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Ringkjøbing Landbobank's quarterly report, 1st-3rd quarter of 2016 - Clarification of expectations for the full year

Profit before tax increased by 11% to DKK 497 million, equivalent to a return of 21% p.a. on equity, which is considered highly satisfactory. The bank's core earnings increased by 4% to a total of DKK 461 million, which is above budget for the first three quarters of the year.

(Million DKK)	1 st -3 rd qtr. 2016	1 st -3 rd qtr. 2015	2015	2014	2013	2012
Total core income	721	710	954	907	844	823
Total costs and depreciations	-224	-221	-306	-298	-273	-265
Core earnings before impairments	497	489	648	609	571	558
Impairment charges for loans etc.	-36	-44	-60	-87	-120	-157
Core earnings	461	445	588	522	451	401
Result for portfolio etc.	+36	+1	0	+65	+21	+47
Profit before tax	497	446	588	587	472	448

Three quarters - highlights:

- Clarification of expectations for core earnings for the year given around the upper end of the previously announced range of DKK 525 - 600 million
- The profit before tax was DKK 497 million, equivalent to a return of 21% p.a. on equity
- 4% increase in core earnings to DKK 461 million, which is above budget for the period
- The rate of costs for the period was 31.1%, which is still the lowest in Denmark
- Decrease in impairment charges to DKK 36 million, the equivalent of 0.2% p.a.
- 12% increase in the bank's loans and 21% increase in deposits
- Continued highly satisfactory increase in customer numbers in both the branch network and the niche concepts

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

Yours sincerely,

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Management report

Core income

Net interest income was DKK 500 million for the first three quarters compared to DKK 475 million in 2015, an increase of 5%. This should be compared to a 12% increase in lending volumes, which underlines the competition in the sector, and net interest income is also influenced by a changed mix of loans and the continuing low interest rate level.

Fees, commissions and foreign exchange earnings amounted to DKK 187 million net in the first three quarters compared to DKK 204 million net in 2015, a decrease of 8%. Fee earnings in 2015 were influenced by an extraordinarily high level of activity in conversion of mortgage loans in the first six months of the year. This decrease can also be attributed to lower income from trading and the loss of subscription commissions from the bank's primary supplier of investment certificates with effect from early April 2016. The fact that from early July 2016 the bank started to receive payment from the same supplier for the task of dealing in the investment certificates is pulling in the opposite direction.

The total core income in the first three quarters of the year increased from DKK 710 million in 2015 to DKK 721 million in 2016, an increase of 2%.

Costs, amortisations and depreciations

Total costs including amortisations and depreciations on tangible assets totalled DKK 224 million in the first three quarters of 2016 compared to DKK 221 million last year, an increase of just over 1%.

The net increase of DKK 3 million compared to the first to third quarters of 2015 is attributable to increases totalling DKK 5 million in staff costs, DKK 6 million in other administration costs, DKK 4 million in amortisations, depreciations and write-downs for tangible assets, and finally a decrease of DKK 12 million in the total costs of the Costs Guarantee Fund and the Resolution Fund, as costs for the former no longer have to be paid with effect from 2016.

The rate of costs was 31.1% compared to 31.2% in 2015, still the lowest in the country. A low rate of costs is especially important in periods of competition and unstable economic conditions, as this provides robustness in the bank's results.

Impairment charges for loans

Impairment charges for loans for the first three quarters decreased from DKK 44 million in 2015 to DKK 36 million in 2016 and are now equivalent to 0.2% p.a. of the total average loans and guarantees etc. compared to 0.3% p.a. in 2015.

The bank's total account for impairment charges and provisions amounted to DKK 999 million at the end of the quarter, equivalent to 4.7% of total loans and guarantees. Actual losses and write-offs on loans etc. continue to be very low, and they were exceeded in the first three quarters by the items "Interest on the impaired part of loans" and "Receivables previously written off", such that the total account for impairment charges and provisions increased by DKK 18 million net during the first three quarters of the year.

Individual impairment charges decreased by DKK 12 million, whereas group impairment charges increased by DKK 69 million during the first three quarters of the year. The increase in group impairment charges is primarily related to the bank's exposure to milk producers.

The portfolio of loans with suspended calculation of interest amounts to DKK 94 million, equivalent to 0.4% of the bank's total loans and guarantees at the end of the quarter.

The bank still expects total impairment charges in all of 2016 to be lower than in 2015.

Core earnings

(Million DKK)	1st-3rd qtr. 2016	1st-3rd qtr. 2015	2015	2014	2013	2012
Total core income	721	710	954	907	844	823
Total costs and depreciations	-224	-221	-306	-298	-273	-265
Core earnings before impairments	497	489	648	609	571	558
Impairment charges for loans etc.	-36	-44	-60	-87	-120	-157
Core earnings	461	445	588	522	451	401

Core earnings totalled DKK 461 million compared to last year's DKK 445 million. The realised core earnings for the period are the best in the bank's history and above the budget for the first three quarters of the year.

Result for portfolio and market risk

The result for portfolio for the first to third quarters of 2016 was positive by DKK 36 million including funding costs for the portfolio compared to DKK 1 million in 2015.

Shares etc. at the end of the third quarter amounted to DKK 456 million, DKK 20 million of which was in listed shares, DKK 143 million in investment fund certificates and DKK 293 million in sector shares etc. The bond portfolio amounted to DKK 3,960 million, and the majority of the portfolio consists of AAA-rated Danish government and mortgage credit bonds.

