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## Ringkjøbing Landbobank's report for the first quarter of 2017 - Best quarterly result ever

Profit before tax increased by 24% to DKK 198 million, equivalent to a return of 23% p.a. on equity at the beginning of the period, which is considered highly satisfactory. Core earnings showed an increase of 9% to DKK 171 million and are thus above budget for the first quarter of the year.

(DKK million)	Q1 2017	Q1 2016	2016	2015	2014	2013
Total core income	251	239	983	954	907	844
Total expenses and depreciation	-75	-71	-318	-306	-298	-273
<b>Core earnings before impairment charges for loans</b>	<b>176</b>	<b>168</b>	<b>665</b>	<b>648</b>	<b>609</b>	<b>571</b>
Impairment charges for loans etc.	-5	-11	-48	-60	-87	-120
<b>Core earnings</b>	<b>171</b>	<b>157</b>	<b>617</b>	<b>588</b>	<b>522</b>	<b>451</b>
Result for the portfolio etc.	+27	+2	+44	0	+65	+21
<b>Profit before tax</b>	<b>198</b>	<b>159</b>	<b>661</b>	<b>588</b>	<b>587</b>	<b>472</b>

### The quarter - highlights

- Profit before tax was DKK 198 million, the equivalent of a return of 23% p.a. on equity at the beginning of the period
- Core earnings were DKK 171 million, which is above budget for the quarter
- The rate of costs for the quarter was 29.9%, which is still the lowest in Denmark
- Decrease in impairment charges to DKK 5 million, the equivalent of 0.1% p.a.
- Increase in the bank's loans of 7% and an increase in deposits of 10%
- 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**

John Fisker      Jørn Nielsen

**Ringkjøbing Landbobank A/S**

## Management's review

### Core income

Net interest income was DKK 161 million in the first quarter of 2017 compared to DKK 166 million in 2016, a fall of 3%. This should be compared to a 7% increase in lending volumes, which underlines that interest income is still 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 71 million net in the first quarter of 2017 compared to DKK 61 million net in 2016, an increase of 17%. Fee income in the first quarter of 2017 was primarily affected positively by an increase in trading income.

Earnings from sector shares increased by DKK 6 million to DKK 17 million in the first quarter 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 quarter increased by 5% from DKK 239 million in 2016 to DKK 251 million in 2017.

### Costs and depreciation

Total costs including depreciation of tangible assets amounted to DKK 75 million in the first quarter of 2017 compared to DKK 71 million last year, an increase of 5%.

The net increase compared to the first quarter of 2016 is related to a DKK 1 million increase in staff costs and a DKK 3 million increase in other administration costs.

The rate of costs was unchanged relative to the 2016 level and was computed at 29.9 for the first quarter of 2017, which continues to be the lowest in Denmark.

The bank continues to expect total costs to increase by approximately 3% for the year as a whole.

### Impairment charges for loans

Impairment charges for loans for the quarter decreased from DKK 11 million in 2016 to DKK 5 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 quarter of 2016.

The bank's total account for impairment charges and provisions was DKK 950 million at the end of the quarter, equivalent to 4.4% of total loans and guarantees. Actual losses and write-offs on loans etc. continue to be very low, and they were exceeded during the quarter 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 13 million net during the first quarter of the year.

The portfolio of loans with suspended calculation of interest amounts to DKK 56 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 2017	Q1 2016	2016	2015	2014	2013
Total core income	251	239	983	954	907	844
Total expenses and depreciation	-75	-71	-318	-306	-298	-273
<b>Core earnings before impairment charges for loans</b>	<b>176</b>	<b>168</b>	<b>665</b>	<b>648</b>	<b>609</b>	<b>571</b>
Impairment charges for loans etc.	-5	-11	-48	-60	-87	-120
<b>Core earnings</b>	<b>171</b>	<b>157</b>	<b>617</b>	<b>588</b>	<b>522</b>	<b>451</b>

Core earnings were DKK 171 million compared to DKK 157 million last year, and is above budget for the quarter.

### Result for the portfolio and market risk

The result for the portfolio for the first quarter of 2017 was DKK 27 million, including funding costs for the portfolio.

Shares etc. at the end of the quarter amounted to DKK 596 million, DKK 17 million of which was in listed shares, DKK 148 million in investment fund certificates and DKK 431 million in sector shares etc. The bond portfolio amounted to DKK 2,801 million, most of which consists of AAA-rated Danish government and mortgage credit bonds.

The total interest rate 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 quarter.

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 quarter of 2017:

	Risk in DKK million	Risk relative to equity end of Q1 2017 in %
Highest risk of loss:	15.8	0.45%
Lowest risk of loss:	3.8	0.11%
Average risk of loss:	10.2	0.29%
Risk of loss, end of period:	5.2	0.15%

**Profit after tax**

Profit after tax was DKK 158 million for the first quarter of 2017, compared to DKK 131 million last year.

The profit after tax is equivalent to a return on equity at the beginning of the period of 19% p.a. after payment of dividend.

**Balance sheet**

The bank's balance sheet at the end of the quarter stood at DKK 24,441 million compared to last year's DKK 22,363 million.

