

Result background

The bank's business volume is also in the second quarter negatively impacted by customers' financial restraint, low business investment and lack of growth in private consumption.

Demand for loans from the bank's customers in the first half was at a low level and the half year average lending has been DKK 63m lower (-1.6%) than in the same period in 2011.

The banks average deposits for the half year has been on a unchanged level while deposits at the end of the first half is DKK 181m (+4,1%) larger than at the same time last year.

The very satisfactory balance between bank deposit and loan portfolio is the reason why the bank has not wished or had any need to participate in the policy of overbidding on the marked for deposits and liquidity, as well as the bank does not need to include a collateral of the bank's loan portfolio at the National Bank in the liquidity reserve.

The significant excess liquidity is at DKK 1,400m in relation to the statutory requirements. The Bank is therefore in the very favorable situation that both liquidity and solvency do not limit the bank, the bank has financial flexibility to accept new residential and business customers through organic growth.

The customer base increases still as the bank has a continuous influx of especially private customers to the bank's branches in Aarhus and Djursland.

In addition, the bank will continue to assess the possible opportunities for acquisitions of additional business within the bank's natural market area.

At the bank's other business areas there has been a great activity in the mortgage area with conversion of loans, which has resulted in increased earnings to the bank in the second quarter.

The ongoing activity in the mortgage area is also the main reason for an increase of DKK 59m (+6.2%) in the bank's total guarantees.

Net interest and fee income is DKK 137.9m, which is DKK 11.8m higher than the same period last year. The increase contains further net interest income of DKK 4.4m and an increase in net fee and commission income of DKK 7.3m.

The main reason for the increase in net interest income is primarily due to a higher interest margin, as the bank – as well as the sector – has increased the risk premium on a part of the loan portfolio. Opposite the interest income on the bank's bond portfolio has decreased, as the direct interest rate has been 1% lower than in the first half of 2011.

The increase in fee income of DKK 7.6m is primarily attributable to the bank's income on a large number of refinance mortgage loans.

In addition, revenues are affected by an extraordinary non-recurring income of DKK 1m on the payment area.

The increase of DKK 1m in other ordinary income is due to increasing income of the bank's insurance brokerage. Insurance contributes in the half year with earnings of DKK 3.5m..

The total operating expenses is DKK 96m - a decrease of DKK 11.9m compared to the same period in 2011.

Contained herein is the bank's costs of DKK 3.5m to the Deposit Guarantee Fond, with is DKK 12.7m less than the bank's payment to the Deposit Guarantee Fond in the same period last year.

Without these payments to the Deposit Guarantee Fond, the banks expenses has only increased with DKK 0.8m..

It also includes adjustments on the bank's own properties with DKK 1.7m, the bank's other operating costs are thus reduced by DKK 0.9m..

The number of employees in the bank during 2011 and first half of 2012 is reduced, and the total number of employees at the end of first half-year amounts to 181 - a decrease of 11 compared to the same time in 2011.

Write downs on loans and guarantees

Net amount of write downs on loan and guarantees represents DKK 28.8m compared to a write down of DKK 11.9m in the same period in 2011.

The main part of the writedowns is primarily attributable to individual write downs on especially farming and other business exposures.

A major reason for the increase in depreciation amount is the FSA clarified rules for the valuation of the assets' value in exposures where the bank has registered OIV (Objective evidence of impairment). The change is estimated to have resulted in an increase in write-downs of DKK 15m..

In addition the bank has noted that there are still emergence of new companies where the operating performance is not satisfactory, and where the bank therefore can detect an impairment of the exposure.

The level of the bank's own write downs is equivalent to 0.6% for the half year - a satisfactory level in the current economic cycle and taking into account the FSA tightened requirements in the field.

The realized loss for the half year is DKK 26m, of which only DKK 0.3m has not previously been written down.

Zero interest exposures amounts at the end of the half year to DKK 44m - a decrease of DKK 10m compared to the beginning of the year. The zero interest loans are equivalent to 1.09% of loan portfolio.

The bank's accumulated write downs on loans, guarantees and provisions are at the end of first half DKK 179.8m, equivalent to 3.5% of the total loan and guarantee portfolio.

Value adjustments of securities and currency etc. form - after regulating for the pension pool share - are a satisfying positive value adjustment of DKK 10.1m. Value adjustments are composed of positive adjustments of bonds DKK 4.2m, DKK 4.7m from shares and DKK 1.2m form currency.

