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## Ringkjøbing Landbobank's quarterly report, 1<sup>st</sup> quarter of 2014

The core earnings for the first quarter of the year were DKK 152 million against DKK 118 million in 2013, an increase of 29%. The profit before tax was DKK 176 million, representing a return on equity of 25% p.a., which is considered highly satisfactory.

(Million DKK)	1 <sup>st</sup> qtr. 2014	1 <sup>st</sup> qtr. 2013	2013	2012	2011	2010
Total core income	234	202	844	823	767	758
Total costs and depreciations	-67	-63	-273	-265	-248	-240
<b>Core earnings before impairments</b>	<b>167</b>	<b>139</b>	<b>571</b>	<b>558</b>	<b>519</b>	<b>518</b>
Impairment charges for loans etc.	-15	-21	-120	-157	-129	-138
<b>Core earnings</b>	<b>152</b>	<b>118</b>	<b>451</b>	<b>401</b>	<b>390</b>	<b>380</b>
Result for portfolio	+24	+6	+23	+49	+1	+38
Expenses for bank packages	0	-1	-2	-2	-11	-80
<b>Profit before tax</b>	<b>176</b>	<b>123</b>	<b>472</b>	<b>448</b>	<b>380</b>	<b>338</b>

### The quarter – highlights:

- 44% improvement in profit before tax to DKK 176 million, equivalent to a 25% p.a. return on equity after payment of dividend
- Increase in core earnings from DKK 118 million in 2013 to DKK 152 million in 2014 - a 29% increase
- Earnings in the first quarter realised above budget for the quarter
- 12% increase in the bank's loans and 8% increase in deposits
- The bank's new branch in Aarhus was opened on 1 April 2014
- Satisfactory conclusion to the Danish Financial Supervisory Authority's ordinary inspection
- The number of new customers in both the branch network and the niche concepts remains satisfactory

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

Yours sincerely,

**Ringkjøbing Landbobank**

John Fisker

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## Management report

### Core income

Net interest income was DKK 158 million in the first quarter of 2014 against DKK 153 million in 2013, an increase of 4%. Compared with the first quarter of 2013, the bank noted increasing average loans and deposits in the quarter, but also noted a fall in the interest margin from the first quarter of 2013 to the first quarter of 2014.

Fees, commissions and foreign exchange income amounted to net DKK 59 million in the first quarter of 2014 against net DKK 47 million in 2013, an increase of 27%. The increase is attributable to greater activity and volumes within asset management and pensions, which has strengthened the earnings.

The total core income was 16% higher in the first quarter of the year, with an increase from DKK 202 million in 2013 to DKK 234 million in 2014. The DKK 32 million increase in total core income was affected positively by an extraordinary once-only income including dividend of the order of DKK 10 million in connection with the sale of the bank's shares in Nets. Corrected for the once-only income, the bank considers the increase in core income satisfactory.

### Costs and depreciations

Total costs including depreciations for tangible assets in the first quarter of 2014 amounted to DKK 67 million against DKK 63 million last year, an increase of 8%.

The rate of costs was computed at 28.7, still the lowest in the country. A low rate of costs is especially important in periods of difficult economic conditions as this provides a high level of robustness in the bank's results.

### Impairment charges for loans

Impairment charges for loans amounted to DKK 15 million in the first quarter of 2014. The level of impairment charges is falling relative to the same quarter of last year and is equivalent to 0.4% p.a. of total average loans, impairment charges, guarantees and provisions. The bank's customers still appear to be coping better with the weak economic conditions than the average in Denmark.

The bank's total account for impairment charges and provisions amounted to DKK 875 million at the end of the quarter, equivalent to 5.2% of total loans and guarantees. Actual losses and write-offs on loans etc. continue to be very low, and they were exceeded during the quarter by the items "Interest on the impaired part of loans" and "Receivables previously written-off", such that the account for impairment charges and provisions increased by net DKK 22 million during the first quarter of the year.

The portfolio of loans with suspended calculation of interest amounts to DKK 82 million, equivalent to 0.5% of the bank's total loans and guarantees at the end of the quarter.

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

## Core earnings

(Million DKK)	1 <sup>st</sup> qtr. 2014	1 <sup>st</sup> qtr. 2013	2013	2012	2011	2010
Total core income	234	202	844	823	767	758
Total costs and depreciations	-67	-63	-273	-265	-248	-240
<b>Core earnings before impairments</b>	<b>167</b>	<b>139</b>	<b>571</b>	<b>558</b>	<b>519</b>	<b>518</b>
Impairment charges for loans etc.	-15	-21	-120	-157	-129	-138
<b>Core earnings</b>	<b>152</b>	<b>118</b>	<b>451</b>	<b>401</b>	<b>390</b>	<b>380</b>

The core earnings were DKK 152 million against DKK 118 million last year, an increase of 29%. The realised earnings are above budget for the quarter.

## Result for portfolio and market risk

The result for the portfolio for the first quarter of 2014 was positive by DKK 24 million including funding costs for the portfolio.

The bank's holding of shares etc. at the end of the quarter amounted to DKK 230 million, DKK 39 million of which was in listed shares, while DKK 191 million was in sector shares etc. The bond portfolio amounted to DKK 4,582 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 result of a one percentage point change in the interest level, was 0.9% of the bank's tier 1 capital after deduction at the end of the quarter.

