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## **Ringkjøbing Landbobank's announcement of the annual accounts for 2014**

The profit before tax increased by 24% to DKK 587 million, equivalent to a 21% return on equity at the beginning of the year. This is the best profit in the bank's history and considered very satisfactory.

The core earnings show an increase of 16% to DKK 522 million, which is thus above the upwardly adjusted DKK 460 - 510 million interval.

(million DKK)	2014	2013	2012	2011	2010
Total core income	907	844	823	767	758
Total costs and depreciations	-298	-273	-265	-248	-240
<b>Core earnings before impairments</b>	<b>609</b>	<b>571</b>	<b>558</b>	<b>519</b>	<b>518</b>
Impairment charges for loans etc.	-87	-120	-157	-129	-138
<b>Core earnings</b>	<b>522</b>	<b>451</b>	<b>401</b>	<b>390</b>	<b>380</b>
Result for portfolio	+65	+23	+49	+1	+38
Expenses for bank packages	0	-2	-2	-11	-80
<b>Profit before tax</b>	<b>587</b>	<b>472</b>	<b>448</b>	<b>380</b>	<b>338</b>

### **2014 in headlines:**

- The best profit in the bank's history!
- 24% increase in the profit before tax to DKK 587 million
- The profit is equivalent to a 21% return on equity at the beginning of the period
- Core earnings amounting to DKK 522 million exceed expectations
- Best ever net increase in customers
- 12% increase in loans and 9% increase in deposits
- Ordinary dividend raised from DKK 15 to DKK 26 per share
- Proposal to cancel 110,000 bought back shares
- New buy-back programme for up to DKK 145 million
- Expectations for core earnings of DKK 450 - 525 million in 2015, to this must be added the result for portfolio

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

Yours sincerely,  
**Ringkjøbing Landbobank**

John Fisker

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## Management Report

### Core income

The total core income was 8% higher, with an increase from DKK 844 million in 2013 to DKK 907 million in 2014. The bank considers the increase from the 2013 level satisfactory.

Net interest income was DKK 635 million in 2014, an increase of 3% relative to 2013, where net interest income was DKK 615 million.

However, the DKK 20 million increase is an expression of opposing trends. The trend for the average interest margin in 2014 was declining relative to 2013, and the falling trend for the interest margin from 2012 to 2013 thus continued in the financial year. However, this development was more than neutralised with respect to earnings by an increase in the average volumes of loans.

Fees, commissions and foreign exchange income amounted to net DKK 243 million in 2014 against net DKK 212 million in 2013, a 15% increase. The increase is attributable to greater activity and volumes within asset management and pensions and to greater trading activity. A high level of activity within conversion of capital pensions and mortgage loans also had a positive effect on earnings in the second half of 2014. On the other hand, earnings from guarantee commissions fell relative to 2013, the reason being a major drop in finance guarantees provided in the fourth quarter of 2013 resulting from the conversion of a number of these guarantees to loans on the bank's balance sheet.

The DKK 63 million increase in total core income was affected positively by a once-only income of the order of DKK 10 million in connection with the sale of the bank's shares in Nets Holding A/S. Corrected for the once-only income, the bank considers the increase in core income satisfactory.

### Costs and depreciations

Total costs including depreciations and write-downs on tangible assets were DKK 298 million in 2014 against DKK 273 million last year, an increase of 9%.

Costs for the year include once-only write-downs of DKK 6 million on selected domicile properties. Corrected for these once-only write-downs, the cost increase for the year was 7%. The increase is thus in line with the announcements at the beginning of the year.

The development in the bank's costs was basically attributable to the employment of additional employees, a general salary increase and the establishment of a Private Banking branch in Aarhus, and there was also an additional expense of just over DKK 1 million in 2014 for the insurance scheme under The Guarantee Fund for Depositors and Investors.

The rate of costs was unchanged relative to last year's level and was computed at 32.8, which continues to be the lowest in Denmark. A low rate of costs is especially important in periods of difficult economic conditions as this provides a high level of robustness in the bank's results.

## Impairment charges for loans

Impairment charges for loans amounted to DKK 87 million against DKK 120 million in the previous year. The falling trend from 2013 thus continues for impairment charges, which are equivalent to 0.5% of the total average of loans, impairment charges, guarantees and provisions against 0.7% in 2013.

The Danish Financial Supervisory Authority conducted an ordinary inspection of the bank in 2014, concluding on this basis that the credit quality of the bank's loans portfolio was higher than for comparable institutions, that the total impairment charges were sufficient and that the risks of losses associated with weak exposures were relatively low.

The bank agrees in the Authority's conclusions and we thus judge that the credit quality of the bank's loans portfolio is good, and the bank's customers still appear to be coping better than the average in Denmark in the weak economic period.

On the basis of the above, the bank reversed individual impairment charges on customers in the financial year, but concurrently herewith the bank made a managerial estimate in connection with the calculation of the collective impairment charges, taking into account "early events" which resulted in an increase in the collective impairment charges from DKK 113 million at the end of 2013 to DKK 226 million at the end of 2014.

The increased collective impairment charges are mainly related to exposure to animal production in the bank's agricultural portfolio. Circumstances such as the Russian import restrictions on pork meat and dairy products as a consequence of the Ukraine crisis and the falling demand for milk powder in China created a global imbalance between supply and demand in 2014 with a resulting impact on the prices to producers of both pork meat and milk. This entailed terms of trade for the products in question which are today out of step.

The exposure to animal production accounts for 4.2% of the bank's total loans and guarantees. Individual impairment charges on cattle and pig farms totalled DKK 239 million and collective impairment charges totalled DKK 150 million, and the total impairment ratio was 34% at the end of 2014. Given the difficulties experienced in animal production, the bank is today satisfied with the fact that its farmers are less indebted than the average in the sector, and we feel comfortable with the current impairment charge level.

The bank's total account for impairment charges and provisions was DKK 931 million at the end of the year, equivalent to 5.0% of total loans and guarantees.

