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## Ringkjøbing Landbobank's quarterly report, 1<sup>st</sup>-3<sup>rd</sup> quarter of 2014 - Great increase in customer numbers, growth and clarification of expectations

The core earnings for the first three quarters of the year were DKK 398 million against DKK 332 million in 2013, an increase of 20%. The profit before tax was DKK 454 million, representing a return of 22% p.a. on equity, which is considered highly satisfactory.

(Million DKK)	1 <sup>st</sup> -3 <sup>rd</sup> 2014	1 <sup>st</sup> -3 <sup>rd</sup> 2013	2013	2012	2011	2010
Total core income	670	624	844	823	767	758
Total costs and depreciations	-209	-197	-273	-265	-248	-240
<b>Core earnings before impairments</b>	<b>461</b>	<b>427</b>	<b>571</b>	<b>558</b>	<b>519</b>	<b>518</b>
Impairment charges for loans etc.	-63	-95	-120	-157	-129	-138
<b>Core earnings</b>	<b>398</b>	<b>332</b>	<b>451</b>	<b>401</b>	<b>390</b>	<b>380</b>
Result for portfolio	+56	+11	+23	+49	+1	+38
Expenses for bank packages	0	-2	-2	-2	-11	-80
<b>Profit before tax</b>	<b>454</b>	<b>341</b>	<b>472</b>	<b>448</b>	<b>380</b>	<b>338</b>

### Three quarters – highlights:

- 33% improvement in profit before tax to DKK 454 million, equivalent to a 22% return on equity p.a. after payment of dividend
- Increase in core earnings from DKK 332 million in 2013 to DKK 398 million in 2014 - a 20% increase
- 15% increase in the bank's loans and 11% increase in deposits
- Highly satisfactory number of new customers in both the branch network and niche concepts resulting in the best ever net increase in customers
- Expectations of core earnings for the entire year are clarified around the top of the upwardly adjusted interval of DKK 460-510 million.

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 475 million in the first three quarters of 2014 against DKK 459 million in 2013, an increase of 3%. Compared with the first to third quarters of 2013, the bank noted increasing average loans and deposits in the three quarters, but also noted a fall in the interest margin from the first three quarters of 2013 to the first three quarters of 2014.

Fees, commissions and foreign exchange earnings amount to net DKK 170 million in the first three quarters of 2014 against net DKK 154 million in 2013, an increase of 11%. The increase is attributable primarily to greater activity and volumes within asset management and pensions and to greater trading activity, which has strengthened earnings.

The total core income was 7% higher in the first three quarters of the year, with an increase from DKK 624 million in 2013 to DKK 670 million in 2014. The DKK 46 million increase in total core income was affected positively by an extraordinary once-only income of the order of DKK 10 million in the first quarter 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 depreciation on tangible assets were DKK 209 million in the first three quarters of 2014 against DKK 197 million last year, an increase of 6%.

The rate of costs was computed at 31.1, 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 63 million in the first to third quarters of 2014. The level of impairment charges fell by 33% relative to the same period last year and is equivalent in the first three quarters of 2014 to 0.5% p.a. of total average loans, impairment charges, guarantees and provisions.

The bank's total account for impairment charges and provisions amounted to DKK 938 million at the end of the quarter, equivalent to 5.4% of total loans and guarantees. Actual losses and write-offs on loans etc. continue to be very low, and they were exceeded during the period by the items "Interest on the impaired part of loans" and "Receivables previously written off", such that the total account for impairment charges and provisions increased by net DKK 85 million during the first three quarters of the year.

The portfolio of loans with suspended calculation of interest amounts to DKK 92 million, equivalent to 0.5% of the bank's total loans and guarantees at the end of the third quarter of 2014.

## Core earnings

(Million DKK)	1 <sup>st</sup> -3 <sup>rd</sup>	1 <sup>st</sup> -3 <sup>rd</sup>	2013	2012	2011	2010
	2014	2013				
Total core income	670	624	844	823	767	758
Total costs and depreciations	-209	-197	-273	-265	-248	-240
<b>Core earnings before impairments</b>	<b>461</b>	<b>427</b>	<b>571</b>	<b>558</b>	<b>519</b>	<b>518</b>
Impairment charges for loans etc.	-63	-95	-120	-157	-129	-138
<b>Core earnings</b>	<b>398</b>	<b>332</b>	<b>451</b>	<b>401</b>	<b>390</b>	<b>380</b>

The first three quarters' core earnings of DKK 398 million are the best ever for the first to third quarters in the bank's history and constitute a 20% increase relative to last year's DKK 332 million.

## Result for portfolio and market risk

The portfolio income for the first to third quarters of 2014 was positive by DKK 56 million including funding costs for the portfolio.