The bank's deposits increased by 10% from DKK 16,905 million at the end of March 2016 to DKK 18,565 million at the end of March 2017. The bank's loans increased by 7% from DKK 17,040 million at the end of March 2016 to DKK 18,186 million at the end of March 2017. Loans have increased by 4% since the end of 2016, and the increase is attributable to the last part of the quarter.

The bank's portfolio of guarantees at the end of the quarter was DKK 2,484 million compared to DKK 2,350 million in 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 0.5 billion, balanced by DKK 5.3 billion primarily in short-term investments in the Danish central bank and in liquid securities.

The bank's deposits at the end of the quarter exceeded its loans by DKK 379 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 952 million can be disregarded in terms of liquidity.

The bank thus requires no financing for the coming year to meet the internal goal that it must always be 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. 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%. Thus the bank's internal LCR target is also 100%.

On 31 March 2017 the bank's LCR was 160% 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, it must still be disclosed, and the figure at the end of March 2017 was 130%.

## 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 quarter was DKK 3,500 million.

The bank's total capital ratio was computed at 17.9% at the end of the first quarter of 2017, and the tier 1 capital ratio at 16.4%.

Capital ratios	Q1 2017	Q1 2016	2016	2015	2014	2013
Common equity tier 1 capital ratio (%)	16.4	16.5	16.9	17.1	17.5	18.7
Tier 1 capital ratio (%)	16.4	16.5	16.9	17.1	17.5	19.2
<b>Total capital ratio (%)</b>	<b>17.9</b>	<b>18.2</b>	<b>18.8</b>	<b>18.8</b>	<b>17.5</b>	<b>20.0</b>
Individual solvency requirement (%)	9.0	9.0	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 48 million had been utilised at the end of March 2017.

The bank has calculated the individual solvency requirement at the end of March 2017 at 9.0%. To this should be added a capital conservation buffer of 1.3%, and the total requirement for the bank's total capital is thus 10.3%. Compared with the actual total capital of DKK 3.2 billion, the capital buffer at the end of March 2017 was thus DKK 1.4 billion, equivalent to 7.6 percentage points.

The bank made an additional investment in DLR Kredit in April 2017 and bought shares in the company for the equivalent of a total of DKK 40 million net. 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 and share buy-back programme

It was decided at the annual general meeting held on 22 February 2017 to cancel 100,000 of the bank's own shares. The capital reduction is expected to be finalised during May 2017.

The general meeting also authorised the bank to buy shares for up to DKK 170 million for cancellation at a future general meeting.

On 26 April 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	32,000	1,491.16	47,717
<b>Total on 26 April 2017</b>	<b>32,000</b>		<b>47,717</b>

DKK 122.3 million now remain under the share buy-back programme.

The bank's holding of its own shares at the end of March 2017 totalled 137,448 shares, 100,000 of which are reserved for the agreed capital reduction, while 32,000 shares are reserved under the new buy-back programme for later cancellation.

**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 in 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 quarter of the year.

**Changes in the board of directors**

Gert Asmussen, Inge Sandgrav Bak and Jørgen Lund Pedersen retired from the bank's board of directors at the annual general meeting held on 22 February 2017.

The bank's shareholders' committee on 31 January 2017 elected Group COO of PFA Pension, Jon Steingrim Johnsen, as a new member of the bank's board of directors with effect from the date of the general meeting.

The shareholders' committee will elect two additional members to the bank's board of directors later today, to bring the total number of board members back up to nine.

**Expected results for 2017**

The bank's core earnings for the first quarter of 2017 were DKK 171 million, which is above the budget for the quarter.

Expectations for core earnings in 2017 for now remain in the range DKK 515 - 615 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

	Q1 2017	Q1 2016	The year 2016
<b>Main figures for the bank</b> (DKK million)			
Total core income	251	239	983
Total expenses and depreciation	-75	-71	-318
<b>Core earnings before impairment charges for loans</b>	<b>176</b>	<b>168</b>	<b>665</b>
Impairment charges for loans etc.	-5	-11	-48
<b>Core earnings</b>	<b>171</b>	<b>157</b>	<b>617</b>
Result for the portfolio	+27	+2	+44
<b>Profit before tax</b>	<b>198</b>	<b>159</b>	<b>661</b>
<b>Profit after tax</b>	<b>158</b>	<b>131</b>	<b>539</b>
Equity	3,500	3,259	3,555
Deposits	18,565	16,905	18,314
Loans	18,186	17,040	17,482
Balance sheet total	24,441	22,363	24,258
Guarantees	2,484	2,350	2,460
<b>Key figures for the bank</b> (per cent)			
Return on equity before tax, beginning of period	23.3	20.1	20.9
Return on equity after tax, beginning of period	18.6	16.6	17.1
Rate of costs	29.9	29.7	32.3
Common equity tier 1 capital ratio	16.4	16.5	16.9
Tier 1 capital ratio	16.4	16.5	16.9
Total capital ratio	17.9	18.2	18.3
Individual solvency requirement	9.0	9.0	9.0
<b>Key figures per DKK 5 share</b> (DKK)			
Core earnings	38	34	138
Profit before tax	44	35	148
Profit after tax	35	29	121
Book value	783	713	795
Price, end of period	1,545	1,380	1,463
Dividend	-	-	36