Actual losses and write-offs on loans etc. continue to be low, and with deduction of the items "Interest on the impaired part of loans" and "Receivables previously written off", the year's actual net loss was only DKK 9 million such that the total account for impairment charges and provisions increased by net DKK 78 million during the year.

The portfolio of loans with suspended calculation of interest amounts to DKK 58 million, equivalent to 0.3% of the bank's total loans and guarantees at the end of the year.

As a result of the expectations for a slight economic improvement and thus a foreseeable natural development in the economic cycle, total impairment charges in 2015 are expected to be at a lower level than in 2014.

## Core earnings

(Million DKK)	2014	2013	2012	2011	2010
Total core income	907	844	823	767	758
Total costs and depreciations	-298	-273	-265	-248	-240
<b>Core earnings before impairments</b>	<b>609</b>	<b>571</b>	<b>558</b>	<b>519</b>	<b>518</b>
Impairment charges for loans etc.	-87	-120	-157	-129	-138
<b>Core earnings</b>	<b>522</b>	<b>451</b>	<b>401</b>	<b>390</b>	<b>380</b>

The core earnings were DKK 522 million against DKK 451 million last year, an increase of 16% and the best ever for the bank. The core earnings were thus above the upwardly adjusted interval of DKK 450 - 510 million.

## Result for the portfolio and market risk

The result for portfolio for 2014 was DKK 65 million including funding costs for the portfolio.

The general level of interest rates declined and the credit spreads continued to narrow in 2014, and although the bank's market risks are kept at a low level, the decline in interest rates and the development in credit spreads contributed to creating positive result for portfolio.

The bank's holding of shares etc. at the end of the year amounted to DKK 284 million, DKK 41 million of which was in listed shares etc., while DKK 243 million was in sector shares etc. The bond portfolio amounted to DKK 4,659 million, and the majority of the portfolio consists of AAA-rated Danish mortgage credit bonds and short-term bank bonds issued by rated counterparties.

The total interest rate risk - computed as the impact on the profit of a one percentage point change in the interest level - was 1.2% of the bank's Tier 1 capital 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, and this policy will continue.

The bank's risk of losses calculated on the basis of a Value at Risk model (computed with a 10-day horizon and 99% probability) was as follows in 2014:

	Risk in DKK million	Risk relative to equity end of year in %
Highest risk of loss:	11.2	0.36%
Lowest risk of loss:	3.1	0.10%
Average risk of loss:	6.7	0.22%

## Result after tax

The profit before tax was DKK 587 million. The profit after tax of DKK 141 million was DKK 446 million against last year's DKK 358 million.

The profit before and after tax is equivalent to a return on equity at the beginning of the year after payment of dividend of 21% and 16% respectively.

## Balance sheet

The bank's balance sheet total at the end of the year was DKK 21,238 million against last year's DKK 19,583 million.

Deposits increased by 9% from DKK 14,114 million at the end of 2013 to DKK 15,450 million at the end of 2014.

The bank's loans increased by 12% from DKK 13,849 million to DKK 15,507 million at the end of the year. The loans figure for 2014 includes reverse transactions to a total of DKK 583 million, and the increase in the bank's loans excluding these transactions was 8% for the year.

The growth in the bank's loans is broadly based on sectors with growth from both the branch network and the bank's niche concepts, and comes from new customers. The bank's goal of realising growth in loans via an organic growth strategy was thus also successful in 2014.

The bank's portfolio of guarantees at the end of the year was DKK 2,218 million against DKK 1,902 million in 2013. The portfolio of guarantees was extraordinarily high at the end of 2014 as a result of a high level of activity within conversions.

## Liquidity

The bank's liquidity is good, and the excess liquidity relative to the statutory requirement is 141%. The bank's short-term funding with term to maturity of less than 12 months amounts to DKK 1.2 billion, balanced by DKK 5.0 billion in short-term money market placings, primarily in Danish banks and liquid securities. The bank is thus not dependent on the short-term money market.

During 2014, the bank entered into long-term funding agreements with its partners to the equivalent value of a total of DKK 1.3 billion with an average term of 6.4 years.

The bank's deposits were DKK 526 million greater than loans at the end of the year excluding reverse transactions, and the loans portfolio is thus more than fully financed by the bank's deposits and equity. In addition, part of loans portfolio for wind turbines in Germany was refinanced back-to-back with KfW Bankengruppe, and DKK 1,081 million can thus be disregarded in terms of liquidity.

The bank thus requires no financing for the coming year to meet the minimum requirement that it must always be able to manage for up to 12 months without access to the financial markets.

New liquidity regulations will come into force with effect from 1 October 2015, viz. the so-called LCR (Liquidity Coverage Ratio) key figure. The key figure will show the ability of banks to honour their payment obligations for a 30-day period without access to market funds, and the key figure will subsequently replace the current Section 152 liquidity key figure. The key figure is computed by proportioning the bank's cash and cash equivalents / liquid assets to its payment obligations for the next 30 days as computed in accordance with specific rules.

Non SIFI banks must have a cover of minimum 60% on 1 October 2015, gradually increasing by 10% on 1 January 2016 and 1 January 2017 and by 20% on 1 January 2018 such that the key figure must be minimum 100% on 1 January 2018. SIFI banks must have a cover of 100% as early as 1 October 2015.

Ringkjøbing Landbobank wishes to follow the rules applying to SIFI banks and it is thus the bank's target that the LCR key figure should be 100% on 1 October 2015.

The bank's liquidity is good as stated above, and the bank will be able to meet the target of an LCR of 100% as early as 1 October 2015 by converting approximately DKK 400 million of the present holding of mortgage credit bonds to government bonds. This conversion will negatively affect the bank's earnings by approximately DKK 1 million.

### **Dividend and share buy-back programme**

The bank's board of directors will recommend to the general meeting that an ordinary dividend of DKK 26 per share, equivalent to DKK 124 million, be paid for the 2014 financial year. An ordinary dividend of DKK 15 and an extraordinary dividend of DKK 10 per share were paid for the 2013 financial year.

