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Ringkjøbing Landbobank - interim report 2012

The bank's pre-tax profit for the first half of 2012 was DKK 237 million against DKK 179 million in 2011, an increase of 32%. The profit represents a return of 20% p.a. on equity, which is considered highly satisfactory in the current financial situation.

(Million DKK)	1 st half 2012	1 st half 2011	2011	2010	2009	2008
Total core income	418	375	767	758	753	735
Total costs and depreciations	-133	-123	-248	-240	-238	-239
Core earnings before write-downs on loans	285	252	519	518	515	496
Write-downs on loans	-79	-54	-129	-138	-159	-77
Core earnings	206	198	390	380	356	419
Result for the portfolio	+33	0	+1	+38	+56	-73
Expenses for bank packages	-2	-19	-11	-80	-107	-28
Profit before tax	237	179	380	338	305	318

The core earnings were DKK 206 million against DKK 198 million last year, an increase of 4%, and are now approaching the top of the range reported for the year.

The half-year – highlights:

- 32% increase in pre-tax profit, from DKK 179 million to DKK 237 million
- The profit represents a return of 20% on equity after payment of dividend
- The core earnings represent a 4% increase to DKK 206 million
- The rate of costs improved by 3% to 31.9 – the lowest in Denmark
- Both loans and deposits have grown by 1% since the beginning of the year
- The capital adequacy ratio is 21.1 – equivalent to cover of 264%
- Core capital ratio 19.6
- Highly satisfactory increase in customers in both the branch network and Private Banking

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

Yours sincerely,

Ringkjøbing Landbobank

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Management report

Core income

The net interest income in the first half of 2012 was DKK 316 million, an increase of 9% relative to last year. Since last year we have seen an increasing trend in net interest income deriving from the increasing deposits and a rising interest margin. Like the rest of the financial sector, the bank has increased its interest margin. However, the very low interest rate is resulting in a lower return on the bank's securities portfolio and liquid resources.

Fees, commissions and foreign exchange earnings amount to net DKK 98 million in the first half of 2012 against net DKK 79 million in 2011, an increase of 24%. The large sums within asset management and the pension area have affected earnings positively, and there has been a brisk level of activity within conversion of credit association loans.

Total core income was 11% higher in the first half of the year, increasing from DKK 375 million in 2011 to DKK 418 million in 2012.

Costs and depreciations

Total costs including depreciations on tangible assets were DKK 133 million in the first half of 2012 against DKK 123 million last year, an increase of 8%.

Most of the increase is the new fixed premium paid to the Guarantee Fund for Depositors and Investors, which will be booked as a cost from 2012. It was decided in connection with Bank Package IV to establish an insurance scheme with a premium fixed relative to the deposits for which cover is provided. DKK 1,950 million will be paid annually to the Fund, in which the bank currently has a 0.65% share, equivalent to DKK 12.7 million a year. Payments will be made to the Fund until it has reached DKK 7,500 million. Future costs for the Fund will be financed by the payments, so it is not possible to determine how long this cost will continue. On the other hand, the fluctuating costs of bank bailouts will disappear in time. DKK 6.1 million was debited to the scheme in the first half-year.

Notwithstanding the new insurance scheme, the rate of costs improved by 3% relative to 2011 and is now 31.9%, still the lowest in Denmark. A low rate of costs is especially important in periods of difficult economic conditions as the bank's results are thus very robust, which is also reflected in the computation of the bank's individual solvency requirement.

Write-downs on loans

Write-downs on loans amounted to DKK 79 million in the first half of 2012 against DKK 54 million in the preceding year. The level of write-downs remains acceptable and is equivalent to 1.1% p.a. of the total average of loans, write-downs, 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 write-downs and provisions amounted to DKK 731 million at the end of the half-year, equivalent to 4.8% of total loans and guarantees. Actual write-downs on loans remain at a very low level, exceeded in the half-year by the income items "paid into previously written-down loans" and "interest income on customer commitments for which provisions were made", and the account for write-downs and provisions thus increased by DKK 81 million during the first half-year.

The portfolio of loans with zeroed interest amounts to DKK 91 million, equivalent to 0.6% of the bank's total loans and guarantees at the end of the half-year.

Given the low growth experienced by the Danish economy in 2011, which is continuing this year, the bank is satisfied with the conservative credit policy on the basis of which the bank has always been run. The bank's losses are still expected to remain at a relatively high level in 2012, equivalent to that of the past three years, as a natural part of the economic cycle. It is also still the bank's judgment that the credit policy, the diversified loans portfolio and the bank's location in Central and West Jutland will have a positive effect on the bank compared to the general level of losses in the banking sector as a whole.

