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Other stakeholders

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Ringkjøbing Landbobank's quarterly report for the first three quarters of 2017 - Expectations clarified at around the upper end of the announced range

Profit before tax increased by 17% to DKK 580 million, equivalent to a return of 23% p.a. on equity, which is considered highly satisfactory. The bank's core earnings increased by 13% to a total of DKK 520 million, which is above budget for the first three quarters of the year.

(DKK million)	Q1-Q3 2017	Q1-Q3 2016	2016	2015	2014	2013
Total core income	764	721	983	954	907	844
Total expenses and depreciation	-234	-224	-318	-306	-298	-273
Core earnings before impairment charges for loans	530	497	665	648	609	571
Impairment charges for loans etc.	-10	-36	-48	-60	-87	-120
Core earnings	520	461	617	588	522	451
Result for the portfolio etc.	+60	+36	+44	0	+65	+21
Profit before tax	580	497	661	588	587	472

Three quarters - highlights:

- Expectations of core earnings for the year are clarified at around the upper end of the previously announced upwardly adjusted range of DKK 600 - 665 million
- Profit before tax was DKK 580 million, equivalent to a return of 23% p.a. on equity
- 13% increase in core earnings to DKK 520 million, which is above budget for the period
- Decrease in the rate of costs to 30.7%
- Decrease in impairment charges to DKK 10 million, the equivalent of 0.06% p.a.
- Increase in loans of 7% and in deposits of 6%
- Continued highly satisfactory increases 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

Ringkjøbing Landbobank

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Management's review

Core income

Net interest income was DKK 478 million in the first three quarters of 2017 compared to DKK 500 million in 2016, a fall of 4%. This should be compared to a 7% increase in lending volumes, which underlines that interest income is influenced by the competition in the sector. This item is also influenced by a changed mix of loans and continuing low interest rates.

Fee, commission and foreign exchange income amounted to DKK 230 million net in the first three quarters of 2017 compared to DKK 187 million net in 2016, an increase of 23%. The primary reason for the increase in fee income is an increase in the income from securities trading. Moreover, the bank's income from guarantee commission and mortgage credit commission etc. also increased.

The MiFID II provisions prohibiting commission became effective on 1 July 2017. The provisions mean that the bank may no longer receive commission from investment funds for arrangements under which it provides discretionary portfolio management. The bank has consequently adapted its price structure for management fees that are charged directly to customers. The result was a fall of approximately DKK 7 million in fee income and an increase of approximately DKK 4 million in income from sector shares in the third quarter of 2017.

With effect from 1 July 2017, the bank also started accrual for the half-year of its income from asset management and custody accounts, and income totalling approximately DKK 9 million has thus been moved forward from the fourth to the third quarter of 2017.

Income from sector shares increased by DKK 18 million to DKK 52 million in the first three quarters of 2017. The earnings derive primarily from return on the bank's ownership interests in DLR Kredit, BankInvest Holding and PRAS.

Total core income in the first three quarters of the year increased from DKK 721 million in 2016 to DKK 764 million in 2017, an increase of 6%.

Costs and depreciation

Total costs including depreciation of tangible assets amounted to DKK 234 million in the first three quarters of 2017 compared to DKK 224 million last year, an increase of 5%.

The net increase compared to the first three quarters of 2016 is related to a DKK 8 million increase in staff costs, a DKK 6 million increase in other administration costs, including in particular IT costs, and a net decrease of DKK 4 million in depreciation and write-downs on tangible assets.

The rate of costs was marginally lower than the 2016 level and was computed at 30.7% for the first three quarters of 2017, which continues to be the lowest in Denmark.

The bank maintains the expectations for an increase in total costs by 3-4% for the year as a whole which were announced in the 2017 interim report.

Impairment charges for loans

Impairment charges for loans in the first three quarters decreased from DKK 36 million in 2016 to DKK 10 million in 2017 and are now equivalent to 0.06% p.a. of the total average loans and guarantees etc. compared to 0.23% p.a. in 2016. Net impairment charges for the third quarter of 2017 were zero, which is thus a reduction compared to the first two quarters of the year in which impairment charges amounted to DKK 5 million per quarter.

The bank's total account for impairment charges and provisions was DKK 932 million at the end of the quarter, equivalent to 4.1% of total loans and guarantees.

The portfolio of loans with suspended calculation of interest amounts to DKK 59 million, equivalent to 0.3% of the bank's total loans and guarantees at the end of the quarter.

On the basis of the quality of the bank's loan portfolio and prospects for economic development in the coming year, the bank still expects total impairment charges in 2017 to be lower than in 2016.

Core earnings

(DKK million)	Q1-Q3 2017	Q1-Q3 2016	2016	2015	2014	2013
Total core income	764	721	983	954	907	844
Total expenses and depreciation	-234	-224	-318	-306	-298	-273
Core earnings before impairment charges for loans	530	497	665	648	609	571
Impairment charges for loans etc.	-10	-36	-48	-60	-87	-120
Core earnings	520	461	617	588	522	451

Core earnings totalled DKK 520 million compared to last year's DKK 461 million. The 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 the portfolio and market risk

The result for the portfolio for the first three quarters of 2017 was DKK 60 million including funding costs for the portfolio compared to DKK 36 million in 2016.

