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Ringkjøbing Landbobank's interim report 2017 - Upward adjustment of expectations for the full year

Profit before tax was DKK 391 million, the equivalent of a return of 23% p.a. on equity at the beginning of the period, which is considered highly satisfactory. The bank's core earnings increased by 11% to a total of DKK 348 million, which is above budget for the first half-year.

(DKK million)	H1 2017	H1 2016	2016	2015	2014	2013
Total core income	516	488	983	954	907	844
Total expenses and depreciation	-158	-150	-318	-306	-298	-273
Core earnings before impairment charges for loans	358	338	665	648	609	571
Impairment charges for loans etc.	-10	-24	-48	-60	-87	-120
Core earnings	348	314	617	588	522	451
Result for the portfolio etc.	+43	+13	+44	0	+65	+21
Profit before tax	391	327	661	588	587	472

The half-year - highlights:

- Upward adjustment of expectations for core earnings to the range DKK 600 - 665 million
- 11% increase in core earnings to DKK 348 million
- Profit before tax was DKK 391 million, equivalent to a return of 23% p.a. on equity at the beginning of the period
- The rate of costs for the half-year was 30.6%, which is still the lowest in Denmark
- Decrease in impairment charges to DKK 10 million, the equivalent of 0.1% p.a.
- Increase in the bank's loans of 7% and an increase in deposits of 11%
- 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 320 million in the first half of 2017 compared to DKK 331 million in 2016, a fall of 3%. This should be compared to a 7% increase in lending volumes, which underlines the fact that interest income is strongly influenced by the competition in the sector. The item is also influenced by a changed mix of loans and the continuing low interest rate level.

Fee, commission and foreign exchange income amounted to DKK 159 million net in the first half of 2017 compared to DKK 129 million net in 2016, a net increase of 23%. The primary reason for the increase in fee income in the half-year is a positive development in the income from asset management and securities trading resulting from increasing volumes and customer numbers.

Earnings from sector shares increased by DKK 9 million to DKK 34 million in the first half 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 half-year increased by 6% from DKK 488 million in 2016 to DKK 516 million in 2017.

Costs and depreciation

Total costs including depreciation of tangible assets amounted to DKK 158 million in the first half of 2017 compared to DKK 150 million last year, an increase of 5%.

The net increase compared to the first half of 2016 is related to a DKK 5 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 3 million in depreciation and write-downs on tangible assets and other operating expenses.

The rate of costs was marginally lower than the 2016 level and was computed at 30.6% for the first half of 2017, which continues to be the lowest in Denmark.

The bank expects total costs to increase by 3-4% for the year as a whole.

Impairment charges for loans

Impairment charges for loans for the half-year decreased from DKK 24 million in 2016 to DKK 10 million in 2017 and are now equivalent to 0.1% p.a. of the total average loans and guarantees etc. compared to 0.2% p.a. in the first half of 2016.

The bank's total account for impairment charges and provisions was DKK 958 million at the end of the half-year, equivalent to 4.2% of total loans and guarantees. Actual losses and write-offs on loans etc. continue to be very low, and they were exceeded during the half-year 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 23 million net during the first half of 2017.

The portfolio of loans with suspended calculation of interest amounted to DKK 51 million, equivalent to 0.2% of the bank's total loans and guarantees at the end of the half-year.

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)	H1 2017	H1 2016	2016	2015	2014	2013
Total core income	516	488	983	954	907	844
Total expenses and depreciation	-158	-150	-318	-306	-298	-273
Core earnings before impairment charges for loans	358	338	665	648	609	571
Impairment charges for loans etc.	-10	-24	-48	-60	-87	-120
Core earnings	348	314	617	588	522	451

Core earnings totalled DKK 348 million compared to last year's DKK 314 million. The core earnings for the first half-year are the best in the bank's history and above the budget for the half-year.

Result for the portfolio and market risk

The result for the portfolio for the first half of 2017 was DKK 43 million including funding costs for the portfolio.

