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## Ringkjøbing Landbobank's announcement of the annual accounts for 2012

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

(million DKK)	2012	2011	2010	2009	2008
Core income	823	767	758	753	735
Total costs etc.	-265	-248	-240	-238	-239
<b>Core earnings before write-downs</b>	<b>558</b>	<b>519</b>	<b>518</b>	<b>515</b>	<b>496</b>
Write-downs on loans	-157	-129	-138	-159	-77
<b>Core earnings</b>	<b>401</b>	<b>390</b>	<b>380</b>	<b>356</b>	<b>419</b>
Result for portfolio	+49	+1	+38	+56	-73
Expenses for bank packages	-2	-11	-80	-107	-28
<b>Profit before tax</b>	<b>448</b>	<b>380</b>	<b>338</b>	<b>305</b>	<b>318</b>

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

### Annual report - highlights:

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

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

Yours sincerely,

**Ringkjøbing Landbobank**

John Fisker

**Ringkjøbing Landbobank**

## Management Report

### Core income

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

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

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

### Costs and depreciations

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

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

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

### Write-downs on loans

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

The bank's total account for write-downs and provisions was DKK 758 million at the end of 2012, equivalent to 5.1% of total loans and guarantees. The actual write-downs on loans (including interest

on the account for write-downs and provisions) remain low at DKK 48 million. The account for write-downs and provisions thus increased by net DKK 109 million net during the year.

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

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

### Core earnings

(Million DKK)	2012	2011	2010	2009	2008
Total core income	823	767	758	753	735
Total costs etc.	-265	-248	-240	-238	-239
<b>Core earnings before write-downs</b>	<b>558</b>	<b>519</b>	<b>518</b>	<b>515</b>	<b>496</b>
Write-downs on loans	-157	-129	-138	-159	-77
<b>Core earnings</b>	<b>401</b>	<b>390</b>	<b>380</b>	<b>356</b>	<b>419</b>

Core earnings were DKK 401 million against DKK 390 million in the previous year, an increase of 3%. The result was realised over the reported internal from the beginning of the year.

### Result for the portfolio

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

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

The total interest rate risk - calculated as the impact on the result of a one percentage point change in the interest rate - was 0.6% of the bank's core capital less deductions at the end of the year.

The bank's total market risk within exposures to interest rate risk, listed shares etc. and foreign currency remains at a low level. The bank's risk of losses calculated on the basis of a Value at Risk model (calculated with a ten day horizon and 99% probability) was as follows in 2012:

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

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

### **Result after tax**

The result after tax was DKK 328 million for the year against DKK 286 million in the previous year. The result after tax is equivalent to a return on equity of 14% after payment of dividend.

### **Balance sheet**

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

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

### **Liquidity**

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

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

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

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

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

## Capital

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

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

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

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

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

## Good increase in customer numbers

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

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

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

## Accounting policies and key figures

The accounting policies applied are unchanged relative to the audited annual report presented for 2011.