The bank's holding of shares etc. at the end of the third quarter of 2014 amounted to DKK 202 million, DKK 39 million of which was in listed shares, while DKK 163 million was in sector shares etc. The bond portfolio amounted to DKK 4,422 million, and the majority of the portfolio consists of AAA-rated Danish mortgage credit bonds and short-term bank bonds issued by rated counterparties.

The total interest rate risk, computed as the impact on the profit of a one percentage point change in the interest level, was 0.7% of the bank's Tier 1 capital after deduction at the end of the quarter.

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

	Risk in million DKK	Risk relative to equity end of 3 <sup>rd</sup> quarter 2014 in %
Highest risk of loss:	11.2	0.37%
Lowest risk of loss:	3.1	0.10%
Average risk of loss	7.2	0.24%

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

## Profit after tax

The profit after tax was DKK 346 million for the first to third quarters of 2014 against DKK 257 million last year. The profit after tax is equivalent to a return on equity at the beginning of the period of 17% p.a. after payment of dividend.

## Balance sheet

The bank's balance sheet at the end of the third quarter of 2014 stood at DKK 20,330 million against last year's DKK 18,603 million.

The bank's deposits increased by 11% from DKK 12,826 million to DKK 14,231 million. The bank's loans increased by 15% from DKK 12,988 million to DKK 14,966 million. Loans at the end of the third quarter of 2014 include DKK 325 million reverse transactions received during the quarter, and

excluding the reverse transactions, the bank's loans thus increased by 13% relative to the end of the third quarter of 2013.

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 primarily from new customers.

The bank's portfolio of guarantees at the end of the quarter was DKK 1,536 million against DKK 2,645 million at the end of the third quarter of 2013. The fall in the portfolio of guarantees is due, among other things, to the fact that a number of guarantees were provided at the end of the third quarter of 2013 which resulted in actual loans later in 2013.

### Liquidity

The bank's liquidity is good, with loans excluding reverse transactions and deposits nearly at the same level. The excess solvency relative to the statutory liquidity requirement is 175%. The bank's short-term funding with term to maturity of less than 12 months amounts to DKK 1.1 billion, balanced by DKK 4.8 billion in short-term money market placings, primarily in Danish banks and liquid securities. The bank is thus not dependent on the short-term money market.

The bank's loans portfolio is more than fully financed by the bank's deposits and equity. In addition, part of the loans portfolio for wind turbines in Germany is refinanced back-to-back with KfW Bankengruppe, and the DKK 1,097 million concerned can thus be disregarded in terms of liquidity. The bank requires no financing for the coming year to meet the minimum requirement that it must always be able to manage for up to 12 months without access to the financial markets.

### The share buy-back programme

At the annual general meeting in February 2014, the bank was authorised to buy up to 110,000 own shares and set them aside for later cancellation. As of 21 October 2014, 75,000 own shares have been set aside for later cancellation under the share buy-back programme.

### Capital

The equity at the beginning of 2014 was DKK 2,901 million. To this must be added the profit for the period, while the dividend paid and the value of the own shares bought must be subtracted, after which the equity at the end of the quarter was DKK 3,040 million.

The bank's solvency ratio (Tier 2) was computed at 18.6% at the end of the third quarter of 2014, and the Tier 1 capital ratio was also computed at 18.6%.

	3 <sup>rd</sup> qtr. 2014	3 <sup>rd</sup> qtr. 2013	2013	2012	2011	2010
<b>Solvency cover</b>						
Core tier 1 capital ratio (excl. hybrid core capital) (%)	18.4	18.8	18.7	19.6	18.3	17.1
Tier 1 capital ratio (%)	18.6	19.4	19.2	20.9	19.8	18.6
<b>Solvency ratio - Tier 2 (%)</b>	<b>18.6</b>	<b>20.2</b>	<b>20.0</b>	<b>22.4</b>	<b>21.4</b>	<b>22.4</b>
Individual solvency requirement (%)	8.7	8.8	8.9	8.0	8.0	8.0
<b>Solvency cover</b>	<b>214%</b>	<b>230%</b>	<b>225%</b>	<b>280%</b>	<b>268%</b>	<b>280%</b>

With effect from 2014, capital ratios are calculated according to the new CRD IV rules. As described in the bank's 2013 annual report, the bank's calculation of capital cover was affected by the new rules, including the introduction of a phasing out arrangement for inclusion of hybrid core capital and subor-

minated loan capital. Certain changes have also been implemented for the calculation of risk-weighted items, including the weighting and calculation of exposures in default, and a temporary discount on the risk weighting of exposures to certain SME-commitments has also been introduced.