In 2014, 110,000 shares were bought under the share buy-back programme which was adopted at the 2014 annual general meeting. It is recommended to the general meeting that these 110,000 shares be cancelled in connection with a capital reduction, thus reducing the number of shares in the bank from 4,780,000 to 4,670,000.

A proposal will also be made to the general meeting that a new share buy-back programme be established under which shares for up to DKK 145 million can be bought for cancellation at a future general meeting.

### **Capital**

The equity at the beginning of 2014 was DKK 2,901 million. To this must be added the profit for the year, less the dividend paid and the value of the own shares bought, after which the equity at the end of the year was DKK 3,099 million, an increase of 7%.

The bank's solvency ratio - Tier 2 was computed at 17.5% at the end of 2014 and the Tier 1 capital ratio was also computed at 17.5%.

<b>Capital ratios</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Core tier 1 capital ratio (excl. hybrid core capital) (%)	17.5	18.7	19.6	18.3	17.1
Tier 1 capital ratio (%)	17.5	19.2	20.9	19.8	18.6
Solvency ratio - Tier 2 (%)	17.5	20.0	22.4	21.4	22.4
Individual solvency requirement (%)	8.9	8.9	8.0	8.0	8.0

With effect from 2014, capital ratios are calculated according to the new CRD IV directive. The new rules include *inter alia* the introduction of a phasing out arrangement for inclusion of the hybrid core capital and subordinated loan capital. Changes have also been implemented for the calculation of risk-weighted items, including the weighting and calculation of exposures in default, and a temporary discount on the risk weighting of exposures to certain SME commitments.

In addition, new rules on the calculation of capital have been introduced. These rules mean *inter alia* that a framework for trading with own shares must be deducted from the bank's capital base as opposed to previously, when only acquired shares were deducted from the capital base.

The bank calculates the individual solvency requirement on the basis of the so-called 8+ model. The calculation method is based on 8% plus any supplements calculated inter alia for customers with financial problems. The 8+ model takes no account of the bank's earnings and cost base or its robust business model. Despite this, the bank's individual solvency requirement at the end of 2014 was calculated at 8.9% - unchanged relative to the end of 2013.

The bank participated in a major sector transaction concerning DLR shares in the fourth quarter. The intention of the transaction was to strengthen DLR's distribution and competitiveness, partly by easing the solvency strain on banks with this need, and partly by strengthening the owners by including banks which still want a strong mortgage credit institute for the agricultural sector and other businesses. In this connection, the bank acquired shares for the equivalent of DKK 75 million. A five-year call option was also issued to the selling banks. Viewed as a whole, the transaction is attractive.

### **Good increase in customer numbers**

Throughout 2014, the bank continued to carry out various outreach initiatives towards both existing and new customers, including by investing in retention, and further disseminating awareness of the bank at national level and by carrying out various outreach activities in the branch network in Central and West Jutland.

The bank also continued its focus on the Private Banking segment. A new Private Banking branch thus opened in Aarhus on 1 April 2014, and the branch has made a good start.

The bank also increased its staff in the Private Banking branch in Holte with the appointment of a new regional manager on 1 December 2014 to further strengthen our focus on this segment.

All activities and initiatives were performed to create healthy organic growth in the bank, as the biggest challenge in a time of low growth in the community is to create growth in the bank's top line.

The outreach initiatives contributed to making 2014 the best year in the bank's history in terms of net increase in new customers in both the branch network and the niche concepts. This covers a record inflow of new customers and a very small outflow of customers. The credit quality of the new customers was highly satisfactory, and it was higher than that of the bank's existing portfolio.

The outreach initiatives are scheduled to continue in 2015 at both regional and national levels.

### **Accounting policies and key figures**

The accounting policies applied are unchanged relative to the audited annual report presented for 2013.

## **Expected result and plans for 2015**

The bank's core earnings in 2014 were DKK 522 million, which is above the upwardly adjusted DKK 450 - 510 million interval.

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 sound and competitive products and with focus on the employees' expertise and work in advising customers of the options in a changing financial world. In 2015, the bank expects a continuing positive inflow of customers to its branches in Central and West Jutland because of its long-term outreach marketing of the bank and its market position in general.

The activities in the bank's Distance Customer Department and its niche concepts are also expected to continue 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 and medical practitioners.

The bank's Private Banking branches in Ringkjøbing, Herning, Holte and Aarhus have all been successful. We continue to see major opportunities in this segment, and the bank will continue to focus on Private Banking and to provide highly competent and dedicated staff for serving the segment. The bank thus wishes to focus on serving and developing its existing customer portfolio, but also to attract new Private Banking customers.

In the light of the possibilities which the bank currently sees in the market and the activities and initiatives which the bank will perform in 2015, the bank expects an increasing level of activity next year. The bank expects an increase in the level of cost in 2015 of approximately 2% relative to the total costs in 2014, and impairment charges in 2015 are expected to be at a lower level than in 2014.

As a whole, core earnings in 2015 are expected to be in the range DKK 450 - 525 million. To this must be added the profit from the bank's portfolio of securities.