### **Changes to the articles of association and the board of directors**

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

### **Expected result in 2013**

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

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

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

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

## Main and key figures

	2012	2011	2010	2009	2008
<b>Main figures for the bank (million DKK)</b>					
Total core income	823	767	758	753	735
Total costs and depreciations	-265	-248	-240	-238	-239
<b>Core earnings before write-downs on loans</b>	<b>558</b>	<b>519</b>	<b>518</b>	<b>515</b>	<b>496</b>
Write-downs on loans etc.	-157	-129	-138	-159	-77
<b>Core earnings</b>	<b>401</b>	<b>390</b>	<b>380</b>	<b>356</b>	<b>419</b>
Result for portfolio	+49	+1	+38	+56	-73
Expenses for bank packages	-2	-11	-80	-107	-28
<b>Profit before tax</b>	<b>448</b>	<b>380</b>	<b>338</b>	<b>305</b>	<b>318</b>
<b>Profit after tax</b>	<b>328</b>	<b>286</b>	<b>257</b>	<b>232</b>	<b>240</b>
Shareholders' equity	2,676	2,483	2,312	2,056	1,785
Deposits	12,867	12,755	11,662	11,187	9,073
Loans	12,424	12,747	13,151	13,047	13,897
Balance sheet total	17,776	17,549	18,247	17,928	18,002
Guarantees	1,667	1,052	1,042	1,486	2,386
<b>Key figures for the bank (per cent)</b>					
Pre-tax return on equity, beginning of year	18.5	16.9	16.5	17.1	19.6
Return on equity after tax, beginning of year	13.6	12.7	12.5	13.0	14.7
Rate of costs	32.2	32.4	31.6	31.6	32.4
Core capital ratio	20.9	19.8	18.6	16.6	13.0
Solvency ratio	22.4	21.4	22.4	20.2	16.3
Solvency requirement	8.0	8.0	8.0	8.0	8.0
<b>Key figures per 5 DKK share (DKK)</b>					
Core earnings	83	79	75	71	83
Profit before tax	93	77	67	60	63
Profit after tax	68	58	51	46	48
Net asset value	553	503	459	408	354
Price, end of period	770	579	725	609	310
Dividend	14	13	12	0	0

## Profit and loss account

Note		1.1 - 31.12 2012 DKK 1,000	1.1 - 31.12 2011 DKK 1,000
1	Interest receivable	834,021	858,257
2	Interest payable	200,764	245,291
	<b>Net income from interest</b>	<b>633,257</b>	<b>612,966</b>
3	Dividend on capital shares etc.	1,463	1,111
4	Income from fees and commissions	210,516	158,303
4	Fees and commissions paid	24,029	24,312
	<b>Net income from interest and fees</b>	<b>821,207</b>	<b>748,068</b>
5	Value adjustments	+46,957	+16,386
	Other operating income	3,303	4,535
6,7	Staff and administration costs	252,796	244,068
	Amortisation, depreciation and write-downs on intangible and tangible assets	3,233	4,375
	Other operating costs		
	Miscellaneous other operating costs	133	381
	Expenses for the Deposit Guarantee Fund	10,281	11,178
11	Write-downs on loans and debtors	-156,844	-128,799
	Result of capital shares in associated companies	+5	+11
	<b>Profit before tax</b>	<b>448,185</b>	<b>380,199</b>
8	Tax	120,188	94,128
	<b>Profit after tax</b>	<b>327,997</b>	<b>286,071</b>
	Other comprehensive income	0	0
	<b>Total comprehensive income</b>	<b>327,997</b>	<b>286,071</b>

## Proposed distribution of profit

	<b>Total available</b>	<b>327,997</b>	<b>286,071</b>
	Dividend	69,160	65,520
	Charitable purposes	500	500
	Transferred to reserve for net revaluation under the intrinsic value method	+5	+11
	Appropriation to own funds	258,332	220,040
	<b>Total distribution</b>	<b>327,997</b>	<b>286,071</b>



## Core earnings

	1.1 - 31.12 2012 DKK 1,000	1.1 - 31.12 2011 DKK 1,000
Net income from interest	614,617	606,576
Net income from fees and provisions excl. commission	162,371	115,200
Income from sector shares	5,939	4,437
Foreign exchange income	12,591	17,914
Other operating income etc.	3,303	4,535
<b>Total core income excl. trade income</b>	<b>798,821</b>	<b>748,662</b>
Trade income	24,116	18,791
<b>Total core income</b>	<b>822,937</b>	<b>767,453</b>
Staff and administration costs	252,796	244,068
Amortisation, depreciation and write-downs on intangible and tangible assets	3,233	4,375
Other operating costs	8,705	381
Total costs etc.	264,734	248,824
<b>Core earnings before write-downs on loans</b>	<b>558,203</b>	<b>518,629</b>
Write-downs on loans and debtors	-156,844	-128,799
<b>Core earnings</b>	<b>401,359</b>	<b>389,830</b>
Result for portfolio	+48,535	+1,547
Expenses for bank packages	-1,709	-11,178
<b>Profit before tax</b>	<b>448,185</b>	<b>380,199</b>
Tax	120,188	94,128
<b>Profit after tax</b>	<b>327,997</b>	<b>286,071</b>

