ANNUAL REPORT 2014

Ringkøbing Landbobank

Ringkøbing
Landbobank

CONTENTS

DEAR SHAREHOLDER

2014 was a really good year for Ringkjøbing Landbobank. The net profit of DKK 587 million before tax is the best in the bank's history and a 21% return on equity. The bank's core earnings also exceeded expectations and were DKK 522 million. These results were achieved on the basis of the best ever increase in customer numbers, which led to a 12% increase in the bank's loans and a 9% increase in deposits.

This was another year in Denmark with very modest growth and a record low interest level. The price of energy has fallen dramatically and is supporting a general very low inflation rate and a continuing low interest rate. The hope is that the improved purchasing power will be able to boost growth by around one percentage point in 2015. We expect, however, that we will remain in a period of low growth rates.

The return on the bank's shares in 2014 was 7% including the dividend paid, and their market value is now DKK 5.6 billion. It is recommended to the general meeting that the ordinary dividend be increased by DKK 11 to DKK 26 per share, and also a new buy-back programme for up to DKK 145 million is proposed.

The bank's rate of costs was 32.8, and we thus remain the most efficient bank in Denmark. This is a situation we are happy about because it makes us very competitive and makes our results highly robust, which therefore benefits all our stakeholders.

Trust, a high level of expertise and fast decision-making have been keywords for the many new customers we welcomed in 2014. We are therefore very satisfied with the bank's solid capitalisation, which was also confirmed when the Danish Financial Supervisory Authority made their ordinary inspection. This solid base thereby ensures that we have the strength we need to support our customers and their good investments.

The bank's skilled employees again did a fantastic job this year. Their expertise, stability, loyalty and fighting spirit are an unsurpassed combination.

We expect 2015 to be an interesting year, where the main task will be to service our current customers and continue to increase our market share with more new customers. We expect core earnings in the range DKK 450 - 525 million, to which must be added the result for the securities portfolio.

Finally, I would like to thank our customers and shareholders for the high level of support which they have shown the bank.

John Bull Fisker

ANNUAL REPORT - HIGHLIGHTS

- 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 year
- 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 shares bought back
- 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

MAIN AND KEY FIGURES

	2014	2013	2012	2011	2010
Main figures for the bank (million DKK)					
Total core income	907	844	823	767	758
Total costs and depreciations	-298	-273	-265	-248	-240
Core earnings before impairments	**609**	**571**	**558**	**519**	**518**
Impairment charge for loans etc.	-87	-120	-157	-129	-138
Core earnings	**522**	**451**	**401**	**390**	**380**
Result for portfolio	+65	+23	+49	+1	+38
Expenses for bank packages	0	-2	-2	-11	-80
Profit before tax	**587**	**472**	**448**	**380**	**338**
Profit after tax	**446**	**358**	**328**	**286**	**257**
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
Key figures for the bank (per cent)					
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
Key figures per 5 DKK share (DKK)					
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 year	1,152	1,099	770	579	725
Dividend	26	25	14	13	12

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MANAGEMENT REPORT

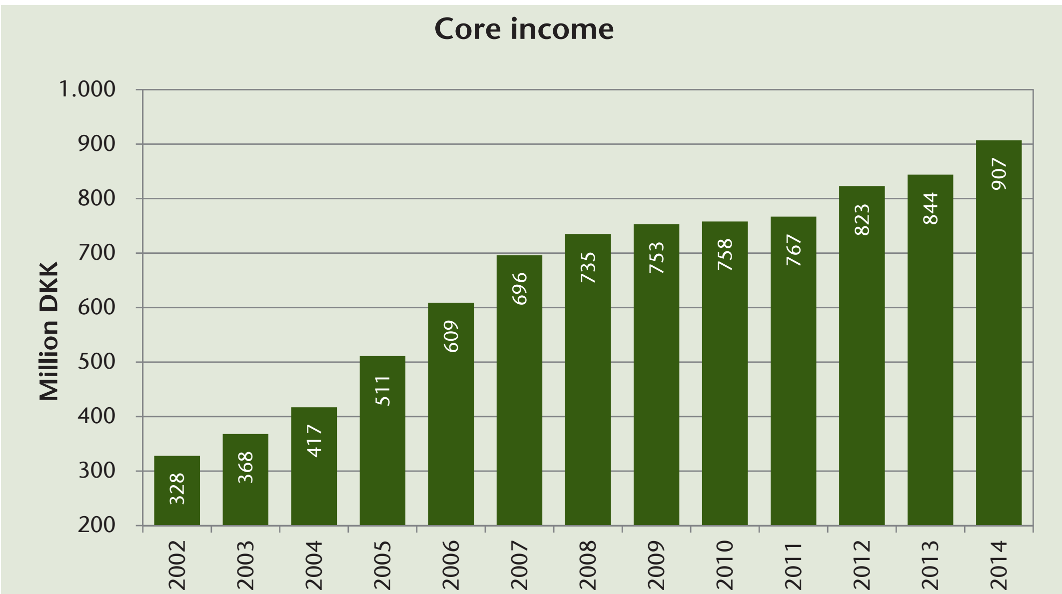
Financial review

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, primarily attributable to the improved core income.

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.

Net fees and commissions and foreign exchange income were derived as follows:		
(Million DKK)	**2014**	**2013**
Securities trading and deposits	36	27
Asset management	91	80
Payment handling	21	19
Loan fees	10	4
Guarantee commissions	52	62
Other fees and commissions	19	7
Foreign exchange income	14	13
Total	**243**	**212**

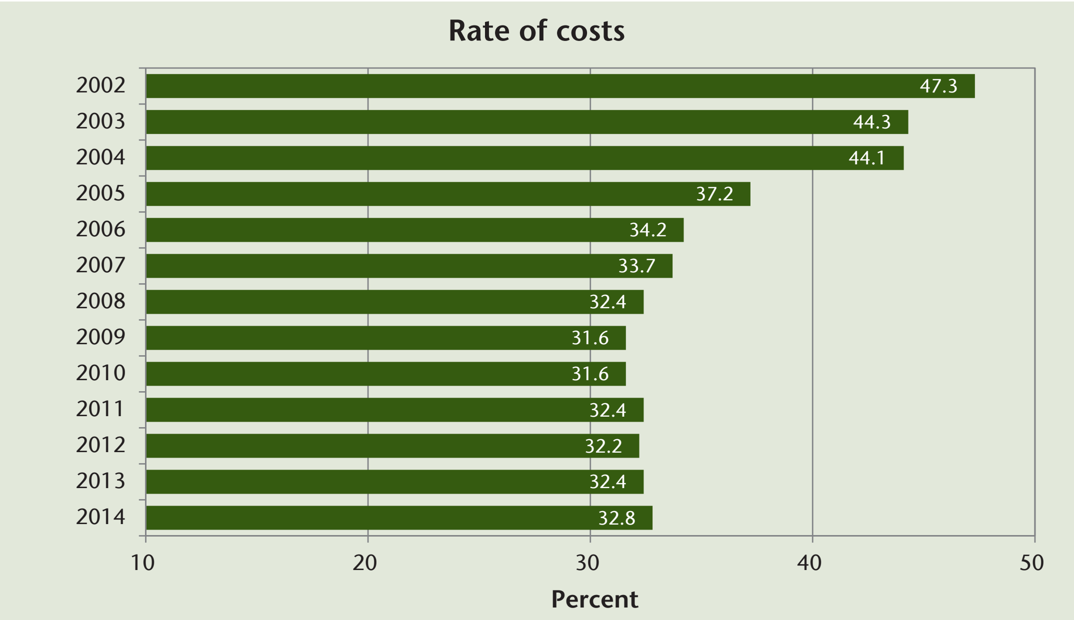
The DKK 63 million increase in total core income was affected positively by a once-only income of the order of DKK 10 million in connection with the sale of the bank's shares in Nets Holding A/S. Corrected for the once-only income, the bank considers the increase in core income satisfactory.

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 236 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

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.

(Million DKK)	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
Total core income	907	844	823	767	758	753	735	696	609	511
Total costs etc.	-298	-273	-265	-248	-240	-238	-239	-234	-208	-190
Core earnings before impairments	609	571	558	519	518	515	496	462	401	321
Impairment charges for loans	-87	-120	-157	-129	-138	-159	-77	+11	+69	+5
Core earnings	**522**	**451**	**401**	**390**	**380**	**356**	**419**	**473**	**470**	**326**

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:

Value at Risk	**Risk in million DKK**	**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%

Profit 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

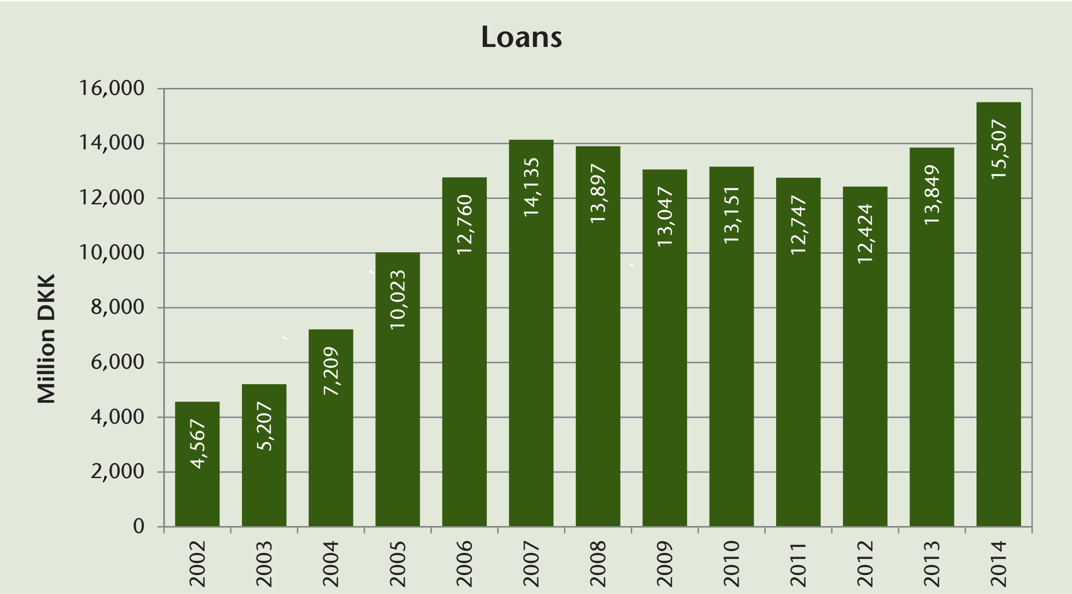
The bank's balance sheet total at the end of the year was DKK 21,238 million against last year's DKK 19,583 million.

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 the 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.

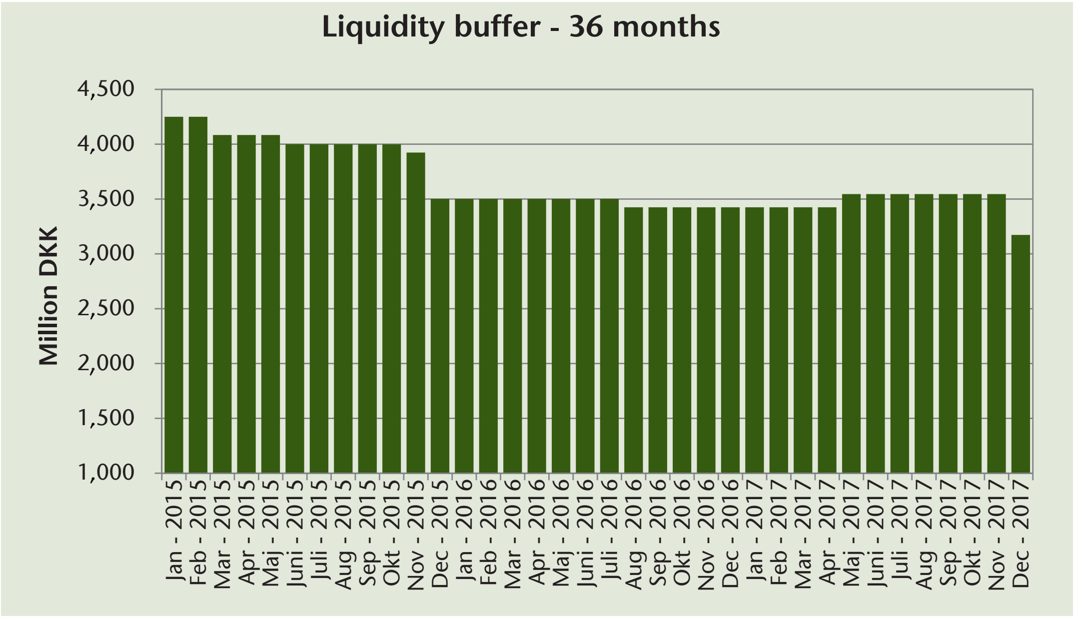
The bank thus requires no financing for the coming year to meet the minimum requirement that it must always be able to manage for up to 12 months without access to the financial markets.

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.



Rating

Ringkjøbing Landbobank was rated for the first time by the international credit rating bureau Moody's Investors Service in May 2007. The bank's ratings at the end of 2014 were as follows:

Moody's ratings:	Financial strenght	Long-term liquidity	Outlook
End 2014	C-	Baa1	Stable

The bank's ratings have not been changed during 2014, and the bank has one of the highest stand-alone ratings among Danish banks rated by Moody's Investors Service.

The supervisory diamond for banks

The Danish Financial Supervisory Authority has prepared a set of rules with five different limit values / landmarks with which Danish banks must comply.

The bank's key figures and the FSA's limit values are given in the table below. Ringkjøbing Landbobank complies with all five limit values by a good margin.

The supervisory diamond	Limit values	The bank's key figures end 2014
Stable funding (funding ratio)	< 1	0.8
Excess liquidity	> 50%	140.7%
Total large exposures	< 125%	47.8%
Growth in loans	< 20%	7.8%
Real estate exposure	< 25%	11.6%

The Danish Financial Supervisory Authority's ordinary inspection

The Danish Financial Supervisory Authority performed an ordinary inspection of the bank in the period February - April 2014.

The inspection was completed satisfactorily, and the bank is very pleased with the Authority's general conclusions on the risk assessment, which stated as follows:

- The credit quality of the bank's loans portfolio was higher than for comparable institutions.
- The total impairment charges were sufficient.
- The risks of losses associated with weak accounts were relatively low.
- Compared to the beginning of the year, the solvency requirement fell by 0.1 of a percentage point to 8.8% on 31 March 2014, which is judged by the Authority to be adequate in light of the bank's risks and its business model.

In connection with the investigation, the bank received a number of orders of an administrative nature, which we have accepted and implemented.

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%.

Capital ratios	**2014**	**2013**	**2012**	**2011**	**2010**
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.

The bank's shares

The bank's share capital on 31 December 2014 was DKK 23.9 million in 4,780,000 nom. DKK 5 shares.

The bank's shares at the beginning of the year were listed on the NASDAQ Copenhagen at 1,099.

During 2014, the share price increased to 1,152 at the end of the year.

Including dividend, an investment in the bank's shares at the beginning of 2001 had increased in value by over fourteen times at the end of 2014.

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.

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 Ringkøbing, 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.

Accounting policies

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

Events after the end of the financial year

From the date of the balance sheet to today, no circumstances have arisen to change the assessment of the bank's annual report.

Profit distribution

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

The bank's general meeting in February 2014 authorised the bank's management to implement a share buy-back programme for up to 110,000 shares on the basis of the 2013 profit.

The bank has bought back all 110,000 shares during 2014 and set them aside for later cancellation. The cost of buying the shares totalled DKK 128 million. It is thus proposed to the general meeting to cancel the 110,000 shares, which will reduce the number of shares from 4,780,000 to 4,670,000 by a capital reduction.

Finally it is proposed to the general meeting, that a new share buy-back programme is established for up to DKK 145 million with a view to cancelling the shares bought back under the programme at a future general meeting. It is also proposed that the board of directors be authorised to cancel or reduce the share buy-back programme if this is considered commercially appropriate for the bank, in the bank's long-term interest, or the bank's circumstances with respect to capital otherwise so require. If the general meeting adopts the proposal for a new share buy-back programme, the framework for the share buy-back programme must be deducted from the bank's capital base, which, seen in isolation, will mean a reduction of the bank's core tier 1 capital ratio by 0.9 percentage points calculated on the basis of the capital structure on 31 December 2014.

Capital objective

In management's general assessment, the bank's strong capitalisation in recent years contributed to securing competitive funding and a considerable increase in new customers.

The bank's management wants the bank to be capitalised in such a way that it has sufficient capital for future growth, and there must also be sufficient capital to cover any fluctuations in the risks assumed by the bank.

Given these general objectives, the bank's management has set a long-term capital target of approximately 15% for the bank's core tier 1 capital.

The long-term capital target will be met by continuing the policy for distributions practised in recent years. The policy is characterised by stable dividends combined with share buy-backs / extraordinary dividends to regularly adjust the capital structure relative to the development in the bank's risk-weighted assets and the bank's future growth opportunities as envisaged by the bank's management.

The following summary shows the actual distributions in percent in recent years. The summary lists the percentages distributed for the 2010 - 2013 financial years and the expected percentage for 2014.

Pay-out ratio*					
(Million DKK)	**2014**	**2013**	**2012**	**2011**	**2010**
Profit for the year after tax	445.9	357.7	328.0	286.1	256.9
Distributions					
Ordinary dividend	124.3	72.6	69.2	65.5	60.5
Extraordinary dividend	0.0	0.0	48.4 **	0.0	0.0
Buy-back programme	145.0	127.6	58.7	74.2	60.9
Total	**269.3**	**200.2**	**176.3**	**139.7**	**121.4**
Pay-out ratio in %	**60 *** **	**56**	**54**	**49**	**47**

Percentages for the individual years were computed by dividing the actual distributions in one year by the profit for the year after tax. Actual distributions were calculated as the proposed and subsequently paid dividend, any proposed and subsequently paid extraordinary dividend and the actual cost of buying back the shares under an adopted share buy-back programme which were actually cancelled, on the basis of the result for a given financial year.