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

The bank calculates the individual solvency requirement on the basis of the so-called 8+ model. The method of calculation in this model starts with 8%, to which are added any supplements calculated *inter alia* for customers with financial problems. The 8+ model takes no account of the bank's earnings and cost base or its robust business model. Despite this, the bank's individual solvency requirement at the end of the third quarter of 2014 was calculated at 8.7% - equivalent to a fall of 0.2 of a percentage point 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 is 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 participation of banks which still want a strong mortgage credit institute for the agricultural sector and other businesses. In this connection, the bank acquired shares for the equivalent of DKK 75 million. A five-year call option was also issued to the selling banks. Viewed as a whole, the transaction is attractive.

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

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

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

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

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

### **Clarification of the expectations for earnings in 2014**

The core earnings for the first to third quarters of 2014 were DKK 398 million against DKK 332 million last year, an increase of 20%. Given the development in 2014, expectations of core earnings for the entire year are clarified around the top of the upwardly adjusted interval of DKK 460-510 million.

## Main and key figures

	1 <sup>st</sup> -3 <sup>rd</sup> qtr. 2014	1 <sup>st</sup> -3 <sup>rd</sup> qtr. 2013	Full year 2013
<b>Main figures for the bank (million DKK)</b>			
Total core income	670	624	844
Total costs and depreciations	-209	-197	-273
<b>Core earnings before impairments</b>	<b>461</b>	<b>427</b>	<b>571</b>
Impairment charges for loans etc.	-63	-95	-120
<b>Core earnings</b>	<b>398</b>	<b>332</b>	<b>451</b>
Result for portfolio	+56	+11	+23
Expenses for bank packages	0	-2	-2
<b>Profit before tax</b>	<b>454</b>	<b>341</b>	<b>472</b>
<b>Profit after tax</b>	<b>346</b>	<b>257</b>	<b>358</b>
Shareholders' equity	3,040	2,806	2,901
Deposits	14,231	12,826	14,114
Loans	14,966	12,988	13,849
Balance sheet total	20,330	18,603	19,583
Guarantees	1,536	2,645	1,902
<b>Key figures for the bank (per cent)</b>			
Return on equity before tax, beginning of year, p.a.	21.8	17.4	18.1
Return on equity after tax, beginning of year, p.a.	16.6	13.2	13.7
Rate of costs	31.1	31.6	32.4
Core tier 1 capital ratio	18.4	18.8	18.7
Tier 1 capital ratio	18.6	19.4	19.2
Solvency ratio - Tier 2	18.6	20.2	20.0
Individual solvency requirement	8.7	8.8	8.9
<b>Key figures per 5 DKK share (DKK)</b>			
Core earnings	83	69	94
Profit before tax	95	70	99
Profit after tax	72	53	75
Net asset value	636	580	607
Price, end of period	1,143	1,058	1,099
Dividend	-	-	25

## Profit and loss account

Note		1.1-30.9 2014 DKK 1,000	1.1-30.9 2013 DKK 1,000	1.1-31.12 2013 DKK 1,000
1	Interest receivable	593,040	583,242	776,268
2	Interest payable	106,188	111,040	146,037
	<b>Net income from interest</b>	<b>486,852</b>	<b>472,202</b>	<b>630,231</b>
3	Dividend on capital shares etc.	7,897	1,919	12,610
4	Income from fees and commissions	183,060	167,279	229,813
4	Fees and commissions paid	23,281	23,172	31,123
	<b>Net income from interest and fees</b>	<b>654,528</b>	<b>618,228</b>	<b>841,531</b>
5	Value adjustments	+69,341	+14,757	+23,074
	Other operating income	2,827	2,142	2,730
6,7	Staff and administration costs	192,140	184,754	254,909
	Amortisations, depreciations and write-downs on intangible and tangible assets	5,204	2,287	4,270
	Other operating costs			
	Miscellaneous other operating costs	167	22	28
	Costs Deposit Guarantee Fund	11,314	12,159	16,091
8	Impairment charges for loans and other debtors etc.	-63,383	-94,758	-120,175
	Result of capital shares in associated companies	0	0	-3
	<b>Profit before tax</b>	<b>454,488</b>	<b>341,147</b>	<b>471,859</b>
9	Tax	108,325	83,800	114,199
	<b>Profit after tax</b>	<b>346,163</b>	<b>257,347</b>	<b>357,660</b>
	Other comprehensive income	0	0	0
	<b>Total comprehensive income</b>	<b>346,163</b>	<b>257,347</b>	<b>357,660</b>