The total interest risk - calculated as the impact on the profit of a one percentage point change in the interest rate - is 2.7% of the bank's Tier 1 capital at the end of the quarter.

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

	Risk in DKK million	Risk relative to equity end of 3 rd quarter 2016 in %
Highest risk of loss:	31.8	0.92%
Lowest risk of loss:	6.2	0.18%
Average risk of loss:	17.0	0.49%
End of period risk of loss:	17.4	0.50%

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

Profit after tax

Profit after tax was DKK 406 million for the first three quarters of 2016 compared to DKK 347 million last year.

The profit after tax is equivalent to a return on equity at the beginning of the period of 17% p.a. after payment of dividend.

Balance sheet

The bank's balance sheet at the end of the quarter stood at DKK 23,882 million compared to last year's DKK 20,823 million.

Deposits increased by 21% from DKK 15,187 million at the end of September 2015 to DKK 18,326 million at the end of September 2016.

The bank's loans increased by 12% from DKK 15,670 million at the end of September 2015 to DKK 17,570 million at the end of September 2016.

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

The bank's portfolio of guarantees at the end of the quarter was DKK 2,557 million compared to DKK 2,717 million at the end of September 2015 and DKK 2,234 million at the end of 2015.

Liquidity

The bank's liquidity is good. The bank's short-term funding with term to maturity of less than 12 months amounts to DKK 0.4 billion, balanced by DKK 5.4 billion primarily in short-term placings in the Central Bank of Denmark and in liquid securities.

The bank's deposits at the end of the quarter exceeded the bank's loans by approximately DKK 750 million. The loans portfolio is thus more than fully financed by the bank's deposits and equity. In addition, part of the loans portfolio for wind turbines in Germany is refinanced back-to-back with KfW Bankengruppe, which means that DKK 1,061 million can be disregarded in terms of liquidity.

The bank thus requires no financing for the coming year to meet the minimum requirement of always being able to manage for up to 12 months without access to the financial markets.

In terms of liquidity, the bank must comply with the LCR (Liquidity Coverage Ratio) requirement. This key ratio shows the ability of banks to honour their payment obligations for a 30-day period without access to market funds. The LCR key ratio is computed as the ratio of the bank's cash and cash equivalents/liquid assets to its payment obligations for the next 30 days as computed in accordance with specific rules.

Non-SIFI banks must have a cover of minimum 70% on 1 January 2016, gradually increasing by 10 percentage points on 1 January 2017 and by 20 percentage points on 1 January 2018 such that the key ratio must be minimum 100% on 1 January 2018. SIFI banks must already have a cover of 100% now.

Ringkjøbing Landbobank wishes to follow the same rules that apply to SIFI banks, and the bank's target for the LCR key ratio is thus 100%.

On 30 September 2016 the bank's LCR key ratio was 200% and the bank thus met the target.

The LCR key ratio will replace the statutory Section 152 requirement on 31 December 2016 when the requirement is finally phased out. The excess liquidity relative to the statutory Section 152 requirement was 142% on 30 September 2016.

Capital reduction and share buy-back programme

The annual general meeting in February 2016 authorised the bank's board of directors to buy shares for up to DKK 140 million for cancellation at a future general meeting.

Shares were reserved as follows on 25 October 2016:

	Number of shares	Average purchase price - in DKK	Transaction value - in DKK 1,000
Reserved as of 9 March 2016	20,000	1,403.53	28,071
Reserved as of 1 June 2016	29,000	1,371.46	39,772
Reserved as of 14 September 2016	23,000	1,429.02	32,867
Total as of 25 October 2016	72,000		100,710

DKK 39 million now remain under the share buy-back programme.

The bank's holding of own shares at the end of September 2016 totalled 76,112 shares, 72,000 of which are reserved under the buy-back programme for later cancellation.

Capital

Equity at the beginning of 2016 was DKK 3,296 million. To this must be added the profit for the period, while dividend paid and the value of own shares bought must be subtracted, after which the equity at the end of September was DKK 3,459 million.

The bank's total capital ratio was calculated at 18.6% at the end of the third quarter of 2016, and the Tier 1 capital ratio on the same date was calculated at 17.0%.

Capital ratios	3 rd qtr. 2016	3 rd qtr. 2016	2015	2014	2013	2012
Common Equity Tier 1 capital ratio (%)	17.0	17.4	17.1	17.5	18.7	19.6
Tier 1 capital ratio (%)	17.0	17.4	17.1	17.5	19.2	20.9
Total capital ratio (%)	18.6	19.3	18.8	17.5	20.0	22.4
Individual solvency requirement (%)	9.1	8.9	9.0	8.9	8.9	8.0

The capital statement is influenced by the fact that the DKK 140 million share buy-back programme is deducted in full from the capital, while DKK 101 million had been utilised at the end of September 2016.

The bank calculates the individual solvency requirement on the basis of the so-called 8+ model. The statement in this model is based on 8% plus any supplements calculated inter alia for customers with financial problems.

Based on the model, the bank has calculated the individual solvency requirement at the end of the third quarter of 2016 at 9.1%. To this should be added a capital conservation buffer of 0.6%, and the total requirement for the bank's capital base is thus 9.7%. Compared with the actual capital base of DKK 3.4 billion, the capital buffer at the end of the third quarter of 2016 was thus DKK 1.6 billion, equivalent to 8.9 percentage points.