Core earnings

(Million DKK)	1 st half 2012	1 st half 2011	2011	2010	2009	2008	2007	2006	2005
Total core income	418	375	767	758	753	735	696	609	511
Total costs etc.	-133	-123	-248	-240	-238	-239	-234	-208	-190
Core earnings before write-downs	285	252	519	518	515	496	462	401	321
Write-downs on loans	-79	-54	-129	-138	-159	-77	+11	+69	+5
Core earnings	206	198	390	380	356	419	473	470	326

The core earnings were DKK 206 million against DKK 198 million last year, an increase of 4%, and are now approaching the top of the range of DKK 300-400 million reported for the entire year.

Result for the portfolio

The result for the portfolio for the first half of 2012 was positive by DKK 33 million including funding costs for the portfolio.

The bank's holding of shares etc. at the end of the half-year amounted to DKK 265 million, DKK 27 million of which was in listed shares etc. while DKK 238 million was in sector shares etc. The bond portfolio amounted to DKK 3,632 million, and the great majority of the portfolio consists of AAA-rated Danish mortgage credit bonds and short bank bonds with rated Nordic counterparties.

The total interest rate risk - computed as the impact on the result of a one percentage point change in the interest level - was 1.2% of the bank's core capital after deduction at the end of the half-year.

The bank's total market risk within exposure to interest rate risk, exposure in listed shares etc. and foreign exchange 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) was as follows in the first half of 2012:

	Risk in million DKK	Risk relative to equity end of 1 st half in %
Highest risk of loss:	27.5	1.07%
Lowest risk of loss:	3.6	0.14%
Average risk of loss	14.1	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 178 million for the first half of 2012 against DKK 135 million last year. The result after tax is equivalent to a return on equity of 15% p.a. after payment of dividend.

Balance sheet

The bank's balance sheet total at the end of the half-year stood at DKK 18,033 million against last year's DKK 18,440 million. Deposits increased by 4% from DKK 12,404 million to DKK 12,939 million relative to 2011. The bank's loans decreased by 2% to DKK 12,869 million. The underlying growth in new customers from the branch network and within the niches Private Banking and wind turbine financing remains good. The changed pattern of consumption with a higher rate of saving and the general trend by many customers to trim their balance sheets means, however, that in general there is a greater return flow on the bank's existing loans portfolio than previously, so that the entire growth in the first half of the year generally went into neutralising this flow. The bank's loans grew by 1% in 2012.

The bank's portfolio of guarantees at the end of the half-year was DKK 1,687 million against DKK 1,044 million in 2011.

Liquidity

The bank's liquidity is good, with loans and deposits at the same level. The excess cover relative to the statutory requirement is 145%. The bank's short-term funding with term to maturity of less than 12 months amounts to only DKK 693 million, balanced by DKK 4.4 billion in short-term money market placings, primarily Danish banks and liquid securities. The bank is thus not dependent on the short-term money market.

The bank's loans portfolio is thus more than fully financed by deposits and the bank's equity. In addition, part of the German loans portfolio for wind turbines was refinanced back-to-back with KfW Bankengruppe, and the DKK 761 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.

The deposit guarantee scheme

The future fixed costs of the insurance scheme are recognised under other operating costs. We have, however, received an additional charge from the estate in bankruptcy of Fjordbank Mors, which was recognised as an expense of DKK 2 million in the half-year.

Buy-back programme

It was decided at the general meeting to cancel 100,000 repurchased own shares. Following expiration of the deadline in the statutory notice, the reduction to 4,940,000 shares was implemented in the second quarter of 2012.

The bank's holding of own shares at the end of the first half of 2012 was 32,967.

Rating

Moody's concluded its announced review of the Danish financial sector in the second quarter of 2012. The result was a reduction in the credit rating of one to three notches for a number of Danish institutions.

The downward adjustments are primarily attributable to Moody's concern about Danish banks as a whole and the Danish economy. Ringkjøbing Landbobank was given a downward adjustment from A3 to Baa1 with stable outlook.

Relatively speaking the change is modest, and the bank's stand-alone rating is now the highest among Danish financial institutions. Moody's also cited the bank's solid results throughout the crisis and its strong capitalisation as the reasons for the relative placing.

Capital

The bank's equity at the beginning of 2012 was DKK 2,483 million, to which must be added the profit for the period and from which must be deducted the dividend paid and the value of the shares purchased, after which the equity at the end of the first half-year was DKK 2,574 million.

The bank's capital adequacy ratio (Tier 2) was computed at 21.1 at the end of the first half of 2012. The core capital ratio (Tier 1) was computed at 19.6.