*** *At the bank's annual general meeting in February 2014, a proposal was made and accepted for payment of extraordinary dividend relating to the 2012 financial year, and the proposed extraordinary dividend is included in the percentage calculated for this financial year.*

**** *The percentage for 2014 is the expected distribution. The percentage was thus calculated on the basis of the proposed ordinary dividend and the maximum value of the proposed share buy-back programme.*

During 2014 the bank has realised an increase in the weighted risk exposure of 7% primarily attributable to the growth in loans for the year. This has contributed to an adjustment of the bank's capital structure towards the long-term capital target as indicated in the summary below.

	2014	**2013**	**2012**
Core tier 1 capital ratio (excluding hybrid core capital) (%)	17.5	18.7	19.6
Long-term capital target, approximately (%)	15.0	15.0	15.0
Excess cover relative to capital target in percentage points	**2.5**	**3.7**	**4.6**
Change in excess cover 2012 - 2014	**-46% (-2.1 percentage point)**		

The bank also expects to be able to create growth in the risk-weighted items in the years to come through an increase in the bank's loans.

Actual capital structure

The bank's capital ratios as of the end of December 2014 were as follows:

Capital ratios	**2014**	**2013**	**2012**	**2011**	**2010**
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

Subordinated capital

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

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 Financial Supervisory Authority.
- A total of nom. DKK 35.5 million of this had been bought at the end of 2013.

Given the bank's solid capital structure, the bank has applied for and received the Danish Financial Supervisory Authority's permission to an early redemption hereof on 2 March 2015. The hybrid core capital will thus be redeemed on 2 March 2015, and seen in isolation, the redemption will mean a reduction of the bank's core tier 1 capital ratio of 1 percentage points calculated on the basis of the capital structure on 31 december 2014.

Capital adequacy rules

The bank uses the following methods for the calculation of the weighted risk exposure:

Calculation of capital adequacy - methods used

• 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 standardised method for calculation of its credit risk and therewith the weighted risk exposure. This approach uses fixed solvency weightings.

The method means that the bank does not apply the same down-weighting of solvency as those banks which apply one of the 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 standardised method means that there is significantly greater robustness in the calculated capital percentages and a smaller volatility in the weighted risk exposure.

CRD IV rules

The capital requirements directive CRD IV and the capital requirements regulation CRR came into force in 2014, thus implementing the Basel III rules for capital in Europe.

In connection with the implementation of the rules, inter alia a phasing out arrangement was introduced for the hybrid core capital and subordinated loan capital. The implementation also meant certain changes for the calculation of the weighted risk exposure, including for the weighting and calculation of exposures in default, and a temporary discount on the risk weighting of exposures to certain SME commitments.

New rules were also introduced in relation to calculation of the capital. Among others these rules indicate that in future, the share buy-back programmes must be deducted from the capital on publication of the officially approved programme in contrast to the previous rules, where the deduction from the capital was made in step with the actual purchase of shares. Furthermore a calculated dividend must be deducted from ongoing earnings in contrast to previously, where the proposed dividend was not deducted from the capital until the end of the year. In addition, an officially approved framework for a trading portfolio of own shares must also be deducted from the capital, unlike previously, when only the actual transaction affected the capital.

Individual solvency requirement

Ringkjøbing Landbobank focuses regarding the capital structure also on its internally calculated individual solvency requirement, defined as an adequate capital base as a percentage of the bank's weighted risk exposure.

The adequate capital base is assessed and calculated on the basis of an internal calculation model and calculated as the amount which is appropriate to cover the bank's current and future risks.

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 and its robust business model.

Despite this, the bank's individual solvency requirement at the end of 2014 was calculated at 8.9%, which is unchanged compared with the end of 2013.

The computed adequate capital base is assessed on a regular basis, and reports to the Danish Financial Supervisory Authority are also made on a regular basis.

The Danish Financial Supervisory Authority most recently reviewed the bank's statement of its individual solvency requirement in connection with the ordinary inspection which was carried out in the first quarter of 2014. The Authority concluded at the inspection that the calculated solvency requirement of 8.8% at the end of March 2014 (which was a fall of 0.1 percentage point compared with the end of 2013) was sufficient given the bank's risks and business model.

For further information on the calculation of Ringkjøbing Landbobank's individual solvency requirement, please see the bank's solvency requirement report for the fourth quarter of 2014 on the bank's website at the address: www.landbobanken.dk/solvency.

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 price 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 resources 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 of directors 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. The report covers the various risks to which the bank is exposed, and gives the board of directors 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 general 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. In this connection, the risk manager prepares a report on the managing of risks for the board's risk committee.

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 with respect to industries and geographical areas.

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 bank's loans (excluding reverse transactions) relative to the bank's capital base are about fivefold, 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 sound 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 exposures, 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 business customers. The statistical models use various factors, including information on the customer's assets and a quantity of behavioural data. The expert model for major business customers is based on information on the customer's creditworthiness and earning capacity.

Using these models, the bank's judgement is that the credit quality for those of the bank's loans which have not been impaired has improved relative to 2013. The bank gained many new customers throughout 2014. When establishing new customer relationships, the bank is highly attentive to the customers' creditworthiness and potential risks. A separate review of new customers in 2014 shows that these customers' creditworthiness is better on average than the bank's portfolio in general. The creditworthiness of the bank's existing customers has also developed positively. The overall result is a higher credit quality than in 2013 (cf. note 36 on page 84).

Actual net losses

(In DKK 1,000)

Year	Actual net losses	Actual net losses after interest	Loans with suspended calculation of interest	Impairments for loans and provisions for guarantees	Total loans and guarantees etc.	Percentage loss before interest*	Percentage loss after interest*
1987	-6,696	304	10,544	75,000	1,358,464	-0.49%	0.02%
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	3,752,602	-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	14,849,602	-0.61%	-0.33%
2013	-69,030	-25,117	85,258	853,421	16,604,640	-0.42%	-0.15%
2014	-53,427	-9,206	58,244	931,398	18,072,200	-0.30%	-0.05%
25-year average (1990 - 2014)						**-0.48%**	**0.00%**
10-year average (2005 - 2014)						**-0.33%**	**-0.14%**

** Actual net losses relative to total loans, guarantees, impairments for loans and provisions for guarantees.*

Explanation: The percentage losses are computed as the actual net losses for the year before and after the interest on the written down portion of loans in percent of total loans, guarantees, impairments for loans and provisions for guarantees. A minus in front of a percentage loss indicates a loss, while a positive percentage loss means that the interest on the written down portion of loans was greater than the actual net losses for the year. All the above figures are computed excluding amounts concerning reverse transactions and the national Bank Package I etc.

The above table documents the bank's sound credit policy. As will be evident, the bank's average percentage loss after interest over the last 25 years (1990 - 2014) was 0.00%, with -0.77% (1992) as the highest loss and +0.51% (2000) as the most positive figure. The average percentage loss before interest over the last 25 years is -0.48%, with -1.70% (1992) as the highest loss and -0.01% (1999 and 2000) as the lowest loss. The average percentage loss after interest over the last ten years (2005 - 2014) was -0.14%, and the average percentage loss before interest was -0.33%.

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 areas within the bank's niche section are financing of medical practitioners' purchases of private practices, a Private Banking concept covering affluent private customers, and financing of securities, loans for the financing of wind turbines, and selected wholesale loans. The financing of wind turbines is primarily for Danish investors' purchases of wind turbines erected in Denmark and Germany.

An important common factor in the niche loans 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 model.

Credit concentration

As indicated in the summary below, total large exposures amount to 47.8%. This figure includes good quality exposures with adequate security.

Credit concentration

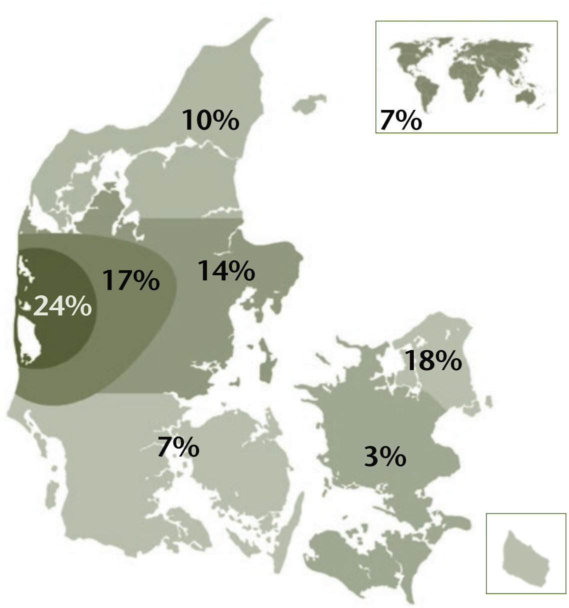
	2014	2013	2012	2011	2010
Total large exposures	47.8%	35.0%	27.2%	11.8%	0.0%

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

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.



Explanation: Distribution of the bank's portfolio of loans and guarantees (excluding reverse transactions) before impairments and provisions, based on the customers address.

Credit risks on financial counterparties

Exposures 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 has made and delivered.

The bank's board of directors grants lines of credit for credit risks and settlement risks on 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 also mitigates its settlement risk concerning clearing of foreign exchange via its membership in a clearing partnership (referred to as the CLS partnership).

The 2013 annual report stated that a requirement concerning clearing of derivatives (referred to as CCP) would be introduced gradually from and including 2014. Regulators have postponed the gradual implementation to 2015. The bank will participate in the CCP clearing to further mitigate the counterparty risk concerning derivatives, and the bank also wants to be able to continue to offer competitive products to its customers.

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.

Credit balances with 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 out of the total claims on central banks and credit institutions, 33% is thus due within three months.

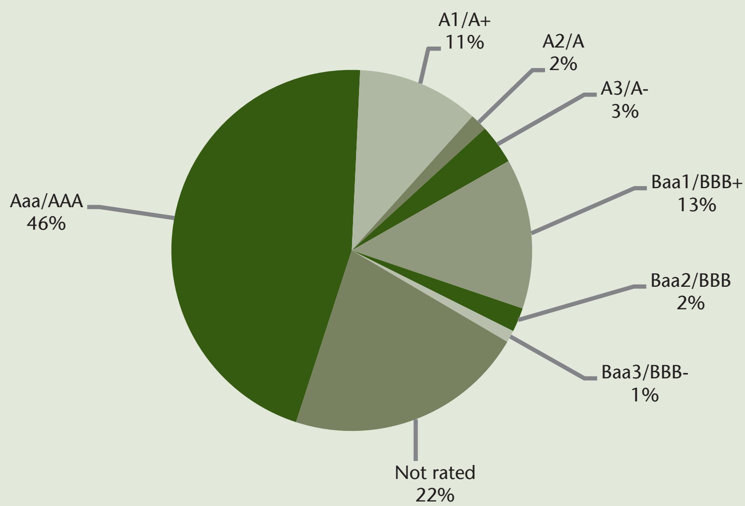
The bond portfolio

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

The majority of the bond portfolio consists 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 mainly of bonds with short terms issued by rated banks. These bonds have a good creditworthiness, but their market value can vary over time in connection with general changes in credit spreads in the market, and company-specific circumstances can also affect the value of these bonds. Given the relatively short term, the risk involved is, however, manageable.

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

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.

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.

A separate 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 also has certain fixed interest financial assets and liabilities, which 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 general management.

Explanation: The interest rate risk shows the impact on the result of a one percentage point change in the interest rate level as a percentage of the tier 1 capital.

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 Danish kroner, 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 general management.

As in previous years, the bank's foreign exchange risk in 2014 was at an insignificant level.

Share risk

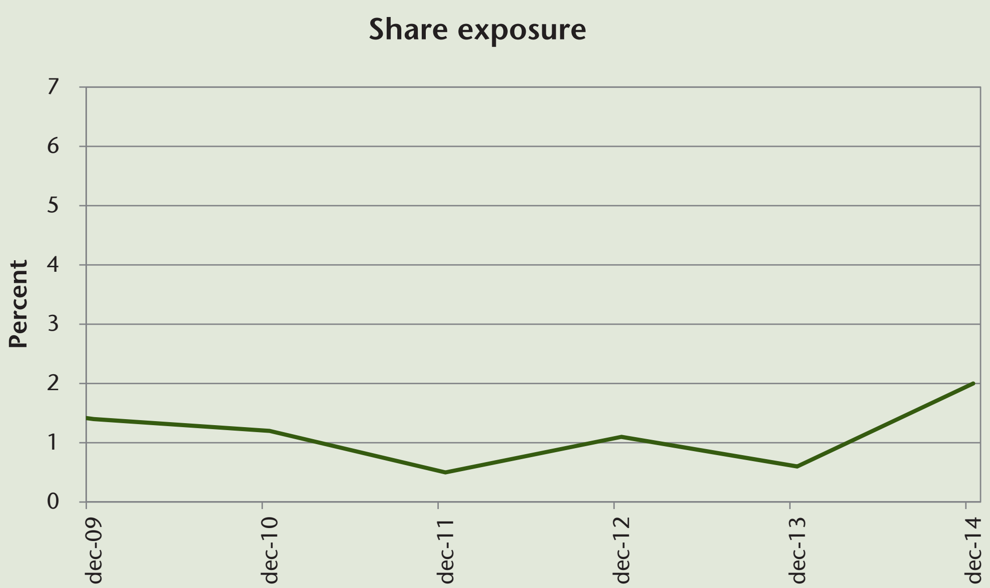
The bank is co-owner of various sector companies via equity interests in Bankernes Kontantservice A/S, BankInvest Holding A/S, Bluegarden A/S, Bokis A/S, DLR Kredit A/S, EgnsINVEST Holding A/S, Landbrugets Finansieringsbank A/S, Letpension Holding A/S, PRAS A/S, Sparinvest Holding A/S, Stonehenge Fondsmæglerselskab A/S, Swift, Swipp Holding ApS and Værdipapircentralen A/S.

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 price risk. The bank also holds a small portfolio of listed shares etc.

The bank's policy is to maintain a low share price 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 the general 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 41 million at the end of 2014 against DKK 16 million at the end of 2013. The portfolio of sector shares etc. at the end of 2014 was DKK 243 million against DKK 193 million at the end of 2013.

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



Explanation: The share price exposure is computed as the bank's portfolio of shares (excluding sector shares) as a percentage of the bank's equity.

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 and equity.

Value at Risk

The bank's total VaR was DKK 5.6 million at the end of 2014. 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.

Value at Risk summary

(In DKK million) **Risk**	**Average VaR figure**	**Min. VaR figure***	**Max. VaR figure***	**End of year VaR figur**
Interest	5.0	1.2	10.4	4.8
Foreign currency	0.4	0.5	0.4	0.6
Share	4.2	3.0	4.2	2.5
Diversification	-2.9	-1.6	-3.8	-2.3
Total VaR figure	**6.7**	**3.1**	**11.2**	**5.6**

** Based on the total VaR figure.*

As indicated in the table, the bank's total VaR throughout 2014 varied from DKK 3.1 million to DKK 11.2 million. The average VaR figure was DKK 6.7 million, which is a lower level than last year where the average was DKK 14.9 million.

Reference is made to note 39 on page 88 for the VaR figures for the years 2010 - 2014.

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 share index, various official interest rates and interest swap rates, and different currency 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 are included in the calculation, while positions in sector shares etc. 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.

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.

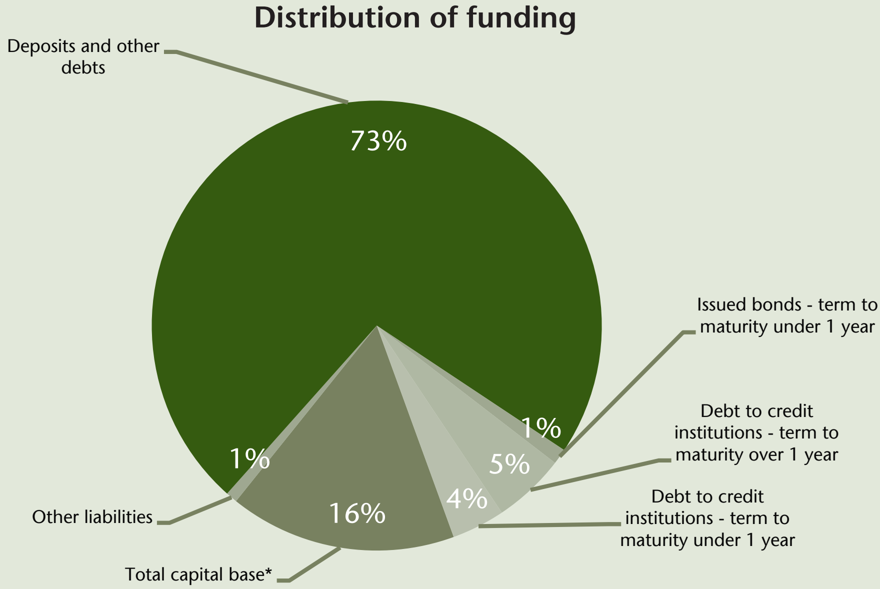
The bank's loans portfolio is funded via a range of sources, namely the bank's deposits, by taking out long-term loans with other credit institutions, via issuing bonds, and finally via the subordinated capital taken up by the bank, and the bank's equity.

The bank's deposit base consists 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 various European business partners. It should be noted that the bank's funding situation is not comprised such that the bank is dependent on the individual business partners or other partners in a single country.

To ensure diversification in funding, the bank also has an EMTN bond programme of EUR 2 billion. The programme helps to ensure alternative funding sources for the bank. The bank has made issues under the programme in 2010, 2011 and 2013.