## Statements of income and comprehensive income

Note		Q1 2017 DKK 1,000	Q1 2016 DKK 1,000	The year 2016 DKK 1,000
1	Interest income	177,157	189,597	749,021
2	Interest expenses	15,948	19,742	69,743
	<b>Net interest income</b>	<b>161,209</b>	<b>169,855</b>	<b>679,278</b>
3	Dividend on shares etc.	567	240	18,995
4	Fee and commission income	76,431	66,705	297,328
4	Fee and commission expenses	10,326	9,816	42,417
	<b>Net interest and fee income</b>	<b>227,881</b>	<b>226,984</b>	<b>953,184</b>
5	Value adjustments	+48,729	+13,234	+63,784
	Other operating income	823	823	7,560
6,7	Staff and administration costs	73,112	69,466	306,670
	Amortisation, depreciation and write-downs on intangible and tangible assets	1,069	1,123	8,638
	Other operating expenses			
	Miscellaneous other operating expenses	54	0	26
	Costs Guarantee Fund and Resolution Fund	600	500	2,292
8	Impairment charges for loans and other receivables etc.	-4,972	-10,974	-48,378
	Results from investments in associated companies	0	0	+2,842
	<b>Profit before tax</b>	<b>197,626</b>	<b>158,978</b>	<b>661,366</b>
9	Tax	39,750	28,277	121,868
	<b>Profit after tax</b>	<b>157,876</b>	<b>130,701</b>	<b>539,498</b>
	Other comprehensive income	0	0	0
	<b>Total comprehensive income for the period</b>	<b>157,876</b>	<b>130,701</b>	<b>539,498</b>



## Core earnings

Note		Q1 2017 DKK 1,000	Q1 2016 DKK 1,000	The year 2016 DKK 1,000
	Net interest income	161,196	166,105	665,312
4	Net fee and commission income excluding trading income	48,134	47,400	214,415
	Income from sector shares etc.	17,095	11,224	38,611
4	Foreign exchange income	5,230	4,232	16,396
	Other operating income	823	823	7,560
	<b>Total core income excluding trading income</b>	<b>232,478</b>	<b>229,784</b>	<b>942,294</b>
4	Trading income	17,971	9,489	40,496
	<b>Total core income</b>	<b>250,449</b>	<b>239,273</b>	<b>982,790</b>
6	Staff and administration costs	73,112	69,466	306,670
	Amortisation, depreciation and write-downs on intangible and tangible assets	1,069	1,123	8,638
	Other operating expenses	654	500	2,318
	Total expenses etc.	74,835	71,089	317,626
	<b>Core earnings before impairment charges for loans</b>	<b>175,614</b>	<b>168,184</b>	<b>665,164</b>
8	Impairment charges for loans and other receivables etc.	-4,972	-10,974	-48,378
	<b>Core earnings</b>	<b>170,642</b>	<b>157,210</b>	<b>616,786</b>
	Result for the portfolio	+26,984	+1,768	+44,580
	<b>Profit before tax</b>	<b>197,626</b>	<b>158,978</b>	<b>661,366</b>
9	Tax	39,750	28,277	121,868
	<b>Profit after tax</b>	<b>157,876</b>	<b>130,701</b>	<b>539,498</b>

## Balance sheet

Note		31 March 2017 DKK 1,000	31 March 2016 DKK 1,000	31 Dec. 2016 DKK 1,000
	<b>Assets</b>			
	Cash in hand and demand deposits with central banks	279,825	359,362	284,139
<b>10</b>	Receivables from credit institutions and central banks	2,163,362	583,183	2,077,096
	Receivables with notice from central banks	1,703,184	67,011	1,572,198
	Money market operations and bilateral loans - term to maturity less than 1 year	310,898	191,172	355,898
	Bilateral loans - term to maturity more than 1 year	149,280	325,000	149,000
<b>11,12</b>	Loans and other receivables at amortised cost	18,185,924	17,039,682	17,481,838
	Loans and other receivables at amortised cost	17,233,447	15,935,376	16,472,015
	Wind turbine loans with direct funding	952,477	1,104,306	1,009,823
<b>14</b>	Bonds at fair value	2,801,094	3,523,341	3,443,359
<b>15</b>	Shares etc.	595,890	344,700	530,503
	Investments in associated companies	509	2,667	509
	Land and buildings, total	56,045	64,129	56,177
	Investment properties	3,561	6,056	3,561
	Domicile properties	52,484	58,073	52,616
	Other tangible assets	19,495	8,236	18,874
	Current tax assets	12,411	69,510	20,444
	Deferred tax assets	8,153	0	8,153
	Temporary assets	5,200	5,200	5,200
	Other assets	306,214	356,993	323,848
	Prepayments	6,414	6,032	7,997
	<b>Total assets</b>	<b>24,440,536</b>	<b>22,363,035</b>	<b>24,258,137</b>