Capital adequacy	1st half					
	2012	2011	2010	2009	2008	2007
Core capital ratio excl. hybrid core capital	18.2	18.3	17.1	15.1	11.6	10.0
Core capital ratio	19.6	19.8	18.6	16.6	13.0	11.2
Capital adequacy ratio	21.1	21.4	22.4	20.2	16.3	13.0
Individual solvency requirement	8.0	8.0	8.0	8.0	8.0	8.0
Capital adequacy	264%	268%	280%	253%	204%	163%

The individual solvency requirement calculated for Ringkjøbing Landbobank is 7.1% because of the bank's robust business model, and the ratio was thus reported at 8%. The Danish FSA reviewed the report during its routine annual visit and had no comments on it.

Encouraging increase in customer numbers

The bank implemented several outreach initiatives towards new customers just over two years ago. The basis was the fact that the bank has both the liquidity and the capital to support growth, that we felt comfortable about the bank's credit facilities, and that our cost structure is suitable for the future. The biggest challenge in times of low growth in society is thus creating growth in the bank's top line.

The bank's outreach initiatives were intensified in 2012, when an investment was made in a further extension of the bank's Private Banking platform at national level. It is also planned to step up the outreach activities in the branch network in Central and West Jutland in autumn 2012.

A highly positive increase in customers is currently being seen in the branch network and within the Private Banking segment, with transfers of deposits, pension and securities customers. To date, the growth in lending has been swallowed up by repayments on the loans portfolio. In the bank's judgment, we are, however, currently enhancing the foundation for future earnings.

Accounting policies and key figures

The accounting policies are unchanged relative to the presented and audited 2011 annual report. It is, however, noted that in its internal accounts, the bank is booking the fixed expenses of the Guarantee Fund for Depositors and Investors under other operating expenses from 2012.

Expectations for earnings in 2012

The core earnings were DKK 206 million against DKK 198 million last year, an increase of 4%, and are now approaching the top of the range of DKK 300-400 million reported for the entire year.

Main and key figures for the bank

	1 st half 2012	1 st half 2011	Full year 2011
Main figures for the bank (million DKK)			
Total core income	418	375	767
Total costs and depreciations	-133	-123	-248
Core earnings before write-downs on loans	285	252	519
Write-downs on loans	-79	-54	-129
Core earnings	206	198	390
Result for portfolio	33	+0	+1
Expenses for bank packages	-2	-19	-11
Profit before tax	237	179	380
Profit after tax	178	135	286
Shareholders' equity	2,574	2,360	2,483
Total capital base	2,975	2,762	2,818
Deposits	12,939	12,404	12,755
Loans	12,869	13,131	12,747
Balance sheet total	18,033	18,440	17,549
Guarantees	1,687	1,044	1,052
Key figures for the bank (per cent)			
Pre-tax return on equity, beginning of year	19.6	15.9	16.9
Return on equity after tax, beginning of year	14.7	12.0	12.7
Rate of costs	31.9	32.8	32.4
Core capital ratio (Tier 1)	19.6	18.7	19.8
Solvency ratio (Tier 2)	21.1	20.2	21.4
Key figures per 5 DKK share (DKK)			
Core earnings	42	39	79
Profit before tax	48	36	77
Profit after tax	36	27	58
Net asset value	521	473	489
Price, end of period	697	615	579
Dividend	-	-	13

Profit and loss account

Note		1.1-30.6 2012 DKK 1,000	1.1-30.6 2011 DKK 1,000	1.1-31.12 2011 DKK 1,000
1	Interest receivable	427,136	405,547	858,257
2	Interest payable	107,210	117,252	245,291
	Net income from interest	319,926	288,295	612,966
3	Dividend on capital shares etc.	1,574	1,101	1,111
4	Income from fees and commissions	104,362	82,766	158,303
4	Fees and commissions paid	12,061	13,132	24,312
	Net income from interest and fees	413,801	359,030	748,068
5	Value adjustments	+35,450	+13,824	+16,386
	Other operating income	1,819	2,141	4,535
6,7	Staff and administration costs	125,328	121,327	244,068
	Amortisation, depreciation and write-downs on intangible and tangible assets	1,717	1,914	4,375
	Other operating costs			
	Miscellaneous other operating costs	127	0	381
	Expenses for The Deposit Guarantee Fund	8,144	18,570	11,178
	Write-downs on loans and debtors etc.			
11	Write-downs on loans and other debtors	-79,120	-53,986	-128,799
	Result of capital shares in associated companies	0	0	+11
	Profit before tax	236,634	179,198	380,199
8	Tax	59,000	44,500	94,128
	Profit after tax	177,634	134,698	286,071
	Other comprehensive income	0	0	0
	Comprehensive income after tax	177,634	134,698	286,071