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

	Risk in million DKK	Risk relative to equity end of 1 <sup>st</sup> quarter 2014 in %
Highest risk of loss:	10.6	0.37%
Lowest risk of loss:	5.1	0.18%
Average risk of loss	8.8	0.30%

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

## Profit after tax

The profit after tax was DKK 136 million for the first quarter of 2014 against DKK 92 million last year. The profit after tax is equivalent to a return on equity at the beginning of the period of 20% p.a. after payment of dividend.

## Balance sheet

The bank's balance sheet at the end of the quarter stood at DKK 19,713 million against last year's DKK 17,747 million.

The bank's deposits increased by 8% from DKK 12,797 million to DKK 13,775 million and the bank's loans increased by 12% from DKK 12,433 million to DKK 13,961 million. The growth in the bank's

loans is broadly based on sectors with growth from both the branch network and the bank's niche concepts, and the bank also experienced good underlying growth in new customers in 2014.

The bank's portfolio of guarantees at the end of the quarter was DKK 1,896 million against DKK 2,196 million at the end of the first quarter of 2013.

### Liquidity

The bank's liquidity is good, with the bank's loans and deposits at the same level. The excess solvency relative to the statutory liquidity requirement is 171%. The bank's short-term funding with term to maturity of less than 12 months amounts to DKK 1,0 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.

The bank's loans portfolio is more than fully financed by deposits and the bank's equity. In addition, a part of the loans portfolio for wind turbines in Germany is refinanced back-to-back with the KfW Bankengruppe, and the DKK 1,139 million in question can thus be disregarded in terms of liquidity. The bank requires no financing for the coming year to meet the minimum requirement that it must always be able to manage for up to 12 months without access to the financial markets.

### Share buy-back programme

It was decided at the annual general meeting in February 2014 to cancel 60,000 own shares, and the capital reduction is expected to be finally implemented within the next month. The bank was further authorised at the general meeting to buy up to 110,000 own shares for later cancellation. As of 22 April 2014, 20,000 own shares have been set aside for later cancellation under the new buy-back programme, and the bank's holding of own shares at the end of March 2014 totalled 85,296 shares.

### Capital

The equity at the beginning of 2014 was DKK 2,901 million. To this must be added the profit for the period, while the dividend paid and the value of the own shares bought must be subtracted, after which the equity at the end of the quarter was DKK 2,891 million.

The bank's solvency ratio (Tier 2) was computed at 18.1 at the end of the first quarter of 2014. The tier 1 core capital ratio was computed at 18.1.

	1 <sup>st</sup> qtr. 2014	1 <sup>st</sup> qtr. 2013	2013	2012	2011	2010
<b>Solvency cover</b>						
Core tier 1 capital ratio (excl. hybrid core capital) (%)	18.1	18.3	18.7	19.6	18.3	17.1
Tier 1 capital ratio (%)	18.1	19.5	19.2	20.9	19.8	18.6
<b>Solvency ratio - Tier 2 (%)</b>	<b>18.1</b>	<b>20.6</b>	<b>20.0</b>	<b>22.4</b>	<b>21.4</b>	<b>22.4</b>
Individual solvency requirement (%)	8.8	8.7	8.9	8.0	8.0	8.0
<b>Solvency cover</b>	<b>206%</b>	<b>237%</b>	<b>225%</b>	<b>280%</b>	<b>268%</b>	<b>280%</b>

The bank's capital adequacy ratios at the end of the first quarter of 2014 was calculated for the first time under the CRV rules. As described in the bank's 2013 annual report, the bank's calculation of capital cover is affected by the new rules, including the introduction of a phasing out arrangement for inclusion of hybrid core capital and subordinated loan capital. Certain changes have also been implemented for the calculation of risk-weighted assets, hereunder have the rules been changed with respect

to the weighting and calculation of exposures in default, and a temporary discount on the risk weighting of exposures to certain SME commitments has also been introduced.

The European banking supervisory authority, the EBA, and the Danish Financial Supervisory Authority have also published new rules in relation to the calculation of capital in 2014. The published rules indicates both that in future, buy-back programmes approved by the authorities must be deducted from the capital on publication of the programme in contrast to the previous practice, where the deduction from the capital was made in step with the actual purchase of shares, and that the calculated dividend must be deducted from ongoing earnings in contrast to previously, where the proposed dividend was not deducted until the end of the year.

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

### **The Danish Financial Supervisory Authority's ordinary inspection**

The Danish Financial Supervisory Authority has performed an ordinary inspection of the bank in the period February-April 2014. The bank has not yet received the Authority's final report on this inspection. The inspection was concluded satisfactorily and the results were included in the bank's individual solvency requirement as of 31 March 2014 and in the impairment charges for the quarter.

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

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

The active initiatives in question were continued in 2014, and a positive increase in customer numbers in the branch network and within the niche concepts is thus still being registered.

Apart from the above initiatives, the bank opened the new Private Banking branch in Aarhus on 1 April 2014, from where the bank will service affluent private and business customers in east Jutland.

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

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

### **Expected result in 2014**

The bank's core earnings for the first quarter of 2014 were DKK 152 million, which is above budget for the quarter. Expectations for core earnings for 2014 remain in the range DKK 410-460 million.