Shares etc. at the end of the third quarter amounted to DKK 543 million, DKK 31 million of which was in listed shares etc. and DKK 512 million in sector shares etc. The bond portfolio amounted to DKK 4,222 million, most of which consists of AAA-rated Danish government and mortgage credit bonds.

The total interest risk - calculated as the impact on the profit of a 1 percentage point change in the interest level - was 0.6% 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 etc. and foreign currency remains at a moderate level. The bank's risk of losses based on 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 Q3 2017 in %
Highest risk of loss:	17.5	0.47%
Lowest risk of loss:	2.5	0.07%
Average risk of loss:	11.1	0.30%
Risk of loss, end of period:	4.5	0.12%

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

Profit after tax

Profit after tax was DKK 463 million for the first three quarters of 2017, compared to DKK 406 million last year.

The profit after tax is equivalent to a return on equity at the beginning of the period of 18% p.a. after payment of dividend.

Balance sheet

The bank's balance sheet at the end of the quarter stood at DKK 26,109 million compared to last year's DKK 23,882 million.

The bank's deposits increased by 6% from DKK 18,326 million at the end of September 2016 to DKK 19,511 million at the end of September 2017. The bank's loans increased by 7% from DKK 17,570 million to DKK 18,849 million in the same period. Loans have increased by 8% since the end of 2016.

The bank's portfolio of guarantees at the end of the quarter was DKK 2,889 million compared to DKK 2,557 million at the end of September 2016 and DKK 2,460 million at the end of 2016.

Liquidity

The bank's liquidity situation is good. The bank's short-term funding with term to maturity of less than 12 months amounts to DKK 0.6 billion, balanced by DKK 6.2 billion primarily in short-term investments in the Danish central bank and in liquid securities.

The bank's deposits at the end of September exceeded its loans by DKK 663 million. The loan portfolio is thus more than fully financed by the bank's deposits and equity. In addition, part of the loan portfolio for wind turbines in Germany is refinanced back-to-back with KfW Bankengruppe, which means that DKK 919 million can be disregarded in terms of liquidity.

With a view partly to strengthening the bank's LCR (Liquidity Coverage Ratio) and partly to adjusting and matching the funding of longer-term loans, the bank entered into longer-term funding agreements with its partners during 2017 of a total value equivalent to DKK 1.0 billion with an average term of approximately four and a half years.

In terms of liquidity, the bank must comply with the LCR requirement. On 30 September 2017 the bank's LCR was 225%, and the bank thus complies with the applicable rules.

On 31 December 2016, the LCR requirement replaced the statutory Section 152 requirement, which was phased out on the same date. However, the latter must still be disclosed, and the figure at the end of September 2017 was 145%.

Share buy-back programme

The annual general meeting authorised the bank's board of directors to buy shares for up to DKK 170 million for cancellation at a future general meeting.

On 25 October 2017 shares were reserved under the buy-back programme as follows:

	Number of shares	Average purchase price - in DKK	Transaction value - in DKK 1,000
Reserved on 14 March 2017	160,000	298.232	47,717
Reserved on 7 June 2017	135,000	320.035	43,205
Reserved on 13 September 2017	125,000	333.850	41,731
Total on 25 October 2017	420,000		132,653

DKK 37 million now remain under the share buy-back programme.

The bank's holding of its own shares at the end of September 2017 totalled 423,298 shares, 420,000 of which are reserved under the buy-back programme for later cancellation.

Capital structure

Equity at the beginning of 2017 was DKK 3,555 million. To this must be added the profit for the period, while the dividend paid and the value of the bank's own shares bought must be subtracted, after which the equity at the end of September was DKK 3,728 million.

The bank's total capital ratio was computed at 19.0% at the end of the third quarter of 2017, and the tier 1 capital ratio at 17.5% on the same date.

Capital ratios	Q3		2016	2015	2014	2013
	2017	2016				
Common equity tier 1 capital ratio (%)	17.5	17.0	16.9	17.1	17.5	18.7
Tier 1 capital ratio (%)	17.5	17.0	16.9	17.1	17.5	19.2
Total capital ratio (%)	19.0	18.6	18.8	18.8	17.5	20.0
Individual solvency requirement (%)	8.8	9.1	9.0	9.0	8.9	8.9

The statement of capital is influenced by the deduction of the entire DKK 170 million share buy-back programme from the capital, while DKK 133 million had been utilised at the end of September 2017.

The bank has calculated the individual solvency requirement at the end of September 2017 at 8.8%. To this should be added a capital conservation buffer of 1.3%; the total requirement for the bank's total capital is thus 10.1%. Compared with the actual total capital of DKK 3.5 billion, the capital buffer at the end of September 2017 was thus DKK 1.7 billion, equivalent to 8.9 percentage points.

The bank bought shares in DLR Kredit for the equivalent of DKK 108 million during the first nine months of the year. Now in October the bank has bought additional shares for the equivalent of DKK 20 million. The bank believes that the acquisition is a good investment which will secure it a satisfactory return. The bank also wants to be part of the consolidation which has taken place in the ownership of the shares in DLR Kredit.

An encouraging increase in customer numbers

The bank has previously implemented a large number of outreach initiatives to both current and new customers. The outreach initiatives are scheduled to continue throughout 2017 at both regional and national levels.