Good increase in customer numbers

In 2016 like in previous years, the bank implemented a large number of outreach initiatives to both current and new customers. In addition, the bank's new Private Banking branch in Vejle opened in January 2016.

As a result of these initiatives combined with recommendations and referrals from the bank's existing customer portfolio, the bank also saw a highly satisfactory net increase in new customers in both the branch network and within the niche concepts in the first three quarters of the year.

The head office in Ringkøbing

At the end of September 2016, the bank finished the interior refurbishment of the former county council building on the square in Ringkøbing, which the bank has leased from Ringkøbing-Skjern Municipality.

The use of these premises has created more space for the bank's head office staff and it also provides the possibility for the bank to pursue an organic growth strategy in the future.

Clarification of expectations for 2016

The bank's core earnings for the first to third quarters of 2016 were DKK 461 million, which is above budget for the first three quarters of the year. On this basis, expectations for core earnings for all of 2016 are more precisely stated to be around the upper end of the previously upwardly adjusted and announced range of DKK 525 - 600 million.

Disclaimer:

"This document is a translation of an original document in Danish. The original Danish text shall be the governing text for all purposes and in case of any discrepancy the Danish wording shall be applicable."

Main and key figures

	1 st -3 rd qtr. 2016	1 st -3 rd qtr. 2015	Full year 2015
Main figures for the bank (million DKK)			
Total core income	721	710	954
Total costs and depreciations	-224	-221	-306
Core earnings before impairments	497	489	648
Impairment charges for loans etc.	-36	-44	-60
Core earnings	461	445	588
Result for portfolio	+36	+1	0
Profit before tax	497	446	588
Profit after tax	406	347	459
Shareholders' equity	3,459	3,222	3,296
Deposits	18,326	15,187	16,987
Loans	17,570	15,670	17,300
Balance sheet total	23,882	20,823	22,384
Guarantees	2,557	2,717	2,234
Key figures for the bank (per cent)			
Return on equity before tax, beginning of year, p.a.	21,0	20,0	19.8
Return on equity after tax, beginning of year, p.a.	17,1	15,5	15.4
Rate of costs	31,1	31,2	32.1
Common Equity Tier 1 capital ratio	17.0	17,4	17.1
Tier 1 capital ratio	17.0	17,4	17.1
Total capital ratio	18.6	19,2	18.8
Individual solvency requirement	9.1	8,9	9.0
Key figures per 5 DKK share (DKK)			
Core earnings	101	95	129
Profit before tax	109	95	129
Profit after tax	89	74	100
Net asset value	757	690	721
Price, end of period	1,430	1,487	1,500
Dividend	-	-	30

Profit and loss account

Note		1.1-30.9 2016 DKK 1,000	1.1-30.9 2015 DKK 1,000	1.1-31.12 2015 DKK 1,000
1	Interest receivable	564,397	551,166	736,995
2	Interest payable	54,644	70,637	91,165
	Net income from interest	509,753	480,529	645,830
3	Dividend on shares etc.	18,995	13,010	13,010
4	Income from fees and commissions	210,902	219,094	301,076
4	Fees and commissions paid	35,988	26,113	41,687
	Net income from interest and fees	703,662	686,520	918,229
5	Value adjustments	+46,440	+21,220	+29,583
	Other operating income	4,057	3,194	4,964
6,7	Staff and administration costs	215,582	204,085	281,634
	Amortisations, depreciations and write-downs on intangible and tangible assets	6,789	2,891	7,351
	Other operating costs			
	Miscellaneous other operating costs	0	0	68
	Costs Guarantee Fund and Resolution Fund	1,744	14,215	17,233
8	Impairment charges for loans and other debtors etc.	-36,184	-44,104	-60,367
	Result of capital shares in associated companies	+2,835	0	+2,137
	Profit before tax	496,695	445,639	588,260
9	Tax	91,032	98,725	129,595
	Profit after tax	405,663	346,914	458,665
	Other comprehensive income	0	0	0
	Total comprehensive income	405,663	346,914	458,665

Core earnings

	1.1-30.9 2016 DKK 1,000	1.1-30.9 2015 DKK 1,000	1.1-31.12 2015 DKK 1,000
Net income from interest	500,225	474,695	637,960
Net income from fees and commissions excl. trade income	143,627	156,815	211,541
Income from sector shares etc.	29,742	27,860	36,413
Foreign exchange income	12,401	11,206	15,812
Other operating income	4,057	3,194	4,964
Total core income excl. trade income	690,052	673,770	906,690
Trade income	31,287	36,166	47,848
Total core income	721,339	709,936	954,538
Staff and administration costs	215,582	204,085	281,634
Amortisations, depreciations and write-downs on intangible and tangible assets	6,789	2,891	7,351
Other operating costs	1,744	14,215	17,301
Total costs etc.	224,115	221,191	306,286
Core earnings before impairments	497,224	488,745	648,252
Impairment charges for loans and other debtors etc.	-36,184	-44,104	-60,367
Core earnings	461,040	444,641	587,885
Result for portfolio	+35,655	+998	+375
Profit before tax	496,695	445,639	588,260
Tax	91,032	98,725	129,595
Profit after tax	405,663	346,914	458,665