Core earnings

		1.1-30.6 2012 DKK 1,000	1.1-30.6 2011 DKK 1,000	1.1-31.12 2011 DKK 1,000
	Net income from interest	316,203	289,823	606,576
	Net income from fees and provisions excl, commission	80,881	58,834	115,200
	Income from sector shares etc.	1,849	4,084	4,437
	Foreign exchange income	5,722	9,589	17,914
	Other operating income etc.	1,819	2,141	4,535
	Total core income excl. trade income	406,474	364,471	748,662
	Trade income	11,420	10,800	18,791
	Total core income	417,894	375,271	767,453
	Staff and administration costs	125,328	121,327	244,068
	Amortisation, depreciation and write-downs on intangible and tangible assets	1,717	1,914	4,375
	Other operating costs	6,271	0	381
	Total costs etc.	133,316	123,241	248,824
	Core earnings before write-downs on loans	284,578	252,030	518,629
	Write-downs on loans and other debtors	-79,120	-53,986	-128,799
	Core earnings	205,458	198,044	389,830
	Result for portfolio	33,176	-276	+1,547
	Expenses for bank packages	-2,000	-18,570	-11,178
	Profit before tax	236,634	179,198	380,199
	Tax	59,000	44,500	94,128
	Profit after tax	177,634	134,698	286,071

Balance sheet

Note		End June 2012 DKK 1,000	End June 2011 DKK 1,000	End Dec. 2011 DKK 1,000
	Assets			
9	Cash in hand and claims at call on central banks	38,592	78,244	33,935
	Claims on credit institutions and central banks			
	Claims at notice on central banks	0	0	186,989
	Money market operations and bilateral loans - term to maturity under 1 year	634,345	1,649,641	536,453
	Bilateral loans - term to maturity over 1 year	188,920	606,431	590,876
10,11,12	Loans and other debtors at amortised cost price	12,868,757	13,130,560	12,746,560
	Loans and other debtors at amortised cost price	12,107,284	12,277,223	11,938,197
	Wind turbine loans with direct funding	761,473	853,337	808,363
13	Bonds at current value	3,631,557	2,283,097	2,755,912
14	Shares etc.	265,282	285,863	249,054
	Capital shares in associated companies	538	527	538
	Land and buildings total	74,782	75,395	74,722
	Investment properties	6,756	7,261	6,681
	Domicile properties	68,026	68,134	68,041
	Other tangible assets	4,338	4,806	4,893
	Actual tax assets	0	0	12,255
	Temporary assets	3,401	493	1,382
	Other assets	315,857	316,028	348,567
	Periodic-defined items	6,705	8,847	6,887
	Total assets	18,033,074	18,439,932	17,549,023

Balance sheet

Note		End June 2012 DKK 1,000	End June 2011 DKK 1,000	End Dec. 2011 DKK 1,000
	Liabilities and equity			
15	Debt to credit institutions and central banks			
	Debt to central banks	0	0	0
	Money market operations and bilateral credits - term to maturity under 1 year	583,224	1,352,409	285,028
	Bilateral credits - term to maturity over 1 year	74,334	316,446	148,684
	Bilateral credits from KfW Bankengruppe	761,473	853,337	808,363
16	Deposits and other debts	12,938,505	12,403,690	12,755,415
17	Issued bonds at amortised cost price	338,313	336,594	338,958
	Actual tax liabilities	28,749	3,229	0
	Other liabilities	307,881	396,377	301,813
	Periodic-defined items	161	294	183
	Total debt	15,032,640	15,662,376	14,638,444
	Provisions for pensions and similar liabilities	0	4,699	5,146
	Provisions for deferred tax	4,789	3,929	4,789
11	Provisions for losses on guarantees	8,916	1,679	5,038
	Other provisions for liabilities	0	2,077	0
	Total provisions for liabilities	13,705	12,384	14,973
	Subordinated loan capital	198,016	198,122	198,014
	Hybrid core capital	214,829	206,752	214,472
18	Total subordinated debt	412,845	404,874	412,486
19	Share capital	24,700	25,200	25,200
	Reserve for net revaluation under the intrinsic value method	187	176	187
	Proposed dividend etc.	-	-	66,020
	Profit carried forward	2,548,497	2,334,922	2,391,713
	Total shareholders' equity	2,573,884	2,360,298	2,483,120
	Total liabilities and equity	18,033,074	18,439,932	17,549,023
20	Own capital shares			
21	Contingent liabilities etc.			
22	Capital adequacy computation			
23	Miscellaneous comments			