## Core earnings

	1.1-30.9 2014 DKK 1,000	1.1-30.9 2013 DKK 1,000	1.1-31.12 2013 DKK 1,000
Net income from interest	474,556	459,076	614,719
Net income from fees and provisions excl. commission	133,490	124,176	171,765
Income from sector shares	22,189	9,158	14,403
Foreign exchange income	10,675	9,935	13,293
Other operating income	2,827	2,142	2,730
<b>Total core income excl. trade income</b>	<b>643,737</b>	<b>604,487</b>	<b>816,910</b>
Trade income	26,289	19,931	26,925
<b>Total core income</b>	<b>670,026</b>	<b>624,418</b>	<b>843,835</b>
Staff and administration costs	192,140	184,753	254,909
Amortisations, depreciations and write-downs on intangible and tangible assets	5,204	2,287	4,270
Other operating costs	11,349	10,371	13,827
Total costs etc.	208,693	197,411	273,006
<b>Core earnings before impairments</b>	<b>461,333</b>	<b>427,007</b>	<b>570,829</b>
Impairment charges for loans and other debtors etc.	-63,383	-94,758	-120,175
<b>Core earnings</b>	<b>397,950</b>	<b>332,249</b>	<b>450,654</b>
Result for portfolio	+56,670	+10,708	+23,497
Expenses for bank packages	-132	-1,810	-2,292
<b>Profit before tax</b>	<b>454,488</b>	<b>341,147</b>	<b>471,859</b>
Tax	108,325	83,800	114,199
<b>Profit after tax</b>	<b>346,163</b>	<b>257,347</b>	<b>357,660</b>

## Balance sheet

Note		End Sept. 2014 DKK 1,000	End Sept. 2013 DKK 1,000	End Dec. 2013 DKK 1,000
	<b>Assets</b>			
<b>10</b>	Cash in hand and claims at call on central banks	63,751	123,838	63,064
	Claims on credit institutions and central banks	356,679	474,481	416,913
	Claims at notice on central banks	0	0	0
	Money market operations and bilateral loans - term to maturity under 1 year	233,798	269,761	214,032
	Bilateral loans - term to maturity over 1 year	122,881	204,720	202,881
<b>11,12,13</b>	Loans and other debtors at amortised cost price	14,965,754	12,987,812	13,849,285
	Loans and other debtors at amortised cost price	13,543,543	12,136,919	12,880,717
	Wind turbine loans with direct funding	1,097,407	850,893	968,568
	Reverse transactions	324,804	0	0
<b>14</b>	Bonds at current value	4,422,010	4,346,048	4,669,732
<b>15</b>	Shares etc.	201,839	234,210	208,697
	Capital shares in associated companies	540	543	540
	Land and buildings total	72,156	75,415	73,871
	Investment properties	8,015	8,165	8,015
	Domicile properties	64,141	67,250	65,856
	Other tangible assets	4,015	4,272	4,385
	Actual tax assets	0	0	24,501
	Temporary assets	1,000	2,100	1,000
	Other assets	236,190	346,820	263,856
	Periodic-defined items	5,692	7,125	6,977
	<b>Total assets</b>	<b>20,329,626</b>	<b>18,602,664</b>	<b>19,582,821</b>



## Balance sheet

Note		End Sept. 2014 DKK 1,000	End Sept. 2013 DKK 1,000	End Dec. 2013 DKK 1,000
	<b>Liabilities and equity</b>			
16	Debt to credit institutions and central banks	2,167,662	2,154,942	1,754,884
	Money market operations and bilateral credits - term to maturity under 1 year	938,001	1,201,025	656,258
	Bilateral credits - term to maturity over 1 year	132,254	103,024	130,058
	Bilateral credits from KfW Bankengruppe	1,097,407	850,893	968,568
17	Deposits and other debts	14,230,772	12,825,932	14,113,816
18	Issued bonds at amortised cost price	245,897	104,341	249,814
	Actual tax liabilities	59,588	23,447	0
	Other liabilities	200,952	296,634	173,806
	Periodic-defined items	146	163	917
	<b>Total debt</b>	<b>16,905,017</b>	<b>15,405,459</b>	<b>16,293,237</b>
	Provisions for deferred tax	13,188	15,151	13,188
12	Provisions for losses on guarantees	4,711	5,156	4,256
	<b>Total provisions for liabilities</b>	<b>17,899</b>	<b>20,307</b>	<b>17,444</b>
	Subordinated loan capital	199,711	199,556	200,193
	Hybrid core capital	166,896	171,829	170,847
19	<b>Total subordinated debt</b>	<b>366,607</b>	<b>371,385</b>	<b>371,040</b>
20	Share capital	23,900	24,200	24,200
	Reserve for net revaluation under the intrinsic value method	189	192	189
	Profit carried forward	3,016,014	2,781,121	2,755,211
	Proposed dividend etc.	-	-	121,500
	<b>Total shareholders' equity</b>	<b>3,040,103</b>	<b>2,805,513</b>	<b>2,901,100</b>
	<b>Total liabilities and equity</b>	<b>20,329,626</b>	<b>18,602,664</b>	<b>19,582,821</b>
21	Own capital shares			
22	Contingent liabilities etc.			
23	Assets furnished as security			
24	Capital adequacy computation			
25	The supervisory diamond			
26	Miscellaneous comments			