Balance sheet

Note		End Sept. 2016 DKK 1,000	End Sept. 2015 DKK 1,000	End Dec. 2015 DKK 1,000
	Assets			
10	Cash in hand and claims at call on central banks	277,574	374,346	331,563
	Claims on credit institutions and central banks	1,163,692	497,654	717,602
	Claims at notice on central banks	682,086	220,032	130,019
	Money market operations and bilateral loans - term to maturity under 1 year	326,606	157,622	262,583
	Bilateral loans - term to maturity over 1 year	155,000	120,000	325,000
11,12,13	Loans and other debtors at amortised cost price	17,569,935	15,670,049	17,299,920
	Loans and other debtors at amortised cost price	16,508,994	14,305,973	15,914,993
	Wind turbine loans with direct funding	1,060,941	1,077,515	1,101,739
	Collateralised repurchase agreements / reverse transactions	0	286,561	283,188
14	Bonds at current value	3,959,978	3,470,255	3,114,721
15	Shares etc.	456,380	297,119	467,049
	Capital shares in associated companies	502	530	2,667
	Land and buildings total	57,805	65,892	64,287
	Investment properties	4,556	6,056	6,056
	Domicile properties	53,249	59,836	58,231
	Other tangible assets	17,921	5,068	4,206
	Current tax assets	0	194,166	71,624
	Deferred tax assets	2,089	0	0
	Temporary assets	5,200	6,200	5,200
	Other assets	364,660	235,034	296,871
	Prepayments and accrued income	6,217	6,558	7,970
	Total assets	23,881,953	20,822,871	22,383,680

Balance sheet

Note		End Sept. 2016 DKK 1,000	End Sept. 2015 DKK 1,000	End Dec. 2015 DKK 1,000
	Liabilities and equity			
16	Debt to credit institutions and central banks	1,394,406	1,672,400	1,502,586
	Money market operations and bilateral credits			
	- term to maturity under 1 year	221,698	538,937	344,879
	Bilateral credits - term to maturity over 1 year	111,767	55,948	55,968
	Bilateral credits from KfW Bankengruppe	1,060,941	1,077,515	1,101,739
17	Deposits and other debts	18,325,711	15,187,377	16,986,543
18	Issued bonds at amortised cost price	0	149,196	0
	Actual tax liabilities	1,553	0	0
	Other liabilities	322,883	199,459	208,988
	Deferred income and accruals	1,136	1,127	1,130
	Total debt	20,045,689	17,209,559	18,699,247
	Provisions for deferred tax	0	14,476	10,579
12	Provisions for losses on guarantees	5,527	4,421	5,478
	Total provisions for liabilities	5,527	18,897	16,057
	Tier 2 capital	371,711	371,952	372,278
19	Total subordinated debt	371,711	371,952	372,278
20	Share capital	22,850	23,350	23,350
	Reserve for net revaluation under the equity method	151	178	2,317
	Profit carried forward	3,436,025	3,198,935	3,129,831
	Proposed dividend etc.	-	-	140,600
	Total shareholders' equity	3,459,026	3,222,463	3,296,098
	Total liabilities and equity	23,881,953	20,822,871	22,383,680
21	Own capital shares			
22	Contingent liabilities etc.			
23	Assets furnished as security			
24	The supervisory diamond			
25	Miscellaneous comments			

Statement of shareholders' equity

DKK 1,000	Share capital	Reserve for net revaluation under the equity method	Profit carried forward	Proposed dividend etc.	Total share-holders' equity
On 30 September 2016:					
Shareholders' equity at the end of the previous financial year	23,350	2,317	3,129,831	140,600	3,296,098
Reduction of share capital	-500		500		0
Dividend etc. paid				-140,600	-140,600
Dividend received on own shares			3,344		3,344
Shareholders' equity after allocation of dividend etc.	22,850	2,317	3,133,675	0	3,158,842
Purchase and sale of own shares			-105,479		-105,479
Total comprehensive income		-2,166	407,829		405,663
Shareholders' equity on the balance sheet date	22,850	151	3,436,025	0	3,459,026

On 30 September 2015:					
Shareholders' equity at the end of the previous financial year	23,900	178	2,949,750	124,780	3,098,608
Reduction of share capital	-550		550		0
Dividend etc. paid				-124,780	-124,780
Dividend received on own shares			3,385		3,385
Shareholders' equity after allocation of dividend etc.	23,350	178	2,953,685	0	2,977,213
Purchase and sale of own shares			-101,664		-101,664
Total comprehensive income			346,914		346,914
Shareholders' equity on the balance sheet date	23,350	178	3,198,935	0	3,222,463

On 31 December 2015:					
Shareholders' equity at the end of the previous financial year	23,900	178	2,949,750	124,780	3,098,608
Reduction of share capital	-550		550		0
Dividend etc. paid				-124,780	-124,780
Dividend received on own shares			3,385		3,385
Shareholders' equity after allocation of dividend etc.	23,350	178	2,953,685	0	2,977,213
Purchase and sale of own shares			-139,780		-139,780
Total comprehensive income		2,139	315,926	140,600	458,665
Shareholders' equity on the balance sheet date	23,350	2,317	3,129,831	140,600	3,296,098