Shares etc. at the end of the half-year amounted to DKK 514 million, DKK 20 million of which was in listed shares etc. and DKK 494 million in sector shares etc. The bond portfolio amounted to DKK 2,743 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 0.8% of the bank's tier 1 capital at the end of the half-year.

The bank's total market risk within exposures to interest rate risk, listed shares etc. and foreign currency remains at a moderate level, and this policy will continue.

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 half of 2017:

	Risk in DKK million	Risk relative to equity end of H1 2017 in %
Highest risk of loss:	15.8	0.44%
Lowest risk of loss:	2.5	0.07%
Average risk of loss:	10.1	0.28%
Risk of loss, end of period:	5.6	0.15%

Profit after tax

Profit after tax was DKK 312 million for the first half of 2017, compared to DKK 269 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 half-year stood at DKK 25,474 million compared to last year's DKK 23,191 million.

The bank's deposits increased by 11% from DKK 17,365 million at the end of June 2016 to DKK 19,267 million at the end of June 2017. The bank's loans increased by 7% from DKK 17,744 million to DKK 19,066 million in the same period. Loans have increased by 9% since the end of 2016.

The bank's portfolio of guarantees at the end of the half-year was DKK 2,746 million compared to DKK 2,259 million at the end of June 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 5.4 billion primarily in short-term investments in the Danish central bank and in liquid securities.

The bank's deposits at the end of the half-year exceeded its loans by DKK 201 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 975 million can be disregarded in terms of liquidity.

In terms of liquidity, the bank must comply with the LCR (Liquidity Coverage Ratio) requirement. On 1 January 2017, the minimum LCR requirement for non-SIFI banks increased to 80%, and on 1 January 2018 it will increase by an additional 20 percentage points, which means that by that date the LCR must be at least 100%.

Since the introduction of the LCR in 2015, Ringkjøbing Landbobank has sought to follow the same rules that apply to SIFI banks, viz. a minimum LCR of 100%.

On 30 June 2017 the bank's LCR was 192%, which thus met the target.

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 June 2017 was 115%.

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 the half-year was DKK 3,619 million.

The bank's total capital ratio was computed at 18.7% at the end of the first half of 2017, and the tier 1 capital ratio at 17.2%.

Capital ratios	H1	H1	2016	2015	2014	2013
	2017	2016				
Common equity tier 1 capital ratio (%)	17.2	16.9	16.9	17.1	17.5	18.7
Tier 1 capital ratio (%)	17.2	16.9	16.9	17.1	17.5	19.2
Total capital ratio (%)	18.7	18.6	18.8	18.8	17.5	20.0
Individual solvency requirement (%)	9.0	9.3	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 91 million had been utilised at the end of June 2017.

The bank has calculated the individual solvency requirement at the end of June 2017 at 9.0%. To this should be added a capital conservation buffer of 1.3%; the total requirement for the bank's total capital is thus 10.3%. Compared with the actual total capital of DKK 3.4 billion, the capital buffer at the end of June 2017 was thus DKK 1.5 billion, equivalent to 8.4 percentage points.

The bank bought shares in DLR Kredit for the equivalent of DKK 55 million during the second quarter of 2017. 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.

Capital reduction, share buy-back programme and share split

The capital reduction by nom. DKK 500,000 adopted at the annual general meeting in February 2017 was finalised at the beginning of May 2017.

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

On 2 August 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
Total on 2 August 2017	295,000		90,922

DKK 79 million now remain under the share buy-back programme.

The bank's holding of its own shares at the end of June 2017 totalled 297,103 shares, 295,000 of which are reserved under the buy-back programme for later cancellation.

Finally, the board of directors decided in May 2017 to split the bank's shares 5-for-1. Following the practical implementation of the share split, the bank's share denomination is now nom. DKK 1 per share, and 22,350,000 shares have been issued.

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 in both the branch network and within the niche concepts during the first half of the year.