## Main and key figures

	2014	2013	2012	2011	2010
<b>Main figures for the bank (million DKK)</b>					
Total core income	907	844	823	767	758
Total costs and depreciations	-298	-273	-265	-248	-240
<b>Core earnings before impairments</b>	<b>609</b>	<b>571</b>	<b>558</b>	<b>519</b>	<b>518</b>
Impairment charges for loans etc.	-87	-120	-157	-129	-138
<b>Core earnings</b>	<b>522</b>	<b>451</b>	<b>401</b>	<b>390</b>	<b>380</b>
Result for portfolio	+65	+23	+49	+1	+38
Expenses for bank packages	0	-2	-2	-11	-80
<b>Profit before tax</b>	<b>587</b>	<b>472</b>	<b>448</b>	<b>380</b>	<b>338</b>
<b>Profit after tax</b>	<b>446</b>	<b>358</b>	<b>328</b>	<b>286</b>	<b>257</b>
Shareholders' equity	3,099	2,901	2,676	2,483	2,312
Deposits	15,450	14,114	12,867	12,755	11,662
Loans	15,507	13,849	12,424	12,747	13,151
Balance sheet total	21,238	19,583	17,682	17,549	18,247
Guarantees	2,218	1,902	1,667	1,052	1,042
<b>Key figures for the bank (per cent)</b>					
Return on equity before tax, beginning of year	21.1	18.1	18.5	16.9	16.5
Return on equity after tax, beginning of year	16.0	13.7	13.6	12.7	12.5
Rate of costs	32.8	32.4	32.2	32.4	31.6
Core tier 1 capital ratio	17.5	18.7	19.6	18.3	17.1
Tier 1 capital ratio	17.5	19.2	20.9	19.8	18.6
Solvency ratio - Tier 2	17.5	20.0	22.4	21.4	22.4
Solvency requirement	8.9	8.9	8.0	8.0	8.0
<b>Key figures per 5 DKK share (DKK)</b>					
Core earnings	112	94	83	79	75
Profit before tax	126	99	93	77	67
Profit after tax	95	75	68	58	51
Net asset value	664	607	553	503	459
Price, end of period	1,152	1,099	770	579	725
Dividend	26	25	14	13	12

## Profit and loss account

Note		1.1 - 31.12 2014 DKK 1,000	1.1 - 31.12 2013 DKK 1,000
1	Interest receivable	787,924	776,268
2	Interest payable	139,253	146,037
	<b>Net income from interest</b>	<b>648,671</b>	<b>630,231</b>
3	Dividend on capital shares etc.	7,897	12,610
4	Income from fees and commissions	261,082	229,813
4	Fees and commissions paid	31,701	31,123
	<b>Net income from interest and fees</b>	<b>885,949</b>	<b>841,531</b>
5	Value adjustments	+82,293	+23,074
	Other operating income	4,001	2,730
6,7	Staff and administration costs	270,532	254,909
	Amortisations, depreciations and write-downs on intangible and tangible assets	12,192	4,270
	Other operating costs		
	Miscellaneous other operating costs	268	28
	Costs Deposit Guarantee Fund	15,041	16,091
8	Impairment charges for loans and other debtors etc.	-87,186	-120,175
	Result of capital shares in associated companies	-11	-3
	<b>Profit before tax</b>	<b>587,013</b>	<b>471,859</b>
9	Tax	141,152	114,199
	<b>Profit after tax</b>	<b>445,861</b>	<b>357,660</b>
	Other comprehensive income	0	0
	<b>Total comprehensive income</b>	<b>445,861</b>	<b>357,660</b>

## Proposed distribution of profit

	Profit after tax	445,861	357,660
	<b>Total amount available for distribution</b>	<b>445,861</b>	<b>357,660</b>
	Dividend at annual general meeting		
	Ordinary dividend	124,280	72,600
	Extraordinary dividend	0	48,400
	Total dividend	124,280	121,000
	Charitable purposes	500	500
	Transferred to reserve for net revaluation under the intrinsic value method	-11	-3
	Appropriation to own funds	321,092	236,163
	<b>Total distribution of the amount available</b>	<b>445,861</b>	<b>357,660</b>

## Core earnings

	<b>1.1 - 31.12 2014</b> <b>DKK 1,000</b>	<b>1.1 - 31.12 2013</b> <b>DKK 1,000</b>
Net income from interest	634,681	614,719
Net income from fees and provisions excl. commission	192,941	171,765
Income from sector shares	25,576	14,403
Foreign exchange income	13,489	13,293
Other operating income	4,001	2,730
<b>Total core income excl. trade income</b>	<b>870,688</b>	<b>816,910</b>
Trade income	36,440	26,925
<b>Total core income</b>	<b>907,128</b>	<b>843,835</b>
Staff and administration costs	270,532	254,909
Amortisations, depreciations and write-downs on intangible and tangible assets	12,192	4,270
Other operating costs	15,177	13,827
Total costs etc.	297,901	273,006
<b>Core earnings before impairments</b>	<b>609,227</b>	<b>570,829</b>
Impairment charges for loans and other debtors etc.	-87,186	-120,175
<b>Core earnings</b>	<b>522,041</b>	<b>450,654</b>
Result for portfolio	+65,104	+23,497
Expenses for bank packages	132	2,292
<b>Profit before tax</b>	<b>587,013</b>	<b>471,859</b>
Tax	141,152	114,199
<b>Profit after tax</b>	<b>445,861</b>	<b>357,660</b>

## Balance sheet

Note		End Dec. 2014 DKK 1,000	End Dec. 2013 DKK 1,000
	<b>Assets</b>		
10	Cash in hand and claims at call on central banks	190,873	63,064
	Claims on credit institutions and central banks	180,490	416,913
	Money market operations and bilateral loans - term to maturity under 1 year	60,490	214,032
	Bilateral loans - term to maturity over 1 year	120,000	202,881
11,12,13	Loans and other debtors at amortised cost price	15,507,134	13,849,285
	Loans and other debtors at amortised cost price	13,842,752	12,880,717
	Wind turbine loans with direct funding	1,081,240	968,568
	Reverse transactions	583,142	0
14	Bonds at current value	4,659,495	4,669,732
15	Shares etc.	283,047	208,697
	Capital shares in associated companies	530	540
	Land and buildings total	66,401	73,871
	Investment properties	6,056	6,056
	Domicile properties	60,345	67,815
	Other tangible assets	4,666	4,385
	Actual tax assets	87,779	24,501
	Temporary assets	997	1,000
	Other assets	248,863	263,856
	Periodic-defined items	7,633	6,977
	<b>Total assets</b>	<b>21,237,908</b>	<b>19,582,821</b>