Capital statement

	End Sept. 2016 DKK 1,000	End Sept. 2015 DKK 1,000	End Dec. 2015 DKK 1,000
Credit risk	14,845,710	13,612,021	14,173,867
Market risk	1,502,514	1,352,029	1,539,489
Operational risk	1,750,809	1,679,498	1,750,809
Total risk exposure amount	18,099,033	16,643,548	17,464,165
Shareholders' equity	3,459,026	3,222,463	3,296,098
Proposed dividend etc.	0	0	-140,600
Deduction for expected dividend	-125,444	-97,136	0
Deduction for prudent valuation	-5,492	-4,132	-3,910
Deduction for the sum of equity investments etc. > 10%	-169,323	-125,228	-118,672
Deduction of frame for share buy-back programme, net	-39,290	-40,757	0
Deduction of trading frame for own shares	-55,000	-55,000	-55,000
Actual utilization of the trading frame for own shares	5,880	1,481	1,221
Common Equity Tier 1 capital	3,070,357	2,901,691	2,979,137
Tier 1 capital	3,070,357	2,901,691	2,979,137
Tier 2 capital	372,558	372,990	373,125
Deduction for the sum of equity investments etc. > 10%	-83,376	-79,735	-76,769
Own funds	3,359,539	3,194,946	3,275,493
Common Equity Tier 1 capital ratio (%)	17.0	17.4	17.1
Tier 1 capital ratio (%)	17.0	17.4	17.1
Total capital ratio (%)	18.6	19.2	18.8
Own funds requirements	1,447,923	1,331,484	1,397,133

Notes

Note	1.1-30.9 2016 DKK 1,000	1.1-30.9 2015 DKK 1,000	1.1-31.12 2015 DKK 1,000
1 Interest receivable			
Claims on credit institutions and central banks	11,240	8,452	15,990
Loans and other debtors	544,684	522,361	700,503
Loans - interest concerning the impaired part of loans	-25,298	-29,278	-38,435
Reverse loans	4	4,885	5,094
Bonds	33,639	45,332	54,379
Total derivatives financial instruments	-1,857	-3,153	-4,281
Of which currency contracts	791	1,348	1,166
Of which interest-rate contracts	-2,648	-4,501	-5,447
Other interest receivable	1,985	2,567	3,745
Total interest receivable	564,397	551,166	736,995
2 Interest payable			
Credit institutions and central banks	17,660	18,237	24,354
Deposits and other debts	32,320	41,847	54,268
Repo deposits	0	66	66
Issued bonds	0	3,572	3,679
Subordinated debt	4,585	6,909	8,790
Other interest payable	79	6	8
Total interest payable	54,644	70,637	91,165
3 Dividend from shares etc.			
Shares	18,995	13,010	13,010
Total dividend from shares etc.	18,995	13,010	13,010
4 Gross income from fees and commissions			
Securities trading	39,952	44,314	58,631
Asset management and custody accounts	65,795	73,713	111,887
Payment handling	22,176	19,685	26,357
Loan fees	5,464	13,036	15,879
Guarantee commissions and mortgage commissions	48,194	42,364	56,362
Other fees and commissions	29,321	25,982	31,960
Total gross income from fees and commissions	210,902	219,094	301,076
Net income from fees and commissions			
Securities trading	31,287	36,166	47,848
Asset management and custody accounts	60,822	69,033	105,496
Payment handling	12,169	16,705	17,384
Loan fees	3,579	10,970	13,242
Guarantee commissions and mortgage commissions	48,194	42,364	56,362
Other fees and commissions	18,863	17,743	19,057
Total net income from fees and commissions	174,914	192,981	259,389
Foreign exchange income	12,401	11,206	15,812
Total net income from fees, commissions and foreign exchange income	187,315	204,187	275,201

Notes

Note	1.1-30.9 2016 DKK 1,000	1.1-30.9 2015 DKK 1,000	1.1-31.12 2015 DKK 1,000	
5	Value adjustments			
	Loans and other debtors, current value adjustment	-194	4,217	9,249
	Bonds	36,251	-30,990	-29,648
	Shares etc.	12,603	27,324	34,659
	Investment properties	-1,500	0	0
	Foreign exchange income	12,401	11,206	15,812
	Total derivatives financial instruments	-13,121	9,463	-489
	Of which currency contracts	-4,293	-1,600	-1,230
	Of which interest-rate contracts	-9,211	10,053	-420
	Of which share contracts	383	1,010	1,161
	Total value adjustments	46,440	21,220	29,583
6	Staff and administration costs			
	Payments to general management, board of directors and shareholders' committee			
	General management	5,196	3,418	5,037
	Board of directors	859	789	1,633
	Shareholders' committee	0	0	415
	Total	6,055	4,207	7,085
	Staff costs			
	Salaries	97,276	96,592	130,240
	Pensions	10,459	9,886	13,872
	Social security expenses	2,233	676	2,301
	Costs depending on number of staff	15,139	14,398	18,525
	Total	125,107	121,552	164,938
	Other administration costs	84,420	78,326	109,611
	Total staff and administration costs	215,582	204,085	281,634
7	Number of full-time employees			
	Average number of employees during the period converted into full-time employees	269	266	269
8	Impairment charges on loans and other debtors etc.			
	Net changes in impairment charges on loans and other debtors and provisions for losses on guarantees	56,441	59,291	11,552
	Actual realised net losses	5,041	14,091	87,250
	Interest concerning the impaired part of loans	-25,298	-29,278	-38,435
	Total impairment charges on loans and other debtors etc.	36,184	44,104	60,367