Changes in the board of directors

At the shareholders' committee meeting held on 26 April 2017, the committee elected Jacob Møller, general manager of RAH (Ringkøbing Amts Højspændingsforsyning) in Ringkøbing, and Lone Rejkjær Söllmann, finance manager of Tama ApS in Tarm, as new members of the board of directors.

Upward adjustment of the expected results for 2017

Core earnings for the first half of 2017 were DKK 348 million, which is above the budget for the half-year. On this basis, the expectations for core earnings for all of 2017 are adjusted upward from the DKK 515 - 615 million range at the beginning of the year to DKK 600 - 665 million.

Accounting policies

The accounting policies are unchanged relative to those in the submitted and audited 2016 annual report.

Future accounting rules

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

It is not possible to provide an accurate calculation now of the effect on the accounts of first application of the new IFRS 9-compatible impairment rules. However, the implementation of these rules is not expected to materially influence the bank's situation, and the reduction in the bank's equity is not anticipated to exceed 3%.

Events after the end of the half-year

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

Main and key figures

	H1 2017	H1 2016	Full year 2016
Main figures for the bank (DKK million)			
Total core income	516	488	983
Total expenses and depreciation	-158	-150	-318
Core earnings before impairment charges for loans	358	338	665
Impairment charges for loans etc.	-10	-24	-48
Core earnings	348	314	617
Result for the portfolio	+43	+13	+44
Profit before tax	391	327	661
Profit after tax	312	269	539
Equity	3,619	3,359	3,555
Deposits	19,267	17,365	18,314
Loans	19,066	17,744	17,482
Balance sheet total	25,474	23,191	24,258
Guarantees	2,746	2,259	2,460
Key figures for the bank (per cent)			
Return on equity before tax, beginning of period	23.0	20.7	20.9
Return on equity after tax, beginning of period	18.4	17.0	17.1
Rate of costs	30.6	30.7	32.3
Common equity tier 1 capital ratio	17.2	16.9	16.9
Tier 1 capital ratio	17.2	16.9	16.9
Total capital ratio	18.7	18.6	18.3
Individual solvency requirement	9.0	9.3	9.0
Key figures per DKK 1 share (DKK)			
Core earnings	15.6	13.8	27.6
Profit before tax	17.5	14.3	29.6
Profit after tax	14.0	11.8	24.1
Book value	162	147	159
Price, end of period	325	274	293
Dividend	-	-	7

Statements of income and comprehensive income

Note		H1 2017 DKK 1,000	H1 2016 DKK 1,000	Full year 2016 DKK 1,000
1	Interest income	349,478	376,847	749,021
2	Interest expenses	28,903	37,805	69,743
	Net interest income	320,575	339,042	679,278
3	Dividend from shares etc.	10,222	18,956	18,995
4	Fee and commission income	170,329	142,065	297,328
4	Fee and commission expenses	22,107	21,443	42,417
	Net interest and fee income	479,019	478,620	953,184
5	Value adjustments	+76,731	+16,687	+63,784
	Other operating income	2,756	2,265	7,560
6,7	Staff and administration costs	154,138	143,253	306,670
	Amortisation, depreciation and write-downs on intangible and tangible assets	2,095	5,078	8,638
	Other operating expenses			
	Miscellaneous other operating expenses	54	0	26
	Costs Guarantee Fund and Resolution Fund	1,424	1,197	2,292
8	Impairment charges for loans and other receivables etc.	-10,017	-23,622	-48,378
	Results from investments in associated companies	0	+2,835	+2,842
	Profit before tax	390,778	327,257	661,366
9	Tax	78,450	58,705	121,868
	Profit after tax	312,328	268,552	539,498
	Other comprehensive income	0	0	0
	Total comprehensive income for the period	312,328	268,552	539,498