## Main and key figures

	1 <sup>st</sup> qtr. 2014	1 <sup>st</sup> qtr. 2013	Full year 2013
<b>Main figures for the bank (million DKK)</b>			
Total core income	234	202	844
Total costs and depreciations	-67	-63	-273
<b>Core earnings before impairments</b>	<b>167</b>	<b>139</b>	<b>571</b>
Impairment charges for loans etc.	-15	-21	-120
<b>Core earnings</b>	<b>152</b>	<b>118</b>	<b>451</b>
Result for portfolio	+24	+6	+23
Expenses for bank packages	0	-1	-2
<b>Profit before tax</b>	<b>176</b>	<b>123</b>	<b>472</b>
<b>Profit after tax</b>	<b>136</b>	<b>92</b>	<b>358</b>
Shareholders' equity	2,891	2,695	2,901
Deposits	13,775	12,797	14,114
Loans	13,961	12,433	13,849
Balance sheet total	19,713	17,747	19,583
Guarantees	1,896	2,196	1,902
<b>Key figures for the bank (per cent)</b>			
Return on equity before tax, beginning of year, p.a.	25.3	18.8	18.1
Return on equity after tax, beginning of year, p.a.	19.6	14.1	13.7
Rate of costs	28.7	30.9	32.4
Core tier 1 capital ratio	18.1	18.6	18.7
Tier 1 capital ratio	18.1	19.5	19.2
Solvency ratio - Tier 2	18.1	20.6	20.0
Individual solvency requirement	8.8	8.7	8.9
<b>Key figures per 5 DKK share (DKK)</b>			
Core earnings	32	24	94
Profit before tax	37	25	99
Profit after tax	28	19	75
Net asset value	605	557	607
Price, end of period	1,180	866	1,099
Dividend	-	-	25



## Profit and loss account

Note		1.1-31.3 2014 DKK 1,000	1.1-31.3 2013 DKK 1,000	1.1-31.12 2013 DKK 1,000
1	Interest receivable	197,171	198,270	776,268
2	Interest payable	36,579	39,371	146,037
	<b>Net income from interest</b>	<b>160,592</b>	<b>158,899</b>	<b>630,231</b>
3	Dividend on capital shares etc.	830	22	12,610
4	Income from fees and commissions	64,123	50,010	229,813
4	Fees and commissions paid	8,065	8,210	31,123
	<b>Net income from interest and fees</b>	<b>217,480</b>	<b>200,721</b>	<b>841,531</b>
5	Value adjustments	+39,334	+6,276	+23,074
	Other operating income	1,052	374	2,730
6,7	Staff and administration costs	62,209	58,143	254,909
	Amortisations, depreciations and write-downs on intangible and tangible assets	1,470	700	4,270
	Other operating costs			
	Miscellaneous other operating costs	27	22	28
	Costs Deposit Guarantee Fund	3,611	4,633	16,091
8	Impairment charges for loans and other debtors etc.	-14,759	-21,402	-120,175
	Result of capital shares in associated companies	0	0	-3
	<b>Profit before tax</b>	<b>175,790</b>	<b>122,471</b>	<b>471,859</b>
9	Tax	39,750	30,625	114,199
	<b>Profit after tax</b>	<b>136,040</b>	<b>91,846</b>	<b>357,660</b>
	Other comprehensive income	0	0	0
	<b>Total comprehensive income</b>	<b>136,040</b>	<b>91,846</b>	<b>357,660</b>

## Core earnings

		1.1-31.3 2014 DKK 1,000	1.1-31.3 2013 DKK 1,000	1.1-31.12 2013 DKK 1,000
	Net income from interest	158,443	152,597	614,719
	Net income from fees and provisions excl. commission	45,068	35,606	171,765
	Income from sector shares	15,836	2,091	14,403
	Foreign exchange income	3,079	4,820	13,293
	Other operating income	1,052	374	2,730
	<b>Total core income excl. trade income</b>	<b>223,478</b>	<b>195,488</b>	<b>816,910</b>
	Trade income	10,990	6,194	26,925
	<b>Total core income</b>	<b>234,468</b>	<b>201,682</b>	<b>843,835</b>
	Staff and administration costs	62,209	58,143	254,909
	Amortisations, depreciations and write-downs on intangible and tangible assets	1,470	700	4,270
	Other operating costs	3,522	3,472	13,827
	Total costs etc.	67,201	62,315	273,006
	<b>Core earnings before impairments</b>	<b>167,267</b>	<b>139,367</b>	<b>570,829</b>
	Impairment charges for loans and other debtors etc.	-14,759	-21,402	-120,175
	<b>Core earnings</b>	<b>152,508</b>	<b>117,965</b>	<b>450,654</b>
	Result for portfolio	+23,398	+5,689	+23,497
	Expenses for bank packages	-116	-1,183	-2,292
	<b>Profit before tax</b>	<b>175,790</b>	<b>122,471</b>	<b>471,859</b>
	Tax	39,750	30,625	114,199
	<b>Profit after tax</b>	<b>136,040</b>	<b>91,846</b>	<b>357,660</b>

## Balance sheet

Note		End March 2014 DKK 1,000	End March 2013 DKK 1,000	End Dec. 2013 DKK 1,000
	<b>Assets</b>			
	Cash in hand and claims at call on central banks	264,989	52,176	63,064
<b>10</b>	Claims on credit institutions and central banks	316,064	954,668	416,913
	Claims at notice on central banks	0	0	0
	Money market operations and bilateral loans - term to maturity under 1 year	113,183	749,948	214,032
	Bilateral loans - term to maturity over 1 year	202,881	204,720	202,881
<b>11,12,13</b>	Loans and other debtors at amortised cost price	13,961,252	12,432,734	13,849,285
	Loans and other debtors at amortised cost price	12,822,547	11,624,594	12,880,717
	Wind turbine loans with direct funding	1,138,705	808,140	968,568
<b>14</b>	Bonds at current value	4,582,261	3,567,573	4,669,732
<b>15</b>	Shares etc.	229,657	235,030	208,697
	Capital shares in associated companies	540	543	540
	Land and buildings total	73,318	75,692	73,871
	Investment properties	8,015	8,165	8,015
	Domicile properties	65,303	67,527	65,856
	Other tangible assets	4,593	3,709	4,385
	Actual tax assets	8,796	29,318	24,501
	Temporary assets	1,000	3,875	1,000
	Other assets	264,297	385,121	263,856
	Periodic-defined items	5,878	7,001	6,977
	<b>Total assets</b>	<b>19,712,645</b>	<b>17,747,440</b>	<b>19,582,821</b>