The bank saw a highly satisfactory net increase in new customers both in the branch network and within the niche concepts during the first three quarters of the year.

Rating

At the end of September 2017 the bank's rating by Moody's Investors Service was extended to include long-term and short-term issuer ratings.

The bank was assigned a long-term issuer rating of A2 and a short-term issuer rating of P-1.

The long-term issuer rating means that bonds issued by the bank are now eligible as collateral in the European Central Bank (ECB).

Moody's Investors Service at the same time affirmed the bank's other ratings, including the long-term and short-term bank deposit ratings at A1 and P-1 respectively, with stable outlook.

Clarification of the expected results for 2017

Core earnings for the first three quarters of 2017 were DKK 520 million, which is above the budget for the first three quarters of the year. On this basis the bank clarifies that it expects core earnings for all of 2017 to be around the upper end of the previously announced upwardly adjusted range of DKK 600 - 665 million.

Accounting policies

The accounting policies are unchanged relative to those in the submitted and audited 2016 annual report. However, as at 1 July 2017 the bank started accrual for the half-year of the bank's income from asset management and custody accounts. Please see the "Core income" section for details.

Future accounting rules

New accounting rules will enter into force with effect from 1 January 2018, including material changes to the existing impairment rules.

On the basis of provisional calculations of the effect on the accounts of first application of the new IFRS 9-compatible impairment rules, the bank does not anticipate the implementation to materially affect the bank's situation.

The reduction in the bank's equity was stated at maximum 3% in the interim report for 2017. This is now expected to be approximately 1.25%.

Events after the reporting period

From the date of the balance sheet to today, no events have occurred which may affect the assessment of the bank's Q1-Q3 report for 2017.

Main and key figures

	Q1-Q3 2017	Q1-Q3 2016	Full year 2016
Main figures for the bank (DKK million)			
Total core income	764	721	983
Total expenses and depreciation	-234	-224	-318
Core earnings before impairment charges for loans	530	497	665
Impairment charges for loans etc.	-10	-36	-48
Core earnings	520	461	617
Result for the portfolio	+60	+36	+44
Profit before tax	580	497	661
Profit after tax	463	406	539
Equity	3,728	3,459	3,555
Deposits	19,511	18,326	18,314
Loans	18,849	17,570	17,482
Balance sheet total	26,109	23,882	24,258
Guarantees	2,889	2,557	2,460
Key figures for the bank (per cent)			
Return on equity before tax, beginning of period	22.8	21.0	20.9
Return on equity after tax, beginning of period	18.2	17.1	17.1
Rate of costs	30.7	31.1	32.3
Common equity tier 1 capital ratio	17.5	17.0	16.9
Tier 1 capital ratio	17.5	17.0	16.9
Total capital ratio	19.0	18.6	18.3
Individual solvency requirement	8.8	9.1	9.0
Key figures per DKK 1 share (DKK)			
Core earnings	23.3	20.2	27.6
Profit before tax	25.9	21.7	29.6
Profit after tax	20.7	17.8	24.1
Book value	167	151	159
Price, end of period	325	286	293
Dividend	-	-	7

Statements of income and comprehensive income

Note		Q1-Q3 2017 DKK 1,000	Q1-Q3 2016 DKK 1,000	Full year 2016 DKK 1,000
1	Interest income	522,378	564,397	749,021
2	Interest expenses	42,894	54,644	69,743
	Net interest income	479,484	509,753	679,278
3	Dividend from shares etc.	10,240	18,995	18,995
4	Fee and commission income	247,764	210,902	297,328
4	Fee and commission expenses	33,097	35,988	42,417
	Net interest and fee income	704,391	703,662	953,184
5	Value adjustments	+115,499	+46,440	+63,784
	Other operating income	4,081	4,057	7,560
6, 7	Staff and administration costs	229,071	215,582	306,670
	Amortisation, depreciation and write-downs on intangible and tangible assets	3,046	6,789	8,638
	Other operating expenses			
	Miscellaneous other operating expenses	54	0	26
	Costs Guarantee Fund and Resolution Fund	2,136	1,744	2,292
8	Impairment charges for loans and other receivables etc.	-10,051	-36,184	-48,378
	Results from investments in associated companies	0	+2,835	+2,842
	Profit before tax	579,613	496,695	661,366
9	Tax	116,150	91,032	121,868
	Profit after tax	463,463	405,663	539,498
	Other comprehensive income	0	0	0
	Total comprehensive income for the period	463,463	405,663	539,498

Core earnings

Note	Q1-Q3 2017 DKK 1,000	Q1-Q3 2016 DKK 1,000	Full year 2016 DKK 1,000
	477,852	500,225	665,312
4	163,497	143,627	214,415
4	52,132	29,742	38,611
4	15,542	12,401	16,396
	4,081	4,057	7,560
	713,104	690,052	942,294
4	51,170	31,287	40,496
	764,274	721,339	982,790
6, 7	229,071	215,582	306,670
	3,046	6,789	8,638
	2,190	1,744	2,318
	234,307	224,115	317,626
	529,967	497,224	665,164
8	-10,051	-36,184	-48,378
	519,916	461,040	616,786
	+59,697	+35,655	+44,580
	579,613	496,695	661,366
9	116,150	91,032	121,868
	463,463	405,663	539,498