Notes

Note		1.1-30.9 2016 DKK 1,000	1.1-30.9 2015 DKK 1,000	1.1-31.12 2015 DKK 1,000
9	Tax			
	Tax calculated on the period's profit	103,700	98,725	133,489
	Adjustment of deferred tax	-12,668	0	-2,973
	Adjustment of deferred tax due to change in tax rate	0	0	-924
	Adjustment of tax calculated for previous years	0	0	3
	Total tax	91,032	98,725	129,595
	Effective tax rate (%):			
	The current tax rate of the bank	22.0	23.5	23.5
	Permanent deviations	-3.7	-1.3	-1.3
	Adjustment of deferred tax due to change in tax rate	0.0	0.0	-0.2
	Adjustment of tax calculated for previous years	0.0	0.0	0.0
	Total effective tax rate	18.3	22.2	22.0

Note		End Sept. 2016 DKK 1,000	End Sept. 2015 DKK 1,000	End Dec. 2015 DKK 1,000
10	Claims on credit institutions and central banks			
	At call	156,606	156,146	98,583
	Up to and including 3 months	682,086	221,508	230,019
	More than 3 months and up to and including 1 year	170,000	0	64,000
	More than 1 year and up to and including 5 years	150,000	120,000	320,000
	More than 5 years	5,000	0	5,000
	Total claims on credit institutions and central banks	1,163,692	497,654	717,602
11	Loans and other debtors at amortised cost price			
	At call	1,781,999	1,526,328	2,055,385
	Up to and including 3 months	771,460	814,026	1,054,786
	More than 3 months and up to and including 1 year	2,454,994	2,265,029	2,273,914
	More than 1 year and up to and including 5 years	6,041,048	5,268,919	5,849,053
	More than 5 years	6,520,434	5,795,747	6,066,782
	Total loans and other debtors at amortised cost price	17,569,935	15,670,049	17,299,920
	Of which collateralised repurchase agreements / reverse transactions	0	286,561	283,188

Notes

Note	End Sept. 2016 DKK 1,000	End Sept. 2015 DKK 1,000	End Dec. 2015 DKK 1,000
12			
Impairment charges for loans and other debtors and provisions for losses on guarantees			
Individual impairment charges			
Cumulative individual impairment charges for loans and other debtors at the end of the previous financial year	664,550	701,131	701,131
Impairment charges/value adjustments during the period	89,456	128,827	149,057
Reverse entry - impairment charges made in previous financial years	-93,665	-102,906	-121,034
Booked losses covered by impairment charges	-8,198	-14,664	-64,604
Cumulative individual impairment charges for loans and other debtors on the balance sheet date	652,143	712,388	664,550
Collective impairment charges			
Cumulative collective impairment charges for loans and other debtors at the end of the previous financial year	272,922	226,272	226,272
Impairment charges/value adjustments during the period	68,799	47,608	46,650
Cumulative collective impairment charges for loans and other debtors on the balance sheet date	341,721	273,880	272,922
Total cumulative impairment charges for loans and other debtors on the balance sheet date	993,864	986,268	937,472
Provisions for losses on guarantees			
Cumulative individual provisions for losses on guarantees at the end of the previous financial year	5,478	3,995	3,995
Provisions/value adjustments during the period	4,369	3,885	5,152
Reverse entry - provisions made in previous financial years	-4,188	-3,447	-3,586
Booked losses covered by provisions	-132	-12	-83
Cumulative individual provisions for losses on guarantees on the balance sheet date	5,527	4,421	5,478
Total cumulative impairment charges for loans and other debtors and provisions for losses on guarantees on the balance sheet date	999,391	990,689	942,950
13			
Suspended calculation of interest			
Loans and other debtors with suspended calculation of interest on the balance sheet date	94,019	61,051	74,220
14			
Bonds at current value			
Listed on the stock exchange	3,959,978	3,470,255	3,114,721
Total bonds at current value	3,959,978	3,470,255	3,114,721
15			
Shares etc.			
Listed on Nasdaq Copenhagen	19,884	27,955	11,492
Investment fund certificates	143,492	16,571	196,590
Unlisted shares at current value	1,450	1,488	1,450
Sector shares at current value	291,554	251,105	257,517
Total shares etc.	456,380	297,119	467,049

Notes

Note	End Sept. 2016 DKK 1,000	End Sept. 2015 DKK 1,000	End Dec. 2015 DKK 1,000
16 Debt to credit institutions and central banks			
On demand	221,698	318,962	268,254
Up to and including 3 months	21,845	164,396	55,023
More than 3 months and up to and including 1 year	141,453	196,003	171,936
More than 1 year and up to and including 5 years	633,818	564,066	593,775
More than 5 years	375,592	428,973	413,598
Total debt to credit institutions and central banks	1,394,406	1,672,400	1,502,586
17 Deposits and other debts			
On demand	12,384,088	10,683,765	11,182,881
Deposits and other debts at notice:			
Up to and including 3 months	1,525,682	694,724	1,891,994
More than 3 months and up to and including 1 year	1,134,607	627,825	667,677
More than 1 year and up to and including 5 years	932,873	823,217	966,866
More than 5 years	2,348,461	2,357,846	2,277,125
Total deposits and other debts	18,325,711	15,187,377	16,986,543
Distributed as follows:			
On demand	12,153,036	10,379,264	10,912,726
At notice	340,961	333,984	327,306
Time deposits	2,361,003	1,127,995	2,352,697
Long term deposit agreements	2,174,708	2,041,960	2,192,532
Special types of deposits	1,296,003	1,304,174	1,201,282
	18,325,711	15,187,377	16,986,543
18 Issued bonds at amortised cost price			
More than 3 months and up to and including 1 year	0	149,196	0
Total issued bonds at amortised cost price	0	149,196	0
Distributed as follows:			
Issues in euro:			
Nom. EUR 20 million	0	149,196	0
	0	149,196	0
19 Subordinated debt			
Tier 2 capital:			
Floating rate loan, principal EUR 50 million, expiry 20 May 2025	372,558	372,990	373,125
Regulation at amortised cost price and adjustment to current value of Tier 2 capital	-847	-1,038	-847
Total subordinated debt	371,711	371,952	372,278