## Statement of shareholders' equity

DKK 1,000	Share capital	Reserve for net revaluation under the intrinsic value method	Profit carried forward	Proposed dividend etc.	Total shareholders' equity
<b>On 30 September 2014:</b>					
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
<b>Shareholders' equity after allocation of dividend etc.</b>	<b>23,900</b>	<b>189</b>	<b>2,757,533</b>	<b>0</b>	<b>2,781,622</b>
Purchase and sale of own shares			-87,682		-87,682
Total comprehensive income			346,163		346,163
<b>Shareholders' equity on the balance sheet date</b>	<b>23,900</b>	<b>189</b>	<b>3,016,014</b>	<b>0</b>	<b>3,040,103</b>

<b>On 30 September 2013:</b>					
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
<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			-59,741		-59,741
Total comprehensive income			257,347		257,347
<b>Shareholders' equity on the balance sheet date</b>	<b>24,200</b>	<b>192</b>	<b>2,781,121</b>	<b>0</b>	<b>2,805,513</b>

<b>On 31 December 2013:</b>					
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
<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	1.1-30.9 2014 DKK 1,000	1.1-30.9 2013 DKK 1,000	1.1-31.12 2013 DKK 1,000
<b>1 Interest receivable</b>			
Claims on credit institutions and central banks	13,352	17,443	23,425
Loans and other debtors	554,183	539,985	719,154
Loans - interest concerning the impaired part of loans	-33,384	-32,665	-43,913
Bonds	70,177	63,487	86,007
Total derivatives financial instruments, of which	-12,061	-5,008	-8,617
Currency contracts	-153	-3,386	-4,104
Interest-rate contracts	-11,908	-1,622	-4,513
Other interest receivable	773	0	212
<b>Total interest receivable</b>	<b>593,040</b>	<b>583,242</b>	<b>776,268</b>
<b>2 Interest payable</b>			
Credit institutions and central banks	20,108	17,402	23,385
Deposits and other debts	71,022	77,840	101,280
Issued bonds	5,686	6,431	8,015
Subordinated debt	9,363	9,352	13,221
Other interest payable	9	15	136
<b>Total interest payable</b>	<b>106,188</b>	<b>111,040</b>	<b>146,037</b>
<b>3 Dividend from shares etc.</b>			
Shares	7,897	1,919	12,610
<b>Total dividend from shares etc.</b>	<b>7,897</b>	<b>1,919</b>	<b>12,610</b>
<b>4 Gross income from fees and commissions</b>			
Securities trading	32,698	24,600	33,646
Asset management	64,716	58,359	84,785
Payment handling	17,784	15,943	21,524
Loan fees	5,118	4,861	6,273
Guarantee commissions	39,687	45,200	61,527
Other fees and commissions	23,057	18,316	22,058
<b>Total gross income from fees and commissions</b>	<b>183,060</b>	<b>167,279</b>	<b>229,813</b>
<b>Net income from fees and commissions</b>			
Securities trading	26,289	19,931	26,925
Asset management	60,741	54,710	79,755
Payment handling	15,565	14,331	19,347
Loan fees	3,722	3,381	4,204
Guarantee commissions	39,687	45,200	61,527
Other fees and commissions	13,775	6,554	6,932
<b>Total net income from fees and commissions</b>	<b>159,779</b>	<b>144,107</b>	<b>198,690</b>
Foreign exchange income	10,675	9,935	13,293
<b>Total net income from fees, commissions and foreign exchange income</b>	<b>170,454</b>	<b>154,042</b>	<b>211,983</b>

## Notes

Note		1.1-30.9 2014 DKK 1,000	1.1-30.9 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	8,693	-2,536	-974
	Bonds	28,839	-6,534	1,653
	Shares etc.	21,500	13,606	9,479
	Investment properties	0	0	150
	Foreign exchange income	10,675	9,935	13,293
	Total derivatives financial instruments, of which	-7,322	-5,535	-7,846
	Interest-rate contracts	-7,863	-5,662	-8,289
	Share contracts	541	127	443
	Issued bonds	2,987	2,138	2,491
	Other liabilities	3,969	3,683	4,828
	<b>Total value adjustments</b>	<b>69,341</b>	<b>14,757</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	3,025	2,980	3,973
	Board of directors	696	647	1,294
	Shareholders' committee	0	0	366
	Total	3,721	3,627	5,633
	Staff costs			
	Salaries	90,003	84,803	117,365
	Pensions	9,539	8,987	12,066
	Social security expenses	674	1,247	900
	Costs depending on number of staff	12,427	11,004	16,195
	Total	112,643	106,041	146,526
	Other administration costs	75,776	75,086	102,750
	<b>Total staff and administration costs</b>	<b>192,140</b>	<b>184,754</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>257</b>	<b>250</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	84,841	105,176	95,058
	Actual realised net losses	11,926	22,247	69,030
	Interest concerning the impaired part of loans	-33,384	-32,665	-43,913
	<b>Total impairment charges on loans and other debtors etc.</b>	<b>63,383</b>	<b>94,758</b>	<b>120,175</b>