## Balance sheet

Note		End Dec. 2014 DKK 1,000	End Dec. 2013 DKK 1,000
	<b>Liabilities and equity</b>		
16	Debt to credit institutions and central banks	1,911,215	1,754,884
	Money market operations and bilateral credits - term to maturity under 1 year	697,712	656,258
	Bilateral credits - term to maturity over 1 year	132,263	130,058
	Bilateral credits from KfW Bankengruppe	1,081,240	968,568
17	Deposits and other debts	15,450,273	14,113,816
18	Issued bonds at amortised cost price	236,238	249,814
	Other liabilities	156,231	173,806
	Periodic-defined items	1,205	917
	<b>Total debt</b>	<b>17,755,162</b>	<b>16,293,237</b>
12	Provisions for deferred tax	14,476	13,188
	Provisions for losses on guarantees	3,995	4,256
	<b>Total provisions for liabilities</b>	<b>18,471</b>	<b>17,444</b>
19	Subordinated loan capital	200,216	200,193
	Hybrid core capital	165,451	170,847
	<b>Total subordinated debt</b>	<b>365,667</b>	<b>371,040</b>
20	Share capital	23,900	24,200
	Reserve for net revaluation under the intrinsic value method	178	189
	Profit carried forward	2,949,750	2,755,211
	Proposed dividend etc.	124,780	121,500
	<b>Total shareholders' equity</b>	<b>3,098,608</b>	<b>2,901,100</b>
	<b>Total liabilities and equity</b>	<b>21,237,908</b>	<b>19,582,821</b>
21	Own capital share		
22	Contingent liabilities etc.		
23	Assets furnished as security		
24	Capital adequacy computation		
25	The supervisory diamond		
26	Miscellaneous comments		

## Statement of shareholders' equity

2014	Share capital	Reserve for net revaluation under the intrinsic value method	Profit carried forward	Proposed dividend etc.	Total share-holders' equity
DKK 1,000					
<b>Shareholders' equity at the end of the previous financial year</b>					
24,200		189	2,755,211	121,500	2,901,100
Reduction of share capital	-300		300		0
Dividend etc. paid				-121,500	-121,500
Dividend received on own shares			2,022		2,022
<b>Shareholders' equity after allocation of dividend etc.</b>					
23,900		189	2,757,533	0	2,781,622
Purchase and sale of own shares			-128,875		-128,875
Total comprehensive income		-11	321,092	124,780	445,861
<b>Shareholders' equity on the balance sheet date</b>					
23,900		178	2,949,750	124,780	3,098,608

2013	Share capital	Reserve for net revaluation under the intrinsic value method	Profit carried forward	Proposed dividend etc.	Total share-holders' equity
DKK 1,000					
<b>Shareholders' equity at the end of the previous financial year</b>					
24,700		192	2,581,588	69,660	2,676,140
Reduction of share capital	-500		500		0
Dividend etc. paid				-69,660	-69,660
Dividend received on own shares			1,427		1,427
<b>Shareholders' equity after allocation of dividend etc.</b>					
24,200		192	2,583,515	0	2,607,907
Purchase and sale of own shares			-64,467		-64,467
Total comprehensive income		-3	236,163	121,500	357,660
<b>Shareholders' equity on the balance sheet date</b>					
24,200		189	2,755,211	121,500	2,901,100

## Notes

Note		1.1 - 31.12 2014 DKK 1,000	1.1 - 31.12 2013 DKK 1,000
<b>1</b>	<b>Interest receivable</b>		
	Claims on credit institutions and central banks	16,750	23,425
	Loans and other debtors	740,222	719,154
	Loans - interest concerning the impaired part of loans	-44,221	-43,913
	Reverse-loans	-3,457	0
	Bonds	90,054	86,007
	Total derivatives financial instruments, of which	-12,550	-8,617
	Currency contracts	193	-4,104
	Interest-rate contracts	-12,743	-4,513
	Other interest receivable	1,126	212
	<b>Total interest receivable</b>	<b>787,924</b>	<b>776,268</b>
<b>2</b>	<b>Interest payable</b>		
	Credit institutions and central banks	26,425	23,385
	Deposits and other debts	92,049	101,280
	Issued bonds	7,207	8,015
	Subordinated debt	13,023	13,221
	Other interest payable	549	136
	<b>Total interest payable</b>	<b>139,253</b>	<b>146,037</b>
<b>3</b>	<b>Dividend from shares etc.</b>		
	Shares	7,897	12,610
	<b>Total dividend from shares etc.</b>	<b>7,897</b>	<b>12,610</b>
<b>4</b>	<b>Gross income from fees and commissions</b>		
	Securities trading and deposits	45,378	33,646
	Asset management	96,994	84,785
	Payment handling	23,883	21,524
	Loan fees	11,851	6,273
	Guarantee commissions	51,891	61,527
	Other fees and commissions	31,085	22,058
	<b>Total gross income from fees and commissions</b>	<b>261,082</b>	<b>229,813</b>
	<b>Net income from fees and commissions</b>		
	Securities trading and deposits	36,440	26,925
	Asset management	91,443	79,755
	Payment handling	20,849	19,347
	Loan fees	9,723	4,204
	Guarantee commissions	51,891	61,527
	Other fees and commissions	19,035	6,932
	<b>Total net income from fees and commissions</b>	<b>229,381</b>	<b>198,690</b>
	Foreign exchange income	13,489	13,293
	<b>Total net income from fees, commissions and foreign exchange income</b>	<b>242,870</b>	<b>211,983</b>