Notes

Note	End Sept. 2016 DKK 1,000	End Sept. 2015 DKK 1,000	End Dec. 2015 DKK 1,000
20 Share capital			
Number of shares at DKK 5 each:			
Beginning of period	4,670,000	4,780,000	4,780,000
Changes during the period	-100,000	-110,000	-110,000
End of period	4,570,000	4,670,000	4,670,000
Of which reserved for subsequent cancellation	72,000	74,000	100,000
Total share capital	22,850	23,350	23,350
21 Own capital shares			
Own capital shares included in the balance sheet at	0	0	0
The market value is	108,840	111,500	151,226
Number of own shares:			
Beginning of year	100,817	113,525	113,525
Purchases during the period	186,091	263,897	347,731
Sales during the period	-110,796	-192,439	-250,439
Cancellation during the period	-100,000	-110,000	-110,000
End of period	76,112	74,983	100,817
Of which reserved for subsequent cancellation	72,000	74,000	100,000
Nominal value of holding of own shares, end of period	381	375	504
Own shares' proportion of share capital, end of period (%)	1.7	1.6	2.2
22 Contingent liabilities etc.			
Contingent liabilities			
Finance guarantees	1,175,707	1,191,628	1,112,688
Guarantees against losses on mortgage credit loans	116,174	76,907	80,981
Guarantee against losses Totalkredit	115,928	119,864	116,104
Registration and conversion guarantees	809,107	991,096	641,756
Sector guarantees	45,321	48,802	45,321
Other contingent liabilities	294,822	288,306	237,531
Total contingent liabilities	2,557,059	2,716,603	2,234,381
Other obligating agreements			
Irrevocable credit commitments	100,000	0	0
Total other obligating agreements	100,000	0	0
23 Assets furnished as security			
First mortgage loans are provided for German wind turbine projects, The loans are funded directly by KfW Bankengruppe, to which security in the associated loans has been provided. Each repayment of the first mortgage loans is deducted directly from the funding from the KfW Bankengruppe.	1,060,941	1,077,515	1,101,739
As security for clearing etc., the bank has pledged securities from its holding to the Central Bank of Denmark to a total market price of	47,779	409,085	231,505
Collateral under CSA agreements	48,417	51,109	66,251

Notes

Note		End Sept. 2016	End Sept. 2015	End Dec. 2015
24	The supervisory diamond (Danish Financial Supervisory Authority limits)			
	Stable funding (funding ratio) (< 1)	0.7	0.8	0.8
	Excess liquidity (> 50%)	142.2%	113.3%	99.7%
	Total large exposures (< 125%)	33.5%	58.5%	63.4%
	Growth in loans (< 20%)	14.2%	5.1%	14.0%
	Real estate exposure (< 25%)	14.3%	13.2%	14.1%
25	Miscellaneous comments:			
	Main and key figures for the bank			
	<ul style="list-style-type: none"> Return on equity at the beginning of the year before and after tax are computed per annum after allocation of dividend etc., net. Key figures per DKK 5 share are calculated on the basis of respectively 1st-3rd quarter 2016: 4,570,000, 1st-3rd quarter 2015: 4,670,000 shares and 2015: 4,570,000 shares. 			
	Accounting policies			
	Collateral under CSA agreements is capitalised under the item "Other assets" whereas it was offset under the item "Other liabilities" in 2015, and the comparable figures have been adjusted. The accounting policies are otherwise unchanged relative to those in the submitted and audited 2015 annual report.			

Main figures summary

Profit and loss account summary (million DKK)	1.1-30.9 2016	1.1-30.9 2015	1.1-31.12 2015
Net income from interest	510	481	646
Dividend on shares etc.	19	13	13
Net income from fees and commissions	175	193	259
Net income from interest and fees	704	687	918
Value adjustments	+46	+21	+29
Other operating income	4	3	5
Staff and administration costs	215	204	282
Amortisations, depreciations and write-downs on intangible and tangible assets	7	3	7
Other operating costs	2	14	17
Impairment charges for loans and other debtors etc.	-36	-44	-60
Result of investments in associated companies	+3	0	+2
Profit before tax	497	446	588
Tax	91	99	129
Profit after tax	406	347	459

Main figures from the balance sheet (million DKK)	End Sept. 2016	End Sept. 2015	End Dec. 2015
Loans and other debtors	17,570	15,670	17,300
Deposits and other debts	18,326	15,187	16,987
Subordinated debt	372	372	372
Shareholders' equity	3,459	3,222	3,296
Balance sheet total	23,882	20,823	22,384