The bank entered into an agreement with BRFkredit in 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. On 31 December 2014, a total of DKK 252 million had been funded under the agreement. In 2014 the bank entered into an agreement with Totalkredit on a similar joint funding facility, which can be activated during 2015. The bank sees these agreements as a supplementary source of funding for the bank in the future.



* Of which to be repaid on 2 March 2015 DKK 164.5 million.

	(DKK 1,000)
The short-term funding (term to maturity under 1 year):	
Debt to credit institutions and central banks - term to maturity under 1 year	813,124
Issued bonds - term to maturity under 1 year	236,238
Hybrid core capital - term to maturity under 1 year	164,500
Total	**1,213,862**
Is covered as follows:	
Cash in hand and claims at call on the Central Bank of Denmark	190,873
Claims on credit institutions - term to maturity under 1 year	60,490
Listed bonds and listed shares at current value	4,700,145
Total	**4,951,508**
Excess cover	**3,737,646**

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 claims at call on the Central Bank of Denmark, short-term loan arrangements to other Danish banks, and the bank's portfolio of liquid securities. The excess liquidity cover at the end of 2014 thus was DKK 3.7 billion, while the corresponding figures at the end of 2013 and 2012 were DKK 4.2 billion and DKK 3.9 billion respectively.

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

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' approved net incomes, a sum is quantified and added to the weighted exposure 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 contingency 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

Statutory requirements are imposed on Danish banks to publish a range of information on risks. Some of the required risk information is given in this annual report. For the bank's duty to provide other risk information, the reader is referred to the bank's website: www.landbobanken.dk/risk-information.

Statement on corporate governance

In accordance with Section 134 of the Executive Order on Financial Reports for Credit Institutions and Investment Firms etc., the following statutory statement has been prepared for corporate governance in Ringkjøbing Landbobank. The statement is a summary of a complete statement of management and corporate governance in Ringkjøbing Landbobank which is available on the bank's website at www.landbobanken.dk/cg.

Codes of management

As a listed financial institution and a member of the Danish Bankers' Association, the bank is covered by a number of codes. As a company listed on the NASDAQ Copenhagen, the bank is covered by the Recommendations on Corporate Governance issued by the Committee for Corporate Governance, and as a member of the Danish Bankers' Association, the bank is covered by the "The Danish Bankers' Association's corporate governance code".

The corporate governance recommendations

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 and its position thereon has been minuted in the annual reports since that year.

The Committee on Corporate Governance issued the latest updated revision of the recommendations in May 2013 with a minor update in November 2014. The number of recommendations is 47, and in the latest edition of the recommendations, the Committee has particularly focused on companies' value creation, on the board of directors' self-evaluation and its involvement in companies' development.

When preparing the 2014 annual report, the bank's board of directors and general management has again under the "comply or explain" principle re-assessed the bank's positions and the bank's actions on the recommendations. The bank's management supports the efforts in the area of corporate governance, and the bank's board of directors and the general management have elected to adopt almost all the recommendations in this area. In a small number of areas, the bank's management has, however, elected either not to follow the recommendations or to follow them only in part. The bank thus follows 43 of the total of 47 recommendations.

The Danish Bankers' Association's corporate governance code

On 22 November 2013, the Danish Bankers' Association published a new corporate governance code adopted by the Association, hereinafter called "the Danish Bankers' Association's corporate governance code". The corporate governance code replaced and expanded the Association's "Recommendations for member companies of the Danish Bankers' Association".

The object of the recommendations in the Association's corporate governance code is that the Association's member companies must actively consider a number of managerial matters and that greater openness will be obtained concerning the frameworks for management of the individual member companies. The Danish Bankers' Association has thus prepared a further ten recommendations as well as the two recommendations in the previously applicable "Recommendations for member companies of the Danish Bankers' Association".

Under the "comply or explain" principle, the Association's member companies must specify how they view the Association's corporate governance code in connection with the presentation of the annual report.

The bank's management generally also supports the Association's corporate governance code , and the bank's board of directors and general management have thus elected to adopt and follow all 12 recommendations.

The financial reporting process

The board of directors, the general management and the audit committee regularly ensure that the bank's controls and risk management in connection with the financial reporting process are functioning satisfactorily.

The process is arranged in order to ensure that the annual report is presented in accordance with statutory requirements and that it is free of significant misstatements, whether attributable to fraud or error.

The financial reporting process is further organised so that the bank's annual report is prepared by the bank's accounts department in cooperation with the bank's general management and other relevant departments.

A general rule for the financial reporting process is that the bank's general management and the accounts department continuously monitor compliance with relevant legislation and other regulations and provisions in connection with the financial reporting process and report regularly to the bank's board of directors and the audit committee.

The internal controls and risk management systems in connection with the financial reporting process are also structured with the following main elements:

- The accounts department has overall management of the process of financial reporting.
- The accounts department coordinates and obtains relevant information from other departments for use in the preparation of accounts and it also reviews such information.
- The accounts department assists external and internal auditing with information and details in connection with the auditing of the annual accounts.
- The general management makes a review of the draft annual report and other reports.
- The audit committee and the board of directors review the draft annual report.
- The general management, the board of directors and the audit committee hold meetings with the bank's auditors.

The above also applies to the presentation of quarterly and interim reports with their consequent changes and adaptations resulting from the absence of audit hereof.

A statement is given below of the bank's audit committee and the internal controls and risk management process in connection with the financial reporting process.

The audit committee

The audit committee's tasks include monitoring and checking accounting and auditing matters and preparing the board of directors' handling of accounting- and auditing-related items.

The board of directors has appointed an independent board member who possesses the requisite qualifications within accounting, including the financial reporting process, internal controls and risk management etc. The specially qualified member is also chairman of the committee.

Internal control and risk management systems

The board of directors and the general management have general responsibility for the bank's internal control and risk management systems in connection with the presentation of accounts.

Recognition and measurement

For the recognition and measurement of certain assets and liabilities, an estimate is required of how future events will affect the value of these assets and liabilities on the balance sheet date. Estimates of significance for the presentation of accounts are made and exercised among other ways by summarising impairment charges on impaired loans, current values of unlisted financial instruments and provisions.

The exercised estimates used are based on assumptions which management judges to be responsible, but which by their nature are uncertain. In management's assessment, assets and liabilities provide a true and fair view of the bank's financial position, and the control environment for the estimates made is satisfactory.

The control environment

The most important elements in the control environment are an appropriate organisation, including proper separation of functions and internal policies, routines and procedures.

The board of directors, the general management and the other persons concerned with the presentation of accounts is comprised such that relevant competencies concerning risk management and assessment of internal controls is present and independently functioning.

The appointed audit committee regularly monitors the adequacy of the bank's internal controls and assesses material risks in connection with the financial reporting process, including the risk that fraud or errors could lead to material misstatement in the annual report.

Risk assessment

A risk assessment of the information in the annual report is regularly made in order to identify elements which carry increased risks because they are based on estimates and/or generated via complex or manual processes.

The audit committee is regularly advised of the assessment of the bank's risks, including risks which affect the process of presentation of the accounts. At least once a year, the audit committee, the board of directors and the general management decide whether new internal controls should be implemented to counter identified risks. The audit committee and the board of directors also reviews particularly risky areas at least once a year, including the recognition and measurement of material assets and liabilities and any changes in accounting policies.

Control activities

Control activities have been established, the object of which is to prevent, discover and correct any errors and deficiencies in the data which form the basis for preparation of the accounts.

These activities include certification, authorisation, approval, reconciliation, analysis of results, separation of duties, general IT controls, and controls concerning IT applications.

Monitoring and reporting

The bank uses systems and manual resources to monitor the data on the basis of which the accounts are prepared. Any weaknesses and errors are regularly corrected and reported.

Further analysis and control activities are carried out in connection with the preparation of the accounts to ensure that the accounts are presented in accordance with legal requirements. The audit committee follows up to ensure that the weaknesses in the internal controls and major errors and omissions in the annual financial statements noted and reported by the internal audit and independent auditor are corrected.

The bank's management organs and their committees and functions

The bank's management organs comprise the following bodies:

- The general meeting
- The shareholders' committee
- The board of directors
- The general management

The bank advises as follows with respect to the individual organs' functions:

Re The general meeting

The general meeting is the bank's supreme decision-making authority. The general meeting's tasks include electing members to the bank's shareholders' committee.

Re The shareholders' committee

In accordance with the articles of association, the bank's shareholders' committee has at least 25 and at most 30 members elected for four years at a time. As of the end of December 2014, 26 members had been elected to the bank's shareholders' committee.

The bank's shareholders' committee elects the members of the bank's board of directors. The shareholders' committee also has a duty to act in the bank's best interest and, to the best of its ability, to assist the board of directors and the general management with the procuring of information they may need. The shareholders' committee also sets the fixed remuneration for the board of directors and decides on the establishment of branches as recommended by the board of directors.

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

Re The board of directors

In accordance with the articles of association, the bank's board of directors consists of at least four and at most six members elected by the shareholders' committee. As of the end of December 2014, the board of directors had six members elected by the shareholders' committee and two members elected by the employees.

The bank's general management does not serve on the board of directors, but it participates in board meetings. The board of directors normally holds 10-12 meetings with physical attendance a year.

In 2014, a total of 12 meetings with physical attendance, three electronic meetings and an actual strategy seminar were held. The board of directors also participated in a concluding meeting with the Danish Financial Supervisory Authority in connection with final reporting of the ordinary inspection which was conducted.

The total rate of attendance for the full board for all board meetings with physical attendance in 2014 was 96.9%.

The board of directors' nomination committee proposes members to the board of directors to the shareholders committee such that its composition ensures a range of competencies and is comprised in a manner which ensures a broad range of competencies and compliance with a competence profile specified by the nomination committee and the board itself. Board members are also elected for four-year terms. The Committee for Corporate Governance recommends that at least half the board members elected by the shareholders' committee are independent, and the bank complies with the recommendation.

Members of the board of directors must retire at the latest at the first annual general meeting after they have reached the age of 67.

Committees of the board of directors

The board of directors has appointed the following committees: a remuneration committee, a nomination committee, an audit committee and a risk committee.

The remuneration committee consists of the chairman and deputy chairman of the bank's board of directors and a board member elected by the employees. The nomination committee and the risk committee consist of the bank's full board of directors, while the audit committee consists of the specially qualified member, who is also chairman of the committee, and the chairman and deputy chairman of the board of directors.

The committees held the following numbers of meetings in 2014: the remuneration committee held three meetings, the nomination committee held five meetings, the audit committee held five meetings and the risk committee held five meetings.

Further information on the committees of the board of directors is given on pages 101 - 103 of this annual report.

Evaluation of the board of directors etc.

The board of directors has for several years conducted an evaluation process concerning the working relationship of the board, and from and including 2012 the board of directors supplemented the process on the basis of the Financial Supervisory Authority's guideline for evaluation of the board of directors' knowledge and experience in credit institutions.

In the fourth quarter of 2014, the board of directors again conducted its annual evaluation process etc. As a basis for the evaluation, the nomination committee and the board also identified the competencies 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 competencies required include knowledge of the following matters:

- The business model and relevant related matters
- Credit risks and relevant related matters
- Market risks and relevant related matters

- Liquidity risks and relevant related matters
- Operational risks and relevant related matters including IT
- Other matters:
  - Budgets, accounting and auditing
  - Capital matters consisting of capital adequacy and solvency requirement
  - Insurance risks
  - Risk management including interdisciplinary risk management
  - General managerial experience
  - Managerial experience from other financial companies
  - Legal insight, including in relation to financial legislation

Each individual board member evaluated his or her own qualifications and the work and working relationships of the board of directors on the basis of the specified requirements.

The board's nomination committee discussed the result of the evaluations, and its assessment and conclusion is that its work and working relationships are functioning satisfactorily and that its members possess adequate collective knowledge and the professional skills and experience to understand the bank's activities and their associated risks, and that the number of board members is appropriate relative to what is judged to be required for the bank.

Each member of the board of directors has also declared his or her judgment that he or she is fit and proper under applicable rules, and that he or she possesses the necessary time resources for the job. The nomination committee has assessed the individual board members assessment of sufficient time resources and declared its agreement with the assessments made, and the committee has also assessed that the board of directors complies with the policy of diversity on the board of directors.

Remuneration policy

In 2012 the bank's board of directors adopted a remuneration policy which was presented to the 2013 annual general meeting for approval. The meeting approved the policy, which includes guidelines for the remuneration paid to Ringkjøbing Landbobank's board of directors and general management. The board of directors has reviewed the remuneration policy in 2013 and in 2014 and has found no requirement to make changes.

The policy for management specifies that the bank's management is paid remuneration which is both in line with the market and reflects the management's performance for the bank. It was also decided that the renumeration paid to both the board of directors and the general management will be fixed such that there are no incentive payments. Other risk takers and employees in control functions will not be paid variable salary components outside the framework of the collective agreement which was entered into.

Supplementary information on the members of management, including other managerial offices

The reader is referred to pages 99 - 100 and 104 - 105 of this annual report for supplementary information on the members of the bank's management, including information on their other managerial activities and on the competencies of the members of the board of directors.

Re The general management

The general management undertakes the bank's daily management.

Statement on diversity in the board of directors

In September 2014, the bank's board of directors adopted a policy on diversity in the board of directors.

The policy specifies that the board wants a composition with diversity of the member's competencies and backgrounds, including diversity with respect to differences in professional identity, work experience, gender, age, etc.

The policy further states that when recruiting candidates for the board of directors, focus must be placed on ensuring that the candidates possess different competencies, backgrounds, knowledge and resources which match the bank's business model etc.

Compliance with the adopted policy on diversity on the board of directors was assessed by the nomination committee during the annual evaluation process, and the assessment on this basis confirms compliance, inter alia through focus being placed on the policy's criteria in the recruitment process for candidates both for the board of directors and shareholders' committee. The reason why focus is also being placed on the criteria when recruiting candidates for the shareholders' committee is partly that the shareholders' committee elects the bank's board of directors and partly that five of the current the six board members elected by the shareholders' committee were elected among the members of the shareholders' committee, while only the board member with managerial experience from another financial company was not elected among the members of the shareholders' committee.

Statement on the under-represented gender

In accordance with Section 135a of the Executive Order on Financial Reports for Credit Institutions and Investment Firms etc., the following statutory statement has been prepared.

In March 2013, the bank's board of directors adopted a target figure for the percentage of the under-represented gender to be represented on the board of directors and a policy aiming at increasing the percentage of the under-represented gender at the bank's other management levels. The board has found no requirement to change the adopted target figure and the policy since then.

Target figure for the percentage of the under-represented gender on the board of directors

When the board of directors adopted the target figure in March 2013, the gender distribution of board members elected by the shareholders' committee was the following:

- 16% women
- 84% men

The target set by the board of directors is that the proportion of female board members elected by the shareholders' committee should minimum be 16% - 33% from 2017 (provided that the number of board members elected by the shareholders' committee is 6).

The composition of the board of directors has not changed since 2013, and at the end of December 2014 the gender distribution of the bank's board members elected by the shareholders' committee was unchanged in relation to March 2013.

The board of directors' target figure has been adopted as a target applicable from 2017, and in connection with future nomination processes for the election of board members, the board and the nomination committee will focus on whether the target figure is achieved.

Policy to increase the percentage of the under-represented gender at the bank's other management levels

As stated above the board of directors also adopted a policy in March 2013 aiming at increasing the percentage of the under-represented gender at the bank's other management levels. The adopted policy aims at creating a basis for a more equal gender distribution at the bank's other management levels.

Other management levels (in the following called management) should be understood as management positions not related to the board of directors, i.e. the general management, department managers, branch managers and leaders and team leaders.

It is the bank's overall and long-term aim to provide a more equal gender distribution at management level. The bank wants to be able to follow up on developments with respect to gender distribution in management and to adjust the effort continually in relation to the target.

THE UNDER-REPRESENTED GENDER

The bank considers targets and target figures as tools when it comes to ensuring progress and obtaining results. The bank has set the following concrete targets for the under-represented gender at the bank's management:

- The employees must, irrespective of gender, feel that they have equal career and management opportunities.
- The percentage of managers in the management from the under-represented gender must be at least 20%.
- From now until 2017, focus must be placed on gradually increasing the percentage of managers in the management from the under-represented gender relative to the 25% calculated on the date of adoption.

In order to reach the specified targets and target figures, the bank will implement initiatives in relevant areas. Such initiatives will, however, take into consideration the bank's wish to maintain and develop the current open-minded and unprejudiced culture in which the individual employee can make the best possible use of his or her skills irrespective of gender, and the bank will thus always appoint the best qualified manager irrespective of gender.

The bank also wants to continue the long-standing policy of Ringkjøbing Landbobank according to which all employees are inspired to become part of the bank's management. Finally, the bank offers all employees the opportunity to develop their professional and personal skills by participating in various training and personality development activities. It is the aim of the bank that employees of both genders should generally participate in these activities on an equal footing.

In March 2013 when the policy and the targets were adopted, the total number of employees involved in the bank's management was 36, with the following gender distribution:

- 25% women
- 75% men

Due to various restructuring etc. there is a change at the end of December 2014 relative to March 2013 in both the number of employees and the gender distribution in the bank's management, and the gender distribution at the end of 2014 was thus 18% women and 82% men.

In connection with future recruiting processes for management positions, the bank will take the above targets and additional comments into consideration.

This statutory statement on the under-represented gender is also published on the bank's website at www.landbobanken.dk/gender.

Statement on corporate social responsibility

In accordance with Section 135 of the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc., the following statutory statement on corporate social responsibility has been prepared.

Corporate social responsibility policy

Ringkjøbing Landbobank's corporate social responsibility (CSR) policy is based on the bank's long-standing roots in the local communities in which the bank is represented. The bank has a desire to be a responsible and value-creating bank, and the bank works to create the best results for its shareholders, customers and employees, the respective local communities, the surrounding environment and finally the bank itself as a financial institution.

It is also the bank's goal to be seen as a solid and attentive partner among all its stakeholders.