## Notes

Note		1.1 - 31.12 2014 DKK 1,000	1.1 - 31.12 2013 DKK 1,000
<b>5</b>	<b>Value adjustments</b>		
	Loans and other debtors, current value adjustment	11,129	-974
	Bonds	21,779	1,653
	Shares etc.	23,594	9,479
	Investment properties	0	150
	Foreign exchange income	13,489	13,293
	Total derivatives financial instruments, of which	3,482	-7,846
	Interest-rate contracts	2,543	-8,289
	Share contracts	939	443
	Issued bonds	3,295	2,491
	Other liabilities	5,525	4,828
	<b>Total value adjustments</b>	<b>82,293</b>	<b>23,074</b>
<b>6</b>	<b>Staff and administration costs</b>		
	Payments to general management, board of directors and shareholders' committee		
	General management	4,031	3,973
	Board of directors	1,392	1,294
	Shareholders' committee	393	366
	Total	5,816	5,633
	Staff costs		
	Salaries	124,634	117,365
	Pensions	12,749	12,066
	Social security expenses	905	900
	Costs depending on number of staff	17,826	16,195
	Total	156,114	146,526
	Other administration costs	108,602	102,750
	<b>Total staff and administration costs</b>	<b>270,532</b>	<b>254,909</b>
<b>7</b>	<b>Number of full-time employees</b>		
	Average number of employees during the financial year converted into full-time employees	257	251
<b>8</b>	<b>Impairment charges on loans and other debtors etc.</b>		
	Net changes in impairment charges on loans and other debtors and provisions for losses on guarantees	77,980	95,058
	Actual realised net losses	53,427	69,030
	Interest concerning the impaired part of loans	-44,221	-43,913
	<b>Total impairment charges on loans and other debtors etc.</b>	<b>87,186</b>	<b>120,175</b>

## Notes

Note		End Dec. 2014 DKK 1,000	End Dec. 2013 DKK 1,000
<b>9</b>	<b>Tax</b> Tax calculated on the year's profit Adjustment of deferred tax Adjustment of deferred tax due to change in tax rate Adjustment of tax calculated for previous years <b>Total tax</b>	139,780 1,826 -538 84 <b>141,152</b>	114,967 -1,660 -303 1,195 <b>114,199</b>
	<b>Effective tax rate (%):</b> The current tax rate of the bank Permanent deviations Adjustment of deferred tax due to change in tax rate Adjustment of tax calculated for previous years <b>Total effective tax rate</b>	24.5 -0.4 -0.1 0.0 <b>24.0</b>	25.0 -1.0 -0.1 0.3 <b>24.2</b>
Note		End Dec. 2014 DKK 1,000	End Dec. 2013 DKK 1,000
<b>10</b>	<b>Claims on credit institutions and central banks</b> Claims at call Up to and including 3 months More than 3 months and up to and including 1 year More than 1 year and up to and including 5 years <b>Total claims on credit institutions and central banks</b>	59,014 0 1,476 120,000 <b>180,490</b>	114,032 100,000 0 202,881 <b>416,913</b>
<b>11</b>	<b>Loans and other debtors at amortised cost price</b> At call Up to and including 3 months More than 3 months and up to and including 1 year More than 1 year and up to and including 5 years More than 5 years <b>Total loans and other debtors at amortised cost price</b> Of which reverse transactions	1,383,877 1,248,521 1,869,846 5,281,673 5,723,217 <b>15,507,134</b> 583,142	1,311,786 674,795 1,542,624 4,601,579 5,718,501 <b>13,849,285</b> 0

## Notes

Note		End Dec. 2014 DKK 1,000	End Dec. 2013 DKK 1,000
12	<b>Impairment charges for loans and other debtors and provisions for losses on guarantees</b>		
	<b>Individual impairment charges</b>		
	Cumulative individual impairment charges for loans and other debtors at the end of the previous financial year	736,513	632,529
	Impairment charges / value adjustments during the year	179,129	255,157
	Reverse entry - impairment charges made in previous financial years	-174,736	-90,895
	Booked losses covered by impairment charges	-39,775	-60,278
	<b>Cumulative individual impairment charges for loans and other debtors on the balance sheet date</b>	<b>701,131</b>	<b>736,513</b>
	<b>Collective impairment charges</b>		
	Cumulative collective impairment charges for loans and other debtors at the end of the previous financial year	112,652	114,876
	Impairment charges / value adjustments during the year	113,620	-2,224
	<b>Cumulative collective impairment charges for loans and other debtors on the balance sheet date</b>	<b>226,272</b>	<b>112,652</b>
	<b>Total cumulative impairment charges for loans and other debtors on the balance sheet date</b>	<b>927,403</b>	<b>849,165</b>
	<b>Provisions for losses on guarantees</b>		
	Cumulative individual provisions for losses on guarantees at the end of the previous financial year	4,256	10,958
	Provisions / value adjustments during the year	2,261	3,282
	Reverse entry - provisions made in previous financial years	-2,469	-9,245
	Booked losses covered by provisions	-53	-739
	<b>Cumulative individual provisions for losses on guarantees on the balance sheet date</b>	<b>3,995</b>	<b>4,256</b>
	<b>Total cumulative impairment charges for loans and other debtors and provisions for losses on guarantees on the balance sheet date</b>	<b>931,398</b>	<b>853,421</b>
13	<b>Suspended calculation of interest</b>		
	Loans and other debtors with suspended calculation of interest on the balance sheet date	58,244	85,258

## Notes

Note		End Dec. 2014 DKK 1,000	End Dec. 2013 DKK 1,000
14	<b>Bonds at current value</b> Listed on the stock exchange <b>Total bonds at current value</b>	4,659,495 <b>4,659,495</b>	4,669,732 <b>4,669,732</b>
15	<b>Shares etc.</b> Listed on NASDAQ Copenhagen Unlisted shares at current value Sector shares at current value <b>Total shares etc.</b>	40,650 1,473 240,924 <b>283,047</b>	15,700 1,372 191,625 <b>208,697</b>
16	<b>Debt to credit institutions and central banks</b> Debt payable on demand Up to and including 3 months More than 3 months and up to and including 1 year More than 1 year and up to and including 5 years More than 5 years <b>Total debt to credit institutions and central banks</b>	258,042 478,264 76,818 611,326 486,765 <b>1,911,215</b>	298,236 315,311 137,287 560,112 443,938 <b>1,754,884</b>
17	<b>Deposits and other debts</b> On demand Deposits and other debts at notice: Up to and including 3 months More than 3 months and up to and including 1 year More than 1 year and up to and including 5 years More than 5 years <b>Total deposits and other debts</b>  Distributed as follows: On demand At notice Time deposits Long term deposit agreements Special types of deposits	9,209,187 1,761,577 1,064,673 948,383 2,466,453 <b>15,450,273</b>  8,815,421 348,422 2,735,273 2,238,720 1,312,437 <b>15,450,273</b>	8,325,047 1,205,176 1,426,171 1,501,668 1,655,754 <b>14,113,816</b>  7,933,649 337,480 2,549,938 1,883,569 1,409,180 <b>14,113,816</b>