Balance sheet

Note		30 Sept. 2017 DKK 1,000	30 Sept. 2016 DKK 1,000	31 Dec. 2016 DKK 1,000
	Assets			
	Cash in hand and demand deposits with central banks	309,944	277,574	284,139
10	Receivables from credit institutions and central banks	1,821,874	1,163,692	2,077,096
	Receivables with notice from central banks	1,546,195	682,086	1,572,198
	Money market operations and bilateral loans - term to maturity less than 1 year	121,399	326,606	355,898
	Bilateral loans - term to maturity more than 1 year	154,280	155,000	149,000
11, 12	Loans and other receivables at amortised cost	18,849,023	17,569,935	17,481,838
	Loans and other receivables at amortised cost	17,930,037	16,508,994	16,472,015
	Wind turbine loans with direct funding	918,986	1,060,941	1,009,823
14	Bonds at fair value	4,222,336	3,959,978	3,443,359
15	Shares etc.	543,088	456,380	530,503
	Investments in associated companies	509	502	509
	Land and buildings, total	59,780	57,805	56,177
	Investment properties	7,561	4,556	3,561
	Domicile properties	52,219	53,249	52,616
	Other tangible assets	18,980	17,921	18,874
	Current tax assets	0	0	20,444
	Deferred tax assets	8,153	2,089	8,153
	Temporary assets	0	5,200	5,200
	Other assets	269,398	364,660	323,848
	Prepayments	6,378	6,217	7,997
	Total assets	26,109,463	23,881,953	24,258,137

Balance sheet

Note		30 Sept. 2017 DKK 1,000	30 Sept. 2016 DKK 1,000	31 Dec. 2016 DKK 1,000
	Liabilities and equity			
16	Debt to credit institutions and central banks	1,514,179	1,394,406	1,457,792
	Money market operations and bilateral credits - term to maturity less than 1 year	427,740	221,698	280,698
	Bilateral credits - term to maturity more than 1 year	167,453	111,767	167,271
	Bilateral credits from KfW Bankengruppe	918,986	1,060,941	1,009,823
17	Deposits and other debt	19,511,177	18,325,711	18,314,427
18	Issued bonds at amortised cost	673,569	0	297,370
	Current tax liabilities	63,960	1,553	0
	Other liabilities	234,678	322,883	254,062
	Deferred income	2,364	1,136	2,449
	Total debt	21,999,927	20,045,689	20,326,100
12	Provisions for losses on guarantees	9,951	5,527	6,287
	Total provisions for liabilities	9,951	5,527	6,287
	Tier 2 capital	371,500	371,711	371,095
19	Total subordinated debt	371,500	371,711	371,095
20	Share capital	22,350	22,850	22,850
	Net revaluation reserve under the equity method	158	151	158
	Retained earnings	3,705,577	3,436,025	3,366,627
	Proposed dividend etc.	-	-	165,020
	Total shareholders' equity	3,728,085	3,459,026	3,554,655
	Total liabilities and equity	26,109,463	23,881,953	24,258,137
21	Own shares			
22	Contingent liabilities etc.			
23	Assets furnished as security			
24	Loans and guarantees in per cent, by sector and industry			
25	The Supervisory Diamond			
26	Miscellaneous comments			

Statement of changes in equity

DKK 1,000	Share capital	Net revaluation reserve under the equity method	Retained earnings	Proposed dividend etc.	Total shareholders' equity
On 30 September 2017:					
Shareholders' equity at the end of the previous financial year	22,850	158	3,366,627	165,020	3,554,655
Reduction of share capital	-500		500		0
Dividend etc. paid				-165,020	-165,020
Dividend received on own shares			4,151		4,151
Shareholders' equity after distribution of dividend etc.	22,350	158	3,371,278	0	3,393,786
Purchase of own shares			-536,621		-536,621
Sale of own shares			405,947		405,947
Other equity transactions			1,510		1,510
Total comprehensive income for the period			463,463		463,463
Shareholders' equity on the balance sheet date	22,350	158	3,705,577	0	3,728,085
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 distribution of dividend etc.	22,850	2,317	3,133,675	0	3,158,842
Purchase of own shares			-361,947		-361,947
Sale of own shares			256,468		256,468
Total comprehensive income for the period		-2,166	407,829		405,663
Shareholders' equity on the balance sheet date	22,850	151	3,436,025	0	3,459,026
On 31 December 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 distribution of dividend etc.	22,850	2,317	3,133,675	0	3,158,842
Purchase of own shares			-481,310		-481,310
Sale of own shares			337,625		337,625
Total comprehensive income for the year		-2,159	376,637	165,020	539,498
Shareholders' equity on the balance sheet date	22,850	158	3,366,627	165,020	3,554,655