The bank's CSR policy is divided to focus specifically on the four stakeholder groups: customers, employees, the environment and the local community. The bank's CSR policy is available on the bank's website at the address: www.landbobanken.dk/csr, and furthermore this statement is also published at the same internet address.

It is advised further to the bank's CSR policy that the bank has not prepared a specific human rights policy or a specific policy on the climate. The bank supports the efforts by the Danish government to put human rights and the climate high on the agenda, but as a local and regional bank, the bank has not currently found it necessary to develop separate policies for this.

The statement below on the bank's activities in 2014 is targeted at the four stakeholder groups.

Customers

During the year, the bank continued its work on development of its advisory service and supply of products etc.

The work included:

- Continued focus on 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 insurance cover in the event of disablement and death.
- Further strengthening of the Private Banking advice, where the bank's Private Banking advisers provide specialised advice to customers with complex financial situations.
- Providing advice on conversion of capital pensions and mortgage loans.
- Implementation of a new user-friendly online bank solution for personal customers.
- Introduction of the possibility for both personal and business customers of using the normal online bank on iPads.
- Focus on dissemination of the bank's payment solution via mobile phone - called "Swipp".
- Introduction of the possibility for personal customers to sign documents electronically.
- New payment cards issued as contactless cards.

Expectations concerning the advisory service and supply of products etc. for 2015 include:

- Continued development of the bank's online banking solutions.
- Extension of the possibility for personal customers to sign more documents electronically, and giving business customers the possibility of signing electronically.
- Replacement of payment cards with contactless cards.

Employees

The following was implemented in 2014 in relation to the bank's employees:

- Appraisal interviews with all employees.
- Training and certification of advisers in financial products to ensure their provision of competent advice on such products in accordance with applicable rules. The required recertification was also made, and new employees completed a training and certification programme if they had not already done so on the date of employment.
- Completion of an internal training programme for the bank's Private Banking advisers and others.
- Continued training within advice on pensions.
- In-service training for a large number of employees in provision of all-inclusive advice.
- Employment of a total of 23 employees, including five new financial economists and trainees. With a view to recruiting financial economists and trainees next year, the bank held a Ringkjøbing Landbobank career day and visited the educational institutions in the area in autumn 2014 to give the students in upper secondary programmes in the bank's local area information on a further education programme with the bank, thus providing them with a basis on which to make a qualified career choice.
- Continued focus on the implementation of new routines and systems to increase the efficiency of the bank's administrative processes, which is a continuation of the previous in-house 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.
- Signing a new local collective agreement for a term of three years with the bank's staff.
- Establishment of a whistleblower scheme in accordance with applicable law.

In 2015, focus will be placed on inter alia the following in relation to the stakeholder group "Employees":

- Completion of training of the bank's employees - both general initiatives for the entire staff and specific initiatives for specific advisers and adviser groups.
- Continued focus on optimising and increasing the efficiency of the administrative processes and routines, including optimal utilisation of digital possibilities.
- Election of employee members to the board of directors.

The environment

As a bank as well as a workplace, the bank accepts shared responsibility for the environment.

In 2014 this included the following concerning the banking activities:

- Loans for wind turbine financing
- Financing of other energy-saving initiatives
- 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:

- The possibility of electronic signing of documents for personal customers was implemented during the year. The majority of personal customers' agreements and documents are now signed electronically.
- In 2014 video conference equipment was installed in the bank's branches for use in connection with customer meetings where employees from the main office with special investment and pension related competencies participate via the video conference equipment, internal meetings with participation of employees from different branches, training of the bank's employees etc. The use of the video conference equipment will reduce the need for employees to travel between the branches.
- Continue to focus on:
  - Conversion of procedures to electronic case handling.
  - Energy saving workstations via previously implemented initiatives in the form of bigger more energy-efficient monitors (lower power consumption and monitors switching to energy-saving mode when the user leaves the workstation), installation of two monitors at the workplace (which gives the staff the opportunity to structure their work better on the monitors and helps to reduce the amount of unnecessary printing), purchasing and use of power-saving printers, and finally via a power-saving campaign (where as many electrical appliances as possible apart from the computer monitors turn off automatically at the end of the working day).
  - Holding video conferences to the extent possible with the bank's IT supplier, Bankdata, to reduce the employees' travels to Bankdata's departments in Silkeborg and Fredericia,
  - Car-sharing for and planning of training and meeting activities with physical attendance to reduce the associated travel as much as possible.

In all of the above initiatives, focus has been placed on reducing the bank's environmental impact, including reduction of CO_2 emissions, lower power and paper consumption etc.

In 2015, the bank will continue to focus on reductions through the following initiatives:

- The bank will continue to finance renewable energy.
- It will become possible for the bank's business customers to sign agreements and documents electronically by using the NemID login. Agreements and documents will thus be delivered to the customer's internet-based electronic mailbox to further reduce paper consumption.
- Use of the installed video conference equipment for customer meetings, internal meetings, training etc.

Local community

Given its position in the local area, the bank has a natural wish to support the area's development. Activities in 2014 included the following:

- Total payment of DKK 155 million in corporation tax and payroll tax, of which DKK 140 million was corporation tax.
- Allocations to charitable purposes from the following:
  - Sdr. Lem Andelskasses Fond
  - Tarm Banks Jubilæumsfond
  - The bank's profit distribution
- Sponsorship agreements with more than 700 clubs and associations in the bank's local area. This includes sponsorships and subsidies for cultural activities, general and elite sports in order to support the goal of putting the local community on the map. Specific major activities during the year included support for:
  - New grandstand and new stadium in Ringkøbing
  - Danish Civil Protection League - annual national rally 2014 in Ringkøbing
  - Danish Football Association (DBU) - men's U16 national football team - friendly match against the Czech Republic at Ringkøbing Stadium
  - DGI gymnastic displays in the spring in Ringkøbing and Skjern
  - DGI World Gymnastic Team in Skjern
  - Gospel festival in Hvide Sande
  - Handball Association of Jutland (JHF), district 3 - handball club of the year
  - Ringkøbing-Skjern Municipality golf championships
  - "Kunsten inviterer indenfor" - invitation to visit local artists - open house event
  - New Year concert in Ringkøbing
  - Ringkøbing Fiord Jazz Festival at Stauning harbour
  - Ringkøbing and environs' motoring club (ROMK) - rally show
  - School football in Ringkøbing-Skjern Municipality
  - Wood sculpture festival in Ringkøbing
  - And many more

The bank will also continue to provide active support to the many clubs and associations in the bank's local area in 2015.

Code of conduct

In December 2014, the bank's board of directors adopted a code of conduct which designates guidelines for the bank's employees (including the board of directors and the general management) concerning the conduct which is expected of them, i.e. the conduct to stakeholders such as customers, suppliers and authorities. The object of the code of conduct is to assist employees in their daily decisions and conduct. The code is general and in no way exhaustive, but it provides examples of unacceptable behaviour, where there is a particular risk for the bank and its employees. The code of conduct is available on the bank's website at the address: www.landbobanken.dk/policies.

Information on listed companies

In accordance with Section 133a of the Executive Order on Financial Reports for Credit Institutions and Investment Firms etc., the bank advises as follows:

The bank's share capital on 31 December 2014 was DKK 23.9 million in 4,780,000 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 Copenhagen. There are no restrictions on the shares' negotiability.

ATP, Hillerød, Denmark and Parvus Asset Management (UK) LLP, London, United Kingdom, have advised that they own more than 5% of the bank's share capital. Both shareholders have two votes each.

With respect to the exercising of voting rights, each shareholding up to and including nom. DKK 500 carries one vote. 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 the members of the bank's shareholders' committee, and the bank's employees also elect members to the bank's board of directors in accordance with rules in force.

With respect to amendments of the bank's articles of association, a decision to change these 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.

On the date of presenting the financial statements, the board of directors has the following authorities pursuant to the articles of association to issue shares:

The board of directors is authorised to increase the share capital by cash payment in one or more rounds by up to nom. DKK 14,210,980 to nom. DKK 38,110,980 by subscription for new shares for which the board of directors will determine the price. The capital increase must be fully paid. The authorisation is valid until 25 February 2019. The capital increase will take place with right of pre-emption for existing shareholders.

The board of directors is authorised to increase the share capital by payment of values other than cash in one or more rounds by up to nom. DKK 14,210,980 to nom. DKK 38,110,980 by subscription for new shares for which the board of directors will determine the price as payment for the bank's takeover of an existing company or specific asset values corresponding to the value of the shares issued. The capital increase must be fully paid. The authorisation is valid until 25 February 2019. The capital increase will take place without right of pre-emption for existing shareholders.

Use of the authorisations may not exceed a total of nom. DKK 14,210,980, and each use of the authorizations shall trigger simultaneous reductions in the amounts authorised in both authorisations by the subscribed nominal capital concerned in the use of the authorisation.

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

The bank's annual general meeting of 26 February 2014 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 the annual general meeting in 2014, the board was also authorised to buy back up to 110,000 shares and set them aside for later cancellation, and this authority was fully exercised in 2014.

In conclusion, it is advised that the bank has accepted so-called change of control clauses in certain funding agreements.

Ringkøbing
Landbobank

STATEMENT AND REPORTS

Statement by the board of directors and the general management

The board of directors and the general management have today reviewed and approved the annual report of Ringkjøbing Landbobank A/S for the financial year 1 January - 31 December 2014.

The annual report is prepared in accordance with the provisions of the Danish Financial Business Act 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 2014 and the result of the bank's activities and cash flows for the financial year 1 January - 31 December 2014. We also believe that the management report contains a true and fair account of the bank's activities and financial position as well as a description of the most important risks and uncertainties which can affect the bank.

The annual report is recommended for approval by the general meeting.

Ringkøbing, 28 January 2015

General management:

John Bull Fisker
CEO

Ringkøbing, 28 January 2015

Board of directors:

Jens Lykke Kjeldsen
Chairman

Martin Krogh Pedersen
Deputy Chairman

Gert Asmussen

Inge Sandgrav Bak

Gravers Kjærgaard

Jørgen Lund Pedersen

Bo Bennedsgaard
Employee board member

Gitte E. S. Vigsø
Employee board member

Internal auditor's report

To the shareholders of Ringkjøbing Landbobank A/S

Endorsement 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 2014, covering the profit and loss account, core eranings, balance sheet, statement of shareholders´ equity, capital adequacy computation, cash flow statement and notes, including accounting policies and five year main and key figures. The annual financial statements were prepared in accordance with the Danish Financial Business Act.

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.

My 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 2014 and of the result of the bank's activities and cash flows for the financial year 1 January - 31 December 2014 in accordance with the Danish act on financial activities.

Statement on management report

As required under the Danish Financial Business Act, 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 accordance with the annual financial statements.

Ringkøbing, 28 January 2015

Henrik Haugaard
Chief auditor

The independent auditor's report

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 2014, covering the profit and loss account, core earnings, balance sheet, statement of shareholders´ equity, capital adequacy computation, cash flow statement and notes, including the accounting policy and five year main and key figures. The annual financial statements were prepared in accordance with the Danish Financial Business Act.

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 Danish Financial Business Act. 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 of 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.

The independent auditor's report - continued

Conclusion

We 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 2014 and of the result of the bank's activities and cash flows for the financial year 1 January-31 December 2014 in accordance with the Danish Financial Business Act.

Statement on the management report

In accordance with the Danish Financial Business Act, 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, 28 January 2015

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

H. C. Krogh
State-authorised
public accountant

Ringkøbing Landbobank

ACCOUNTS

PROFIT AND LOSS ACCOUNT

Note no.		2014 DKK 1,000	2013 DKK 1,000
1	Interest receivable	787,924	776,268
2	Interest payable	139,253	146,037
	Net income from interest	**648,671**	**630,231**
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
	Net income from interest and fees	**885,949**	**841,531**
5	Value adjustments	+82,293	+23,074
	Other operating income	4,001	2,730
6,7,8,9	Staff and administration costs	270,532	254,909
10	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
11	Impairment charges for loans and other debtors etc.	-87,186	-120,175
	Result of capital shares in associated companies	-11	-3
	Profit before tax	**587,013**	**471,859**
12	Tax	141,152	114,199
	Profit after tax	**445,861**	**357,660**
	Other comprehensive income	0	0
	Total comprehensive income	**445,861**	**357,660**

PROPOSED DISTRIBUTION OF PROFIT

	2014 DKK 1,000	2013 DKK 1,000
Profit after tax	445,861	357,660
Total amount available for distribution	**445,861**	**357,660**
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
Total distribution of the amount available	**445,861**	**357,660**

CORE EARNINGS

Note no.		2014 DKK 1,000	2013 DKK 1,000
	Net income from interest	634,681	614,719
4	Net income from fees and provisions excl. commission	192,941	171,765
	Income from sector shares	25,576	14,403
4	Foreign exchange income	13,489	13,293
	Other operating income	4,001	2,730
	Total core income excl. trade income	**870,688**	**816,910**
4	Trade income	36,440	26,925
	Total core income	**907,128**	**843,835**
6	Staff and administration costs	270,532	254,909
10	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
	Core earnings before impairments	**609,227**	**570,829**
11	Impairment charges for loans and other debtors etc.	-87,186	-120,175
	Core earnings	**522,041**	**450,654**
	Result for portfolio	+65,104	+23,497
	Expenses for bank packages	132	2,292
	Profit before tax	**587,013**	**471,859**
12	Tax	141,152	114,199
	Profit after tax	**445,861**	**357,660**

BALANCE SHEET

Note no.		End Dec. 2014 DKK 1,000	End Dec. 2013 DKK 1,000
	Assets		
	Cash in hand and claims at call on central banks	190,873	63,064
13	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
14,15	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
16	Bonds at current value	4,659,495	4,669,732
17	Shares etc.	283,047	208,697
	Capital shares in associated companies	530	540
18	Land and buildings total	66,401	73,871
	Investment properties	6,056	6,056
	Domicile properties	60,345	67,815
19	Other tangible assets	4,666	4,385
	Actual tax assets	87,779	24,501
	Temporary assets	997	1,000
20	Other assets	248,863	263,856
	Periodic-defined items	7,633	6,977
	Total assets	**21,237,908**	**19,582,821**

Note no.		End Dec. 2014 DKK 1,000	End Dec. 2013 DKK 1,000
	Liabilities and equity		
21	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 the KfW Bankengruppe	1,081,240	968,568
22	Deposits and other debts	15,450,273	14,113,816
23	Issued bonds at amortised cost price	236,238	249,814
24	Other liabilities	156,231	173,806
	Periodic-defined items	1,205	917
	Total debt	**17,755,162**	**16,293,237**
25	Provisions for deferred tax	14,476	13,188
15	Provisions for losses on guarantees	3,995	4,256
	Total provisions for liabilities	**18,471**	**17,444**
	Subordinated loan capital	200,216	200,193
	Hybrid core capital	165,451	170,847
26	**Total subordinated debt**	**365,667**	**371,040**
27	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
	Total shareholders' equity	**3,098,608**	**2,901,100**
	Total liabilities and equity	**21,237,908**	**19,582,821**

28 Own capital shares

29 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
2014					
Shareholders' equity at the end of the previous financial year	**24,200**	**189**	**2,755,211**	**121,500**	**2,901,100**
Reduction of share capital	-300		300		0
Dividend etc. paid				-121,500	-121,500
Dividend received on own shares			2,022		2,022
Shareholders' equity after allocation of dividend etc.	**23,900**	**189**	**2,757,533**	**0**	**2,781,622**
Purchase and sale of own shares			-128,875		-128,875
Total comprehensive income		-11	321,092	124,780	445,861
Shareholders' equity on the balance sheet date	**23,900**	**178**	**2,949,750**	**124,780**	**3,098,608**
2013					
Shareholders' equity at the end of the previous financial year	**24,700**	**192**	**2,581,588**	**69,660**	**2,676,140**
Reduction of share capital	-500		500		0
Dividend etc. paid				-69,660	-69,660
Dividend received on own shares			1,427		1,427
Shareholders' equity after allocation of dividend etc.	**24,200**	**192**	**2,583,515**	**0**	**2,607,907**
Purchase and sale of own shares			-64,467		-64,467
Total comprehensive income		-3	236,163	121,500	357,660
Shareholders' equity on the balance sheet date	**24,200**	**189**	**2,755,211**	**121,500**	**2,901,100**

CAPITAL ADEQUACY COMPUTATION

	End Dec. 2014 DKK 1,000	End Dec. 2013 DKK 1,000
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
Total weighted risk exposure	**15,910,631**	**14,869,264**
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 trading framework for own shares	-55,000	0
Actual trading framework spent on own shares	4,061	0
Core tier 1 capital (excl. hybrid core capital)	**2,779,305**	**2,779,411**
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
Tier 1 capital	**2,779,305**	**2,860,445**
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
Capital base	**2,779,305**	**2,978,596**
Core tier 1 capital ratio (excl. hybrid core capital) (%)	**17.5**	**18.7**
Tier 1 capital ratio (%)	**17.5**	**19.2**
Solvency ratio - Tier 2 (%)	**17.5**	**20.0**
Capital base requirements under Section 124 (2) of the Danish FSA	1,272,850	1,189,541

CASH FLOW STATEMENT

	2014 DKK 1,000	2013 DKK 1,000
Operation activities		
Profit for the financial year	445,861	357,660
Amortisations, depreciations and write-downs on intangible and tangible assets	12,192	4,270
Impairments charges for loans and other debtors etc.	131,407	164,088
Items not affecting liquidity	1,432	-2,195
Adjusted result of operations	**590,892**	**523,823**
Changes in operating capital		
Claims on and debt to credit institutions etc., net	337,736	410,086
Loans and other debtors at amortised cost price	-1,789,256	-1,589,234
Securities, not liquid and pledged	55,779	-77,691
Deposits and other debts	1,336,457	1,247,068
Issued bonds at amortised cost price	-13,576	-90,995
Other assets and liabilities, net	-66,486	5,249
Cash flows from operating activities	**451,546**	**428,306**
Investment activities		
Tangible assets, purchase	-5,911	-3,125
Tangible assets, sale	774	645
Cash flows from investment activities	**-5,137**	**-2,480**
Financing activities		
Paid dividend, net	-119,478	-68,233
Own shares etc.	-128,875	-64,467
Subordinated capital	-5,373	-11,594
Cash flows from financing activities	**-253,726**	**-132,700**
Total effect on liquidity for the year	**192,683**	**281,532**
Cash and cash equivalents, beginning of year	4,645,536	4,364,004
Cash and cash equivalents, end of year	**4,838,219**	**4,645,536**
Cash and cash equivalents, end of year specified thus:		
Cash in hand and claims at call on central banks	190,873	63,064
Claims on credit institutions and central banks	59,014	114,032
Securities, unpledged	4,588,332	4,468,440
Total cash and cash equivalents, end of year	**4,838,219**	**4,645,536**

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 other Danish requirements regarding information in the annual financial statements of listed financial companies.