## Notes

Note		End Dec. 2014 DKK 1,000	End Dec. 2013 DKK 1,000
18	<b>Issued bonds at amortised cost price</b> Up to and including 3 months More than 3 months and up to and including 1 year More than 1 year and up to and including 5 years <b>Total issued bonds at amortised cost price</b>	2,573 233,665 0 <b>236,238</b>	3,727 0 246,087 <b>249,814</b>
	Distributed as follows: Issues in Norwegian kroner: Nom. 100 million NOK Regulation at amortised cost price and adjustment to current value of issues Issues in euro: Nom. 20 million EUR Other issues	82,320 2,473 148,872 2,573 <b>236,238</b>	88,540 5,768 149,206 6,300 <b>249,814</b>
19	<b>Subordinated debt</b> Subordinated loan capital: Floating rate loan, principal EUR 27 million, expiry 30.6.2021 Hybrid core capital: 4.795% bond loan, nom. DKK 200 million, indefinite term Own holding of subordinated loan capital Regulation at amortised cost price and adjustment to current value of subordinated loan capital and hybrid core capital <b>Total subordinated debt</b>	200,977 200,000 -35,500 190 <b>365,667</b>	201,428 200,000 -35,500 5,112 <b>371,040</b>
20	<b>Share capital</b> Number of shares at DKK 5 each: Beginning of period Cancellation during the year End of period Reserved for subsequent cancellation <b>Total share capital</b>	4,840,000 -60,000 4,780,000 110,000 <b>23,900</b>	4,940,000 -100,000 4,840,000 60,000 <b>24,200</b>

## Notes

Note		End Dec. 2014 DKK 1,000	End Dec. 2013 DKK 1,000
<b>21</b>	<b>Own capital shares</b> Own capital shares included in the balance sheet at The market value is	0 130,781	0 68,747
	Number of own shares: Beginning of year Purchases during the year Sales during the year Cancellation during the year End of year	62,554 290,886 -179,915 -60,000 113,525	96,075 318,806 -252,327 -100,000 62,554
	Nominal value of holding of own shares, end of year Own shares' proportion of share capital, end of year (%)	568 2.4	313 1.3
<b>22</b>	<b>Contingent liabilities etc.</b> <b>Contingent liabilities</b> Finance guarantees Guarantees against losses on mortgage credit loans Guarantees against losses Totalkredit Registration and conversion guarantees Sector guarantees Other contingent liabilities <b>Total contingent liabilities</b>	978,987 62,074 187,068 728,745 48,596 212,340 <b>2,217,810</b>	836,102 55,841 112,284 168,550 48,175 680,982 <b>1,901,934</b>
<b>23</b>	<b>Assets furnished as security</b> 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.  As security for clearing, the bank has pledged securities from its total holding to the Central Bank of Denmark to a total market price of  Provision of security under CSA agreements	1,081,240  275,685  86,269	968,568  321,192  75,372

## Notes

Note		End Dec. 2014 DKK 1,000	End Dec. 2013 DKK 1,000
24	<b>Capital adequacy computation</b> Computed in accordance with applicable capital adequacy rules (CRR and CRD IV).		
	Credit risk	12,879,048	12,235,761
	Market risk	1,464,214	1,110,690
	Operational risk	1,567,369	1,522,813
	<b>Total weighted risk exposure</b>	<b>15,910,631</b>	<b>14,869,264</b>
	Shareholders' equity	3,098,608	2,901,100
	Proposed dividend etc.	-124,780	-121,500
	Reserve for net revaluation	0	-189
	Deduction for the sum of equity investments etc. above 10%	-143,584	0
	Deduction of remaining framework for own shares	-55,000	0
	Actual trading framework spent on own shares	4,061	0
	<b>Core tier 1 capital (excl. hybrid core capital)</b>	<b>2,779,305</b>	<b>2,779,411</b>
	Hybrid core capital	131,600	164,500
	Deduction for equity investments etc. above 10%	0	-19,963
	Deduction for the sum of equity investments etc. above 10%	-131,600	-63,503
	<b>Tier 1 capital</b>	<b>2,779,305</b>	<b>2,860,445</b>
	Reserve for net revaluation	0	189
	Subordinated loan capital	160,782	201,428
	Deduction for equity investments etc. above 10%	0	-19,963
	Deduction for the sum of equity investments etc. above 10%	-160,782	-63,503
	<b>Capital base</b>	<b>2,779,305</b>	<b>2,978,596</b>
	<b>Core tier 1 capital ratio (excl. hybrid core capital) (%)</b>	<b>17.5</b>	<b>18.7</b>
	<b>Tier 1 capital ratio (%)</b>	<b>17.5</b>	<b>19.2</b>
	<b>Solvency ratio - Tier 2 (%)</b>	<b>17.5</b>	<b>20.0</b>
	Capital base requirements under Section 124 (2) of the Danish FSA.	1,272,850	1,189,541
25	<b>The supervisory diamond (Danish Financial Supervisory Authority limits)</b>		
	Stable funding (funding ratio) (< 1)	0.8	0.7
	Excess liquidity (> 50%)	140.7%	166.2%
	Total large exposures (< 125%)	47.8%	35.0%
	Growth in loans (< 20%)	7.8%	11.5%
	Real estate exposure (< 25%)	11.6%	11.4%
26	<b>Miscellaneous comments on:</b>		
	<b>Main and key figures for the bank</b>		
	<ul style="list-style-type: none"> <li>• Return on equity at the beginning of the year before and after tax are computed after allocation of dividend etc., net.</li> <li>• Key figures per DKK 5 share are calculated on the basis of respectively 2014: 4,670,000 shares, 2013: 4,780,000 shares, 2012: 4,840,000 shares, 2011: 4,940,000 shares and 2010: 5,040,000 shares.</li> </ul>		
	<b>Impairment charges for loans etc.</b>		
	<ul style="list-style-type: none"> <li>• Impairment charges for loans etc. are listed excl. expenses for bank packages.</li> </ul>		