Ringkjøbing Landbobank A/S

Statement of capital

	30 Sept. 2017 DKK 1,000	30 Sept. 2016 DKK 1,000	31 Dec. 2016 DKK 1,000
Credit risk	15,610,445	14,845,710	14,743,046
Market risk	1,127,847	1,502,514	1,749,099
Operational risk	1,827,053	1,750,809	1,827,053
Total risk exposure	18,565,345	18,099,033	18,319,198
Equity	3,728,085	3,459,026	3,554,655
Proposed dividend etc.	0	0	-165,020
Deduction for expected dividend	-129,343	-125,444	0
Deduction for prudent valuation	-6,553	-5,492	-5,834
Deduction for the sum of equity investments etc. above 10%	-249,793	-169,323	-233,381
Deduction of the amount of the share buy-back programme	-170,000	-140,000	0
Actual utilisation of the amount of the share buy-back programme	132,653	100,710	0
Deduction for trading limit for own shares	-55,000	-55,000	-55,000
Actual utilisation of the trading limit for own shares	1,072	5,880	4,649
Common equity tier 1	3,251,121	3,070,357	3,100,069
Tier 1 capital	3,251,121	3,070,357	3,100,069
Tier 2 capital	372,118	372,558	371,713
Deduction for the sum of equity investments etc. above 10%	-96,275	-83,376	-117,109
Total capital	3,526,964	3,359,539	3,354,673
Common equity tier 1 capital ratio (%)	17.5	17.0	16.9
Tier 1 capital ratio (%)	17.5	17.0	16.9
Total capital ratio (%)	19.0	18.6	18.3
Total capital requirement	1,485,228	1,447,923	1,465,536
Individual solvency requirement (%)	8.8	9.1	9.0
Capital conservation buffer (%)	1.3	0.6	0.6
Countercyclical buffer (%)	0.0	0.0	0.0
Total requirement for the capital base (%)	10.1	9.7	9.6
Excess cover in percentage points relative to the individual solvency requirement	10.2	9.5	9.3
Excess cover in percentage points relative to the total requirement for the capital base	8.9	8.9	8.7

Notes

Note	Q1-Q3 2017 DKK 1,000	Q1-Q3 2016 DKK 1,000	Full year 2016 DKK 1,000
1 Interest income			
Receivables from credit institutions and central banks	1,921	11,240	13,428
Loans and other receivables	516,120	544,684	724,694
Loans - interest on the impaired part of loans	-22,777	-25,298	-32,466
Reverse loans	0	4	4
Bonds	23,289	33,639	42,400
Total derivative financial instruments	689	-1,857	-1,605
Of which currency contracts	2,528	791	1,407
Of which interest-rate contracts	-1,839	-2,648	-3,012
Other interest income	3,136	1,985	2,566
Total interest income	522,378	564,397	749,021
2 Interest expenses			
Credit institutions and central banks	11,309	17,660	22,949
Deposits and other debt	26,880	32,320	40,572
Issued bonds	526	0	31
Subordinated debt	4,149	4,585	6,132
Other interest expenses	30	79	59
Total interest expenses	42,894	54,644	69,743
3 Dividends from shares etc.			
Shares	10,240	18,995	18,995
Total dividends from shares etc.	10,240	18,995	18,995
4 Gross fee and commission income			
Securities trading	58,858	39,952	51,754
Asset management and custody accounts	73,790	65,795	104,141
Payment handling	23,685	22,176	29,816
Loan fees	7,107	5,464	8,951
Guarantee commission and mortgage credit commission etc.	58,191	48,194	64,450
Other fees and commission	26,133	29,321	38,216
Total gross fee and commission income	247,764	210,902	297,328
Net fee and commission income			
Securities trading	51,170	31,287	40,496
Asset management and custody accounts	66,668	60,822	97,170
Payment handling	15,855	12,169	20,317
Loan fees	4,830	3,579	6,306
Guarantee commission and mortgage credit commission etc.	58,191	48,194	64,450
Other fees and commission	17,953	18,863	26,172
Total net fee and commission income	214,667	174,914	254,911
Foreign exchange income	15,542	12,401	16,396
Total net fee, commission and foreign exchange income	230,209	187,315	271,307

Notes

Note	Q1-Q3 2017 DKK 1,000	Q1-Q3 2016 DKK 1,000	Full year 2016 DKK 1,000
5	Value adjustments		
	3,920	-194	-58
	31,748	36,251	33,900
	50,052	12,603	22,499
	0	-1,500	-2,495
	15,542	12,401	16,396
	14,237	-13,121	-6,458
	-240	-4,293	-2,930
	13,834	-9,211	-4,169
	643	383	641
	115,499	46,440	63,784
6	Staff and administration costs		
	Salaries and fees to general management, board of directors and shareholders' committee		
	5,467	5,196	7,018
	860	859	1,718
	0	0	451
	6,327	6,055	9,187
	Staff costs		
	103,539	97,276	131,890
	10,993	10,459	14,072
	1,481	2,233	2,198
	16,498	15,139	20,538
	132,511	125,107	168,698
	90,233	84,420	128,785
	229,071	215,582	306,670
7	Number of full-time staff		
	Average number of full-time-equivalent staff during the period		
	273	269	271
8	Impairment charges for loans and other receivables etc.		
	-5,168	56,441	-5,822
	37,996	5,041	86,666
	-22,777	-25,298	-32,466
	10,051	36,184	48,378

Notes

Note	Q1-Q3 2017 DKK 1,000	Q1-Q3 2016 DKK 1,000	Full year 2016 DKK 1,000
9 Tax			
Tax calculated on income for the period	116,150	103,700	140,413
Adjustment of deferred tax	0	-12,668	-18,732
Adjustment of tax calculated for previous years	0	0	187
Total tax	116,150	91,032	121,868
Effective tax rate (%):			
Tax rate currently paid by the bank	22.0	22.0	22.0
Permanent deviations	-2.0	-3.7	-3.6
Adjustment of tax calculated for previous years	0.0	0.0	0.0
Total effective tax rate	20.0	18.3	18.4