The annual report is presented in DKK.

The accounting policies are unchanged from the latest financial year. However, the section on »Sales and repurchase agreements (repo / reverse transactions)« has been added as a new point, and a clarification has been incorporated in the section »Bonds and shares«.

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 impairment charges on loans and debtors, computation of current values for unlisted financial instruments, and provisions for liabilities. The most important estimates on impairment charges 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.

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 »Impairment charges for 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 garantees are carried to income over the term of the garantees. 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.

Impairment charges for loans and debtors etc.
This item includes losses and impairment charges for loans and other debtors and losses and provisions on guarantees. The item also includes losses and impairment charges on claims on credit institutions.

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. Changes in the corporate tax rate will be taken into account.

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 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, an impairment charge 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 individually impaired, 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 collective impairment charges. The adjusted estimates were further corrected to take account of the changed economic conditions, hereunder “early events”. 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 collective impairments. The impairment is calculated as the difference between the book value and the discounted value of the expected future payments.

Changes in impairments which have been made are adjusted in the profit and loss account under the item »Impairment charges for loans and debtors etc.«.

Sales and repurchase agreements (repo / reverse transactions)
Securities which have been sold under associated repurchase agreements remain listed under securities in the balance sheet. Amounts received are recognised as deposits or debt to credit institutions.

Securities which have been bought under associated resale agreements are recognised as loans or amounts owed by credit institutions, and the return is recognised under »Interest income«.

Bonds and shares
Securities listed on a stock exchange are measured at current value determined at the quoted price, best expressed by the closing price at the balance sheet date.

Unlisted securities and other ownership interests (including level 3 assets) are also included at fair value, computed on the basis of the transaction price in an exchange between independent parties. If no current market data exist, the fair value is determined on the basis of published announcements of financial results, or alternatively a yield model will be used which is based on payment flows and other available information.

The management actively considers the fair value computations.

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 in total comprehensive income in 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.

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«. A deferred tax asset is booked under the item »Deferred tax assets« following a cautious assessment of the asset's value.

The effect of changes in the corporate tax rate is recognized in »Deferred tax assets« / »Provisions for deferred tax«.

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 deferred tax and provisions for 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 »Impairment charges for 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

The »Return on equity before tax, beginning of the year«, and the »Return on equity after tax, 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 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.

The market value listed on page 2 is calculated from the closing price of the Ringkjøbing Landbobank share on 23 January 2015 at 1,182.

Impairment charges for loans etc. are listed excl. expenses for bank packages and impairment charges for national bank package 1, etc.

NOTE OVERVIEW

Note no.		2014 DKK 1,000	2013 DKK 1,000
1	**Interest receivable**		
	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
	Total interest receivable	**787,924**	**776,268**
2	**Interest payable**		
	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
	Total interest payable	**139,253**	**146,037**
3	**Dividend on capital shares etc.**		
	Shares	7,897	12,610
	Total dividend on capital shares etc.	**7,897**	**12,610**
4	**Fees and commissions**		
	Gross income from fees and commissions		
	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
	Total gross income from fees and commissions	**261,082**	**229,813**
	Fees and commissions paid		
	Securities trading and deposits	8,938	6,721
	Asset management	5,551	5,030
	Payment handling	3,034	2,177
	Loan fees	2,128	2,069
	Other fees and commissions	12,050	15,126
	Total fees and commissions paid	**31,701**	**31,123**
	Net income from fees and commissions		
	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
	Total net income from fees and commissions	**229,381**	**198,690**
	Foreign exchange income	13,489	13,293
	Total net income from fees, commissions and foreign exchange income	**242,870**	**211,983**

Note no.		2014 DKK 1,000	2013 DKK 1,000
5	**Value adjustments**		
	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 derivative 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
	Total value adjustments	**82,293**	**23,074**

* Cf. note 34.

Note no.		2014 DKK 1,000	2013 DKK 1,000
6	**Staff and administration costs**		
	Payments to general management, board of directors and shareholders' committee		
	General management*/**:		
	John Fisker	4,031	3,973
	Total payment	4,031	3,973
	Board of directors*:		
	Jens Lykke Kjeldsen, chairman	299	272
	Martin Krogh Pedersen, deputy chairman	199	164
	Gert Asmussen	149	140
	Inge Sandgrav Bak	149	140
	Gravers Kjærgaard	149	158
	Jørgen Lund Pedersen	149	117
	Keld Hansen	0	23
	Bo Bennedsgaard	149	140
	Gitte E. S. Vigsø	149	140
	Total payment	1,392	1,294
	Shareholders committee*:		
	Total payment	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
	Total staff and administration costs	**270,532**	**254,909**

* The general management, the board of directors and the shareholders committee does not receive variable payment.

** The general management has a company car.

Note no.		2014	2013
7	**Number of full-time employees**		
	Average number of employees during the financial year converted into full-time employees	**257**	**251**

Note no.		2014 DKK 1,000	2013 DKK 1,000
8	**Salaries to major risk takers and control functions**		
	Fixed salary	11,577	4,283
	Variable salary	350	175
	Pension	1,273	471
	Total	**13,200**	**4,929**
	Number of full-time employees	14	5
9	**Fee to the auditor elected by the general meeting**		
	Statutory audit	625	625
	Other declarations with security	50	50
	Advice on tax	0	13
	Other services	100	37
	Total fee to the auditor elected by the general meeting	**775**	**725**
	The bank has also an internal auditor.		
10	**Amortisations, depreciations and write-downs on intangible and tangible assets**		
	Tangible assets		
	Domicile properties, depreciations	662	555
	Domicile properties, write-downs	6,000	1,000
	Other tangible assets, depreciations	5,530	2,715
	Total amortisations, depreciations and write-downs on intangible and tangible assets	**12,192**	**4,270**
11	**Impairment charges on loans and other debtors etc.**		
	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
	Total impairment charges on loans and other debtors etc.	**87,186**	**120,175**
12	**Tax**		
	Tax calculated on the years profit	139,780	114,967
	Adjustment of deferred tax	1,826	-1,660
	Adjustment of deferred tax due to change in tax rate	-538	-303
	Adjustment of tax calculated for previous years	84	1,195
	Total tax	**141,152**	**114,199**
	Effective tax rate (%):		
	The current tax rate of the bank	24.5	25.0
	Permanent deviations	-0.4	-1.0
	Adjustment of deferred tax due to change in tax rate	-0.1	-0.1
	Adjustment of tax calculated for previous years	0.0	0.3
	Total effective tax rate	**24.0**	**24.2**
		End Dec. 2014 DKK 1,000	**End Dec. 2013** DKK 1,000
13	**Claims on credit institutions and central banks**		
	Claims at call	59,014	114,032
	Up to and including 3 months	0	100,000
	More than 3 months and up to and including 1 year	1,476	0
	More than 1 year and up to and including 5 years	120,000	202,881
	Total claims on credit institutions and central banks	**180,490**	**416,913**
	Distributed as follows:		
	Claims on credit institutions	180,490	416,913
		180,490	**416,913**

Note no.		End Dec. 2014 DKK 1,000	End Dec. 2013 DKK 1,000
14	**Loans and other debtors at amortised cost price**		
	At call	1,383,877	1,311,786
	Up to and including 3 months	1,248,521	674,795
	More than 3 months and up to and including 1 year	1,869,846	1,542,624
	More than 1 year and up to and including 5 years	5,281,673	4,601,579
	More than 5 years	5,723,217	5,718,501
	Total loans and other debtors at amortised cost price	**15,507,134**	**13,849,285**
	Of which reverse transactions	583,142	0
15	**Impairment charges for loans and other debtors and provisions for losses on guarantees**		
	Individual impairment charges		
	Cumulative individual impairment charges for loans and other debtors at the end of the previous financial year	736,513	632,529
	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
	Cumulative individual impairment charges for loans and other debtors on the balance sheet date	**701,131**	**736,513**
	Collective impairment charges		
	Cumulative collective impairment charges for loans and other debtors at the end of the previous financial year	112,652	114,876
	Impairment charges / value adjustments during the year	113,620	-2,224
	Cumulative collective impairment charges for loans and other debtors on the balance sheet date	**226,272**	**112,652**
	Total cumulative impairment charges for loans and other debtors on the balance sheet date	**927,403**	**849,165**
	Provisions for losses on guarantees		
	Cumulative individual provisions for losses on guarantees at the end of the previous financial year	4,256	10,958
	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
	Cumulative individual provisions for losses on guarantees on the balance sheet date	**3,995**	**4,256**
	Total cumulative impairment charges for loans and other debtors and provisions for losses on guarantees on the balance sheet date	**931,398**	**853,421**
16	**Bonds at current value**		
	Listed on the stock exchange*	4,659,495	4,669,732
	Total bonds at current value	**4,659,495**	**4,669,732**

* See page 25 of the management report, where the rating classes are stated.

Note no.		End Dec. 2014 DKK 1,000	End Dec. 2013 DKK 1,000
17	**Shares etc.**		
	Listed on NASDAQ Copenhagen	40,650	15,700
	Unlisted shares at current value	1,473	1,372
	Sector shares at current value	240,924	191,625
	Total shares etc.	**283,047**	**208,697**
18	**Land and buildings**		
	Investment properties		
	Current value at the end of the previous financial year	6,056	6,206
	Acquisitions during the year, including improvements	0	0
	Disposals during the year	0	-817
	Value adjustments to current value for the year	0	374
	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	0	293
	Current value on the balance sheet date	**6,056**	**6,056**
	Domicile properties		
	Reassessed value at the end of the previous financial year	67,815	69,624
	Acquisitions during the year, including improvements	0	0
	Disposals during the year	-1,236	-350
	Depreciations for the year	-662	-555
	Write-downs after revaluation for the year	-6,000	-1,000
	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	428	96
	Total reassessed value on the balance sheet date	**60,345**	**67,815**
	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.		
19	**Other tangible assets**		
	Cost price		
	Cost price at the end of the previous financial year without depreciations and write-downs	28,846	29,517
	Acquisitions during the year, including improvements	5,911	3,125
	Disposals during the year	-1,242	-3,796
	Total cost price on the balance sheet date	**33,515**	**28,846**
	Amortisations, depreciations and write-downs		
	Amortisations, depreciations and write-downs at the end of the previous financial year	24,461	25,536
	Depreciations for the year	5,530	2,715
	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	-1,142	-3,790
	Total amortisations, depreciations and write-downs on the balance sheet date	**28,849**	**24,461**
	Total other tangible assets on the balance sheet date	**4,666**	**4,385**
20	**Other assets**		
	Interest and commissions receivable	62,538	72,697
	Positive market value of derivative financial instruments	138,054	130,888
	Miscellaneous receivables and other assets	31,325	43,049
	Other deposits	16,946	17,222
	Total other assets	**248,863**	**263,856**

Note no.		End Dec. 2014 DKK 1,000	End Dec. 2013 DKK 1,000
21	**Debt to credit institutions and central banks**		
	Debt payable on demand	258,042	298,236
	Up to and including 3 months	478,264	315,311
	More than 3 months and up to and including 1 year	76,818	137,287
	More than 1 year and up to and including 5 years	611,326	560,112
	More than 5 years	486,765	443,938
	Total debt to credit institutions and central banks	**1,911,215**	**1,754,884**
	Distributed as follows:		
	Debt to credit institutions	1,911,215	1,754,884
		1,911,215	**1,754,884**
22	**Deposits and other debts**		
	On demand*	9,209,187	8,325,047
	Deposits and other debts at notice:		
	Up to and including 3 months	1,761,577	1,205,176
	More than 3 months and up to and including 1 year	1,064,673	1,426,171
	More than 1 year and up to and including 5 years	948,383	1,501,668
	More than 5 years	2,466,453	1,655,754
	Total deposits and other debts	**15,450,273**	**14,113,816**
	Distributed as follows:		
	On demand	8,815,421	7,933,649
	At notice	348,422	337,480
	Time deposits	2,735,273	2,549,938
	Long-term deposit agreements	2,238,720	1,883,569
	Special types of deposits*	1,312,437	1,409,180
		15,450,273	**14,113,816**
	* 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«.		
23	**Issued bonds at amortised cost price**		
	Up to and including 3 months	2,573	3,727
	More than 3 months and up to and including 1 year	233,665	0
	More than 1 year and up to and including 5 years	0	246,087
	Total issued bonds at amortised cost price	**236,238**	**249,814**
	Distributed as follows:		
	Issues in Norwegian kroner		
	Nom. 100 million NOK*	82,320	88,540
	Regulation at amortised cost price and adjustment to current value of issues in Norwegian kroner*	2,473	5,768
	Issues in Euro:		
	Nom. 20 million EUR*	148,872	149,206
	Other issues	2,573	6,300
		236,238	**249,814**

* Cf. note 34.

Note no.		End Dec. 2014 DKK 1,000	End Dec. 2013 DKK 1,000
24	**Other liabilities**		
	Interest and commissions payable	26,240	25,597
	Negative market value of derivative financial instruments	42,384	36,347
	Micellaneous payables and other liabilities	87,607	111,862
	Total other liabilities	**156,231**	**173,806**
25	**Provisions for deferred tax**		
	The calculated provisions for deferred tax relates to the balance sheet items:		
	Loans and other debtors	-2,817	-2,857
	Tangible assets	-451	-576
	Temporary assets	-80	-74
	Other balance sheet items	17,824	16,695
	Total provisions for deferred tax	**14,476**	**13,188**

26 Subordinated debt

Type	Interest rate (%)	Cur-rency	Mill.	Due date	Possible early redemption date	End Dec. 2014 DKK 1,000	End Dec. 2013 DKK 1,000
Subordinated loan capital							
Bilateral agreement*	Floating	EUR	27	30 June 2021	30 June 2018	200,977	201,428
Total subordinated loan capital						**200,977**	**201,428**
Hybrid core capital							
Bond loan**/***	4.795	DKK	200	Perpetual	2 March 2015	200,000	200,000
Own holding						-35,500	-35,500
Total hybrid core capital						**164,500**	**164,500**
Regulation at amortised cost price and adjustment to current value****						190	5,112
Total subordinated debt						**365,667**	**371,040**
Distributed as follows:							
Subordinated debt included in the capital base						292,382	365,928
Subordinated debt not included in the capital base						73,095	0
Regulation at amortised cost price and adjustment to current value****						190	5,112
						365,667	**371,040**

* 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 - 2014: tDKK 5,096 / 2013: tDKK 5,176.

** 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 - 2014: tDKK 7,927 / 2013: tDKK 8,045.

*** Admitted for listing on NASDAQ Copenhagen. The loan will be repaid on 2 March 2015.

**** Cf. note 34.

Note no.		End Dec. 2014 DKK 1,000	End Dec. 2013 DKK 1,000
27	**Share capital**		
	Number of shares at DKK 5 each:		
	Beginning of year	4,840,000	4,940,000
	Cancellation during the year	-60,000	-100,000
	End of year	**4,780,000**	**4,840,000**
	Reserved for subsequent cancellation	110,000	60,000
	Share capital	**23,900**	**24,200**
	The whole share capital has been admitted for listing on NASDAQ Copenhagen.		
28	**Own capital shares**		
	Own capital shares included in the balance sheet at	0	0
	The market value is	130,781	68,747
	Number of own shares:		
	Beginning of year	62,554	96,075
	Purchase during the year	290,886	318,806
	Sale during the year	-179,915	-252,327
	Cancellation during the year	-60,000	-100,000
	End of year	113,525	62,554
	Nominal value of holding of own shares, end of year	568	313
	Own shares' proportion of share capital end of year (%):		
	Beginning of year	1.3	1.9
	Purchase during the year	6.1	6.6
	Sale during the year	-3.8	-5.2
	Cancellation during the year	-1.2	-2.0
	End of year	2.4	1.3
	Total purchase price for shares acquired during the year	466,512	362,659
	Total sales price for shares sold during the year	337,637	298,192
	The transactions for the year in own shares were made on the basis of the bank's ordinary trading with shares and share buy-back programme.		
29	**Contingent liabilities etc.**		
	Contingent liabilities		
	Finance guarantees	978,987	836,102
	Guarantees against losses on mortgage credit loans	62,074	55,841
	Guarantees against losses Totalkredit	187,068	112,284
	Registration and conversion guarantees	728,745	168,550
	Sector guarantees	48,596	48,175
	Other contingent liabilities	212,340	680,982
	Total contingent liabilities	**2,217,810**	**1,901,934**
30	**Assets furnished as security**		
	First mortgage loans are provided for German wind turbine projects. The loans are funded directly by KfW Bankengruppe, to which security in the associated loans has been provided. Each reduction of the first mortgage loans is deducted directly from the funding at the KfW Bankengruppe.	**1,081,240**	**968,568**
	As security for clearing, the bank has pledged securities from its holding to the Central Bank of Denmark to a total market price of	**275,685**	**321,192**
	Collateral under CSA agreements	**86,269**	**75,372**

Note
no.