## Notes

Note		1.1-30.9 2014 DKK 1,000	1.1-30.9 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	108,325	83,800	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>108,325</b>	<b>83,800</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	-0.7	-0.4	-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>23.8</b>	<b>24.6</b>	<b>24.2</b>
Note		End Sept. 2014 DKK 1,000	End Sept. 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	233,798	168,327	114,032
	Up to and including 3 months	0	1,434	100,000
	More than 3 months and up to and including 1 year	0	100,000	0
	More than 1 year and up to and including 5 years	122,881	204,220	202,881
	More than 5 years	0	500	0
	<b>Total claims on credit institutions and central banks</b>	<b>356,679</b>	<b>474,481</b>	<b>416,913</b>
<b>11</b>	<b>Loans and other debtors at amortised cost price</b>			
	At call	1,409,603	1,190,016	1,311,786
	Up to and including 3 months	882,144	424,908	674,795
	More than 3 months and up to and including 1 year	2,066,618	1,674,398	1,542,624
	More than 1 year and up to and including 5 years	5,027,407	4,684,262	4,601,579
	More than 5 years	5,579,983	5,014,228	5,718,501
	<b>Total loans and other debtors at amortised cost price</b>	<b>14,965,755</b>	<b>12,987,812</b>	<b>13,849,285</b>

## Notes

Note		End Sept. 2014 DKK 1,000	End Sept. 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	180,001	223,075	255,157
	Reverse entry - impairment charges made in previous financial years	-128,246	-84,411	-90,895
	Booked losses covered by impairment charges	-16,454	-24,508	-60,278
	<b>Cumulative individual impairment charges for loans and other debtors on the balance sheet date</b>	<b>771,814</b>	<b>746,685</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	49,084	-3,180	-2,224
	<b>Cumulative collective impairment charges for loans and other debtors on the balance sheet date</b>	<b>161,736</b>	<b>111,696</b>	<b>112,652</b>
	<b>Total cumulative impairment charges for loans and other debtors on the balance sheet date</b>	<b>933,550</b>	<b>858,381</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	2,093	2,954	3,282
	Reverse entry - provisions made in previous financial years	-1,602	-8,317	-9,245
	Booked losses covered by provisions	-36	-439	-739
	<b>Cumulative individual provisions for losses on guarantees on the balance sheet date</b>	<b>4,711</b>	<b>5,156</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>938,261</b>	<b>863,537</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	91,811	116,280	85,258

## Notes

Note		End Sept. 2014 DKK 1,000	End Sept. 2013 DKK 1,000	End Dec. 2013 DKK 1,000
<b>14</b>	<b>Bonds at current value</b>			
	Listed on the stock exchange	4,422,010	4,346,048	4,669,732
	<b>Total bonds at current value</b>	<b>4,422,010</b>	<b>4,346,048</b>	<b>4,669,732</b>
<b>15</b>	<b>Shares etc.</b>			
	Listed on NASDAQ Copenhagen	38,661	32,130	15,700
	Unlisted shares at current value	1,372	3,005	1,372
	Sector shares at current value	161,806	199,075	191,625
	<b>Total shares etc.</b>	<b>201,839</b>	<b>234,210</b>	<b>208,697</b>
<b>16</b>	<b>Debt to credit institutions and central banks</b>			
	Debt payable on demand	264,514	241,156	298,236
	Up to and including 3 months	685,726	893,775	315,311
	More than 3 months and up to and including 1 year	99,374	156,478	137,287
	More than 1 year and up to and including 5 years	613,285	458,417	560,112
	More than 5 years	504,763	405,116	443,938
	<b>Total debt to credit institutions and central banks</b>	<b>2,167,662</b>	<b>2,154,942</b>	<b>1,754,884</b>
<b>17</b>	<b>Deposits and other debts</b>			
	On demand	8,908,720	8,022,184	8,325,047
	Deposits and other debts at notice:			
	Up to and including 3 months	1,492,362	867,423	1,205,176
	More than 3 months and up to and including 1 year	749,306	1,159,137	1,426,171
	More than 1 year and up to and including 5 years	1,439,183	1,264,431	1,501,668
	More than 5 years	1,641,201	1,512,757	1,655,754
	<b>Total deposits and other debts</b>	<b>14,230,772</b>	<b>12,825,932</b>	<b>14,113,816</b>
	Distributed as follows:			
	On demand	8,522,590	7,617,592	7,933,649
	At notice	354,985	305,970	337,480
	Time deposits	2,136,740	1,979,414	2,549,938
	Long term deposit agreements	1,880,782	1,659,456	1,883,569
	Special types of deposits	1,335,675	1,263,500	1,409,180
		<b>14,230,772</b>	<b>12,825,932</b>	<b>14,113,816</b>