## Balance sheet

Note		End Dec. 2012 DKK 1,000	End Dec. 2011 DKK 1,000
	<b>Assets</b>		
	Cash in hand and claims at call on central banks	483,188	33,935
<b>9</b>	Claims on credit institutions and central banks		
	Claims at notice on central banks	176,002	186,989
	Money market operations and bilateral loans - term to maturity under 1 year	92,578	536,453
	Bilateral loans - term to maturity over 1 year	104,720	590,876
<b>10,11,12</b>	Loans and other debtors at amortised cost price	12,424,139	12,746,560
	Loans and other debtors at amortised cost price	11,594,880	11,938,197
	Wind turbine loans with direct funding	829,259	808,363
<b>13</b>	Bonds at current value	3,783,258	2,755,912
<b>14</b>	Shares etc.	229,541	249,054
	Capital shares in associated companies	543	538
	Land and buildings total	75,830	74,722
	Investment properties	8,165	6,681
	Domicile properties	67,665	68,041
	Other tangible assets	3,981	4,893
	Actual tax assets	40,370	12,255
	Temporary assets	1,400	1,382
	Other assets	259,351	348,567
	Periodic-defined items	6,645	6,887
	<b>Total assets</b>	<b>17,681,546</b>	<b>17,549,023</b>

## Balance sheet

Note		End Dec. 2012 DKK 1,000	End Dec. 2011 DKK 1,000
	<b>Liabilities and equity</b>		
15	Debt to credit institutions and central banks		
	Money market operations and bilateral credits - term to maturity under 1 year	294,208	285,028
	Bilateral credits - term to maturity over 1 year	74,604	148,684
	Bilateral credits from KfW Bankengruppe	829,259	808,363
16	Deposits and other debts	12,866,748	12,755,415
17	Issued bonds at amortised cost price	340,809	338,958
	Other liabilities	190,830	301,813
	Periodic-defined items	205	183
	<b>Total debt</b>	<b>14,596,663</b>	<b>14,638,444</b>
	Provisions for pensions and similar liabilities	0	5,146
	Provisions for deferred tax	15,151	4,789
11	Provisions for losses on guarantees	10,958	5,038
	<b>Total provisions for liabilities</b>	<b>26,109</b>	<b>14,973</b>
	Subordinated loan capital	199,607	198,014
	Hybrid core capital	183,027	214,472
18	<b>Total subordinated debt</b>	<b>382,634</b>	<b>412,486</b>
19	Share capital	24,700	25,200
	Reserve for net revaluation under the intrinsic value method	192	187
	Profit carried forward	2,581,588	2,391,713
	Proposed dividend etc.	69,660	66,020
	<b>Total shareholders' equity</b>	<b>2,676,140</b>	<b>2,483,120</b>
	<b>Total liabilities and equity</b>	<b>17,681,546</b>	<b>17,549,023</b>
20	Own capital share		
21	Contingent liabilities etc.		
22	Capital adequacy computation		
23	Miscellaneous comments		

## Statement of shareholders' equity

2012		Reserve for net revaluation under the intrinsic value method	Profit carried forward	Proposed dividend etc.	Total shareholders' equity
DKK 1,000	Share capital				
<b>Shareholders' equity at the end of the previous financial year</b>	<b>25,200</b>	<b>187</b>	<b>2,391,713</b>	<b>66,020</b>	<b>2,483,120</b>
Reduction of share capital	-500		500		0
Dividend etc. paid				-66,020	-66,020
Dividend received on own shares			1,326		1,326
<b>Shareholders' equity after allocation of dividend etc.</b>	<b>24,700</b>	<b>187</b>	<b>2,393,539</b>	<b>0</b>	<b>2,418,426</b>
Purchase and sale of own shares			-70,283		-70,283
Total comprehensive income		5	258,332	69,660	327,997
<b>Shareholders' equity on the balance sheet date</b>	<b>24,700</b>	<b>192</b>	<b>2,581,588</b>	<b>69,660</b>	<b>2,676,140</b>