Core earnings

Note		H1 2017 DKK 1,000	H1 2016 DKK 1,000	Full year 2016 DKK 1,000
	Net interest income	320,013	330,894	665,312
4	Net fee and commission income excluding trading income	115,216	100,361	214,415
	Income from sector shares etc.	34,417	25,821	38,611
4	Foreign exchange income	10,526	7,935	16,396
	Other operating income	2,756	2,265	7,560
	Total core income excluding trading income	482,928	467,276	942,294
4	Trading income	33,006	20,261	40,496
	Total core income	515,934	487,537	982,790
6,7	Staff and administration costs	154,138	143,253	306,670
	Amortisation, depreciation and write-downs on intangible and tangible assets	2,095	5,078	8,638
	Other operating expenses	1,478	1,197	2,318
	Total expenses etc.	157,711	149,528	317,626
	Core earnings before impairment charges for loans	358,223	338,009	665,164
8	Impairment charges for loans and other receivables etc.	-10,017	-23,622	-48,378
	Core earnings	348,206	314,387	616,786
	Result for the portfolio	+42,572	+12,870	+44,580
	Profit before tax	390,778	327,257	661,366
9	Tax	78,450	58,705	121,868
	Profit after tax	312,328	268,552	539,498

Balance sheet

Note		30 June 2017 DKK 1,000	30 June 2016 DKK 1,000	31 Dec. 2016 DKK 1,000
	Assets			
	Cash in hand and demand deposits with central banks	309,814	310,123	284,139
10	Receivables from credit institutions and central banks	2,465,376	526,663	2,077,096
	Receivables with notice from central banks	2,150,271	0	1,572,198
	Money market operations and bilateral loans - term to maturity less than 1 year	156,825	371,663	355,898
	Bilateral loans - term to maturity more than 1 year	158,280	155,000	149,000
11,12	Loans and other receivables at amortised cost	19,066,388	17,743,712	17,481,838
	Loans and other receivables at amortised cost	18,091,072	16,619,855	16,472,015
	Wind turbine loans with direct funding	975,316	1,123,857	1,009,823
14	Bonds at fair value	2,743,371	3,760,058	3,443,359
15	Shares etc.	514,355	366,045	530,503
	Investments in associated companies	509	5,502	509
	Land and buildings, total	55,912	59,947	56,177
	Investment properties	3,561	6,056	3,561
	Domicile properties	52,351	53,891	52,616
	Other tangible assets	19,541	12,882	18,874
	Current tax assets	0	34,988	20,444
	Deferred tax assets	8,153	0	8,153
	Temporary assets	5,200	5,200	5,200
	Other assets	278,548	359,199	323,848
	Prepayments	6,526	6,444	7,997
	Total assets	25,473,693	23,190,763	24,258,137