Note	30 Sept. 2017 DKK 1,000	30 Sept. 2016 DKK 1,000	31 Dec. 2016 DKK 1,000
10 Receivables from credit institutions and central banks			
Demand	121,399	156,606	185,618
Up to and including 3 months	1,546,195	682,086	1,572,198
More than 3 months and up to and including 1 year	0	170,000	170,000
More than 1 year and up to and including 5 years	104,280	150,000	99,280
More than 5 years	50,000	5,000	50,000
Total receivables from credit institutions and central banks	1,821,874	1,163,692	2,077,096
11 Loans and other receivables at amortised cost			
Demand	2,082,037	1,781,999	1,712,434
Up to and including 3 months	694,584	771,460	688,316
More than 3 months and up to and including 1 year	2,477,458	2,454,994	2,317,908
More than 1 year and up to and including 5 years	6,308,026	6,041,048	6,244,242
More than 5 years	7,286,918	6,520,434	6,518,938
Loans and other receivables at amortised cost	18,849,023	17,569,935	17,481,838

Notes

Note	30 Sept. 2017 DKK 1,000	30 Sept. 2016 DKK 1,000	31 Dec. 2016 DKK 1,000
12			
Impairment charges for loans and other receivables and provisions for losses on guarantees			
Individual impairment charges			
Cumulative individual impairment charges at the end of the previous financial year	589,384	664,550	664,550
Impairment charges / value adjustments during the period	124,755	89,456	114,618
Reversal of impairment charges made in previous financial years	-94,890	-93,665	-106,360
Recognised as a loss, covered by impairment charges	-38,174	-8,198	-83,424
Cumulative individual impairment charges on the balance sheet date	581,075	652,143	589,384
Collective impairment charges			
Cumulative collective impairment charges at the end of the previous financial year	341,457	272,922	272,922
Impairment charges / value adjustments during the period	-523	68,799	68,535
Cumulative collective impairment charges on the balance sheet date	340,934	341,721	341,457
Total cumulative impairment charges for loans and other receivables on the balance sheet date	922,009	993,864	930,841
Provisions for losses on guarantees			
Cumulative individual provisions for losses on guarantees at the end of the previous financial year	6,287	5,478	5,478
Provisions / value adjustments during the period	6,267	4,369	5,048
Reversal of provisions made in previous financial years	-1,625	-4,188	-4,085
Recognised as a loss, covered by provisions	-978	-132	-154
Cumulative individual provisions for losses on guarantees on the balance sheet date	9,951	5,527	6,287
Total cumulative impairment charges for loans and other receivables and provisions for losses on guarantees on the balance sheet date	931,960	999,391	937,128
13			
Suspended calculation of interest			
Loans and other receivables with suspended calculation of interest on the balance sheet date	58,747	94,019	59,904
14			
Bonds at fair value			
Listed on the stock exchange	4,222,336	3,959,978	3,443,359
Total bonds at fair value	4,222,336	3,959,978	3,443,359
15			
Shares etc.			
Listed on Nasdaq Copenhagen	17,387	19,884	21,373
Investment fund certificates	13,170	143,492	147,277
Unlisted shares at fair value	1,437	1,450	1,437
Sector shares at fair value	511,094	291,554	360,416
Total shares etc.	543,088	456,380	530,503

Notes

Note	30 Sept. 2017 DKK 1,000	30 Sept. 2016 DKK 1,000	31 Dec. 2016 DKK 1,000
16 Debt to credit institutions and central banks			
Demand	241,681	221,698	280,698
Up to and including 3 months	205,811	21,845	60,254
More than 3 months and up to and including 1 year	127,691	141,453	101,966
More than 1 year and up to and including 5 years	590,238	633,818	659,525
More than 5 years	348,758	375,592	355,349
Total debt to credit institutions and central banks	1,514,179	1,394,406	1,457,792
17 Deposits and other debt			
Demand	12,528,000	12,384,088	11,952,063
Deposits and other debt with notice:			
Up to and including 3 months	3,011,441	1,525,682	2,204,934
More than 3 months and up to and including 1 year	548,367	1,134,607	1,297,037
More than 1 year and up to and including 5 years	1,674,888	932,873	1,192,377
More than 5 years	1,748,481	2,348,461	1,668,016
Total deposits and other debt	19,511,177	18,325,711	18,314,427
Distributed as follows:			
Demand	12,368,567	12,153,036	11,750,246
With notice	1,646,428	340,961	357,633
Time deposits	1,852,251	2,361,003	3,136,479
Long-term deposit agreements	2,261,236	2,174,708	1,769,783
Special types of deposits	1,382,695	1,296,003	1,300,286
	19,511,177	18,325,711	18,314,427
18 Issued bonds at amortised cost			
More than 1 year and up to and including 5 years	673,569	0	297,370
Total issued bonds at amortised cost	673,569	0	297,370
Distributed as follows:			
Nom. EUR 40 million	297,694	0	297,370
Nom. EUR 50 million	372,118	0	0
Adjustment to amortised cost	3,757	0	0
	673,569	0	297,370
19 Subordinated debt			
Tier 2 capital:			
Floating-rate loan, principal of EUR 50 million, maturity date 20 May 2025	372,118	372,558	371,713
Adjustment to amortised cost	-618	-847	-618
Total subordinated debt	371,500	371,711	371,095

