves	2,651,440	2,457,920	2,287,144	2,030,573	1,759,590
Total shareholders' equity	2,276,140	2,483,120	2,312,344	2,055,773	1,784,790
Total liabilities and equity	17,681,546	17,549,023	18,247,204	17,927,956	18,001,753
Contingent liabilities etc.					
Contingent liabilities	1,667,100	1,052,222	1,041,983	1,485,676	2,386,213
Total contingent liabilities etc.	1,667,100	1,052,222	1,041,983	1,485,676	2,386,213

FIVE YEAR KEY FIGURES

		2012	2011	2010	2009	2008
Solvency:						
Solvency ratio	%	22.4	21.4	22.4	20.2	16.3
Core capital ratio	%	20.9	19.8	18.6	16.6	13.0
Solvency requirement	%	8.0	8.0	8.0	8.0	8.0
Earnings:						
Pre-tax return on equity	%	17.4	15.9	15.5	15.9	17.9
Return on equity after tax	%	12.7	11.9	11.8	12.1	13.5
Income/cost ratio	DKK	2.06	1.98	1.74	1.61	1.93
Market risk:						
Interest rate risk	%	0.6	0.7	0.1	0.6	1.2
Foreign exchange position	%	0.6	0.9	0.5	3.4	5.6
Foreign exchange risk	%	0.0	0.0	0.0	0.1	0.0
Liquidity risk:						
Excess cover relative to statutory liquidity requirements	%	185.5	140.5	231.8	205.6	139.1
Loans and write-downs thereon relative to deposits	%	102.4	105.0	117.6	120.8	157.1
Credit risk:						
Loans relative to shareholders' equity		4.6	5.1	5.7	6.3	7.8
Growth in loans for the year	%	-2.5	-3.1	0.8	-6.1	-1.7
Total large exposures	%	27.2	11.8	0.0	0.0	12.1
Cumulative write-down percentage	%	5.1	4.5	3.8	3.1	2.1
Write-down percentage for the year	%	1.06	0.89	0.94	1.16	0.48
Proportion of debtors at reduced interest	%	0.8	0.4	0.4	0.4	0.1
Share return:						
Profit for the year after tax per share*/***	DKK	1,340.1	1,146.6	1,019.3	921.0	933.8
Book value per share**/**	DKK	11,049	10,055	9,193	8,172	7,382
Dividend per share*	DKK	280	260	240	0	0
Share price relative to profit for the year per share*/***		11.5	10.1	14.2	13.2	6.6
Share price relative to book value per share*/**		1.39	1.15	1.58	1.49	0.84

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

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

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

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

Solvency ratio

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

Core capital ratio

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

Pre-tax return on equity

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

Return on equity after tax

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

Income/cost ratio

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

Interest rate risk

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

Foreign exchange position

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

Foreign exchange risk

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

Excess coverage relative to statutory liquidity requirements

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

Loans and write-downs thereon relative to deposits

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

Loans relative to shareholders' equity

Loans/shareholders' equity.

Growth in loans for the year

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

Total large exposures

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

Cumulative write-down percentage

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

Write-down percentage for the year

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

Proportion of debtors at reduced interest

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

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

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

Book value per share**/**

Shareholders' equity/share capital excl. own shares.

Dividend per share*

Proposed dividend/share capital.

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

Share price/profit for the year per share.

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

Share price/book value per share.

*/**/**: See page 80.



Ringkjøbing

Landskab
oparbejdet

OTHER INFORMATION

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Shareholders' committee

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

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

Hejne F. Andersen, industrialist, Ringkøbing - born 1954

Jens Arnth-Jensen, manager, Holte - born 1948

Gert Asmussen, printer, Tarm - born 1950*

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

Claus H. Christensen, farmer, Lem - born 1961

Claus Dalgaard, manager, Ringkøbing - born 1962

Per Dam, accountant, Ulfborg - born 1952

Ole K. Erlandsen, butcher, Herning - born 1962

Keld Hansen, grocer, Søndervig - born 1948*

Niels Ole Hansen, manager, Ringkøbing - born 1951

Tonny Hansen, college principal, Ringkøbing - born 1958

Leif Haubjerg, farmer, No - born 1959

Erik Jensen, manager, Skjern - born 1965

Niels Esper Kamp, farmer, Stadil - born 1957

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

Gravers Kjærgaard, farmer, Grønbjerg - born 1952*

Lars Møller, municipal chief executive, Holstebro - born 1957

Martin Krogh Pedersen, manager, Ringkøbing - born 1967*

Ole Christian Pedersen, manager, Vostrup - born 1950

Kristian Skannerup, industrialist, Tim - born 1959

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

Johan Chr. Øllgaard, industrialist, Stauning - born 1947

Anne-Marie Sannerum, operations manager, Billund - born 1968

* Member of the board of directors

Board of directors

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

Member of the board of directors since 1995

Member of the bank's auditing committee

End of current term of election to the board of directors: 2016

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

A/S Henry Kjeldsen

A/S Miljøpark Vest

Aktieselskabet af 1. august 1989

Asta og Henry Kjeldsens Familiefond

Danbuy A.m.b.A.