Balance sheet

Note		30 June 2017 DKK 1,000	30 June 2016 DKK 1,000	31 Dec. 2016 DKK 1,000
	Liabilities and equity			
16	Debt to credit institutions and central banks	1,634,344	1,778,121	1,457,792
	Money market operations and bilateral credits - term to maturity less than 1 year	491,706	542,675	280,698
	Bilateral credits - term to maturity more than 1 year	167,322	111,589	167,271
	Bilateral credits from KfW Bankengruppe	975,316	1,123,857	1,009,823
17	Deposits and other debt	19,267,056	17,364,880	18,314,427
18	Issued bonds at amortised cost	297,462	0	297,370
	Current tax liabilities	26,264	0	0
	Other liabilities	245,142	308,615	254,062
	Deferred income	1,951	1,135	2,449
	Total debt	21,472,219	19,452,751	20,326,100
	Provisions for deferred tax	0	2,134	0
12	Provisions for losses on guarantees	11,078	5,318	6,287
	Total provisions for liabilities	11,078	7,452	6,287
	Tier 2 capital	371,210	371,118	371,095
19	Total subordinated debt	371,210	371,118	371,095
20	Share capital	22,350	22,850	22,850
	Net revaluation reserve under the equity method	158	5,152	158
	Retained earnings	3,596,678	3,331,440	3,366,627
	Proposed dividend etc.	-	-	165,020
	Total shareholders' equity	3,619,186	3,359,442	3,554,655
	Total liabilities and equity	25,473,693	23,190,763	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 June 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			-422,894		-422,894
Sale of own shares			335,966		335,966
Total comprehensive income for the period			312,328		312,328
Shareholders' equity on the balance sheet date	22,350	158	3,596,678	0	3,619,186
On 30 June 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			-238,959		-238,959
Sale of own shares			171,007		171,007
Total comprehensive income for the period		2,835	265,717		268,552
Shareholders' equity on the balance sheet date	22,850	5,152	3,331,440	0	3,359,442
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 June 2017 DKK 1,000	30 June 2016 DKK 1,000	31 Dec. 2016 DKK 1,000
Credit risk	15,391,412	14,661,691	14,743,046
Market risk	1,163,105	1,358,885	1,749,099
Operational risk	1,827,053	1,750,809	1,827,053
Total risk exposure	18,381,570	17,771,385	18,319,198
Shareholders' equity	3,619,186	3,359,442	3,554,655
Proposed dividend etc.	0	0	-165,020
Deduction for expected dividend	-87,327	-83,214	0
Deduction for prudent valuation	-5,667	-4,464	-5,834
Deduction for the sum of equity investments etc. above 10%	-231,429	-141,436	-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	90,922	67,843	0
Deduction for trading limit for own shares	-55,000	-55,000	-55,000
Actual utilisation of the trading limit for own shares	654	1,469	4,649
Common equity tier 1	3,161,339	3,004,640	3,100,069
Tier 1 capital	3,161,339	3,004,640	3,100,069
Tier 2 capital	371,828	371,965	371,713
Deduction for the sum of equity investments etc. above 10%	-94,660	-72,363	-117,109
Total capital	3,438,507	3,304,242	3,354,673
Common equity tier 1 capital ratio (%)	17.2	16.9	16.9
Tier 1 capital ratio (%)	17.2	16.9	16.9
Total capital ratio (%)	18.7	18.6	18.3
Individual solvency requirement (%)	9.0	9.3	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 (%)	10.3	9.9	9.6
Excess cover in percentage points relative to the individual solvency requirement	9.7	9.3	9.3
Excess cover in percentage points relative to the total requirement for the capital base	8.4	8.7	8.7
Total capital requirement	1,470,526	1,421,711	1,465,536

Notes

Note	H1 2017 DKK 1,000	H1 2016 DKK 1,000	Full year 2016 DKK 1,000
1 Interest income			
Receivables from credit institutions and central banks	3,160	7,923	13,428
Loans and other receivables	344,320	363,490	724,694
Loans - interest on the impaired part of loans	-15,581	-17,077	-32,466
Reverse loans	0	4	4
Bonds	14,782	23,355	42,400
Total derivative financial instruments	707	-1,357	-1,605
Of which currency contracts	1,533	207	1,407
Of which interest-rate contracts	-826	-1,564	-3,012
Other interest income	2,090	509	2,566
Total interest income	349,478	376,847	749,021
2 Interest expenses			
Credit institutions and central banks	7,711	11,969	22,949
Deposits and other debt	18,160	22,673	40,572
Issued bonds	236	0	31
Subordinated debt	2,782	3,084	6,132
Other interest expenses	14	79	59
Total interest expenses	28,903	37,805	69,743
3 Dividends from shares etc.			
Shares	10,222	18,956	18,995
Total dividends from shares etc.	10,222	18,956	18,995
4 Gross fee and commission income			
Securities trading	38,878	25,980	51,754
Asset management and custody accounts	54,374	45,485	104,141
Payment handling	14,896	13,936	29,816
Loan fees	4,109	3,052	8,951
Guarantee commission and mortgage credit commission etc.	38,708	31,840	64,450
Other fees and commission	19,364	21,772	38,216
Total gross fee and commission income	170,329	142,065	297,328
Net fee and commission income			
Securities trading	33,006	20,261	40,496
Asset management and custody accounts	49,500	41,907	97,170
Payment handling	9,891	9,460	20,317
Loan fees	2,502	1,876	6,306
Guarantee commission and mortgage credit commission etc.	38,708	31,840	64,450
Other fees and commission	14,615	15,278	26,172
Total net fee and commission income	148,222	120,622	254,911
Foreign exchange income	10,526	7,935	16,396
Total net fee, commission and foreign exchange income	158,748	128,557	271,307