Notes

Note	30 Sept. 2017 DKK 1,000	30 Sept. 2016 DKK 1,000	31 Dec. 2016 DKK 1,000
20 Share capital			
Number of DKK 1 shares			
Beginning of period	22,850,000	23,350,000	23,350,000
Cancelled during the period	-500,000	-500,000	-500,000
End of period	22,350,000	22,850,000	22,850,000
Reserved for subsequent cancellation	420,000	360,000	500,000
Total share capital	22,350	22,850	22,850
21 Own shares			
Own shares included in the balance sheet at	0	0	0
The market value is	137,572	108,840	150,949
Number of own shares:			
Beginning of period	515,890	504,085	504,085
Purchased during the period	1,166,692	930,455	1,711,410
Sold during the period	-759,284	-553,980	-1,199,605
Cancelled during the period	-500,000	-500,000	-500,000
End of period	423,298	380,560	515,890
Reserved for subsequent cancellation	420,000	360,000	500,000
Nominal value of holding of own shares, end of period	423	381	516
Own shares as a proportion of share capital, end of period (%)	1.9	1.7	2.3
22 Contingent liabilities etc.			
Contingent liabilities			
Financial guarantees	1,002,179	920,274	944,189
Guarantees against losses on mortgage credit loans	588,354	479,776	495,647
Registration and refinancing guarantees	718,685	809,107	642,705
Sector guarantees	75,892	66,319	60,952
Other contingent liabilities	503,455	281,583	316,016
Total contingent liabilities	2,888,565	2,557,059	2,459,509
Other contractual obligations			
Irrevocable credit commitments	60,000	100,000	516,724
Total other contractual obligations	60,000	100,000	516,724
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 reduction of the first-mortgage loans is deducted directly from the funding at KfW Bankengruppe.			
The balance sheet item is	918,986	1,060,941	1,009,823
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	379,615	47,779	380,459
Collateral under CSA agreements etc.	29,539	48,417	38,784

Notes

Note	30 Sept. 2017	30 Sept. 2016	31 Dec. 2016	
24	Loans and guarantees in per cent, by sector and industry			
	0.1	0.2	0.2	
	Public authorities			
	Business customers:			
	Agriculture, hunting and forestry			
	Cattle farming etc.	1.3	1.5	1.2
	Pig farming etc.	1.5	1.8	1.6
	Other agriculture, hunting and forestry	4.1	3.9	3.9
	Fishing	2.5	2.5	2.5
	Mink production	0.9	1.0	1.0
	Industry and raw materials extraction	1.7	2.5	2.5
	Energy supply	2.7	2.3	2.1
	Wind turbines - Denmark	2.9	4.1	3.7
	Wind turbines - abroad	8.3	10.4	10.0
	Building and construction	2.7	2.3	2.2
	Trade	3.5	3.5	3.4
	Transport, hotels and restaurants	1.5	1.4	1.5
	Information and communication	0.3	0.2	0.3
	Finance and insurance	13.6	13.6	14.3
	Real property			
	First mortgage without prior creditors	14.3	10.1	10.7
	Other real property financing	3.4	4.3	4.3
	Other business customers	6.7	7.3	6.7
	Total business customers	71.9	72.7	71.9
	Private individuals	28.0	27.1	27.9
	Total	100.0	100.0	100.0
25	The Supervisory Diamond (The Danish FSA's limit values)			
	Stable funding (funding ratio) (< 1)	0.8	0.7	0.7
	Excess liquidity (> 50%)	144.9%	142.2%	139.6%
	Total large exposures (< 125%)	24.0%	33.5%	29.5%
	Growth in loans (< 20%)	7.3%	14.2%	2.7%
	Real property exposure (< 25%)	17.7%	14.3%	14.8%
26	Miscellaneous comments			
	Main and key figures			
	<ul style="list-style-type: none"> The return on equity before and after tax, beginning of period was calculated per annum after deduction of dividend etc., net. Key figures per DKK 1 share were calculated on the basis of the first three quarters of 2017: 22,350,000 shares, the first three quarters of 2016: 22,850,000 shares and 2016: 22,350,000 shares. 			
	Number of shares / share split			
	<ul style="list-style-type: none"> The comparative figures on page 7 and in notes 20 and 21 have been adjusted to the new denomination of nom. DKK 1 per share. 			