Profit before tax of DKK 27.6m represent a return on average equity of 7.7% pro anno., and is at a higher level than expected.

The half year result is DKK 20m, which is DKK 14.1m higher than in the same period in 2011.

Liquidity

At the end of the first half of 2012 the bank has a very satisfactory liquidity surplus of DKK 1.400m in relation to statutory requirements. The positive cash position is expected to be maintained.

Equity in the beginning of the year was DKK 705.5m. After adding the profit for the period and trading with own shares, the equity at the end of 1. half 2012 amount to DKK 728.5m.

Capital

The bank's capital base amounted to DKK 681.2m.

Solvency ratio amounted to 15.3%, and core capital amounts to 16.0%,

The bank's own calculated solvency ratio requirement is 8.6%,, the bank has therefore a very satisfying solvency surplus, which amounts to 6.7%-points more than the solvency need, equal to almost DKK 300m.

Share holders

The bank has two shareholders who each owns more than 5% of the banks capital. - Wellington Management Company LLP, Boston, USA, and Henrik Ostergaard Lind - personally and through the company Lind Invest ApS.

The remaning share capital is owned by 15.881 smaller shareholders.

By the end of the first half of 2012, the Bank's holding of own shares amounted to 6,581 shares representing 0.24% of the bank's share capital.

FSA Monitoring Diamond

The Bank has for many years had a very strong focus on the development and composition of its balance sheet, and growth have occurred in the natural environment, which is dictated by the overall economic development of the society.

Therefore the Bank also complies with all values of the FSA's Monitoring Diamond.

FSA Monitoring Diamond - 30. June 2012

	FSA values	Djurslands Bank
Large engagements	< 125%	78%
Growth in loans	< 20 %	-4%
Liquidity coverage	> 50%	204%
Stabel funding	< 1,00	0,72
Real estate	< 25%	11,1%

Expectations for the financial year 2012

Based on the realized result for the first half year, the bank expect to realize a higher result than expected at the beginning of the year.

The banks expectation of a profit of DKK 60 to 70m before price adjustments, write downs and tax, is therefore upward adjusted to DKK 70 to 85m.

Writedowns and provisions on loans and guarantees are not expected to exceed 1% of the loans, which is equal to DKK 40 to 50m for the year.

The following pages consists of the Profit and Loss Account, the Balance Sheet, notes etc.

Please address any questions or queries to CEO Ole Bak

Yours faithfully
Djurslands Bank

KEY FIGURES	1. half year				
	2012	2011	2010	2009	2008
Profit					
Net profit before tax as % of average shareholders' funds p.a.	7,7	2,4	10,0	10,1	15,0
Net profit after tax as % of average shareholders' funds p.a.	5,6	1,7	7,6	7,8	12,1
Earnings / costs	1,22	1,07	1,27	1,27	1,59
Basic earning / cost	1,48	1,20	1,30	1,38	1,50
Basic earning / cost excl expense Private Preparedness	1,54	1,41	1,45	1,55	1,50
Solvency and capital					
Capital base after deductions (M DKK)	681,2	761,6	816,6	726,0	703,6
Solvency ratio	15,3	16,2	15,8	14,2	12,8
Core capital ratio	16,0	14,7	12,8	10,6	9,5
Market risk ratios					
Interest rate risk	0,1	0,6	0,1	2,1	2,7
Foreign exchange standing - pos 1	0,0	0,0	0,0	0,0	0,0
Liquidity ratios					
Lending plus provisions on loans in relation to deposits	88,5	95,4	91,0	96,5	102,3
Extra cover in relation to the statutory liquidity requirement	204,0	190,2	201,8	219,4	64,5
Credit risk ratios					
Sum of large commitments	78,4	103,2	47,5	78,9	94,9
The half years loss and writedown	0,6	0,3	0,4	0,4	0,0
Akkumulated writedown percentage	3,5	3,4	3,1	2,5	1,4
The years growth in lending	-1,5	5,6	-1,5	-5,5	2,4
Lending in relation to equity	5,3	5,9	5,9	6,5	7,1
Return on share					
Stock value per share	132	140	138	141	375
Net book value per share *	270	255	249	238	240
Stock value/bookvalue per share *	0,49	0,55	0,55	0,59	1,56
Profit for the half year per share	7,4	2,2	9,2	8,7	14,2
Employees					
Number of employees (average)	181,3	192,0	194,7	200,4	192,9

*Bookvalue per share = equity / (number of shares - number of own shares)