31 **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.

32 **Related parties**

Related parties are the bank's board of directors and general management and their relatives. Ringkjøbing Landbobank advises that it has no related parties with controlling interest.

There were no transactions during the year with the board of directors and the general management apart from the payment of salaries and fees etc., securities trading and the provision of loans and guarantees.

It is also noted that all of the transactions performed in 2014 and 2013 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 the general management 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 general management 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 the general managers is given in this note.

		End Dec. 2014 DKK 1,000	**End Dec. 2013** DKK 1,000
The amount of loans issued to and mortgages, sureties or guarantees issued for the members of the bank's:	Interest rates 2014		
General management	(Mastercard)	250	250
Board of directors, incl. elected by the staff	1.1% - 3.6%	9,755	8,260
New engagements during the year have been granted for		2,400	4,296
All engagements are performed under market terms, including both interest and guarantee commission rates.			
Security pledged from members of the bank's:			
General management		0	0
Board of directors, incl. elected by the staff		74	79

	End Dec. 2014 Number of shares	**End Dec. 2013** Number of shares
The board of directors' and the general management shareholdings* in Ringkjøbing Landbobank at the end of the year		
The board of directors:		
Jens Lykke Kjeldsen	3,500	5,865
Martin Krogh Pedersen	6,501	6,501
Gert Asmussen	4,528	4,528
Inge Sandgrav Bak	2,521	2,521
Gravers Kjærgaard	6,663	6,663
Jørgen Lund Pedersen	100	100
Bo Bennedsgaard	532	530
Gitte E. S. Vigsø	30	30
General management:		
John Fisker	15,192	15,192

* Stated in accordance with the rules on insiders.

Note
Eno.

33 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.

Loans and other debtors are measured in the balance sheet at amortised cost. The difference from current value is calculated as fees and commissions received, costs incurred in the 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 impairment charges for 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. 2014		End Dec. 2013	
	Book value	Current value	Book value	Current value
	DKK 1,000	DKK 1,000	DKK 1,000	DKK 1,000
Financial assets				
Cash in hand + claims at call on central banks	190,873	190,873	63,064	63,064
Claims on credit institut. and central banks*	180,490	180,490	438,117	438,117
Loans and other debtors at amort. cost price*	15,537,722	15,559,875	13,878,254	13,904,051
Bonds at current value*	4,659,495	4,659,495	4,685,946	4,685,946
Shares etc.	283,577	283,577	209,237	209,237
Derivative financial instruments	149,247	149,247	130,888	130,888
Total financial assets	**21,001,404**	**21,023,557**	**19,405,506**	**19,431,303**
Financial liabilities				
Debt to credit institutions and central banks*	1,911,215	1,911,215	1,755,861	1,755,861
Deposits and other debts*	15,460,254	15,478,548	14,125,574	14,125,306
Issued bonds at amortised cost price*/**	239,293	236,820	253,232	247,463
Derivative financial instruments	53,343	53,343	36,347	36,347
Subordinated debt*/**	373,344	372,087	378,762	371,980
Total financial liabilities	**18,037,449**	**18,052,013**	**16,549,776**	**16,536,957**

* 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.

Note no.		End Dec. 2014 DKK 1,000	End Dec. 2013 DKK 1,000
34	**Hedging***		
	The following are hedged:		
	Fixed interest loans, issued bonds, floating interest subordinated loan capital and fixed interest hybrid core capital		
	Risk cover:		
	Interest rate risk and foreign exchange risk		
	Book values:		
	Loans	58,000	32,501
	Issued bonds	84,793	94,308
	Subordinated loan capital	200,216	200,193
	Hybrid core capital	165,451	170,847
	Cover is thus:		
	Interest swaps - total synthetic principal	221,250	190,250
	Currency swaps - total synthetic principal	283,297	289,968
	Total current value	-3,088	6,990

* Current value hedging only.

35 Risks and risk management

As described in the section on risk »Risks and risk management« in the management report contained in the annual report, Ringkjøbing Landbobank is exposed to various types of risk. See the section on risks on pages 20 - 31 of the management report for a description of financial risks and policies and objectives for their management:

- Credit risks - page 21
- Interest rate risk - page 26
- Foreign exchange risk - page 26
- Share risk - page 27
- Liquidity risk - page 29

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

Note no.		End Dec. 2014 DKK 1,000	End Dec. 2013 DKK 1,000
36	**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	190,873	63,064
	Claims on credit institutions and central banks	180,490	416,913
	Loans and other debtors at amortised cost price	15,507,134	13,849,285
	Bonds at current value	4,659,495	4,669,732
	Shares etc.	283,047	208,697
	Capital shares in associated companies	530	540
	Other assets, including derivative financial instruments	336,642	288,357
		21,158,211	**19,496,588**
	Off-balance sheet items		
	Guarantees (contingent liabilities)	2,217,810	1,901,934
		2,217,810	**1,901,934**
	Maximum credit exposure excluding unutilsed credit facilities	**23,376,021**	**21,398,522**
	Unutilised credit facilities*	4,950,672	4,261,468
	Total maximum credit exposure	**28,326,693**	**25,659,990**

* The bank has made unused credit facilities to a total of DKK 5.0 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. The volume of committed credit facilities is insignificant.

A more detailed division of the items »Loans and other debtors 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 debtors at amortised cost price« and »Guarantees«.

	End Dec. 2014 Per cent	End Dec. 2013 Per cent
Loans, guarantees and unutilised credit facilities in percent, end of year, by sector		
Public authorities	**0.1**	**0.0**
Business:		
Agriculture, hunting and forestry		
Cattle farming etc.	2.0	2.5
Pig farming etc.	2.0	2.3
Other agriculture, hunting and forestry	4.7	4.2
Fishing	2.2	1.5
Mink production	0.9	1.1
Industry and raw materials extraction	3.0	3.1
Energy supply	1.4	1.3
Wind turbines - Denmark	7.3	8.6
Wind turbines - foreign	12.5	13.4
Building and construction	2.1	1.7
Trade	4.1	4.1
Transport, hotels and restaurants	1.2	1.6
Information and communication	0.3	0.3
Financing and insurance	12.7	8.0
Real estate	10.4	9.7
Other business	6.9	9.3
Total business	**73.7**	**72.7**
Private	**26.2**	**27.3**
Total	**100.0**	**100.0**

Note no.		End Dec. 2014 Per cent	End Dec. 2013 Per cent
36	**Credit risk - continued**		
	Loans and guarantees in percent, end of year, by sector		
	Public authorities	**0.0**	**0.0**
	Business:		
	Agriculture, hunting and forestry		
	Cattle farming etc.	2.1	2.6
	Pig farming etc.	2.1	2.4
	Other agriculture, hunting and forestry	4.4	3.9
	Fishing	2.3	1.6
	Mink production	0.8	0.9
	Industry and raw materials extraction	2.6	2.6
	Energy	1.5	1.0
	Wind turbines - Denmark	7.7	9.5
	Wind turbines - foreign	13.1	14.9
	Building and construction	1.7	1.4
	Trade	3.5	3.7
	Transport, hotels and restaurants	1.1	1.7
	Information and communication	0.2	0.2
	Financing and insurance	15.0	9.6
	Real estate	11.6	11.4
	Other business	6.1	8.3
	Total business	**75.8**	**75.7**
	Private	**24.2**	**24.3**
	Total	**100.0**	**100.0**

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

Comments on distribution by sector

It is the bank's general assessment that the credit quality of its loans is high. The ability of the bank's customers' to pay is generally good, and combined with the bank's solid hedging of many engagements through collateral, the result is low credit risks.

Private customers account for a total of 24.2% of Ringkjøbing Landbobank's total loans and guarantees. The majority of these customers are found in the bank's core area in central and western Jutland and they are characterised by a solid creditworthiness. Some of the bank's private customers are, however, challenged by a weak property market, and the bank made considerable impairment charges in previous years. However, the need for impairment charges was lower in 2014, and the bank noted stabilisation of private customers' creditworthiness. As in previous years, losses on private customers were at a low level. Collateral received from private customers primarily consists of mortgages on real estate (private homes).

The bank has a well-diversified portfolio related to agriculture, with pig farming accounting for 2.1% of the total volume of loans and guarantees, cattle farming accounting for 2.1%, and others for 4.4%. The total exposure to these three agricultural sectors fell from 8.9% in 2013 to 8.6% in 2014. The terms of trade for agriculture have weakened recently, and the economic conditions for agriculture as a whole are difficult. The earnings within agriculture are generally weak, and despite the fact that the bank's agricultural customers are relatively less indebted than the sector in general, the bank has allocated considerable impairment charges to this sector. Security consists primarily of mortgages on agricultural property (land, buildings and other production facilities on the farms). To this must be added assignment of aid per hectare and other settlements etc.

Note
no.

36 Credit risk - continued

Loans for wind turbines amount to a total of 20.8% and they are thus the largest industry in the bank's total loans and guarantees. Wind turbine funding has been a core competence for the bank for over 20 years. The exposure to wind turbines primarily concerns wind turbines erected in Germany, but many turbines have also been erected in Denmark in recent years, and the bank's loans for these have increased appreciably. The bank's concept for wind turbine financing is based on first mortgage financing. The concept includes a legal and commercial due diligence, which combined with subsidy schemes provide a high degree of security. Fixed prices to the producers on the German market provide additional security that the bank will be paid. The bank's realised losses in this sector were minimal, and the financial crisis has confirmed that the risk in this sector is limited. Security consists primarily of first mortgages on wind turbines as well as assignment of electricity accounts and possible subsidies. The bank is still experiencing an efficient wind turbine market with high marketability.

Real estate accounts for a total of 11.6% of the bank's total loans and guarantees. This is a relatively modest share compared to other banks, and this reflects the bank's conservative approach to this sector. Loans and security can be divided into the following main groups:

- Loans with first mortgages on real estate (the majority of loans).
- Loans with second mortgage on real estate and a strong lessee with an irrevocable lease.

In the context of second mortgage financing, the bank emphasises the project's ability to settle the debt prior to expiration of the lease.

Both types of loans have showed their strength during the financial crisis, and the bank feels comfortable about them.

Financing and insurance comprise a total of 15.0% of the bank's total loans and guarantees and include inter alia exposure to well-consolidated financial counterparties and the bank's concept for securities lending. Security in this concept is primarily provided in the form of listed securities.

The concept has certainly demonstrated its strength during the extremely volatile periods on the financial markets during the financial crisis. The exposure increased considerably during 2014, inter alia due to a number of reverse transactions.

Description of security

Ringkjøbing Landbobank wants to reduce the risk to the extent possible when entering into transactions with its customers by obtaining security in the form of mortgages on physical assets, securities, bank deposits etc. as well as obtaining guarantees, including by surety, and letters of subordination. Securities, bank deposits and security in real estate and personal property are most frequently used as security.

The bank monitors the value of security obtained on a regular basis. When computing loan values, a deduction from the value is always made to cover the risk in connection with realisation, costs etc. The table below shows the nominal security values, i.e. the value of the nominal security without any reductions. A reduction can be relevant if an asset's actual value is insufficient to secure the full value of a security if realised. Security was provided mainly in connection with the establishment of loans, and in step with regular repayments of the individual loan, excess security will occur in some cases. On the other hand, exposures also exist where the value of the security, if any, is insufficient to cover the current debt. The following table shows the total nominal securities in proportion to the bank's total loans, and there may thus be unsecured portions in the individual exposures.

Note
no.

36 Credit risk - continued

2014	Securities and cash DKK 1,000	Real estate DKK 1,000	Movable property DKK 1,000	Total DKK 1,000
Nominal securities for not impaired loans by sector				
Public authorities	**0**	**3,195**	**300**	**3,495**
Business:				
Agriculture, forestry and fishing	286,947	1,391,441	569,864	**2,248,252**
Industry and raw materials extraction	42,914	100,407	222,753	**366,074**
Energy supply	102,759	468,902	2,325,361	**2,897,022**
Building and construction	23,537	103,235	114,024	**240,796**
Trade	63,381	262,704	154,346	**480,431**
Transport, hotels and restaurants	66,071	45,219	140,065	**251,355**
Information and communication	1,267	13,435	15,009	**29,711**
Financing and insurance	998,747	324,666	5,600	**1,329,013**
Real estate	121,847	1,663,346	6,015	**1,791,208**
Other business	928,631	600,747	172,505	**1,701,883**
Total business	**2,636,101**	**4,974,102**	**3,725,542**	**11,335,745**
Private	**816,629**	**2,516,661**	**262,391**	**3,595,681**
Total	**3,452,730**	**7,493,958**	**3,988,233**	**14,934,921**

2013	Securities and cash DKK 1,000	Real estate DKK 1,000	Movable property DKK 1,000	Total DKK 1,000
Nominal securities for not impaired loans by sector				
Public authorities	**0**	**3,195**	**300**	**3,495**
Business:				
Agriculture, forestry and fishing	265,508	1,168,200	409,468	1,843,176
Industry and raw materials extraction	14,030	90,846	176,335	281,211
Energy supply	154,481	457,352	2,335,574	2,947,407
Building and construction	16,307	71,125	78,929	166,361
Trade	77,302	218,261	153,691	449,254
Transport, hotels and restaurants	54,500	36,524	122,259	213,283
Information and communication	836	13,668	13,679	28,183
Financing and insurance	762,978	287,626	5,700	1,056,304
Real estate	98,167	1,347,367	13,780	1,459,314
Other business	565,406	859,063	122,061	1,546,530
Total business	**2,009,515**	**4,550,032**	**3,431,476**	**9,991,023**
Private	**791,612**	**2,018,581**	**250,139**	**3,060,332**
Total	**2,801,127**	**6,571,808**	**3,681,915**	**13,054,850**

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

Note no.

36 Credit risk - continued

Credit quality of loans and guarantees which are neither in arrears or have been impaired

The bank has credit rated a substantial number of customers. Statistical models are used for the rating of private and small business customers (based on the probability of default), while an expert model is used for larger business customers.

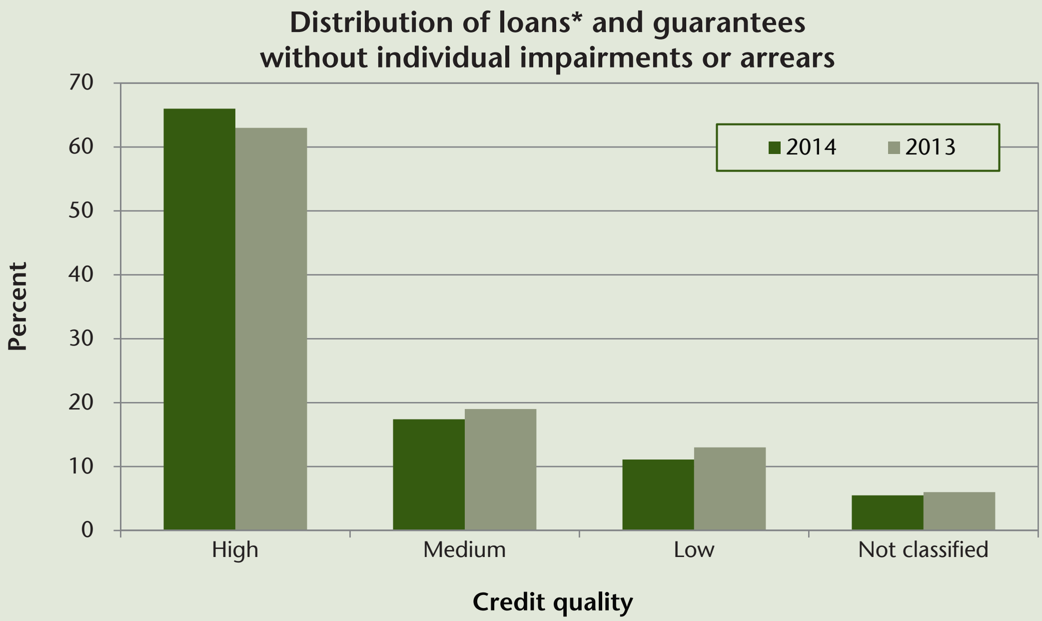
The statistical models use various factors, including information on the customer's assets and a quantity of behavioural data. The factors chosen are those among a number of possible factors which best describe previously distressed accounts.

The expert model for larger business customers is based on information on the customer's financial standing and earning capacity. A general model is used for the business customer group as a whole, and three additional variant models are specially adapted to credit exposures to respectively wind turbines, agriculture and real estate.

The figure below indicates that the credit quality is high for 66% of loans and guarantees compared to 63% at the end of 2013. Concurrently herewith, the share of customers with low credit quality decreased from 13% to 11%, and the group in the middle decreased. The group of non-classified accounts is 6% and consists mainly of small business customers from a wide range of sectors.

The bank gained many new customers throughout 2014, and when establishing new customer relationships, the bank is highly attentive to the customers' creditworthiness and potential risks. A separate review of new customers in 2014 shows that these customers' creditworthiness is better on average than the bank's portfolio in general. The creditworthiness of the bank's existing customers also developed positively.

The aggregate result is that the creditworthiness of the bank's customers has improved relative to 2013.



Total loans* and guarantees without individual impairments or arrears (million DKK)

2014 15,789
2013 14,859

* Excluding reverse transactions.

Note
no.