Statement of shareholders' equity

DKK 1,000	Share capital	Reserve for net revaluation under the intrinsic value method	Proposed dividend etc.	Profit carried forward	Total shareholders' equity
On 30 June 2012:					
Shareholders' equity at the end of the previous financial year	25,200	187	66,020	2,391,713	2,483,120
Reduction of share capital	-500			500	0
Paid dividend			-66,020		-66,020
Dividend received from own shares				1,326	1,326
Purchase and sale of own shares				-22,176	-22,176
Other shareholders' equity items				0	0
Profit for the period				177,634	177,634
Shareholders' equity on the balance sheet date	24,700	187	0	2,548,997	2,573,884

On 30 June 2011:					
Shareholders' equity at the end of the previous financial year	25,200	176	60,980	2,225,988	2,312,344
Paid dividend			-60,980		-60,980
Dividend received from own shares				168	168
Purchase and sale of own shares				-27,904	-27,904
Other shareholders' equity items				1,972	1,972
Profit for the period				134,698	134,698
Shareholders' equity on the balance sheet date	25,200	176	0	2,334,922	2,360,298

On 31 December 2011:					
Shareholders' equity at the end of the previous financial year	25,200	176	60,980	2,225,988	2,312,344
Paid dividend			-60,980		-60,980
Dividend received from own shares				168	168
Purchase and sale of own shares				-58,391	-58,391
Other shareholders' equity items				3,908	3,908
Profit for the year		11	66,020	220,040	286,071
Shareholders' equity on the balance sheet date	25,200	187	66,020	2,391,713	2,483,120

Notes

Note	1.1-30.6 2012 DKK 1,000	1.1-30.6 2011 DKK 1,000	1.1-31.12 2011 DKK 1,000
1 Interest receivable			
Claims on credit institutions and central banks	7,845	19,319	38,712
Loans and other debtors	390,945	369,844	775,891
Loans - interest concerning the written-down part of loans	-19,815	-16,664	-35,740
Bonds	40,882	22,155	58,993
Total derivatives financial instruments, of which	7,169	10,893	20,069
Currency contracts	556	5,081	9,205
Interest-rate contracts	6,613	5,812	10,864
Other interest receivable	110	0	332
Total interest receivable	427,136	405,547	858,257
2 Interest payable			
Credit institutions and central banks	14,514	25,047	44,311
Deposits and other debts	78,815	76,884	169,174
Issued bonds	6,034	6,220	12,887
Subordinated debt	7,847	9,084	18,605
Other interest payable	0	17	314
Total interest payable	107,210	117,252	245,291
3 Dividend from shares etc.			
Shares	1,574	1,101	1,111
Total dividend from shares etc.	1,574	1,101	1,111
4 Gross income from fees and commissions			
Securities trading	13,564	14,021	24,117
Asset management	31,987	29,789	53,997
Payment handling	10,029	8,974	19,679
Loan fees	8,713	3,077	7,817
Guarantee commissions	20,579	17,830	34,898
Other fees and commissions	19,490	9,075	17,795
Total gross income from fees and commissions	104,362	82,766	158,303
Net income from fees and commissions			
Securities trading	11,420	10,800	18,791
Asset management	29,692	27,470	49,887
Payment handling	8,780	8,056	17,618
Loan fees	7,502	2,308	6,052
Guarantee commissions	20,579	17,830	34,898
Other fees and commissions	14,328	3,170	6,745
Total net income from fees and commissions	92,301	69,634	133,991
Foreign exchange income	5,722	9,589	17,914
Total net income from fees, commissions and foreign exchange income	98,023	79,223	151,905

Notes

Note		1.1-30.6 2012 DKK 1,000	1.1-30.6 2011 DKK 1,000	1.1-31.12 2011 DKK 1,000
5	Value adjustments			
	Loans and other debtors at current value	2,379	194	6,746
	Bonds	34,203	-1,514	2,619
	Shares etc.	2,573	-1,711	-4,956
	Shares in sector companies etc.	948	4,047	3,680
	Investment properties	0	0	-579
	Foreign exchange income	5,722	9,589	17,914
	Total derivatives financial instruments, of which	-15,614	-6,503	-10,050
	Interest-rate contracts	-15,628	-6,503	-10,050
	Share contracts	14	0	0
	Issued bonds	491	1,463	-744
	Other liabilities	4,748	8,259	1,756
	Total value adjustments	35,450	13,824	16,386
6	Staff and administration costs			
	Salaries and payments to the board of directors, board of managers and shareholders' committee			
	Board of managers	3,116	2,976	7,237
	Board of directors	577	471	1,049
	Shareholders' committee	0	0	336
	Total	3,693	3,447	8,622
	Staff costs			
	Salaries	56,497	56,604	111,030
	Pensions	5,731	5,761	11,522
	Social security expenses	452	449	900
	Costs depending on number of staff	6,921	7,495	14,719
	Total	69,601	70,309	138,171
	Other administration costs	52,034	47,571	97,275
	Total staff and administration costs	125,328	121,327	244,068
7	Number of employees			
	Average number of employees during the period converted into full-time employees	245	253	252
8	Tax			
	Tax calculated on the period profit	59,000	44,500	93,159
	Adjustment of deferred tax	0	0	860
	Adjustment of tax calculated for previous years	0	0	109
	Total tax	59,000	44,500	94,128
	Effective tax rate (per cent):			
	The current tax rate of the bank	25.0	25.0	25.0
	Adjustment of tax of non-liable income and non- deductible costs	-0.1	-0.2	-0.5
	Adjustment of tax calculated for previous years	0.0	0.0	0.0
	Total effective tax rate	24.9	24.8	24.5