2011		Reserve for net revaluation under the intrinsic value method	Profit carried forward	Proposed dividend etc.	Total shareholders' equity
DKK 1,000	Share capital				
<b>Shareholders' equity at the end of the previous financial year</b>	<b>25,200</b>	<b>176</b>	<b>2,225,988</b>	<b>60,980</b>	<b>2,312,344</b>
Dividend etc. paid				-60,980	-60,980
Dividend received on own shares			168	0	168
<b>Shareholders' equity after allocation of dividend etc.</b>	<b>25,200</b>	<b>176</b>	<b>2,226,156</b>	<b>0</b>	<b>2,251,532</b>
Purchase and sale of own shares			-58,391		-58,391
Other shareholders' equity items			3,908		3,908
Total comprehensive income		11	220,040	66,020	286,071
<b>Shareholders' equity on the balance sheet date</b>	<b>25,200</b>	<b>187</b>	<b>2,391,713</b>	<b>66,020</b>	<b>2,483,120</b>

## Notes

Note	1.1 - 31.12 2012 DKK 1,000	1.1 - 31.12 2011 DKK 1,000
<b>1 Interest receivable</b>		
Claims on credit institutions and central banks	10,943	38,712
Loans and other debtors	769,656	775,891
Loans - interest concerning the written-down part of loans	-41,685	-35,740
Bonds	86,941	58,993
Total derivatives financial instruments, of which	8,016	20,069
Currency contracts	4,880	9,205
Interest-rate contracts	3,136	10,864
Other interest receivable	150	332
<b>Total interest receivable</b>	<b>834,021</b>	<b>858,257</b>
<b>2 Interest payable</b>		
Credit institutions and central banks	27,163	44,311
Deposits and other debts	146,108	169,174
Issued bonds	11,496	12,887
Subordinated debt	15,828	18,605
Other interest payable	169	314
<b>Total interest payable</b>	<b>200,764</b>	<b>245,291</b>
<b>3 Dividend from shares etc.</b>		
Shares	1,463	1,111
<b>Total dividend from shares etc.</b>	<b>1,463</b>	<b>1,111</b>
<b>4 Gross income from fees and commissions</b>		
Securities trading	28,279	24,117
Asset management	75,271	53,997
Payment handling	20,898	19,679
Loan fees	14,578	7,817
Guarantee commissions	41,371	34,898
Other fees and commissions	30,119	17,795
<b>Total gross income from fees and commissions</b>	<b>210,516</b>	<b>158,303</b>
<b>Net income from fees and commissions</b>		
Securities trading	24,116	18,791
Asset management	70,982	49,887
Payment handling	18,436	17,618
Loan fees	12,064	6,052
Guarantee commissions	41,371	34,898
Other fees and commissions	19,518	6,745
<b>Total net income from fees and commissions</b>	<b>186,487</b>	<b>133,991</b>
Foreign exchange income	12,591	17,914
<b>Total net income from fees, commissions and foreign exchange income</b>	<b>199,078</b>	<b>151,905</b>