## Balance sheet

Note		End March 2014 DKK 1,000	End March 2013 DKK 1,000	End Dec. 2013 DKK 1,000
	<b>Liabilities and equity</b>			
16	Debt to credit institutions and central banks	2,244,738	1,249,451	1,754,884
	Money market operations and bilateral credits			
	- term to maturity under 1 year	937,482	362,783	656,258
	Bilateral credits - term to maturity over 1 year	168,551	78,528	130,058
	Bilateral credits from KfW Bankengruppe	1,138,705	808,140	968,568
17	Deposits and other debts	13,774,721	12,796,547	14,113,816
18	Issued bonds at amortised cost price	246,895	323,495	249,814
	Other liabilities	167,456	279,556	173,806
	Periodic-defined items	164	175	917
	<b>Total debt</b>	<b>16,433,974</b>	<b>14,649,224</b>	<b>16,293,237</b>
	Provisions for deferred tax	13,188	15,151	13,188
12	Provisions for losses on guarantees	4,543	10,603	4,256
	<b>Total provisions for liabilities</b>	<b>17,731</b>	<b>25,754</b>	<b>17,444</b>
	Subordinated loan capital	201,579	199,429	200,193
	Hybrid core capital	168,214	177,659	170,847
19	<b>Total subordinated debt</b>	<b>369,793</b>	<b>377,088</b>	<b>371,040</b>
20	Share capital	24,200	24,700	24,200
	Reserve for net revaluation under the intrinsic value method	189	192	189
	Profit carried forward	2,866,758	2,670,482	2,755,211
	Proposed dividend etc.	-	-	121,500
	<b>Total shareholders' equity</b>	<b>2,891,147</b>	<b>2,695,374</b>	<b>2,901,100</b>
	<b>Total liabilities and equity</b>	<b>19,712,645</b>	<b>17,747,440</b>	<b>19,582,821</b>
21	Own capital share			
22	Contingent liabilities etc.			
23	Assets furnished as security			
24	Capital adequacy computation			
25	The supervisory diamond			
26	Miscellaneous comments			

## Statement of shareholders' equity

DKK 1,000	Share capital	Reserve for net revaluation under the intrinsic value method	Profit carried forward	Proposed dividend etc.	Total shareholders' equity
<b>On 31 March 2014:</b>					
<b>Shareholders' equity at the end of the previous financial year</b>	<b>24,200</b>	<b>189</b>	<b>2,755,211</b>	<b>121,500</b>	<b>2,901,100</b>
Dividend etc. paid				-121,500	-121,500
Dividend received on own shares			2,022		2,022
<b>Shareholders' equity after allocation of dividend etc.</b>	<b>24,200</b>	<b>189</b>	<b>2,757,233</b>	<b>0</b>	<b>2,781,622</b>
Purchase and sale of own shares			-26,515		-26,515
Total comprehensive income			136,040		136,040
<b>Shareholders' equity on the balance sheet date</b>	<b>24,200</b>	<b>189</b>	<b>2,866,758</b>	<b>0</b>	<b>2,891,147</b>

<b>On 31 March 2013:</b>					
<b>Shareholders' equity at the end of the previous financial year</b>	<b>24,700</b>	<b>192</b>	<b>2,581,588</b>	<b>69,660</b>	<b>2,676,140</b>
Dividend etc. paid				-69,660	-69,660
Dividend received on own shares			1,427		1,427
<b>Shareholders' equity after allocation of dividend etc.</b>	<b>24,700</b>	<b>192</b>	<b>2,583,015</b>	<b>0</b>	<b>2,607,907</b>
Purchase and sale of own shares			-4,379		-4,379
Total comprehensive income			91,846		91,846
<b>Shareholders' equity on the balance sheet date</b>	<b>24,700</b>	<b>192</b>	<b>2,670,482</b>	<b>0</b>	<b>2,695,374</b>