Notes

Note		End June 2012 DKK 1,000	End June 2011 DKK 1,000	End Dec. 2011 DKK 1,000
9	Claims on credit institutions and central banks			
	Claims at call	532,464	477,801	17,910
	Up to and including 3 months	50,000	1,135,000	661,989
	More than 3 months and up to and including 1 year	51,881	36,840	43,543
	More than 1 year and up to and including 5 years	188,420	606,431	590,876
	More than 5 years	500	0	0
	Total claims on credit institutions and central banks	823,265	2,256,072	1,314,318
10	Loans and other debtors at amortised cost price			
	At call	2,503,797	3,253,935	2,689,793
	Up to and including 3 months	790,768	503,366	476,999
	More than 3 months and up to and including 1 year	1,505,672	2,232,807	2,016,455
	More than 1 year and up to and including 5 years	4,079,426	3,941,493	3,666,432
	More than 5 years	3,989,094	3,198,959	3,896,881
	Total loans and other debtors at amortised cost price	12,868,757	13,130,560	12,746,560
11	Write-downs on loans and other debtors and provisions for losses on guarantees			
	Individual write-downs			
	Cumulative individual write-downs on loans and other debtors at the end of the previous financial year	577,352	532,441	532,441
	Write-downs/value adjustments during the period	148,291	132,680	205,130
	Reverse entry - write-downs made in previous financial years	-75,778	-59,109	-110,870
	Booked losses covered by write-downs	-22,896	-22,988	-49,349
	Cumulative individual write-downs on loans and other debtors on the balance sheet date	626,969	583,024	577,352
	Group write-downs			
	Cumulative group write-downs on loans and other debtors at the end of the previous financial year	67,466	31,211	31,211
	Write-downs/value adjustments during the period	27,739	0	36,255
	Reverse entry - write-downs made in previous financial years	0	-407	0
	Cumulative group write-downs on loans and other debtors on the balance sheet date	95,205	30,804	67,466
	Total cumulative write-downs on loans and other debtors on the balance sheet date	722,174	613,828	644,818
	Provisions for losses on guarantees			
	Cumulative individual provisions for losses on guarantees at the end of the previous financial year	5,038	1,383	1,383
	Provisions/value adjustments during the period	7,763	683	4,605
	Reverse entry - provisions made in previous financial years	-3,631	-387	-885
	Booked losses covered by write-downs	-254	0	-65
	Cumulative individual provisions for losses on guarantees on the balance sheet date	8,916	1,679	5,038
	Total cumulative write-downs on loans and other debtors and provisions for losses on guarantees on the balance sheet date	731,090	615,507	649,856

Notes

Note		End June 2012 DKK 1,000	End June 2011 DKK 1,000	End Dec. 2011 DKK 1,000
12	Suspended calculation of interest Loans and other debtors with suspended calculation of interest on the balance sheet date	90,778	67,921	61,419
13	Bonds at current value Listed on the stock exchange Total bonds at current value	3,631,557 3,631,557	2,283,097 2,283,097	2,755,912 2,755,912
14	Shares etc. Listed on NASDAQ OMX Copenhagen Unlisted shares at current value Sector shares at current value Other holdings Total shares etc.	27,134 1,461 215,682 21,005 265,282	49,200 1,415 214,334 20,914 285,863	12,033 1,460 214,583 20,978 249,054
15	Debt to credit institutions and central banks 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 Total debt to credit institutions and central banks	204,978 330,081 153,736 492,744 237,492 1,419,031	233,191 249,947 969,730 745,469 323,855 2,522,192	210,686 26,619 150,127 583,111 271,532 1,242,075
	The bank has undrawn long-term committed revolving credit facilities equivalent to:	74,334	174,587	174,342
16	Deposits and other debts 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 Total deposits and other debts	6,952,974 1,779,231 1,381,575 1,424,401 1,400,324 12,938,505	6,067,637 2,016,154 1,091,840 1,881,450 1,346,609 12,403,690	6,372,268 2,166,283 1,175,194 1,561,041 1,480,629 12,755,415
	Distributed as follows: On demand At notice Time deposits Long term deposit agreements Special types of deposits	6,290,973 144,812 3,476,356 1,832,762 1,193,602 12,938,505	5,619,085 138,271 3,288,899 2,240,192 1,117,243 12,403,690	5,822,693 146,889 3,740,496 1,805,129 1,240,208 12,755,415