## Notes

Note		End Sept. 2014 DKK 1,000	End Sept. 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	97,035	3,727	0
	More than 1 year and up to and including 5 years	148,862	100,614	246,087
	<b>Total issued bonds at amortised cost price</b>	<b>245,897</b>	<b>104,341</b>	<b>249,814</b>
	Distributed as follows:			
	Issues in Norwegian kroner:			
	Nom. 100 million NOK	91,680	91,920	88,540
	Regulation at amortised cost price and adjustment to current value of issues	2,782	6,121	5,768
	Issues in Euro:			
	Nom. 20 million EUR	148,862	0	149,206
	Other issues	2,573	6,300	6,300
		<b>245,897</b>	<b>104,341</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	200,964	201,366	201,428
	Hybrid core capital:			
	4.795% bond loan, nom, DKK 200 million, perpetual	200,000	200,000	200,000
	Own holding	-35,500	-35,500	-35,500
	Regulation at amortised cost price and adjustment to current value of subordinated loan capital and hybrid core capital	1,143	5,519	5,112
	<b>Total subordinated debt</b>	<b>366,607</b>	<b>371,385</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	-60,000	-100,000	-100,000
	End of period	4,780,000	4,840,000	4,840,000
	Of which reserved for subsequent cancellation	75,000	50,000	60,000
	<b>Total share capital</b>	<b>23,900</b>	<b>24,200</b>	<b>24,200</b>



## Notes

Note		End Sept. 2014 DKK 1,000	End Sept. 2013 DKK 1,000	End Dec. 2013 DKK 1,000
<b>21</b>	<b>Own capital shares</b>			
	Own capital shares included in the balance sheet at	0	0	0
	The market value is	88,877	61,638	68,747
	Number of own shares:			
	Beginning of year	62,554	96,075	96,075
	Purchases during the period	218,630	246,567	318,806
	Sales during the period	-143,426	-184,383	-252,327
	Cancellation during the period	-60,000	-100,000	-100,000
	End of period	77,758	58,259	62,554
	Of which reserved for subsequent cancellation	75,000	50,000	60,000
	Nominal value of holding of own shares, end of period	389	291	313
	Own shares' proportion of share capital, end of period (%)	1.6	1.2	1.3
<b>22</b>	<b>Contingent liabilities etc.</b>			
	<b>Contingent liabilities</b>			
	Finance guarantees	1,051,547	1,678,351	949,047
	Guarantees against losses on mortgage credit loans	56,747	51,617	55,841
	Guarantee against losses Totalkredit	122,401	111,538	112,284
	Registration and conversion guarantees	53,485	73,780	55,605
	Sector guarantees	48,175	46,816	48,175
	Other contingent liabilities	203,792	683,301	680,982
	<b>Total contingent liabilities</b>	<b>1,536,147</b>	<b>2,645,403</b>	<b>1,901,934</b>
<b>23</b>	<b>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>1,097,407</b>	<b>850,893</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>105,410</b>	<b>66,954</b>	<b>321,192</b>
	Collateral under CSA agreements	<b>71,686</b>	<b>75,372</b>	<b>75,372</b>