Profit and Loss Account

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(DKK 1,000)

	Note	1. half 2012	1. half 2011	Annual 2011
Interest income	1	119.537	119.924	246.067
Interest expenses	2	24.133	28.937	60.456
Net interest income		95.404	90.987	185.611
Dividend from share etc.		645	629	629
Fees and commission income	3	45.132	37.525	76.611
Fees and commission expenses		3.262	3.012	5.989
Net interest and fee income		137.919	126.129	256.862
Value adjustments	4	10.146	-1.741	4.905
Other ordinary income		4.326	3.323	4.350
Staff costs and administrative expenses	5	87.621	88.445	177.162
Depreciation and writedowns of tangible assets		4.839	3.171	7.948
Other operational expenses		3.501	16.207	10.785
Writedowns	6	28.799	11.870	38.260
Profit from holdings in associated and affiliated companies	7	0	0	102
Profit before tax		27.631	8.018	32.064
Tax		7.674	2.117	8.783
Profit		19.957	5.901	23.281
Comprehensive income				
Other comprehensive income before tax		3.400	0	1.600
Tax on other comprehensive income		0	0	0
Profit for the financial year accordingly to the profit and loss account		19.957	5.901	23.281
Total comprehensive income for the financial year		23.357	5.901	24.881

Balance Sheet

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(DKK 1,000)

	Note	30.06 2012	30.06 2011	31.12 2011
Cash in hand and claims at call on central banks		57.800	48.367	41.818
Due from credit institutions and central banks		91.126	55.115	83.655
Loans and other amounts due at amortised cost	6	3.888.934	4.034.542	3.948.183
Bonds at fair value		1.365.823	1.351.611	1.311.547
Shares, etc.		181.960	178.414	175.521
Holdings in affiliated companies	7	1.738	1.636	1.738
Assets under pooled schemes		850.998	851.409	836.490
Tangible assets		76.279	75.941	75.493
Investment properties		2.665	2.665	2.665
Domicile property		73.614	73.276	72.828
Other tangible assets		9.465	10.995	8.915
Tax assets		0	1.479	856
Temporary assets		0	489	0
Other assets		84.270	103.884	98.114
Cut-off assets		4.009	4.192	4.036
Total assets		<u>6.612.402</u>	<u>6.718.074</u>	<u>6.586.366</u>
Due to credit institutions and central banks		1.088.700	1.296.691	1.268.122
Deposits and other amounts due		3.725.030	3.547.768	3.533.775
Deposits under pooled schemes		867.085	863.448	864.237
Tax liabilities		5.795	0	0
Other liabilities		126.263	161.550	148.886
Cut-off liabilities		3.682	3.581	3.055
Total debt		<u>5.816.555</u>	<u>5.873.038</u>	<u>5.818.075</u>
Provisions for pensions and similar obligations		6.223	5.989	6.223
Deferred tax provision		5.784	4.592	6.143
Provisions regarding loss on guaranties		4.939	0	31
Other provisions		445	377	418
Provisions for commitments		<u>17.391</u>	<u>10.958</u>	<u>12.815</u>
Subordinated debt		50.000	150.659	50.000
Subordinated debt		<u>50.000</u>	<u>150.659</u>	<u>50.000</u>
Share capital		27.000	27.000	27.000
Share premium account		5.274	5.274	5.274
Revaluation reserves		7.468	2.468	4.068
Other reserves		1.738	1.636	1.738
Retained profit		686.976	647.041	667.396
Total equity		<u>728.456</u>	<u>683.419</u>	<u>705.476</u>
Total liabilities		<u>6.612.402</u>	<u>6.718.074</u>	<u>6.586.366</u>

Equity

(DKK 1,000)

	Share capital	Shares premium account	Revaluation reserves	Other reserves	Retained profit	Total
Equity 31.12.2010	27.000	5.274	2.468	1.636	644.336	680.714
Net purchase of own shares					-3.196	-3.196
Profit for the period				0	5.901	5.901
Equity 30.06.2011	27.000	5.274	2.468	1.636	647.041	683.419
Net purchase of own shares					3.077	3.077
Other comprehensive income			1.600			1.600
Profit for the period				102	17.278	17.380
Equity 31.12.2011	27.000	5.274	4.068	1.738	667.396	705.476
Net purchase of own shares					-377	-377
Other comprehensive income			3.400			3.400
Profit for the period					19.957	19.957
Equity 30.06.2012	27.000	5.274	7.468	1.738	686.976	728.456