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

## Notes

Note	1.1-31.3 2014 DKK 1,000	1.1-31.3 2013 DKK 1,000	1.1-31.12 2013 DKK 1,000
<b>1 Interest receivable</b>			
Claims on credit institutions and central banks	5,762	5,167	23,425
Loans and other debtors	184,645	183,105	719,154
Loans - interest concerning the impaired part of loans	-10,954	-10,747	-43,913
Bonds	21,765	20,394	86,007
Total derivatives financial instruments, of which	-4,292	351	-8,617
Currency contracts	229	-1,337	-4,104
Interest-rate contracts	-4,521	1,688	-4,513
Other interest receivable	245	0	212
<b>Total interest receivable</b>	<b>197,171</b>	<b>198,270</b>	<b>776,268</b>
<b>2 Interest payable</b>			
Credit institutions and central banks	6,628	6,228	23,385
Deposits and other debts	24,636	27,215	101,280
Issued bonds	2,207	2,798	8,015
Subordinated debt	3,098	3,115	13,221
Other interest payable	10	15	136
<b>Total interest payable</b>	<b>36,579</b>	<b>39,371</b>	<b>146,037</b>
<b>3 Dividend from shares etc.</b>			
Shares	830	22	12,610
<b>Total dividend from shares etc.</b>	<b>830</b>	<b>22</b>	<b>12,610</b>
<b>4 Gross income from fees and commissions</b>			
Securities trading	13,630	7,608	33,646
Asset management	20,572	13,728	84,785
Payment handling	5,571	4,946	21,524
Loan fees	1,097	1,879	6,273
Guarantee commissions	12,954	11,773	61,527
Other fees and commissions	10,299	10,076	22,058
<b>Total gross income from fees and commissions</b>	<b>64,123</b>	<b>50,010</b>	<b>229,813</b>
<b>Net income from fees and commissions</b>			
Securities trading	10,990	6,194	26,925
Asset management	19,092	12,583	79,755
Payment handling	5,014	4,470	19,347
Loan fees	650	1,344	4,204
Guarantee commissions	12,954	11,773	61,527
Other fees and commissions	7,358	5,436	6,932
<b>Total net income from fees and commissions</b>	<b>56,058</b>	<b>41,800</b>	<b>198,690</b>
Foreign exchange income	3,079	4,820	13,293
<b>Total net income from fees, commissions and foreign exchange income</b>	<b>59,137</b>	<b>46,620</b>	<b>211,983</b>

## Notes

Note		1.1-31.3 2014 DKK 1,000	1.1-31.3 2013 DKK 1,000	1.1-31.12 2013 DKK 1,000
<b>5</b>	<b>Value adjustments</b>			
	Loans and other debtors, current value adjustment	-201	-4,305	-974
	Bonds	20,344	3,563	1,653
	Shares etc.	18,117	5,192	9,479
	Investment properties	0	0	150
	Foreign exchange income	3,079	4,820	13,293
	Total derivatives financial instruments, of which	-4,607	-5,108	-7,846
	Interest-rate contracts	-4,607	-5,124	-7,846
	Share contracts	0	16	0
	Issued bonds	1,204	773	2,491
	Other liabilities	1,398	1,341	4,828
	<b>Total value adjustments</b>	<b>39,334</b>	<b>6,276</b>	<b>23,074</b>
<b>6</b>	<b>Staff and administration costs</b>			
	Payments to general management, board of directors and shareholders' committee			
	General management	960	951	3,973
	Board of directors	0	0	1,294
	Shareholders' committee	0	0	366
	Total	960	951	5,633
	Staff costs			
	Salaries	28,054	25,937	117,365
	Pensions	3,181	2,926	12,066
	Social security expenses	250	227	900
	Costs depending on number of staff	3,307	2,891	16,195
	Total	34,792	31,981	146,526
	Other administration costs	26,457	25,211	102,750
	<b>Total staff and administration costs</b>	<b>62,209</b>	<b>58,143</b>	<b>254,909</b>
<b>7</b>	<b>Number of full-time employees</b>			
	Average number of employees during the period converted into full-time employees	<b>258</b>	<b>244</b>	<b>251</b>
<b>8</b>	<b>Impairment charges on loans and other debtors etc.</b>			
	Net changes in impairment charges on loans and other debtors and provisions for losses on guarantees	21,805	26,604	95,058
	Actual realised net losses	3,907	5,545	69,030
	Interest concerning the impaired part of loans	-10,953	-10,747	-43,913
	<b>Total impairment charges on loans and other debtors etc.</b>	<b>14,759</b>	<b>21,402</b>	<b>120,175</b>

## Notes

Note		1.1-31.3 2014 DKK 1,000	1.1-31.3 2013 DKK 1,000	1.1-31.12 2013 DKK 1,000
<b>9</b>	<b>Tax</b>			
	Tax calculated on the period's profit	39,750	30,625	114,967
	Adjustment of deferred tax	0	0	-1,660
	Adjustment of deferred tax due to change in tax rate	0	0	-303
	Adjustment of tax calculated for previous years	0	0	1,195
	<b>Total tax</b>	<b>39,750</b>	<b>30,625</b>	<b>114,199</b>
	<b>Effective tax rate (%):</b>			
	The current tax rate of the bank	24.5	25.0	25.0
	Permanent deviations	-1.9	0.0	-1.0
	Adjustment of deferred tax due to change in tax rate	0.0	0.0	-0.1
	Adjustment of tax calculated for previous years	0.0	0.0	0.3
	<b>Total effective tax rate</b>	<b>22.6</b>	<b>25.0</b>	<b>24.2</b>
Note		End March 2014 DKK 1,000	End March 2013 DKK 1,000	End Dec. 2013 DKK 1,000
<b>10</b>	<b>Claims on credit institutions and central banks</b>			
	Claims at call	113,183	648,514	114,032
	Up to and including 3 months	0	0	100,000
	More than 3 months and up to and including 1 year	0	101,434	0
	More than 1 year and up to and including 5 years	202,881	204,220	202,881
	More than 5 years	0	500	0
	<b>Total claims on credit institutions and central banks</b>	<b>316,064</b>	<b>954,668</b>	<b>416,913</b>
<b>11</b>	<b>Loans and other debtors at amortised cost price</b>			
	At call	1,232,979	1,814,888	1,311,786
	Up to and including 3 months	487,944	588,553	674,795
	More than 3 months and up to and including 1 year	1,783,855	1,558,352	1,542,624
	More than 1 year and up to and including 5 years	4,831,618	4,195,401	4,601,579
	More than 5 years	5,624,856	4,275,540	5,718,501
	<b>Total loans and other debtors at amortised cost price</b>	<b>13,961,252</b>	<b>12,432,734</b>	<b>13,849,285</b>