## Notes

Note	End Sept. 2014 DKK 1,000	End Sept. 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 FSA.			
Credit risk	12,443,403	12,035,999	12,235,761
Market risk	1,313,043	1,377,058	1,110,690
Operational risk	1,567,369	1,522,813	1,522,813
<b>Total weighted risk exposure</b>	<b>15,323,815</b>	<b>14,935,870</b>	<b>14,869,264</b>
Shareholders' equity	3,040,103	2,805,513	2,901,100
Proposed dividend etc.	0	0	-121,500
Deduction for the sum of equity investments etc. > 10%	-90,403	0	0
Deductions for accruals related to calculated dividend and the residual frame of the share buy-back programme	-132,413	0	0
Reserve for net revaluation	0	-192	-189
<b>Core tier 1 capital (excl. hybrid core capital)</b>	<b>2,817,287</b>	<b>2,805,321</b>	<b>2,779,411</b>
Hybrid core capital	131,600	164,500	164,500
Deduction for equity investments etc. > 10%	0	-24,174	-19,963
Deduction for the sum of equity investments etc. > 10%	-97,013	-52,324	-63,503
<b>Tier 1 capital</b>	<b>2,851,874</b>	<b>2,893,323</b>	<b>2,860,445</b>
Subordinated loan capital	160,771	201,366	201,428
Reserve for net revaluation	0	192	189
Deduction for equity investments etc. > 10%	0	-24,174	-19,963
Deduction for the sum of equity investments etc. > 10%	-159,125	-52,324	-63,503
<b>Capital base</b>	<b>2,853,520</b>	<b>3,018,383</b>	<b>2,978,596</b>
<b>Core tier 1 capital ratio (excl. hybrid core capital) (%)</b>	<b>18.4</b>	<b>18.8</b>	<b>18.7</b>
<b>Tier 1 capital ratio (%)</b>	<b>18.6</b>	<b>19.4</b>	<b>19.2</b>
<b>Solvency ratio - Tier 2 (%)</b>	<b>18.6</b>	<b>20.2</b>	<b>20.0</b>
Capital base requirements under Section 124 (2) of the Danish FSA	1,225,905	1,194,870	1,189,541
<b>25</b>			
<b>The supervisory diamond (Danish Financial Supervisory Authority limits)</b>			
Stable funding (funding ratio) (< 1)	0.8	0.8	0.7
Excess liquidity (> 50%)	175.2%	171.4%	166.2%
Total large exposures (< 125%)	27.5%	46.2%	35.0%
Growth in loans (< 20%)	12.7%	4.4%	11.5%
Real estate exposure (< 25%)	12.3%	11.0%	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>-3<sup>rd</sup> quarter 2014: 4,780,000 shares, 1<sup>st</sup>-3<sup>rd</sup> quarter 2013: 4,840,000 shares and 2013: 4,780,000 shares.</li> </ul>			

## Main figures summary

	1 <sup>st</sup> -3 <sup>rd</sup> qtr. 2014	1 <sup>st</sup> -3 <sup>rd</sup> qtr. 2013	Full year 2013
<b>Profit and loss account summary (million DKK)</b>			
Net income from interest	487	472	630
Dividend on capital shares etc.	8	2	12
Net income from fees and commissions	160	144	199
Net income from interest and fees	655	618	841
Value adjustments	+69	+15	+23
Other operating income	2	2	3
Staff and administration costs	192	185	255
Amortisations, depreciations and write-downs on intangible and tangible assets	5	2	4
Other operating costs	12	12	16
Impairment charges for loans and other debtors etc.	-63	-95	-120
Profit before tax	454	341	472
Tax	108	84	114
Profit after tax	346	257	358
<b>Main figures from the balance sheet (million DKK)</b>			
Loans and other debtors	14,966	12,988	13,849
Deposits and other debts	14,231	12,826	14,114
Subordinated debt	367	371	371
Shareholders' equity	3,040	2,806	2,901
Balance sheet total	20,330	18,603	19,583

## Quarterly overview

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

## Danish Financial Supervisory Authority key figures for Danish banks

		1 <sup>st</sup> -3 <sup>rd</sup> 2014	1 <sup>st</sup> -3 <sup>rd</sup> 2013	Full year 2013
<b>Solvency:</b>				
Solvency ratio - Tier 2	%	18.6	20.2	20.0
Tier 1 capital ratio	%	18.6	19.4	19.2
Individual solvency requirement	%	8.7	8.8	8.9
<b>Earnings:</b>				
Return on equity before tax	%	15.3	12.4	16.9
Return on equity after tax	%	11.7	9.4	12.8
Income/cost ratio	DKK	2.67	2.16	2.19
<b>Market risk:</b>				
Interest rate risk	%	0.7	1.1	0.6
Foreign exchange position	%	0.7	0.8	1.6
Foreign exchange risk	%	0.0	0.0	0.0
<b>Liquidity risk:</b>				
Excess cover relative to statutory liquidity requirement	%	175.2	171.4	166.2
Loans and impairments thereon relative to deposits	%	111.7	108.0	104.1
<b>Credit risk:</b>				
Loans relative to shareholders' equity		4.9	4.6	4.8
Growth in loans for the period	%	8.1	4.5	11.5
Total large exposures	%	27.5	46.2	35.0
Cumulative impairment percentage	%	5.4	5.2	5.1
Impairment percentage for the period	%	0.36	0.57	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	1,439.3	1,063.4	1,462.8
Book value per share * / **	DKK	12,930	11,734	12,145
Share price relative to profit for the period per share * / ***	DKK	15.9	19.9	15.0
Share price relative to book value per share * / **		1.77	1.80	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 Ringkøbing Landbobank A/S for the period 1 January - 30 September 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 30 September 2014 and of the bank's activities for the period 1 January - 30 September 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.

Ringkøbing, 22 October 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