## Quarterly overview

(Million DKK)	4 <sup>rd</sup> qtr. 2014	3 <sup>rd</sup> qtr. 2014	2 <sup>nd</sup> qtr. 2014	1 <sup>st</sup> qtr. 2014	4 <sup>th</sup> qtr. 2013	3 <sup>rd</sup> qtr. 2013	2 <sup>nd</sup> qtr. 2013	1 <sup>st</sup> qtr. 2013	4 <sup>th</sup> qtr. 2012	3 <sup>rd</sup> qtr. 2012	2 <sup>nd</sup> qtr. 2012	1 <sup>st</sup> qtr. 2012
Net income from interest	160	158	159	158	156	155	151	153	146	153	156	160
Net income from fees and provisions excl. commission	60	37	51	45	48	33	55	36	51	30	48	33
Income from sector shares	4	4	2	16	5	3	4	2	5	-1	2	0
Foreign exchange income	2	4	4	3	3	3	2	5	4	3	2	4
Other operating income	1	1	1	1	1	1	1	0	0	1	1	1
<b>Total core income excl. trade income</b>	<b>227</b>	<b>204</b>	<b>217</b>	<b>223</b>	<b>213</b>	<b>195</b>	<b>213</b>	<b>196</b>	<b>206</b>	<b>186</b>	<b>209</b>	<b>198</b>
Trade income	10	7	8	11	7	5	9	6	8	5	5	6
<b>Total core income</b>	<b>237</b>	<b>211</b>	<b>225</b>	<b>234</b>	<b>220</b>	<b>200</b>	<b>222</b>	<b>202</b>	<b>214</b>	<b>191</b>	<b>214</b>	<b>204</b>
Staff and administration costs	79	62	68	62	70	61	66	58	69	59	64	61
Amortisation, depreciation and write-downs on intangible and tangible assets	7	1	3	1	2	1	0	1	0	1	1	1
Other operating costs	3	4	4	4	4	3	3	4	3	0	4	2
Total costs etc.	89	67	75	67	76	65	69	63	72	60	69	64
<b>Core earnings before impairments</b>	<b>148</b>	<b>144</b>	<b>150</b>	<b>167</b>	<b>144</b>	<b>135</b>	<b>153</b>	<b>139</b>	<b>142</b>	<b>131</b>	<b>145</b>	<b>140</b>
Impairment charges for loans and other debtors etc.	-24	-23	-25	-15	-25	-34	-40	-21	-33	-45	-55	-24
<b>Core earnings</b>	<b>124</b>	<b>121</b>	<b>125</b>	<b>152</b>	<b>119</b>	<b>101</b>	<b>113</b>	<b>118</b>	<b>109</b>	<b>86</b>	<b>90</b>	<b>116</b>
Result for portfolio	+9	+12	+20	+24	+12	-4	+9	+6	-9	+25	+6	+27
Expenses for bank packages	0	0	0	0	0	-1	0	-1	0	0	0	-2
<b>Profit before tax</b>	<b>133</b>	<b>133</b>	<b>145</b>	<b>176</b>	<b>131</b>	<b>96</b>	<b>122</b>	<b>123</b>	<b>100</b>	<b>111</b>	<b>96</b>	<b>141</b>
Tax	33	32	36	40	30	23	30	31	33	28	24	35
<b>Profit after tax</b>	<b>100</b>	<b>101</b>	<b>109</b>	<b>136</b>	<b>101</b>	<b>73</b>	<b>92</b>	<b>92</b>	<b>67</b>	<b>83</b>	<b>72</b>	<b>106</b>

## Danish Financial Supervisory Authority key figures for Danish banks

		2014	2013	2012	2011	2010
<b>Capital ratios:</b>						
Solvency ratio - Tier 2	%	17.5	20.0	22.4	21.4	22.4
Tier 1 capital ratio	%	17.5	19.2	20.9	19.8	18.6
Solvency requirement	%	8.9	8.9	8.0	8.0	8.0
<b>Earnings:</b>						
Return on equity before tax	%	19.6	16.9	17.4	15.9	15.5
Return on equity after tax	%	14.9	12.8	12.7	11.9	11.8
Income / cost ratio	DKK	2.52	2.19	2.06	1.98	1.74
Return on assets	%	2.1	1.8	1.9	1.6	1.4
<b>Market risk:</b>						
Interest rate risk	%	1.2	0.6	0.6	0.7	0.1
Foreign exchange position	%	0.4	1.6	0.6	0.9	0.5
Foreign exchange risk	%	0.0	0.0	0.0	0.0	0.0
<b>Liquidity risk:</b>						
Excess cover relative to statutory liquidity requirement	%	140.7	166.2	185.5	140.5	231.8
Loans and impairments thereon relative to deposits	%	106.4	104.1	102.4	105.0	117.6
<b>Credit risk:</b>						
Loans relative to shareholders' equity		5.0	4.8	4.6	5.1	5.7
Growth in loans for the year	%	12.0	11.5	-2.5	-3.1	0.8
Total large exposures	%	47.8	35.0	27.2	11.8	0.0
Cumulative impairment percentage	%	5.0	5.1	5.1	4.5	3.8
Impairment percentage for the year	%	0.47	0.72	1.06	0.89	0.94
Proportion of debtors at reduced interest	%	0.3	0.5	0.8	0.4	0.4
<b>Share return:</b>						
Result for the year after tax per share * / ***	DKK	1,853.9	1,462.8	1,314.6	1,135.2	1,019.3
Book value per share * / **	DKK	13,280	12,145	11,049	10,055	9,193
Dividend per share *	DKK	520	500	280	260	240
Share price relative to profit for the year per share * / ***		12.4	15.0	11.7	10.2	14.2
Share price relative to book value per share * / **		1.73	1.81	1.39	1.15	1.58

\* 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.