## Notes

Note		1.1 - 31.12 2012 DKK 1,000	1.1 - 31.12 2011 DKK 1,000
<b>5</b>	<b>Value adjustments</b>		
	Loans and other debtors at current value	6,433	6,746
	Bonds	78,318	2,619
	Shares etc.	-25,862	-1,276
	Investment properties	-415	-579
	Foreign exchange income	12,591	17,914
	Total derivatives financial instruments, of which	-26,497	-10,050
	Interest-rate contracts	-26,497	-10,050
	Issued bonds	1,041	-744
	Other liabilities	1,348	1,756
	<b>Total value adjustments</b>	<b>46,957</b>	<b>16,386</b>
<b>6</b>	<b>Staff and administration costs</b>		
	Salaries and payments to the board of managers, board of directors and shareholders' committee		
	Board of managers	5,187	7,237
	Board of directors	1,161	1,049
	Shareholders' committee	318	336
	Total	6,666	8,622
	Staff costs		
	Salaries	111,848	111,030
	Pensions	11,478	11,522
	Social security expenses	917	900
	Costs depending on number of staff	14,978	14,719
	Total	139,221	138,171
	Other administration costs	106,909	97,275
	<b>Total staff and administration costs</b>	<b>252,796</b>	<b>244,068</b>
<b>7</b>	<b>Number of employees</b>		
	Average number of employees during the financial year converted into full-time employees	<b>244</b>	<b>252</b>
<b>8</b>	<b>Tax</b>		
	Tax calculated on the year's profit	109,075	93,159
	Adjustment of deferred tax	10,362	860
	Adjustment of tax calculated for previous years	751	109
	<b>Total tax</b>	<b>120,188</b>	<b>94,128</b>
	<b>Effective tax rate (%):</b>		
	The current tax rate of the bank	25.0	25.0
	Permanent deviations	1.6	-0.2
	Adjustment of tax calculated for previous years	0.2	0.0
	<b>Total effective tax rate</b>	<b>26.8</b>	<b>24.8</b>

## Notes

Note		End Dec. 2012 DKK 1,000	End Dec. 2011 DKK 1,000
<b>9</b>	<b>Claims on credit institutions and central banks</b>		
	Claims at call	41,144	17,910
	Up to and including 3 months	226,002	661,989
	More than 3 months and up to and including 1 year	1,434	43,543
	More than 1 year and up to and including 5 years	104,220	590,876
	More than 5 years	500	0
	<b>Total claims on credit institutions and central banks</b>	<b>373,300</b>	<b>1,314,318</b>
<b>10</b>	<b>Loans and other debtors at amortised cost price</b>		
	At call	2,027,476	2,689,793
	Up to and including 3 months	597,833	476,999
	More than 3 months and up to and including 1 year	1,354,204	2,016,455
	More than 1 year and up to and including 5 years	4,300,538	3,666,432
	More than 5 years	4,144,088	3,896,881
	<b>Total loans and other debtors at amortised cost price</b>	<b>12,424,139</b>	<b>12,746,560</b>
<b>11</b>	<b>Write-downs on loans and other debtors and provisions for losses on guarantees</b>		
	<b>Individual write-downs</b>		
	Cumulative individual write-downs on loans and other debtors at the end of the previous financial year	577,352	532,441
	Write-downs/value adjustments during the year	243,459	205,130
	Reverse entry - write-downs made in previous financial years	-124,433	-110,870
	Booked losses covered by write-downs	-63,849	-49,349
	<b>Cumulative individual write-downs on loans and other debtors on the balance sheet date</b>	<b>632,529</b>	<b>577,352</b>
	<b>Group write-downs</b>		
	Cumulative group write-downs on loans and other debtors at the end of the previous financial year	67,466	31,211
	Write-downs/value adjustments during the period	47,410	36,255
	<b>Cumulative group write-downs on loans and other debtors on the balance sheet date</b>	<b>114,876</b>	<b>67,466</b>
	<b>Total cumulative write-downs on loans and other debtors on the balance sheet date</b>	<b>747,405</b>	<b>644,818</b>
	<b>Provisions for losses on guarantees</b>		
	Cumulative individual provisions for losses on guarantees at the end of the previous financial year	5,038	1,383
	Provisions/value adjustments during the period	10,009	4,605
	Reverse entry - provisions made in previous financial years	-3,835	-885
	Booked losses covered by write-downs	-254	-65
	<b>Cumulative individual provisions for losses on guarantees on the balance sheet date</b>	<b>10,958</b>	<b>5,038</b>
	<b>Total cumulative write-downs on loans and other debtors and provisions for losses on guarantees on the balance sheet date</b>	<b>758,363</b>	<b>649,856</b>