## Notes

Note		End March 2014 DKK 1,000	End March 2013 DKK 1,000	End Dec. 2013 DKK 1,000
12	<b>Impairment charges for loans and other debtors and provisions for losses on guarantees</b>			
	<b>Individual impairment charges</b>			
	Cumulative individual impairment charges for loans and other debtors at the end of the previous financial year	736,513	632,529	632,529
	Impairment charges/value adjustments during the period	73,460	74,293	255,157
	Reverse entry - impairment charges made in previous financial years	-80,229	-36,107	-90,895
	Booked losses covered by impairment charges	-3,796	-7,359	-60,278
	<b>Cumulative individual impairment charges for loans and other debtors on the balance sheet date</b>	<b>725,948</b>	<b>663,356</b>	<b>736,513</b>
	<b>Collective impairment charges</b>			
	Cumulative collective impairment charges for loans and other debtors at the end of the previous financial year	112,652	114,876	114,876
	Impairment charges/value adjustments during the period	32,082	-3,870	-2,224
	<b>Cumulative collective impairment charges for loans and other debtors on the balance sheet date</b>	<b>144,734</b>	<b>111,006</b>	<b>112,652</b>
	<b>Total cumulative impairment charges for loans and other debtors on the balance sheet date</b>	<b>870,682</b>	<b>774,362</b>	<b>849,165</b>
	<b>Provisions for losses on guarantees</b>			
	Cumulative individual provisions for losses on guarantees at the end of the previous financial year	4,256	10,958	10,958
	Provisions/value adjustments during the period	829	415	3,282
	Reverse entry - provisions made in previous financial years	-529	-499	-9,245
	Booked losses covered by provisions	-13	-271	-739
	<b>Cumulative individual provisions for losses on guarantees on the balance sheet date</b>	<b>4,543</b>	<b>10,603</b>	<b>4,256</b>
	<b>Total cumulative impairment charges for loans and other debtors and provisions for losses on guarantees on the balance sheet date</b>	<b>875,225</b>	<b>784,965</b>	<b>853,421</b>
13	<b>Suspended calculation of interest</b>			
	Loans and other debtors with suspended calculation of interest on the balance sheet date	81,698	106,825	85,258

## Notes

Note		End March 2014 DKK 1,000	End March 2013 DKK 1,000	End Dec. 2013 DKK 1,000
<b>14</b>	<b>Bonds at current value</b>			
	Listed on the stock exchange	4,582,261	3,567,573	4,669,732
	<b>Total bonds at current value</b>	<b>4,582,261</b>	<b>3,567,573</b>	<b>4,669,732</b>
<b>15</b>	<b>Shares etc.</b>			
	Listed on NASDAQ OMX Copenhagen	38,694	39,948	15,700
	Unlisted shares at current value	1,372	1,507	1,372
	Sector shares at current value	189,591	193,575	191,625
	<b>Total shares etc.</b>	<b>229,657</b>	<b>235,030</b>	<b>208,697</b>
<b>16</b>	<b>Debt to credit institutions and central banks</b>			
	Debt payable on demand	220,529	171,464	298,236
	Up to and including 3 months	725,183	206,610	315,311
	More than 3 months and up to and including 1 year	97,653	97,974	137,287
	More than 1 year and up to and including 5 years	652,142	501,908	560,112
	More than 5 years	549,231	271,495	443,938
	<b>Total debt to credit institutions and central banks</b>	<b>2,244,738</b>	<b>1,249,451</b>	<b>1,754,884</b>
<b>17</b>	<b>Deposits and other debts</b>			
	On demand	8,205,431	7,395,909	8,325,047
	Deposits and other debts at notice:			
	Up to and including 3 months	1,546,311	1,716,858	1,205,176
	More than 3 months and up to and including 1 year	858,229	637,588	1,426,171
	More than 1 year and up to and including 5 years	1,515,063	1,751,797	1,501,668
	More than 5 years	1,649,687	1,294,395	1,655,754
	<b>Total deposits and other debts</b>	<b>13,774,721</b>	<b>12,796,547</b>	<b>14,113,816</b>
	Distributed as follows:			
	On demand	7,794,891	6,909,027	7,933,649
	At notice	350,965	225,596	337,480
	Time deposits	2,322,800	2,505,533	2,549,938
	Long term deposit agreements	1,884,775	1,908,971	1,883,569
	Special types of deposits	1,421,290	1,247,420	1,409,180
		<b>13,774,721</b>	<b>12,796,547</b>	<b>14,113,816</b>