## Balance sheet

Note		31 March 2017 DKK 1,000	31 March 2016 DKK 1,000	31 Dec. 2016 DKK 1,000
	<b>Liabilities and equity</b>			
<b>16</b>	Debt to credit institutions and central banks	1,445,493	1,508,301	1,457,792
	Money market operations and bilateral credits - term to maturity less than 1 year	325,664	348,111	280,698
	Bilateral credits - term to maturity more than 1 year	167,352	55,884	167,271
	Bilateral credits from KfW Bankengruppe	952,477	1,104,306	1,009,823
<b>17</b>	Deposits and other debt	18,564,515	16,904,887	18,314,427
<b>18</b>	Issued bonds at amortised cost	297,514	0	297,370
	Other liabilities	250,520	303,341	254,062
	Deferred income	2,967	1,124	2,449
	<b>Total debt</b>	<b>20,561,009</b>	<b>18,717,653</b>	<b>20,326,100</b>
	Provisions for deferred tax	0	6,356	0
<b>12</b>	Provisions for losses on guarantees	7,806	8,797	6,287
	<b>Total provisions for liabilities</b>	<b>7,806</b>	<b>15,153</b>	<b>6,287</b>
	Tier 2 capital	371,275	371,713	371,095
<b>19</b>	<b>Total subordinated debt</b>	<b>371,275</b>	<b>371,713</b>	<b>371,095</b>
<b>20</b>	Share capital	22,850	23,350	22,850
	Net revaluation reserve under the equity method	158	2,317	158
	Retained earnings	3,477,438	3,232,849	3,366,627
	Proposed dividend etc.	-	-	165,020
	<b>Total shareholders' equity</b>	<b>3,500,446</b>	<b>3,258,516</b>	<b>3,554,655</b>
	<b>Total liabilities and equity</b>	<b>24,440,536</b>	<b>22,363,035</b>	<b>24,258,137</b>
<b>21</b>	Own shares			
<b>22</b>	Contingent liabilities etc.			
<b>23</b>	Assets furnished as security			
<b>24</b>	Loans and guarantees in per cent by sector and industry			
<b>25</b>	The Supervisory Diamond			
<b>26</b>	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
<b>On 31 March 2017:</b>					
<b>Shareholders' equity at the end of the previous financial year</b>	<b>22,850</b>	<b>158</b>	<b>3,366,627</b>	<b>165,020</b>	<b>3,554,655</b>
Dividend etc. paid				-165,020	-165,020
Dividend received on own shares			4,151		4,151
<b>Shareholders' equity after distribution of dividend etc.</b>	<b>22,850</b>	<b>158</b>	<b>3,370,778</b>	<b>0</b>	<b>3,393,786</b>
Purchase of own shares			-217,974		-217,974
Sale of own shares			166,758		166,758
Total comprehensive income for the period			157,876		157,876
<b>Shareholders' equity on the balance sheet date</b>	<b>22,850</b>	<b>158</b>	<b>3,477,438</b>	<b>0</b>	<b>3,500,446</b>

<b>On 31 March 2016:</b>					
<b>Shareholders' equity at the end of the previous financial year</b>	<b>23,350</b>	<b>2,317</b>	<b>3,129,831</b>	<b>140,600</b>	<b>3,296,098</b>
Dividend etc. paid				-140,600	-140,600
Dividend received on own shares			3,344		3,344
<b>Shareholders' equity after distribution of dividend etc.</b>	<b>23,350</b>	<b>2,317</b>	<b>3,133,175</b>	<b>0</b>	<b>3,158,842</b>
Purchase of own shares			-122,842		-122,842
Sale of own shares			91,815		91,815
Total comprehensive income for the period			130,701		130,701
<b>Shareholders' equity on the balance sheet date</b>	<b>23,350</b>	<b>2,317</b>	<b>3,232,849</b>	<b>0</b>	<b>3,258,516</b>

<b>On 31 December 2016:</b>					
<b>Shareholders' equity at the end of the previous financial year</b>	<b>23,350</b>	<b>2,317</b>	<b>3,129,831</b>	<b>140,600</b>	<b>3,296,098</b>
Reduction of share capital	-500		500		0
Dividend etc. paid				-140,600	-140,600
Dividend received on own shares			3,344		3,344
<b>Shareholders' equity after distribution of dividend etc.</b>	<b>22,850</b>	<b>2,317</b>	<b>3,133,675</b>	<b>0</b>	<b>3,158,842</b>
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
<b>Shareholders' equity on the balance sheet date</b>	<b>22,850</b>	<b>158</b>	<b>3,366,627</b>	<b>165,020</b>	<b>3,554,655</b>