## Notes

Note		End Dec. 2012 DKK 1,000	End Dec. 2011 DKK 1,000
12	<b>Suspended calculation of interest</b> Loans and other debtors with suspended calculation of interest on the balance sheet date	113,312	61,419
13	<b>Bonds at current value</b> Listed on the stock exchange <b>Total bonds at current value</b>	3,783,258 <b>3,783,258</b>	2,755,912 <b>2,755,912</b>
14	<b>Shares etc.</b> Listed on NASDAQ OMX Copenhagen Unlisted shares at current value Sector shares at current value Other holdings <b>Total shares etc.</b>	29,104 1,505 182,101 16,831 <b>229,541</b>	12,033 1,460 214,583 20,978 <b>249,054</b>
15	<b>Debt to credit institutions and central banks</b> Debt payable on demand Up to and including 3 months More than 3 months and up to and including 1 year More than 1 year and up to and including 5 years More than 5 years <b>Total debt to credit institutions and central banks</b>	214,603 30,726 169,143 516,937 266,662 <b>1,198,071</b>	210,686 26,619 150,127 583,111 271,532 <b>1,242,075</b>
	The bank has undrawn long-term committed revolving credit facilities equivalent to	0	174,342
16	<b>Deposits and other debts</b> On demand Deposits and other debts at notice: Up to and including 3 months More than 3 months and up to and including 1 year More than 1 year and up to and including 5 years More than 5 years <b>Total deposits and other debts</b>	7,536,906  1,487,572 908,664 1,414,739 1,518,867 <b>12,866,748</b>	6,372,268  2,166,283 1,175,194 1,561,041 1,480,629 <b>12,755,415</b>
	Distributed as follows: On demand At notice Time deposits Long term deposit agreements Special types of deposits	6,557,380 175,268 2,921,952 1,906,942 1,305,206 <b>12,866,748</b>	5,822,693 146,889 3,740,496 1,805,129 1,240,208 <b>12,755,415</b>



## Notes

Note		End Dec, 2012 DKK 1,000	End Dec, 2011 DKK 1,000
<b>17</b>	<b>Issued bonds at amortised cost price</b>		
	Up to and including 3 months	4,583	2,955
	More than 3 months and up to and including 1 year	220,000	0
	More than 1 year and up to and including 5 years	116,226	336,003
	<b>Total issued bonds at amortised cost price</b>	<b>340,809</b>	<b>338,958</b>
	Distributed as follows:		
	Issues in Danish kroner		
	Nom, 220 million DKK	220,000	220,000
	Issues in Norwegian kroner		
	Nom, 100 million NOK	101,670	95,880
	Regulation at amortised cost price and adjustment to current value of issues	8,256	9,241
	Other issues	10,883	13,837
		<b>340,809</b>	<b>338,958</b>
<b>18</b>	<b>Subordinated debt</b>		
	Subordinated loan capital:		
	Floating rate loan, principal EUR 27 million, expiry 30.6.2021	201,431	200,723
	Hybrid core capital:		
	4.795% bond loan, nom, DKK 200 million, indefinite term	200,000	200,000
	Regulation at amortised cost price and adjustment to current value of subordinated loan capital and hybrid core capital	9,203	11,763
	Own holding of subordinated loan capital	-28,000	0
	<b>Total subordinated debt</b>	<b>382,634</b>	<b>412,486</b>
<b>19</b>	<b>Share capital</b>		
	Number of shares at DKK 5 each:		
	Beginning of period	5,040,000	5,040,000
	Cancellation of shares during the year	-100,000	0
	End of period	4,940,000	5,040,000
	Reserved for subsequent cancellation*	90,000	100,000
	<b>Total share capital</b>	<b>24,700</b>	<b>25,200</b>
	* A further 10,000 were also transferred in January 2013 for later cancellation.		
<b>20</b>	<b>Own capital shares</b>		
	Own capital shares included in the balance sheet at	0	0
	The market value is	73,978	58,395
	Number of own shares:		
	Beginning of year	100,855	9,517
	Net purchases and sales of own shares during the year	95,220	91,338
	Cancellation of shares during the year	-100,000	-
	End of year	96,075	100,855
	Nominal value of holding of own shares, end of year	480	504
	Own shares' proportion of share capital, end of year (%)	1.9	2.0