36 Credit risk - continued

2014	Arrears under 90 days DKK 1,000	Arrears over 90 days DKK 1,000	Arears total DKK 1,000	Loans inclusive arrears under 90 days DKK 1,000	Loans inclusive arrears over 90 days DKK 1,000	Total loans inclusive arrears DKK 1,000
Distribution by time from the due date for loan engagements without impairments in arrears						
Public authorities	**4,802**	**1**	**4,803**	**4,802**	**1**	**4,803**
Business:						
Agriculture, forestry and fishing	12,377	4,248	**16,625**	113,914	21,328	**135,242**
Industry and raw materials extraction	606	10	**616**	13,962	315	**14,277**
Energy supply	5,819	3	**5,822**	10,535	3	**10,538**
Building and construction	3,857	145	**4,002**	21,548	160	**21,708**
Trade	6,300	807	**7,107**	40,775	2,457	**43,232**
Transport, hotels and restaurants	6,151	345	**6,496**	61,250	345	**61,595**
Information and communication	245	188	**433**	1,650	488	**2,138**
Financing and insurance	2,180	7,914	**10,094**	6,085	17,914	**23,999**
Real estate	2,750	13,137	**15,887**	35,868	13,138	**49,006**
Other business	11,672	2,518	**14,190**	57,723	4,953	**62,676**
Total business	**51,957**	**29,315**	**81,272**	**363,310**	**61,101**	**424,411**
Private	**33,453**	**5,960**	**39,413**	**128,847**	**24,805**	**153,652**
Total	**90,212**	**35,276**	**125,488**	**496,959**	**85,907**	**582,866**

2013	Arrears under 90 days DKK 1,000	Arrears over 90 days DKK 1,000	Arears total DKK 1,000	Loans inclusive arrears under 90 days DKK 1,000	Loans inclusive arrears over 90 days DKK 1,000	Total loans inclusive arrears DKK 1,000
Distribution by time from the due date for loan engagements without impairments in arrears						
Public authorities	**6**	**0**	**6**	**6**	**0**	**6**
Business:						
Agriculture, forestry and fishing	18,672	478	**19,150**	108,438	6,959	**115,397**
Industry and raw materials extraction	2,428	26	**2,454**	18,495	506	**19,001**
Energy supply	5,132	25	**5,157**	16,416	525	**16,941**
Building and construction	1,598	117	**1,715**	7,819	267	**8,086**
Trade	14,459	652	**15,111**	56,309	3,253	**59,562**
Transport, hotels and restaurants	1,457	1	**1,458**	21,034	1	**21,035**
Information and communication	5,922	74	**5,996**	7,059	1,259	**8,318**
Financing and insurance	721	541	**1,262**	36,176	4,541	**40,717**
Real estate	3,754	110	**3,864**	21,576	160	**21,736**
Other business	18,386	929	**19,315**	88,538	5,050	**93,588**
Total business	**72,529**	**2,953**	**75,482**	**381,860**	**22,521**	**404,381**
Private	**28,281**	**3,525**	**31,806**	**134,609**	**17,409**	**152,018**
Total	**100,816**	**6,478**	**107,294**	**516,474**	**39,930**	**556,405**

Note no.

36 Credit risk - continued

The value of loans where individual impairment charges have been made

	Major financial difficulties	Breach of contract	Relaxation of terms	Probable bankruptcy	Total credit exposure	Individual impairment charges
	DKK 1,000	DKK 1,000	DKK 1,000	DKK 1,000	DKK 1,000	DKK 1,000
Credit exposure by reason for impairment						
Public authorities	**0**	**0**	**0**	**0**	**0**	**0**
Business:						
Agriculture, forestry and fishing	168,050	68,101	100,197	91,275	**427,623**	**312,683**
Industry and raw materials extraction	10,971	2,017	2,445	0	**15,433**	**12,163**
Energy supply	2,078	5,463	0	0	**7,541**	**4,686**
Building and construction	7,590	4,131	0	6,386	**18,107**	**11,059**
Trade	13,889	9,421	1,750	383	**25,443**	**16,992**
Transport, hotels and restaurants	6,046	3,824	6,000	1,866	**17,736**	**13,601**
Information and communication	425	962	36	250	**1,673**	**1,526**
Financing and insurance	0	0	0	1,841	**1,841**	**1,546**
Real estate	83,350	46,659	1,523	54,337	**185,869**	**85,980**
Other business	29,843	21,688	7,848	13,698	**73,077**	**47,871**
Total business	**322,242**	**162,266**	**119,799**	**170,036**	**774,343**	**509,107**
Private	**167,470**	**98,585**	**23,684**	**33,255**	**322,994**	**193,024**
Total credit exposure 2014	**489,712**	**260,851**	**143,483**	**203,291**	**1,097,337**	**701,131**
Total credit exposure 2013	**498,262**	**297,955**	**174,834**	**215,392**	**1,186,443**	**736,513**

	Major financial difficulties	Breach of contract	Relaxation of terms	Probable-bankruptcy	Total
	DKK 1,000	DKK 1,000	DKK 1,000	DKK 1,000	DKK 1,000
2014					
Individual impairment charges	293,346	182,390	108,333	117,062	**701,131**
Security values for exposures which have been impaired	122,568	50,645	25,665	76,642	**275,520**
2013					
Individual impairment charges	286,204	189,283	136,800	124,226	**736,513**
Security values for exposures which have been impaired	104,823	58,518	21,282	86,676	**271,299**

The bank is particularly focused on covering the risk on exposures which have been impaired. Under the bank's credit policy, these exposures must be covered to the greatest possible extent by securities. When determining the need for an impairment charge, the value of securities is included at the 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 an impairment charge.

The bank has also made collective impairment charges of DKK 226 million as of the end of December 2014.

Note no.		End Dec. 2014 DKK 1,000	End Dec. 2013 DKK 1,000
36	**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 impaired loans		
	Balance for loans and other debtors before impairments	1,305,572	1,342,665
	Impairment charges	-645,068	-678,560
	Balance for loans and other debtors after impairments	**660,504**	**664,105**
	Collective impaired loans		
	Balance for loans and other debtors before impairments	14,167,573	12,996,640
	Impairment charges	-226,272	-112,652
	Balance for loans and other debtors after impairments	**13,941,301**	**12,883,988**
	Suspended calculation of interest		
	Loans and other debtors with suspended calculation of interest on the balance sheet date	**58,244**	**85.258**
	Credit risk on derivative financial instruments		
	Positive market value (by counterpart risk) after netting		
	Counterpart riskweight 20%	79,843	92,674
	Counterpart riskweight 50%	8,602	0
	Counterpart riskweight 75%	44,663	39,859
	Counterpart riskweight 100%	63,461	59,473
	Counterpart riskweight 150%	0	408
	Total counterpart riskweight	**196,569**	**192,414**
37	**Foreign exchange risk**		
	Total assets in foreign currency	4,832,007	5,004,562
	Total liabilities in foreign currency	4,003,894	3,843,183
	Foreign exchange indicator 1	10,409	44,391
	Foreign exchange indicator 1 in per cent of tier 1 capital (%)	**0.4**	**1.6**
	Foreign exchange indicator 2	196	1.170
	Foreign exchange indicator 2 in per cent of tier 1 capital (%)	**0.0**	**0.0**
38	**Interest rate risk**		
	Total interest rate risk	**31,963**	**18,493**
	Total interest rate risk (%)	**1.2**	**0.6**
	Interest rate risk by the foreign currencies:		
	DKK	36,060	23,195
	NOK	-311	-1,287
	EUR	-2,959	-3,190
	CHF	-125	-83
	USD	-675	-126
	GBP	-30	-17
	Other currencies	3	1
	Total	**31,963**	**18,493**

Note
no.

39 **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 bank's interest rate positions, foreign currency positions and listed share positions are included in the calculation, while positions in sector shares etc. are not included, and the model does not include the credit spread risks on the bank's portfolio of bonds. 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.

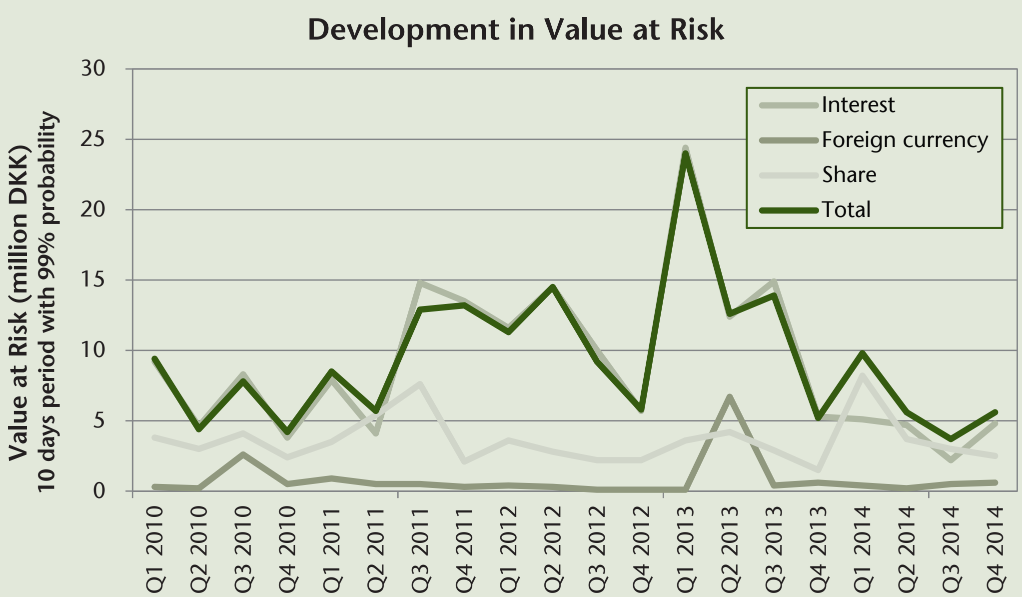
Reference is made to page 28 of this annual report for further description of the model etc.

(DKK million)

Year / Risk	Average VaR-figure	Minimum VaR-figure*	Maximum VaR-figure*	End of year VaR-figure
2014				
Interest	5.0	1.2	10.4	4.8
Foreign currency	0.4	0.5	0.4	0.6
Share	4.2	3.0	4.2	2.5
Diversification	-2.9	-1.6	-3.8	-2.3
Total VaR-figure	**6.7**	**3.1**	**11.2**	**5.6**

* Determined by the total VaR-figure.

Sensitivity analysis of sector shares (DKK 1,000)	
Sector shares cf. note 17	240,924
Effect of a 10% price change on the result	24,092



Note
no.

40 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	26,063	141		
Spot, sale	29,605	-171		
Forward transactions/futures, purchase	1,434,185	8,621	156,187	-566
Forward transactions/futures, sale	2,601,061	18,170	175,670	-2,104
Swaps			88,883	-5,807
Options, acquired	73,979	382		
Options, written	73,978	-387		
Interest-rate contracts				
Spot, purchase	193,022	5,606		
Spot, sale	145,269	-930		
Forward transactions / futures, purchase	21,119	172	3,202	45
Forward transactions / futures, sale	57,486	48	3,736	-16
Swaps	190,145	6,028	220,193	-4,838
Options, acquired	66,999	127	18,713	302
Options, written	66,999	-127	18,713	-302
Share contracts				
Spot, purchase	12,108	-109		
Spot, sale	18,545	136		
Forward transactions / futures, purchase	8	215		
Forward transactions / futures, sale	8	-215		
Options, acquired	166	455		
Options, written	166	-455		
Other derivative contracts				
Credit Default Swaps			74,346	638

	Over 1 year and up to 5 years		Over 5 years	
	Nominal value	Net market value	Nominal value	Net market value
Foreign-exchange contracts				
Forward transactions/futures, purchase	46,967	-1,223		
Forward transactions/futures, sale	46,967	1,874		
Swaps	207,956	-1,208		
Interest-rate contracts				
Swaps	1,051,862	-17,140	598,268	2,039
Options, acquired	187,620	2,522	131,362	11,883
Options, written	187,620	-2,522	131,362	-11,883
Share contracts				
Options, acquired	18	52		
Options, written	18	-52		

40 Derivative financial instruments - continued

DKK 1,000

	Total nominal value 2014	2013	Total net marketvalue 2014	2013
Foreign-exchange contracts				
Spot, purchase	26,063	61,699	141	1,925
Spot, sale	29,605	86,883	-171	-247
Forward transactions / futures, purchase	1,637,339	832,520	6,832	-5,106
Forward transactions / futures, sale	2,823,698	2,405,274	17,940	32,417
Swaps	296,839	303,341	-7,015	4,467
Options, acquired	73,979		382	
Options, written	73,978		-387	
Interest-rate contracts				
Spot, purchase	193,022	277,305	5,606	1,293
Spot, sale	145,269	227,172	-930	-3,329
Forward transactions / futures, purchase	24,321	4,083	217	-14
Forward transactions / futures, sale	61,222	235,394	32	-2,456
Swaps	2,060,468	1,673,379	-13,911	-10,892
Options, acquired	404,694	318,712	14,834	11,348
Options, written	404,694	318,712	-14,834	-11,349
Share contracts				
Spot, purchase	12,108	32,859	-109	749
Spot, sale	18,545	31,713	136	-722
Forward transactions / futures, purchase	8	120	215	162
Forward transactions / futures, sale	8	120	-215	-164
Options, acquired	184		507	
Options, written	184		-507	
Other derivative contracts				
Credit Default Swaps	74,346	74,603	638	1,087
Net market value, total			**9,401**	**19,169**

40 Derivative financial instruments - continued

DKK 1,000

	Market value				Average market value			
	Positive		Negative		Positive		Negative	
	2014	2013	2014	2013	2014	2013	2014	2013
Foreign-exchange contracts								
Spot, purchase	141	1,925			50	546	34	113
Spot, sale			171	247	26	116	294	138
Forward transactions / futures, purchase	19,695	9,737	12,863	14,843	17,675	15,492	5,797	14,104
Forward transactions / futures, sale	32,141	39,970	14,201	7,553	31,641	35,318	11,065	9,844
Swaps	1,017	15,131	8,032	10,664	1,127	25,522	4,737	17,165
Options, acquired	386		4		97		1	
Options, written	5		392		1		98	
Interest-rate contracts								
Spot, purchase	5,629	1,919	23	626	3,888	1,197	2,856	1,084
Spot, sale	32	839	962	4,168	3,169	844	4,039	2,160
Forward transactions / futures, purchase	217	5		19	360	155		115
Forward transactions / futures, sale	75	339	43	2,795	134	868	2,348	1,562
Swaps	61,887	47,015	75,798	57,907	65,617	59,748	26,432	69,974
Options, acquired	14,834	11,348			3,709	12,541		
Options, written			14,834	11,349			3,709	12,542
Share contracts								
Spot, purchase	253	1,068	362	319	3,287	1,621	379	1,018
Spot, sale	382	326	246	1,048	400	3,211	3,351	1,576
Forward transactions / futures, purchase	215	171		9	131	250	38	29
Forward transactions / futures, sale		8	215	172	38	29	131	250
Options, acquired	507				199			
Options, written			507				199	
Other derivative contracts								
Credit Default Swaps	638	1,087			834	1,189		316
Total	**138,054**	**130,888**	**128,653**	**111,719**	**132,083**	**158,647**	**65,508**	**131,990**
Collateral under CSA agreements			86,269	-75,372				
Total other assets / other liabilities	**138,054**	**130,888**	**42,384**	**36,347**				

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

FIVE YEAR MAIN FIGURES

Summary (DKK 1,000)	**2014**	**2013**	**2012**	**2011**	**2010**
Profit and loss account					
Interest receivable	787,924	776,268	834,021	858,257	836,339
Interest payable	139,253	146,037	200,764	245,291	241,954
Net income from interest	**648,671**	**630,231**	**633,257**	**612,966**	**594,385**
Dividend on capital shares etc.	7,897	12,610	1,463	1,111	1,219
Income from fees and commissions	261,082	229,813	210,516	158,303	170,389
Fees and commissions paid	31,701	31,123	24,029	24,312	25,996
Net income from interest and fees	**885,949**	**841,531**	**821,207**	**748,068**	**739,997**
Value adjustments	+82,293	+23,074	+46,957	+16,386	+52,159
Other operating income	4,001	2,730	3,303	4,535	3,893
Staff and administration costs	270,532	254,909	252,796	244,068	236,374
Amortisations, depreciations and write-downs on intangible and tangible assets	12,192	4,270	3,233	4,375	3,219
Other operating costs	268	28	133	381	195
Costs bank packages and Deposit Guarantee Fund	15,041	16,091	10,281	11,178	46,590
Impairment charges for loans and other debtors etc.	-87,186	-120,175	-156,844	-128,799	-138,217
Impairment charges for national bank package I etc.	0	0	0	0	-33,152
Result of capital shares in associated companies	-11	-3	+5	+11	+14
Profit before tax	**587,013**	**471,859**	**448,185**	**380,199**	**338,316**
Tax	141,152	114,199	120,188	94,128	81,443
Profit after tax	**445,861**	**357,660**	**327,997**	**286,071**	**256,873**

Summary (DKK 1,000)	**End 2014**	**End 2013**	**End 2012**	**End 2011**	**End 2010**
Balance sheet					
Assets					
Cash in hand and claims on credit institutions and central banks	371,363	479,977	856,488	1,348,253	2,714,304
Loans and other debtors at amortised cost price	15,507,134	13,849,285	12,424,139	12,746,560	13,151,216
Securities	4,943,072	4,878,969	4,013,342	3,005,504	1,804,062
Tangible assets	71,067	78,256	79,811	79,615	80,092
Other assets	345,272	296,334	307,766	369,091	497,530
Total assets	**21,237,908**	**19,582,821**	**17,681,546**	**17,549,023**	**18,247,204**
Liabilities and equity					
Debt to credit institutions and central banks					
Term to maturity under 1 year	813,124	750,834	414,472	387,432	731,968
Term to maturity over 1 year	1,098,091	1,004,050	783,599	854,643	1,900,222
Deposits and other debts	15,450,273	14,113,816	12,866,748	12,755,415	11,661,654
Issued bonds	236,238	249,814	340,809	338,958	337,617
Other liabilities	157,436	174,723	191,035	301,996	593,153
Provisions for liabilities	18,471	17,444	26,109	14,973	13,247
Subordinated debt	365,667	371,040	382,634	412,486	696,999
Share capital	23,900	24,200	24,700	25,200	25,200
Reserves	3,074,708	2,876,900	2,651,440	2,457,920	2,287,144
Total shareholders' equity	3,098,608	2,901,100	2,676,140	2,483,120	2,312,344
Total liabilities and equity	**21,237,908**	**19,582,821**	**17,681,546**	**17,549,023**	**18,247,204**
Contingent liabilities etc.					
Contingent liabilities	2,217,810	1,901,934	1,667,100	1,052,222	1,041,983
Total contingent liabilities etc.	**2,217,810**	**1,901,934**	**1,667,100**	**1,052,222**	**1,041,983**

FIVE YEAR KEY FIGURES

		2014	2013	2012	2011	2010
Capital ratios:						
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
Earnings:						
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
Market risk:						
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
Liquidity risk:						
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
Credit risk:						
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
Share return:						
Profit 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.