### Ringkjøbing Landbobank A/S

## Statement of capital

	<b>31 March 2017 DKK 1,000</b>	<b>31 March 2016 DKK 1,000</b>	<b>31 Dec. 2016 DKK 1,000</b>
Credit risk	15,133,930	14,504,766	14,743,046
Market risk	1,183,863	1,433,622	1,749,099
Operational risk	1,827,053	1,750,809	1,827,053
<b>Total risk exposure</b>	<b>18,144,846</b>	<b>17,689,197</b>	<b>18,319,198</b>
Shareholders' equity	3,500,446	3,258,516	3,554,655
Proposed dividend etc.	0	0	-165,020
Deduction for expected dividend	-44,390	-40,756	0
Deduction for prudent valuation	-5,365	-4,219	-5,834
Deduction for the sum of equity investments etc. above 10%	-297,375	-133,097	-233,381
Deduction of the amount of the share buy-back programme, net	-122,283	-111,929	0
Deduction for trading limit for own shares	-55,000	-55,000	-55,000
Actual utilisation of the trading limit for own shares	8,147	4,151	4,649
<b>Common equity tier 1</b>	<b>2,984,180</b>	<b>2,917,666</b>	<b>3,100,069</b>
<b>Tier 1 capital</b>	<b>2,984,180</b>	<b>2,917,666</b>	<b>3,100,069</b>
Tier 2 capital	371,893	372,560	371,713
Deduction for the sum of equity investments etc. above 10%	-107,466	-71,179	-117,109
<b>Total capital</b>	<b>3,248,607</b>	<b>3,219,047</b>	<b>3,354,673</b>
<b>Common equity tier 1 capital ratio (%)</b>	<b>16.4</b>	<b>16.5</b>	<b>16.9</b>
<b>Tier 1 capital ratio (%)</b>	<b>16.4</b>	<b>16.5</b>	<b>16.9</b>
<b>Total capital ratio (%)</b>	<b>17.9</b>	<b>18.2</b>	<b>18.3</b>
Individual solvency requirement (%)	9.0	9.0	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	9.6	9.6
Excess cover in percentage points relative to the individual solvency requirement	8.9	9.2	9.3
Excess cover in percentage points relative to the total requirement for the capital base	7.6	8.6	8.7
Total capital requirement	1,451,588	1,415,136	1,465,536

## Notes

Note	Q1 2017 DKK 1,000	Q1 2016 DKK 1,000	The year 2016 DKK 1,000
<b>1 Interest income</b>			
Receivables from credit institutions and central banks	2,450	4,018	13,428
Loans and other receivables	172,297	183,693	724,694
Loans - interest on the impaired part of loans	-7,626	-8,760	-32,466
Reverse loans	0	0	4
Bonds	8,520	10,999	42,400
Total derivative financial instruments	1,383	-353	-1,605
Of which currency contracts	958	383	1,407
Of which interest-rate contracts	425	-736	-3,012
Other interest income	133	0	2,566
<b>Total interest income</b>	<b>177,157</b>	<b>189,597</b>	<b>749,021</b>
<b>2 Interest expenses</b>			
Credit institutions and central banks	5,297	6,268	22,949
Deposits and other debt	9,140	11,785	40,572
Issued bonds	117	0	31
Subordinated debt	1,367	1,610	6,132
Other interest expenses	27	79	59
<b>Total interest expenses</b>	<b>15,948</b>	<b>19,742</b>	<b>69,743</b>
<b>3 Dividends from shares etc.</b>			
Shares	567	240	18,995
<b>Total dividends from shares etc.</b>	<b>567</b>	<b>240</b>	<b>18,995</b>
<b>4 Gross fee and commission income</b>			
Securities trading	21,202	12,208	51,754
Asset management and custody accounts	16,527	15,964	104,141
Payment handling	7,028	6,665	29,816
Loan fees	1,760	1,549	8,951
Guarantee commission and mortgage credit commission	16,421	15,620	64,450
Other fees and commission	13,493	14,699	38,216
<b>Total gross fee and commission income</b>	<b>76,431</b>	<b>66,705</b>	<b>297,328</b>
<b>Net fee and commission income</b>			
Securities trading	17,971	9,489	40,496
Asset management and custody accounts	14,342	14,337	97,170
Payment handling	5,174	5,135	20,317
Loan fees	1,070	1,051	6,306
Guarantee commission and mortgage credit commission	16,421	15,620	64,450
Other fees and commission	11,127	11,257	26,172
<b>Total net fee and commission income</b>	<b>66,105</b>	<b>56,889</b>	<b>254,911</b>
Foreign exchange income	5,230	4,232	16,396
<b>Total net fee, commission and foreign exchange income</b>	<b>71,335</b>	<b>61,121</b>	<b>271,307</b>

## Notes

Note	Q1 2017 DKK 1,000	Q1 2016 DKK 1,000	The year 2016 DKK 1,000
<b>5 Value adjustments</b>			
Other loans and receivables, fair value adjustment	387	0	-58
Bonds	12,369	5,085	33,900
Shares etc.	20,825	11,164	22,499
Investment properties	0	0	-2,495
Foreign exchange	5,230	4,232	16,396
Total derivative financial instruments	9,918	-7,247	-6,458
Of which currency contracts	-3,625	-652	-2,930
Of which interest-rate contracts	13,270	-6,756	-4,169
Of which share contracts	273	161	641
<b>Total value adjustments</b>	<b>48,729</b>	<b>13,234</b>	<b>63,784</b>
<b>6 Staff and administration costs</b>			
Payments to general management, board of directors and shareholders' committee			
General management	1,730	1,619	7,018
Board of directors	0	0	1,718
Shareholders' committee	0	0	451
Total	1,730	1,619	9,187
Staff costs			
Salaries	31,698	30,627	131,890
Pensions	3,561	3,501	14,072
Social security expenses	460	1,101	2,198
Costs depending on number of staff	5,313	5,012	20,538
Total	41,032	40,241	168,698
Other administration costs	30,350	27,606	128,785
<b>Total staff and administration costs</b>	<b>73,112</b>	<b>69,466</b>	<b>306,670</b>
<b>7 Number of full-time employees</b>			
Average number of employees during the period converted into full-time employees	<b>271</b>	<b>272</b>	<b>271</b>
<b>8 Impairment charges for loans and other receivables etc.</b>			
Net changes in impairment charges for loans and other receivables etc. and provisions for losses on guarantees	12,646	19,544	-5,822
Actual realised net losses	-48	190	86,666
Interest on the impaired part of loans	-7,626	-8,760	-32,466
<b>Total impairment charges for loans and other receivables etc.</b>	<b>4,972</b>	<b>10,974</b>	<b>48,378</b>