## Notes

Note		End March 2014 DKK 1,000	End March 2013 DKK 1,000	End Dec. 2013 DKK 1,000
<b>18</b>	<b>Issued bonds at amortised cost price</b>			
	Up to and including 3 months	0	0	3,727
	More than 3 months and up to and including 1 year	2,573	213,697	0
	More than 1 year and up to and including 5 years	244,322	109,798	246,087
	<b>Total issued bonds at amortised cost price</b>	<b>246,895</b>	<b>323,495</b>	<b>249,814</b>
	Distributed as follows:			
	Issues in Danish kroner:			
	Nom. 220 million DKK	0	220,000	0
	Own holding	0	-10,030	0
	Issues in Norwegian kroner:			
	Nom. 100 million NOK	90,440	99,740	88,540
	Regulation at amortised cost price and adjustment to current value of issues	4,564	7,485	5,768
	Issues in euro:			
	Nom. 20 million EUR	149,318	0	149,206
	Other issues	2,573	6,300	6,300
		<b>246,895</b>	<b>323,495</b>	<b>249,814</b>
<b>19</b>	<b>Subordinated debt</b>			
	Subordinated loan capital:			
	Floating rate loan, principal EUR 27 million, expiry 30 June 2021	201,579	201,226	201,428
	Hybrid core capital:			
	4.795% bond loan, nom, DKK 200 million, indefinite term	200,000	200,000	200,000
	Own holding	-35,500	-32,000	-35,500
	Regulation at amortised cost price and adjustment to current value of subordinated loan capital and hybrid core capital	3,714	7,862	5,112
	<b>Total subordinated debt</b>	<b>369,793</b>	<b>377,088</b>	<b>371,040</b>
<b>20</b>	<b>Share capital</b>			
	Number of shares at DKK 5 each:			
	Beginning of period	4,840,000	4,940,000	4,940,000
	Changes during the period	0	0	-100,000
	End of period	4,840,000	4,940,000	4,840,000
	Of which reserved for approved capital reduction	60,000	100,000	0
	Of which reserved for subsequent cancellation	20,000	0	60,000
	<b>Total share capital</b>	<b>24,200</b>	<b>24,700</b>	<b>24,200</b>

## Notes

Note	End March 2014 DKK 1,000	End March 2013 DKK 1,000	End Dec. 2013 DKK 1,000
<b>21 Own capital shares</b>			
Own capital shares included in the balance sheet at	0	0	0
The market value is	100,649	87,979	68,747
Number of own shares:			
Beginning of year	62,554	96,075	96,075
Purchases during the period	78,434	109,116	318,806
Sales during the period	-55,692	-103,599	-252,327
Cancellation during the period	0	0	-100,000
End of period	85,296	101,592	62,554
Of which reserved for approved capital reduction	60,000	100,000	0
Of which reserved for subsequent cancellation	20,000	0	60,000
Nominal value of holding of own shares, end of period	426	508	313
Own shares' proportion of share capital, end of period (%)	1.8	2.1	1.3
<b>22 Contingent liabilities etc.</b>			
<b>Contingent liabilities</b>			
Finance guarantees	937,856	1,243,249	949,047
Guarantees against losses on mortgage credit loans	56,647	50,138	55,841
Guarantee against losses Totalkredit	121,920	109,887	112,284
Registration and conversion guarantees	44,766	75,168	55,605
Sector guarantees	48,175	46,816	48,175
Other contingent liabilities	686,313	670,926	680,982
<b>Total contingent liabilities</b>	<b>1,895,677</b>	<b>2,196,184</b>	<b>1,901,934</b>
<b>23 Assets furnished as security</b>			
First mortgage loans are provided for German wind turbine projects. The loans are funded directly by KfW Bankengruppe, to which security in the associated loans has been provided. Each repayment of the first mortgage loans is deducted directly from the funding from the KfW Bankengruppe.	<b>1,138,705</b>	<b>808,140</b>	<b>968,568</b>
As security for clearing, the bank has pledged securities from its holding to the Central Bank of Denmark to a total market price of	<b>365,272</b>	<b>194,522</b>	<b>321,192</b>
Provision of security under CSA agreements	<b>63,207</b>	<b>89,686</b>	<b>75,372</b>

## Notes

Note	End March 2014 DKK 1,000	End March 2013 DKK 1,000	End Dec. 2013 DKK 1,000
<b>24</b>			
<b>Capital adequacy computation</b> Computed pursuant to the Executive order on Capital Adequacy issued by the Danish Financial Supervisory Authority.			
Weighted items with credit and counterpart risk	11,935,074	11,389,669	12,235,761
Market risk	1,267,580	1,582,421	1,110,690
Operational risk	1,567,369	1,522,813	1,522,813
<b>Total risk weighted items</b>	<b>14,770,023</b>	<b>14,494,903</b>	<b>14,869,264</b>
Shareholders' equity	2,891,143	2,695,374	2,901,100
Proposed dividend etc.	0	0	-121,500
Deduction for the sum of equity investments etc. > 10%	-73,973	0	0
Deductions for accruals related to calculated dividend and the residual frame of the share buy-back programme	-141,196	0	0
Reserve for net revaluation	-189	-192	-189
<b>Core tier 1 capital (excl. hybrid core capital)</b>	<b>2,675,785</b>	<b>2,695,182</b>	<b>2,779,411</b>
Hybrid core capital	131,600	168,000	164,500
Deduction for equity investments etc. > 10%	0	-21,716	-19,963
Deduction for the sum of equity investments etc. > 10%	-131,600	-20,830	-63,503
<b>Tier 1 capital</b>	<b>2,675,785</b>	<b>2,820,636</b>	<b>2,860,445</b>
Subordinated loan capital	161,100	201,226	201,428
Reserve for net revaluation	189	192	189
Deduction for equity investments etc. > 10%	0	-21,716	-19,963
Deduction for the sum of equity investments etc. > 10%	-161,289	-20,830	-63,503
<b>Capital base after deductions</b>	<b>2,675,785</b>	<b>2,979,508</b>	<b>2,978,596</b>
<b>Core tier 1 capital ratio (excl. hybrid core capital) (%)</b>	<b>18.1</b>	<b>18.6</b>	<b>18.7</b>
<b>Tier 1 capital ratio (%)</b>	<b>18.1</b>	<b>19.5</b>	<b>19.2</b>
<b>Solvency ratio - Tier 2 (%)</b>	<b>18.1</b>	<b>20.6</b>	<b>20.0</b>
Capital base requirements under Section 124 (2,1) of the Danish Financial Business Act	1,181,602	1,159,592	1,189,541
<b>25</b>			
<b>The supervisory diamond (Danish Financial Supervisory Authority limits)</b>			
Stable funding (funding ratio) (< 1)	0.7	0.7	0.7
Excess liquidity (> 50%)	169.6%	159.2%	166.2%
Total large exposures (< 125%)	39.1%	16.8%	35.0%
Growth in loans (< 20%)	0.8%	0.1%	11.5%
Real estate exposure (< 25%)	12.7%	11.7%	11.4%
<b>26</b>			
<b>Miscellaneous comments on:</b>			
<b>Main and key figures for the bank</b>			
<ul style="list-style-type: none"> <li>Return on equity at the beginning of the year before and after tax are computed per annum after allocation of dividend etc., net.</li> <li>Key figures per DKK 5 share are calculated on the basis of respectively 1<sup>st</sup> quarter 2014: 4,780,000, 1<sup>st</sup> quarter 2013: 4,840,000 shares, 2013: 4,780,000 shares.</li> </ul>			