Number of shares 2.700.000

	30.06 2012	30.06 2011	31.12 2011
Own shares			
Bookvalue of own shares	0	0	0
Number of own shares	6.581	24.681	2.974
Stock value per share	132	140	132
Total stock value	869	3.455	393
Percentage of own shares	0,2	0,9	0,1

Shareholders

Shareholders who owns more than 5% of the sharevalue

- Wellington Management Company LLP
- Henrik Østenkjær Lind personally and through the companies Lind Invest ApS and Danish Commodities A / S

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(DKK 1,000)

	1. half 2012	1. half 2011	Annual 2011
1 Solvency			
Solvency ratio accordingly to FIL § 124, subsection 1	15,3%	16,2%	15,3%
Core capital after deductions in percentage of total weighted items	16,0%	14,7%	16,0%
Individual solvency ratio	8,6%	8,6%	8,6%
Equity	728.456	683.419	705.476
Hybrid core capital	50.000	50.000	50.000
Deductions			
Revaluation reserves	-7.468	-2.468	-4.068
Other deductions	-19.957	-5.901	0
Core capital before deduction of holding	751.031	725.050	751.408
Half of total of holding etc., more than 10% of capital base	-38.674	-33.309	-35.894
Core capital after deductions	712.357	691.741	715.514
Subordinated capital investments	0	100.659	0
Revaluation reserves	7.468	2.468	4.068
Capital base before deductions	719.825	794.868	719.582
Half of total of holding etc., more than 10% of capital base	-38.674	-33.309	-35.894
Capital base after deductions	681.151	761.559	683.688
Weighted values			
Credit risk, etc.	3.698.089	3.829.852	3.684.452
Operational risk	513.019	485.362	513.067
Marked risk	246.541	376.437	275.978
Total weighted values	4.457.649	4.691.651	4.473.497
2 Interest income			
Claims on credit institutions, etc.	714	789	1.580
Loans and advances	109.373	101.366	211.173
Bonds	11.426	19.057	34.969
Total derivative financial instruments	-2.169	-1.333	-1.938
of which			
Currency contracts	-31	599	1.119
Interest rate contracts	-2.138	-1.932	-3.057
Other interest income	193	45	283
Total interest income	119.537	119.924	246.067
3 Interest expenses			
Credit institutions and central banks	5.139	6.955	14.818
Deposits	16.355	17.952	37.813
Subordinated debt	2.429	3.823	7.412
Other interest expenses	210	207	413
Total interest expenses	24.133	28.937	60.456

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(DKK 1,000)

	1. half 2012	1. half 2011	Annual 2011
4 Fee and commission income			
Securities trading and custody account fees	12.667	13.438	28.631
Payment services fees	6.212	4.387	10.059
Loan fees	22.149	15.580	29.169
Guarantee commissions	2.759	2.858	5.507
Other fees and commissions	1.345	1.262	3.245
Total fee and commission income	45.132	37.525	76.611
Paid fee and commission have not been deducted in the above figures.			
5 Value adjustments			
Loan and advances at fair value	350	-2.051	5.220
Bonds	4.208	-3.125	1.533
Shares, etc.	4.768	129	648
Currency	1.242	1.345	2.965
Derivatives	-235	2.102	-5.162
Assets under pooled schemes	15.046	-12.030	-15.477
Deposits under pooled schemes	-15.233	11.889	15.178
Total value adjustments	10.146	-1.741	4.905
6 Staff costs and administrative expenses			
Salaries and remuneration of Executive Board, Board of Directors and Board of Representatives			
Executive Board, wage	940	930	1.874
Executive Board, pension	175	173	346
Board of Directors	516	414	835
Board of Representatives	82	81	157
Total	1.713	1.598	3.212
Staff costs			
Salaries	44.962	45.417	87.617
Pensions	5.458	5.550	11.365
Financial services employer, etc.	504	655	984
Taxes	5.114	5.157	9.883
Total	56.038	56.779	109.849
Other administrative expenses	29.870	30.068	64.101
Total staff costs and administrative expenses	87.621	88.445	177.162
Calculated according to the ATP-method	190,4	198,3	195,9
Calculated according to work-time percentages	181,3	192,0	189,7

Notes

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(DKK 1,000)