## Notes

Note	Q1 2017 DKK 1,000	Q1 2016 DKK 1,000	The year 2016 DKK 1,000
<b>9 Tax</b>			
Tax calculated on income for the period	39,750	32,500	140,413
Adjustment of deferred tax	0	-4,223	-18,732
Adjustment of tax calculated for previous years	0	0	187
<b>Total tax</b>	<b>39,750</b>	<b>28,277</b>	<b>121,868</b>
<b>Effective tax rate (%):</b>			
Tax rate currently paid by the bank	22.0	22.0	22.0
Permanent deviations	-1.9	-4.2	-3.6
Adjustment of tax calculated for previous years	0.0	0.0	0.0
<b>Total effective tax rate</b>	<b>20.1</b>	<b>17.8</b>	<b>18.4</b>

Note	31 March 2017 DKK 1,000	31 March 2016 DKK 1,000	31 Dec. 2016 DKK 1,000
<b>10 Receivables from credit institutions and central banks</b>			
Demand	140,898	127,172	185,618
Up to and including 3 months	1,873,184	67,011	1,572,198
More than 3 months and up to and including 1 year	0	64,000	170,000
More than 1 year and up to and including 5 years	99,280	320,000	99,280
More than 5 years	50,000	5,000	50,000
<b>Total receivables from credit institutions and central banks</b>	<b>2,163,362</b>	<b>583,183</b>	<b>2,077,096</b>
<b>11 Loans and other receivables at amortised cost</b>			
Demand	1,803,107	1,692,904	1,712,434
Up to and including 3 months	920,889	768,319	688,316
More than 3 months and up to and including 1 year	2,098,764	2,134,426	2,317,908
More than 1 year and up to and including 5 years	6,415,933	6,235,277	6,244,242
More than 5 years	6,947,231	6,208,756	6,518,938
<b>Total loans and other receivables at amortised cost</b>	<b>18,185,924</b>	<b>17,039,682</b>	<b>17,481,838</b>



## Notes

Note	31 March 2017 DKK 1,000	31 March 2016 DKK 1,000	31 Dec. 2016 DKK 1,000
<b>12</b>			
<b>Impairment charges for loans and other receivables and provisions for losses on guarantees</b>			
<b>Individual impairment charges</b>			
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	49,552	50,788	114,618
Reversal of impairment charges made in previous financial years	-38,212	-33,268	-106,360
Recognised as a loss, covered by impairment charges	-1,258	-1,983	-83,424
<b>Cumulative individual impairment charges on the balance sheet date</b>	<b>599,456</b>	<b>680,087</b>	<b>589,384</b>
<b>Collective impairment charges</b>			
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	1,045	688	68,535
<b>Cumulative collective impairment charges on the balance sheet date</b>	<b>342,502</b>	<b>273,610</b>	<b>341,457</b>
<b>Total cumulative impairment charges for loans and other receivables on the balance sheet date</b>	<b>941,968</b>	<b>953,697</b>	<b>930,841</b>
<b>Provisions for losses on guarantees</b>			
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	2,534	5,333	5,048
Reversal of provisions made in previous financial years	-1,013	-2,012	-4,085
Recognised as a loss, covered by provisions	-2	-2	-154
<b>Cumulative individual provisions for losses on guarantees on the balance sheet date</b>	<b>7,806</b>	<b>8,797</b>	<b>6,287</b>
<b>Total cumulative impairment charges for loans and other receivables and provisions for losses on guarantees on the balance sheet date</b>	<b>949,774</b>	<b>962,494</b>	<b>937,128</b>
<b>13</b>			
<b>Suspended calculation of interest</b>			
Loans and other receivables with suspended calculation of interest on the balance sheet date	<b>55,963</b>	<b>89,616</b>	<b>59,904</b>
<b>14</b>			
<b>Bonds at fair value</b>			
Listed on the stock exchange	2,801,094	3,523,341	3,443,359
<b>Total bonds at fair value</b>	<b>2,801,094</b>	<b>3,523,341</b>	<b>3,443,359</b>
<b>15</b>			
<b>Shares etc.</b>			
Listed on Nasdaq Copenhagen	16,463	10,679	21,373
Investment fund certificates	148,096	64,701	147,277
Unlisted shares at fair value	1,437	1,450	1,437
Sector shares at fair value	429,894	267,870	360,416
<b>Total shares etc.</b>	<b>595,890</b>	<b>344,700</b>	<b>530,503</b>