Notes

Note		End June 2012 DKK 1,000	End June 2011 DKK 1,000	End Dec. 2011 DKK 1,000
17	Issued bonds at amortised cost price			
	On demand	0	0	0
	Up to and including 3 months	0	0	2,955
	More than 3 months and up to and including 1 year	4,583	2,955	0
	More than 1 year and up to and including 5 years	333,730	333,639	336,003
	More than 5 years	0	0	0
	Total issued bonds at amortised cost price	338,313	336,594	338,958
	Distributed as follows:			
	Issues in Danish kroner:			
	Nom. 220 million DKK	220,000	220,000	220,000
	Issues in Norwegian kroner			
	Nom. 100 million NOK	98,680	95,780	95,880
	Regulation at amortised cost price and adjustment to current value of issues	8,750	6,977	9,241
	Other issues	10,883	13,837	13,837
		338,313	336,594	338,958
18	Subordinated debt			
	Subordinated loan capital:			
	Floating rate loan, principal EUR 27 million, expiry 30.6.2021	200,702	201,385	200,723
	Hybrid core capital:			
	4.795% bond loan, nom, DKK 200 million, indefinite term	200,000	200,000	200,000
	Regulation at amortised cost price and adjustment to current value of subordinated loan capital and hybrid core capital	12,143	3,489	11,763
	Total subordinated debt	412,845	404,874	412,486
19	Share capital			
	Number of shares at DKK 5 each:			
	Beginning of period	5,040,000	5,040,000	5,040,000
	Changes during the period	-100,000	0	0
	End of period	4,940,000	5,040,000	5,040,000
	Reserved for final cancellation in May 2012	0	0	100,000
	Total share capital	24,700	25,200	25,200

Notes

Note	End June 2012 DKK 1,000	End June 2011 DKK 1,000	End Dec. 2011 DKK 1,000
20			
Own capital shares			
Own capital shares included in the balance sheet at	0	0	0
The market value is	22,978	30,874	58,395
Number of own shares:			
Beginning of period	100,855	9,517	9,517
Cancelled during the year	-100,000	0	0
Net purchases and sales of own shares during the period	32,112	+40,685	91,338
End of period	32,967	50,202	100,855
Nominal value of holding of own shares, end of period	165	251	504
Own shares' proportion of share capital, end of period (%)	0.7	1.0	2.0
21			
Contingent liabilities etc.			
Contingent liabilities			
Finance guarantees	720,192	637,515	653,353
Guarantees for foreign loans	5,575	8,607	5,576
Guarantees against losses on mortgage credit loans	51,547	52,237	50,138
Guarantee against losses Totalkredit	128,516	122,065	118,540
Registration and conversion guarantees	81,748	80,293	55,361
Sector guarantees	39,413	36,418	39,413
Other contingent liabilities	659,670	106,599	129,841
Total contingent liabilities	1,686,661	1,043,734	1,052,222
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.	761,473	853,337	808,363
As security for clearing and any debt, the bank has pledged securities from its holding to the Central Bank of Denmark to a total market price of	197,266	137,067	269,005