Notes

Note	H1 2017 DKK 1,000	H1 2016 DKK 1,000	Full year 2016 DKK 1,000
5 Value adjustments			
Other loans and receivables, fair value adjustment	-9	0	-58
Bonds	21,984	16,236	33,900
Shares etc.	30,174	5,759	22,499
Investment properties	0	0	-2,495
Foreign exchange	10,526	7,935	16,396
Total derivative financial instruments	14,056	-13,243	-6,458
Of which currency contracts	250	-2,729	-2,930
Of which interest-rate contracts	13,334	-10,811	-4,169
Of which share contracts	472	297	641
Total value adjustments	76,731	16,687	63,784
6 Staff and administration costs			
Salaries and fees to general management, board of directors and shareholders' committee			
General management	3,666	3,432	7,018
Board of directors	860	859	1,718
Shareholders' committee	0	0	451
Total	4,526	4,291	9,187
Staff costs			
Salaries	69,138	65,177	131,890
Pensions	7,247	6,937	14,072
Social security expenses	715	1,356	2,198
Costs depending on number of staff	11,188	10,391	20,538
Total	88,288	83,861	168,698
Other administration costs	61,324	55,101	128,785
Total staff and administration costs	154,138	143,253	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.			
Net changes in impairment charges for loans and other receivables etc. and provisions for losses on guarantees	21,264	38,824	-5,822
Actual realised net losses	4,334	1,875	86,666
Interest on the impaired part of loans	-15,581	-17,077	-32,466
Total impairment charges for loans and other receivables etc.	10,017	23,622	48,378

Notes

Note	H1 2017 DKK 1,000	H1 2016 DKK 1,000	Full year 2016 DKK 1,000
9 Tax			
Tax calculated on income for the period	78,450	67,150	140,413
Adjustment of deferred tax	0	-8,445	-18,732
Adjustment of tax calculated for previous years	0	0	187
Total tax	78,450	58,705	121,868
Effective tax rate (%):			
Tax rate currently paid by the bank	22.0	22.0	22.0
Permanent deviations	-1.9	-4.1	-3.6
Adjustment of tax calculated for previous years	0.0	0.0	0.0
Total effective tax rate	20.1	17.9	18.4

Note	30 June 2017 DKK 1,000	30 June 2016 DKK 1,000	31 Dec. 2016 DKK 1,000
10 Receivables from credit institutions and central banks			
Demand	156,825	137,663	185,618
Up to and including 3 months	2,150,271	0	1,572,198
More than 3 months and up to and including 1 year	0	234,000	170,000
More than 1 year and up to and including 5 years	108,280	150,000	99,280
More than 5 years	50,000	5,000	50,000
Total receivables from credit institutions and central banks	2,465,376	526,663	2,077,096
11 Loans and other receivables at amortised cost			
Demand	2,341,294	1,850,822	1,712,434
Up to and including 3 months	792,899	846,260	688,316
More than 3 months and up to and including 1 year	2,405,321	2,375,116	2,317,908
More than 1 year and up to and including 5 years	6,455,971	6,277,956	6,244,242
More than 5 years	7,070,903	6,393,558	6,518,938
Total loans and other receivables at amortised cost	19,066,388	17,743,712	17,481,838