## Notes

Note	31 March 2017 DKK 1,000	31 March 2016 DKK 1,000	31 Dec. 2016 DKK 1,000
<b>16 Debt to credit institutions and central banks</b>			
Demand	251,286	271,599	280,698
Up to and including 3 months	95,476	20,127	60,254
More than 3 months and up to and including 1 year	133,171	216,114	101,966
More than 1 year and up to and including 5 years	630,929	600,198	659,525
More than 5 years	334,631	400,263	355,349
<b>Total debt to credit institutions and central banks</b>	<b>1,445,493</b>	<b>1,508,301</b>	<b>1,457,792</b>
<b>17 Deposits and other debt</b>			
Demand	12,139,398	11,421,422	11,952,063
Deposits and other debt with notice:			
Up to and including 3 months	1,886,928	1,341,920	2,204,934
More than 3 months and up to and including 1 year	1,461,255	935,478	1,297,037
More than 1 year and up to and including 5 years	1,547,668	934,401	1,192,377
More than 5 years	1,529,266	2,271,666	1,668,016
<b>Total deposits and other debt</b>	<b>18,564,515</b>	<b>16,904,887</b>	<b>18,314,427</b>
Distributed as follows:			
Demand	11,965,010	11,163,907	11,750,246
With notice	301,725	348,727	357,633
Time deposits	3,083,319	2,002,843	3,136,479
Long-term deposit agreements	1,874,437	2,175,045	1,769,783
Special types of deposits	1,340,024	1,214,365	1,300,286
	<b>18,564,515</b>	<b>16,904,887</b>	<b>18,314,427</b>
<b>18 Issued bonds at amortised cost</b>			
More than 1 year and up to and including 5 years	297,514	0	297,370
<b>Total issued bonds at amortised cost</b>	<b>297,514</b>	<b>0</b>	<b>297,370</b>
Distributed as follows:			
Issues in euros:			
Nom. EUR 40 million	297,514	0	297,370
	<b>297,514</b>	<b>0</b>	<b>297,370</b>
<b>19 Subordinated debt</b>			
Tier 2 capital:			
Floating-rate loan, principal of 50 million euros, maturity date 20 may 2025	371,893	372,560	371,713
Adjustment to amortised cost	-618	-847	-618
<b>Total subordinated debt</b>	<b>371,275</b>	<b>371,713</b>	<b>371,095</b>

## Notes

Note	31 March 2017 DKK 1,000	31 March 2016 DKK 1,000	31 Dec. 2016 DKK 1,000
<b>20 Share capital</b>			
Number of DKK 5 shares			
Beginning of period	4,570,000	4,670,000	4,670,000
Cancellation during the period	0	0	-100,000
<b>End of period</b>	<b>4,570,000</b>	<b>4,670,000</b>	<b>4,570,000</b>
Reserved for the agreed capital reduction	100,000	100,000	0
Reserved for subsequent cancellation	32,000	20,000	100,000
<b>Total share capital</b>	<b>22,850</b>	<b>23,350</b>	<b>22,850</b>
<b>21 Own shares</b>			
Own shares included in the balance sheet at	0	0	0
The market value is	212,357	169,751	150,949
Number of own shares:			
Beginning of period	103,178	100,817	100,817
Purchase during the period	113,690	68,364	342,282
Sale during the period	-79,420	-46,173	-239,921
Cancellation during the period	0	0	-100,000
End of period	137,448	123,008	103,178
Reserved for the agreed capital reduction	100,000	100,000	0
Reserved for subsequent cancellation	32,000	20,000	100,000
Nominal value of holding of own shares, end of period	687	615	516
Own shares' proportion of share capital, end of period (%)	3.0	2.6	2.3
<b>22 Contingent liabilities etc.</b>			
<b>Contingent liabilities</b>			
Financial guarantees	1,329,353	1,343,063	1,219,287
Guarantees against losses on mortgage credit loans	134,314	89,380	119,288
Guarantees against losses, Totalkredit	109,840	116,796	109,019
Registration and refinancing guarantees	557,609	515,981	642,705
Sector guarantees	39,453	45,321	39,453
Other contingent liabilities	313,555	239,268	329,757
<b>Total contingent liabilities</b>	<b>2,484,124</b>	<b>2,349,809</b>	<b>2,459,509</b>
<b>Other contractual obligations</b>			
Irrevocable credit commitments	123,900	0	516,724
<b>Total other contractual obligations</b>	<b>123,900</b>	<b>0</b>	<b>516,724</b>

## Notes

Note	31 March 2017 DKK 1,000	31 March 2016 DKK 1,000	31 Dec. 2016 DKK 1,000
<b>23 Assets furnished as security</b>			
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	<b>952,477</b>	<b>1,104,306</b>	<b>1,009,823</b>
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	<b>114,471</b>	<b>23,762</b>	<b>380,459</b>
Collateral under CSA agreements	<b>32,304</b>	<b>50,657</b>	<b>38,784</b>