Notes

Note	End June 2012 DKK 1,000	End June 2011 DKK 1,000	End Dec. 2011 DKK 1,000
22			
Capital adequacy computation			
Calculated pursuant to the Executive order on Capital Adequacy issued by the Danish Financial Supervisory Authority.			
Weighted items with credit and counterpart risks	11,309,947	11,456,011	11,041,407
Market risk	1,331,919	840,151	750,457
Operational risk	1,483,500	1,396,138	1,396,138
Total risk weighted items	14,125,366	13,692,300	13,188,002
Share capital	24,700	25,200	25,200
Reserve for net revaluation under the intrinsic value method	187	176	187
Profit carried forward	2,548,997	2,334,922	2,457,733
Core capital	2,573,884	2,360,298	2,483,120
Proposed dividend etc.	0	0	-66,020
Deduction from / addition to the core capital	-187	-176	-187
Core capital after deductions	2,573,697	2,360,122	2,416,913
Hybrid core capital	200,000	200,000	200,000
Core capital after deductions incl. hybrid core capital	2,773,697	2,560,122	2,616,913
Subordinated loan capital	200,702	201,385	200,723
Deduction from / addition to the capital base	187	176	187
Capital base after deductions	2,974,586	2,761,683	2,817,823
Core capital ratio excl. hybrid core capital (per cent)	18,2	17,2	18,3
Core capital ratio (per cent)	19,6	18,7	19,8
Solvency ratio (per cent)	21,1	20,2	21,4
Capital base requirements under Section 124 (2,1) of the Danish Financial Business Act	1,130,029	1,095,384	1,055,040
23			
Miscellaneous comments on:			
Main and key figures for the bank and key figures per DKK 5 share - page 6			
<ul style="list-style-type: none"> Total capital base is calculated as the banks capital base after deductions, cf. note 22. Return on equity at the beginning of the year before and after tax are computed after allocation of dividend etc., net. Key figures per DKK 5 share for 1st half 2012, and for the full year 2011 are calculated on the basis of 4,940,000 shares and for 1st half 2011 calculated on the basis of 5,040,000 shares. 			
Core earnings - page 3			
<ul style="list-style-type: none"> The comparative figures for 2005 have not been adjusted for the change made in 2007 from actual banking operations to core earnings. 			

Main figures summary

	1 st half 2012	1 st half 2011	Full year 2011
Profit and loss account summary (million DKK)			
Net income from interest	320	288	613
Dividend on capital shares etc.	2	1	1
Net income from fees and commissions	92	70	134
Net income from interest and fees	414	359	748
Value adjustments	+35	+14	+16
Other operating income	2	2	5
Staff and administration costs	125	121	244
Amortisation, depreciation and write-downs on intangible and tangible assets	2	2	4
Other operating costs	8	19	12
Total write-downs on loans and other debtors etc.	-79	-54	-129
Profit before tax	237	179	380
Tax	59	44	94
Profit after tax	178	135	286
Main figures from the balance sheet (million DKK)			
Loans and other debtors	12,869	13,131	12,747
Deposits and other debts	12,939	12,404	12,755
Subordinated debt	413	405	412
Shareholders' equity	2,574	2,360	2,483
Balance sheet total	18,033	18,440	17,549

Danish Financial Supervisory Authority key figures for Danish banks

		1 st half 2012	1 st half 2011	Full year 2011
Solvency ratio	%	21.1	20.2	21.4
Core capital ratio	%	19.6	18.7	19.8
Pre-tax return on equity	%	9.4	7.7	15.9
Return on equity after tax	%	7.0	5.8	11.9
Income/cost ratio	DKK	2.10	1.92	1.98
Interest risk	%	1.2	0.2	0.7
Foreign exchange position	%	1.0	0.5	0.9
Foreign exchange risk	%	0.0	0.0	0.0
Excess cover relative to statutory liquidity requirements	%	145.4	171.6	140.5
Loans and write-downs thereon relative to deposits	%	105.0	110.8	105.0
Loans relative to shareholders' equity		5.0	5.6	5.1
Growth in loans	%	1.0	-0.2	-3.1
Total large exposures	%	60.9	50.3	41.7
Cumulative write-down percentage	%	4.8	4.2	4.5
Write-down percentage for the period	%	0.52	0.37	0.89
Proportion of debtors at reduced interest	%	0.6	0.5	0.4
Result after tax per share * / ***	DKK	719.2	534.5	1.146.6
Book value per share * / **	DKK	10,491	9,461	10,055
Price/result per share * / ***		19.4	23.0	10.1
Price/book value per share * / **		1.33	1.30	1.15
* 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.				

Statement by management and board of directors

The board of directors and management have today considered and approved the interim report for Ringkjøbing Landbobank A/S for the period 1 January - 30 June 2012.

The interim 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 interim report provides a true and fair view of the bank's assets, liabilities and financial position as of 30 June 2012 and of the bank's activities for the period 1 January - 30 June 2012. We also believe that the management report etc. contain a true and fair review of the developments in the bank's activities and financial circumstances, and a description of the most important risks and uncertainty factors which could affect the bank.

The interim report was not audited or reviewed, but the external auditors have checked that the conditions for ongoing inclusion of the earnings for the period in the Tier 1 capital have been met.

Ringkjøbing, 8 August 2012

Management:

John Fisker
Executive General Manager

Board of Directors:

Jens Lykke Kjeldsen
Chairman

Gravers Kjærgaard
Deputy chairman

Gert Asmussen

Inge Sandgrav Bak

Keld Hansen

Martin Krogh Pedersen

Bo Bennedsgaard
Employee board member

Gitte E. S. Vigsø
Employee board member