Quarterly overview

(Million DKK)	3 rd qtr. 2016	2 nd qtr. 2016	1 st qtr. 2016	4 th qtr. 2015	3 rd qtr. 2015	2 nd qtr. 2015	1 st qtr. 2015	4 th qtr. 2014	3 rd qtr. 2014	2 nd qtr. 2014	1 st qtr. 2014
Net income from interest	169	165	166	163	160	154	161	160	158	159	158
Net income from fees and commissions excl. trade income	44	52	48	55	45	61	51	60	37	51	45
Income from sector shares etc.	4	15	11	8	7	11	10	4	4	2	16
Foreign exchange income	4	4	4	5	4	4	3	2	4	4	3
Other operating income	2	1	1	2	1	1	1	1	1	1	1
Total core income excl. trade income	223	237	230	233	217	231	226	227	204	217	223
Trade income	11	11	9	12	11	13	12	10	7	8	11
Total core income	234	248	239	245	228	244	238	237	211	225	234
Staff and administration costs	72	74	69	78	65	74	65	79	62	68	62
Amortisations, depreciations and write-downs on intangible and tangible assets	2	4	1	4	1	1	1	7	1	3	1
Other operating costs	1	0	1	3	6	4	4	3	4	4	4
Total costs etc.	75	78	71	85	72	79	70	89	67	75	67
Core earnings before impairments	159	170	168	160	156	165	168	148	144	150	167
Impairment charges for loans and other debtors etc.	-12	-13	-11	-16	-15	-14	-15	-24	-23	-25	-15
Core earnings	147	157	157	144	141	151	153	124	121	125	152
Result for portfolio	+23	+11	+2	-1	-14	-8	+23	+9	+12	+20	+24
Profit before tax	170	168	159	143	127	143	176	133	133	145	176
Tax	33	30	28	31	29	31	39	33	32	36	40
Profit after tax	137	138	131	112	98	112	137	100	101	109	136

Danish Financial Supervisory Authority key figures for Danish banks

		1 st -3 rd qtr. 2016	1 st -3 rd qtr. 2015	Full year 2015
Capital ratios:				
Total capital ratio	%	18.6	19.2	18.8
Tier 1 capital ratio	%	17.0	17.4	17.1
Individual solvency requirement	%	9.1	8.9	9.0
Earnings:				
Return on equity before tax	%	14.7	14.1	18.4
Return on equity after tax	%	12.0	11.0	14.3
Income / cost ratio	DKK	2.91	2.68	2.60
Return on assets	%	1.7	1.7	2.1
Market risk:				
Interest rate risk	%	2.7	1.5	2.2
Foreign exchange position	%	0.9	0.6	0.8
Foreign exchange risk	%	0.0	0.0	0.0
Liquidity risk:				
Liquidity Coverage Ratio (LCR)	%	200	150	106
Excess cover relative to statutory liquidity requirement	%	142.2	113.3	99.7
Loans and impairments thereon relative to deposits	%	101.3	109.7	107.4
Credit risk:				
Loans relative to shareholders' equity		5.1	4.9	5.2
Growth in loans	%	3.3	3.1	14.0
Total large exposures	%	33.5	58.5	63.4
Cumulative impairment percentage	%	4.7	5.1	4.6
Impairment percentage	%	0.17	0.23	0.29
Proportion of debtors at reduced interest	%	0.4	0.3	0.4
Share return:				
Profit after tax per share * / ***	DKK	1,756.1	1,468.4	1,941.4
Book value per share * / **	DKK	15,394	14,026	14,428
Dividend per share *	DKK	0	0	600
Share price relative to profit per share * / ***		16.3	20.3	15.5
Share price relative to book value per share * / **		1.86	2.12	2.08
<p>* Calculated on the basis of a denomination of DKK 100 per share. ** Calculated on the basis of number of shares outstanding at the end of the period. *** Calculated on the basis of the average number of shares, The average number of shares is calculated as a simple average of the shares at the beginning of the period and at the end of the period.</p>				

Management's statement

The board of directors and the general management have today considered and approved the quarterly report for Ringkøbing Landbobank A/S for the period 1 January - 30 September 2016.

The quarterly report was prepared in accordance with the provisions of the Danish Financial Business Act and further Danish requirements on listed financial companies concerning disclosure. We consider the accounting policies to be appropriate and the accounting estimates made to be responsible, such that the quarterly report provides a true and fair view of the bank's assets, liabilities and financial position as of 30 September 2016 and of the bank's activities for the period 1 January - 30 September 2016. We also believe that the management report contains a true and fair account of the bank's activities and financial position as well as a description of the most important risks and uncertainties which can affect the bank.

The quarterly report is not audited or reviewed, but the external auditors have checked that the conditions for ongoing inclusion of the earnings for the period in the core capital have been met.

Ringkøbing, 26 October 2016

General Management:

John Fisker
CEO

Jørn Nielsen
General manager

Board of Directors:

Jens Lykke Kjeldsen
Chairman

Martin Krogh Pedersen
Deputy chairman

Gert Asmussen

Inge Sandgrav Bak

Jens Møller Nielsen

Jørgen Lund Pedersen

Bo Bennedsgaard
Employee board member

Dan Astrup Sørensen
Employee board member

Gitte E. S. Vigsø
Employee board member