Note	31 March 2017	31 March 2016	31 Dec. 2016
<b>24 Loans and guarantees in per cent, end of year, by sector and industry</b>			
<b>Public authorities</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
<b>Business customers:</b>			
Agriculture, hunting and forestry			
Cattle farming etc.	1.1	1.5	1.2
Pig farming etc.	1.7	1.5	1.6
Other agriculture, hunting and forestry	4.0	4.0	3.9
Fishing	2.8	2.4	2.5
Mink production	0.9	0.9	1.0
Industry and raw materials extraction	2.5	2.9	2.5
Energy supply	2.0	2.1	2.1
Wind turbines - Denmark	3.2	5.1	3.7
Wind turbines - abroad	9.3	11.8	10.0
Building and construction	2.2	2.2	2.2
Trade	3.3	3.7	3.4
Transport, hotels and restaurants	1.5	1.8	1.5
Information and communication	0.2	0.2	0.3
Finance and insurance	13.5	14.6	14.3
Real property			
First-priority without prior creditors	14.0	9.9	10.7
Other real estate financing	3.6	4.3	4.3
Other business customers	6.5	7.1	6.7
<b>Total business customers</b>	<b>72.3</b>	<b>76.0</b>	<b>71.9</b>
<b>Private individuals</b>	<b>27.5</b>	<b>23.8</b>	<b>27.9</b>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

## Notes

Note	31 March 2017	31 March 2016	31 Dec. 2016
<b>25</b>			
<b>The Supervisory Diamond (The Danish FSA's limit values)</b>			
Stable funding (funding ratio) (< 1)	0.8	0.8	0.7
Excess liquidity (> 50%)	130.3%	116.4%	139.6%
Total large exposures (< 125%)	30.3%	38.6%	29.5%
Growth in loans (< 20%)	6.7%	15.2%	2.7%
Real property exposure (< 25%)	17.2%	14.4%	14.8%
<b>26</b>			
<b>Miscellaneous comments</b>			
<b>Main and key figures</b>			
<ul style="list-style-type: none"> <li>The return on equity before and after tax, beginning of period are calculated per annum after deduction of dividend etc., net.</li> <li>Key figures per DKK 5 share were calculated on the basis of the first quarter of 2017: 4,470,000 shares, the first quarter of 2016: 4,570,000 shares and 2016: 4,470,000 shares.</li> </ul>			
<b>Accounting policies</b>			
The accounting policies are unchanged relative to the financial statements of last year.			

## Main figures

<b>Summary of the income statement (DKK million)</b>	<b>Q1 2017</b>	<b>Q1 2016</b>	<b>The year 2016</b>
Net interest income	161	170	679
Dividend from shares etc.	1	0	19
Net fee and commission income	66	57	255
Net interest and fee income	228	227	953
Value adjustments	+49	+13	+64
Other operating income	1	1	7
Staff and administration costs	73	69	307
Amortisation, depreciation and write-downs on intangible and tangible assets	1	1	9
Other operating expenses	1	1	2
Impairment charges for loans and receivables etc.	-5	-11	-48
Results from investments in associated companies	0	0	+3
Profit before tax	198	159	661
Tax	40	28	122
Profit after tax	158	131	539
<b>Main figures from the balance sheet (DKK million)</b>	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>31 Dec. 2016</b>
Loans and other receivables	18,186	17,040	17,482
Deposits and other debt	18,565	16,905	18,314
Subordinated debt	371	372	371
Shareholders' equity	3,500	3,259	3,555
Balance sheet total	24,441	22,363	24,258

## Quarterly overview

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

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

		Q1 2017	Q1 2016	The year 2016
<b>Capital ratios:</b>				
Total capital ratio	%	16.4	18.2	18.3
Tier 1 capital ratio	%	16.4	16.5	16.9
Individual solvency requirement	%	9.0	9.0	9.0
<b>Earnings:</b>				
Return on equity before tax	%	5.6	4.9	19.3
Return on equity after tax	%	4.5	4.0	15.8
Income / cost ratio	DKK	3.48	2.94	2.81
Return on assets	%	0.6	0.6	2.2
<b>Market risk:</b>				
Interest rate risk	%	0.8	2.1	1.8
Foreign exchange position	%	0.8	0.6	0.6
Foreign exchange risk	%	0.0	0.0	0.0
<b>Liquidity risk:</b>				
Liquidity Coverage Ratio (LCR)	%	160	110	185
Excess cover relative to statutory liquidity requirement	%	130.3	116.4	139.6
Loans and impairments thereon relative to deposits	%	103.0	106.4	100.5
<b>Credit risk:</b>				
Loans relative to shareholders' equity		5.2	5.2	4.9
Growth in loans	%	4.0	0.1	2.7
Total large exposures	%	30.3	38.6	29.5
Cumulative impairment ratio	%	4.4	4.7	4.5
Impairment ratio	%	0.02	0.05	0.23
Proportion of receivables at reduced interest	%	0.3	0.4	0.3
<b>Share return:</b>				
Earnings per share*/***	DKK	690.9	559.7	2,335.5
Book value per share**	DKK	15,794	14,333	15,916
Dividend per share*	DKK	0	0	720
Market price relative to earnings per share*/***		44.7	49.3	12.5
Market price relative to book value per share**		1.96	1.93	1.84

\* Calculated on the basis of a denomination of DKK 100 per share.

\*\* Calculated on the basis of 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 of the period and at the end of the period.



## 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 31 March 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 31 March 2017 and of the result of the bank's activities for the period 1 January to 31 March 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.

Ringkøbing, 26 April 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

Jens Møller Nielsen

Bo Fuglsang Bennedsgaard  
Employee board member

Dan Astrup Sørensen  
Employee board member

Gitte E. S. Vigsø  
Employee board member

### Ringkjøbing Landbobank A/S