## Notes

Note		End Dec, 2012 DKK 1,000	End Dec, 2011 DKK 1,000
21	<b>Contingent liabilities etc.</b>		
	<b>Contingent liabilities</b>		
	Finance guarantees	693,774	653,353
	Guarantees for foreign loans	5,595	5,576
	Guarantees against losses on mortgage credit loans	51,951	50,138
	Guarantees against losses Totalkredit	122,797	118,540
	Registration and conversion guarantees	70,999	55,361
	Sector guarantees	46,816	39,413
	Other contingent liabilities	675,168	129,841
	<b>Total contingent liabilities</b>	<b>1,667,100</b>	<b>1,052,222</b>
	First mortgage loans were provided for German wind turbine projects. The loans are funded directly by KfW Bankengruppe, to which security in the associated loans has been provided. Each reduction of the first mortgage loans is deducted directly from the funding at the KfW Bankengruppe.		
		<b>829,259</b>	<b>808,363</b>
	As security for clearing and any debt, the bank has pledged bonds from its total holding to the Central Bank of Denmark to a total market price of		
		<b>250,623</b>	<b>269,005</b>
22	<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 risks	10,601,717	11,041,407
	Market risk	1,219,598	750,457
	Operational risk	1,483,500	1,396,138
	<b>Total risk weighted items</b>	<b>13,304,815</b>	<b>13,188,002</b>
	Share capital	24,700	25,200
	Reserve for net revaluation under the intrinsic value method	192	187
	Profit carried forward	2,651,248	2,457,733
	<b>Core capital</b>	<b>2,676,140</b>	<b>2,483,120</b>
	Proposed dividend etc.	-69,660	-66,020
	Deduction from / addition to the core capital	-192	-187
	<b>Core capital after deductions</b>	<b>2,606,288</b>	<b>2,416,913</b>
	Hybrid core capital	172,000	200,000
	<b>Core capital after deductions incl. hybrid core capital</b>	<b>2,778,288</b>	<b>2,616,913</b>
	Subordinated loan capital	201,431	200,723
	Deduction from / addition to the capital base	192	187
	<b>Capital base after deductions</b>	<b>2,979,911</b>	<b>2,817,823</b>
	<b>Core capital ratio excl. hybrid core capital (per cent)</b>	<b>19.6</b>	<b>18.3</b>
	<b>Core capital ratio (per cent)</b>	<b>20.9</b>	<b>19.8</b>
	<b>Solvency ratio (per cent)</b>	<b>22.4</b>	<b>21.4</b>
	Capital base requirements under Section 124 (2,1) of the Danish Financial Business Act		
		1,064,385	1,055,040

## Notes

Note	
23	<p data-bbox="256 389 635 416"><b>Miscellaneous comments on:</b></p> <p data-bbox="256 450 1318 510"><b>Main and key figures for the bank and official key figures from the Danish Financial Supervisory Authority</b></p> <ul data-bbox="308 521 1469 712" style="list-style-type: none"><li data-bbox="308 521 1469 577">• Return on equity at the beginning of the year before and after tax are computed after allocation of dividend etc., net.</li><li data-bbox="308 589 1469 645">• Total large exposures have been corrected for 2011 and 2010 so that outstanding accounts of less than one billion kroner with credit institutions are not included.</li><li data-bbox="308 656 1469 712">• Key figures per DKK 5 share are calculated on the basis of respectively 2012: 4,840,000, 2011: 4,940,000 shares, 2008-2010: 5,040,000 shares.</li></ul> <p data-bbox="256 745 421 772"><b>Write-downs</b></p> <ul data-bbox="308 784 1390 840" style="list-style-type: none"><li data-bbox="308 784 1390 840">• All calculations etc. concerning write-downs were made exclusive of amounts under the national bank package I etc.</li></ul> <p data-bbox="256 873 549 900"><b>Result for the portfolio</b></p> <ul data-bbox="308 911 1054 938" style="list-style-type: none"><li data-bbox="308 911 1054 938">• Extraordinary write-downs on individual shares were made.</li></ul>

## Danish Financial Supervisory Authority key figures for Danish banks

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

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

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

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