Notes

Note	30 June 2017 DKK 1,000	30 June 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	85,944	75,865	114,618
Reversal of impairment charges made in previous financial years	-66,060	-74,290	-106,360
Recognised as a loss, covered by impairment charges	-4,732	-3,086	-83,424
Cumulative individual impairment charges on the balance sheet date	604,536	663,039	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	1,322	40,495	68,535
Cumulative collective impairment charges on the balance sheet date	342,779	313,417	341,457
Total cumulative impairment charges for loans and other receivables on the balance sheet date	947,315	976,456	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	7,183	3,413	5,048
Reversal of provisions made in previous financial years	-1,414	-3,441	-4,085
Recognised as a loss, covered by provisions	-978	-132	-154
Cumulative individual provisions for losses on guarantees on the balance sheet date	11,078	5,318	6,287
Total cumulative impairment charges for loans and other receivables and provisions for losses on guarantees on the balance sheet date	958,393	981,774	937,128
13			
Suspended calculation of interest			
Loans and other receivables with suspended calculation of interest on the balance sheet date	50,897	99,625	59,904
14			
Bonds at fair value			
Listed on the stock exchange	2,743,371	3,760,058	3,443,359
Total bonds at fair value	2,743,371	3,760,058	3,443,359
15			
Shares etc.			
Listed on Nasdaq Copenhagen	13,341	9,843	21,373
Investment fund certificates	6,199	66,136	147,277
Unlisted shares at fair value	1,437	1,450	1,437
Sector shares at fair value	493,378	288,616	360,416
Total shares etc.	514,355	366,045	530,503

Notes

Note	30 June 2017 DKK 1,000	30 June 2016 DKK 1,000	31 Dec. 2016 DKK 1,000
16 Debt to credit institutions and central banks			
Demand	342,975	366,281	280,698
Up to and including 3 months	206,093	236,100	60,254
More than 3 months and up to and including 1 year	99,125	104,336	101,966
More than 1 year and up to and including 5 years	637,637	666,487	659,525
More than 5 years	348,514	404,917	355,349
Total debt to credit institutions and central banks	1,634,344	1,778,121	1,457,792
17 Deposits and other debt			
Demand	12,577,123	11,496,001	11,952,063
Deposits and other debt with notice:			
Up to and including 3 months	2,297,783	1,662,908	2,204,934
More than 3 months and up to and including 1 year	1,319,237	987,832	1,297,037
More than 1 year and up to and including 5 years	1,499,593	878,141	1,192,377
More than 5 years	1,573,320	2,339,998	1,668,016
Total deposits and other debt	19,267,056	17,364,880	18,314,427
Distributed as follows:			
Demand	12,396,835	11,191,626	11,750,246
With notice	1,546,239	346,878	357,633
Time deposits	2,031,914	2,342,675	3,136,479
Long-term deposit agreements	1,874,249	2,172,426	1,769,783
Special types of deposits	1,417,819	1,311,275	1,300,286
	19,267,056	17,364,880	18,314,427
18 Issued bonds at amortised cost			
More than 1 year and up to and including 5 years	297,462	0	297,370
Total issued bonds at amortised cost	297,462	0	297,370
Distributed as follows:			
Nom. EUR 40 million	297,462	0	297,370
	297,462	0	297,370
19 Subordinated debt			
Tier 2 capital:			
Floating-rate loan, principal of EUR 50 million, maturity date 20 May 2025	371,828	371,965	371,713
Adjustment to amortised cost	-618	-847	-618
Total subordinated debt	371,210	371,118	371,095