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

Solvency ratio - Tier 2
Capital base in per cent of total weighted risk exposure.

Tier 1 capital ratio
Tier 1 capital in per cent of total weighted risk exposure.

Return on equity before tax
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
Income for the year divided with expenses for the year including impairment charges for loans and other debtors etc.

Return on assets
Profit for the year in per cent of total assets.

Interest rate risk
Interest rate risk in per cent of tier 1 capital.

Foreign exchange position
Foreign exchange indicator 1 in per cent of tier 1 capital.

Foreign exchange risk
Foreign exchange indicator 2 in per cent of tier 1 capital.

Excess coverage relative to statutory liquidity requirement
Cash in hand, demand deposits with the Central Bank of Denmark, fully secured and liquid on-demand credit balance in credit institutions and insurance companies, unencumbered certificates of deposit issued by the Central Bank of Denmark, secure readily negotiable listed unencumbered securities. The total of all elements measured in percent relative to 10% of the reduced debt and guarantee liabilities.

Loans and impairments thereon relative to deposits
Loans + impairments 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.

Cumulative impairment percentage
Impairment charges for loans and provisions for losses on guarantees in per cent of loans + impairment charges for loans + guarantees + provisions for losses for guarantees.

Impairment percentage for the year
Impairment charges etc. for the year in per cent of loans + impairment charges for loans + guarantees + provision for losses on guarantees.

Proportion of debtors at reduced interest
Proportion of debtors at reduced interest before impairment charges etc. in per cent of loans + impairment charges for 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 valve 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 94.

Ringkøbing

Landbobank

OTHER INFORMATION

Shareholders' committee

Name	Position	Hometown	Born
Jens Møller Nielsen chairman of the shareholders' committee	manager	Ringkøbing	25 August 1956
Else Kirkegaard Hansen deputy chairman of the shareholders' committee	senior master	Ringkøbing	06 August 1954
Hejne F. Andersen	manufacturer	Ringkøbing	30 August 1954
Jens Arnth-Jensen	manager	Holte	09 June 1948
Gert Asmussen*	printer	Tarm	14 April 1950
Inge Sandgrav Bak*	CFO	Ringkøbing	31 July 1960
Claus Dalgaard	manager	Ringkøbing	28 April 1962
Per Dam	accountant	Skjern	27 February 1952
Ole K. Erlandsen	butcher	Herning	19 December 1962
Niels Ole Hansen	manager	Ringkøbing	01 September 1951
Tonny Hansen	college principal	Ringkøbing	27 May 1958
Leif Haubjerg	farmer	No	18 December 1959
Erik Jensen	manager	Skjern	07 September 1965
Jens Lykke Kjeldsen*	timber merchant	Ringkøbing	02 September 1950
Gravers Kjærgaard*	farmer	Grønbjerg	12 August 1952
Niels Erik Burgdorf Madsen	manager	Ølgod	25 October 1959
Jacob Møller	CEO	Ringkøbing	02 August 1969
Lars Møller	municipal chief executive	Holstebro	30 November 1957
Martin Krogh Pedersen*	CEO	Ringkøbing	07 June 1967
Ole Christian Pedersen	manager	Vostrup	15 February 1950
Kristian Skannerup	manufacturer	Tim	14 June 1959
Lone R. Søllmann	financial manager	Tarm	26 January 1968
Allan Brunsvig Sørensen	lawyer	Ringkøbing	26 June 1982
Egon Sørensen	insurer	Spjald	16 June 1965
Jørgen Kolle Sørensen	car dealer	Hvide Sande	17 September 1970
Johan Chr. Øllgaard	manufacturer	Stauning	10 June 1947

* Member of the board of directors

Board of directors

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

Born on 02 September 1950
Member of the board of directors since 28 March 1995
End of current term of election to the board of directors: 2016

Other managerial activities - member of the 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

Martin Krogh Pedersen, CEO, Ringkøbing, deputy chairman of the board of directors

Born on 07 June 1967
Independent
Member of the board of directors since 27 April 2011
End of current term of election to the board of directors: 2015

Other managerial activities - member of the management of:
- A/S Maskinfabrikken PCP
- Ejendomsselskabet Ringkøbing ApS
- Elefantriste A/S
- KP Group ApS
- KP Group Holding ApS
- K. P. Components Inc.
- K. P. Holding A/S
- K. P. Komponenter A/S
- MHKP Holding ApS
- MHKPO ApS
- MHKPS A/S
- PF Group A/S

Gert Asmussen, printer, Tarm

Born on 14 April 1950
Member of the board of directors since 25 September 2002
End of current term of election to the board of directors: 2018

Other managerial activities - member of the 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

BOARD OF DIRECTORS

Inge Sandgrav Bak, CFO Ringkøbing

Born on 31 July 1960
Independent
Member of the board of directors since 27 April 2011
End of current term of election to the board of directors: 2015

Other managerial activities - member of the management of:
- International A/S
- JSB Composite (Zhuozhou) Co., Ltd.
- Rindum ApS

Gravers Kjærgaard, farmer, Grønbjerg

Born on 12 August 1952
Member of the board of directors since 25 March 2002
Member of the bank's auditing committee
End of current term of election to the board of directors: 2017

No other managerial activities

Jørgen Lund Pedersen, manager, Skanderborg

Born on 07 October 1949
Independent
Member of the board of directors since 27 February 2013
End of current term of election to the board of directors: 2017

Other managerial activities - member of the management of:
- Løvbjerg Fonden
- Løvbjergs Almene Fond

Bo Bennedsgaard, IT consultant, Holstebro, elected by the employees

Born on 23 January 1972
Member of the board of directors since 01 March 2007
End of current term of election to the board of directors: 2015

No other managerial activities

Gitte Elisa Sigersmunda Høgholm Vigsø, MA (Laws) / adminstrative employee, Holstebro, elected by the employees

Born on 24 April 1976
Member of the board of directors since 01 March 2011
End of current term of election to the board of directors: 2015

No other managerial activities

Board committees

The board of directors has appointed a remuneration committee, a nomination committee, an audit committee and a risk committee.

Find below subsequent information about the individual committees.

Remuneration committee

The following are members of the remuneration committee:

- Jens Lykke Kjeldsen, chairman of the committee
- Martin Krogh Pedersen*
- Gitte E. S. Vigsø

The bank's board of directors has agreed on a commission for the remuneration committee which include provisions on the area of scope and objective, members and constitution, tasks, meetings, authority and resources, reporting and minutes of meeting, publication, evaluation and self-assessment, as well as changes to the commission.

The remuneration committee is responsible for the following tasks:

- Negotiation with the general management on remuneration of the general management.
- Assess the need for changes to the bank's remuneration policy, and, if deemed necessary, prepare and recommend draft changes to the policy for approval by the board of directors prior to adoption by the general meeting.
- Prepare and recommend draft guidelines for the board of directors' monitoring of compliance with the remuneration policy etc. for approval by the board of directors, including ensuring that compliance with the policy is monitored.
- Monitoring remuneration of the management of the part of the organisation in charge of monitoring the limits of risk-taking, and the management of the part of the organisation otherwise in charge of monitoring and auditing, including the management of the compliance function and the chief internal auditor.
- Other tasks regarding remuneration, including preparing the board of director's task of identifying significant risk takers.

Nomination committee

The following are members of the nomination committee:

- Jens Lykke Kjeldsen, chairman of the committee
- Martin Krogh Pedersen*
- Gert Asmussen
- Inge Sandgrav Bak*
- Gravers Kjærgaard
- Jørgen Lund Pedersen*
- Bo Bennedsgaard
- Gitte E. S. Vigsø

The bank's board of directors has agreed on a commission for the nomination committee which include provisions on the area of scope and objective, members and constitution, tasks, meetings, authority and resources, reporting and minutes of meeting, publication, evaluation and self-assessment, as well as changes to the commission.

The nomination committee is responsible for the following tasks:

- Prepare proposals and recommendations in connection with election and re-election of members to the bank's shareholders' committee and board of directors and appointment of the bank's general management, including describing the qualifications required of the board of directors and the bank's general management.
- Regularly and minimum once a year assess the board of directors' size, structure, composition and results with respect to their tasks and report and make recommendations for possible changes thereon to the full board of directors.
- Regularly and minimum once a year assess whether the full board of directors has the required combination of knowledge, professional skills, diversity and experience, and whether the individual member meets the requirements of Section 64 of the Danish Financial Business Act, and report and make recommendations for possible changes thereon to the full board of directors, including a possible action plan for the future composition and proposals for specific changes. The individual member of the management (the board of directors and the general management) must also regularly assess that he or she has allocated sufficient time for carrying out his or her duties cf. Section 64a of the Danish Financial Business Act. The nomination committee must assess minimum once a year whether it agrees with the individual's assessment.
- Regularly and minimum once a year evaluate the bank's general management and make recommendations thereon to the board of directors and ensure that the board of directors discuss succession plans when judged to be necessary.
- Regularly review the board of directors' policy for selection and appointment of members to the general management if such a policy was prepared, and make recommendations thereon to the board of directors (currently there is not formulated such a policy).
- Set a target figure for the percentage of the under-represented gender on the board of directors and prepare a policy on how to reach the figure.
- Prepare a policy for diversity on the board of directors.

Audit committee

The following are members of the audit committee:

- Inge Sandgrav Bak*, chairman of the committee
- Jens Lykke Kjeldsen
- Martin Krogh Pedersen*

Inge Sandgrav Bak is the specially qualified member of the audit committee. Given the bank's size and complexity and Mrs Bak's education, professional experience and experience from the bank's board of directors and committees, including the audit committe, the bank's board of directors judges that Mrs Bak is independent and that she possesses the qualifications required pursuant to the Danish "Executive order on audit committees in companies and groups subject to the supervision of the Danish Financial Supervisory Authority".

The bank's board of directors has agreed on a commission for the audit committee which include provisions on the committee's constitution and objective, members, meetings, authority etc., tasks, reporting and self-assessment.

The audit committee is responsible for the following tasks:

- Monitoring of the financial reporting process.
- Monitoring whether the bank's internal control system, risk management systems and any internal auditing are effective.
- Monitoring of the statutory auditing of the annual financial statements etc.
- Monitoring and checking the auditor's independence pursuant to Section 24 of the Danish act on approved auditors and audit firms, including in particular the delivery of additional services to the bank.
- Recommendation on election of auditors to the board of directors.
- Review of quarterly credit reports.

Risk committee

The following are members of the risk committee:

- Jens Lykke Kjeldsen, chairman of the committee
- Martin Krogh Pedersen*
- Gert Asmussen
- Inge Sandgrav Bak*
- Gravers Kjærgaard
- Jørgen Lund Pedersen*
- Bo Bennedsgaard
- Gitte E. S. Vigsø

The bank's board of directors has agreed on a commission for the risk committee which include provisions on the area of scope and objective, members and constitution, tasks, meetings, authority and resources, reporting and minutes of meeting, publication, evaluation and self-assessment, as well as changes to the commission.

The risk committee is responsible for the following tasks:

- Advise the board of directors on the bank's general existing and future risk profile and strategy.
- Assist the board of directors with ensuring that the board's risk strategy is implemented correctly in the organisation.
- Assess whether the financial products and services traded by the bank are in accordance with the bank's business model and risk profile, including whether the earnings on the products and services reflect the associated risks, and prepare proposals for remedies if the products or services and the associated earnings are not in accordance with the bank's business model and risk profile.
- Assess whether the incentive components of the bank's remuneration structure take account of the bank's risks, capital, liquidity and the probability and time of payment of remuneration (under the bank's remuneration policy, no forms of incentive components are used in the bank).
- Review of a quarterly credit report.

Regarding the committees in general, in cases where a committee consists of the bank's full board of directors, both the committee and the board of directors' treatment may in some cases take place simultaneously.

*Independent.

Board of directors - competencies

The members of the bank's board of directors together possess all the competencies required for the overall management of the bank on the basis of the business model for the bank's operations.

The members of the bank's full board of directors thus possess competencies concerning:

- The business model and relevant related matters
- Credit risks and relevant related matters
- Market risks and relevant related matters
- Liquidity risks and relevant related matters
- Operational risks and relevant related matters including IT
- Budgets, accounting and auditing
- Capital matters consisting of capital adequacy and solvency requirement
- Insurance risks
- Risk management including interdisciplinary risk management
- General managerial experience
- Managerial experience from other financial companies
- Legal insight, including in relation to financial legislation

We advise as follows concerning the individual board members' special competencies within specific areas:

- Jens Lykke Kjeldsen has special competencies, knowledge and experience within the areas of the business model, credit risks, liquidity risks, insurance risks, risk management and general managerial experience and within sections of the market risk area.
- Martin Krogh Pedersen has special competencies, knowledge and experience within the areas of the business model, market risks, budgets, accounting and auditing, insurance risks and general managerial experience and within sections of the credit risk area.
- Gert Asmussen has special competencies, knowledge and experience within the areas of the business model, budgets, accounting and auditing and general managerial experience and within sections of the credit risk and market risk areas.
- Inge Sandgrav Bak has special competencies, knowledge and experience within the areas of the business model, budgets, accounting and auditing, and general managerial experience, and within sections of the credit risk and market risk areas. As the chairman of the bank's audit committee, Inge Sandgrav Bak has competencies within accounting or auditing.
- Gravers Kjærgaard has special competencies, knowledge and experience within the areas of the business model, budgets, accounting and auditing and within sections of the credit risk, market risk and liquidity risk areas.
- Jørgen Lund Pedersen has special competencies, knowledge and experience within the areas of the business model, credit risks, market risks, liquidity risks, operational risks, capital, risk management, managerial experience from other financial companies, general managerial experience and legal insight.
- Bo Bennedsgaard has special competencies, knowledge and experience within the area operational risks and within a section of the credit risk area.
- Gitte E. S. Vigsø has special competencies, knowledge and experience within the area legal insight and within sections of the business model and credit risk areas.

Holdings of Ringkjøbing Landbobank shares by members of the board of directors

Reference is made to note 32 on page 77 for information on holdings of Ringkjøbing Landbobank shares by members of the board of directors.

General management

John Bull Fisker, CEO

Born on 03 December 1964
Member of the general management since 1999

On the board of directors of the following companies:
- Chairman of Letpension A/S, Copenhagen
- 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 Bankpension, Copenhagen
- Member of the boards of directors of PRAS A/S, Copenhagen

Member of the customer board of:
- PFA Pension A/S, Copenhagen

Holdings of Ringkjøbing Landbobank shares by the general management

Reference is made to note 32 on page 77 for information on holdings of Ringkjøbing Landbobank shares by members of the general management.

COMPANY INFORMATION

Ringkjøbing Landbobank Aktieselskab

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DK-6950 Ringkøbing
Denmark

Founded: 1886

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Telefax: +45 7624 4913
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

Ringkjøbing Landbobank's share capital is DKK 23.9 million in 4,780,000 shares of nom. DKK 5.

Ownership

16.664 shareholders were registered at end of 2014, this represents 97.7 percent of the nominal share capital.

Major shareholders

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

ATP, Hillerød, Denmark
Parvus Asset Management (UK) LLP, London, United Kingdom

STOCK EXCHANGE NOTIFICATIONS

Stock exchange notifications 2014

Review of Ringkjøbing Landbobank's notifications to NASDAQ Copenhagen and others in 2014:

29 January 2014	Annual accounts for 2013
29 January 2014	Annual report for 2013
29 January 2014	Notice convening annual general meeting 2014
27 February 2014	Minutes of the annual generel meeting the 26 February 2014
12 March 2014	Articles of Association
24 March 2014	Sale of Nets shares
23 April 2014	Quarterly report 1st quarter 2014
25 April 2014	Implementation of capital reduction
25 April 2014	Articles of Association
30 April 2014	Voting rights
13 June 2014	Charge of participation in price manipulation in 2011
01 July 2014	The Danish Financial Supervisory Authority's ordinary inspection
06 August 2014	Interim report 2014
17 October 2014	Completely acquitted of the charge of participation in price manipulation
22 October 2014	Quarterly report 1st - 3rd quarter 2014
22 October 2014	Charge of participation in price manipulation in 2011 appealed to the High Court
23 October 2014	Financial calender for 2015

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

All the notifications from the bank to NASDAQ Copenhagen and others can be seen on the bank´s website: www.landbobanken.com.

FINANCIAL CALENDAR

Financial calendar 2015

The financial calendar for the upcoming publications is as follows:

25 February 2015	Annual general meeting
22 April 2015	Quarterly report 1st quarter 2015
05 August 2015	Interim report 2015
21 October 2015	Quarterly report 1st - 3rd quarters 2015

THE BANK'S BRANCHES ETC.

Head office:

Ringkøbing

Branches:

Herning

Holstebro

Hvide Sande

Lem

Tarm

Ulfborg

Viborg

Vildbjerg

Private Banking branches:

Herning

Holte

Ringkøbing

Aarhus

John Bull Fisker
CEO

Jørn Nielsen
Assistant general manager

Sten Erlandsen
Head of treasury

Ole Bjerregaard Pedersen
Financial manager

Lars Hindø
Executive assistant / Head of Investor Relations
Telephone: +45 7624 9455
E-mail: larsh@landbobanken.dk

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