## Main figures summary

	1 <sup>st</sup> qtr. 2014	1 <sup>st</sup> qtr. 2013	Full year 2013
<b>Profit and loss account summary (million DKK)</b>			
Net income from interest	161	159	630
Dividend on capital shares etc.	1	0	12
Net income from fees and commissions	56	42	199
Net income from interest and fees	218	201	841
Value adjustments	+39	+6	+23
Other operating income	1	0	3
Staff and administration costs	62	58	255
Amortisations, depreciations and write-downs on intangible and tangible assets	1	1	4
Other operating costs	4	4	16
Impairment charges for loans and other debtors etc.	-15	-21	-120
Profit before tax	176	123	472
Tax	40	31	114
Profit after tax	136	92	358
<b>Main figures from the balance sheet (million DKK)</b>			
Loans and other debtors	13,961	12,433	13,849
Deposits and other debts	13,775	12,797	14,114
Subordinated debt	370	377	371
Shareholders' equity	2,891	2,695	2,901
Balance sheet total	19,776	17,747	19,583

## Quarterly overview

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

## Danish Financial Supervisory Authority key figures for Danish banks

		1 <sup>st</sup> qtr. 2014	1 <sup>st</sup> qtr. 2013	Full year 2013
<b>Solvency:</b>				
Solvency ratio - Tier 2	%	18.1	20.6	20.0
Tier 1 capital ratio	%	18.1	19.5	19.2
Individual solvency requirement	%	8.8	8.7	8.9
<b>Earnings:</b>				
Return on equity before tax	%	6.1	4.6	16.9
Return on equity after tax	%	4.7	3.4	12.8
Income/cost ratio	DKK	3.14	2.44	2.19
<b>Market risk:</b>				
Interest rate risk	%	0.9	1.5	0.6
Foreign exchange position	%	0.7	0.6	1.6
Foreign exchange risk	%	0.0	0.0	0.0
<b>Liquidity risk:</b>				
Excess cover relative to statutory liquidity requirement	%	170.6	159.2	166.2
Loans and impairments thereon relative to deposits	%	107.7	103.2	104.1
<b>Credit risk:</b>				
Loans relative to shareholders' equity		4.8	4.6	4.8
Growth in loans for the period	%	0.8	0.1	11.5
Total large exposures	%	39.1	16.8	35.0
Cumulative impairment percentage	%	5.2	5.1	5.1
Impairment percentage for the period	%	0.09	0.14	0.72
Proportion of debtors at reduced interest	%	0.5	0.7	0.5
<b>Share return:</b>				
Profit for the period after tax per share * / ***	DKK	562.1	379.5	1,462.8
Book value per share * / **	DKK	12,161	11,142	12,145
Share price relative to profit for the period per share *	DKK	42.0	45.6	15.0
Share price relative to profit for the period per share * / ***		1.94	1.55	1.81
<p>* Calculated on the basis of a denomination of DKK 100 per share.  ** Calculated on the basis of number of shares outstanding at the end of the period.  *** Calculated on the basis of the average number of shares. The average number of shares is calculated as a simple average of the shares at the beginning of the period and at the end of the period.</p>				

## Management's statement

The board of directors and the general management have today considered and approved the quarterly report for Ringkjøbing Landbobank A/S for the period 1 January - 31 March 2014.

The quarterly report was prepared in accordance with the provisions of the Danish Act on Financial Activities and further Danish requirements on listed financial companies concerning disclosure. We consider the accounting policies to be appropriate and the accounting estimates made to be responsible, such that the quarterly report provides a true and fair view of the bank's assets, liabilities and financial position as of 31 March 2014 and of the bank's activities for the period 1 January - 31 March 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 quarterly report is not audited or reviewed, but the external auditors have checked that the conditions for ongoing inclusion of the earnings for the period in the core capital have been met.

Ringkjøbing, 23 April 2014

General Management:

John Fisker  
CEO

Board of Directors:

Jens Lykke Kjeldsen  
Chairman

Martin Krogh Pedersen  
Deputy chairman

Gert Asmussen

Inge Sandgrav Bak

Gravers Kjærgaard

Jørgen Lund Pedersen

Bo Bennedsgaard  
Employee board member

Gitte E. S. Vigsø  
Employee board member