Main figures

Summary of the income statement (DKK million)	Q1-Q3 2017	Q1-Q3 2016	Full year 2016
Net interest income	479	510	679
Dividend from shares etc.	10	19	19
Net fee and commission income	215	175	255
Net interest and fee income	704	704	953
Value adjustments	+116	+46	+64
Other operating income	4	4	7
Staff and administration costs	229	215	307
Amortisation, depreciation and write-downs on intangible and tangible assets	3	7	9
Other operating expenses	2	2	2
Impairment charges for loans and receivables etc.	-10	-36	-48
Results from investments in associated companies	0	+3	+3
Profit before tax	580	497	661
Tax	117	91	122
Profit after tax	463	406	539
Main figures from the balance sheet (DKK million)			
	30 Sept. 2017	30 Sept. 2016	31 Dec. 2016
Loans and other receivables	18,849	17,570	17,482
Deposits and other debt	19,511	18,326	18,314
Subordinated debt	372	372	371
Shareholders' equity	3,728	3,459	3,555
Balance sheet total	26,109	23,882	24,258

Quarterly overview

(DKK million)	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Net interest income	158	159	161	165	169	165	166	163	160	154	161
Net fee and commission income excluding trading income	48	67	48	70	44	52	48	55	45	61	51
Income from sector shares etc.	18	17	17	9	4	15	11	8	7	11	10
Foreign exchange income	5	5	6	4	4	4	4	5	4	4	3
Other operating income	1	2	1	4	2	1	1	2	1	1	1
Total core income excluding trading income	230	250	233	252	223	237	230	233	217	231	226
Trading income	18	15	18	10	11	11	9	12	11	13	12
Total core income	248	265	251	262	234	248	239	245	228	244	238
Staff and administration costs	75	81	73	92	72	74	69	78	65	74	65
Amortisation, depreciation and write- downs on intangible and tangible assets	1	1	1	2	2	4	1	4	1	1	1
Other operating expenses	0	1	1	0	1	0	1	3	6	4	4
Total expenses etc.	76	83	75	94	75	78	71	85	72	79	70
Core earnings before impairment charges for loans	172	182	176	168	159	170	168	160	156	165	168
Impairment charges for loans and other receivables etc.	0	-5	-5	-12	-12	-13	-11	-16	-15	-14	-15
Core earnings	172	177	171	156	147	157	157	144	141	151	153
Result for the portfolio	+17	+16	+27	+8	+23	+11	+2	-1	-14	-8	+23
Profit before tax	189	193	198	164	170	168	159	143	127	143	176
Tax	38	39	40	31	33	30	28	31	29	31	39
Profit after tax	151	154	158	133	137	138	131	112	98	112	137

The Danish FSA's official key figures / ratios etc. for Danish banks

		Q1-Q3 2017	Q1-Q3 2016	Full year 2016
Capital ratios:				
Total capital ratio	%	19.0	18.6	18.3
Tier 1 capital ratio	%	17.5	17.0	16.9
Individual solvency requirement	%	8.8	9.1	9.0
Earnings:				
Return on equity before tax	%	15.9	14.7	19.3
Return on equity after tax	%	12.7	12.0	15.8
Income / cost ratio	DKK	3.37	2.91	2.81
Return on assets	%	1.8	1.7	2.2
Market risk:				
Interest rate risk	%	0.6	2.7	1.8
Foreign exchange position	%	0.7	0.9	0.6
Foreign exchange risk	%	0.0	0.0	0.0
Liquidity risk:				
Liquidity Coverage Ratio (LCR)	%	225	200	185
Excess cover relative to statutory liquidity requirement	%	144.9	142.2	139.6
Loans and impairments thereon relative to deposits	%	101.3	101.3	100.5
Credit risk:				
Loans relative to shareholders' equity		5.1	5.1	4.9
Growth in loans	%	7.8	3.3	2.7
Total large exposures	%	24.0	33.5	29.5
Cumulative impairment ratio	%	4.1	4.7	4.5
Impairment ratio	%	0.04	0.17	0.23
Proportion of receivables at reduced interest	%	0.3	0.4	0.3
Share return:				
Earnings per share*/***	DKK	2,050.7	1,756.1	2,335.5
Book value per share**	DKK	17,002	15,394	15,916
Dividend per share*	DKK	0	0	720
Market price relative to earnings per share*/***		15.8	16.3	12.5
Market price relative to book value per share**		1.91	1.86	1.84
<p>* Calculated on the basis of a denomination of DKK 100 per share. ** Calculated on the basis of the number of shares in circulation 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 and the end of the period.</p>				

Management statement

The board of directors and the general management have today discussed and approved the quarterly report of Ringkjøbing Landbobank A/S for the period 1 January to 30 September 2017.

The quarterly report is drawn up in accordance with the provisions of the Danish Financial Business Act and other Danish disclosure requirements for listed financial companies. We consider the chosen accounting policies to be appropriate and the estimates made responsible, so that the quarterly report provides a true and fair view of the bank's assets, liabilities and financial position as of 30 September 2017 and of the result of the bank's activities for the period 1 January to 30 September 2017. We also believe that the management's review contains a true and fair account of the development in the bank's activities and financial circumstances as well as a description of the most important risks and uncertainties which can affect the bank.

The quarterly report has not been audited or reviewed, but the external auditors have verified the profit by carrying out procedures corresponding to those required for a review and have thereby checked that the conditions for ongoing recognition of the profit for the period in the common equity tier 1 capital have been met.

Ringkjøbing, 25 October 2017

General management:

John Fisker
CEO

Jørn Nielsen
General Manager

Board of directors:

Jens Lykke Kjeldsen
Chairman

Martin Krogh Pedersen
Deputy chairman

Jon Steingrim Johnsen

Jacob Møller

Jens Møller Nielsen

Lone Rejkjær Söllmann

Dan Junker Astrup
Employee board member

Bo Fuglsang Bennedsgaard
Employee board member

Gitte E. S. H. Vigsø
Employee board member

Ringkjøbing Landbobank A/S