Henry Kjeldsen, Ringkøbing Tømmerhandel A/S

VT Hallen A/S

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

Member of the board of directors since 2002

Member of the bank's auditing committee

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

No other managerial activities

Gert Asmussen, printer, Tarm - born 1950

Member of the board of directors since 2002

Chairman of the bank's auditing committee

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

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

A. Rasmussens Bogtrykkeri ApS

Gert Asmussen Holding A/S

Gullanders Bogtrykkeri A/S

Tarm Bogtryk A/S

Tarm Elværk Net A/S

Tarm Ugeblad ApS

TB Anlæg ApS

Keld Hansen, grocer, Søndervig - born 1948

Member of the board of directors since 2002

Member of the bank's auditing committee

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

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

A/S Miljøpark Vest

Beach Bowl A/S

Investeringselskabet Søndervig ApS

Norddan-Søndervig ApS

Søndervig Ejendomsselskab ApS

Søndervig Holding ApS

Søndervig Supermarked ApS

Board of directors - continued

Inge Sandgrav Bak, financial manager, Ringkøbing - born 1960

Member of the board of directors since 2011

Member of the bank's auditing committee

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

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

International A/S

Rindum ApS

JSB Composite (Zhuozhou) Co., Ltd.

Martin Krogh Pedersen, manager, Ringkøbing - born 1967

Member of the board of directors since 2011

Member of the bank's auditing committee

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

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

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

Mhkp Holding ApS and three 100% owned subsidiary

PF Management Holding ApS and two 100% owned subsidiary

Techo A/S

Vestjysk Udvikling A/S

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

Member of the board of directors since 2007

Member of the bank's auditing committee

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

No other managerial activities

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

Member of the board of directors since 2011

Member of the bank's auditing committee

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

No other managerial activities

Board of managers

John Bull Fisker, CEO - born 1964

Member of the board of managers since 1999

On the board of directors of the following companies:

Deputy chairman of Bankdata, Fredericia

Deputy chairman of BI Holding A/S, Copenhagen

Deputy chairman of BI Asset Management Fondsmæglerselskab A/S, Copenhagen

Member of the boards of directors of BankInvest Private Equity A/S, Copenhagen

Deputy chairman of Letpension A/S, Copenhagen

Member of the boards of directors of PRAS A/S, Copenhagen

Member of the customer board of:

PFA Pension A/S, Copenhagen

Ringkøbing Landbobank Aktieselskab

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Denmark

Founded: 1886

Phone: +45 9732 1166
Telefax: +45 9732 1800
E-mail: post@landbobanken.dk
Website: www.landbobanken.com

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

Share capital

Ringkøbing Landbobank's share capital is DKK 24.7 million in 4,940,000 shares of DKK 5.

Ownership

Ringkøbing Landbobank is owned by approx. 17.156 shareholders.

Major shareholders

Two shareholders have advised their holding of at least 5% of Ringkøbing Landbobank's share capital:

ATP, Hellerup
Parvus Asset Management (UK) LLP

Stock exchange announcements 2012

Review of Ringkjøbing Landbobank's announcements to NASDAQ OMX Copenhagen and others in 2012 in compliance with Section 27b of the Danish Securities Trading Act:

01 February 2012	Announcement of the annual accounts 2011
01 February 2012	Annual report 2011
01 February 2012	Annual general meeting
01 March 2012	Minutes of the annual general meeting the 29 February 2012
25 April 2012	Quarterly report 1st quarter 2012
31 May 2012	Implementation of capital reduction
31 May 2012	Updated regulations
31 May 2012	Voting rights
08 August 2012	Interim report for the 1st half 2012
19 September 2012	Financial calendar
24 October 2012	Quarterly report 1st-3rd quarter 2012

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

All the announcements from the bank to NASDAQ OMX Copenhagen and others can be seen on the website: www.landbobanken.com.

FINANCIAL CALENDAR

Financial calendar 2013

The financial calendar for the upcoming publications is as follows:

30 January 2013	Announcement of the annual accounts for 2012
27 February 2013	General meeting
24 April 2013	Quarterly report, 1st quarter 2013
07 August 2013	Interim report 2013
23 October 2013	Quarterly report, 1st-3rd quarters 2013

THE BANK'S BRANCHES ETC.

Head office:

Ringkøbing

Branches:

Herning

Investcenter Herning

Holstebro

Investcenter Holte

Hvide Sande

Lem

Spjald

Tarm

Ulfborg

Viborg

Vildbjerg



John Bull Fisker
CEO



Jørn Nielsen
Assistant general manager



Sten Erlandsen
Head of treasury



Ole Bjerregaard Pedersen
Financial manager



Jørgen Højgaard
Foreign manager



Ringkjøbing

Landskab
program

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