Notes

Note	30 June 2017 DKK 1,000	30 June 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	295,000	245,000	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	96,558	68,599	150,949
Number of own shares:			
Beginning of period	515,890	504,085	504,085
Purchased during the period	950,334	620,415	1,711,410
Sold during the period	-669,121	-374,140	-1,199,605
Cancelled during the period	-500,000	-500,000	-500,000
End of period	297,103	250,360	515,890
Reserved for subsequent cancellation	295,000	245,000	500,000
Nominal value of holding of own shares, end of period	297	250	516
Own shares as a proportion of share capital, end of period (%):	1.3	1.1	2.3
22 Contingent liabilities etc.			
Contingent liabilities			
Financial guarantees	1,078,885	995,987	944,189
Guarantees against losses on mortgage credit loans	546,869	451,950	495,647
Registration and refinancing guarantees	684,518	492,292	642,705
Sector guarantees	75,862	66,820	60,952
Other contingent liabilities	360,070	252,418	316,016
Total contingent liabilities	2,746,204	2,259,467	2,459,509
Other contractual obligations			
Irrevocable credit commitments	60,000	0	516,724
Total other contractual obligations	60,000	0	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	975,316	1,123,857	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	372,634	20,562	380,459
Collateral under CSA agreements	28,664	50,657	38,784

Main figures

Summary of the income statement (DKK million)	H1 2017	H1 2016	Full year 2016
Net interest income	321	339	679
Dividend from shares etc.	10	19	19
Net fee and commission income	148	121	255
Net interest and fee income	479	479	953
Value adjustments	+76	+17	+64
Other operating income	3	2	7
Staff and administration costs	154	144	307
Amortisation, depreciation and write-downs on intangible and tangible assets	2	5	9
Other operating expenses	1	1	2
Impairment charges for loans and receivables etc.	-10	-24	-48
Results from investments in associated companies	0	+3	+3
Profit before tax	391	327	661
Tax	79	58	122
Profit after tax	312	269	539
Main figures from the balance sheet (DKK million)			
	30 June 2017	30 June 2016	31 Dec. 2016
Loans and other receivables	19,066	17,744	17,482
Deposits and other debt	19,267	17,365	18,314
Subordinated debt	371	371	371
Shareholders' equity	3,619	3,359	3,555
Balance sheet total	25,474	23,191	24,258

Quarterly overview

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

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

		H1 2017	H1 2016	Full year 2016
Capital ratios:				
Total capital ratio	%	17.2	18.6	18.3
Tier 1 capital ratio	%	18.7	16.9	16.9
Individual solvency requirement	%	9.0	9.3	9.0
Earnings:				
Return on equity before tax	%	10.9	9.8	19.3
Return on equity after tax	%	8.7	8.1	15.8
Income / cost ratio	DKK	3.33	2.89	2.81
Return on assets	%	1.2	1.2	2.2
Market risk:				
Interest rate risk	%	0.8	2.1	1.8
Foreign exchange position	%	0.7	0.4	0.6
Foreign exchange risk	%	0.0	0.0	0.0
Liquidity risk:				
Liquidity Coverage Ratio (LCR)	%	192	162	185
Excess cover relative to statutory liquidity requirement	%	114.4	111.5	139.6
Loans and impairments thereon relative to deposits	%	103.9	107.8	100.5
Credit risk:				
Loans relative to shareholders' equity		5.3	5.3	4.9
Growth in loans	%	9.1	4.3	2.7
Total large exposures	%	13.4	33.6	29.5
Cumulative impairment ratio	%	4.2	4.7	4.5
Impairment ratio	%	0.04	0.11	0.23
Proportion of receivables at reduced interest	%	0.2	0.5	0.3
Share return:				
Earnings per share*/***	DKK	1,382.0	1,162.6	2,335.5
Book value per share**	DKK	16,411	14,865	15,916
Dividend per share*	DKK	0	0	720
Market price relative to earnings per share*/***		23.5	23.6	12.5
Market price relative to book value per share**		1.98	1.84	1.84

* 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.

Management statement

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

The interim 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 interim report provides a true and fair view of the bank's assets, liabilities and financial position as of 30 June 2017 and of the result of the bank's activities for the period 1 January to 30 June 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 interim 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.

Ringkøbing, 2 August 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. Vigsø
Employee board member

Ringkjøbing Landbobank A/S