7 Write down on loans and advances

	1. half 2012	1. half 2011	Annual 2011
Individual write downs			
Write downs beginning	163.219	158.192	158.192
Write downs in the financial year	37.407	26.890	60.100
Changes in write downs regarding earlier years	-11.173	-11.845	-18.055
Finally lost regarding earlier write downs	-25.961	-10.166	-37.018
Individual write downs end	163.492	163.071	163.219
Group write downs			
Write downs beginning	10.305	10.484	10.484
Write downs in the financial year	1.100	-98	-179
Changes in write downs regarding earlier years	0	0	0
Group write downs end	11.405	10.386	10.305
Total write downs on loans and advances	174.897	173.457	173.524

Expenses in the financial year from write downs on loans and advances

Write downs in the financial year from loans and advances	38.507	26.792	59.921
Write downs in the financial year from provisions	4.908	0	-121
Reversal of write downs in ealier financial years	-11.173	-11.845	-18.055
Realized losses, written down in earlier financial years	-25.961	-10.166	-37.018
Realized losses	25.981	10.456	40.362
Interest from debtors with writedowns	-3.463	-3.367	-6.829
Writedowns	28.799	11.870	38.260

30.06 2012	30.06 2011	31.12 2011
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8 Profit and holdings in affiliated companies

Djurs-Invest ApS, Grenaa			
Part of shares	100%	100%	100%
Equity	1.738	1.636	1.738
Total profit on holdings in affiliated companies	0	0	102

The activity in the company is immaterial.

9 Off-balance sheet items

Financial guarantees	376.742	293.563	299.262
Loss guarantees	208.007	227.993	212.198
Registration guarantees	115.644	86.849	107.611
Other guarantees	302.303	336.077	326.529
Total off-balance sheet items	1.002.696	944.482	945.600

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(DKK 1,000)

30.06 2012	30.06 2011	31.12 2011
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10 Close parties

Transaktions with close parties

Close parties covers the Board of Directors and the Board of Managment. No transactions have been entered into except those mentioned in note 6.

Loans etc to the management

Executive Board	0	0	0
Board of Directors	19.298	24.323	21.396

Interest rates

Executive Board	8,3%	6,8%	7,8%
Board of Directors	3,6-10,5%	3,0-16,5%	3,8-11,5%

Collaterals for engagements with

Executive Board	180	180	180
Board of Directors	11.134	13.171	11.243

Accounting policies

The report for the first six months of 2012 has been prepared in accordance with the Danish Financial Business Act including the Executive Order on the presentation of interim financial reports by credit institutions and investment companies etc. (the Executive Order) and other Danish disclosure requirements for the annual reports of listed financial businesses (cf. the disclosure requirements laid down by the Copenhagen Stock Exchange).

The accounting policies is unchanged compared to the financial report for 2011. We refer to the Annual Report 2011 for details of the accounting practice.

Significant changes in accounting estimates

Measurement of certain assets and liabilities requires management estimates. The most significant estimates by management in connection with the recognition and measurement of these assets and liabilities and the estimated uncertainty associated with the preparation of the interim report for 2012 are the same as for preparing the Annual Report for 2011, where to we refer.

Changes in accounting estimates

In the half year report 2012 there is, due to a clarification of the rules in the Danish Financial Business Act, made changes to accounting estimates of loans and other receivables at amortized cost. The increase in write downs on loans and receivables and provisions for losses on guarantees as a result of clarification of the rules is estimated to amounts to DKK 15m.

Signatures by the Board of Executives and Directors

We have today presented the half year report 2012 for Djurslands Bank A/S.

The half year report has been presented in accordance with the Danish Financial Business Act, including the Executive Order on Financial Reports for Financial Credit Institutions and Investment Companies etc.. Furthermore the half year report has been prepared in accordance with additional Danish disclosure requirements for half year reports of listed financial companies.

The management's review includes a fair presentation of the development in the bank's activities and financial position as well as a description of the most material risks and elements of uncertainty that may affect the bank

We consider the accounting policies appropriate for the half year report to provide a true and fair view of the bank's assets, liabilities, financial position, result and cash flow.

There has not been performed audit or review on the interim report

Grenaa, 17 August 2012

Board of Executive
Ole Bak

Grenaa, 17 August 2012

Board of Directors

/ **Martin Ring Andersen**
Chief Accountant

Erik Nymann
Chairman

Uffe Vithen
Deputy Chairman

Helle Bærentsen *

Tina Klausen *

Jan B. Poulsen *

Ejner Søby

Mikael Lykke Sørensen

Peter Zacher Sørensen

Poul Erik Sørensen

* Employee representatives